

JOINT STRATEGIC COMMISSIONING BOARD

Wirral Health and Care Commissioning Pooled Fund Arrangements

Risk Please indicate	High N	Medium Y	Low N
Detail of Risk Description	<p><i>This report deals with how risks are being mitigated against through arrangements that have been put in place for integrated commissioning</i></p> <p><i>All commissioning activity is subject to appropriate consultation, engagement and impact assessment</i></p>		

Engagement taken place	N
Public involvement taken place	N
Equality Analysis/Impact Assessment completed	N
Quality Impact Assessment	N
Strategic Themes	
To empower the people of Wirral to improve their physical, mental health and general wellbeing	N
To reduce health inequalities across Wirral	N
To adopt a health and wellbeing approach in the way services are both commissioned and provided	N
To commission and contract for services that: <ul style="list-style-type: none"> • Demonstrate improved person-centred outcomes • Are high quality and seamless for the patient • Are safe and sustainable • Are evidenced based • Demonstrate value for money 	N
To be known as one of the leading organisations in the Country	Y
Provide systems leadership in shaping the Wirral Health and Social Care system so as to be fit for purpose both now and in five years' time.	Y

JOINT STRATEGIC COMMISSIONING BOARD

(Committee in Common)

Meeting Date:	16 October 2018
Report Title:	Wirral Health and Care Commissioning Pooled Fund Arrangements
Lead Officer:	Mike Treharne

1 INTRODUCTION / REPORT SUMMARY

- 1.1 Wirral Health and Care Commissioning (WHaCC) has been in operation since May 2018. This is the contemporary name for the Integrated Commissioning Hub referred to in reports dated before May 2018. WHaCC is a formal strategic partnership created on behalf of Wirral Council and Wirral CCG. The partnership was created following agreement to progress into a formal partnership by Wirral Council Cabinet November 2017 and Wirral CCG December 2017.
- 1.2 This report presents the detail of how the agreement to create a single care and health commissioner for Wirral has been taken forward in terms of financial governance and decision making.
- 1.3 The Section 75 pooled fund agreement (Appendix 3) sets out the budget areas that are being pooled in 2018. It also refers to a shadow pool which refers to budgets that are not being pooled in 2018, in order to minimize exposure to financial risk. Financial and governance arrangements are included within the Section 75 agreement. Current and future risk and gain share arrangements are set out.
- 1.4 In September 2017 a due diligence exercise was undertaken by Price Waterhouse Cooper (PWC). The report illustrated the benefits of integrated commissioning and set out their view of potential risks and mitigations on behalf of Wirral Council and Wirral CCG. The report was considered in advance of the decision to create WHaCC, but has not previously been in the public domain. At this stage the report can be read in conjunction with the arrangements that have been put in place to respond to the highlighted risks. The report is published in full (Appendix 4).
- 1.5 Importantly the key risks and mitigations have been considered and responded to by WHaCC in setting up pooled fund and financial governance arrangements. A contemporary view of those risks and mitigations with a revised risk score is provided (Appendix 5).

2 RECOMMENDATIONS

- 2.1 It is recommended that the Joint Strategic Commissioning Board endorses and supports the approach taken to mitigate financial risk.
- 2.2 It is recommended that the Section 75 agreement for 2018/2019 is agreed for sign off by Chief Officers on behalf of NHS Wirral CCG and Wirral Council.

3 BACKGROUND INFORMATION

- 3.1 The direction of travel for integrated commissioning, the business case and proposed integrated arrangements for Wirral Health and Care Commissioning (WHaCC) have been well documented via NHS Wirral Clinical Commissioning Group (CCG) Governing Body meetings on 2 May 2017 and 5 December 2017 and Wirral Council Cabinet meetings on 27 March 2017 and 27 November 2017.
- 3.2 This paper provides further detail with regard to how the proposals are being implemented and the specifics of the Section 75 legal agreement that is being put in place to support effective integrated commissioning.
- 3.3 The following key features of integration were outlined as essential to success;
- Pooling resources, intelligence and planning capacity.
 - Delivering the Right Care in the Right Place at the Right Time.
 - Managing demand and reducing the cost of care.
 - Clear accountability and governance arrangements.
 - Resilience and flexibility to emerging issues in service delivery.
- 3.4 Healthy Wirral has been established as the core programme for delivery of key transformational programmes of health and care. WHaCC is the system lead for the delivery of this programme through the Healthy Wirral Partners Board.
- 3.5 Appendix 1 shows the structure of healthy Wirral in terms of 6 primary programmes 11 enabling programmes and 4 shaping programmes. These have been designed to transform the delivery of health and care in Wirral.

