Manchester Health and Wellbeing Board
Report for Resolution

Report to: Manchester Health and Wellbeing Board – 5 November 2014

Subject: Living Longer Living Better (LLLB) Update

Report of: Citywide Leadership Group (CWLG)

Summary

This update from the LLLB Programme consists of two main items:

1) Risk sharing arrangements for the Section 75 agreement for the Better Care Fund pooled budget.

2) Overview of the impact of the Care Act 2014.

Recommendations

The Board is asked to:

- Note the risk sharing arrangements agreed for 2015/16, and comment upon the options presented for managing risk in future years.
- Given the limited funds available to support new investments, support the recommendation that each locality, through local governance arrangements, undertakes a review of the effectiveness of current investments, with the outcome reported to CWLG and EHWG by December 2014.
- Approve that funding of £1.479m is identified from the £2m set aside in the BCF for the Care Act to meet indicative costs of the Care Act in 2015/16.
- Approve that from the increase in funding transfer from health to local authorities of £2.221m which has been transferred into LDF in 2014/15, funding of £829k is identified to meet costs of preparation for Care Act in 2014/15.

Board Priority(s) Addressed

All

Contact Officers

Name: Mike Houghton-Evans
Position: Strategic Director, Families Health and Wellbeing
Telephone: 0161 234 3952
E-mail: m.houghton-evans@manchester.gov.uk

Background documents (available for public inspection)

The Blueprint for Living Longer Living Better was set out in '*Living Longer Living*

Better, An Integrated Care Blueprint for Manchester', presented to the Health and Wellbeing Board in March 2013.

This was followed by the 'Living Longer Living Better Strategic Outline Case' presented to the Health and Wellbeing Board in June 2013, which described in more detail the three main areas or 'domains' of the city's plans for integrated care.

In November 2013, the Health and Wellbeing Board received a Strategic Business Case, which described in more detail the care models, the population groups and the financial case for change.

Further progress updates on LLLB have been provided to the Health and Wellbeing Board throughout 2014.

Subject: LLLB Update – part 1 - Risk sharing arrangements for the Section 75 agreement for the Better Care Fund pooled budget

Report of: Carol Culley – MCC Deputy City Treasurer and Joanne Newton - Chief Financial Officer North, South and Central CCGs

1. Introduction

1.1 It has been widely reported that the current health and social care system is unaffordable in the future. For Manchester this has been determined to be a combined financial pressure of circa £250m across the three main acute providers, the three CCGs and MCC over the next four years.

1.2 Through the Living Longer Living Better (LLLB) programme Manchester has committed to developing a system that shifts demand and resource away from hospitals and high dependency services and promotes independence and self-care. There is very little funding available for reform and the health and social care system must commission and provide more integrated care in the community providing the most efficient service targeted the priority population groups to reduce demand. This will need to involve a change in contracting and resourcing arrangements.

1.3 The LLLB Programme is expected to make a contribution to alleviating financial pressures of circa £20m, net of reinvestment in alternative services. The remainder of the financial gap is expected to be closed by other programmes including Healthier Together, Primary Care programmes and efficiency and change programmes for individual partner organisations.

1.4 The Better Care Fund (BCF) is expected to provide the funding to support the development of the LLLB programme. The three Manchester CCGs and the City Council are required to set up a Section 75 agreement for a pooled budget the BCF in 2015/16, a year in which the financial positions of all partners within the city are challenged. The key objective is to give greater transparency and control over use of funding to support local integration of health and care services and to realise benefits from integration.

1.5 A draft Section 75 Partnership Agreement has been drafted, although at present does not take into account potential risk sharing approaches in relation to:

- The realignment of resources within the BCF currently committed towards shared priorities for LLLB.
- The distribution and governance of the contingency for non-elective activity targets.
- The governance surrounding decisions to redistribute funding away from initial service pilots if they are unsuccessful.

1.6 A key aspect of the Agreement is that the external auditors must review the document to assess the potential financial accounting implications of the terms and conditions, in particular, to ensure that all risks are understood surrounding the treatment of surpluses and deficits in the pool at the financial year end.

