

READING BOROUGH COUNCIL

REPORT BY DIRECTOR OF EDUCATION, SOCIAL SERVICES & HOUSING

TO:	Health and Wellbeing Board		
DATE:	20 <sup>th</sup> SEPTEMBER 2013	AGENDA ITEM:	7
TITLE:	FUNDING TRANSFER FROM NHS TO ADULT SOCIAL CARE 2013/14-2015/16		
LEAD COUNCILLOR:	COUNCILLOR HOSKIN COUNCILLOR EDEN	PORTFOLIO:	HEALTH ADULT SOCIAL CARE
SERVICE:	HEALTH ADULT SOCIAL CARE	WARDS:	BOROUGH WIDE
LEAD OFFICER:	ROBERT POOLE JANET MEEK	TEL:	0118 937 2750 0118 952 5490
JOB TITLE:	Head of Finance and Resources (Financial Planning) Chief Financial Officer, Newbury and District CCG, North and West Reading CCG, South Reading CCG and Wokingham CCG	E-MAIL:	<a href="mailto:Robert.poole@reading.gov.uk">Robert.poole@reading.gov.uk</a> <a href="mailto:Janet.meek@nhs.net">Janet.meek@nhs.net</a>

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 This has been produced to advise inform the Health and Wellbeing Board of the funding arrangements and amounts to be transferred from the NHS to Local Authorities for social care during 2013/14 - 2015/16, and to seek endorsement to the allocation of the Health Transfer Allocation between key service areas for 2013/14. The funding transfer to Reading is being coordinated by the Area Team of NHS England, and the Council has to agree the use with the Area Team and its two local Clinical Commissioning Groups (CCGs). The funding for 2013/14 is not a new grant and has been previously included in the Councils budget build for 2013/14, but a change in grant conditions require a retrospective spend approval. In 2013/14, the Council will receive a transfer of £2.038M, which has been included in the Council's "spending power" as estimated by DCLG; in 2014/15 this is expected to rise to an estimated £2.509M. The conditions of the transfer are set out in paragraph 4.3 below; and the key service areas identified for the allocation of this transfer allocation are set out in paragraph 4.4 below.

2. RECOMMENDED ACTION

- 2.1 That the Health and Wellbeing Board is asked to approve the following:

- (a) notes the conditions for the use of the health transfer funding set out at para.4.3;
- (b) agrees the use of the funding for 2013/14 set out in Table 1, para. 4.4 of this report, as follows:

	13/14 (£)	NHS Analysis Area
Funding Allocation	2,038,343	
The Willows - Intermediate Care Services	347,812	Bed-based intermediate care services
Christchurch Court Assessment Flat	7,000	Bed-based intermediate care services
Charles Clore Court Assessment Flat	24,000	Bed-based intermediate care services
Intermediate Care Team	264,375	Integrated crisis and rapid response services
Community Re-ablement Team	923,975	Re-ablement services
Specialist Nursing Placements	109,494	Early supported hospital discharge schemes
Mental Health re-ablement Team	150,000	Mental health services
Long Term Conditions	176,687	Other preventative services
Community equipment and adaptations	35,000	Community equipment and adaptations
Total to support Whole systems Health Activity	2,038,343	

(c) notes the implications for both the Council and the NHS of the funding transfer in 2014/15 and 2015/16;

(d) delegates authority to Director of Education, Social Services & Housing and the Head of Finance to agree the Health Transfer Allocation to Reading for 2013/14 (including if necessary agreeing minor variations to the table above) with the Area Team of NHS England and the local Clinical Commissioning Groups, and to enter into any necessary agreements in this respect.

### 3. BACKGROUND

3.1 In the 2011/12 Operating Framework for the NHS in England, the Department of Health set out that PCTs would receive allocations totalling £648 million in 2011/12 and £622 million in 2012/13 to support social care.

3.2 Reading Borough Council signed up to a Collaborative Commissioning Agreement (CCA) between 2011/12 and 2012/13 with the PCT to use the funding to support key objectives including:

- 80 cases per week through re-ablement service.
- Up to 30 cases per week through rapid response.
- 60% of service users exiting reablement to no longer require a service.
- Reduce delays to 2 from April 2012.
- A 24/7 reablement service
- For Intermediate care including reablement to respond within 2 hours of a referral.

