



**Health and Well-being Board
19th January 2016**

Report of the Strategic Director of Children and
Young People

Logo SDCCG

ITEM 7

Creating an Investment and Transformation Fund for Children and Young people across Derby City and Southern Derbyshire Clinical Commissioning Group.

SUMMARY

- 1.1 The Health and Well-being Board in November 2015 supported a new investment and transformation approach for Children's Services. The board asked for a feasibility paper to be developed to consider the development of a 'pooled budget' to support and be an enabler in the transformation and integration of provision.
- 1.2 The Health and Well-being strategy 2015 stressed the important of looking at how we respond to challenges in the public sector in a more integrated approach. The Kings Fund and the National Audit Office have all supported the need to see resource in a more integrated way in order to get out of previous silo based thinking and orthodoxy. This paper looks to develop one tool which will further help respond to the fiscal, organisational and demand challenges we face together across children's system. The aim needs to be to use resource wisely and together to ensure we manage increased risk due to further loss of funding.
- 1.3 The complexity and interconnected nature of the challenges over the next three years require a response which is 'bigger than' the existing silo approach to savings, funding or increasing need. The assumption behind this paper is that resource can be used more effectively within a single investment and transformation fund.

This paper outlines the benefits of such an approach, four options as to the scope and structure of a pooled budget and the management of potential risks for those organisations contributing to such an investment fund.

- 1.4 This paper also outlines three examples of similar such arrangements in order to demonstrate that such pooled arrangements reflect innovative approaches to try and share the risk across organisations due to the current fiscal challenges.
- 1.5 The current period of austerity is resulting in concerns relating to:
 - The implications of cuts in funding across the 'whole-system' of children's provision.
 - Funding changes resulting in increasing risks for children and young people.

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- The need to ensure the whole-system is maintained in safeguarding children and young people.
- There is increasing demand for services.
- The need to ensure the system responds to need as soon as possible as opposed to increasing the need for higher cost solutions. This is reflected in the SDCCG wedge diagram.

The development of this investment and transformation fund will help mitigate some of these risks and demands.

The purpose and role of the Investment and Transformation fund would be fourfold:
a/ to be used to reduce demand for services resulting in lower high cost interventions,
b/ to reduce the risk associated with the reduction of funding in different parts of the children's system.
c/ Part of our solution to risks and increasing demand is to integrate delivery. The fund will be used to help transform the way we deliver provision.
d/ To enable greater integration of delivery around the needs of the child, young person and their families.

The following benefits have been identified for this new investment for transformation fund:

- More flexible funding able to respond to the changing fiscal climate and challenges.
- A fund which brings together a range of funding from different partner organisations to maximise value for money.
- An adaptable model able to take advantage of funding opportunities as they appear e.g. Futures in Mind funding, innovation funds, and non-re-currant funding.
- A new approach with outcomes and impact at its core. This will build upon the outcomes framework which has been under development over the last year.

RECOMMENDATIONS

- 2.1 To agree to the establishment of an Investment and Transformation Fund to support the integration and transformation of children's services.
- 2.2 To agree that this commissioning approach should include all current funding relating to Children's Services across Derby Council and Southern Derbyshire Clinical Commissioning Group; either options 3 or 4 outlined below.

REASONS FOR RECOMMENDATIONS

- 3.1 The King's Fund has recently said: 'Commissioning has a key role to play in developing integrated services, and the on-going separation between the health and social care systems is a major obstacle to achieving better outcomes for people

The current fragmentation of the organisational landscape is not sustainable. The

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primary challenge now facing the NHS and local government is how to manage intensifying financial and service pressures while shifting to more integrated models of care that better reflect 21st century needs

The National Audit Office in June 2015 said in Case Study on Integration. Measuring the costs and benefits of Whole-Place Community Budgets 2013'. Local authorities and their partners are planning and providing services in a challenging financial climate. And will have to manage cuts in their budgets, while providing statutory and other services to achieve their desired outcomes with fewer resources. To achieve this they will have to consider longer-term and more fundamental reforms to providing public services alongside continuing to find further short-term efficiency measures. One way public bodies are looking to achieve these longer-term changes is through making better use of the totality of public funding spent locally. Rather than operating in traditional 'silos' created by organisational boundaries, bodies may elect to work jointly by aligning their objectives, activities and resources where they believe a collaborative approach can add most value. The case for doing so typically cites:

- improved outcomes for citizens – by focusing on important local outcomes, such as preventing avoidable hospital admissions or reducing reoffending;
- more cost-effective delivery – by stripping out unnecessary or unhelpful duplication, such as different bodies undertaking multiple assessments of people or families;
- improved access to resources – by combining budgets, skills, staff or data to address barriers to joint investment, for example where one body spends but another benefits, or when it takes time for benefits to accrue.