3.6 In order to lead and deliver Healthy Wirral, new governance arrangements have had to be designed. These are in line with the intentions and requirements of Wirral Health and Care Commissioning (Appendix 2). The structure is in 3 sections; integrated commissioning, partnerships, integrated provision. These are all important but for integrated commissioning the key governance arrangements relate to the role of the Joint Strategic Commissioning Board and the Pooled Fund Executive Group that supports the financial aspects of joint strategic commissioning.

Pooled Fund Executive Group;

- 3.7 The Pooled Fund Executive Group:
- Ensures effective day to day management of the pooled funds under the Section 75.
 - Maintains an overview of the use of pooled fund and service delivery.
 - Reports on performance of the pooled fund to Joint Strategic Commissioning Board.
 - Is accountable for the delivery of objectives to the partners of the pooled fund.

Joint Strategic Commissioning Board;

3.8 The Joint Strategic Commissioning Board has oversight of integrated commissioning arrangements. The Board makes key decisions in relation to commissioning and receives assurance that pooled funds are appropriately used and managed.

Section 75 agreement

3.9 The Section 75 agreement is set out as Appendix 3, and is the culmination of base line work previously established through the better care fund agreements from prior years; the desire to move to an integrated commissioning hub for Wirral Health and Care Commissioning; and a realistic and pragmatic acknowledgement of the appropriate expenditure areas within the pooled fund and associated equitable risk/gain share arrangements.

PWC Due Diligence report

- 3.10 Price Waterhouse Cooper were commissioned to undertake a due diligence report to focus on the relative benefits and risks of integrated commissioning and the pooling of resources. This report was used to consider how risks could be mitigated and what would need to be in place in terms of financial governance. It was recognised that the report alone would highlight the potential risks rather than to seek to mitigate them it was therefore of critical importance for the document to be published along with the relevant mitigations. See Appendix 4 for the full report.
- 3.11 The major risks identified were as follows:
- Budget setting, in terms of sufficient resource for both organisations;
 - The management of future demand given current experience for both NHS and Social Care services;
 - Delivery of efficiency savings and plans for each organisation;
 - The management of historical deficits (particularly CCG) and how this would impact the pooled fund arrangements going forward.
- 3.12 In response to the risks identified, various mitigations were proposed and these are set out in Appendix 5.
- 3.13 It is also important to recognise that there is no such thing as a risk free option, and the crucial factor is the correct identification of appropriate risks along with proposed relevant, realistic and implementable mitigations.
- 3.14 The financial challenge for the NHS Wirral CCG and Wirral Council will continue regardless of integration. The key for Wirral will be to ensure that integration of commissioning is seen as an opportunity to help to transform provision to make more effective use of the resources available, (making the most of the “Wirral pound”) rather than the financial challenges being seen as a barrier to integration.
- 3.15 The risks and mitigations associated with integration will continue to be monitored and updated in the months to come.

Expenditure areas to be included in 2018/19, and shadow areas

3.16 The areas of expenditure to be included in the pooled funding and shadow arrangements are summarised in the table below.

Description	£m
Adult Social Care	39.7
Public Health	12.4
Children & Young People	2.1
CCG	22.0
Better Care Fund	53.7
	129.9

3.17 The total funds contributed to the shadow pool in 2018/19 amount to £526.3m, as per the table below:

Description	£m
Adult Social Care	50.2
CCG	476.1
	526.3

Proposed expenditure areas to be included in the pooled fund in 19/20

3.18 It is proposed for 2019/20 that all of the NHS Wirral CCG expenditure bar the locally commissioned Primary Care development/enhanced schemes will be included within the Pooled Fund budget total and within the relevant governance arrangements. See section 5 for more detail.

