

Introduction

In February 2017 Cabinet approved proposals for the Council to enter into integrated commissioning arrangements for health, social care and public health with the NHS City and Hackney Clinical Commissioning Group. This decision reflected a shared ambition to improve health outcomes for local people by commissioning and delivering services across organisations in a more joined up/ integrated way that also makes the most of our shared investment at a time when public sector funding has experienced significant reductions and increasing budgetary pressures.

The arrangement has been in place since 1 April 2017 and the Integrated Commissioning Board has met monthly since their first meeting in May 2017. Within the remit of the ICB, the workload is managed across four workstreams: Planned Care; Unplanned Care; Prevention and, Children’s, Young People and Maternity Services. Workstream proposals are taken to the Transformation Board (TB) with the TB taking recommendations to the ICB.

This papers summarises what budgets are actually pooled and aligned across LBH and the CCG following the ‘pause’ brought about by NHS England last Spring and also reflects on how agreed savings to meet funding reductions and budgetary pressures are factored into financial planning arrangements.

The budgets and pooling

The original intention was to pool all CCG budgets that could legally be pooled with the Council’ Adult Social Care and Public Health budgets. However, following the Cabinet decision in February 2017, CCG engagement with NHS England regarding the integrated commissioning arrangements restricted pooling to funds which were already pooled, namely the Better Care Fund and Learning Disabilities. As a result a greater proportion of LBH budgets than were originally anticipated within the scope of these arrangements are within ‘aligned’ funds. The table below sets out the budgets currently pooled and aligned.

Table one: Integrated Commissioning Budgets

Fund type: Pooled Vs Aligned	CCG £'000	CCG %	LBH £'000	LBH %	TOTAL £'000	TOTAL %
A. S75 'Pooled' Budgets						
1. Unplanned Care						
-IBCF			1,139		1,139	
	19,094	5%	1,139	1%	20,233	4%
2. Planned Care						
-BCF (LA figs is funding from DGF Capital)			1,414	1%	1,414	0%
-Learning Disabilities			15,402	15%	15,402	3%
-iBCF Local Authority allocation*			10,599	10%	10,599	2%
	6,476	2%	27,415	27%	33,891	7%
3. Prevention						
	50	0%	-		50	0%
Total Contribution into 'Pooled' budgets	25,621	6%	28,554	28%	54,175	11%
B. 'Aligned' Budgets						
Aligned - Planned Care**	193,376	48%	36,080	35%	229,456	45%
Aligned - Unplanned Care	109,820	27%	4,390	4%	114,210	22%
Aligned - Children/Young people	46,531	11%	8,986	9%	55,517	11%
Aligned - Prevention	3,790	1%	24,491	24%	28,281	6%
Aligned - Corporate***	26,068	6%	0		26,068	5%
Total Contribution into 'Aligned' budgets	379,585	94%	73,948	72%	453,533	89%
Total Contrib into 'Integrated Comm Fund (ICF)'	405,206	100%	102,502	100%	507,708	100%

Since last year council and health colleagues have been working closely together on a number of key initiatives to improve outcomes and maximise the use of resources. Examples include:

- the discharge to assess model which went live in the summer and is aimed at minimising delayed transfers of care back to the community; and
- the developing neighbourhood model which encompasses a multi-disciplinary approach centred around GP practices aimed at enabling people to stay well at home, reduce hospital admissions and provide additional safeguards for vulnerable people.

To date no further funds have been pooled, although in February 2018 the ICB agreed in principle to the pooling of CCG Continuing Health Care budgets (around £13m) with the Council's Adult Social Care package budgets (around £38m net budget). The ICB endorsed extending pooling arrangements and delegated authority to the respective chief finance officers to finalise and agree the detailed financial arrangements for 2018/19 as part of the agreement of 2018/19 budgets, subject to normal governance approvals for each partner.

Senior officers of both organisations are in discussions to determine what needs to be in place before this additional pooling is actioned (ICB already endorsed the proposal, CFO sign off is on financial/budgetary detail). The pooling of budgets on a piecemeal basis is a different scenario to what was envisaged when all budgets (excluding legal exceptions) were to be pooled. It is important to ensure that there is a clear rationale understood by all parties for each element of pooling and that there are appropriate procedures in place for joint funded arrangements to ensure the balance of contributions to the pool are reasonable.