- 3.2 There is a need for systemic change if we are to manage the complex challenges that are taking place as a result of austerity and the increasing demand for services. Appendix 1 shows a four dimensional model relating to public sector systemic transformation. The table below outlining current progress against this model.

Systemic Transformation	Current progress
1. Integrated partnership working.	There is a strong partnership across the Health and Well-being Board, Children, Family and Learners Board and LSCB. There is a Health and Well-being Strategy, CYP JSNA and annual review of the Children's Plan. There is a Joined up Care approach responding to the current fiscal challenge in Southern Derbyshire.
2. Integrated commissioning	There is an established integrated commissioning approach for children across the Council Children's Directorate and SDCCG. This includes an integrated commissioning team, joint roles and contract management arrangements.

3. Integrated Investment approach	Derby City Council, Southern Derbyshire Clinical Commissioning Group and the Health and Well-being Board have all supported the development of a new integrated investment approach.
4. Integrated Delivery	There are already examples of good joint working. This fund would be used to further develop integrated delivery models across children's services whether from a local authority or health system. It would sit alongside the JUC Board programme and is a further tool in transforming delivery.

The establishment of the Investment and Transformation Fund would be a key enabler for further integration across Derby Council and Southern Derbyshire Clinical Commissioning Group.

- 3.3 This approach will enable a 'whole-system' approach which will look at funding being used across all Commissioners of Children's Services. It means all funding will need to be considered in order to manage risk and ensure safe provision and value for money is achieved across all funding of children's services.
- 3.4 This approach will enable a more integrated approach to funding of children's services and enable opportunities to bring resources together in a more flexible way. We already have a section 75 agreements across the Local Authority and SDCCG. This approach will strengthen our ability to focus resource on key aspects of the whole-system of provision for children, young people and their families.
- 3.5 The development of an investment fund could have a number of purposes including:
- As a means of transforming the children's system.
 - As a means of managing risk due to reductions in resource levels.
 - As a means of creating a more pluralist delivery base.
 - To move the system towards a more preventative and early help delivery model.

SUPPORTING INFORMATION

- 4.1 The Public Sector is going to receive further funding reductions over the next three years. The pace and size of the reduction may vary but there is no doubt that there are going to be further reductions. This investment approach could help in addressing funding gaps. Such an approach would introduce a different funding model within the Public Sector.
- 4.2 Below are three examples of equivalent approach in Devon, Wigan and Greater Manchester.

a) Northern, Eastern and Western Devon and Plymouth

<http://www.plymouth.gov.uk/hscintegrationstrategies>

‘One system, one budget’

Plymouth City Council and NHS Northern Eastern and Western Devon Clinical Commissioning Group (NEW Devon CCG) formed an integrated commissioning function on 1 April 2015, bringing together over £630 million of Plymouth City Council and NEW Devon CCG funding, 56.91M is CYP budget.

The commissioning function works towards a single commissioning approach, an integrated fund, and risk and benefit sharing agreements. Central to this approach is the development of integrated governance arrangements. The Integrated Commissioning Board will provide system leadership and clinical oversight to the integrated commissioning arrangements. It will provide focus and direction for integrated commissioning, ensuring collaborative planning and performance monitoring. Commissioners will work as one team, informed and supported by clinicians and public health experts, and will collectively develop an integrated commissioning approach through the development of four integrated commissioning strategies that will direct all future commissioning.

The primary driver of the integrated commissioning approach is to improve the quality of service provision with the aim of improving outcomes for individuals and returning value for money and system sustainability.

These arrangements build on existing joint commissioning arrangements, including co-location of the CCG and council.

b) Greater Manchester Combined Authority

In November 2014 Chancellor George Osborne and leaders of the Greater Manchester Combined Authority (GMCA) signed an agreement allowing for the devolution of new powers and responsibilities to Greater Manchester and the establishment of a directly elected city-wide mayor. As well as transferring powers over transport, housing, planning and policing, the devolution agreement invited the GMCA and local CCGs to develop a business case for the integration of health and social care. Building on this, in February 2015 the Association of Greater Manchester Authorities (representing the 10 local authorities in Greater Manchester), the 12 Greater Manchester CCGs and NHS England signed a memorandum of understanding agreeing to bring together the relevant health and social care budgets of each, worth approximately £6 billion in 2015/16, and to work towards the ultimate devolution of all health and care responsibilities to accountable, statutory organisations in Greater Manchester.

