

To:	Health & Care Integrated Commissioning Board (HCICB)
From:	Stockport Council Financial Services, Stockport CCG Finance
Subject:	2018/19 Pooled Budget: Budget Setting & Q1 Forecast
Date:	19 th December 2018

1. **Introduction**

This report focuses on the budget setting process for the 2018/19 pooled budget for Stockport Council and Stockport CCG, which supports the ongoing s.75 agreement between the two organisations. It also includes a Quarter 1 outturn forecast for 2018/19.

2. **Budget Position**

The recurrent budget starting position by each commissioner is outlined in the table below. This also reflects the 2017/18 recurrent budget position at outturn for the pooled budget. Services included from the Councils perspective are Adult Social Care services, the Public Health service and Health Policy.

Table One – Budget Starting Position by Commissioner

Commissioner	2017/18 Recurrent Outturn Budget £000	Movement(s) (Budget Setting – Table 2) £000	2018/19 s.75 Indicative budget contributions £000	Movement(s) (Q1–Table 3) £000	Quarter 1 2018/19 Budget £000
Stockport Council*	86,243	(3,094)	83,149	1,835	84,984
Stockport CCG	116,716	2,924	119,640	0	119,640
Total	202,959	(170)	202,789	1,835	204,624

*The variation from the table reported within the Adult Social Care PPRA and Q1 PPRR is due to the services which cannot be pooled from 18/19.

3. **Budget Setting Adjustments**

A number of adjustments have been included within the budget setting process for 2018/19, these are outlined by each commissioner in Table 2 below;

Table Two – Budget setting pooled budget adjustments

Stockport Council:

<u>Service / Portfolio</u>	<u>Description</u>	2018/19 £000
Adult Social Care	Adult Social Care savings plan	(2,695)
Adult Social Care	Additional savings requirement – funded from iBCF non recurrently in 18/19	(3,000)
Adult Social Care	Adult Social Care demographic pressures	1,000
Adult Social Care	Contingency Allocation Inflation / NLW / Demand	1,877
Adult Social Care	Additional Social Care Precept	11
Adult Social Care	ASC Charging Policy	229
Adult Social Care	Removal of services which cannot be pooled	(102)
Health	Public Health grant reduction	(414)
Total		(3,094)

Stockport CCG:

<u>Description</u>	2018/19 £000
Fund 2017/18 Outturn	686
Inflation (0.9%)	1,074
Non Acute Demand Growth (CHC)	1,164
Acute Demand Growth	2,700
Acute Demand Growth Avoidance	(2,700)
Total	2,924

4. Investment during Q1

During Quarter 1 were further investments aligned to services these are included in Table 3 below:

Table Three – Quarter 1 18/19 pooled budget adjustments

Stockport Council:

<u>Service / Portfolio</u>	<u>Description</u>	2018/19 £000
Adult Social Care	Pay Award (2%)	649
Adult Social Care	Further contingency allocation Inflation / NLW / Demand	1,141
Health	Pay Award (2%)	45
Total		1,835

Stockport CCG:

No additional investments were made during Q1.

The table below provides a summary by Commissioner of the outturn forecast at Q1. In summary, this illustrates a £0.064m deficit. (+0.03% variance).

Table Four: Quarter 1 outturn forecast by Service 2018/19

Commissioner	Service / Portfolio	Quarter 1 2018/19 Budget £000	Forecast Q1 £000	Variance £000
Stockport Council	Adult Social Care*	68,949	69,028	79
Stockport Council	Health	16,035	16,020	(15)
Stockport CCG	Acute - NHS Providers	68,413	68,413	0
Stockport CCG	Acute – Independent sector	4,642	4,642	0
Stockport CCG	Non Acute and Other Health	46,585	46,585	0
Total		204,624	204,688	64

*The variation from the table reported within the Adult Social Care Q1 PPRR is due to the services which cannot be pooled from 18/19.