It should be noted that significant progress on developing joint funding arrangements for Learning Disability (LD) packages, an area which is already pooled, has been made. This involves using a new tool to assess service users who are likely to have both health and social care needs but are not eligible for Continuing Health Care packages. The tool creates a score that is then used to propose a way of apportioning funding between the Council and the CCG where appropriate. This process is overseen by a joint panel, led by the Strategic Commissioner for LD. The tool is being piloted on a sample of 50 cases (around 10 per cent of all cases) and is due to report back in early October 2018 to inform funding baselines for LD.

Additionally, council and health colleagues are currently working on a 'placement without prejudice' model' which should, in line with best practice, see more people CHC assessed at home and will be similarly supported by a practical joint funding arrangement.

These developments are seen as a precursor to implementing such arrangements more widely across the system.

Integrated Commissioning and Savings

The Council and City & Hackney CCG are committed to aligning financial planning processes. This needs to be achieved in the context of shrinking resource and increasing demand. There is an added complication that the budgets the Council has pooled or aligned make up some 34% of the Council's net budget. Therefore any changes in budgets within the scope of integrated commissioning has an impact on the resources available to deliver the rest of the Council services.

There are also some legacy savings programmes due to be implemented in the next few years which have been agreed by the Council's elected members, the City of London Corporation and QIPP plans agreed by the CCG Governing Body. Budgets pooled and aligned are reported to the ICB net of these

agreed proposals and a report was taken to ICB in February 2017, *Indicative Workstream budgets 2018/19 and agreed QIPP and Savings Proposals*, setting these out.

Going forward the Council's Medium Term Financial Plan identifies a budget gap across the planning period 2019/20 - 2021/212 of an estimated £25m. This estimate is built on a series of assumptions that may change, including:

- Impact of business rates retention over the period 2019/20 to 2021/22 and related assumptions about the growth in business rates and impact of appeals;
- Reductions in 'core' funding from Government;
- Council tax and business rates collection rates;
- Public Health grant reductions;
- iBCF funding levels; and
- Annual pay award and impact of potential move to new pay scales.

The Council is also mindful of significant cost pressures, notably:

- Looked after children budgets and the high needs block of the dedicated schools grant remain under pressure as a result of the number of young people in high cost placements/provision;
- Underlying cost pressures in Adults Social Care, arising from Learning Disability packages and an increase in the cost of Home Care packages for older people;
- Increase in levy costs, particularly the North London Waste Levy; and
- The increase in Temporary Accommodation which will be exacerbated by the introduction of the Homelessness Reduction Bill.

Although, some growth has been built in to our budgets in respect of these areas this may need to increase if expenditure is not contained thereby increasing the £25m gap.

The Council have commenced a number of initiatives to identify proposals to meet this gap including pilot work streams along themed lines. Those themes being demand management and cost avoidance; municipal entrepreneurialism and productivity and efficiency. ASC have focused on a pilot in demand management looking primarily at the front door of the service. The work has been developed in the context of working in partnership with health colleagues. Additionally, the Children's, Adults and Community Health Directorate, where the pooled and aligned budgets sit within the Council are in the initial stages of identifying specific savings proposals. Work will be undertaken alongside health colleagues where there are clear touch points and interdependencies.

In previous years, as part of the Council's budget setting process task and finish groups have considered specific areas of the budget/council operations to assist in the development and scrutiny of budget proposals. These working groups have contributed successfully to the overall budget setting process. The Mayor and Cabinet have identified four particular areas for future work over the next 12 months in such groups, one of which is Integrated Commissioning as it is important that officers and members alike fully understand the potential impact of this ongoing work, not least due to the scale of the budgets covered but also understanding the revenue and capital impacts as well as that on the use of assets across the organisations involved. The details of what this process will look like is for further development.

Although organisations are clearly mindful of the need to consider savings proposals in the context of integrated commissioning more thinking needs to be done on how this might play out in practice. We still need to, for example, fully consider and decide on how we incentivise the integrated commissioning workstreams to deliver cashable savings through transformational change. An obvious solution would be for the workstream to retain the savings to invest further in services. However, this is difficult in the context of the requirement of the CACH directorate to contribute to the Council-wide savings gap and

some kind of hybrid model may need to be developed. Proposals will be developed and brought forward by the respective Chief Financial Officers in due course.

Conclusion

The Council and health colleagues continue to build on existing strong integrated working arrangements in the ambition to improve services against a background of shrinking resource and increasing demand. In terms of the respective organisation's finances, the CFOs are working together to better align financial planning. This will take time to achieve as each has to have prime regard to ensuring that their respective statutory responsibilities are met and that financial risk is adequately managed in doing so.

Jackie Moylan, September 2018