Meeting: Strategic Commissioning Board			
Meeting Date	07 December 2019	**Action**	Approve
Item No	13	**Confidential / Freedom of Information Status**	No
Title	LCO Service and Infrastructure Costs		
Presented By	M Woodhead and W Blandamer		
Author	M Woodhead		
Clinical Lead	n/a		
Council Lead	Cllr O'Brien		

Executive Summary

Bury LCO lead several transformation schemes on behalf of the Health and Care system. The "Transformation Fund and LCO Management Costs 2021/22 Onwards" paper (Appendix 1) sets out a position regarding those transformation schemes and related management costs. The funding source for these schemes is at risk. However, these services are considered critical to the health and care system and the LCO has requested that the OCO support a decision to give staff contractual security to:

- prevent a hemorrhaging of staff on temporary contracts resulting in operational difficulties; and
- maintain and build upon demonstrable system benefits delivered by the schemes.

There are financial risks to continuing the schemes (i.e. the potential for unfunded recurrent costs). These risks cannot be fully resolved or mitigated before the end of January 2021 at the very earliest. However, there are also significant financial and operational risks to terminating the schemes (loss of financial and quality benefits, knock-on impact across the wider system and transformation programme, etc.)

A commitment is therefore required, at risk – with that risk to be managed and mitigated by all system partners over the ensuing months in line with the principles of integrated working and system-wide collaboration.

Recommendations

SCB is asked to:

- note the contents of this report and the risks and benefits of each option;
- support option 3, recognising the financial risk that this entails for the OCO and the wider system

Links to Strategic Objectives/Corporate Plan	Choose an item.

Does this report seek to address any of the risks included on the Governing Body / Council Assurance Framework? If yes, state which risk below:	Choose an item.
Financial sustainability risks	

Implications						
Are there any quality, safeguarding or patient experience implications?	Yes	☒	No	☐	N/A	☐
Has any engagement (clinical, stakeholder or public/patient) been undertaken in relation to this report?	Yes	☒	No	☐	N/A	☒
Have any departments/organisations who will be affected been consulted ?	Yes	☒	No	☐	N/A	☐
Are there any conflicts of interest arising from the proposal or decision being requested?	Yes	☐	No	☐	N/A	☒
Are there any financial implications?	Yes	☒	No	☐	N/A	☐
Are there any legal implications?	Yes	☒	No	☐	N/A	☐
Are there any health and safety issues?	Yes	☐	No	☐	N/A	☒
How do proposals align with Health & Wellbeing Strategy?						
How do proposals align with Locality Plan?	The proposals are in line with the transformational objectives and schemes laid out in the Bury Locality Plan					
How do proposals align with the Commissioning Strategy?	As above					
Are there any Public, Patient and Service User Implications?	Yes	☒	No	☐	N/A	☐
How do the proposals help to reduce health inequalities?	The transformation schemes referred to in this paper help to address health inequalities, as discussed in the Bury Locality Plan					
Is there any scrutiny interest?	Yes	☒	No	☐	N/A	☐
What are the Information Governance/ Access to Information implications?						
Is an Equality, Privacy or Quality Impact	Yes	☒	No	☐	N/A	☐

Implications						
Assessment required?						
If yes, has an Equality, Privacy or Quality Impact Assessment been completed?	Yes	☐	No	☒	N/A	☐
If yes, please give details below:						
If no, please detail below the reason for not completing an Equality, Privacy or Quality Impact Assessment:						
Impact assessments will only be required if option 1 (terminating schemes) is chosen.						
Are there any associated risks including Conflicts of Interest?	Yes	☐	No	☐	N/A	☐
Are the risks on the CCG /Council/ Strategic Commissioning Board's Risk Register?	Yes	☐	No	☐	N/A	☐
Additional details	*NB - Please use this space to provide any further information in relation to any of the above implications.*					

Governance and Reporting		
Meeting	**Date**	**Outcome**
Add details of previous meetings/Committees this report has been discussed.		

