

THE EXTENT AND VALUES OF CURRENT POOLED BUDGETS

Report By: HEAD OF FINANCIAL SERVICES

Wards Affected

County-wide.

Purpose

1. To report to the Audit & Corporate Governance Committee on the extent and values of pooling of budgets under the National Health Service Act 2006 along with current thinking / planning towards further pooling.

Financial Implications

2. These are outlined in the report.

RECOMMENDATION

THAT the Audit & Corporate Governance Committee notes the content of the report.

Reasons

3. At the Audit and Corporate Governance Committee on 25 September 2008 it was resolved that the Director of Resources be invited to submit a report summarising the extent and values of current pooling of budgets and current thinking / planning towards further pooling.

Background

4. The dividing line between health and social care has generated discussions over resources in all parts of the country. The decision about which body provides care is of considerable importance for individual clients because of the different charging regimes which in essence sees free health care compared with the provision of social care where the client contributes towards its cost. This tended to mitigate against providing seamless systems of service provision.
5. In 1997, the government announced its intention to put in place a new statutory duty of partnership to be placed on the NHS bodies and local authorities to work together. These new partnership arrangements were implemented under Section 31 of the Health Act 1999.
6. Section 31 of the Health Act 1999 has since been repealed and replaced, for England, by Section 75 of National Health Service Act 2006.

7. The provision consolidated NHS legislation and is in exactly the same terms and existing Section 31 arrangements continue as if made under the new powers. The legislation permits the following mechanism to be employed to deliver the identified objectives:
- i) **Pooled budgets** - a pooled fund provides an opportunity for the partners to bring money together, in a discrete fund, to pay for services or projects. The intention is that instead of users being inconvenienced by disputes about health and local authority responsibilities, agreement will be reached at the outset about the range of services to be purchased and provided from a pooled fund.
 - ii) **Lead commissioning** - the partners can agree to delegate commissioning of a service to one lead organisation.
 - iii) **Integrated provision** - the partners can join together their staff, resources and management structures to integrate the provision of a service from managerial level to the front line.
8. In summary the aim is for partners to design and deliver services around the needs of users without the previously noted concerns about the boundaries for responsibilities. The arrangements should work in such a way that helps eliminate gaps and duplication between services.

Section 75 Agreements in Herefordshire

9. The Council and the PCT are committed to developing more integrated arrangements across health and social care to provide a more co-ordinated and efficient service which will improve the quality of life for Herefordshire residents, particularly those with complex needs. The new Joint Management team includes a number of joint posts which will be key in delivering this objective. In particular, the Director of Integrated Commissioning has the responsibility for improving commissioning across health and social care, and will be putting in place a combined commissioning unit to take this forward.
10. Currently spend and financial risk is not fully shared. The budgets for the current agreements are managed by one designated manager, but are accounted for separately and each party bears the risk for their element of the budget separately. More explicit joint objectives would assist in moving to an improved arrangement which would allow for action to deliver new services underpinned by joint funding, and for disinvestment of services which are less of a priority.
11. In the past year spend on learning disability services and on mental health has risen to meet increased demand. The needs analysis money agreed by the Council in relation to learning disability and older people (including those with mental health problems) has been invested in services that reduce reliance on residential care and are more cost effective. This has helped with the budget position and it is anticipated that with ongoing tight control of decision making we will be able to meet the rising demand this year within budget.

12. There are seven Section 75 agreements between the Herefordshire Council and Primary Care Trust (PCT).

Three are hosted by the PCT:

- a. Mental Health.
- b. Hillside Intermediate Care.
- c. Blanchworth Contract, Kington.

The four agreements hosted by the council are:

- d. Learning Disabilities.
- e. Integrated Community Equipment Store (ICES).
- f. Free Nursing Care (FNC).
- g. Joint Agency Management for Out of County Placements.

a) Mental Health

13. This Section 75 agreement commenced on 1 April 2002 and is for the provision of an integrated mental health and social care service. This service is available to all residents within the county of Herefordshire.

14. The main partners in this pooled budget and their contributions for 2007/08 were:
- a. Herefordshire Primary Care Trust - £15.9 million.
 - b. Herefordshire Council - £4.9 million.

15. Gross income and expenditure is summarised below with 2006/07 included for comparison:

2006/07 £000		2007/08 £000	2008/09 Budget £000
(19,120)	Gross Income	(20,828)	(25,045)
20,920	Gross Expenditure	24,234	25,045
<u>1,800</u>	Net over / (under) spend	<u>3,406</u>	<u>0</u>

16. In 2007/08 the council's gross over spend for mental health was £1,119,605.

b) Hillside Intermediate Care

17. Hillside is a residential intermediate care service provided as a partnership between Herefordshire Council and Herefordshire Primary Care Trust. It commenced on 1 April 2003 and its aim is to promote independence and enable individuals to maximise their potential allowing them to return home as quickly as possible following an episode of ill-health.

18. The main partners in this pooled budget and their contributions were:
- a. Herefordshire Primary Care Trust - £847,247.
 - b. Herefordshire Council - £353,383.

19. Gross income and expenditure for the year is summarised below:

2006/07 £000		2007/08 £000	2008/09 Budget £000
(1,225)	Gross Income	(1,201)	(1,268)
1,383	Gross Expenditure	1,241	1,268
<u>158</u>	Net over / (under) spend	<u>40</u>	<u>0</u>

20. In the 2007/08 the council's gross overspend for Hillside intermediate care was £11,757.

c) Blanchworth Contract, Kington

21. This commenced in June 2003 when the facility was opened. It is an integrated Health and Social Care facility in Kington.

