



**20 March 2017**

**Agenda Item: 5**

**REPORT OF THE CORPORATE DIRECTOR, ADULT SOCIAL CARE,  
HEALTH AND PUBLIC PROTECTION, NOTTINGHAMSHIRE COUNTY**

**BETTER CARE FUND POOLED BUDGET – Q2 AND Q3  
RECONCILIATION AND APPROVAL OF POOLED FUND AGREEMENT**

**Purpose of the Report**

1. This report sets out progress to date against the Nottinghamshire Better Care Fund (BCF) plan and the impact of recent policy changes. The Finance and Property Committee are requested to:
  - 1.1. Note the findings of the reconciliation of the BCF Pooled Fund for Q3 2016/17.
  - 1.2. Approve the Better Care Fund section 75 pooled budget for 2017/18 subject to amendments proposed by the Governing Bodies of the Clinical Commissioning Groups (CCG).

**Information and Advice**

**Quarter 2 and 3 reconciliation**

2. Nottinghamshire County Council and the six Nottinghamshire Clinical Commissioning Groups (CCGs) contributing to the pooled fund undertook a reconciliation exercise of Quarter 3 2016/17 income and expenditure.
3. Expenditure is currently below plan, and an underspend of £1,390,239 is anticipated in 2016/17. Tables 1 and 2 show the difference between payments received and money spent to period 9. The 2016/17 anticipated underspend relates to:
  - 3.1. £1.136m in the Care Act allocation. Spend will be carried forward to 2017/18 to be spent within this ring-fenced element of the fund.
  - 3.2. £191,000 in scheme D (support to social care). Spend will be reallocated to scheme C (reducing non-elective admissions) within the financial year.
4. As outlined in the Pooled Fund Agreement, underspends in the pooled fund are managed at a Unit of Planning level and may be transferred to another scheme within the Pooled Fund or be carried forward.

Table 1: Quarter 2 2016/17

<b>Contributing partner</b>	<b>Nottinghamshire Clinical Commissioning Groups (CCGs)</b>	<b>Nottinghamshire County Council</b>	<b>Total</b>
<i>£'000s</i>			
Payments made into pooled budget	£25,315,302	£2,737,707	£28,053,009
Payments received from pooled budget	£15,078,660	£12,974,349	£28,053,009
Total spend to period 6	£15,163,946	£9,428,000	£24,591,946
<i>Under/(over) spend to period 6</i>	<i>(£85,286)</i>	<i>£3,546,349</i>	<i>£3,461,063</i>

Table 2: Quarter 3 2016/17

<b>Contributing partner</b>	<b>Nottinghamshire Clinical Commissioning Groups (CCGs)</b>	<b>Nottinghamshire County Council</b>	<b>Total</b>
<i>£'000s</i>			
Payments made into pooled budget	£37,972,953	£5,475,413	£43,448,366
Payments received from pooled budget	£22,617,990	£20,830,376	£43,448,366
Total spend to period 9	£22,519,127	£19,539,000	£42,058,127
<i>Under/(over) spend to period 9</i>	<i>£98,863</i>	<i>£1,291,376</i>	<i>£1,390,239</i>

5. The Nottinghamshire County Council allocation is shown in Table 3. This table shows the difference between planned spend and actual spend to period 9. The planned profiles between income and expenditure were not matched and we expected to have spent less than we had received by period 9.

Table 3: Quarter 3 2016/17 Nottinghamshire County Council

£'000s	Planned Spend	Spend	Variance
Protecting Social Care	£12,334,000	£12,334,000	0
Carers	£917,000	£917,000	0
Care Act Implementation	£1,490,000	£611,000	£879,000
Additional Support to Social Care	£614,000	£470,000	£144,000
Disabled Facilities Grant (District and Borough Councils)	£5,475,000	£5,207,000	£268,000

### Progress on BCF 2016/17

6. On 8 February 2017 the National Audit Office published its report *Health and Social Care Integration* which found that nationally the BCF did not achieve its financial or service targets in 2015/16. It should be noted that locally the scale of the BCF is £56m against a health and care economy of circa £3.7bn.
7. In 2015/16 savings were reported on a monthly basis to the BCF Programme Board with £5.161m savings planned. At year end, 78% of these savings were realised.
8. Performance is reported quarterly to the Nottinghamshire Health and Wellbeing Board: 2015/16 performance was reported to the 8 June 2016 meeting. In summary the key metrics demonstrate the progress made in 2015/16:
  - a) 1,938 fewer non-elective admissions than planned in 2015
  - b) 28 fewer people than planned being permanently admitted to care homes (2015/16)
  - c) 92% of people remaining at home 91 days after local community reablement services (2015/16)
  - d) 2,011 fewer days than planned on delayed hospital discharges (Q3-Q4 2015/16)
  - e) 38 fewer admissions to care homes directly from hospital (2015/16)
9. The NAO report did conclude that the Better Care Fund “has been successful in incentivising local areas to work together”, which has been echoed locally through the annual evaluations undertaken using the Better Care Support Team self-assessment tool.

