

<b>To:</b>	Health & Care Integrated Commissioning Board (HCICB)
<b>From:</b>	Stockport Council Financial Services, Stockport CCG Finance
<b>Subject:</b>	2018/19 Pooled Budget: Budget Monitoring – Q2 Forecast
<b>Date:</b>	19 <sup>th</sup> December 2018

## 1. Introduction

This report focuses on the financial performance at Quarter 2 for the 2018/19 Section 75 pooled budget between Stockport Council and Stockport CCG, which supports the ongoing s.75 agreement between the two organisations.

## 2. Budget Position at Quarter Two

The table below provides a summary by commissioning organisation of the total budget resources available at Quarter 2 2018/19. It also illustrates any changes from the Q1 position.

Table One – Draft Budget Position at Quarter 2

<b>Commissioner</b>	<b>Quarter 1 2018/19 Budget  £000</b>	<b>Movement(s)  £000</b>	<b>Proposed Quarter 2 2018/19 Budget £000</b>
Stockport Council*	84,984	502	85,486
Stockport CCG	119,640	0	119,640
<b>Total</b>	<b>204,624</b>	<b>502</b>	<b>205,126</b>

\*The variation from the table reported within the Adult Social Care Q2 PPRR is due to the services which cannot be pooled from 18/19.

Stockport Council:

<b>Service / Portfolio</b>	<b>Description</b>	<b>Movement(s) £000</b>
Adult Social Care	Additional investment into Learning Disabilities (LD) to support increase in demand and additional client complexity	450
Adult Social Care	Extra Care Housing investment	47
Adult Social Care	Day Services within Integrated Neighbourhood Services	35
Adult Social Care	Transfer of funding and commitments to Reform and Governance for Leisure contribution	(30)
<b>Total</b>		<b>502</b>

Stockport CCG:

There are no budget changes to the pooled budget in Q2.

### 3. Quarter 2 position by service 2018/19

The table below provides a summary by Commissioner of the forecast outturn position. In summary, this illustrates a £1.536m deficit. (+0.75% variance).

Table Two: Quarter 2 Position by Service 2018/19

Commissioner	Service / Portfolio	Quarter 2 2018/19 Budget	Forecast Outturn Q2	Forecast Variance Q2	Forecast Variance Q1
		£000	£000	£000	£000
Stockport Council	Adult Social Care*	69,451	69,684	233	79
Stockport Council	Health	16,035	16,009	(26)	(15)
Stockport CCG	Acute - NHS Providers	68,413	69,701	1,288	0
Stockport CCG	Acute – Independent sector	4,642	4,628	(14)	0
Stockport CCG	Non Acute and Other Health	46,585	46,640	55	0
<b>Total</b>		<b>205,126</b>	<b>206,662</b>	<b>1,536</b>	<b>64</b>

\*The variation from the table reported within the Adult Social Care Q2 PPRR is due to the services which cannot be pooled from 18/19.

### 4. Budget Position at Quarter 2 by POD 2018/19

The table below illustrates the pooled budget resource based on Points of Delivery (PODs) at Quarter 2. It also illustrates any changes from the Q1 position.

Table Three: Resource changes by Point of Delivery

Points of Delivery	Commissioner	Quarter 1 2018/19 Budget	Movement(s)	Proposed Quarter 2 2018/19 Budget
		£000	£000	£000
Prevention	SMBC	20,441	52	20,493
	SCCG	366	0	366
Boroughwide Services	SMBC	8,271	0	8,271
	SCCG	3,900	0	3,900
Community / Out of Hospital	SMBC	70,778	450	71,228
	SCCG	42,318	0	42,318
Acute	SMBC	0	0	0
	SCCG	73,056	0	73,056
Better Care Fund	SMBC	(14,506)	0	(14,506)
<b>Total</b>		<b>204,624</b>	<b>502</b>	<b>205,126</b>

See Section 2 for the net movements to budgets.

## 5. **Quarter 2 Forecast by POD 2018/19**

The Quarter 2 forecast outturn by POD is reflected in the table below. Further analysis is illustrated in Appendix 1 of this report.