1.7 The purpose of this report is to set out what has been agreed for 2015/16 through reports to the HWB in recent months and options for future risk sharing arrangement principles to be included in the Section 75 agreement to and inform financial planning.

2. Better Care Fund Financial arrangements in 2015/16

2.1 The indicative BCF budget for 2015/16 is now £43.861m (increased from £42.890m due to additional non-recurrent funds of £1.771m from the Public Health allocation being agreed in 2015/16) a summary of which is set out below:

	CCGs	**MCC**	**Total Pool**
	£'000	**£'000**	**£'000**
Resources:			
Health - CCG baseline resources for BCF Pooled Budget	25,419		25,419
Health - Transfer of Care Bill funding to MCC - minimum required	-1,451	1,451	0
Health - Other NHS allocation for BCF Pooled Budget	12,219		12,219
Health - Transfer of other NHS funding to MCC	-12,219	12,219	0
Local Authority - Disabled facilities capital grant	0	2,967	2,967
Local Authority - Social care capital	0	1,485	1,485
Local Authority - Public health contribution	0	1,771	1,771
Total resources	**23,968**	**19,893**	**43,861**

2.2 Health and Wellbeing Board (HWB) agreed for the growth element of the BCF to be treated as a development fund to support service innovation and change to the health and social care system. The Local Development Fund (LDF) will focus on the five priority population groups for investment into the development of integrated health and care services. The principle agreed was that the LDF would create the recyclable funds to enable the set up and transitional costs associated with achieving the required shifts of activity and reduction in demand.

2.3 The LDF in the main represents £22m of CCGs' growth funds for 2014/15 and 2015/16. In addition £1.771m of contributions from Public Health growth to the Council has been agreed for 2014/15 and subject the Council's budget process is also planned for 2015/16. It was agreed that for 2015/16 the Local Development Fund (LDF) will support the first phase implementation of

development of community health and care models to focussed on the five priority population groups.

2.4 National guidance on the BCF about payment for performance substantially changed around late February 2014. Further change in July re-introduced performance payment principle, but the focus of the payment shifted towards reducing non-elective admissions. This crucial change in policy means that providers in the Manchester wide health economy will not lose funding if a reduction in non-elective admissions is not achieved. This will be managed through a risk reserve within the BCF to pay providers for the price of admissions not deflected.

2.5 An updated position against the financial summary information that was shared with the HWBB on 2 July 2014 together with an estimated value for the non-elective risk reserve this is summarised below (detail in Appendix 1). This shows the extent to which the £22m of LDF funds have been committed across the city and how much will be available for future investment, assuming all existing services continue in 2015/16.

	CCGs	**MCC**	**Total Pool**
	£'000	**£'000**	**£'000**
Total BCF resources (see table above)	**23,968**	**19,893**	**43,861**
Existing commitments:			
Local authority – social care		-9,998	-9,998
Local authority – DFG / social care capital grants		-4,452	-4,452
CCGs - reablement (funded from 'baseline resources')	-5,000		-5,000
Care Bill estimate		-2,000	-2,000
Subtotal - opening commitments	**-5,000**	**-16,450**	**-21,450**
Available for investment in new delivery models	**18,968**	**3,443**	**22,411**
Other commitments:			
Risk reserve (3.5% NEL admission target)	-3,211		-3,211
Full year effect of existing investments in new delivery models	-13,701	-3,850	-17,551
Subtotal - other commitments	**-16,912**	**-3,850**	**-20,762**
Remaining balance (over) / uncommitted 2015/16	**2,055**	**-407**	**1,649**

2.6 The BCF submission in September 2014 supported an approach to risk sharing in 2015/16 where the BCF for the Council and CCGs would be allocated to each organisation based on existing commitments and approvals from HWB. The uncommitted element, including the contingency for non-elective targets, would be allocated at locality level with governance under delegated authority through locality level integrated care (or equivalent) boards with representation from Council, CCG and providers. These locality boards would seek approval from CCG Boards, Executive Health and Wellbeing Group (EHWG) and HWB on investment plans for integrated

community based care models. This would require allocations to be made at locality level to include investment from Council and CCGs.