### 2017-19

10. NHS Planning Guidance has been published – <https://www.england.nhs.uk/ourwork/futurenhs/deliver-forward-view> The guidance provides local NHS organisations with an update on the national priorities for 2017/18 and 2018/19, as well as updating on longer term financial challenges for local systems. The Better Care Fund is mentioned in paragraph 69, which states:

*‘CCGs and Upper Tier Councils will need to agree a joint plan to deliver the requirements of the Better Care Fund (BCF) from 2017/18 via the Health and Wellbeing Board. The plan should build on the 2016/17 BCF plan, taking account of what has worked well in meeting the objectives of the fund, and what has not. CCGs will be advised of the minimum amount that they are required to pool as part of the notification of their wider allocation. BCF funding should explicitly support reductions in unplanned admissions and hospital delayed transfers of care. Further guidance on the BCF will be provided later in the autumn.’*

11. For the first time, the guidance covers two financial years, to provide greater stability and support transformation, and has been released three months earlier than normal to enable earlier agreement locally. Colleagues in DH and DCLG are currently developing the Better Care Fund policy framework which will also cover 2017/18 and 2018/19 and the Better Care Support Team (BCST) will be developing the Better Care Planning Guidance in parallel. The submission timetable will be published as soon as publication dates are clear.

## **Pooled Fund Agreement**

12. It is nationally mandated that investment in the Better Care Fund (BCF) is operated under a pooled budget agreement under section 75 of the National Health Service Act (2006). This is the legislation that allows local authorities and NHS bodies to operate pooled budgets at a local level.
13. The section 75 agreement is a legally binding partnership agreement, in this instance between the commissioners of health and social care services in Nottinghamshire County. The signatories to the agreement are Nottinghamshire County Council and the six County Clinical Commissioning Groups (CCGs), namely Bassetlaw CCG, Mansfield and Ashfield CCG, Newark and Sherwood CCG, Nottingham North and East CCG, Nottingham West CCG and Rushcliffe CCG.
14. The basis of the agreement is a national form of a model contract to administer section 75 terms, prepared by external solicitors. In order to ensure local fit, both the County Council and the CCGs (acting jointly) have taken independent legal advice on the practical application in relation to the specific components of the Nottinghamshire plan. Nottinghamshire County Council has instructed its in-house legal team and the CCGs have collectively instructed an external solicitors firm.
15. The 2017/18 Pooled Fund Agreement remains consistent with the principles agreed for the 2016/17 agreement. The 2017/18 agreement has been updated to take into consideration the 2017/18 scheme spending plan.
16. As agreed in March 2015, the pooled budget will continue to be hosted by Nottinghamshire County Council, with the accountable officer and named pooled budget holder (the section 151 officer) being the Council's Service Director for Finance, Procurement and Improvement who will be supported by the BCF Programme Manager.

## **Payments**

17. Payment into and out of the pool will take place as in 2016/17:
  - 17.1. Payments are made on a monthly basis in accordance with the payment schedule set out in "Schedule 9 – Payment Protocol". CCGs will contribute into the pool on the

first of the month an amount equal to one twelfth of the annual sum they have agreed to contribute.

- 17.2. CCGs and the Council will pay providers directly to ensure that existing contractual payment mechanisms continue and to avoid providers receiving multiple payments from commissioners. This ensures no additional contracts are required to be set up and that no additional contract management falls to the County Council as pooled budget host.
- 17.3. For the purposes of the agreement, District and Borough Councils are a provider and payment of the Disabled Facilities Grant (DFG) allocation will be made to the pooled budget via the County Council. The DFG allocation will then be transferred to the District and Borough Councils for ongoing payment to contractors once plans for the use of funding have been agreed.