3.3 From 2013/14, the funding transfer to local authorities will be carried out by NHS England. This report will set out how this funding is proposed to be used and related conditions that the Council have to comply with. The use of this funding needs to deliver benefits for those people who need to use health and social care services, and

enables the local system to manage demand-led growth as effectively as possible. The use of the funding has to be agreed with the local CCGs and NHS England.

3.4 The proposed use of the funding in 2013/14 has been built from the outcomes and success of the work undertaken in the CCA and picks up issues identified in the Joint Strategic Needs Assessment.

3.5 These funding proposals also has take into account the need to build service sustainability with significantly reducing budgets in local government and the likely impact of no additional “winter pressures” funding for the local health economy.

#### 4. FUNDING TRANSFER FROM NHS ENGLAND TO SOCIAL CARE - 2013/14

##### 4.1 Overview

As part of the 2013/14 Department of Health Mandate it was agreed in December 2012 that monies would be transferred during 2013/14 from NHS England to local authorities to support adult social care. This is a continuation of previous funding transferred via the old PCT. However there has now been a change in the grant conditions around how plans for the use of the funding are agreed and an external audit sign off that the funding has been spent as per the approved plan.

##### 4.2 Amount to be transferred

In total nationally (in England) this amounts to £859m, which has resulted in an allocation to Reading Borough Council of £2,038,343

##### 4.3 How the funding can be used

For the Council to receive the above funding, it is now required to agree the use of this funding with the local Clinical Commissioning Groups (CCGs) and NHS England, via the Area Team of NHS England. The plan for the use of the health transfer funding require that certain conditions must be satisfied, which are as follows:-

- The funding must be used to support adult social care services in each local authority, which also has a health benefit.
- Health and Wellbeing Boards will be the forum for discussions between the Area Team, CCGs and local authorities on how the funding should be spent.
- Local authorities and CCGs have regard to the Joint Strategic Needs Assessment for their local population, and existing commissioning plans for both health and social care, in how the funding is used.
- Local authorities demonstrate how the funding transfer will make a positive difference to social care services, and outcomes for service users, compared to service plans in the absence of the funding transfer.
- The funding can be used to support existing services or transformation programmes, where such services or programmes are of benefit to the wider health and care system, provide good outcomes for service users, and would be reduced due to budget pressures in local authorities without this investment. The funding can also support new services or transformation programmes, again where joint benefit with the health system and positive outcomes for service users have been identified.
- The *Caring for Our Future* White Paper also sets out that the transfer of funding can be used to cover the small revenue costs to local authorities of the White Paper commitments in 2013/14 (excluding the Guaranteed Income Payments disregard, which is being funded through a grant from the Department of Health).

#### 4.4 Use of the funding

In keeping with the conditions set out above and following on from the successful development of services in previous years, the Council has identified with Health partners key areas of service that support the delivery of these goals. This is summarised as follows:

Table 1 - Use of 2013/14 Health Transfer Allocation

	13/14 (£)	NHS Analysis Area
Funding Allocation	2,038,343	
The Willows - Intermediate Care Services	347,812	Bed-based intermediate care services
Christchurch Court Assessment Flat	7,000	Bed-based intermediate care services
Charles Clore Court Assessment Flat	24,000	Bed-based intermediate care services
Intermediate Care Team	264,375	Integrated crisis and rapid response services
Community Re-ablement Team	923,975	Re-ablement services
Specialist Nursing Placements	109,494	Early supported hospital discharge schemes
Mental Health re-ablement Team	150,000	Mental health services
Long-term Conditions	176,687	Other preventative services
Community equipment and adaptations	35,000	Community equipment and adaptations
Total to support Whole systems Health Activity	2,038,343	

The following summaries this investment:

- 4.4.1 *The Willows* - Accommodation based Intermediate Care Services - In 2011/12 the Council undertook a major capital upgrade (Approx £1m) of this facility to support improvements to hospital discharges. This funding covers the direct costs of the 10 beds at the unit. (this covers approximately 32% of the cost of this service)
- 4.4.2 *The Assessment Flats* provide an alternative discharge route for clients coming out of hospital where they need a higher level of input but can be safely supported in the community and then moved back to their own accommodation. This funding covers the rental cost of these flats.
- 4.4.3 The *Intermediate Care Team* is a dedicated Council resource to support clients in crisis in the community or being discharged from hospital; it is essential that a strong team with capacity is available to meet quick turn rounds of client assessments. This covers 25% of the direct team cost.
- 4.4.4 The *Community Re-ablement Team* are a dedicated resource capable of managing at least 80 clients in the community at any one time, either support community referrals from those in crisis or supporting hospital discharges. The success of this services working with health colleagues has lead to at least 60% of service users exiting re-ablement to no longer requiring a service. This funding covers 65% of the direct cost of this team.

