

REPORT FOR: Health and Wellbeing Board

Date of Meeting:	9 January 2014
Subject:	2014/15 NHS Funding transfer & 2015/16 Better Care Fund
Responsible Officer:	Paul Najsarek, Acting Head of Paid Service and Corporate Director, Community Health & Wellbeing Rob Larkman, Chief Officer, NHS Harrow CCG
Exempt:	No
Enclosures:	None

Section 1 – Summary and Recommendations

Decision report:

This report sets out the 2014/15 Funding transfer from NHS England to Social Care and the funding allocation for the Better Care Fund (BCF and formerly Integrated Transformation Fund) 2015/16.

Recommendations:

The Health & Wellbeing Board (“HWBB”) is requested to:

1. Agree the priority service areas and funding allocations identified for year 1 (2014/15) together with the draft allocation for 2015/16 as detailed in the proposed funding allocations paragraph as the submission to NHS England for 14 February 2014.
2. Note that progress has been made to agree priority areas for year 2 (2015/16) but the detailed allocation/distribution is yet to be agreed and will be completed prior to the 4 April 2014 final submission. (cont)

3. Note the NHS Funding Transfer allocation of £4.445m for 2014/15 and the BCF funding allocation of £14.373m for 2015/16 for Harrow locally
4. Note the agreed funding allocation for 2014/15
5. Note the proposed priority areas for 2015/16 and note the on-going requirement to agree and complete between both organisations the detailed allocation/distribution for the April submission
6. Note that a final draft of the BCF template will be the subject of a report to the Board in April ahead of the final submission by 4 April 2014.
7. Note that the BCF allocation 2015/16 includes funding for Social Care Reform and capital allocations in relation to Disabled Facilities Grants (DFG) and Social Care Capital Grant

Section 2 – Background

The Better Care Fund (previously referred to as the Integration Transformation Fund) was announced in June 2013 as part of the 2013 Spending Round. It provides an opportunity to transform local services so that people are provided with better care and integrated support.

The Spending Round established six national conditions for access to the fund:

- Plans to be jointly agreed
- Protection for social care services (not spending)
- 7-day working in health & social care to support discharge and unnecessary admissions
- Better data sharing based on the NHS number
- Joint approach to assessments & care planning
- Agreement on consequential impact of changes in the acute sector

As part of the Local Government Settlement the funding streams in relation to the NHS Funding Transfer 2014/15 and the Better Care Fund 2015/16 were announced mid December, in addition to the NHS Operating Framework and individual CCG 2 year funding allocations. The funding allocations are detailed below.

The transformation agenda is not limited to the BCF. Indeed, Harrow are leading the way supporting integration projects across North West London, and in some cases projects (such as ICE) have been recognised as best practice, as well as the Whole Systems Programme being selected as one of the 14 Integration Pioneers. This broader agenda will be considered as part of the three year integration plan currently being developed as part of the North West London pioneer projects.

Government Funding & Governance

Revised deadlines - HWBB are being asked to approve first cuts of their BCF plan templates as part of CCGs Strategic & Operational Plans on 14 February 2014. Final plans are required by 4 April 2014. The joint officer working group will continue to meet to refine the final plan which will come back to the HWBB board for agreement in April 2014. The paper seeks agreement from the HWBB for submission of the draft template to DoH on the basis of the funding of the service areas detailed later in this report. It should be noted that the timescales are very tight and as such some of the detail will not be included until the final submission in April.

National assurance - Between the two submission dates while local areas continue to finalise their plans, national assurance will be undertaken. Where any issues do arise – either in reaching local agreement or through national assurance – a process for seeking to resolve these, initially through peer support, is proposed. London Councils and leading borough officers will continue to work closely with NHS England, DH, the LGA and other partners to help minimise the burden of the national assurance process.

Engagement – Councils and CCGs are expected to engage with all providers, both NHS and social care, likely to be affected by the use of the fund in order to achieve the best outcomes for local people. Harrow CCG held a service provider stakeholder event in December 2013 and an event is planned for the end of January by the Council to engage a range of stakeholders (users, carers, voluntary sector, providers) The aim of these engagement events is to develop a common understanding of the BCF, to form joint visions and develop strategies and identify opportunities on how to locally achieve the national plan conditions.

2014/15 NHS transfer funding – as previously announced this has increased from £900m nationally (with Harrow allocated locally £3.636m) to £1.1bn nationally (Harrow local allocation £4.445m) in 2014/15. The additional resources allocated to enable transition to the implementation of the integrated fund.

