

Joint Committee for Oversight of Joint Working

Agenda item 3

Date: 3rd November 2014

Agenda: Mental Health Pooled Budget

1. Summary

- 1.1.1 To outline the proposal for a Mental Health pooled budget arrangement under a Section 75 arrangement between NHS Bath & North East Somerset CCG (BaNES CCG) and Bath & North East Somerset Local Authority (B&NES Council).

2. Recommendations

- 2.1.1 To note the proposal for entering into a S75 arrangement to form a pooled budget between BaNES CCG & B&NES Council
- 2.1.2 To note the proposal for the management, reporting and associated governance arrangements for the pooled budget.

3. Background

- 3.1.1 *“The distinction between what is health care and what is social care is not clear and this creates duplication, fragmentation and waste at the boundary between the NHS and social care. Many individuals with mental health problems receive services from both the NHS and social care and are frustrated by the lack of integration between the two systems.”*

(Joint position statement of the Royal College of Psychiatrists and the Association of Directors of Adult Social Services March 2013)

- 3.1.2 Section 75 of National Health Services Act 2006 allows for the creation of agreements between a local authority and an NHS body in England, in respect of, in the main, Adult Services. (The equivalent for Children Services being a Section 10, Children Act 2004, agreement.) Many Section 75 agreements were made between local authorities and PCT(s), and these have now been made with clinical commissioning groups (CCGs). Section 75 agreements can include arrangements for pooling resources and delegating certain NHS and local authority related functions to the other partner(s) if it would lead to an improvement in the way those functions are exercised.

The recent drive for closer working between Health and Social Care through the Better Care Fund highlights the value of joint working as well as streamlining budgets and the financial delivery of services. This allows for any efficiencies that are achieved to be shared by partners, irrespective of the source of funding.

There are already examples of Pooled Budget arrangements between B&NES Council and CCG, such as the Learning Disabilities Pooled Budget (S75) and the Children's Pooled Budget (S10). The partners also operate a structure which employs Joint Commissioning Managers, who are empowered to commit expenditure on services on behalf of both organisations (authorised S113 Signatories).

Mental Health services are currently managed by one joint Senior Commissioning Manager, who is responsible for the services and budget for both the CCG and the Council. This is currently operated as a pseudo pooled budget; performance and management meetings are held with AWP (the key provider managing an integrated health and social care team) in respect of both partners' (CCG/Council) expenditure and service requirements. The majority of funds, outside of the AWP Block Contract, are held by the local authority and 'managed' on behalf of the CCG in respect of placements. This includes all AWP sponsored placements for health services that cannot be delivered via the contract e.g. independent hospital in-patient services for clients with specialised needs.

4. Supporting Information

4.1.1 Senior Commissioner Perspective

A formal and full Pooled Budget arrangement will better support the joint approach to assessments and care planning - and the majority of our clients require a joint package. If we are able to create a single operating record for clients it will allow a concentration on client outcomes linked directly to the cost of service in a way that is not possible at the moment.

It will also support pathway planning for individuals removing any perverse incentive to shift costs across organisations/budgets which may lead to an ineffective pathway (this was the case before the "pseudo" pool was introduced by the commissioner).

As the NHS is now moving toward implementing Personal Budgets, a Pooled arrangement will enable joint health and social care personal budgets. This will fit with our enabling, recovery orientated approach in B&NES. In addition, it will support the active promotion of choice and control across a whole range of support thereby supporting the health initiative of introducing Personal Health Budgets from 1 April 2014 and the Integration Agenda through merging the delivery of Personal Budgets/Direct Payments with Local Authority schemes.

A pooled budget also more easily enables the option for jointly procuring single entry services – much in the same way as we have done in substance misuse services - so providing more efficient and effective delivery of services through economies of scale and integration. This would facilitate and enable improved planning decisions, convergence to single joint outcomes (without the distraction of working to two discrete administrative systems) and improved dialogue and agreement about service design between partners.

5. Financial Implications

5.1.1 The following tables give the current 2014/15 budget funding across Mental Health services that is in scope to form a pooled budget across both organisations.

Table 1: Headline contributions and funding split

Table 1	£000	%
NHS Bath & North East Somerset CCG	16,610	68.67%
Bath & North East Somerset Council	7,580	31.33%
Total Pooled Budget	24,190	100.00%

Table 2: Funding across service area

Table 2	2014/15 Budget
NHS Bath & North East Somerset CCG	£000
AWP Block contract	12,816
Specialist Care & NCA charges	714
Improving Access to Psychological Therapies	1,059
Joint Funded Placements	854
Shared Staffing & Overheads	651
RICE Contract & Drugs	401
S12	115
CCG Total	16,610
Bath & North East Somerset Council	£000
Staffing including AWP and LA social workers in CMHT	
Older Peoples Team	434
Adult Team	383
AMPH Team	164
Other budgets	-114
Older People Purchasing	4,679
Adult Purchasing	2,034
Council Total	7,580
Pooled Budget	24,190

Amounts included are opening 2014/15 budget values and exclude in year investment bids that will be non-recurring and recurring.