LCO Service and Infrastructure Costs

1. Introduction

1.1. The “Transformation Fund and LCO Management Costs 2021/22 Onwards” paper (Appendix 1) was produced by LCO colleagues and sets out a position regarding LCO-run transformation schemes and related management costs.

1.2. The funding source for these schemes is at risk. However, these services are considered critical to the health and care system and the LCO has requested that the OCO support a decision to give staff contractual security to:

- prevent a haemorrhaging of staff on temporary contracts resulting in operational difficulties; and
- maintain and build upon demonstrable system benefits delivered by the schemes.

2. Background

2.1. Bury locality was awarded £19.5m of NHS transformation funding in 2016 to help deliver the ambitions of the Bury Locality plan. Funding was allocated to a programme of transformational schemes, recognising the costs of:

- enabling and setting up schemes; and
- double running some services for a period to take account of the time lag for benefits to be realised

2.2. Transformation funding was given non-recurrently and was due to run out in Bury by September 2021. By that point, the locality partners would need to evaluate schemes and decide on whether to:

- continue the schemes because they were shown to be self-financing (in terms of being cash releasing or cost avoidance);
- revise the schemes but continue, on the basis that the schemes could become self-financing with modifications; or
- end the schemes.

2.3. The COVID-19 pandemic has impacted transformation schemes in several ways. The work of key transformation schemes has been significantly slowed during the initial phases of the COVID-19 response. At the same time, the NHS funding regime has been dramatically changed and transformation funding ceased. It is not yet clear whether Bury’s remaining transformation funds will be made available in 2021/22, but the CCG has secured equivalent funding for the remainder of 2020/21.

2.4. The risk around the future of transformation funding, alongside the unavoidable delays in progressing the schemes during the pandemic and the knock-on effect on evaluation timescales, means there is now an urgent need to make decisions on staff contracts if the locality is to maintain the teams listed in the following table:

Scheme	Staffing Model Est WTE	Total LCO Funding requirement £
Rapid Response	28.50	1,621,000
Integrated Neighbourhoods	20.20	1,170,000
Intermediate Care	39.00	1,589,000
Falls	5.50	213,992
Palliative Care	3.60	187,763
Business Support	8.50	435,675
Management	4.70	446,361
Total LCO and PMO Costs	**13.20**	**882,036**
Total	**110.00**	**5,663,791**

Note: the business support and management teams above have been subjected to a £0.3m reduction versus original 2020/21 plans.

