

Background to NHS transfer to fund social care for the benefit of health.

Executive Summary

This paper sets out the financial arrangements relating to the Better Care Fund (BCF) and examines the impact on HCC should the BCF in its current form be discontinued, or the planned savings are not delivered.

As part of the Transformation to 2015 Programme, Adult Services included an amount of £20m savings from BCF, a national policy to drive integration between health and social care, in order to meet their savings target. The intention was that savings would be generated through integrated services, systematically delivered to local people, on the understanding that savings generated within CCG's would be paid to HCC under a s256 agreement to support the increased demand for social care activity.

1. Context and background

- 1.1 The "NHS Support for Social Care" announced in the Comprehensive Spending Review (CSR)¹ covering period 2011 to 2015 required the NHS to transfer funds to Local Authorities responsible for social care i.e. Hampshire County Council, for social care that addresses health outcomes.
- 1.2 When this was originally announced local discussions identified the following priorities for spend:
 - To mitigate the impact of the CSR on social care budgets to secure services which impact health services;
 - Reduce avoidable admissions and promote effective, timely discharge; and
 - To develop targeted services designed to reduce demand by preventing or reducing the need for more intensive health and social care input.
- 1.3 To achieve this overall aim, service developments or investments aimed to achieve the following objectives:
 - To promote integrated and joint working across health and social care
 - To enable people to retain their independence for as long as possible and avoid /delay their need for social care support
 - To meet increasing complexity of need of older people
 - To reduce the need for ongoing support through reablement activity
 - To facilitate safe and timely discharge from hospital in order to reduce unnecessary delay
- 1.4 It was anticipated that the services will also achieve the following outcomes:
 - Reduction in the number of excess bed days
 - Sustained low level of delayed transfers of care
 - 65% of service users return home after a period of reablement
 - Reduced permanent admissions to care homes
 - Reduced numbers and levels of social care packages following a period of reablement
 - Increased numbers of older people having their health and care needs met closer to or within their own home
 - Increased numbers of people dying in their preferred place of death

¹ http://cdn.hm-treasury.gov.uk/sr2012_completereport

- Reduced emergency hospital admissions
 - Reduced emergency hospital re-admissions within 30 days.
- 1.5 The value of Hampshire County Council's share of the national allocation of "NHS Support for Social Care" in and 2012/13 was £12.2m. In 2013/14 this increased to £17m. These funds were committed to core Adult Services activities including promoting independence, crisis care and discharge, demography and complexity on an on-going basis. This approach was endorsed by the Executives from all agencies.
- 1.6 For 2014/15 the total CSR allocation was increased to £21.7m. This allocation was intended to support investment to protect social care services as well as the implementation of the Better Care Fund including the implications of the Care Bill².
- 1.7 Whilst the financial position for Adult Social Care continued to be determined locally the arrangements created interdependence between the NHS and Local Authority through the routing of funds to protect social care services via the NHS. This cash remains within the financial envelope for the Adult Social Care base budget.

2. Funding framework for the Hampshire Better Care Plan

- 2.1 In June 2013 as part of the Central Spending Round it was announced that a £3.8 billion fund would be created to support closer integration between health and social care in England. Described as a "single pooled budget for health and social care services to work more closely together in local areas", the Better Care Fund (BCF), previously referred to as the Integration Transformation Fund, aimed to incentivise partners in a "game changing" manner. Whilst the approach created challenges and opportunities, the BCF reinforced the agreed direction of travel towards stronger "join up" of service delivery to improve the experience and outcomes of local people in Hampshire³. For Hampshire the BCF pooled resource amounted to £80.6m. This sum included the £21.7m previously transferred from the NHS for social care to benefit health.
- 2.2 Over the two years the five Hampshire CCGs, Adult Services and Public Health teams (the Council) have worked together to prepare the Hampshire plan in accordance with the national guidance for implementation in April 2015.
- 2.4 An initial review of Hampshire County Council Adult Social Care 2014/15 efficiency programme schemes and initial plans for 2015/16 as well as the five CCG Quality, Innovation, Productivity and Prevention (QIPP) schedules for 2014/15 and outline approach to QIPP plans 2015/16 was undertaken. This "desk-top" review informed a series of discussions that tested the detailed assumptions underpinning the BCF proposals and considered the feasibility of realising the savings required in 2015/16. The approach also allowed consideration of wider potential for integration and longer term ambitions as well as further opportunities for health and care integration in Hampshire.
- 2.5 Subsequently partners agreed that the Better Care Plan should comprise an integrated approach to the resource we separately deployed for commissioning

