

Manchester City Council Report for Resolution

Report to: Executive – 7 February 2018
Health Scrutiny – 30 January 2018

Subject: Manchester Health and Care Commissioning
Joint Financial Plan 2018 - 2020

Report of: Ian Williamson, Chief Accountable Officer Manchester Health and Care Commissioning
Dr Carolyn Kus, Executive Director for Strategic Commissioning and Director of Adult Social Care Services

Summary

Manchester Health and Care Commissioning (MHCC) is responsible for commissioning health, adult social care and public health services for the city of Manchester. Building upon its establishment in April 2017, MHCC will operate a single planning, delivery and assurance process from April 2018. This will oversee all of MHCC's commissioning responsibilities and will include single budget arrangements. In this context, this report sets out the priorities for MHCC during the 2018/19 financial year. It describes the arrangements for developing MHCC's operational plan and provides an update on MHCC's financial plan for 2018/19 and 2019/20.

The report is accompanied by:

- The Adults Social Care Budget and Business Plan 2018-2020
- The Local Care Organisation Business Planning update
- The budget and business plan for Homelessness services.

Recommendations

The Committee is invited to review and comment on 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 City 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

<p>A highly skilled city: world class and home grown talent sustaining the city's economic success</p>	<p>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.</p>
<p>A progressive and equitable city: making a positive contribution by unlocking the potential of our communities</p>	<p>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.</p>
<p>A liveable and low carbon city: a destination of choice to live, visit, work</p>	<p>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</p>
<p>A connected city: world class infrastructure and connectivity to drive growth</p>	<p>N/A</p>

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

- Equal Opportunities
- Risk Management
- Legal Considerations

Financial Consequences for the Capital and Revenue Budgets

The revenue financial implications included in this report form part of the draft revenue budget submitted to the Executive on 7 February 2018.

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Background documents (available for public inspection): None

1.0 Introduction and context

- 1.1 Manchester Health and Care Commissioning (MHCC) is responsible for commissioning health, adult social care and public health services for the city of Manchester. Building upon its establishment in April 2017, MHCC will operate a single planning, delivery and assurance process from April 2018. This will oversee all of MHCC's commissioning responsibilities and will include single budget arrangements. In this context, this report sets out the priorities for MHCC during the 2018/19 financial year. It describes the arrangements for developing MHCC's operational plan and provides an update on MHCC's financial plan for 2018/19 and 2019/20.
- 1.2 2017/18 has seen significant progress against the delivery of Manchester's ambitions for health and care services in the city – within which the establishment of MHCC in April 2017 was a key achievement. Other successes during 2017/18 have included:
- The expansion of Manchester's Lung Health Check pilot to benefit thousands more people at high risk in the north of the city. The pilot quadrupled lung cancer early diagnosis rates. The MCIP Lung Health Checks have been recognised by NHS England in a speech by Simon Stevens which also signalled the intention to fund other areas to follow our example.
 - MHCC's involvement in the city's work regarding homelessness.
 - The opening of Crumpsall Vale, a 24 bed intermediate care unit on the North Manchester General Hospital site.
 - The launch of Extra Care housing at Village 135 in October 2017.
 - The delivery of the first phase of Manchester's single hospital service, through the establishment of Manchester University NHS Foundation Trust (MFT); and the initiation of the process for North Manchester General Hospital (NMGH) to transfer to MFT as the second part of the single hospital service programme.
 - Establishment of a Local Care Organisation (LCO) for Manchester. The LCO has set up in shadow form in readiness to become operational from April 2018.
 - Significant investment into health and care services in the city, to support developments in primary care; mental health services for children, adolescents and adults; social care services; and new models of care which aim to support people outside of hospital.
- 1.3 In the coming years, Manchester's refreshed locality plan, Our Healthier Manchester, will provide the framework within which Manchester's health and care partners will improve services in the city. This is described in more detail in the following section of this paper. Also set out are the planning, delivery and assurance arrangements which will be in place at MHCC from April 2018, and how they will be governed.