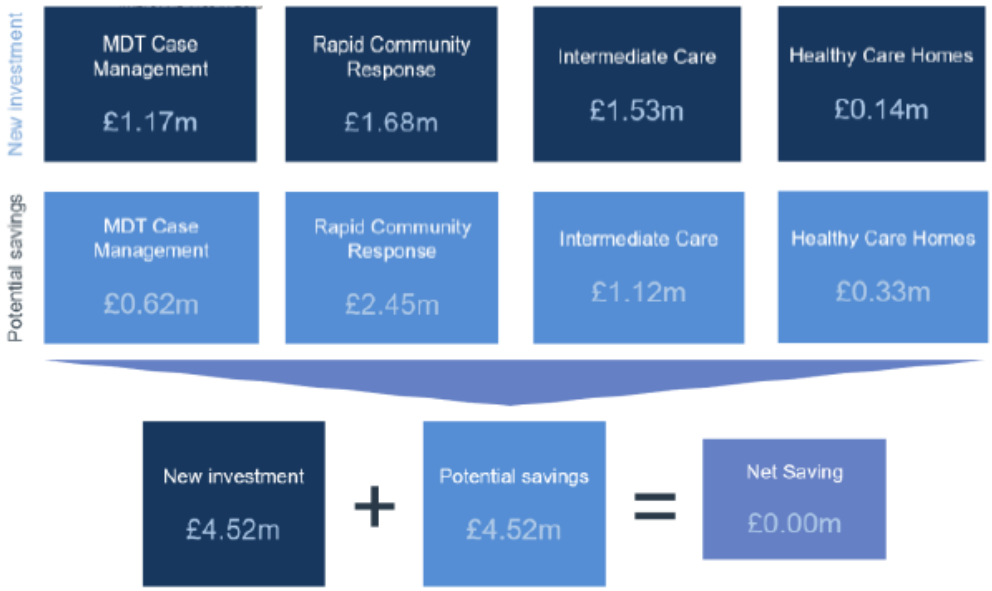
3. Benefits and Options

3.1. Appendix 1 includes details of the current and projected benefits of the 3 main schemes. Financial benefits mainly relate to avoidance and reductions of A&E attendances, non-elective hospital admissions, and residential care placements. It is very difficult to accurately measure and allocate benefits to specific schemes because there is a high level of inter-dependency across the whole transformation programme and, of course, wider system initiatives also deliver benefits in the same areas. However, LCO monitoring data indicates that the original plan, shown in the figure 1, in on course to be bettered.

3.2. The paper at Appendix 1 has been considered at both the LCO Management Board and the CCG Finance, Contracting and Procurement Committee in the last 2 weeks. The paper considers 3 options:

- Option 1: terminate schemes
- Option 2: continue schemes and extend staff contracts by 12 months
- Option 3: continue schemes and put staff on substantive contracts

Figure 1:



3.3. The LCO Management Board and the CCG Finance, Contracting and Procurement Committee both supported Option 3. The rationale for that support was:

- these transformation schemes are critical to the objectives and ambitions laid out in the Locality Plan and Bury 2030, therefore option 1 (terminate the schemes) is not supported;
- there is evidence that they are on track to deliver significant system benefits;
- given the evidence that we already have, it is highly unlikely that any of the schemes would be terminated on evaluation – they are far more likely to be refined/revised;
- there is little to gain from option 2, i.e. extending staff contracts by 12 months, during which most of them would accrue permanent employment rights in any case.

4. Risk Exposure and Mitigations

4.1. Around £5.2m of the £5.7m costs are staff costs, the remainder being non-pay costs. The contracts for those staff currently sit with the NCA (£3.5m), Bury Council (£1.1m) and the GP Federation (£0.3m) and other organisations (£0.3m).

4.2. Neither the LCO or OCO partners have an identified budget or source of funding for these staff from 1 April 2021 if Transformation Funding isn't reinstated. Benefits delivered to date have already been reflected in current OCO budgets.

4.3. Ending the schemes reduces recurrent costs and avoids increasing potential redundancy liabilities. However, this would have a significant impact upon urgent care, adult social care, primary care, intermediate care and other community services and would:

- impact on achievement of targets around A&E, hospital admissions and residential care placements, resulting in increased costs elsewhere in the system

- reduce the quality of patient/service user care
- risk reputational damage to the locality
- result in a loss of staff knowledge and expertise to the Bury system
- result in 39 w.t.e. staff needing to be either redeployed or made redundant

4.4. Continuing the schemes and the staff beyond 1 April increases potential redundancy costs (if at some point schemes are ended/downsized) and requires a source of funding. However, it also:

- maintains and builds on current system benefits including substantial financial savings and cost avoidance;
- maintains and builds on current standards of patient care and developed pathways;
- provides permanency to staff and the system and increases likelihood of knowledge and expertise remaining within the Bury Health and Social Care system;
- continues the schemes supporting urgent care, adult social care, primary care, intermediate care and other community services;
- maintains system commitment to these priority schemes in line with Bury Locality Plan and Bury 2030.