4 OTHER OPTIONS CONSIDERED

4.1 Whilst the option of doing nothing was considered, this was not a realistic option given the need to improve collaboration, avoid duplication, and improve cost efficiency and cost effectiveness in commissioning decision and function.

4.2 The explicit options of what expenditure is pooled and what resources are to be shared, in future years beyond 2018/19, are still being fully considered and explored, with certain commissioning functions are already operating under joint leadership. The risks/gain share agreements between the Wirral Council and NHS Wirral CCG are anticipated to be re-visited and agreed each year, depending on the expenditure areas identified and the relative exposure to risk.

5 FINANCIAL IMPLICATIONS

- 5.1 Following consideration of risks and mitigating factors it was agreed to limit the amount of resources pooled in order to reduce the level of risk that Wirral CCG and Wirral Council would be exposed to. The figures agreed for 2018/19 in respect of the pooled fund amount to £129.9m; the risk and gain share agreement and arrangement is on a 50/50 basis, given the identification of relative risks and opportunities and the need to show improved collaborative working particularly in respect of packages of care.

Description	£m
Adult Social Care	39.7
Public Health	12.4
Children & Young People	2.1
CCG	22.0
Better Care Fund	53.7
	129.9

5.4 A full breakdown of the pool's composition is given below, together with the current forecast:

Area	Category	Budget (£m)	Forecast	Variance
Adult Social Care	Community Care for learning disabilities (LD)	39.3	39.7	(0.4)
	Community Care for mental health (MH)	9.9	10.0	(0.1)
	LD/MH Customer and client receipts	(3.0)	(3.3)	0.2
	Income from LD/MH joint-funded packages	(6.4)	(6.7)	0.3
		39.7	39.7	-
Public Health	Stop smoking interventions	0.8	0.8	-
	Sexual health services	3.1	3.1	-
	Children's services	6.8	6.8	-
	Health checks	0.3	0.3	-
	Adult obesity	0.2	0.2	-
	Mental health	0.9	0.9	-
	Infection control	0.2	0.2	-
		12.4	12.4	-
Children & Young People	Care packages	2.1	2.1	-
		2.1	2.1	-

Area	Category	Budget (£m)	Forecast	Variance
CCG	CHC – adult fully funded continuing care	3.7	3.7	-
	CHC – adult fully funded Personal Health Budgets (PHBs)	0.9	0.9	-
	Funded nursing care	0.8	0.8	-
	Learning disabilities	1.7	1.7	-
	Mental health	9.8	9.8	-
	Adult joint funded	3.8	3.8	-
	CHC – Adult joint funded PHBs	0.3	0.3	-
	CHC children’s continuing care	0.9	0.9	-
	Children’s PHBs	0.0	0.0	-
		22.0	22.0	-
Better Care Fund	Integrated services	20.6	20.6	-
	Adult social care services	25.2	25.2	-
	CCG services	2.0	2.0	-
	DFG	3.9	3.9	-
	Innovation fund	0.9	0.9	-
	Known pressures & contingency	1.1	1.1	-
		53.7	53.7	-
		129.9	129.9	-

5.5 It is proposed for 2019/20 that all of the Social Care and NHS Wirral CCG expenditure bar the locally commissioned Primary Care development/enhanced schemes will be included within the Pooled Fund budget total and governance arrangements.

5.6 Given that in 2019/20 virtually all NHS Wirral CCG’s expenditure is intended to be pooled, a more sophisticated risk share arrangement will need to be developed and agreed, based upon the level of risk brought forward into the annual agreement. Each pooled fund partner will continue to be compliant with their own financial regimes and statutory duties.

