

To:	Health & Care Integrated Commissioning Board (HCICB)
From:	Stockport Council Financial Services, Stockport CCG Finance
Subject:	2017/18 Budget Monitoring – Quarter One
Date:	18 th July 2017

1. Introduction

This report focuses on the financial performance at Quarter 1 for the 2017/18 Section 75 pooled budget between Stockport Council and Stockport CCG. The s.75 agreement for 2017/18 is in the process of being finalised.

2. Budget Position at Quarter One

The table below provides a summary by commissioning organisation of the total draft budget resources available at Quarter 1 2017/18. Using the budget reported in the Outturn budget report discussed at HCICB on the 12th May 2017 as a starting point.

Table One – Draft Budget Position at Quarter 1

Commissioner	2016/17 Outturn Budget £000	Movement(s) £000	2017/18 s.75 Indicative budget contributions	Movement(s) £000	Quarter 1 2017/18 Budget £000
Stockport Council	84,792	(2,553)	82,239	2,196	84,435
Stockport CCG	114,323	550	114,873	0	114,873
Total	199,115	(2,003)	197,112	2,196	199,308

Stockport Council: The pooled budget has decreased by **£2.553m** from the Outturn budget to reflect the opening agreed pooled budget contribution by the Council of £82.239m which is being included within the s.75 agreement for 2017/18:

- (£0.054m) remove the transition fund for schemes within Health Policy which was non recurrent funding into 2016/17.
- (£0.203m) remove 2016/17 non recurrent funding for redundancies within the Public Health service.
- (£2.596m) saving target aligned to Adult Social Care service rephased from 2016/17.
- (£1.616m) balance of brought forward saving requirement for Adult Social Care.
- (£0.220m) advanced payment of superannuation aligned to Adult Social Care and Health.
- (£0.358m) saving target aligned to Adult Social Care and Health for staff travel and overtime following review of policies.
- (£0.406m) Public Health grant cut for 2017/18.
- £1.616m corporate funding of saving requirement aligned to Adult Social Care
- £1.000m additional recurrent funding into Adult Social Care for Demographics.
- £0.273m 1% Pay award for Adult Social Care and Council employed Health staff.

- £0.011m additional Adult Social Care precept.

During Quarter 1 a net additional contribution of **£2.196m** has been made into the pooled budget, these adjustments are outlined below;

- (£0.047m) centralisation of mail budgets.
- (£0.015m) centralisation of Multi-functional devices.
- £2.151m additional investment into Adult Social Care for additional demographics, demand and known price inflation e.g. agreed home care price increase
- £0.076m Additional funding into Stockport Local Assistance Scheme (SLAS) for clothing grant transfer.
- £0.031m income transfer for Newbridge Lane into the Investment and Development account.

Including all of the adjustments illustrated above the Q1 contribution into the pooled budget from the Council is **£84.435m**. It is noted that not all contingent amounts for price and demand increases set aside for Adult Social Care have been formerly allocated to the budget, as not all contractual agreements have been finalised. These amount to £1.917m and are likely to be confirmed at Q2.

Stockport CCG has a rolled forward budget equating to the final recurrent 16/17 out-turn of **£114.873m**

3. Quarter 1 position by service 2017/18

The table below provides a summary by Commissioner of the provisional outturn position. In summary, this illustrates a £0.677m deficit. (+0.3% variance).

Table Two: Quarter 1 Position by Service 2017/18

Commissioner	Service / Portfolio	Quarter 1 2017/18 Budget	Forecast Q1	Variance
		£000	£000	£000
Stockport Council	Adult Social Care	68,029	68,679	650
Stockport Council	Health	16,406	16,406	0
Stockport CCG	Acute - NHS Providers	66,369	66,369	0
Stockport CCG	Acute – Independent sector	3,299	3,334	35
Stockport CCG	Non Acute and Other Health	45,205	45,197	-8
Total		199,308	199,985	677

4. Budget Position at Quarter 1 by POD 2017/18

The table below illustrates the pooled budget resource based on Points of Delivery (PODs) and includes any budget realignments between 2016/17 Outturn and Quarter 1 2017/18.

Table Three: Resource changes by Point of Delivery

Points of Delivery	Commissioner	2016/17 Outturn Budget £000	Movements £000	Quarter 1 2017/18 Budget £000
Prevention	SMBC	22,159	(933)	21,226
	SCCG	368	0	368
Boroughwide Services	SMBC	7,277	(6)	7,271
	SCCG	4,660	0	4,660
Community / Out of Hospital	SMBC	69,556	582	70,138
	SCCG	41,817	(1,640)	40,177
Acute	SMBC	0	0	0
	SCCG	67,478	2,190	69,668
Better Care Fund	SMBC	(14,200)	0	(14,200)
Total		199,115	193	199,308

See Section 2 for movements to Stockport Council budgets.