² https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/213223/Funding-transfer-from-the-NHS-to-social-care-in-2013-14.pdf

³ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/213223/Funding-transfer-from-the-NHS-to-social-care-in-2013-14.pdf

services; a phased programme to commission delivery of integrated services and a series of transformation and efficiency works streams.

- 2.6 All parties acknowledged the challenges of delivery of financial efficiencies in a wider context of national and local constraints in public sector spending. It was also recognised that joint working was essential to generate efficiencies through agreed schemes to release the funding required to protect social care services. As an outcome of discussions it was agreed that the Better Care Fund plan would incorporate total spend comprising:
- the minimum BCF “pooled” budget £80 million;
 - wider Adult Services Department spend on care at home commissioning for older people (£74 million); and
 - NHS CCG spend of NHS Continuing Healthcare and Funded Nursing Care (£115 million).
- 2.7 For the financial year 2015/16, an undertaking to deliver £20m cash saving was agreed to protect social care services from a combined spend of NHS CCG and social care spend of £269m (around a 7.4% saving).

3. Proposed Savings

- 3.1 To deliver this priority Adult Services incorporated within the savings target for Transformation to 2015, £20m derived from the BCF plan. This sum was not planned to come directly from the £80m pooled fund, but from savings generated through efficient, effective and lower cost integrated health and social care. The assumption agreed with the CCGs was that savings generated within CCG’s would be transferred to the Council to protect social care services (not spend) in 2015/16.
- 3.2 Opportunities for making potential savings were identified between the partners following some initial work completed with Deloitte. The targeted proposals were as follows:-

Savings Area	Organisation	Target £'000
Care at Home	CCG's	1,500
CHC Free Nursing Care	CCG's	3,000
Telecare	CCG's	500
Reablement	CCG's	1,500
Discharge to Assess	CCG's	2,500
Workforce Savings	CCG's / HCC	1,000
S256 – Grants etc	HCC	170
S256 - Other	HCC	2,000
NHS Funding Transfer 2015/16	HCC	1,925
		14,095
Unidentified		5,905
Total		20,000

3.3 It was recognised that achieving the savings in a relatively short timescale would be challenging. To protect the County Council's position, a risk share agreement between the Council and the five CCGs was put in place.

4. Risk Share Agreement

4.1 The risk share agreement that has been signed between HCC and the 5 CCG's was based on the assessment that £10m of recurring savings could be achieved in 2015/16, leaving £10m at risk to be met from one off cash sources. This gave the following distribution:

	Maximum Recurring Savings	Cash Contribution	Total 2015/16	
	£'000	£'000	£'000	%
Hampshire County Council	4,000	4,000	8,000	40.0%
Fareham and Gosport CCG	900	900	1,800	9.0%
South Eastern CCG	960	960	1,920	9.6%
North CCG	960	960	1,920	9.6%
North East and Farnham CCG	720	720	1,440	7.2%
West CCG	2,460	2,460	4,920	24.6%
TOTAL	10,000	10,000	20,000	100.0%

4.2 Any shortfall against the recurring savings would also be shared as per the percentages shown in the above table to ensure we achieved the full £20m cash in 2015/16 albeit that £8m of this is from the County Council.

4.3 In principle, the risk share agreement was anticipated to apply to the 2016/17 financial year, but formal agreements were only signed for the current year.

4.4 The aim of the risk sharing agreement was to give the time to deliver these savings over a longer period accepting that they were well behind the implementation of other Transformation to 2015 savings, together with the added complexity of making savings across 6 organisations. Assuming the risk share agreement was extended into 2016/17, this would have given until April 2017 to deliver the recurring savings from the programme.