- 4.4.5 *Specialist Nursing placements* - To ensure that the Council supports the target of delayed discharges from hospital this funding is used to support nursing placements. This allows on average three clients to be supported each year (this however is only around 2% of the total cost of nursing placements paid for by the Council).
- 4.4.6 *Mental Health Re-ablement Team* - The mental health teams use the recovery model to help clients recover from acute phases of their illness and to try and prevent relapses. This funding has been used to now recurrently fund this element of the CMHT.
- 4.4.7 *Long-term Conditions* - A key part of the work between health and social care to reduce the impact of long term conditions on the whole health and social care economy through, prevention, promoting self care and MDT case co-ordination . This supports work across the social care teams in focusing on this key issue.
- 4.4.8 *Community Equipment and adaptations* - With additional clients being supported in the community, this funding is being used to supply additional equipment.

## 5. FUNDING TRANSFER FROM NHS ENGLAND TO SOCIAL CARE - 2014/15

- 5.1 At the time of writing this report the exact allocation for 2014/15 is unknown, however information from the Department of Health suggests that it expects that the national allocation will rise by £200m to £1,059bn million in 2014/15. The table below illustrates how this change may affect Reading

Table 2 - Assumed increase in funding for 14/15

Total Allocation (2013/14)	859,000,000
Assumed Total increase in NHS funding	200,000,000
Share of national allocation (Reading 13/14)	0.00237
Estimated Reading allocation 14/15 (assuming an unchanged national share)	2,509,830

- 5.2 If this growth is confirmed, the plan at this stage would be to continue to use the funding as described above with the growth to be considered as part of the 2014-16 planning cycle to support both pressure on existing Adult budget with reductions to the councils core grants and to be used for additional preventative services or other services that meet the required criteria.

## 6. SPENDING ROUND: HEALTH SETTLEMENT 2015-16

- 6.1 Following the Chancellor's announcement of the Health Settlement for 2015-16, NHS England provided further information particularly on what this means for CCGs and Local Authorities. Sir David Nicholson's response to the settlement was:

*"This is a very significant settlement for the NHS. It presents both opportunities and challenges. It is a potential 'game changer' as it gives us the opportunity to accelerate the development of integrated services. It means we can provide more joined-up care for care for patients with complex needs, enabling them to be supported at home." "Merging health and social care budgets to support integrated care at a time when resources are constrained will require us to rethink how we organise services around patients. We need to begin formulating plans as soon as*

*possible so that we are ready to take full advantage of the opportunities offered by the 2015/16 settlement."*

## 6.2 Spending Round Headlines

6.2.1 NHS funding will grow in real terms, consistent with the government commitment to protect the NHS. This is a challenging settlement:

- Given rising demand and inflation pressures, it would be expected that the NHS would have needed to deliver c4% efficiency in order to maintain current services,
- In addition, however the NHS, Department for Communities and Local Government (DCLG) and the Department of Health (DH) will pool c£3.8bn of funds for investment in the integration of health and social care (the Integration Transformation Fund). The NHS will contribute £3.4bn towards the Integration fund. This compares to the £0.9bn the NHS currently transfers to support integration with social care.