3. Options for risk sharing

2.1 Three options for future years have been drafted for consideration, with the intention of enabling a phased approach to risk sharing from 2015/16. (The first of these options is currently outlined in the BCF submission to NHS England on 19 September 2014 following consultation with provider and commissioner directors of finance):

Option 1

2.2 Current option agreed for 2015/16 set out in paragraph 2.6. Issues for consideration:

- The current governance arrangements support this option and it would be an incremental step towards integration at locality level.
- It would build upon the arrangements for 2014/15 where the three localities and the Council have developed business cases for investment unilaterally making individual recommendations to EHWG and HWB.
- It would be necessary to establish a locality level share of funding for Public Health / Manchester City Council contributions which are currently on a city-wide basis.
- There would be no option to use other BCF Manchester wide funds to support localised pressures (which could be extensive if related to emergency activity).
- Does not support city wide approach or challenge. There would be no citywide decision making board below EHWG on planned investment.
- Does not easily reflect pooled budgeting principles, and financial accounting arrangements may be difficult to establish.

Option 2

2.3 Existing commitments in the BCF for the Council and CCGs would be allocated to each locality based on the full year effect of 2014-15 funding levels as with Option 1 and Appendix 1.

The uncommitted balance of the Local Development Fund (LDF) after adjusting for locality level non-elective risk reserves, i.e. (£5.498m), would be retained at citywide level governed by a newly formed city wide board with representation from MCC, CCGs and providers that would make recommendations to EHWG and HWB for planned investment. This board would include challenge of existing commitments in the LDF, particularly where BCF funds at a locality level are already fully, or over, committed. Issues for consideration:

- Supports the development of consistent citywide integrated community health and care models.
- Enables targeting of investment to address areas of greater need.

- Would enable oversight of the planned investment at citywide level before recommendations were made to EHWG and HWB.
- Reflects pooled budgeting principles and financial accounting arrangements.
- There are no suitable governance arrangements currently in place at citywide level below the EHWG to support this option.
- Some localities' investments have already subscribed the full share of LDF. Patients / residents in localities with uncommitted funds on 1 April 2015 may be at a disadvantage if their shares are subsequently committed in other areas.
- Difficult to establish rules for application of funds across differing health economies – each of which is at a different stage of development and carries its own nuances.
- Could result in disproportionate use of funding in one / two localities at the expense of other localities due to matters out with the control of contributing partners.
- Tensions between partners as each locality has differing and not directly comparable factors affecting the level of financial risk within the economy (e.g. emergency activity baseline, distance from target deflections, evaluation of cases, business case targets / ambition, investments history).
- Risks may not emerge, resulting in delays in committing resources on a wide footprint in each year.
- Different contracting arrangements and starting points for emergency activity would affect the level of opening financial risk in a year (risk of manipulation worst case).
- Contracting decisions are not part of HWBB approval routes, hence two sets of unconnected but financially dependent.

Option 3

2.4 The 2015/16 BCF allocation includes £19.450m of previously committed funding for specific services commissioned by the Council and the three Manchester CCGs as set out below:

- Carers breaks and reablement commissioned by the three Manchester CCGs (£5m)
- Social care services commissioned by the Council with a health benefit (£9.998m)
- Capital investment for adult social care services commissioned by the Council (£2.967m)
- Disabled Facilities Grant payments commissioned by the Council towards the cost of providing adaptations and facilities to enable disabled people to live independently (£1.485m)

2.5 The BCF allocation is also intended to provide funding for the Council's new specified responsibilities under the Care Act 2014. estimated at £2m:

- Create greater incentives for employment for disabled adults in residential care
- Carers on a par with users for assessment.