4.5. There is unlikely to be any certainty around the availability of Transformation Funding or the scope and quantum of CCG funding until the end of January (and possibly longer). If SCB supports the recommendation of the LCO Board and the CCG Finance, Contracting and Procurement Committee, i.e. to go with Option 3 and continue schemes with staff on substantive contracts, this means the OCO agreeing to carry some system risk, along with LCO partners, until funding options are clarified at the end of the current financial year. If any risks materialise, potential mitigations will include:

- finding additional savings in other services (through a prioritisation process);
- using savings if/where transformation benefits exceed current plans;
- finding alternative funding sources;
- absorbing costs elsewhere in the system (e.g. by transferring skilled staff to other services).

4.6. The extent to which risk materialises as part of an OCO overspend in the Integrated Care Fund, the CCG and Bury Council would agree to share that impact equally. This is in line with the system wide approach to Health and Care and the Integrated Care Fund arrangements.

5. Recommendation

5.1. SCB is asked to:

- note the contents of this report and the risks and benefits of each option;
- support option 3, recognising the financial risk that this entails for the OCO and the wider system.

Mike Woodhead
Joint CFO
3 December 2020

NHS
Bury
Clinical Commissioning Group

Meeting: Finance, Contracting and Procurement Committee			
Meeting Date	19 November 2020	**Action**	Receive
Item No.	5	**Confidential**	No
Title	Transformation Fund & LCO Management Costs 2021/22 onwards		
Presented By	Simon O'Hare, Interim Deputy CFO		
Author	Simon O'Hare, Interim Deputy CFO Mui Wan, Associate Director of Finance, Bury LCO Caroline Beirne, Associate Director of Workforce, Bury LCO		
Clinical Lead			

Executive Summary

Bury locality had £19.5m of transformation funding approved in 2016 to deliver the ambitions of the locality plan. In 2020/21 there are 3 primary remaining schemes:

- Integrated Neighbourhood Teams
- Rapid Response; and
- Intermediate care

These have been formally recognised by senior system leaders as a key priority, alongside LCO management costs, Falls and Palliative Care. Within original Locality financial plans, this funding ceases in September 2021. However, during the pandemic Transformation Funding has ceased and staff resources have been redeployed. This had resulted in slippage to the implementation and evaluation of schemes and risks to the ongoing stability and funding of priority services.

This paper gives an overview of the benefits these transformation schemes have brought, options for the future and the benefits and risks associated with these options.

The current annual cost of the schemes being considered is £4.78m and the LCO management costs are £0.88m, giving a total funding requirement of £5.66m. The staff associated with this are employed in a variety of ways, these being secondment, fixed term contract and permanent contract; the majority being employed via secondment. Staff employed on a fixed term or secondment basis for more than 2 years have the same rights as permanent staff with regard to redundancy and this is significant in considering the future options for the service.

The options for the future are:

1. Do not continue the schemes
2. Extend for 12 months
3. Make all post permanent

The benefits and disbenefits of each option are discussed within the paper.

The preferred option from both LCO and OCO partners is option 3 to fund the schemes and

LCO management costs recurrently, to mainstream these services and prevent destabilisation at this crucial time. If doing so creates a system financial pressure, then cost reductions would need to be sought in other services. Regarding management costs, there is no capacity within existing substantive structures to absorb this workload.
Recommendations
The Finance, Contracting and Procurement Committee is asked to: • Note the contents of this report, options and recommendation • Recommend a preferred option to both System Board and Strategic Commissioning Board.

Links to CCG Strategic Objectives	
SO1 People and Place To enable the people of Bury to live in a place where they can co-create their own good health and well-being and to provide good quality care when it is needed to help people return to the best possible quality of life	☒
SO2 Inclusive Growth To increase the productivity of Bury's economy by enabling all Bury people to contribute to and benefit from growth by accessing good jobs with good career prospects and through commissioning for social value	☐
SO3 Budget To deliver a balanced budget	☒
SO4 Staff Wellbeing To increase the involvement and wellbeing of all staff in scope of the OCO.	☐
Does this report seek to address any of the risks included on the Governing Body Assurance Framework? If yes, state which risk below:	
GBAF	