Table Four: Quarter 2 forecast by Point of Delivery

<b>Points of Delivery</b>	<b>Commissioner</b>	<b>Quarter 2 2018/19 Budget</b>	<b>Forecast Outturn Q2</b>	<b>Forecast Variance Q2</b>	<b>Forecast Variance Q1</b>
		<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Prevention	SMBC	20,493	20,447	(46)	150
	SCCG	366	366	0	0
Boroughwide Services	SMBC	8,271	8,213	(58)	(52)
	SCCG	3,900	3,900	0	0
Community / Out of Hospital	SMBC	71,228	71,539	311	(34)
	SCCG	42,318	42,374	56	0
Acute	SMBC	0	0	0	0
	SCCG	73,056	74,329	1,273	0
Better Care Fund	SMBC	(14,506)	(14,506)	0	0
<b>Total</b>		<b>205,126</b>	<b>206,662</b>	<b>1,536</b>	<b>64</b>

### **Prevention (SMBC) surplus: £0.046m**

The Public Health service is reporting a breakeven position at Quarter 2. There has been a recurrent cut to the grant allocation of £0.414m (2.5%) in 2018/19, with a further cut of £0.414m expected for 2019/20. 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 that was retained within Public Health to cover 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 in relation to the unachieved saving and £0.230m for Lifestyle services.

It is currently anticipated that £0.548m of the Public Health reserve, totaling £1.129m, will be drawn down in 2018/19 to mitigate the above pressures. A drawdown of £0.649m was anticipated at Quarter 1.

£0.023m of the Controlling Migration Funding received in 2017/18 was also transferred to the Revenue Grant Reserve and has been drawn down in Quarter 2 for use in 2018/19.

Health and Wellbeing is reporting a surplus position of £0.026m at Quarter 2. This is due to forecast underspend of around £0.017m in non-pay and external contract commitments and £0.009m anticipated additional income against pay commitments.

The balance of £0.020m is due to minor changes within contracts for other prevention services.

#### Variance from Q1

There has been a positive change of £0.196m from the Q1 position. This is mainly due to an updated position and clarification within the agreed TPA / WIN contract values for 18/19. In addition there is further reductions within SLAS and Supporting People due to staffing and non pay.

#### **Boroughwide (SMBC) surplus: £0.058m**

The surplus is due to a minor underspend within staffing and the Telecare service.

#### Variance from Q1

The increased underspend of £0.006m from Q1 is due to minor a minor variation within the staffing forecasts.

#### **Community / Out of Hospital (SMBC) deficit £0.311m**

##### Integrated Neighbourhood Service (INS):

The net Residential and Nursing care outturn forecast is a deficit of £1.203m at Q2, an increase of £1.445m from the reported Q1 position.

The gross Residential and nursing care overspend is £1.815m. The reasons for this forecasted overspend and increase from Q1 include:

- Making short term placements permanent (impact on future commitments)
- Net increase in demand for placements – in part due to hospital discharges
- Enhanced rates payable to secure local provision
- Increase in average weekly bed rate for new clients compared to those leaving services

Current forecasts indicate that there has been no reduction in ongoing short-term residential and nursing care costs from making longer short-term placements permanent. Additional short term and permanent provision is being commissioned within neighbouring authorities including Tameside and Manchester. These are at Enhanced rates above the Councils ceiling price.

Due to this, a forecast of £0.350m has been included within the residential and nursing care for short-term placements from Q2. This is in addition to the short-term expenditure, which is already included, and forecast based on 17/18 short-term costs at outturn.

The table below illustrates the net increase in residential and nursing care permanent clients between Q1 and Q2:

<b>Description</b>	<b>Total Clients</b>
Clients leaving service between Q1 and Q2	75
Clients new into service between Q1 and Q2	135
<b>Net increase</b>	<b>60</b>

This net permanent increase of 60 clients has been gradual between the Q1 and Q2 position, the increase was 39 clients between P3 and Q1. This has meant that the in-year financial impact has been more significant.

The gross residential and nursing expenditure is supported by income from client contributions. An underachievement of residential and nursing care income part offset deferred debt income reflects a £0.015m underachieved income balance. However, additional residential and nursing care client contributions of £0.627m have been added from what is currently included within the Carefirst analysis. This additional income has been included due to further demand creating increased number of clients to assess.