22. The main partners in this pooled budget and their contributions were:
a. Herefordshire Primary Care Trust - £510,515.
b. Herefordshire Council - £348,610.

23. Gross income and expenditure is summarised below:

2006/07 £000		2007/08 £000	2008/09 Budget £000
(838)	Gross Income	(859)	(871)
838	Gross Expenditure	859	871
<u>0</u>	Net over / (under) spend	<u>0</u>	<u>0</u>

d) Learning Disabilities

24. This Section 75 agreement commenced on 1 April 2002 and is for the integrated learning disabilities health and social care service. This service is available to all residents with a learning disability within the county of Herefordshire.

25. The main partners in this pooled budget and their contributions were:
a. Herefordshire Primary Care Trust - £3.3 million.
b. Herefordshire Council - £8.8 million.

26. Gross income and expenditure is summarised below:

2006/07 £000		2007/08 £000	2008/09 Budget £000
(11,491)	Gross Income	(12,171)	(16,859)
12,609	Gross Expenditure	14,441	3,460
<u>1,118</u>	Net over / (under) spend	<u>2,270</u>	<u>13,399</u>

27. In the 2007/08 the council's gross overspend for integrated Learning Disabilities service was £2,274,297. The PCT's under spend was £4,297.

e) Integrated Community Equipment Service

28. This commenced on 1 April 2004 and is a joint equipment store service provided as a partnership between Herefordshire Council and Herefordshire Primary Care Trust. Its aim is to promote independence and enable individuals to remain in their home.

29. The main partners in this pooled budget and their contributions are:

- a. Herefordshire Primary Care Trust - £118,444.
b. Herefordshire Council - £550,012.

30. Gross income and expenditure is summarised below:

2006/07		2007/08	2008/09
£000		£000	Budget £000
(604)	Gross Income	(668)	(533)
548	Gross Expenditure	668	533
<u>(56)</u>	Net over / (under) spend	<u>0</u>	<u>0</u>

f) Free Nursing Care

31. The agreement commenced in 2003 and is a payment and recharge mechanism. Herefordshire Council pays free nursing care payments to service providers on behalf of Herefordshire Primary Care Trust. These payments are recharged to Herefordshire Primary Care Trust.

32. The main partner in this pooled budget is Herefordshire Primary Care Trust and their contribution was £1,261,784.

33. Gross income and expenditure is summarised below:

2006/07		2007/08	2008/09
£000		£000	Budget £000
(958)	Gross Income	(1,261)	(1,261)
1,003	Gross Expenditure	1,207	1,261
<u>45</u>	Net over / (under) spend	<u>(54)</u>	<u>0</u>

34. In 2007/08 the council's gross under spend for Free Nursing Care was £54,281.

g) Joint Agreement Management (JAM) Out of County Placements

35. Herefordshire Council and the PCT have signed a Section 75 agreement for the Joint Agency Management (JAM) of Out of County Placements for Children with complex educational, social and medical needs. The agreement pools spending in agreed proportions and spending is not separately allocated, but each child with these complex needs is funded directly from the pool irrespective of specific needs.

36. The number of such placements for Herefordshire is small and there will always be a small number of children and young people whose requirements cannot be met in county. The position of the JAM in considering each placement is rigorous. No placements are recommended without all the alternatives being explored and all partners being in agreement. The risk to the young people, their families and the community is very high if these placements are not maintained. The aim of the Joint Agency Panel is to ensure that these numbers do not increase.
37. Pooled budgets are reported on a monthly basis and also form part of the Adult Commissioning Board bi-monthly meetings. Contributions are laid out at the beginning of the financial year and agreed by the Board. All subsequent variations to contributions are completed by the pool host, signed and agreed by both parties.
38. For 2008/2009, Herefordshire Council has conducted a full zero based budgeting exercise in order to allocate and align additional funding agreed by cabinet and the transfer of grants into base budgets.
39. Gross income and expenditure is summarised below:

2006/07		2007/08	2008/09
£000		£000	Budget £000
	Gross Funding		
(157)	Herefordshire PCT	(199)	(293)
(732)	Herefordshire Council (DSG)	(597)	(878)
(646)	Herefordshire Council	(597)	(878)
(1,535)	Total Funding	(1,393)	(2,048)
1,575	Total Expenditure	1,393	2,048
40	Net over / (under)spend	0	0

Further Pooling

40. To date the Council and the PCT have in place a total of seven Section 75 agreements covering a diverse range of services. There may be some scope for looking at other user groups currently not covered by existing arrangements but this would need to be on the basis of whether standards would be raised so improving the quality and responsiveness of services. The legislation does not limit the size of the partnership or the number of arrangements.
41. The existing S75 arrangements do not reflect the over-arching ambitions of the Council and the PCT to work together in a broader range of areas and it is intended to develop a new agreement during this financial year in line with the objectives of Herefordshire Public Services. It is likely that there will be one agreement with a number of schedules describing the specific issues relating to particular service areas. As part of this process we will review the relevant budgets. The agreement will be considered by the HPS Steering Group with the intention that it will be in place for the next financial year.

Risk Management

42. The effectiveness of Section 75 arrangements requires partners to be clear on the scope of any governance arrangements. This is handled via the Adult Commissioning Board that includes a PCT Board and Herefordshire Council representation.
43. Clear risk sharing arrangements about where responsibility for overspends should exist are part of Section 75 agreements.

BACKGROUND PAPERS

None identified.