5. Quarter 1 Forecast by POD 2017/18

The provisional Quarter 1 position by POD is reflected in the table below. Further analysis is illustrated in Appendix 1 of this report.

Table Four: Quarter 1 forecast by Point of Delivery

Points of Delivery	Commissioner	Quarter 1 2017/18 Budget £000	Forecast Q1 £000	Variance £000
Prevention	SMBC	21,226	21,177	(49)
	SCCG	368	368	0
Boroughwide Services	SMBC	7,271	6,938	(333)
	SCCG	4,660	4,660	0
Community / Out of Hospital	SMBC	70,138	71,170	1,032
	SCCG	40,177	40,169	-8
Acute	SMBC	0	0	0
	SCCG	69,668	69,703	35

Better Care Fund	SMBC	(14,200)	(14,200)	0
Total		199,308	199,985	677

Prevention (SMBC) surplus: £0.049m

The Public Health service is forecasting a breakeven position at Q1. There has been an additional recurrent cut to the grant of £0.406m (2.5%) in 2017/18.

The response from the service to these ongoing cuts was to create a revised staffing structure at a reduced cost base. It has also renegotiated the Sexual Health contract and is still in the process of renegotiating its remaining contracts with Stockport Foundation Trust (FT) for School Nursing, Health Visitors and Family Nurse Partnership.

Whilst these negotiations continue there are pressures within current contracts in addition to pressures from the grant cut still to find. These pressures are currently being partly offset by forecast staffing underspends, due to vacant posts within the service.

It is currently anticipated that £0.205m of the Public Health reserve totalling £0.766m will be utilised in 2017/18 to mitigate the above pressures to achieve the balanced forecast position.

Health and Wellbeing is forecasting a breakeven position at Q1. The savings aligned to the service came from agreed staffing and non-pay surpluses.

The small surplus is forecasted within Preventative services within the Integrated Neighbourhood Service and relates to a vacancy within the Step out Service.

Boroughwide (SMBC) surplus: £0.333m

The surplus forecast within the service is predominantly due to vacancies within social care and health posts for Non Acute – Intermediate Tier of £0.223m. In addition to this is a £0.104m surplus within the CADLs equipment contract. The balance of £0.006m relates to other minor staffing variances.

Community / Out of Hospital (SMBC) deficit £1.032m

The Integrated Neighbourhood service is forecasting a significant overspend within its care management services for Residential and Nursing Care and Non Residential Services. It is understood this is due to a number of factors including;

- Increase in transfer of clients back into the community from Delayed Transfers of Care (DTC) out of hospital.
- Temporary enhanced rates payable to secure bed provision within Residential & Nursing Care to minimise DTC and support clients back into the community.

- Increased demand, in part due to a reduction in clients awaiting assessment and subsequent commissioning of services.

It is currently illustrated that the net deficit reported within care management of £1.239m is offset by a contribution from the £5.111m Improved Better Care Fund (iBCF) the Council has received in 2017/18. This is on the basis it is supporting more individuals to be discharged from hospital (the High Impact Change Model of Managing Transfers of Care) and to meet ongoing Adult Social Care need requirements for current and new clients.

Following the announcement of the iBCF the Adult Social Care service is developing a business case to further invest into services; in line with the grant conditions and planning guidance with a focus on investing in the currently fragile local social care provider market. The potential cost and benefit of this investment needs to be considered alongside the current financial pressures which are being experienced that relate to the implementation of the new High Impact Change Model. The development of the business case is being discussed through the Joint Commissioning Board.

The balance within the iBCF allocation of £3.872m is reflected within Strategy & Performance. It is currently anticipated this is fully committed in year pending a full costing exercise of the draft business case and is therefore not currently allocated to specific schemes. It is worth noting that the current financial deficit will also need to be considered when investment plans are developed.

The Learning Disability Internal Tenancy service is reflecting a deficit of £0.124m at Q1. This includes the balance of the unachieved saving of £0.579m offset by recurrent surpluses which will be aligned to the saving in Q2. This will in part offset the balance of the saving requirement, once a review of any residual recurrent pressures within the service has been completed. Separate to this is the financial pressures which exist within Heys Court. A business case for Heys Court continues to be developed to agree the future provision and staffing requirements for the Tenancy outlining the proposed investment required. Further investment has been earmarked for the tenancy pending business case approval.