2. Our Healthier Manchester

- 2.1 In 2017, Manchester's Health and Wellbeing Board agreed a high level refresh of Manchester's Locality Plan, Our Healthier Manchester. This sets out five

strategic aims for Manchester’s health and social care system. These were developed as common aims for MHCC’s commissioning strategy:

1. Improve the health and wellbeing of people in Manchester
2. Strengthen the social determinants of health and promote healthy lifestyles
3. Ensure services are safe, equitable and of a high standard with less variation
4. Enable people and communities to be active partners in their health and wellbeing
5. Achieve a sustainable system

2.2 Prior to the refresh, the strategic focus of the Locality Plan was on delivering the ‘three pillars’ of organisational change: a single hospital service, a local care organisation and a single commissioning function. It is important that these organisational changes are followed through in their establishment, their maturity and how they work together. However, Our Healthier Manchester signifies a shift in focus to delivering service change and the development of our relationship with residents. The new areas of focus, which will deliver the strategic aims, are:

‘Our Services’

This means:

- Developing integrated, well-coordinated and proactive care
- Standardised care which consistently follows evidence based pathways and interventions
- Connecting with communities, delivering excellent user experience in neighbourhoods where possible
- Completing organisational changes to commissioning and provision
- Maximising potential through research and innovation in the city

‘Our People’

This means:

- Addressing the causes of poor health outcomes across Manchester with interventions that will impact on in the short, medium and long term
- Achieving equity in quality and service provision across the city
- Engaging and empowering residents in positive lifestyle choices regarding smoking, diet, exercise and alcohol
- The Health and Care system being an exemplar of the Our Manchester approach
- Working with others to bring opportunities for education, employment, good housing, a developing economy and social inclusion

‘Our Outcomes’

This means:

- Delivery of quality, safety and performance across the system
- Achieving financial balance across the health and social care system in the short and medium term
- Good levels of recruitment, retention and staff satisfaction
- Modern buildings and technology supporting effective working

- 2.3 System partners, under the leadership of the Locality Plan Delivery Group, are developing an Our Healthier Manchester delivery plan for 2018/19, which will be presented to the Health and Wellbeing Board in March for approval.
- 2.4 The Manchester Agreement is an agreement which will formalise the joint commitment of organisations to the *Our Healthier Manchester* strategy and to create some governance mechanisms to enable effective implementation. The agreement is not legally binding but acts as a commitment to a joint vision, strategy and collective ways of working which will enable more effective implementation. The agreement consists of the following:
1. A clear outline of the vision and strategy for the system
 2. A clear approach to performance (outputs of new care models); benefits (the intended outcomes of the new care models); and evaluation (the causal link between the two). The initial performance framework links to the investments through the Greater Manchester Transformation Fund.
 3. The principles of risk and gainshare within the system
 4. The Partnering Agreement which is the commitment made between organisations
- 2.5 This is a starting point for more formal system governance and supporting working arrangements. It is anticipated that this will evolve and grow in both scope and maturity of the working arrangements. The agreement has been supported by the Transformation Accountability Board and the Health and Wellbeing Board, subject to agreement at organisations' Boards.

3. MHCC Commissioning Operational Plan

- 3.1 Building upon its establishment in April 2017 MHCC will operate a single planning, delivery and assurance process from April 2018. This will oversee all commissioning responsibilities for health, adult social care and public health and will include single budget arrangements.
- 3.2 This will generate the following benefits:
- Joined up commissioning of health, social care and public health enabling more proactive and joined up care.
 - More co-ordinated transformation; oversight of quality and performance; and financial management.
 - More effective and efficient spending
 - Clear commissioning voice within and for the Manchester health and care system
- 3.3 Governance arrangements will sit within MHCC and be led through MHCC's Executive committee, reporting to the Board with City Council representation from Deputy Leader, Chief Executive and City Treasurer. As a new approach, drawing from the strengths and requirements of health and social care, this will mean different content and presentational format will be underpinned by appropriate assurance processes. Reporting will be provided to the City Council and CCG Governing Body. In entering into a partnership arrangement

it is important to work within a single governance arrangement with a single system for delivery. Duplication of process will hamper delivery.