The memorandum of understanding commits the organisations to a set of principles, and in particular to the development of a comprehensive Greater Manchester strategic sustainability plan for health and social care, aligned with the Forward View.

The new Greater Manchester Strategic Health and Social Care Partnership Board will represent commissioners, providers and NHS England with leadership from a newly

appointed chief officer. In 2015/16 the Board will oversee the development of the local health and care economy and steer the development of the Greater Manchester strategic sustainability plan, with the formal process for its establishment complete by April 2016.

A Greater Manchester joint commissioning board (JCB) will also be created, comprising local authorities, CCGs and NHS England, with responsibility in 2015/16 for discussing and agreeing recommendations in relation to Greater Manchester's spend and engaging in decisions affecting health and social care.

There will be no immediate change in legal responsibilities, but by April 2016 the joint commissioning board will become a formal board operating under section 75 agreements.

At a local level, this commits local authorities and CCGs to agree a local memorandum of understanding that supports collaborative working, and to build on the Better Care Fund to develop a local plan for the integration of health and social care, to be implemented from April 2016. It is envisaged that once full devolution is achieved (2016/17), health and wellbeing boards will agree strategic priorities for the delivery of integrated health and social care, with the Greater Manchester Strategic Health and Social Care Partnership Board working to ensure consistency across local areas, and pooled funds being used where relevant.

https://www.greatermanchester-ca.gov.uk/info/20008/health_and_social_care

c) Wigan

<http://www.wiganboroughccg.nhs.uk/your-ccg/improving-our-local-nhs/integrated-care>

Children's Integrated Care – Start Well

The Children's integrated care strategy is focusing on the targeted implementation of universal interventions and then primary and community based interventions. This includes a specific programme on delivering integrated specialised and long term conditions services.

Wigan's vision is to establish an integrated, locality based hub for children's services with primary care that includes universal and targeted early intervention services.

An integrated approach to service delivery will establish a new structure for key paediatric services in the Local Authority and the NHS. It is our vision that families are able to access care that is: coordinated, seamless, person centred, empowering and effective. In keeping with other cohorts in this strategy, there is a strong theme of supporting self-care and building resilience to reduce likely dependency on public services in the longer term, and to improve outcomes.

The Joint Commissioning Group oversees joint projects across the local authority and the NHS and holds a joint fund to provide investment in initiatives to drive integration locally. It is chaired jointly by the finance leads for the local authority and CCG.

- 4.3 There are common themes across the three examples{
- Clear definition of the scope of the arrangement.
 - The need for strong governance across all those contributing to the investment and transformation fund.
 - An agreement is in place in the form of a MOU or Section 75 agreement.
 - Capacity to manage this arrangement.

4.4 **Scope**

There are a number of options as to what is included in this fund. There are four options outlined below.

Option 1: Transformation only

The fund brings together current transformation resource identified for children's services including any non-recurrent funding and Future in Mind funding.

Option 2: Placement and Transformation.

As Option 1 but with the addition of the current section 75 agreement on Disabilities, and the addition of SEN&D placement and equipment funding. This is relatively limited in terms of transformation.

Option 3: Across SDCCG and Derby Council

Option 3 would bring together options 1 and 2 as well as current SDCCG children's health commissioned budgets for community services. This will exclude major sources of children's services budgets in the Local Authority.

Option 4: Children's Services Integration Fund

All commissioned budgets within the Local Authority and SDCCG are brought together to deliver services across Southern Derbyshire. This would include all Local Authority funding in the City and all SDCCG funding for children and young people.

4.5 **Analysis of Options**

Each of the options has their merits and they could be seen as increasingly complex from option 1 to option 4. Although, they also offer greater flexibility from option 1 to option 4. What will be important is that the option supported creates maximum opportunities for transformation and integration.

Partners may have different tolerances as to which option they support. Following agreement to create the fund an options appraisal would be completed across Commissioners to determine the option which would give most benefits.

4.6 **Governance**

Partners will want to ensure this new arrangement has robust governance around it in order to assure all key partners that resource is being used on priorities. As such a new Children's Whole-system Commissioning Board would be created across all the key partners investing in the fund. This would form part of the existing integrated commissioning approach and replace the current Integrated Commissioning Group which is part of the health and well-being and Children Family and Learners Board governance. It would have representation from each partner investing in the fund and

would be a robust check to ensure resource was improving outcomes, preventing the escalation of need and demand, and ensuring the whole-system is safe.