Implications						
Are there any quality, safeguarding or patient experience implications?	Yes	☐	No	☐	N/A	☒
Has any engagement (clinical, stakeholder or public/patient) been undertaken in relation to this report?	Yes	☐	No	☐	N/A	☒
Have any departments/organisations who will be affected been consulted?	Yes	☐	No	☐	N/A	☒
Are there any conflicts of interest arising from the proposal or decision being requested?	Yes	☐	No	☐	N/A	☒
Are there any financial Implications?	Yes	☐	No	☐	N/A	☒
Has an Equality, Privacy or Quality Impact Assessment been completed?	Yes	☐	No	☐	N/A	☒
Is an Equality, Privacy or Quality Impact	Yes	☐	No	☐	N/A	☒

Assessment required?						
Are there any associated risks including Conflicts of Interest?	Yes	☐	No	☐	N/A	☒
Are the risks on the CCG's risk register?	Yes	☐	No	☐	N/A	☒

Transformation Fund and LCO Management Costs 2021/22 onwards

1.0 Introduction

Bury locality had £19.5m of transformation funding approved in 2016 to deliver the ambitions of the locality plan. In 2020/21 there are 3 primary remaining schemes, Integrated Neighbourhood Teams, Rapid Response and Intermediate care, which have been agreed on a number of occasions by senior system leaders as a key priority, alongside LCO management costs, Falls and Palliative Care. Within original financial plans, this funding ceases in September 2021. This paper gives an overview of the benefits these schemes have brought, options for the future and the benefits and risks associated with these options.

2.0 Background

Under the Greater Manchester Devolution agenda, Bury Locality, along with all other GM localities, was allocated monies to spend on transformational change in line with the aims and ambitions of the locality plan, initially developed in 2016. The Locality (via the CCG) was allocated £19.5m and this was prioritised to be spent on developing enhanced community services, reducing urgent care activity and costs and trialing small scale community and public health interventions.

In September 2019, due to delays in mobilisation, a system wide re-prioritisation process took place which made decisions to extend funding for Integrated Neighbourhood Teams, Rapid Response and Intermediate Care, alongside the LCO management costs, falls and palliative care. This was done to give these services 24 months funding to deliver their anticipated outcomes. Within this timescale, an evaluation process was built in, with assessment and decision making in March 2021, allowing 6 months' notice to be given (if deemed appropriate) for contracts ending in September 2021.

3.0 Evidence Base

3.1 The field of integrated care is relatively new in research terms, however two studies published this year are relevant in progressing understanding, and also consider long term outcomes.

3.2 The first study is a meta-analysis of the international literature by the International Foundation of Integrated care (Costs and effects of integrated care: a systematic literature review and meta-analysis, Rocks et al, June 2020, EJHE). This analysis is the first collation of the literature to review the findings related to both outcomes, and financial impact. In summary the review found:

- The results indicate that integrated care was associated with lower costs and improved outcomes compared with usual care, especially in studies with a follow-up period over a year
- studies with an extended follow-up period are more likely to capture long-term reductions in cost that may negate and surpass the initial investment in developing and implementing integrated care

3.3 The second study by The Health Foundation entitled The long-term impacts of new care models on hospital use; an evaluation of the integrated care transformation Programme in mid-Nottinghamshire. The study takes place over 6 years and a combination of integration programmes, not dissimilar to Bury. Key points :

• The ICTP programme contained several interventions, which including integrated care teams; a 24/7 care navigation service; a home support service that aimed to bridge the gap between acute and community services; an acute home visiting service; a proactive home care service providing integrated care in a care home setting; the introduction of an ambulatory and emergency care unit; a programme to streamline elective referrals.

• Evaluation considered the overall impact of these interventions over a 6-year period between April 2013 and March 2019..

• In the first 2 years of the programme, rates of A&E visits were higher in Mid-Nottinghamshire than the synthetic control area, by 3.9% in 2013/14 and 5.4% in 2014/15. After 2 years the trends reversed, and by year 6 (2018/19) the Mid-Nottinghamshire population was experiencing 4.3% fewer A&E visits than the synthetic control area. This is equivalent to 14.2 fewer A&E visits per 10,000 people per month.