6.2.2 Social Care integration fund breakdown. The £3.8bn Integration Transformation Fund will be a pooled fund, held by local authorities and funded from:

- The £0.9bn of funding NHS England planned to transfer to fund social care in 2014-15.
- An additional £0.2bn of investment in 2014-15 (to be agreed as part of mandate discussions for 2014-15 with DH).
- DH and other Government Department transfers of £0.4bn (capital grants)□□
- CCG pooled funding of:
  - Re-ablement funding of £0.3bn
  - Carers' break funding of £0.1bn
  - Core CCG funding of £1.9bn

6.2.3 The intention is to give NHS and Social Care commissioners' greater influence over this funding in the future to ensure it is optimised to support local integration of health and care services. To enhance this funding further, the funding CCGs currently hold for re-ablement and carers' breaks will also be included in the pooled budget, alongside other grants that the DH and DCLG currently fund to support Social Care. The integration fund budget will represent a significant share of spend on health and care services and will give CCGs and the Council a significant opportunity to work in partnership to influence how care services are integrated with health services.

## 6.3 Implications of integrated Funding (Social Care)

6.3.1 It is vital that the NHS and the Council realises the benefits of integration in terms of managing the increased demands on health and social care services, by better managing the demand with improving outcomes for patients and other efficiencies, with increase emphasis on community services and reducing the demand on acute services. Hence, there will be conditions attached to the pooled funding and the creation of new incentives to support integration and the delivery of improved outcomes for both health and social care.

6.3.2 Conditionality on integration fund - The pooled funding will formally sit with local authorities but will be subject to plans being agreed by local Health and Wellbeing Boards (H&WBs) and signed off by CCGs and the Council. Plans would also be subject to assurance at national level. As part of the wider 2014/15 planning round, it is envisaged that plans would be developed this year, signed-off and assured over the

winter and would be implemented from 2014/15. Plans and assurance would need to satisfy nationally prescribed conditions, including:

- Protection for social care services (rather than spending) with the definition determined locally,
- True seven day working across health and social care services to support patients being discharged and prevent unnecessary admissions at weekends,
- Better data sharing between health and social care, based on the NHS number,
- Plans and targets for reducing A&E attendances and emergency admissions,
- Risk sharing principles and contingency plans for if/when targets are not being met,
- Agreement on consequential impacts of changes in the acute sector.

#### 6.4 Implications of Integration Funding (on CCGs)

6.4.1 The overall impact of the settlement on CCGs will be confirmed in allocations. It is NHS England's intention to explore the scope to give CCGs 2 year allocations for 2014-15 and 2015-16 to support commissioners to deliver the changes required in the NHS to realise the necessary efficiencies.

6.4.2 *Impact on Berkshire West CCGs.* - There could be a significant impact on CCG plans for 2014/15 and beyond but on the positive side it absolutely supports the CCGs planned move with partners towards integrated care services. The growth currently assumed in the CCG plans is higher than now anticipated (likely to be 2% rather than 2.3% assumed) but 2 year allocations will support better planning.

#### 6.5 Key Principles

6.5.1 For this integration to work effectively there is a need to agree a set of key objectives that all partners can work towards. Linking into this there will need to be dedicated resources to work together to establish a delivery plan based on these objectives. Over the coming months the Council and Health partners will need to work together to develop this. It is proposed to bring a report to the December 2013 HWB meeting setting out the principles and 'stretch' that partners are committed to accepting that there will need to be radical change within the system to manage growth demand and promote better patient/service user outcomes.

#### 7. CONTRIBUTION TO STRATEGIC AIMS

7.1 The development of services using the health transfer money supports both National objectives but also the local needs identified through the JSNA.

7.2 It meets the Council's strategic objective of promoting a healthy environment for all.

#### 8. COMMUNITY ENGAGEMENT AND INFORMATION

8.1 Section 138 of the Local Government and Public Involvement in Health Act 2007 places a duty on local authorities to involve local representatives when carrying out "any of its functions" by providing information, consulting or "involving in another way".

8.2 The Department of Health's conditions for consultation and engagement on the use of the funding transfer are set out in para. 4.3 above.