5. Current Position

5.1 The last formally reported position for delivery of recurring savings in 2015/16 against this programme is shown below.

Savings Area	Target £'000	Forecast £'000	Variance £'000
Care at Home	1,500	625	(875)
CHC Free Nursing Care	3,000	0	(3,000)
Telecare	500	0	(500)
Reablement	1,500	0	(1,500)
Discharge to Assess	2,500	0	(2,500)
Workforce Savings	1,000	0	(1,000)
S256 – Grants etc	170	170	0
S256 - Other	2,000	528	(1,472)
NHS Funding Transfer 2015/16	1,925	1,925	0
	14,095	3,248	(10,847)
Unidentified	5,905		(5,905)
Total	20,000	3,248	(16,752)

- 5.2 This information has recently been refreshed. It is now thought that the full saving for Care at Home will not be delivered in 2015/16. This leaves a forecast total for recurring savings delivery of only £2.7m.
- 5.4 It should be noted that the approach Hampshire adopted to protect social care services reflected policy recognition of the need for a system delivery approach. In some areas the measures that have been put in place have not necessarily produced savings but they have helped to maintain the overall system of Health and Social Care across the County in the face of significant pressures within the overall system, which cannot be underestimated as an achievement in its wider sense.
- 5.5 Irrespective of delivery of the programme, in 2015/16, the risk share will ensure that CCG's contribute £12m of one-off cash to ensure that the £20m is met on a one off basis.

6. Planning Ahead

- 6.1 The budget setting process for 2015/16 and development of the Transformation to 2015 programme highlighted BCF as the single biggest risk to the achievement of the overall savings target. This reflected not only the pressures within the adult social care system but also recognised the complexity and difficulties of working with 5 separate external partners in areas of provision that were not directly under the control of the County Council.
- 6.2 The risks to delivery both in terms of value and timescales were reflected in the risk share agreement that was put in place with the CCG's that protected, albeit on a one off basis, the amount of cash delivery that would be achieved in 2015/16.
- 6.3 Following initial discussions, the CCG's have now confirmed that they are unable to enter into the risk share agreement in 2016/17. This therefore means that the County Council effectively has a £20m gap in its budget from 2016/17 onwards due to the non-delivery of recurring savings through the BCF programme, which must be addressed now as part of the update of the Medium Term Financial Strategy.

- 6.4 Adult Services have already achieved some savings as shown in section 5 and other savings can be released as we move into the 2016/17 financial year. Adult Services have committed to the delivery of £10m of the total shortfall on a recurring basis as shown in the following table from 1 April 2016, without impacting on the savings required for the Transformation to 2017 Programme.

	£'000
Savings delivered to date	2,700
On-going allocation from S256 £21m – currently allocated to one off activity but available from 2016/17	4,049
Remove funding for early intervention activity	500
Review current hospital discharge arrangements	1,251
Remove availability of discharge to assess beds	1,500
	<u>10,000</u>

- 6.5 It is not considered practical at this stage to ask Adult Services to find the balance of £10m on top of the £43m they must already find by 2017/18 without de-stabilising the overall system of health and social care in the County.
- 6.5 An alternative option would be to ask other Departments to make good the shortfall as an addition to their Transformation to 2017 targets, but at this stage, with programmes already developed and the decision making process already in train, it is not thought that this can be done quickly and effectively within the timescales that we are working to and in line with the planned and considered approach that the County Council has adopted to savings programmes to date. It is therefore proposed to meet the £10m from separate contingencies that have been set aside on a recurring basis within the 2015/16 budget which were specifically provided to mitigate against risks within the BCF programme and deal with other adult social care issues. A sum of £6m representing 30% of the BCF saving was set aside within contingencies on top of the £4m annual funding currently provided to deal with the transitional arrangements of the Extra-Care programme, which reflects the double costs of care during the transitional phases of the programme, which are now completed.
- 6.7 Whilst this course of action does allow the County Council to deal with this funding issue quickly and easily at this stage, it does however mean that the contingencies available to deal with any other potential adult social care issues has been diminished. It is therefore essential that we now focus on the delivery of the Transformation to 2017 Programme, containing costs within current cash limits and controlling demand within the system.