• Mid-Nottinghamshire also began to see fewer emergency hospital admissions: by the last year of our study there were 6.7 fewer of these per 10,000 people per month in Mid-Nottinghamshire than the synthetic control area (a 6.4% difference). During the last 2 years there was a significant drop in the number of hospital admissions for urgent care sensitive conditions

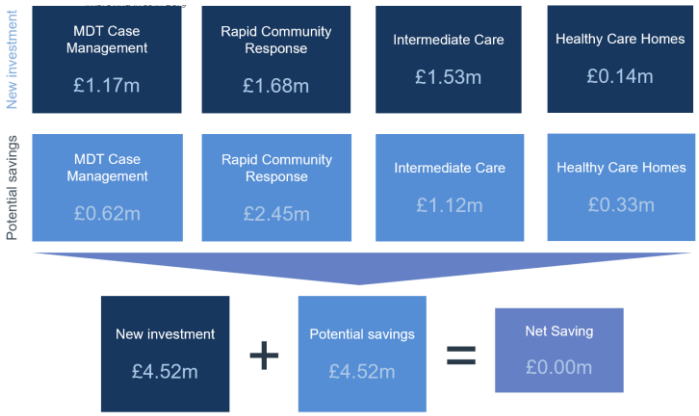
• From the third year, the length of overnight emergency hospital stays was shorter in Mid-Nottinghamshire than the synthetic control area, and the number of 30-day emergency admissions was also lower.

• The evaluation, provides promising evidence that integrated care programmes have the potential to reduce hospital use over the long term, even if there are increases in the shorter term. Our results emphasise the importance of being realistic about how long it will take to see results and that early assessment of impacts risks erroneous conclusions that may lead policymakers to question or abandon potentially effective initiatives.

4.0 Impact of these services

The diagram below shows the original investment agreement for the Programme 6 Transformation Schemes. It recognises that although some schemes do not deliver savings

over above the new investment individually, the combined savings would cover the combined investment.



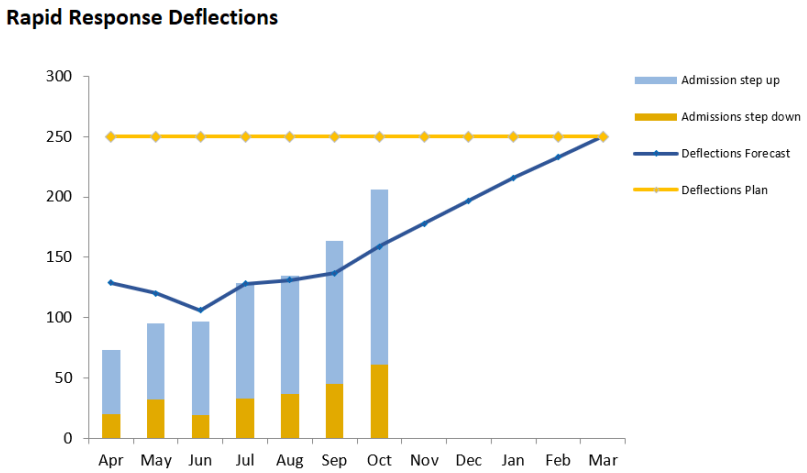
4.1 Rapid Response

The draft methodology for Rapid Response (RR) deflections is summarised below. This shows the link between the additional staff resource to additional capacity and to forecast activity deflections.

Rapid Response
Each assessor (AHP Nurse SW 16wte) to manage 3.5 caseloads
56 per week
2912 per year
242 per month

Rapid Response Deflections
Assume 80% step up which will be a A&E & NEL admission avoided
45 per week
2330 per year
194 per month
£47k per week
£2,451k per year
£204k per month

The forecast expected caseload of the new RR team is 242 per month. 80% of this activity is expected to be stepped up from the community. Had this service not been in place it is expected that these patients would have attended A&E and been admitted for tests.
The graph below shows the trajectory of the capacity being ramped up between April 2020 and March 2021. It is expected that by March 2020, the service will be operating at its full capacity. It also shows the actual activity levels in October of 204 referrals. This is above the forecasted trajectory.