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

Table Five: Quarter 1 forecast by Point of Delivery

Points of Delivery	Commissioner	Quarter 1 2018/19 Budget £000	Forecast Q1 £000	Variance £000
Prevention	SMBC	20,441	20,591	150
	SCCG	366	366	0
Intermediate Tier & Boroughwide Services	SMBC	8,271	8,219	(52)
	SCCG	3,900	3,900	0
Community / Out of Hospital	SMBC	70,778	70,744	(34)
	SCCG	42,318	42,318	0
Acute	SMBC	0	0	0
	SCCG	73,056	73,056	0
Better Care Fund	SMBC	(14,506)	(14,506)	0
Total		204,624	204,688	64

Prevention (SMBC) deficit: £0.150m

The Public Health service is reporting a breakeven position at Quarter 1. There has been a recurrent cut to the grant allocation of £0.414m (2.5%) in 2018/19. This is in addition to an unexpected recurrent cut in 2015/16 of £0.966m and further recurrent grant cuts in 2016/17 and 2017/18 of £0.350m and £0.406m respectively.

A savings plan was put in place to cover the 2018/19 £0.414m grant cut and deliver a further £0.946m of savings. The savings plan also included £0.204m which was retained within Public Health to cover in year pressures.

As the grant is no longer ring-fenced, additional recurrent budget of £0.039m has been transferred to Public Health from corporate allocations to cover the 2% pay award, which has reduced the expected in year pressures.

In previous quarterly reports, it was noted that the service was still in the process of renegotiating its remaining contracts with Stockport NHS Foundation Trust (FT) for School Nursing, Health Visitors and the Family Nurse Partnership. An interim agreement has now been proposed and negotiations are still in progress.

Of the original savings plan £0.667m was identified for planned use of the Public Health reserve in 2018/19. This comprises £0.437m for the FT contract above, and £0.230m for Lifestyle services.

It is currently anticipated that £0.649m of the Public Health reserve, totalling £1.129m, will be drawn down in 2018/19 to mitigate the above pressures.

The reduction in the need to draw down the full £0.667m from reserves is due to forecast underspends in the Healthier Communities service of £0.035m and in the Sexual Health service of £0.008m offset by additional pressures in the Drug & Alcohol and Lifestyles services of £0.025m.

£0.023m of the Controlling Migration Funding received in 2017/18 was also transferred to the Revenue Grant Reserve and is anticipated to be utilised in 2018/19.

Prevention based contracts (TPA and WIN) are forecasting a £0.236m deficit at Q1. This is in part due to an unachieved saving balance aligned to the service from contract reductions. Commissioners continue to work with providers to realign contract values, however it is anticipated this will only have a part year effect for 18/19. The deficit is part offset by £0.086m of reduced contract values within other prevention services.

Intermediate Tier & Boroughwide (SMBC) surplus: £0.052m

The surplus of £0.052m is predominantly due to reduced commitments within Telecare provision and a minor underspend within staffing costs.

Community / Out of Hospital (SMBC) surplus: £0.034m

Integrated Neighbourhood Services - Care Management Budgets:

The service received additional recurrent resources during budget setting and Q1. In addition care management budgets were supported in 2017/18 with non-recurrent resources from iBCF totalling £1.239m. The service has developed and implemented recurrent savings plans to mitigate this financial pressure during 2018/19.

The Q1 position only includes two periods of care management analysis to base the forecasts on. Therefore continued close scrutiny of actuals and forecasts on a monthly basis will continue throughout 18/19. This analysis will continue to be reported to senior budget holders on a regular basis.

There also continues to be significant financial pressures from paying enhanced rates to secure local bed based provision, due to availability of beds within the local care market.

Homecare providers will become eligible to receive an increased hourly payment of £15.61 if they sign up to the Ethical Framework through the re-procurement exercise. The agreed price increase including NLW uplift from £14.12 to £14.78 has been funded corporately from the contingency allocation at budget setting. The additional costs incurred as a result of providers moving onto the Ethical Framework will be funded in 2018/19 and 2019/20 from the Councils iBCF allocation.

Additional financial pressures could materialise due to further demand, in part from Delayed Transfers of Care (DToC) and the upcoming winter pressures. Additional commissioning of intermediate care bed provision aligned to the Stockport Together business case is being reviewed to in part elevate the pressure on INS care management. There is also a request for additional temporary social worker capacity to in part support this ongoing challenge.