To further part mitigate the forecasted increase at Q2 £0.500m non-recurrent iBCF contribution has been included. This was earmarked as an iBCF commitment at 18/19 budget setting aligned to care management pressures as appropriate.

In addition was forecasted additional external income of £0.176m from the initial income target set.

There is a forecasted underspend within non residential care expenditure of £0.147m and over achievement of non-residential income of £0.111m when compared to the income target set.

### Learning Disabilities

The service continues to experience an increase in demand of clients who are placed within the service and increased complexity for both current and new clients. The outturn forecast for care management is a deficit of £0.822m. This is part offset by the drawdown of £0.450m from pre-approved corporate funding as highlighted in Section 2 of this report. There is also a minor underspend within internal tenancy staffing of £0.088m. A further contribution relates to the forecasted overachievement of external income of £0.226m.

### Mental Health

The service is currently forecasting an underspend of £0.116m within its purchasing budgets. This includes a £0.100m commitment included for anticipated future demand which is envisaged will occur during Q3-Q4.

### Operational Staffing Support

The overspend forecast of £0.035m is mainly due to a staffing, in part due to the established budget being set at midpoint.

### Other Services including ASC Support Services

The forecasted overspend of £0.065m is predominantly due to the £0.106m unallocated saving balance part offset by vacancies within Strategy & Performance.

### Variance from Q1

There has been a £0.345m negative change in the position from Q1.

This is due to a £0.766m increase within INS care management for the reasons explained within section 5 of this report. This is offset by a reductions with Learning Disabilities care management and internal tenancy provision of £0.279m, mainly due to the additional Q2 budget allocation of £0.450m.

There has been a minor adverse change within Mental Health care management of £0.021m and a significant improvement within other services of £0.231m predominantly due to Extra Care Housing. This takes into consideration a minor reduction in the forecasted contract cost and aligns the pre-approved corporate funding and contribution from Stockport Neighbourhood Care (SNC) investment. The increase of £0.068m within operational staffing support is mainly due to a forecasted increase in external staffing recharges.

### **Prevention (SCCG) breakeven.**

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

### Variance from Q1

No change from the Q1 position.

### **Boroughwide Services (SCCG) breakeven.**

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

### Variance from Q1

No change from the Q1 position.

### **Community / Out of Hospital (SCCG) deficit £0.056m**

The forecast deficit £0.056m is due to increased expenditure aligned with changes to Continuing Health Care process to reduce pressure on the acute system, in particular to reduce the number of Delayed Transfers of Care (DTOC).

### Variance from Q1

The change in forecast from Q1 is due to the increase in Continuing Care placements costs for the reasons described above.

### **Acute (SCCG) deficit: £1.273m**

The forecast deficit is due to contract over performance which is driven by over performance in non-elective activity at Manchester FT and elective activity at Stockport FT and Manchester FT. The over performance is driven by a range of factors. It is clear that the new models of care, in particular Neighbourhoods, are yet to be fully embedded and optimised and therefore whilst individual services can demonstrate impact on small cohorts of patients, there is not yet a discernible macro impact on demand.

The CCG contract agreement with Stockport FT includes significant elements agreed as a block contract / fixed payment to provide certainty and enable transformation to the new models of care. As a result of the block contract, the CCG is foregoing a reduction in the contract payment of £1.786m that would otherwise reduce the forecast over-performance.

### Variance from Q1

The change in forecast from Q1 is due to the acute contract over performance as described above.

## **6. Reserves**

The Q2 position where the Council (SMBC) is the lead commissioner is anticipating the following transfers from reserves totalling **£10.750m**

- £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.
- £0.548m - Public Health: mitigate in year pressures and meet savings targets.
- £0.023m - Controlling Migration Fund.