- 3.4 MHCC will have a single Operational Plan which will encompass all of its work programmes for each year. This will set out the means by which it will achieve operational responsibilities for finance, service provision, quality and safety as well as progressing towards its strategic aims. As well as being an annual plan it will include a forward view of plans for future years. Within the Operational Plan will be the Financial Sustainability Plan which will set out the steps MHCC will take to achieve financial balance in the current and future years.
- 3.5 Work has taken place to set the priorities which will frame MHCC's operational plan for 2018/19. This takes the form of a 'plan on a page'. This is split into 7 priorities, with a number of objectives under each priority, and executive leads identified for each priority and each objective. These are as follows:
1. Develop high quality, effective residential, nursing and home care
 - Stabilise current provision of residential, nursing & home care
 - Develop and test new models of residential, nursing & home care (alternative to spot purchase)
 - Implement new primary care service for care homes
 2. Deliver effective out of hospital care
 - 12 neighbourhood teams established and operating effectively
 - Implement new models of care
 - Deliver respiratory, cardiovascular and diabetes pathway redesign
 - Develop an integrated care pathway for people with dementia
 - Carers: Finalise carers' strategy & new care model
 3. Develop core primary care services
 - Develop primary care strategy and 3 year investment plan
 - Reduce unwarranted variation in activity in primary care through a neighbourhood based approach
 - Primary Care Medicines Optimisation
 4. Tackle health inequalities to reduce the variation in health outcomes across Manchester
 - Give every child the best start in life
 - Strengthen the positive impact of work
 - Identify & address health & wellbeing needs early (including prevention care model)
 - Create an age-friendly city
 - Support households, neighbourhoods & communities to be socially connected
 - Inclusion health
 5. Deliver strategic programmes in line with Manchester's priorities
 - Children's transformation plan
 - Mental health

- Learning disability
 - Cancer
 - System resilience
6. Deliver a transformed health and care system
- Deliver acute care reconfiguration to ensure clinical and financial sustainability of the sector
 - Establish an effective LCO
 - Deliver MHCC phase 2
7. Deliver national and statutory requirements and drive the transformation of health and care in Manchester
- This relates to a range of service areas including, but not limited to, finance, performance and quality improvement and safeguarding
- 3.6 Delivery will be undertaken within the context of the Our Manchester approach. Residents have said that health services were important to them so MHCC and partners need to work together to deliver the best services possible. It will do this by ensuring the behaviours exhibited match the approach. In refreshing the Locality Plan and setting out the vision for MHCC to state that when it commissions services, it will be done in an Our Manchester way – by listening to what residents say, by thinking differently about solutions rather than doing the same old things, and by working together across organisations to get the job done.
- 3.7 The objectives of Manchester Health and Care Commissioning and ways of working are driven by the four principles of Our Manchester. These are:
- 1. Better lives** – it’s about people
 - We look at all aspects of the lives of each person we work with when that’s needed. We work with whole families on root causes, not on patching problems.
 - We make our work count for the whole neighbourhood or for a community of people spread across many neighbourhoods.
 - We work with each other and others so that people get the right services in the right place at the right time.
 - 2. Listening** – we listen, learn and respond
 - We listen to people and communities so that everything we do is exactly what people need.
 - We have open minds not pre-conceptions. We base decisions on what we see and hear, not on what we bring to a situation.
 - We change and adapt when something doesn’t work.
 - 3. Recognising strengths of individuals and communities** – we start from strengths
 - We understand people’s strengths and see the positives in their life and their relationships.
 - We understand communities’ strengths and recognise their diversity.
 - We work with many different sets of people and communities.

- We understand what matters to people.
- We build on what's already in a community.

4. Working together – we build relationships and create conversations

- And they're ones that we've not had before. They give an equal say – and an equal role – to those who need services and those who provide them.
- We have conversations – we don't just 'consult'
- So we start by asking not telling, we don't push our own solutions
- We're frank, open, honest and realistic
- So we don't over-promise – we risk disappointing and can take flak – but we say no when it's no
- Our relationships are long-term
- So we don't just make contact in crisis or when we need something – being there already pays off

3.8 The next step is to refine and finalise the 'Plan on a Page' and complete delivery plans for sub-objectives including key milestones, and performance indicators, which are required to deliver the objective. This will be done through intense work with:

- MHCC teams, led by relevant directors
- MHCC Executive Team and Senior Leadership Team
- MHCC Board and Finance Committee
- Manchester City Council's Senior Management Team
- Patient and Public Advisory Group
- Discussions with stakeholders including providers and the Greater Manchester Health and Social Care Partnership
- Appraisal of requirements set out in national guidance, including new NHS planning guidance which is not yet issued.

