THE INTEGRATION TRANSFORMATION FUND: NEXT STEPS

Relevant Board Member(s)	Councillor Philip Corthorne
Organisation	London Borough of Hillingdon
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Papers with report	None

1. HEADLINE INFORMATION

Summary	This report provides an overview of a potential approach to prepare for and respond to the Government's emerging proposals on integrated care and, in particular, the £3.8bn national Integration Transformation Fund (ITF). It is anticipated that local areas will be required to submit plans on behalf of their Health and Wellbeing Boards to the ITF early in 2014.
Contribution to plans and strategies	Joint Health & Wellbeing Strategy
Financial Cost	None directly from report.
Relevant Policy Overview & Scrutiny Committee	N/A
Ward(s) affected	All

2. RECOMMENDATION

That the Sub-Committee instructs officers and partners to consider the ITF guidance as it is issued from Government and to prepare evidence to form a potential plan. This should include mapping existing integration activity and developing outline proposals for future integration, to report back at a further meeting of the Sub-Committee in December 2013.

3. INFORMATION

3.1. Reasons for recommendations

To enable preparation of a Hillingdon response to the ITF within anticipated timescales set by Government**.**

Supporting Information

At its meeting on 27 August 2013, Hillingdon's Health and Wellbeing Board Sub-Committee considered its approach to closer working and integration. It was noted that the proposed Integration Transformation Fund would require local areas to prepare evidence and submit

plans to claim money from the fund. Thereafter, areas would also be required to demonstrate progress towards integrated care to apply for reward funding from later in 2014/15.

Indications are that further guidance and a pro-forma will be issued by Government shortly.

Financial Implications

There are no direct financial implications arising specifically from this paper. The integration of health and social care will have financial implications including offering opportunities for efficiencies, access to funding streams and potential costs and risks associated with new approaches.

Legal Implications

None at this stage but as integration opportunities are pursued, legal advice will be required.

4. BACKGROUND PAPERS

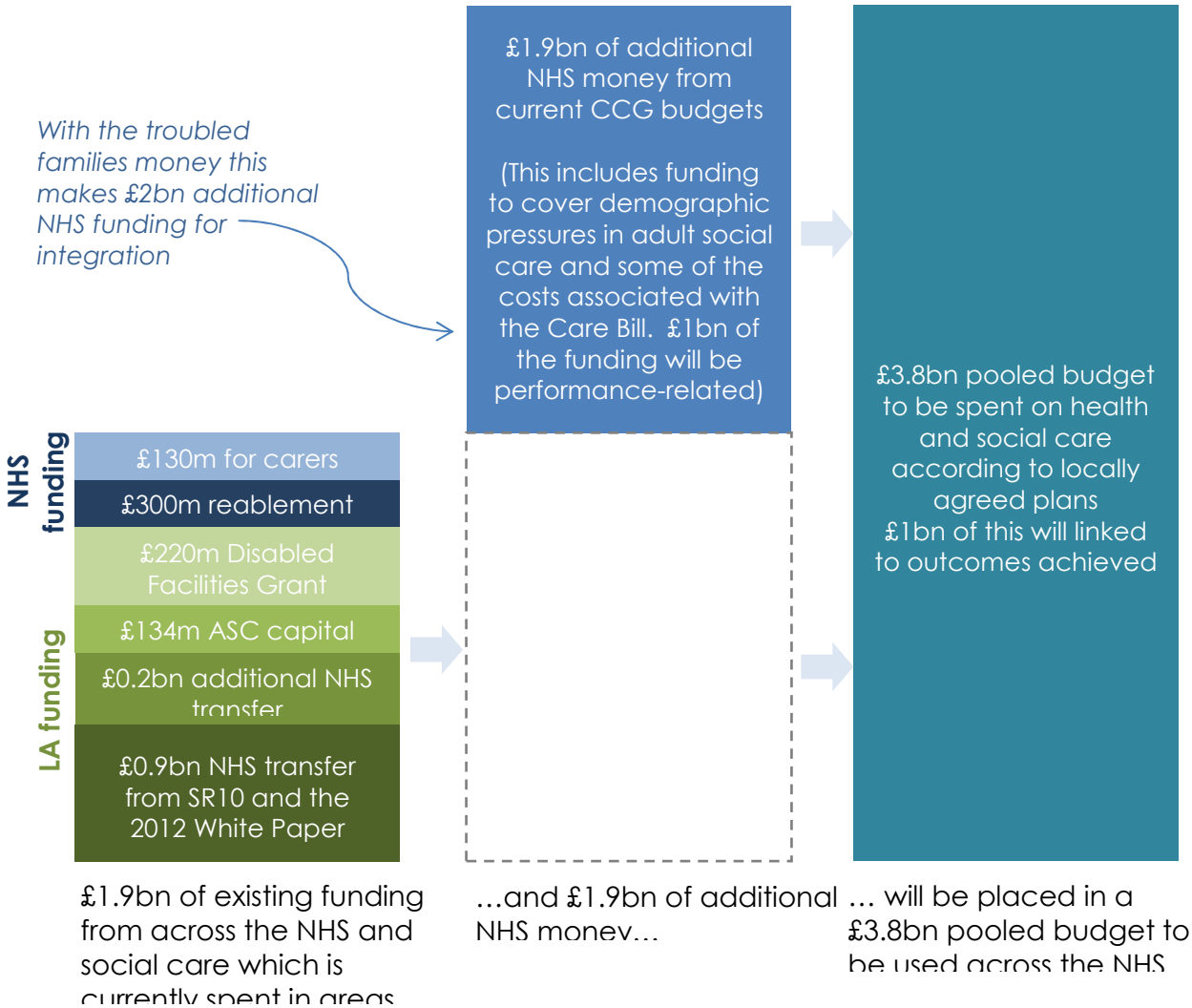
The Spending Round 2013 announced a pooled budget of £3.8 billion nationally for local health and care systems in 2015/16. This is now being referred to as the "Integration Transformation Fund". The exact process for applying for the fund is yet to be announced but it is expected that there will be a pro-forma inviting local areas to demonstrate evidence as to how they are currently working together on integration and their aspirations for doing so moving forwards.