6. Proposal for Delivering the Pool

6.1 Management responsibility

There is the need to have a lead organisation for the management and administration of the pooled budget in terms of financial processing of payments,

financial reporting and advice. Due to the Senior Commissioning Manger holding joint responsibility for decision making, budget and contract management for both organisations there is no proposed change to this arrangement.

6.2 Administration of pooled budget

Before arriving at the recommendation outlined below the following table details the options considered for administering the pooled budget.

Option	Suitability of systems	Comments
1. Bath & North East Somerset CCG become the lead organisation for the pool	Oracle Financial management system in place for general ledger transactions and reporting. No client management system in place for individual packages and processing of personal budgets.	Having the CCG as the lead organisation would build on existing experience in finance supporting the AWP contract. Due to having no client record system there would be the reliance on the council to process and hold this information that would lead to the need for recharges between organisations to fully account for spend within the pool.
2. Bath & North East Somerset Council become the lead organisation for the pool	Agresso and Carefirst are in place in the Council and suitable to process all Mental Health transactions. Existing processes in place for reporting from pooled budgets currently supported by the Council.	The Council has been the lead for the current pooled budgets and has suitable systems for all transactions.

6.3 Recommended Option

It is suggested that Option 2 be adopted – B&NES Council become the lead organisation for the pool with all financial payments and reporting processed through the Agresso financial management system.

6.4 Rationale

Option 2 has the lowest risk and will enable a smooth transition as it builds on existing arrangements and an infrastructure that is in place. The current pooled budgets (Learning Disabilities, Community Equipment & Children’s Pool) have the Council as the lead organisation and benefit from a well-established infrastructure for finance, business systems and commissioning support.

A review of transactions has revealed that a high volume of Mental Health payments and running costs sit within the Council ledger already. From a CCG perspective the main costs are contract charges from AWP and other NCA (Non Contract Activity) invoices. This should lead to a manageable transition with limited resourcing requirements to shift transactions to the Council. Following the decision

of this paper a project plan will be developed that details work required by both the CCG and the Council to establish the pool.

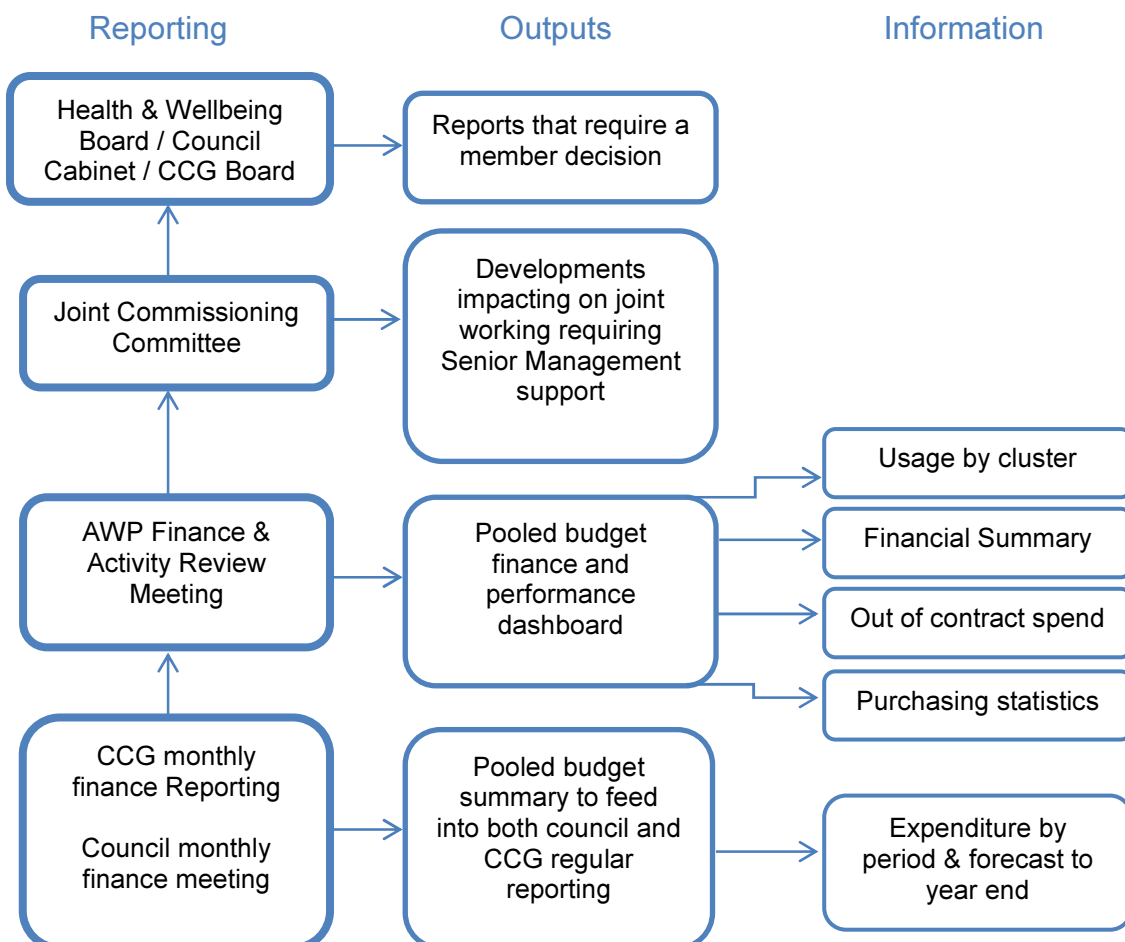
At the moment there are no planned changes to the direct AWP contract support received from the CCG & CSU as the current process is well established and working well. The benefits outlined below do indicate potential channel shifts as a result of the efficiencies from joint reporting, the impact to teams will be established in the detailed project plan.