External tenancy provision within Learning Disabilities is forecasting a deficit of £0.484m following the outsourcing of the majority of tenancies. The deficit is due to an increase in demand and anticipated contract values for 2017/18 which is above the investment initially aligned to cover predominantly National Living Wage increases.

Learning Disability care management services are forecasting a net deficit of £0.506m, this is predominantly within Non-residential services. The deficit is due to a net increase in demand and an increase in cost of service provision above what was initially anticipated.

The Mental Health service is forecasting a £0.228m pressure within residential and nursing services due to an increase in demand, this is in part offset by a reduction in demand for non-residential services totalling £0.145m.

A further offset of the deficit forecast relates to in year surpluses of £0.194m within operations staffing services due to vacancies and in year recruitment to posts.

The net deficit balance of £0.029m predominantly relates to a minor deficit in Non Acute Reablement due to an anticipated increase in bed rates. Rapid Response is illustrating

a breakeven position as the current surplus forecast from previous bed decommissioning is being reinvested into workforce as illustrated within the Intermediate Tier business case.

Community / Out of Hospital (SCCG) surplus: £0.008m

The small surplus relates to the Age UK contract which is forecast to underspend by £0.014m. This underspend is offset in part by a £0.006m over spend in the GP Development contract due to inflation and practice list size increases. The net impact of both of these contracts gives rise to an underspend of £0.008m.

Acute (SCCG) deficit: £0.035m

For the main NHS Providers, CCG activity is reported one month in arrears. The forecast at M02 does indicate the risk of variances to the plan, However, at this stage in the year the CCG is recording these as net risk and we are yet to include any element of variance within the forecast. This will continue to be reviewed on a monthly basis. Therefore, we are forecasting no variance to plan for the main Acute contracts at this stage.

A contract with an independent provider, GM Primary Eyecare, that delivers minor eye conditions services, is over performing to date. This gives rise a forecast overspend of £35k.

6. Reserves

The Q1 position where the Council (SMBC) is the lead commissioner is anticipating the following transfers from reserves totalling **£2.057m**.

- £1.500m to support the Intermediate Tier saving requirement non recurrently as it is not anticipated benefits from Stockport Together will be realised in year.
- £0.167m to support the Councils neighbourhood services investment initially agreed in 2016/17.
- £0.139m to support Care Act funding aligned to the BCF contribution.
- £0.025m balance from 2016/17 to fund 3.00 fte Social Worker posts supporting the LD tenancy outsourcing project.
- £0.205m funding from the Public Health reserve to reflect a break even position for the service.
- £0.021m funding for Employment Support Advisors to support Younger Adults

In addition to this the Council is holding £2.854m in reserves on behalf of Stockport Together partners relating to the balance of Transformation Funding received by the locality held for investment in 2017/18.

7. Savings

Below is a summary of savings / Continuous Improvement Plan (CIP) affecting the pooled budget in 2017/18 and their status:

Table Five: 2017/18 Saving Proposals

Proposal	Risk Rating	Value £000	Value Achieved £000	Additional Information
Learning Disability Tenancy Outsourcing	Red	1.000	0.421	Value achieved will increase from Q2 monitoring from post reductions and further outsourcing.
ASC Rebasings of operational staffing budgets to midpoint	Green	0.500	0.500	As per savings plan agreed with ASC
ASC Support Service Redesign	Green	0.390	0.390	As per savings plan agreed with ASC
ASC Commissioning and Contracts	Green	0.644	0.644	As per savings plan agreed with ASC
ASC Unachieved saving balance from 16/17	Red	0.558	0	No agreed savings plan currently in place
ASC Staff Travel – policy review	Red	0.251	0.028	The savings from the change in policy have yet to materialise and are being closely monitored. £0.028m minor balances aligned at budget setting 17/18. Options appraisal underway to achieve this saving.
ASC Overtime - policy review	Red	0.091	0	As above
ASC Superannuation advanced payment	Green	0.217	0.217	Achieved
Health Policy Commissioning and Contracts and staffing	Green	0.062	0.062	As per savings plan agreed with ASC
Public Health Grant Reduction	Amber	0.406	0.262	£0.144m saving still to be identified
Total		4,119	2,524	
Acute Health - Demand	Green	2,114	2,114	Reported as delivered in full non-recurrently as a result of agreeing 17/18 contracts at 16/17 outturn and agreeing block contracts for A&E attendances, non-elective admissions and outpatient attendances with Stockport FT. If

				activity levels increase above planned levels a recurrent financial pressure will be carried forward into 2018/19.
Grand Total		6,233	4,638	

Also to note for Adult Social Care is the Intermediate Care saving requirement of £1.500m which was funded non-recurrently in 2015/16 and 2016/17. It is currently illustrated this is funded non recurrently from reserves in 2017/18 as illustrated in Section 6 of this report.