3.9 Once this is complete, and the milestones for delivery of each objective have been identified, a full Operational Plan for 2018/19 will be finalised. This is scheduled to be presented to MHCC's Board for approval at its meeting in February 2018. The operational plan will be monitored throughout the year with lead Directors and their teams held accountable for delivery against the milestones.

4. Joint Financial Plan 2018 – 2020

4.1 Manchester City Council and NHS Manchester CCG have an agreed intent for a single commissioning budget for health, adult social care (ASC) and public health. This is planned to take effect from April 2018. This will be through a section 75 agreement, to be developed by the end of February, within a broader partnership agreement which sets out the governance arrangements for MHCC.

4.2 The MHCC approach is for one financial plan with financial decisions made in the interests of the population, rather than individual organisations. The current pressures faced by the system are well known and understood;

including historical underfunding of social care and rising demand and pressure on acute hospital services. Although this report shows the health and social care risks and investment requirements separately, due to each organisation's constitutional and statutory requirements; as integrated commissioners the solutions and mitigations have been jointly developed and implemented.

- 4.3 As part of the City Council approved budget for 2017-20 additional resource for Adult Social Care of £35m was allocated to close part of the locality plan gap. This was part funded by the Improved Better Care Fund and 6% council tax precept.
- 4.4 The CCG's resource allocation was confirmed from NHS England until 2019/20. Additional recurrent allocation growth in 2018/19 is £20.264m for core and primary care, with a further increase of £21.244m in 2019/20. At the time of writing this report the 2018/19 NHS planning guidance had not been received, which potentially may have changes to allocations.

New care models

- 4.5 In order to deliver the ambitions of the Manchester locality plan and the MHCC priorities a significant level of investment is to be made within the city, with up to £168m to be invested by 2020/21. One of the key areas of focus is the investment in services and new care models which has been a system wide programme with the development of the LCO. These new models are funded through GMTF, ASC grant and recurrent health budgets.
- 4.6 The main focus of these new care models is to move care out of hospital where appropriate, in to a community setting. 2017/18 marked the start of these initiatives, however some have been implemented at a slower pace than anticipated and there are others where the business case is in development. Investments have already begun to mobilise, for example, the implementation of the High Impact Primary Care new care model which is already making an impact on those patients who are the highest users of health services.
- 4.7 The investment is to be delivered through a mixture of recurrent and non-recurrent funding. Investments which are funded with non-recurrent resources, if continued, will need to become self-sustaining through the delivery of system wide benefits. The table below outlines the planned investment for 2018/19 and 2019/20 across MHCC on new services and initiatives.

Transformation Health and Social Care Investment	2018/19			2019/20		
	Health	Social Care	Total	Health	Social Care	Total
	£'000	£'000	£'000	£'000	£'000	£'000
CAMHS	671		671	671		671
North Manchester	10,255		10,255	9,038		9,038
Mental Health	6,566		6,566	5,862		5,862
Primary Care	8,820		8,820	6,044		6,044
Primary Care Standards	3,384		3,384	3,135		3,135
7 Day Access	3,970		3,970	2,418		2,418
New Care Models*	7,170	5,141	12,318	9,505	5,632	15,136
Total	40,835	5,141	45,983	36,672	5,632	42,304

* This is the cost of the NCM less any contributions from recurrent budgets

- 4.8 In addition to the investment in new care models, MHCC is committing to support the delivery of the five year forward view as outlined by the NHS. This includes significant investment in mental health services and primary care. MHCC is working closely with Greater Manchester Mental Health and the GP Federation to achieve these goals.
- 4.9 The investment within North Manchester represents increased investment from central allocations after recognising historic significant underfunding in the North of the city. An ambitious programme of developments has been developed including the funding of lung health checks, prevention initiatives and out of hospital services.
- 4.10 This investment is significant and represents the ambitious plans for the Manchester locality. The above table does not include the investment also being made in to the Single Hospital Service to support the merger and also wider transformational investment in mental health brought through the creation of Greater Manchester Mental Health (GMMH).