- 5.7 If either organisation has significant residual financial risks, a simple 50/50 share would not be appropriate. In this instance it is essential that a practical and pragmatic approach is adopted based upon the level of risk brought forward from the previous financial year.
- 5.8 Over time, services which are currently out of scope for Wirral Health and Care Commissioning may be included within the pooled funding arrangements (e.g. further Children's services). The risks of adding these services to Wirral Health and care Commissioning funding arrangement will need to be assessed at the point at which these services are considering being moved into the pooled funding arrangements.
- 5.9 A proposal will be brought back to Joint Strategic Commissioning Board for the 2019 to 2020 arrangements for that financial year.

18/19 financial risks and challenges

- 5.10 Achievement of NHS Wirral CCG's £2m surplus control total is clearly not without financial challenge and risk, given the £19.6m savings target required to be delivered. During the planning period and working up of the CCG's financial recovery plan, gross risks and realisable mitigations were identified as follows:

Risks	Original Plan £m	Current Position £m
QIPP Slippage	£3.5m	£6.5m
Unidentified QIPP	£4.1m	Nil
Acute Over-performance	£2.0m	£2.0m
CHC Excess Growth	£1.0m	£2.5m
Total Gross Risks	£10.6m	£10.9m
Mitigations	£m	£m
Contingency	£2.6m	£2.6m
Re-brokerage	£1.0m	£1.0m
RTT Slippage	£0.5m	£0.5m
Other	£0.8m	£1.3m
Total Mitigations	£4.9m	£5.4m
Overall Net Risks	£5.7m	£5.6m

- 5.11 An approved financial recovery is in place to deliver the required mitigations, with further measures to manage net risk identified.
- 5.12 The financial risks and challenges facing the Social Services budget for 18/19 were as follows:

Description	£m
Adult Social Care	
Demographic growth pressures	1.0
Overspend carried forward from 2017/18	0.5
	1.5

To mitigate these cost pressures, the Council has created savings plans totalling £1.3m, as below:

Description	£	RAG
Extra Care Housing – Balls Road	95,500	Green
Extra Care Housing – Pensby Road	60,000	Red
Outcome-Based Commission - AFG	161,000	Green
SIL – Spital Road	127,500	Amber
Residential Care – Fusion Centre	49,500	Amber
Payment by Actuals	355,500	Green
Payment by Actuals Audit	44,000	Green
Supported Living Reviews	429,000	Red
	1,322,000	

Commissioning plans and activity are in place to deliver against the above savings programme

6 ENGAGEMENT / CONSULTATION

- 6.1 Documents and discussions in respect of the integration agenda and associated financial risks have been presented and taken place at a variety of Wirral Council and NHS Wirral CCG meetings.

7 LEGAL IMPLICATIONS

- 7.1 Lawyers acting on behalf of Wirral Council and NHS Wirral CCG have been engaged in, and crucial to the production of the section 75 agreement. The agreement treats each party in an equivalent way, allowing appropriate protections and exit arrangements.

8 RESOURCE IMPLICATIONS: ICT, STAFFING AND ASSETS

- 8.1 Currently there is no significant impact on resources, ICT, staffing and assets as a result of the integration agenda. As greater integration occurs there are likely to be efficiency savings through economies of scale with appropriate sharing of posts and other assets.

9 EQUALITY IMPLICATIONS

- 9.1 There are no implications as it is not anticipated that the integration of commissioning functions will have an impact on equality. Rather, potential impacts on equality will come from commissioning decisions for which Equality Impact Assessments (EIA) will need to be produced.

REPORT AUTHOR: **Mike Treharne**

Chief Finance Officer, NHS Wirral CCG and Wirral Health and Care Commissioning
 telephone: (0151) 541 5447
 email: michael.treharne@nhs.net

APPENDICES

- Appendix 1 - *Healthy Wirral* Programme structure
- Appendix 2 - Wirral Health and Care System Governance
- Appendix 3 - Section 75 agreement
- Appendix 3a - (Appendix 1 to Section 75 Agreement) Financial Contributions of the Partners in the first Financial Year
- Appendix 4 - PWC Due Diligence Report
- Appendix 5 - Update response on proposed mitigations in respect of financial risks identified by PWC

REFERENCE MATERIAL

N/A

HISTORY

Meeting	Date