

**Manchester Health and Wellbeing Board  
Report for Resolution**

**Report to:** Manchester Health and Wellbeing Board -16 September 2015

**Subject:** Integrated Community Health and Care Services Pooling Budgets

**Report of:** Claudette Elliott Deputy Chief Officer, SMCCG  
Hazel Summer Strategic Director, Families, Health and Wellbeing, MCC

The Health and Wellbeing Board will be provided with an overview of the proposal to pool budgets for the delivery of aspects of Integrated Health and Care Services in Manchester. The Board will be advised of the principles by which partners would operate pooling arrangements, along with the identified areas of health and care services, where as a system we would test out how the pooling arrangements would operate.

**Recommendations**

The Board is asked to:

- Comment on the overall proposal for pooling budgets
- Comment on the outlined working principles
- Agree and the proposed service areas whereby the pooled budget arrangements would be tested
- Agree the approach, scope and scale of pooling from 2016

**Board Priority(s) Addressed:**

<b>Health and Wellbeing Strategy priority</b>	<b>Summary of contribution to the strategy</b>
Getting the youngest people in our communities off to the best start	
Educating, informing and involving the community in improving their own health and wellbeing	
Moving more health provision into the community	This proposal will enable the system to understand how resources will move from acute provision to support the delivery of place based care in community settings.
Providing the best treatment we can to people in the right place at the right time	
Turning round the lives of troubled families	

Improving people's mental health and wellbeing	
Bringing people into employment and leading productive lives	
Enabling older people to keep well and live independently in their community	

**Lead board member:**

Hazel Summers, Strategic Director, Families, Health and Wellbeing, MCC

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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.

- Living Longer Living Better Strategy 2013
- Five Year Forward View - NHS England, October 2014
- One Team Place Based Care Commissioning Specification, June 2015
- Provider Response to One Team Place Based Care Commissioning Specification July 2015

## **1. Introduction**

This document outlines the proposal for pooling budgets for the delivery of elements of Integrated Health and Care Services in Manchester.

## **2. Background**

Section 75 of the National Health Service 2006 Act gives powers to local authorities and health bodies to establish and maintain pooled funds out of which payment may be made towards expenditure incurred in the exercise of prescribed local authority functions and prescribed National Health Service (NHS) functions.

2.1 The current statutory framework underpinning the Better Care Fund (BCF) for pooling of budgets is mandatory. The existing pooled budget between the three Manchester Clinical Commissioning Groups (CCGs) and the Council in 2015/16 for the BCF is to support health and social care integration, which was approved by the HWB in March 2015. The value of the pooled budget is £44m and the scope is largely limited to the sum determined by the Government for Manchester's BCF.

2.2 In 2016/17 as a minimum, Manchester will be required to expand the existing pooled budget for the BCF in line with Department of Health guidelines. At this stage there is no indication whether the scope of the Better Care Fund will be expanded for 2016/17, this is likely to be confirmed by DH in December 2015. However, as part of the Greater Manchester Health and Social Care Devolution Agreement there has been a commitment made to move towards a fully pooled budget at locality level over the next few years.

2.3 Progress to date in the Manchester locality on plans for pooling are not as advanced as the position in some of the other GM localities, where agreement has been reached on services in scope and identified value of budgets for pooling.

## **3. The Rationale for Pooling Budgets**

3.1 As a minimum, pooling of budgets can improve transparency and give partners a better understanding of total resources available and deployment within a whole local economy. However, the aspiration for a pooled budget arrangement should be joint prioritisation of resources, avoiding duplication of commissioned services, flexibility across organisational boundaries for spending decisions and targeting of investment funding to meet shared priorities by taking a whole economy perspective.

3.2 Pooled budgets are a key enabler to support joint governance arrangements for integrated services. It will enable prioritisation of investment decisions based on consistent priorities with an upfront agreed approach towards how investment decisions will be made and approach to risk sharing. An effective pooled budget arrangement should seek to remove perverse incentives in how

resources are most effectively used to improve outcomes caused by organisational budgets. In the context of funding reductions and cost pressures for health and care services, a pooled budget will provide a greater focus on understanding and managing the projected demand pressures and how each partner influences and delivers within the system.

- 3.3 Pooled budgets require risk share arrangements, partners need to be willing to share risk and create arrangements which provide the incentive to make the system changes required. However partners will not wish to expose themselves to undue additional financial risk and it will be necessary to strike a balance. The Board will be mindful that pooled budgets have not always operated successfully in Manchester in the past. For example the Mental Health pooled budget was established around a proportional risk share agreement which lent itself to end of year disagreements about the proportional share of an overspend.
- 3.4 The approach from 2016/17 will be for a different form of pooled budget which in the context of GM Devolution will include clear arrangements for tracking the movement resources from acute to the community provision underpinned by robust evaluation and cost benefit analysis. Further research will also be carried out on 'best in class' risk share arrangements in this sector.