It is anticipated that any further financial pressures will be part offset by finalising the agreed uplifts to client contributions for both bed and community based provision and from additional income received from new clients coming into the service.

Integrated Neighbourhood Services - Non Care Management Budgets:

The current surplus forecast within care management provision of £0.497m is part offset by a forecasted outturn deficit of £0.158m within Extra Care Housing (ECH), reflected within ASC and other support services. An enhanced service is being provided within ECH from the budget which was originally aligned. It is currently assumed these increased payments will continue throughout 18/19 pending a review of the contract later this financial year.

Mental Health

The service received additional recurrent funding from corporate contingencies as part of 18/19 budget setting and Q1 allocations.

A surplus within care management of £0.137m is forecasted, due to a minor forecasted reduction in demand than initially anticipated.

An additional £0.300m has been included within the outturn forecast for 18/19 for any anticipated future demand. Due to the nature of the service and potential for high cost short term packages to be commissioned, it was thought prudent to include this additional potential cost pressure.

It is currently anticipated at Q1 that the service will draw down on the £0.100m contribution from the Public Health Service.

Learning Disabilities

The service received additional funding during budget setting and Q1 to support the anticipated contract increases and the full year impact of complex clients who entered the service part way through financial year 17/18. Care management is forecasting a £0.234m deficit at Q1, budget realignment between the various care management services will be considered during Q2.

Internal tenancies are forecasting a deficit of £0.103m, due to additional staffing costs within the internal tenancies to support complex individuals within the service.

Other Services including ASC Support Services

Within the service is the balance of unallocated savings target of £0.124m, part offset by £0.019m of minor staffing underspends. Further virements will be actioned during Q2 to align to the savings plan.

Prevention (SCCG) breakeven.

Prevention services commissioned by the CCG are forecast to be in line with plan.

Boroughwide Services (SCCG) breakeven.

Boroughwide services commissioned by the CCG are forecast to be in line with plan.

Community / Out of Hospital Services (SCCG) breakeven

Community / Out of Hospital Services commissioned by the CCG are forecast to be in line with plan. However the CCG is reporting risks totalling £0.433m against Continuing Health Services aligned to process changes to reduce pressure on the acute system, in particular to reduce the number of Delayed Transfers of Care (DTOC).

Acute (SCCG) breakeven.

Due to acute activity data being reported one month in arrears it is too early in the financial year to accurately ascertain trends and whether there is significant deviation from plan. Therefore Acute services commissioned by the CCG are forecast to be in line with plan.

However, the latest (month 2) acute activity data, forecast on a straight line basis, indicates potential over performance of £1,500m which has been reported as a risk by the CCG. The potential over performance relates to elective activity at Stockport FT and Manchester FT and non-elective Manchester FT.

Reserves

The Q1 position where the Council (SMBC) is the lead commissioner is anticipating the following transfers from reserves totalling **£10.851m**.

- £0.047m - Additional Learning Disability transition workers.
- £0.258m - Saving target previously aligned to Hospital Social Work Team.
- £1.191m - Investment into ASC / Stockport Together Neighbourhood and Boroughwide work streams including double running of services.
- £3.859m - Adult Social Care balances.
- £0.662m - Implementation of the Liquid Logic System across Children's and Adults.
- £0.506m - To fund delay in implementation of charging policy.
- £3.646m - Locality investment into Stockport Together.
- £0.010m - Hate Crime.
- £0.649m - Public Health: mitigate in year pressures and meet savings targets.
- £0.023m - Controlling Migration Fund.

Savings

Below is a summary of savings / Continuous Improvement Plan (CIP) affecting the pooled budget in 2018/19 and their status:

Proposal	Risk Rating	Value	Value Achieved	Additional Information
		£000	£000	
Drawdown of MTFP Funding.	Green	506	506	
Learning Disability (Tenancy Outsourcing).	Green	150	150	
Budget Re-profiling of non-essential spend.	Green	445	445	
Adult Social Care Charging Policy (Home Care).	Green	850	850	Includes £0.506m from double running reserve and £0.229m non recurrent budget.
Inflationary Uplift Adult Social Care.	Green	306	306	
Stockport Local Assistance Scheme (SLAS).	Amber	104	104	Only part achieved recurrently.
Management of Short-term placements.	Amber	35	35	
Strategic Commissioning (CCG / ST).	Amber	262	227	Slippage on proposed staffing changes.
Support for Independent living.	Amber	340	340	Aligned to capital
Community Development & Capacity.	Amber	100	62	Slippage on proposed staffing changes.
Contractual Review (Non-Statutory Services).	Amber	321	200	Slippage due to contract negotiation dates.
Shortfall On Savings	Red	153	82	
Internal Recharge from PH.	Amber	946	946	
Budget Re-profiling of non-essential spend	Green	82	82	
Removal of Foundation Trust Promise	Green	70	70	
Funding Formula GM Public Health Network	Red	50	0	No saving to be achieved
Redesign of PH (Senior Leadership Team)	Amber	74	28	Slippage on proposed staffing changes
Stockport Together (Preventative Programmes)	Red	93	60	Slippage on proposed staffing changes
Contract Review (Lifestyle Services)	Green	440	440	£0.230m funded from reserves
Redesign of PH (Intervention & Prevention)	Green	53	53	
Redesign of PH (Stockport NHSFT)	Green	500	437	£0.437m funded from reserves
Community Development & Capacity	Green	132	132	
Contractual Review (Non-Statutory Services)	Green	19	19	
Other Additional Savings	Amber	51	31	The full saving should be achieved

Retained PH Savings	Amber	(204)	(55)	Balance to be used against potential savings shortfalls
Internal Recharge to ASC	Amber	(946)	(883)	
Total		4,932	4,667	£0.265m unachieved saving target

Within Adult Social Care is a further saving target aligned to Intermediate Tier of £1.500m which was created in 2015/16 and has since been funded non recurrently predominantly from reserves. For 18/19 it is anticipated this will be funded from reserves held within the service.

In addition is a further £3.000m cash limit reduction to the service in 18/19 which is being funded non recurrently via a contribution from the improved Better Care Fund (iBCF).

7. Recommendations

The Board are asked to:

1. Approve the 2018/19 Budgets to be included within the scope of the s75 Agreement
2. Note the forecast outturn position of a £0.064m deficit.

Appendix 1:

HCICB Pooled Budget Report Q1 2018/19			
	Budget	Forecast Outturn Q1	Variance Q1
	£'000	£'000	£'000
PODs			
<u>Prevention</u>			
Dementia / Memory Services	54	54	0
Flu Services	97	97	0
Dementia Services	0	0	0
People Powered Health	215	215	0
Public Health	15,706	15,706	0
Health and Wellbeing	329	314	(15)
ASC Preventative Services	4,406	4,571	165
Total	20,807	20,957	150
<u>Boroughwide Services</u>	12,171	12,119	(52)
<u>Community / Out of Hospital</u>			
<u>Integrated Neighbourhood Service</u>			
- Residential and Nursing Care	19,371	19,129	(242)
- Non Residential Services	13,368	13,113	(255)
- District Nursing, Palliative Care and Teir Two Services	11,626	11,626	0
- Care Homes Development and Care Home Planning	2,158	2,158	0
- FNC, Neighbourhood Services, ESS, Reablement, Rapid Response	9,022	9,022	0
- Continuing Care / Domiciliary	6,662	6,662	0
- IV Therapy and Pathfinder	1,344	1,344	0
- Hospices	1,218	1,218	0
- Carers / Alzheimer's	694	694	0
- Programme Management Services	107	107	0
<u>Learning Disabilities</u>			
- Residential and Nursing Care	4,133	3,769	(364)
- Non Residential Services	19,050	19,648	598
- Internal Tenancy provision	6,465	6,568	103
<u>Mental Health</u>			
- Residential and Nursing Care	2,356	2,306	(50)
- Non Residential Services	1,167	1,080	(87)
- Crisis Resolution			0
<u>Operational staffing support</u>	7,697	7,664	(33)
<u>Other services including ASC Support Services</u>	6,659	6,955	296
Total	113,097	113,063	(34)
<u>Acute Services</u>	73,055	73,055	0
<u>Better Care Fund contribution excluding iBCF</u>	(14,506)	(14,506)	0
Total	204,624	204,688	64