Risk rating

- **Green** – good confidence (90% plus) the saving is/will be delivered or minor variances (<£0.050m) that will be contained within the portfolio.
- **Amber** – progressing at a reasonable pace, action plan being pursued may be some slippage across years and/or the final position may also be a little unclear.
- **Red** – Significant issues arising or further detailed consultation required which may be complex/ contentious

8. **Recommendations**

The Board are asked to:

1. Note the outturn position £0.677m deficit.

Appendix 1: HCICB Pooled Budget Report Q1 2017/18				
		Budget Q1 £000's	Forecast Q1 £000's	Variance Q1
Provider	Service			
<u>Prevention</u>				
Pennine Care	Dementia / Memory Services	£56	£56	£0
GP	Flu Services	£91	£91	£0
SMBC	Dementia Services	£8	£8	£0
SMBC	People Powered Health	£213	£213	£0
Various	Public Health	£16,081	£16,081	£0
Various	Health and Wellbeing	£325	£325	£0
Various	ASC Preventive Services	£4,820	£4,771	-£49
Total		£21,594	£21,545	-£49
<u>Community / Out of Hospital</u>				
Stockport FT Community	District Nursing, Palliative Care and Teir Two Services	£10,718	£10,718	£0
Pennine Care	Crisis Resolution, Mental Health Teams, Liason	£657	£657	£0
GP	Care Homes Development and Care Home Planning	£1,701	£1,707	£6
SMBC	FNC, Neighbourhood Services, ESS, Reablement, R Response	£10,305	£10,305	£0
Various Care Homes	Continuing Care / Domiciliary	£5,393	£5,393	£0
Mastercall	IV Therapy and Pathfinder	£1,313	£1,313	£0
Beechwood and St Ann's	Hospices	£826	£826	£0
Various 3rd Sector	Carers / Alzheimer's	£631	£617	-£14
Various	Programme Management Services	£262	£262	£0
SMBC	Learning Disabilities	£1,617	£1,617	£0
SMBC	Mental Health	£293	£293	£0
SMBC	S256 - FACs & Demographics	£3,746	£3,746	£0
SMBC	S256 - Care Integration	£255	£255	£0
SMBC	S256 - Social Care Protection	£124	£124	£0
SMBC	S256 - ASC Demographics / FACS	£1,537	£1,537	£0
SMBC	Care Act	£730	£730	£0
SMBC	Programme Management Services	£69	£69	£0
Care Home Providers	Integrated Locality Services - Residential & Nursing care	£16,892	£17,738	£846
Homecare / Community Providers	Integrated Locality Services - Non Residential Services	£11,716	£12,070	£354
Integrated Neighbourhood Services	Reablement and Rapid response	£2,164	£2,229	£65
	Contribution from improved Better Care Fund		-£1,239	-£1,239
Care Home Providers	Learning Disability - Residential & Nursing care	£3,852	£3,607	-£245
Homecare / Community Providers	Learning Disability - Non Residential Services	£17,058	£18,293	£1,235
Learning Disability	Internal Tenancy provision	£6,767	£6,891	£124
Care Home Providers	Mental Health - Residential & Nursing care	£2,016	£2,244	£228
Homecare / Community Providers	Mental Health - Non Residential Services	£1,127	£982	-£145
Various	Operational staffing support	£7,183	£6,989	-£194
Various	Other services incl ASC support services	£1,363	£1,366	£3
Better Care Fund Contribution	BCF	-£14,200	-£14,200	£0
Total		£96,115	£97,139	£1,024
<u>Acute</u>				
Stockport FT Acute	A&E, Medicine, Ophthalmology, ENT, T&O and Other	£41,659	£41,659	£0
Pennine Care	General Psychiatry	£6,764	£6,764	£0
Various Independent Sector	A&E, Medicine, Ophthalmology, ENT, T&O and Other	£3,299	£3,334	£35
NHS Trusts	A&E, Medicine, Ophthalmology, ENT, T&O and Other	£17,946	£17,946	£0
Total		£69,668	£69,703	£35
<u>Stability / Recovery / Boroughwide</u>				
Pennine Care	Rehabilitation and Recovery Services	£67	£67	£0
SMBC	Non Acute Services for Older People and Equipment	£4,593	£4,593	£0
Various	Boroughwide Services	£7,271	£6,938	-£333
Total		£11,931	£11,598	-£333
Grand Total		£199,308	£199,985	£677