#### **4. Pooled Budget Proposal for Manchester**

- 4.1 The Manchester system is now working to an agreed plan for the implementation of an integrated health and care offer for adults within the city through the delivery of One Team. The Manchester Provider Group response to the One Team specification was positively received with the recommendations being endorsed by the Board in July 2015.
- 4.2 Commissioners are committed to working with providers to ensure that the design of the new service offers meets the requirements of the specification and keen to see the new services implemented across the city by April 2016. As providers progress with the implementation, this equally provides commissioners with the opportunity to explore and test out the benefits of pooling budgets for elements of the new service offer.
- 4.3 The overarching principle for pooling budgets is that it should be seen as enabler to support transformational changes planned resulting in clearly demonstrable benefits for residents in the city, and the system as a whole. It is proposed that in order to understand how a pooling arrangement would work it is important to:
- Be clear about the rationale and case for pooling (e.g. services and budgets in scope are targeting similar patient / client groups across the commissioners, to streamline commissioning arrangements)
  - Learn from pooling arrangements that have been implemented in the city
  - Be clear about the services and associated resources that would be pooled

- Be clear about the geographical scope of the pool (12. 3. 1 as defined by the one team specification)
- Be clear about who currently commissions the services
- Understand the benefits of pooling
- Understand the risks associated with pooling
- Track activity, spend and outcomes in order to inform evaluation and Cost Benefit Analysis
- Commit to use evaluation of impact of investment of pooled budgets into integrated services to identify on an agreed basis this return on investment through reduced demand in the acute sector and residential care.
- Agreed the approach to determine a different payment or reimbursement model to ensure that the return on investment is cashable and results in a shift of resource in the system.
- Ensure engagement of provider partners in the development of the pooled arrangements.

4.4 The above is not exhaustive, but illustrates a number of issues that would require careful consideration. It is proposed that the following services would be prioritised for pooling and full implementation of evaluation and cost benefit analysis by 1<sup>st</sup> April 2016. These services are aligned to the delivery of the One Team specification – with a focus on implementation of the following:

- Single Point of Access
- Neighbourhood Teams (Integrated Health and Care Teams)
- Integrated Intermediate Care and Reablement

4.5 The table below shows a draft set of principles by which the system would operate for a discreet set of services in order to test out how pooling arrangement/s could operate in the future.

<p><b>Principles</b></p> <p>Support the delivery of the best outcomes for people and patients of Manchester</p> <p>Facilitates the system changes for health and social care.</p> <p>Understand the known risks and reduce these by risk sharing arrangements</p> <p>Being flexible in our response to GM agreements sequencing actions/changes where applicable</p> <p>By operating in a transparent Open book approach</p>	<p><b>To support this we must have:</b></p> <p>Clarity over purpose and accountability i.e. a pooled budget must be accompanied by a formal partnership agreement about how we expect the money to move within the system as a result of the integration which the pooling enables.</p> <p>Prior agreement based on Cost Benefit Analysis methodology of how we will track spending to reduced demand and how cashable savings will be moved across organisational boundaries with the movement of resources from acute sector, supported in the interim by a risk and benefit sharing agreement which reflects the challenging timescales to realise any benefits in the short to medium term</p> <p>An understanding on the progress being made by the Manchester Provider Group in identifying the options for organisational form.</p> <p>Transparency over what is being provided and how it might be different (or not) from the arrangements pre pooling.</p>
<p><b>Our Ambitions are to :</b></p> <ul style="list-style-type: none"> <li>• Be high performing</li> <li>• Achieve our objectives at pace</li> <li>• Be bold and focused</li> <li>• Operate shadow arrangements to support agreed priority areas identified for pooling during 2016</li> <li>• Communicate clearly and bring people along with us</li> </ul>	

- 4.6 The CBA is being proposed as a methodology that will inform future decision making because it links activity, cost and outcomes and illustrates clearly where investment is required and where the benefits fall.
- 4.7 The ambition would be to implement shadow pooling arrangements for the services detailed in **section 4.4 from April 2016**; this would be with the caveat that the system would be testing the approaches to pooling budgets and to work through some of the issues identified in section 4.5.

- 4.8 It is important that pooling arrangements drive the change outlined in the locality plan. For this we should self-assess that the principles and rationale are met when agreeing to create a pooled fund.

## **5. Finance**

- 5.1 The CCG and Council have agreed in principle that they will pool budgets where this makes sense to ensure delivery of transformational schemes. In the medium term this will be a minimum of £168m from the City Council and £210m from CCGs, a total of £378m, based on identified indicative budgets for 2015/16.
- 5.2 Work is currently being progressed to confirm commissioning financial values for the transformational programmes which support the locality plan, with the priority being "One Team" as identified in section 4.4 of this report.

## **6. Recommendations**

- 6.1 The Board is asked to:
- Comment on the overall proposal for pooling budgets
  - Comment on the outlined working principles
  - Agree the proposed service areas whereby the pooled budget arrangements would be tested
  - Agree the approach, scope and scale of pooling from 2016