Savings plans

- 4.11 Both the CCG and the Council have ambitious savings plans developed, of which some have been already been successfully implemented in 2017/18. In 2018/19 an additional £4.244m of prescribing savings are projected to be delivered. ASC is anticipating to deliver additional savings on top of the benefits arising from new care models.
- 4.12 The savings associated from the delivery of new care models have been refreshed during 2017/18 to be based on the detailed business cases that have been developed, scrutinised and approved. This supersedes the savings estimated from the Cost Benefit Analysis used for the development of the GMTF bid, which was more conceptual and at a higher level. The current approved schemes include:
- High Impact Primary Care
 - Home from Hospital
 - Carers

- Prevention
- Reablement, including discharge to assess, and
- Extracare.

4.13 These cases account for £22m of the total £32m GMTF allocated to out of hospital care. These cases also represent a total of £49m of total investment to 2020/21 if they were to be successful and re-investment monies released. A further £2.7m to 2020/21 is set aside for programme management, executive and clinical engagement (of which matched funding contributions are made from MHCC). For 2018/19 and 2019/20 the planned expenditure on the approved schemes is as follows:

New Care Models	2018/19			2019/20		
	Health	ASC	Total	Health	ASC	Total
	£000	£000	£000	£000	£000	£000
High Impact Primary Care	2,233	0	2,233	4,330	0	4,330
Home from hospital	135	0	135	135	0	135
Carers support	0	221	221	0	289	289
Re-ablement	0	2,531	2,531	0	2,531	2,531
Discharge to assess	3,291	0	3,291	3,291	0	3,291
Extra care	0	1,098	1,098	0	1,605	1,605
Prevention (North)	1,149	0	1,149	1,488	0	1,488
Prevention (South and Central)	2,608	118	2,726	2,845	128	2,973
Assistive Technology (AT)	0	1,173	1,173	0	1,079	1,079
Total	9,416	5,141	14,557	12,090	5,632	17,721
Funded by:						
GMTF	6,203	917	7,120	7,001	266	7,267
Adult Social Care grant	742	2,928	3,670	0	0	0
North Manchester Investment	2,246		2,246	2,585		2,585
Public Health	72	118	190	562	128	690
Unconfirmed funding for AT		903	903		0	0
Reinvestment	153	275	428	1,941	5,238	7,179
Total	9,416	5,141	14,557	12,090	5,632	17,721

NB: the above table shows the cumulative investment in new care models, so 2019/20 is inclusive of 2018/19 funding.

4.14 The above table does not include any investment for those schemes not yet approved (or associated savings), such as frailty, crisis response, first point of access services and early help. Once approved this investment will be reflected in the financial plans for each organisation. The LCO have recently undertaken a prioritisation exercise for the remaining funding available to ensure the most appropriate use of the remaining funds. The results of this exercise are currently being considered which will include agreement on how the Assistive Technology investment will be funded.

4.15 The table below outlines the current expected savings for each financial year in respect of the approved schemes taking account of the cashable benefits only. The cashable benefit in the table below are before re-investment to replace non-recurrent transformation investment funding ending and does not reconcile to the savings the Council has included in the 2018/19 and 2019/20 financial plan.

New Care Model Cashable Benefits	2018/19			2019/20		
	Health	ASC	Total	Health	ASC	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Complex cases			0			0
Reducing A&E Activity	596		596	438		438
Reducing Acute Length of Stay - EL	152		152	214		214
Reducing Acute Length of Stay - NEL	5,897		5,897	5,772		5,772
Reducing avoidable prescribing	1,075		1,075	702		702
Reducing avoidance contacts & referrals		48	48		37	37
Reducing Elective Admissions	430		430	451		451
Reducing Non-Elective Admissions	2,036		2,036	1,892		1,892
Reducing NWS Journeys	487		487	700		700
Reducing Outpatient Attendances	424		424	380		380
Reducing the cost of care packages	0	6,571	6,571	0	3,244	3,244
Total savings	11,096	6,619*	17,715	10,548	3,281	13,829

*NB – cashable benefits are different to ASC savings reflected in the MCC budget due to re-investment requirements