The additional £200m nationally will only be available to boroughs who have agreed BCF plans with their CCG – the Harrow share of this additional funding is £808,000 and is made available to make early progress towards the national conditions and the performance measures set out in the locally agreed plan. This allocation is absorbed within the funding allocations paragraph below

2015/16 Better Care Fund – the Government have announced a revenue BCF for Harrow of £13.183m plus a further £1.190m for capital expenditure (Disabled Facility Grants £650k and £540k Social Care Capital), resulting in a total Harrow local fund of £14.373m (£3.8bn nationally). This prescribed amount is the minimum value of the pooled fund but this can be increased by local areas as appropriate.

Of this fund £1bn nationally (approx. £3.8m locally for Harrow) is expected to be related to performance. £250m nationally (approx £950k locally for Harrow) will be paid in April 2015 against the following national conditions:

- protection for adult social care services
- providing 7-day services to support patients being discharged and prevent unnecessary admissions at weekends
- agreement on the consequential impact of changes in the acute sector
- ensuring that where funding is used for integrated packages of care there will be an accountable lead professional

A further £250m nationally (approx £950k locally for Harrow) will be paid in April 2015 for progress against the local metric and two of the national metrics:

- delayed transfers of care
- avoidable emergency admissions

The balance of £500m nationally (approx £1.9m locally for Harrow) will be paid in October 2015 for further progress against all of the national and local metrics.

Performance baselines need to be established in 2014/15 to ensure targets are met and performance payments made in 2015/16. Existing performance metrics currently collected around the national conditions will be used and will be detailed in the April report.

The local authority and CCG will receive an allocation letter which specifies the amount which is included in the payment for performance element.

The latest advice received from the DOH makes it clear that the funding for social care reforms have been assumed within the financial envelope of the BCF.

New Care Bill burdens funding - the Government is counting some of the funding in the Better Care Fund as funding for costs resulting from care and support reform. This is not ring-fenced, but the guidance states that £50m nationally (approx £200k of the £540k local allocation for Harrow) of the capital funding is considered to be meeting the capital costs (including IT) of transition to the capped cost system that will be implemented in April 2016, together with £135m nationally (Harrow allocation estimated at £0.545m) to £335m (£1.353m) of revenue funding linked to a range of duties from the Care Bill that come into effect in April 2015.

Further analysis of the funding is underway to clarify how much of the previously announced resources have been assumed to be included within the BCF, and whether other grant funding streams (such as the Troubled Families Grant), are included in this funding. In addition, in May and September 2014 the NHS announced a £500m national Technology Fund and further work is underway to identify whether funding can be secured to assist with meeting the national conditions around data sharing.

Proposed Funding Allocations 2014/15 & 2015/16

Ahead of these funding announcements, the Health and Wellbeing Joint Executive Group have been meeting on a monthly basis to discuss and propose how the funding would be allocated to assist the financial planning for each organisation over the next two financial years.

Whilst there is more work to refine the schemes which will be funded for 2015/16, the Council and the CCG have agreed (in the table detailed below) the service areas which will be considered for revenue spend through both the NHS Funding Transfer (2014/15) and the BCF 2015/16.

It is likely that the same areas will be considered for 2015/16 funding under the BCF, although the indicative allocation proposed below has not yet been agreed by the CCG as this causes a pressure of some £3m in 2015/16. As a result it will be necessary to identify how services can be contained within the allocation. This will require further joint work between the Council and the CCG to review respective forward plans and overall budgets, together with exploration of other potential funding sources to mitigate this pressure.

	Agreed	Draft
	2014/15	2015/16
	£000	£000
1. Maintaining Social Care Eligibility	3,300	3,300
2. Maintaining Discharge Performance	260	260
3. STARRS	500	4,600
4. Reablement	0	1,340
5. Carers Services	0	826
6. Intermediate Care	385	1,477
7. Social Care Reform	0	545
8. Integrated Care Pilot / Transformation Initiatives	0	835
Total Revenue Funding	4,445	13,183
Capital Funding (including DFG)	0	1,190
Total Funding	4,445	14,373

Further review of these proposals will be required prior to the final submission to the DoH in April 2014 to ensure that the services can be accommodated within the overall financial envelope.

Legal Implications

In line with responsibilities under the Health and Social Care Act 2012, a condition of the transfer of funds is that regard is had to the joint strategic needs assessment and existing commissioning plans for the local area to determine the use of the funding.

The fund includes funding for carers' breaks, reablement and disabled facilities grant and as such it is necessary to demonstrate what level of support is targeted at these areas.