## 9. EQUALITY IMPACT ASSESSMENT

- 9.1 Under the Equality Act 2010, Section 149, a public authority must, in the exercise of its functions, have due regard to the need to—
- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
  - advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
  - foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 9.2 In this regard you must consider whether the decision will or could have a differential impact on: racial groups; gender; people with disabilities; people of a particular sexual orientation; people due to their age; people due to their religious belief.
- 9.3 It is not considered that an equality Impact assessment is necessary at this stage. It is clear from the funding allocation proposed in para. 4.4 above that the bulk of the allocation will be targeted at people who are elderly or who have physical or mental disabilities; this is consistent with the Department of Health's conditions for the use of the funding transfer to support social care, as set out in para. 4.3. There are no specific impacts currently on the use of this funding on any racial, gender, sexual or faith groups. This will be reviewed as part of the budget allocation for 2015/16

## 10. LEGAL IMPLICATIONS

- 10.1 These monies will be transferred directly from the Thames Valley Area Team (part of NHS England) under Section 256 of the National Health Service Act 2006 (the 2006 Act). The monies will be administered by the Area Team (not CCGs) and funding will only pass over to local authorities once the Section 256 agreement has been approved by the Health and Wellbeing Board.
- 10.2 The conditions identified in the report are applied under Section 256 (5A), (5B) and (6) of the NHS Act 2006.
- 10.3 Section 256 concerns the power to make payments towards expenditure on community services. Under the 2006 Act, this power was vested in Primary Care Trusts (PCTs). The Health & Social Care Act 2012 (the 2012 Act - see Schedule 4, para. 129) amended Section 256 of the 2006 Act to replace the reference to PCTs by reference to the NHS Commissioning Board or the CCGs. The 2012 Act also introduced new Sections 256(5A) and 256(5B) to the 2006 Act.
- 10.4 Under Sections 195-196 of the Health & Social Care Act 2012, the Health & Wellbeing Board has a duty to encourage integrated working in health and social care under the 2006 Act, and a power to encourage closer working in relation to the wider determinants of health.

## 11. FINANCIAL IMPLICATIONS

### Revenue Implications

- 11.1 The report sets out the key revenue issues for the Council and partners and also sets out the use of the Health Funding for 2013/14. As stated in para. 4.4 above, in 2013/14 Reading will receive a funding transfer of £2,038,343. The figure for 2014/15 has still to be settled, but para. 5 above estimates a transfer to Reading of £2,509,830 and the use of the increase in funding would need to be considered as part of the planning cycle for 2014-16.



### Capital implications

- 11.2 There are no capital implications for the 2013/14 funding allocation.

### Value for money

- 11.3 In the review of any service, there needs to be a consideration of whether value for money is being delivered. The Council has undertaken over the last few years number of transformational programs which have improved outcomes for clients and the Council (e.g. re-ablement service).
- 11.4 With funding reductions for both health and social care there will be a need to work jointly to determine effectively ways of services delivery which the closer integration of services should support.

### Risk Assessment

- 11.5 The grant conditions for the 2013/14 allocation charged compared to previous years once the financial year had commenced. This has meant that the funding assumptions and plans had already been made prior to this process commencing. If these plans are not agreed this could lead to significant financial pressure for the Council in funding any new commitments beyond those already set out in this report.
- 11.6 For 2014/15 and beyond there are significant challenges in managing demand for services with an increasing elderly population against a backdrop of reducing resources. Integration of services will help to support this challenge but this comes with substantial challenges in two very different service coming together. This will require resources to deliver the change and some potential difficult issues to be tackled when funding is transferred in 2015/16.

## 12. BACKGROUND PAPERS

- 12.1 The National Health Service Commissioning Board (Payments to Local Authorities) Directions 2013  
[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/200464/NHS\\_transfer\\_Directions\\_13-14.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/200464/NHS_transfer_Directions_13-14.pdf)
- 12.2 The National Health Service Commissioning Board (Payments to Local Authorities) Directions 2013 - Explanatory note  
[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/200465/NHS\\_transfer\\_Directions\\_-\\_Explanatory\\_note.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/200465/NHS_transfer_Directions_-_Explanatory_note.pdf)
- 12.3 Funding Transfers to Adult Social Care  
[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/213223/Funding-transfer-from-the-NHS-to-social-care-in-2013-14.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/213223/Funding-transfer-from-the-NHS-to-social-care-in-2013-14.pdf)
- 12.4 Funding Transfer from NHS England to social care - 2013/14  
Gateway Reference: 00186 Financial Strategy & Allocations Finance  
[www.england.nhs.uk/wp-content/uploads/2013/07/funding-transfer-to-sc-letter-pdf](http://www.england.nhs.uk/wp-content/uploads/2013/07/funding-transfer-to-sc-letter-pdf)