## **7. Savings**

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

Table Five: 2018/19 Saving Proposals

<b>Proposal</b>	<b>Risk Rating</b>	<b>Value</b>	<b>Value Achieved</b>	<b>Additional Information</b>
		<b>£000</b>	<b>£000</b>	
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	Savings achieved from additional income generated, due to initial short term placements which were made permanent.
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	67	Slippage on proposed staffing changes.
Contractual Review (Non-Statutory Services).	Amber	321	262	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	25	Slippage on proposed staffing changes
Stockport Together (Preventative Programmes)	Red	93	72	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)	(64)	Balance to be used against potential savings shortfalls
Internal Recharge to ASC	Amber	(946)	(883)	
<b>Total</b>		<b>4,932</b>	<b>4,734</b>	<b>£0.198m unachieved saving target</b>

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).

#### 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. Approve the Q2 budget movements
2. Note the forecast outturn position of a £1.536m deficit.

## Appendix 1:

<b>HCICB Pooled Budget Report Q2 2018/19</b>						
	<b>Budget</b>	<b>Forecast Q2</b>	<b>Variance Q2</b>	<b>Forecast Q1</b>	<b>Variance Q1</b>	<b>Change Q2-Q1</b>
<b>PODs</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Prevention</b>						
Dementia / Memory Services	54	54	0	54	0	0
Flu Services	97	97	0	97	0	0
Dementia Services	0	0	0	0	0	0
People Powered Health	215	215	0	215	0	0
Public Health	15,706	15,706	0	15,706	0	0
Health and Wellbeing	329	303	(26)	314	(15)	(11)
ASC Preventative Services	4,458	4,438	(20)	4,571	165	(185)
<b>Total</b>	<b>20,859</b>	<b>20,813</b>	<b>(46)</b>	<b>20,957</b>	<b>150</b>	<b>(196)</b>
<b>Boroughwide Services</b>	<b>12,171</b>	<b>12,113</b>	<b>(58)</b>	<b>12,119</b>	<b>(52)</b>	<b>(6)</b>
<b>Community / Out of Hospital</b>						
<b>Integrated Neighbourhood Service</b>						
- Residential and Nursing Care	19,371	19,898	527	19,129	(242)	769
- Non Residential Services	13,403	13,145	(258)	13,113	(255)	(3)
- District Nursing, Palliative Care and Teir Two Services	11,626	11,626	0	11,626	0	0
- Care Homes Development and Care Home Planning	2,158	2,126	(32)	2,158	0	(32)
- FNC, Neighbourhood Services, ESS, Reablement, Rapid Response	9,022	9,022	0	9,022	0	0
- Continuing Care / Domiciliary	6,662	6,769	107	6,662	0	107
- IV Therapy and Pathfinder	1,344	1,329	(15)	1,344	0	(15)
- Hospices	1,218	1,218	0	1,218	0	0
- Carers / Alzheimer's	694	694	0	694	0	0
- Programme Management Services	107	103	(4)	107	0	(4)
<b>Learning Disabilities</b>						
- Residential and Nursing Care	4,133	3,817	(316)	3,769	(364)	48
- Non Residential Services	19,595	20,057	462	19,648	598	(136)
- Internal Tenancy provision	6,465	6,377	(88)	6,568	103	(191)
<b>Mental Health</b>						
- Residential and Nursing Care	2,193	2,280	87	2,306	(50)	137
- Non Residential Services	1,330	1,127	(203)	1,080	(87)	(116)
- Crisis Resolution						
<b>Operational staffing support</b>	7,665	7,700	35	7,664	(33)	68
<b>Other services including ASC Support Services</b>	6,561	6,626	65	6,955	296	(231)
<b>Total</b>	<b>113,547</b>	<b>113,914</b>	<b>366</b>	<b>113,063</b>	<b>(34)</b>	<b>400</b>
<b>Acute Services</b>	<b>73,055</b>	<b>74,329</b>	<b>1,274</b>	<b>73,055</b>	<b>0</b>	<b>1,274</b>
<b>Better Care Fund contribution excluding iBCF</b>	<b>(14,506)</b>	<b>(14,506)</b>	<b>0</b>	<b>(14,506)</b>	<b>0</b>	<b>0</b>
<b>Total</b>	<b>205,126</b>	<b>206,662</b>	<b>1,536</b>	<b>204,688</b>	<b>64</b>	<b>1,472</b>