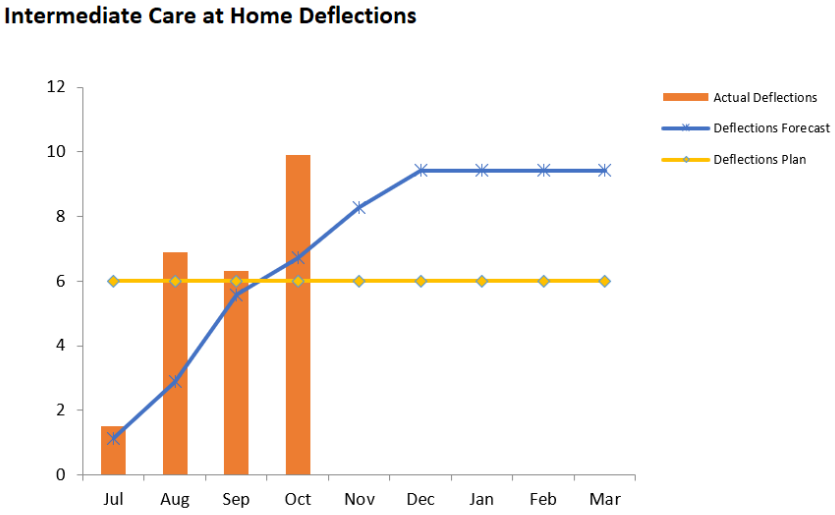
4.2 Intermediate Care

The draft methodology for Intermediate Care deflections is summarised below. This shows the link between the additional staff resource to additional capacity and to forecast activity deflections.

Intermediate Care
Each assessor (AHP Nurse SW 15wte) to manage 6 caseloads
15 per week
780 per year
65 per month

Intermediate Care Deflections
Currently 36% step down. Assume 30% of these would have had a residential care package
1.5 per week — £23k per week
78 per year — £1,170k per year
6.5 per month — £98k per month

The forecast capacity of the Intermediate Care at Home team is 65 patients per month. It assumed that 36% of these patients will be stepped down from acute. A further 30% would have gone straight into a residential care placement had this provision not been in place. Therefore savings from IMC at home is from residential care placements commissioned by Bury MBC.



The graph below shows the trajectory of the capacity being ramped up between July and March 2020. It is expected that by March 2020, the service will be operating at its full capacity. It also shows the actual activity levels in October of 204 referrals. This is above the forecasted trajectory.

4.3 INT

Savings from Active Case Management have been calculated by looking at acute data for patients that have gone through the ACM process. The activity level 12 months prior to the ACM referrals has been compared to the acute data 12 months post ACM referral. The latest data where 274 patients were reviewed is shown below