The fund will be put into local areas through joint governance arrangements under section 75 of the NHS Act 2006 between CCGs and local authorities. A condition of funding is to have a joint plan identifying how the money will be spent.

The Health and Wellbeing Board is required to sign off the joint plan for the constituent Council and CCG, and the DoH guidance requires that implications for local providers are clearly set out for the HWBB.

The guidance from the DoH confirms that an important element of assurance is the requirement for plans to be signed off by Health and Wellbeing Boards, as this board is best placed to decide whether the plans are the best for the locality, engaging with local people and bringing a sector led approach to the process. The Board should consider whether the plans are sufficiently challenging and deliver tangible benefits to the local population. The Board should also ensure the plan is jointly aligned with the Joint Strategic Needs Assessment and the Joint Health and Wellbeing Strategy.

Financial Implications

Both organisations face significant financial challenges over the next three to five financial years.

The draft Council budget for 2014/15 is balanced and assumes the NHS Funding Transfer of £3m. The draft budget assumes inflationary increases of just 1.3% from 2014/15 onwards, together with savings of £5.3m in relation to Adult Social Care for 2014/15. The latest position for 2015/16 as reported to Cabinet in December identified pressures of £19.5m, and the expectation is that this position will worsen. This will require further and more significant savings to be identified and does not assume any further funding from the BCF at this stage.

The NHS allocations announced mid December for Harrow CCG have resulted in funding increases of 4.2% for 2014/15 and 3.85% for 2015/16, however, the CCG is awaiting further details of additional cost pressures identified by NHSE in 14/15, and for 15/16 the allocation increase is almost entirely accounted for by the BCF. Without this, the level of increase is c0.2%. The allocations are also predicated on CCGs delivering efficiency savings of c9% (£20m) across the two years. The HWB should be aware that against the NHSE calculated target allocations, Harrow CCG is assessed as receiving c10% (£22m) less than its 'fair share' relative to other CCGs.

The CCG has a deficit in 13/14 of £10.2m, and has submitted a recovery plan for 14/15 onwards that continues to project deficits to 2017/18, with the ITF/BCF assumed to be cost-neutral.

The NHS Funding Transfer 2014/15 totals £4.445m and includes £808k to make early progress towards the national BCF conditions for 2015/16. The BCF allocation for 2015/16 is £14.373m, and includes capital funding of £1.190m, together with funding for social care reforms (estimated as a minimum at £545k for Harrow). The funding for Social Care Reform, had previously been expected to be separately resourced through a ring-fenced grant.

The process to agree the allocation of funding attempts to mitigate the revenue pressures that exist for both organisations, whilst being mindful of the expectations of the implementation of the BCF.

Harrow CCG has inherited a severe financial problem, which makes its financial position amongst the worst in England. This, together with the scale of the local government funding reductions, mean that there is a high risk that the Council and the CCG will not be successful in agreeing the way forward for the BCF funding allocation. It must be noted that considerable progress has been made in getting to this point and it is expected that between now and the April submission, local agreement can be reached.

Risk Management Implications

The joint plans have been developed based on a number of principles that ensure the risks to both organisations are mitigated as far as possible. Work continues to align the plans around the different planning timescales for both organisations.

Equalities implications

Due to the tight timescales, it has not been possible to complete a detailed equality impact assessment. Once agreement is given for the draft template, with detailed financial information, officers will work on a detailed assessment based on this draft plan and will submit this to the Board with the final draft plan.

Corporate Priorities

This report updates the Board of the Better Care Fund which contributes to the priority of a fairer services for residents of Harrow.

Section 3 - Statutory Officer Clearance

Name: Donna Edwards	<input checked="" type="checkbox"/>	on behalf of the Chief Financial Officer
Date: 07.01.14		
Name: Sarah Wilson	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 07.01.14		

Section 4 - Contact Details and Background Papers

Contact: Donna Edwards, Finance Business Partner, Community Health & Wellbeing & Jonathan Price, Assistant Director Adult Social Services.

Background Papers:

- NHS England Gateway Reference 00542 “Planning for a Sustainable NHS: responding to the ‘Call to Action”
- Local Government Association: Integrated Care - Better Care Fund
http://www.local.gov.uk/web/guest/health-wellbeing-and-adult-social-care/-/journal_content/56/10180/4096799/ARTICLE

If appropriate, does the report include the following considerations?

1.	Consultation	YES / NO
2.	Corporate Priorities	YES / NO