6.5 Benefits

- All other pooled arrangements have B&NES Council as the lead so there is consistency in approach and past knowledge and experience.
- A large number of transactions for staffing support and client costs are currently processed by the Council and recharged to the CCG, the pooled budget will remove all recharging.
- The Council processes client information and provider payments through Carefirst, developing a joined up approach to reporting will help future commissioning decisions
- There can be financial benefits to both organisations though an agreed approach to sharing risks and benefits

7. Governance

Due to the joint working nature of pooled budgets it is essential to have a clear governance process around reporting and decision making. The diagram below outlines the proposed reporting framework



There is no proposed change to the decision making and budget holder responsibilities within the Mental Health service, the annual budget responsibility is currently delegated to the Senior Commissioning Manager operating to both organisations schemes of delegation, any investments or savings will be approved through the Council & CCG individual planning processes.

The current S75 Pooled Budgets are hosted by the Council and administered on behalf of both partners. The funding is on a predetermined/agreed basis of 'percentage' contributions. During the agreed period (one or two years) the partners agree not to revisit the percentage contributions and to suffer or benefit from any overspend or underspend on the basis of the percentages, and not the nature of the cause.

There will be a requirement to draft a S75 arrangement the details the agreed funding streams and percentage contributions between both CCG & Council.

8. Contracting

There are no immediate implications with existing contract arrangements, there is the option to review the NHS contract with AWP with the view to have a single contract in place that brings in the Council arrangement with AWP.

9. Risks

With all such Pooled Budget arrangements there are risks that service pressures from one partner might impact on the pooled budget funding. However as Bath & North East Somerset already operate a Joint Commissioning Manager structure, there is already a basis of confidence that decisions made are in the interest of clients and not detrimental as a principle to either partner.

Specific risks and mitigating actions are detailed in the table below:

Risk	Mitigation
Loss of autonomy over budget decisions	Having a joint SCM accountable to both CCG & Council decisions will be made in the interest of both organisations.
Loss of finance support	The CCG & Council are building resilience into structures to enable joint working including the joint funded Finance Business Partner that supports the Mental Health SCM and works with both organisations.
Risk share creating financial pressures	A cap / collar approach to funding unplanned pressures would help minimise the risk share exposure.
Payment by results charging model	The financial impacts of Pbr to the CCG AWP contract will need to be reviewed separately when an implementation date is proposed.

Therefore it is suggested that creating a more formalised Pooled Budget arrangement, does not increase the financial risk exposure of either partner, the SCM remaining accountable to both for their actions, plans and budget management. It does however reduce the risk for clients who are on the cusp of both partners criteria.

10. Information Governance

The issues around Information Governance will be better addressed by having all client data and information on one secure system (hosted by the Council), which eliminates the need to attempt to communicate from one partner to the other, possibly sensitive data.

Through the use of the NHS number there should be the opportunity to improve data sharing through increased interoperability of systems.

11. Further work

Following the decision of this paper a project plan will be developed that details work required by both the CCG and the Council to establish the pool.

Communication and consultation will be required with staff in the Council, CCG and with providers about the proposed changes.

Through the S75 arrangement there would have to be specific requirements around reporting and transfer of funds from the CCG to the Council. This will ensure that the treasury management needs of both organisations are met in terms of managing cashflows.

Further work will also be required to determine the arrangements around the sharing of risks & benefits within the pool budget and the treatment of investments and savings and how these are reported.

12. Conclusion

We would recommend a pooled budget for mental health that is administered and managed by B&NES Council on behalf of both funding partners.

As outlined above whilst there will be benefits in terms of simpler contracting and administration of clients, financial support and contracting, the main driver for this proposal is to improve the quality of services provided and enhance outcomes.

Encouraging joint working and the sharing of resources fits with both the CCG & the Councils strategy for joint working.