

Report to: EXECUTIVE CABINET

Date: 20 June 2018

Officer of Strategic Commissioning Board Kathy Roe – Director Of Finance – Tameside MBC and NHS Tameside & Glossop CCG

Subject: **TAMESIDE AND GLOSSOP COMMUNITY SERVICES CONTRACT ARRANGEMENTS WITH THE TAMESIDE AND GLOSSOP INTEGRATED CARE NHS FOUNDATION TRUST**

Report Summary: The report explains the proposed revised payment arrangements for the commissioning of community service provision by the Council and NHS Tameside & Glossop Clinical Commissioning Group across the locality from the Tameside and Glossop Integrated Care NHS Foundation Trust (ICFT). These revised payment profiles will enhance the ICFT's cashflow position and allow it to avoid interest costs of £300k per annum. The Council will be compensated by £100k per annum for its own loss of interest caused by changing the payment profile.

The change in the arrangements will help ensure more funds are retained within the local health economy to optimise improved services for residents.

Recommendations: Strategic Commissioning Board Members are recommended to APPROVE and RECOMMEND to Council that:

1. The advance payment arrangements set out in the report, which is intended to commence from 20 June 2018 for 2018/19 and from 1 April each financial year thereafter.
2. To note that Tameside Council will continue to be the host organisation and accountable body for the Section 75 pooled fund agreement.
3. That the change will, if expedient, be documented in the Section 75 and contracts between the CCG, ICFT and Council, otherwise through a separate agreement.

Financial Implications:
(Authorised by the statutory Section 151 Officer & Chief Finance Officer)

Budget Allocation	Council : £ 5.075 m CCG : £ £23.607 m Total : £ 28.682 m
Integrated Commissioning Fund Section	Section 75
Decision Body	Strategic Commissioning Board
Additional Comments The report explains the proposed arrangements for implementation from 20 June 2018 and associated financial implications. It should be noted that the annual net saving to the ICFT of these arrangements will be c £0.2m. There will however be a part year saving in 2018/19 due to implementation from the aforementioned date.	

Legal Implications: (Authorised by the Borough Solicitor)	<p>The proposal involves an advance payment for the year's community services that both the Council (£5.075m) and the CCG (£23.607m) are in contract with the ICFT for. The budget which funds the current contractual services are held in the pooled section 75 budget held and accounted for by the Council. This change will result in improved cash flow for the hospital which will result in total savings of £300K for the whole Tameside health economy as it will not be necessary for the ICFT to borrow money to cashflow existing services. The Council is obliged to demonstrate value for money. The advance will ensure the services are delivered on time and result in a reduction in costs of £100K for the benefit of the advance. This is to compensate for the loss of available capital to otherwise invest. If the Council retains the funding on the current basis given the current financial markets it would not be able to achieve such a return. The arrangement requires the necessary legal documentation to be put in place.</p>
How do proposals align with Health & Wellbeing Strategy?	<p>The Integrated Commissioning Fund supports the delivery of the Tameside and Glossop Health and Wellbeing Strategy</p>
How do proposals align with Locality Plan?	<p>The Integrated Commissioning Fund supports the delivery of the Tameside and Glossop Locality Plan</p>
How do proposals align with the Commissioning Strategy?	<p>The Integrated Commissioning Fund supports the delivery of the Tameside and Glossop Strategic Commissioning Strategy</p>
Recommendations / views of the Health and Care Advisory Group:	<p>Reported directly to the Strategic Commissioning Board.</p>
Public and Patient Implications:	<p>Service reconfiguration and transformation has the patient at the forefront of any service re-design. The overarching objective of Care Together is to improve outcomes for all of our citizens whilst creating a high quality, clinically safe and financially sustainable health and social care system. The comments and views of our public and patients are incorporated into all services provided.</p>
Quality Implications:	<p>Quality considerations are included in the re-design and transformation of all services.</p>
How do the proposals help to reduce health inequalities?	<p>The reconfiguration and reform of services within Health and Social Care of the Tameside and Glossop economy will be delivered within the available resource allocations. Improved outcomes for the public and patients should reduce health inequalities across the economy.</p>
What are the Equality and Diversity implications?	<p>Equality and Diversity considerations are included in the re-design and transformation of all services</p>
What are the safeguarding implications?	<p>Safeguarding considerations are included in the re-design and transformation of all services</p>
What are the Information Governance implications? Has a privacy impact assessment been	<p>There are no information governance implications within this report and therefore a privacy impact assessment has not been carried out.</p>

conducted?