- A new duty to provide support for carers Link LA information portals to national portal
- Advice and support to access and plan care, including rights to advocacy
- Provider quality profiles
- Implementation of statutory Safeguarding Adults Boards
- National minimum eligibility threshold at substantial
- Continuity of care for people moving into their areas until reassessment
- Responsibility for assessment and provision of social care in prisons
- Disregard of armed forces GIPs from financial assessment
- Training social care staff in the new legal framework

2.6 This option proposes that the whole value of BCF (£43.861m) including committed funding set out above would be included in a pooled fund with Citywide governance as described in option 2. This would require the Council and the CCGs to identify existing spend on services to include in the pooled arrangements up to the value (but not limited to) existing BCF commitments. This option would increase the funding available in the pooled budget to support integrated health and social care models. Issues for consideration

- May be more contentious for the pool if locality shares are not allocated across the range of budget as an initial step to a Manchester wide pooling arrangement for all resources.
- Recognition and acceptance of application of funding across Manchester which may not directly benefit all localities universally.
- It would require existing Council and CCG commissioned services to be in scope - would be advisable to restate what the BCF is funding from existing services to include those applicable to integrated models of community based care.
- Likely to require reinvestment / decommissioning decisions at pace and scale to facilitate redirection of funding into alternative services.
- This option would increase the size of the pooled budget available for investment to meet the objectives of the LLLB programme, providing more of a catalyst for change than the other two options, whilst limiting risk to the scope of the pooled fund.

4. Summary and Recommendations

4.1 Option 1 is the agreed approach for 2015/16. This was discussed within the finance community, including the Council, CCGs and providers, in advance of submission to NHS England. This paper has set out alternative approaches for consideration for risk sharing and financial management from 2016/17 within the proposed scope of BCF funding and is for discussion and comment.

4,2 The options proposed for future years are not exhaustive and are intended to incentivise discussion on the development of arrangements which can be reflected in the Section 75 to be sustainable as the LLLB programme expands and integration of community health and social care develops over the next few years. As such it is not appropriate for this paper to recommend an option for future years, but to highlight the issues for consideration.

4.3 The table in paragraph 2.5 highlights that current commitments will leave limited funds available to support new investment. To support the approach to risk sharing shown above it is recommended that each locality through local governance arrangements undertake a review of the effectiveness of current investments and the outcome of this will be reported to the City Wide Leadership group and EHWG by December 2014.

Appendix 1: BCF Resources V Commitments 2015/16

	Central	South	North	CCGs	MCC	Total Pool
	£'000	£'000	£'000	£'000	£'000	£'000
Resources:						
Health - CCG baseline resources for BCF Pooled Budget	8,621	7,522	9,276	25,419		25,419
Health - Transfer of Care Bill funding to MCC - minimum required	-492	-429	-530	-1,451	1,451	0
Health - Other NHS allocation for BCF Pooled Budget	3,943	4,116	4,160	12,219		12,219
Health - Transfer of other NHS funding to MCC	-3,943	-4,116	-4,160	-12,219	12,219	0
Local Authority - Disabled facilities capital grant				0	2,967	2,967
Local Authority - Social care capital				0	1,485	1,485
Local Authority - Public health contribution				0	1,771	1,771
Total resources	**8,129**	**7,093**	**8,746**	**23,968**	**19,893**	**43,861**
Existing commitments:						
Local authority – social care (note 1)					-9,998	-9,998
Local authority – DFG / social care capital grants (2)					-4,452	-4,452
CCGs - reablement (funded from 'baseline resources') (3)	-1,696	-1,480	-1,824	-5,000		-5,000
Care Bill estimate (4)					-2,000	-2,000
Subtotal - opening commitments	**-1,696**	**-1,480**	**-1,824**	**-5,000**	**-16,450**	**-21,450**
Opening balance for investment in new delivery models	**6,433**	**5,613**	**6,921**	**18,968**	**3,443**	**22,411**
Other commitments:						
Risk reserve (3.5% NEL admission target)	-1,089	-950	-1,172	-3,211		-3,211
Full year effect of investments in new delivery models 2014/15 (note 5)	-5,492	-3,813	-4,396	-13,701	-3,850	-17,551
Subtotal - other commitments	**-6,581**	**-4,763**	**-5,568**	**-16,912**	**-3,850**	**-20,762**
Balance (over) / uncommitted 2015/16	**-148**	**850**	**1,354**	**2,056**	**-407**	**1,649**