4.7 Legal arrangements and requirement to consult:

There are already existing section 75 agreements in place relating to disability provision and the Better Care Fund. These existing arrangements could be extended; however, it is likely that a new section 75 agreement, specific to the option selected (and if relevant incorporating the elements covered by the existing section 75 agreements) will be developed.. We would learn from previous section 75s to ensure rapid agreement.

In varying an existing section 75 agreement or entering into a new section 75 agreement, the Council and SDCCG must:

- (i) be able to demonstrate that the arrangement is likely to lead to an improvement in the way in which the relevant functions are exercised; and
- (ii) have jointly consulted people likely to be affected by such arrangements.

Consultation:

Before entering into a partnership arrangement, the partners must ensure that their obligations to inform and consult interested parties are properly discharged. In respect of pooled funding arrangements and the carrying out of NHS functions by a local authority, the NHS Trust must obtain the consent of each CCG with which it has an NHS contract for the provision of services for persons affected by the fund arrangements.

In addition, both the Council and SDCCG must jointly consult those persons who are affected by the arrangements, such as service users, carers and voluntary groups. Furthermore, if the proposals involve a substantial variation in the provision of a service, the CCG's Overview and Scrutiny Committee.

Special care must be taken to ensure service users understand the changes, particularly in respect of charging for services. Service providers should also be consulted if the arrangements require any variation to their contracts with the partnering organisations.

Section 75 Agreement:

In varying/entering into a new section 75 Agreement, the following points will need to be addressed (to the extent relevant):

- Specify the nature of the agreement, for example, pooled or separate budgets? Lead commissioning or integrated provision? Agree who is responsible for managing the budget(s).

- Define the objectives of the arrangement and the criteria for determining whether those objectives have been met.
- Link the objectives in the agreement to a delivery plan.
- Specify which service users are affected by the agreement and in respect of which services. Agree the criteria for providing services.
- Ensure the contributions of each party are detailed including financial and other contributions, such as staff and assets.
- Determine how any under or over spend will be dealt with.
- Specify arrangements for the payment of VAT.
- Specify if any of the local authority contribution is dependent on income from service users and whether the non-local authority partner is expected to collect income.
- Determine the responsibilities of the host and what input the other partner will be expected to have.
- What support does the host require to manage the arrangement?
- What are the governance arrangements, for example, board or joint committee, and the terms of reference of that body?
- How will the agreement be monitored, managed and reviewed?
- Specify the audit arrangements.
- Specify the duration of the agreement and the provisions for terminating or extending it.
- Detail any relevant complaints handling procedure and information sharing protocol.

4.8 Potential HR implications

In varying/entering into a new section 75 agreement there are potential TUPE implications relating to staff. If the recommendations are approved, until the preferred option is agreed it is difficult to comment on what the potential TUPE implications could be. Further consideration will need to be given to this, when a preferred option is identified.

4.9 Capacity to oversee the arrangement

The existing integrated commissioning team would co-ordinate the governance and operation of the new fund.

4.10 Recommended Approach

It is important to note that other areas have also been developing such ideas however not with a specific focus on children's services.

It is important that all partners recognise the size of the challenge ahead and that this development is one tool in how we ensure we can meet our shared challenges of increasing demand and reducing funding.

In many ways we are already developing options 1 and 2. If we are to maximise the effective use of resources then options 3 and 4 need to be developed further. As such this paper recommends further consultation and options appraisal take place regarding the development of a pooled budget.

4.11 **Next Steps**

If supported there will be considerable work needed to ensure options 3 and 4 are worked up more fully. Key actions include:

- Further more detailed consultation with key partners.
- Consultation with key stakeholders including service users.
- More detailed options appraisal as to the scope of the new fund.
- The development of a section 75 agreement across key partners.
- Agreement on the terms of reference for the governance board arrangement.
- Scoping the capacity already engaged in the commissioning arrangements and looking at options as to how it will work together.
- The development of an outcomes framework to inform the use of any pooled fund.

This report has been approved by the following officers:

Legal officer Financial officer Human Resources officer Estates/Property officer Director of Public Health Chief Operating Officer (SDCCG) Acting Director of Children's Services Service Director(s) Other(s)	Emily Feenan – Legal Team Alison Parkin – Head of Finance Liz Moore – HR Advice N/A N/A
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Appendix 1: Systemic Approach