Joint financial position

- 4.16 It is anticipated that MHCC is facing a £23m financial challenge in 2018/19 before mitigations, £13.25m for the CCG and £9.76m for the City Council relating to adult social care. The position for adult social care has been mitigated through a combination of £4m non-recurrent contingency agreed by the MHCC Board from the pooled budget and investment of £5.8m from the City Council as proposed in the Adult Social Care Budget and Business Plan 2018 – 2020 report (also on this agenda). For 2018/19 the CCG position is mitigated in full through the use of non-recurrent resources, including a return of the £6m surplus from 2017/18 from NHS England and the assumed utilisation of the non-recurrent reserve that is required to be set by CCGs as part of the business rules.
- 4.17 For MHCC the 2018/19 financial plan includes £8.5m of savings from adult social care and £15.3m of Health savings to be delivered in 2018/19 through identified savings and new care models. The position is supported by use of significant non-recurrent resources which will require a robust financial sustainability plan, supported by investment for 2019/20. The financial sustainability plan will be developed through an integrated commissioning approach to portfolio leads on MHCC Executive.
- 4.18 Significant work has been undertaken to begin to address long term financial sustainability. In order to alleviate the increasing pressures a number of mitigations are in place across the health and social care budget.
- 4.19 In the short term non recurrent investment have been proposed by both organisations to meet need. In 2018/19 this includes utilisation of the carry forward of CCG 2017/18 non recurrent surplus (£6m), non-recurrent income for health (£1.8m), utilisation of the adult social care grant announced in March 2017 (£7.6m); business rules reserves from the CCG (£4m), pooled

budget contingency (£4m), and proposed Council investment (£5.8m). This resource is over and above the non-recurrent GMTF monies to fund the new care models.

- 4.20 The MHCC joint financial plan for 2018/19 and 2019/20 is a projected balanced budget for 2018/19 for both health and social care. However, this position is not without risk, key risks to the deliverability of the position are:
- Delivery of new care model savings;
 - Delivery of other savings plans;
 - 2018/19 contract negotiations;
 - NHS planning guidance implications;
 - 2018/19 pay award;
 - Changes to NHS Payment by Results pricing tariff;
 - GM mandated investments;
 - Impact of increasing need, in particular winter pressures
- 4.21 The 2019/20 financial position does not balance across MHCC, with a gap of £9.306m anticipated in health. The adult social care position for 2019/20 would need to be with a requirement for further investment from the Council of £15.115m. At this stage the Council's position for 2019/20 remains unclear and there is uncertainty surrounding the business rates pilot continuing beyond 2018/19. The table in Appendix 1 sets out the joint financial plan for MHCC.

5. Risk and Gain Share

- 5.1 The creation of MHCC and the aspiration to have a fully pooled budget is at the heart of the integrated commissioning arrangements. The principle of a pooled budget is to pool all resources and to utilise them to achieve the best outcomes in the city for patients and service users.
- 5.2 At its meeting in December the Manchester CCG Governing body supported the development of risk and gain share principles. These represent a significant step forward towards the full operation of MHCC and will need to be supported by a detailed s75 partnership agreement between MCC and MCCG. It was agreed that in principle that;
1. A "pooled budget" should be created in 2018/19 including the totality of the CCG allocation and the agreed net budget for ASC and public health including all earmarked reserves;
 2. "Pooled budget" arrangements should allow the sharing of H&SC resources for the best use for the population in Manchester, and
 3. A risk share agreement should be in place to support "pooled budget" arrangements in 2018/19.
- 5.3 The second point above represents the most significant step forward, with this allowing health or social care resource to be repurposed for the best use of the population in Manchester. Through integrated working this may mean funding moving around the health and social care system. However, this assumes the delivery of balanced financial positions, and for 2018/19 the arrangement will mean that neither party will be required to pay any sums to

support the MHCC financial position if payment would result in that party not being able to deliver its financial duties and constitutional targets in 2018/19.