Subject: LLLB Update Part 2 - Care Act 2014

Report of: Strategic Director for Families Health and Wellbeing

1. Introduction

1.1 The Care Act received Royal Assent on the 14th May 2014 and will come into effect over two years starting in April 2015. There are three main parts to the legislation:

- Part One is reform of adult social care and support legislation and the journey through the reformed system
- Part Two seeks to improve care standards by putting people and carers in control of their care and support
- Part Three establishes Health Education England and the Health Research Authority

1.2 As well as updating existing social care law, it will set a new national eligibility threshold and place duties on local authorities to provide information and advice, preventive services and, for the first time, support for carers with eligible needs. The Act will also, from April 2016, overhaul the social care funding system to extend means-tested support to more care home residents and enable people to gain full state funding for their 'reasonable' care costs once they have been assessed as passing a self-funding cap. The Act places on local authorities the following duties:

- To assess carers who request assessment
- To provide support to assessed carers
- To arrange services for anyone who requests it regardless of financial circumstance
- The provision of a universal deferred payment scheme for residential care
- To provide prevention, information and advice services
- To shape the market and manage provider failure
- To ensure continuity of care if a resident moves into the area from elsewhere
- To ensure continuity of care for children reaching adulthood
- To provide independent advocacy for adults in certain circumstances
- To meet the eligible needs of prisoners in their area

1.3 The Government has stated that revenue will be available for new burdens funding for adult social care in 2015/16 of £294.7 million, comprising three elements:

1. £175m for additional assessments for the cap, comprising £145 million for early assessments and reviews, £20 million for capacity building and £10 million for an information campaign to raise awareness of the changes
2. £108.5m for deferred payments
3. £11.2m for social care in prisons (for authorities with prisons in their area funded via DH grant)

1.4 The Government has also confirmed that in 2015/16 £135m revenue and £50m capital should be available through Better Care Fund in 2015/16.

1.5 The report sets out the additional resources required to implement the Care Act in 2014/15 and 2015/16 and the estimated funding requirement from the BCF and additional expected Government grant funding.

2. Strategic Context

2.1 The Care Act 2014 is a reform of legislation relating to care and support for adults and carers and aligns to strategic aims of the Living Longer Living Better programme.

2.2 The legislation includes requirement for integration and partnership working, highlighting:

- Greater integration and co-operation between health, care and support and housing
- Local partners to work in co-operation when designing and delivering services for the population
- The limits on what the council may provide in terms of health care services
- Draft regulations focus on processes and requirements for delayed discharges from hospital for acute patients with care and support needs

2.3 The Act requires universal provision for:

- Wellbeing – new duty to meet needs for all people who need care and support and carers
- Preventing, reducing and delaying needs, clarifies the range of services LAs can provide
- Established and maintain information and advice services covering the needs of whole population
- Market shaping and commissioning through a new duty to facilitate high quality care and support in the city for the benefit of the whole population, regardless of how services are funded

2.4 There is a duty for the Council to carry out needs assessment and carer's assessment where it appears that there is a need. The Council must involve people in assessments, care and support planning and new requirement to arrange independent advocacy for those that need it.

2.5 The Act sets out that from April 2015 the Local Authority will provide targeted services as follow:

- For a person that meets eligibility criteria provide a Care and Support Plan or a Support Plan for carers
- Determine if the individual requires Council support to implement the support plan, what support would be appropriate and if that support would be chargeable and if a deferred payment is needed.
- For those that do not want Council support, provide information and advice on how to meet needs and how to prevent or delay future needs and set up Independent Personal Budget.

- Review the Care and Support Plan to ensure needs continue to be met to include a review of the value of the personal budget.
- Offer a deferred payment if the person is going into residential care and owns property, regardless of their financial means.

3. Financial Business Case

3.1 There is a confirmed allocation within the BCF for 2015/16 of £1.479m intended to provide funding for the Council's new specified responsibilities under the Care Act 2014 as follows:

- Create greater incentives for employment for disabled adults in residential care
- Carers on a par with users for assessment.
- A new duty to provide support for carers Link LA information portals to national portal
- Advice and support to access and plan care, including rights to advocacy
- Provider quality profiles
- Implementation of statutory Safeguarding Adults Boards
- National minimum eligibility threshold at substantial
- Continuity of care for people moving into their areas until reassessment
- Disregard of armed forces GIPs from financial assessment
- Training social care staff in the new legal framework

3.2 The Health and Wellbeing Board have previously agreed that £2m will be set aside for the impact of the Care Act in 2015/16. This included an estimate of £500k for ICT costs that Department of Health have recently confirmed will be funded through a separate BCF capital grant.