Risk Management:

Whilst making an advanced payment can be risky when made to a third party. The ICFT is a public sector body and underwritten by the Government. Other associated risks will be managed within the Section 75 and supporting Financial Framework

Access to Information :

Background papers relating to this report can be inspected by contacting :

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1. INTRODUCTION

- 1.1. Within the Section 75 element of the Integrated Commissioning Fund, the Council and NHS Tameside and Glossop Clinical Commissioning Group (CCG) have two contracts respectively with the Tameside and Glossop Integrated Care NHS Foundation Trust (ICFT).
- 1.2. The Council's contract is to deliver community service provision across the locality. These services include :
 - The universal Healthy Child Programme 0-19 (this includes Health Visiting and School Nursing services)
 - Early Attachment Service
 - Infant Feeding
 - Family Health Mentors
 - Children's Nutrition Team
 - Falls Prevention programme
 - Infection Prevention
 - Children's Safeguarding
- 1.3. The CCG also commissions community services from the ICFT across the locality. These services include (but are not restricted to) :
 - District Nursing
 - Health Visiting
 - Physiotherapy
 - Speech & Language Therapy
 - Palliative Care (MacMillan Nurses)
 - Continence services
- 1.4. These services form part of the Council and NHS Tameside & Glossop Clinical Commissioning Group's contract with ICFT with each service having a detailed 'service specification' in place, a description of the service provided and the care offered to Tameside & Glossop residents by that service. The services each have a list of objectives and key performance indicators which are monitored by commissioners through the ICFT contract management processes. This process includes discussions relating to issues of performance and quality and enables commissioners to highlight any areas of concern and ensure these are addressed.

2. CONTRACT VALUE

- 2.1. The value of the 2018/19 Council commissioned community services contract for 2018/19 is £5.075m and is financed via the Population Health directorate revenue budget
- 2.2. The value of the 2018/19 CCG commissioned community services contract for 2018/19 is £23.607m and is financed via the CCG's core funding allocation.
- 2.3. These contracts are both accounted for within the 2018/19 Section 75 agreement of the Integrated Commissioning Fund of the Council and NHS Tameside and Glossop Clinical Commissioning Group arrangements, for which the Council is the host body
- 2.4. The Council currently pays the total contract value in advance instalments during the first quarter of the financial year. This is to support the cashflow of the ICFT and associated loan interest payments which are explained further in section 3 of the report.
- 2.5. The CCG currently pays the contract value in equal monthly instalments in line with the draw down arrangements of the annual core funding allocation.

3. FINANCIAL STATUS OF THE INTEGRATED CARE FOUNDATION TRUST

- 3.1. The ICFT is one of the hospitals defined by the Department of Health as being in “finance distress” as they have an annual deficit control total set by their regulatory body, NHS Improvement. The organisation is reliant upon cash from the Department of Health and Social Care (DHSC) in the form of loans in order to balance its books on an annual basis. The loans have to be requested on a monthly basis and interest of 3.5% is accrued from the date of draw down and paid on six monthly instalments.
- 3.2. NHS Improvement (NHSI) and the Department of Health have requested from the ICFT a monthly deficit profile, a daily cash plan and Board resolution.

4. PROPOSAL

- 4.1. The Council is fully responsible for its own cashflow and has the flexibility to alter payment terms with suppliers unlike the CCG who is governed by NHS England rules. Any such arrangements implemented by the Council are assessed against the potential risk of supplier failure and the benefits to the Council.
- 4.2. In order to reduce the value of loan interest payments incurred by the ICFT, it is proposed that the Council will commission the total value of the community services contract in 2018/19 (£28.682m) and each year thereafter in accordance with the terms of the existing Tameside MBC and NHS Tameside & Glossop Clinical Commissioning Group Section 75 agreement.
- 4.3. The Council will then pay this sum in an accelerated payment profile to be agreed with the ICFT to enable them to delay the loan drawdown and as a result reduce the value of the loan interest sum payable thereby retaining more funds within the local economy
- 4.4. The Council will be fully reimbursed for the CCG commissioned community services in line with the CCG's monthly funding drawdown profile. This arrangement will be reflected within the Section 75 agreement and supporting Financial Framework duly approved by both parties.
- 4.5. The proposal does not affect the CCG's cashflow and there are no direct financial costs or benefits to the CCG. They continue to pay their drawdown of funding from the DoH for the contract into the Section 75 pool. However, this arrangement benefits the wider health economy by saving the ICFT interest costs which can be invested in service delivery for the benefit of Tameside residents.

5. ESTIMATED FINANCIAL SAVINGS

- 5.1. This arrangement would enable the ICFT to make an annual gross saving of c£0.3m per annum in reduced loan interest payments, by deferring the date of the draw down of loans by the ICFT from the DoH. The ICFT is expected to have an in year deficit of more than £20m, for which it has to borrow. For illustrative purposes the deferring the drawdown by around 5 months would save around £0.3m on a straightline basis.
- 5.2. The Council, by making the advanced payment will lose some of its investment income on those balances which is estimated to be at 0.9%, which over the course of the year based on the revised cashflows would cost around £0.1m. It has therefore been agreed that in exchange for making the advanced payment, the contract value is reduced by £0.1m which will be retained by the Council to compensate it for the lost of interest.

- 5.3. It should be noted there will be part year saving implications in 2018/19 of this arrangement as it will commence on 20 June 2018 once approval is in place.

6. RECOMMENDATIONS

- 6.1. As detailed on the report cover.