4.1 What is the Integration Transformation Fund for?

The Government's stated goal is to get local health and care partners to work more closely, through creating a pooled budget in every area. This follows the publication of the National Vision on health and care integration, which defined integration from the perspective of the individual. The fund is intended to support an increase in the scale and pace of integration. It is also a mechanism for promoting joint planning.

4.2 Where does the money come from?

In reality, little of the £3.8bn is new money. The fund is made up as follows:



The additional £1.9 billion NHS funding will be drawn from current CCG budgets. Given existing demographic pressures and efficiency requirements, CCGs are likely to have to make cuts in existing services to release this money. Although the basis on which this will be taken from individual CCGs is not yet clear, as an initial rough planning guide, CCGs have been advised to start considering how to free up around £10 million each.

In addition to this £3.8bn, DCLG has included £188m in the overall grant settlement for local authorities for pressures from the closure of the Independent Living Fund and £285m for the introduction of deferred payments from April 2015 and the transition to the capped cost funding policies flowing from the Dilnot report that will take effect from April 2016 once the Care Bill has been passed into law. The NHS has also contributed £70m to the Troubled Families programme.

The Spending Round also announced a further £200m transfer from the NHS to social care in 2014/15, in addition to the £900m already committed.

4.3 How the funding will come to local areas?

It is expected that the 2015/16 funding will be a pooled budget between local authorities and CCGs. CCGs will use funds from their normal allocation to create it.

This means that there will be ***no automatic transfers of any funding to boroughs***, as has been the case with the NHS c.£900m annual transfers in recent years (s256 transfers). However, it will be possible for money to be transferred to councils by local agreement, as part of local plans.

The basis for determining local shares of the £3.8bn has not yet been decided. However, it has been suggested that the ***same broad splits as used for the s256 allocations is a reasonable planning proxy*** for most of the funding.

DCLG is specifically considering how to handle the Disabled Facilities Grant capital element of the fund allocations, in the light of local authorities' statutory responsibilities.

4.4 Two year plans

Access to the Integration Transformation Fund in 2015/16 will be dependent on agreement of a local 2-year plan for 2014/15 and 2015/16. ***The plans will need to be agreed by March 2014.***

As well as covering the way in which the Integration Transformation Fund will be used locally in 2015/16, the plans will also need to ***set out how the £200m additional transfer to local authorities in 2014/15 will be used to make progress on priorities and build momentum.***

The plans will need to be jointly agreed between key partners – as well as local authorities and CCGs, this will include local clinicians. ***Health and Wellbeing Boards will have to sign off the plans.***

As well as being locally agreed, Ministers have decided that they will oversee and sign off the plans (DH, DCLG and HM Treasury Ministers all have an interest in this). The LGA and NHS England are developing proposals about how this can be done in an efficient and proportionate way. NHS England's role in either local or national agreement has not yet been clarified.