## **Risk sharing**

- 18. The risk share arrangements for any overspends and management of any underspends are set out in schedule 3 of the agreement.
- 19. The partners have agreed that risk sharing will initially remain at the organisation or unit of planning level in line with current practice. This means that any over/under spend will be managed by CCGs in the following units of planning:
  - 19.1. North Notts: Bassetlaw CCG; -
  - 19.2. Mid Notts: Mansfield and Ashfield CCG and Newark and Sherwood CCG;
  - 19.3. South Notts: Nottingham North and East CCG, Nottingham West CCG, Rushcliffe CCG.
- 20. It will be for the units of planning to determine apportionment of over/under spend. Nottinghamshire County Council will manage its own over/under spend. If the overspend cannot be contained within the respective organisation or unit of planning then it will be escalated to the Steering Group for a decision.

## **Governance and reporting**

- 21. CCGs and Nottinghamshire County Council are the accountable organisations with statutory responsibility for investment into the pooled budget and each has to satisfy its own statutory requirements for investment into BCF schemes. This is supported by a countywide governance structure for monitoring progress of the BCF plans including the pooled budget.
- 22. The BCG Finance, Planning and Performance subgroup will continue to be responsible for providing a monthly report on the pooled budget income and expenditure. This will be reported to the BCF Steering Group monthly and include details of performance against the outcome metrics, progress with scheme delivery and outstanding risks as recorded in the programme risk register.
- 23. The subgroup will undertake a quarterly reconciliation of actual income and expenditure against plan which will take into account any delays to scheme implementation and consequent payments to providers. Quarterly reconciliation reports will be presented to the Committee as agreed in March 2015.

24. There will be a quarterly report to the Health and Wellbeing Board in line with NHS England requirements. This will be accompanied by an exception report on scheme delivery, programme risks and delivery of the outcome metrics.
25. Any changes to planned schemes' financial values will be determined by the responsible statutory commissioner in the first instance, and will then be discussed through the programme governance structure with the Steering Group recommending changes in values to the Health and Wellbeing Board with the associated consideration of impact on overall programme delivery.
26. All organisations have agreed to share relevant information with each other's auditors to ensure transparent reporting of the BCF pooled fund. Additional external audit costs may be incurred by the County Council as the pooled budget host. If this is the case, a proposal to share costs across the partner signatories will be made to the Steering Group.

### **Reason/s for Recommendation/s**

27. To ensure appropriate governance is in place to oversee the delivery of the pooled fund as the Host Organisation.

### **Statutory and Policy Implications**

28. This report has been compiled after consideration of implications in respect of crime and disorder, finance, human resources, human rights, the NHS Constitution (public health services), the public sector equality duty, safeguarding of children and adults at risk, service users, sustainability and the environment and ways of working and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

### **Financial Implications**

29. The financial implications are detailed in the Nottinghamshire BCF plan. The pooled budget amounts to a minimum of £56.2m in 2016/17, at the date of writing we are awaiting planning guidance for 2017-19. Subject to national policy developments, the agreement may be extended beyond 2018/19. This will be reported to the Health and Wellbeing Board on an ongoing basis as part of the Better Care Fund reporting process.

### **Legal Implications**

30. The Care Act facilitates the establishment of the BCF by providing a mechanism to make the sharing of NHS funding with local authorities mandatory. The wider powers to use Health Act flexibilities to pool funds, share information and staff are unaffected.

## **RECOMMENDATION/S**

That the Committee:

- 1) Note the findings of the reconciliation of the BCF Pooled Fund for Q2 and Q3 2016/17.

- 2) Approve the variation to the Better Care Fund section 75 pooled budget for 2017/18 subject to amendments proposed by the Governing Bodies of the Clinical Commissioning Groups (CCG).

**David Pearson, Corporate Director, Adult Social Care, Health and Public Protection, Nottinghamshire County Council**

**For any enquiries about this report please contact:**

**Joanna Cooper, Interim Deputy Programme Director Nottinghamshire Sustainability and Transformation Plan (including Nottinghamshire Better Care Fund)**

[Joanna.Cooper@nottscc.gov.uk](mailto:Joanna.Cooper@nottscc.gov.uk) / 0115 9773577

### **Constitutional Comments (LM 28/2/17)**

31. The recommendations in the report fall with the Terms of Reference of the Finance and Property Committee.

### **Financial Comments (KAS 09/03/2017)**

32. The financial implications are contained within paragraph 29 of the report.

### **Background Papers and Published Documents**

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

- 'Terms of Reference for BCF Steering Group and Finance, Planning and Performance sub-group.
- Better Care Fund Pooled Budget March 2015
- Better care fund pooled budget – Q1 and Q2 reconciliation and planning for 2016/17. December 2015
- Section 75 Pooled Fund Agreement 2015/16 variation
- Section 75 Pooled Fund Agreement 2016/17
- Section 75 Pooled Fund Agreement 2017/18

### **Electoral Division(s) and Member(s) Affected**

- All