3.3 The new burdens funding is intended to meet costs of additional care assessments, deferred payments scheme and IT developments required for implementation.

3.4 Minimal funding has been provided in 2014/15 for preparation for April 2015, however there is a significant amount of work required ahead of implementation:

- Review resources required to support an increase in assessment and support planning activity in the first year of implementation and ongoing review of increased number of people with eligibility.
- Commissioned ICT to be able to set up new processes and make changes to social care electronic recording systems.
- Determine impact of new regulations on demand for services bearing in mind criteria may be changed to include people with more moderate needs. Embed new eligibility regulations when published into delivery arrangements.
- Implement national deferred payments scheme
- Estimate number of people who may need advocacy and ensure resources are available to facilitate this
- Review carers services to ensure it is fit for purpose to implement outcomes from Care Act

- Define and deliver workforce development needs
- Develop the early help strategy and offer
- Ensure financial systems are in place to support the introduction of the new Independent Personal Budgets and Care Accounts
- Undertake financial modelling of who future customers will be, how many, types of services and costs.

3.5 Over the past 12 months there has been a focus in the localities on implementing efficiencies in the services directly delivered to adults in order to reduce budgets. Through these ongoing efficiencies the Council will be able to release staff to work in preparation for the Care Act, but there will be a need for additional staff, training, and senior management capacity.

3.6 Whilst work has begun to prepare for the implementation of the Care Act there is still a significant amount of preparation to do and the detailed regulations underpinning the Act are not yet finalised at the time of writing this business case. Rather than making planned efficiencies and reducing workforce to make budget savings, only to have to recruit for the Care Act later in the financial year, it would be more effective to focus capacity released to prepare for the Care Act.

3.7 It is proposed that £829k from the increase in the health transfer of £2.221m included in the Local Development Fund (LDF) is made available for Care Act implementation costs in 2014/15

3.8 The table below sets out the indicative financial implications of the Care Act in 2014/15 and 2015/16. Further notification is required for elements that will impact in 2016/17.

Care Act Estimated Financial Implications

Estimated costs	2014/15 £0	2015/16 £
Implementation		
Additional stategic capacity	120,000	0
Project management	33,333	40,000
Training - social care, legal, financial	100,000	51,000
Communications	50,500	50,500
	133,333	**141,500**
Assessment, support and care planning		
Care assessments	754,550	754,550
Financial support, assessment, debt recovery and deferred payments	66,000	155,000
Total	**820,550**	**909,550**
Social Care IT systems	**0**	**544,000**
Deferred Payments scheme	**0**	**702,000**
Eligibility for care and support		
National threshold set at substantial	0	308,000
Support for carers	0	316,000
Incentives to work for disabled adults	0	33,000
Continuity of care	0	48,000
Care and support for prisoners	0	72,000
Independent Mental Health advocacy	0	101,000
Reduction in income due to pension changes	0	128,000
	0	**1,006,000**
Universal Services		
Advice, support and advocacy	0	158,000
Adult Safeguarding Board	0	59,000
	0	**217,000**
Total	**953,883**	**3,520,050**
Confirmed and Indicative funding:		
Indicative DH grant	125,000	1,477,000
ICT Grant		544,000
Better Care Fund	828,883	1,479,000
	1,176,833	**3,500,000**

4. Summary and recommendations

4.1 Health and Wellbeing Board is requested to approve:

- Funding of £1.479m is identified from the £2m set aside in the BCF for the Care Act to meet indicative costs of the Care Act in 2015/16.
- From the increase in funding transfer from health to local authorities of £2.221m which has been transferred into LDF in 2014/15, funding of £829k is identified to meet costs of preparation for Care Act in 2014/15.