Joint LGA/NHS England guidance has been published clarifying that the plans should be developed in the context of:

- local joint strategic plans;
- other priorities set out in the NHS Mandate and NHS planning framework due out in November/December 2013 (CCGs will be required to develop medium term – currently expected to be 3-5 years – strategic plans as part of the NHS Call to Action); and
- the announcement of integration pioneer sites in October, and forthcoming integration roadshows.

4.5 The broad timetable for the plans is:

October 2013	Initial local planning discussions and further work nationally to define conditions etc.
November/December 2013	NHS Planning Framework issued
December 2013 to January 2014	Completion of plans
March 2014	Plans assured by Ministers

4.6 Conditions for the plans

Indications are that funding will only be given on the ***condition that services are commissioned jointly and seamlessly between the CCG and councils***, on the basis of their agreed local plan.

The following national conditions will need to be addressed in local plans:

- plans to be jointly agreed;
- protection for social care services (not spending);
- as part of agreed local plans, 7-day working in health and care to support patients being discharged and prevent unnecessary admissions at weekends;
- better data sharing between health and social care, based on the NHS number (it is recognised that progress on this issue will require the resolution of some Information Governance issues by the Department of Health);
- ensure a joint approach to assessments and care planning;
- ensuring that, where funding is used for integrated packages of care, there will be an accountable professional;
- risk-sharing principles and contingency plans if targets are not met – including redeployment of funding if local agreement is not reached; and
- agreement on the consequential impact of changes in the acute sector.

4.7 How will the £1bn performance-related element work?

As part of their plans, local areas will need to set outcome goals and monitor delivery against these during 2014/15 and 2015/16. £1bn of the total fund will be based on achievement of these goals. This funding is likely to be unlocked in two tranches – half ***in April 2015 on the basis of performance in 2014/15, and the second half in autumn 2015 on the basis of performance in the first part of the financial year***.

The outcome measures will be a mix of national requirements and local choice. ***The national requirements are yet to be determined, but early discussions include, for example, delayed discharges.***

4.8 Delivery through Partnership

Both CCGs and local authorities need to recognise the challenges they face and work together to address them. These challenges include:

1) Finding the extra NHS investment required – CCGs are likely to have to redeploy funds from existing NHS services. It is critical that CCGs and local authorities engage health care providers to assess the implications for existing services and how these should be managed.

2) Protecting adult social care services – although the emphasis of the ITF is rightly on a pooled budget, flexibility must be retained to allow for some of the fund to be used to offset the impact of the funding reductions overall. This will happen alongside the on-going work that councils and health are currently engaged in to deliver efficiencies across the health and care system.

3) Targeting the pooled budget to best effect – the conditions set by Government have made it clear that the pooled funds must deliver improvements across social care and the NHS. Robust planning and analysis will be required to i) target resources on initiatives that will have the biggest benefit in terms of outcomes for residents and ii) measure and monitor their impact.

4) Managing the service change consequences – the scale of investment CCGs are required to make into the pooled budget cannot be delivered without service transformation. The process for agreeing the use of the pooled budget must therefore include an assessment of the impact on acute services and agreement on the scale and nature of changes required.

4.9 Issues that still need to be resolved

There are a range of issues that still need to be clarified on which the Government, LGA, NHS England and other national partners are working. These include:

- allocation of funds;
- national conditions, including definition, metrics and application (including whether the performance-related element of the funding will be based on 'all-or-nothing' achievement of outcomes);
- risk-sharing arrangements;
- assurance arrangements for national sign-off of the plans and subsequent monitoring; and
- analytical support, e.g., shared financial planning tools and benchmarking data packs.

4.10 Preparing for the ITF in Hillingdon

Given the timescale for the preparation and agreement of plans, it is important we make progress in mapping the current position and in developing potential local plans. Some of the issues that we should start considering are:

- the basis that existing local plans and priorities – joint and individual – provide a starting point for their Integration Transformation Fund plan, and early identification of further analytical needs and joint strategy development so these can be got underway as soon as possible.

- the implications of the way the fund has been drawn together on current planning and budgeting intentions, e.g., in CCGs the need to free up the additional money to put into the fund and for local authorities the need to recognise that the s256 monies will no longer form an automatic transfer.

- the process for developing the plan and securing local sign-off, including through the Health and Wellbeing Board. Hillingdon's Board meets on 5 December 2013 and then 6 February 2014.

In Hillingdon, good examples of integration are already in place, for example in the Integrated Care Pilot work, through reablement and in rapid response.

The Sub-Committee is, therefore, recommended to direct officers to explore these issues in more detail and, in light of emerging guidance, to report back to a further meeting of the Sub-Committee in December 2013.