- 5.4 As part of the pooled budget arrangements for 2018/19, an uncommitted contingency of £4m will be created. In 2018/19, the level of risk partners are asked to take will be limited to this value. This will not limit the sharing of benefits, but will cap any residual financial risk in the event that recovery plans are not successful. If both parties have a requirement to utilise the contingency reserve to meet financial targets, the priority is that it will be used to support the adult social care position in the first instance. The contingency is part of the proposed pooled budget for Adult Social Care included in the Adult Budget and Business Plan 2018 – 2020.
- 5.5 Further work is required to draw up the formal partnership agreements including a Section 75 to support this arrangement. A number of conditions / principles were agreed upon for the pooled budget in 2018/19, these include:
- The parties to the pool will be MCC (adult social care and public health) and MCCG;
 - The opening value will be updated for increases to allocations and other funding streams identified by both parties during the year;
 - Neither party can reduce the 2018/19 value of the agreed “pooled budget” in year without agreement of the MHCC Board;
 - Governance and operation of the “pooled budget” will be delegated to the MHCC Board and financial reporting will be in place in a consistent manner to enable this and meet the requirements of the partner organisations;
 - A commitment from both parties to a continued, focused, consistent approach to the identification and delivery of further savings plans to deliver recurrent balance;
 - An agreed opening budget which demonstrates delivery of financial duties for both organisations, and
 - The parties agree a Financial Framework to support to the financial governance for the “pooled budget”
- 5.6 MHCC is a partnership and cannot be a legal entity and as a result the existing organisations will remain in place, and assurance and monitoring required. The Council has given its commitment to enable MHCC to operate as one organisation, including the creation of an MHCC Chief Finance Officer. This role will have a line of accountability to the City Treasurer for the S151 responsibilities. Delegations and decision making will be a set out in the section 75.
- 5.7 This risk share arrangement will be reviewed on an annual basis as the partnership develops. This pooled arrangement is to support the creation of the single commissioning function only, further work and consideration is required going forward on the risk share arrangements with providers across the city.

6. Conclusion

- 6.1 The committee is asked to note this report and the MHCC financial position projected for 2018/19 and 2019/20. The CCG budget position cannot be finalised until the planning guidance and contracting round are complete, and therefore this paper should be taken as indicative at this stage. However, the paper still outlines key challenges for MHCC including the reliance on non-recurrent mitigations for 2018/19 financial balance, and the deliverability of an ambitious savings plan. 2019/20 plans are current not delivering financial balance.

Appendix 1

MHCC Joint Financial Plan	2018/19			2019/20		
	Health £'000	ASC £'000	Total £'000	Health £'000	ASC £'000	Total £'000
Funding: Recurrent						
2017/18 base budget	893,476	165,617	1,059,093	913,823	166,364	1,080,187
Health Visiting		10,352	10,352		10,352	10,352
Savings		-4,814	-4,814		-4,000	-4,000
ASC Grant Reduction		-5,273	-5,273		-3,869	-3,869
Growth (Demo, inf, NLW)	20,264	10,834	31,098	21,244	10,834	32,078
Investment inc in base (see* below)		-3,845	-3,845		-5,632	-5,632
Subtotal	913,740	172,871	1,092,370	935,067	174,049	1,124,231
Funding: Non Recurrent			0			0
GMTF - New Care Models*	6,203	917	7,120	7,001	266	7,267
ASC grant - New Care Models*	742	2,928	3,670	0		0
MCC Proposed Investment		5,759			15,115	15,115
Public Health - New Care Models	72		72	562		562
GMTF - Primary Care	2,313		2,313	2,313		2,313
Other non recurrent investment	6,000		6,000		5,366	5,366
Additional mitigations	1,841	4,000	5,841			0
Subtotal	17,172	13,604	25,016	9,876	20,747	15,508
Total funding	930,912	186,475	1,117,387	944,943	194,796	1,139,739
Expenditure:						
Previous year forecast outturn	900,359	165,617	1,065,976	930,912	186,475	1,117,387
Non-recurrent mitigation		4,000	4,000		-4,000	-4,000
Less: previous year non recurrent spend	-6,017	-5,273	-11,290		-3,869	-3,869
Less: NCM savings	-11,096	-6,344	-17,440	-10,548	1,682	-8,866
Less other savings	-4,244	-2,175	-6,419		-1,700	-1,700
Add: Growth / inflation / Investment	23,693	16,593	40,286	26,623	16,208	42,831
Add: new care models expenditure	7,170		7,170	2,359		2,359
Add: Health Visiting		10,352	10,352			0
Add: GMTF primary Care	2,313		2,313			0
Add: pressures	10,671	3,705	14,376	834		834
Add: business rules / other	8,138		8,138	4,069		4,069
0.5% contingency	4,069		4,069			0
0.5% non recurrent	4,069		4,069	4,069		4,069
Less: release of 0.5% reserve	-4,069		-4,069			
Add: PbR risk reserve	3,994		3,994			
Total expenditure	930,912	186,475	1,117,387	954,249	194,796	1,149,045
Surplus / (Deficit)	0	0	0	-9,306	0	-9,306