Neighbourhood	gp_practice_desc	Values PrePost / Sum of ACTMON / Pre AE	Pre EM	Post AE	Post EM	ACTIVITY TYP / Sum of COSTMON / Pre AE	Pre EM	Post AE	Post EM
East	HUNTLEY MOUNT MEDICAL CENTRE	0.75	0.17	1.08	0.33	£79	£417	£157	£1,134
	KNOWSLEY MEDICAL CENTRE	1.33	0.92	1.17	0.92	£220	£2,820	£158	£1,840
	MINDEN FAMILY PRACTICES - DR SAXENA	4.92	2.08	3.08	0.83	£665	£3,167	£462	£1,007
	PEEL GPS	2.58	1.83	1.75	1.00	£422	£5,308	£275	£3,156
	RIBBLESDALE MEDICAL PRACTICE	0.25	0.25	0.08	0.08	£43	£1,187	£14	£961
	ROCK HEALTHCARE LIMITED	10.17	1.67	6.33	1.58	£1,127	£2,941	£839	£5,293
	TOWNSIDE SURGERY	1.92	1.00	1.00	0.50	£300	£2,160	£177	£1,793
	WALMERSLEY ROAD MEDICAL PRACTICE	1.00	0.50	0.08	0.08	£151	£1,302	£14	£327
East Total		**22.92**	**8.42**	**14.58**	**5.33**	**£3,007**	**£19,302**	**£2,097**	**£15,510**
North	RAMSBOTTOM MEDICAL PRACTICE	2.92	0.67	2.50	0.50	£328	£2,398	£307	£1,377
	TOWER FAMILY HEALTHCARE	16.17	8.75	9.00	5.67	£2,332	£17,983	£1,482	£14,394
	WOODBANK SURGERY	0.33	0.42	1.17	0.83	£47	£1,117	£209	£2,726
	GARDEN CITY MEDICAL CENTRE	0.17	0.17	0.17	0.17	£24	£437	£29	£136
North Total		**19.58**	**10.00**	**12.83**	**7.17**	**£2,732**	**£21,934**	**£2,027**	**£18,633**
Prestwich	FAIRFAX GROUP PRACTICE	3.33	1.67	1.00	0.67	£471	£1,667	£189	£1,039
	LONGFIELD MEDICAL PRACTICE	1.67	0.58	2.08	0.58	£231	£928	£306	£316
	ST GABRIEL'S MEDICAL CENTRE	1.58	0.75	1.25	0.92	£239	£2,344	£203	£2,338
	THE BIRCHES MEDICAL CENTRE	0.42	0.08	0.08	0.00	£51	£0	£14	£0
	WHITTAKER LANE MED CENTRE	2.17	0.58	3.67	1.00	£285	£789	£576	£1,325
Prestwich Total		**9.17**	**3.67**	**8.08**	**3.17**	**£1,277**	**£5,727**	**£1,288**	**£5,017**
West	MILE LANE HEALTH CENTRE	5.58	1.33	4.75	1.67	£680	£2,559	£669	£1,806
	MONARCH MEDICAL CENTRE	14.17	1.42	10.25	1.75	£1,381	£1,977	£1,229	£2,103
	RADCLIFFE MEDICAL PRACTICE	9.92	3.08	7.25	2.83	£1,286	£6,840	£1,015	£5,668
	RED BANK GROUP PRACTICE	8.50	4.50	4.25	2.50	£1,127	£10,659	£625	£4,122
West Total		**38.17**	**10.33**	**26.50**	**8.75**	**£4,475**	**£22,035**	**£3,538**	**£13,700**
Whitefield	BLACKFORD HOUSE MEDICAL CENTRE	2.42	1.58	2.08	0.92	£377	£3,316	£337	£1,099
	THE ELMS MEDICAL CENTRE	0.75	0.42	1.50	1.00	£128	£1,368	£254	£4,396
	THE UPLANDS MEDICAL PRACTICE	0.33	0.08	0.50	0.33	£57	£75	£118	£672
	UNSWORTH MEDICAL CENTRE	2.75	0.92	1.67	0.33	£384	£1,076	£199	£546
Whitefield Total		**6.25**	**3.00**	**5.75**	**2.58**	**£946**	**£5,835**	**£908**	**£6,714**
Grand Total		**96.08**	**35.42**	**67.75**	**27.00**	**£12,436**	**£74,834**	**£9,858**	**£59,574**

It shows the A&E and NEL admission activity for patients pre and post ACM and the PbR tariff for this activity. The activity is compared in the summary below. It shows that when the findings are pro rata to 1,000 patients, which is the estimated number of patients going through ACM in one year the savings would be £781k.

	A&E	NEL	Savings £
Reduction in activity per month	28	8	£17,838
Reduction in activity per year	340	101	£214,050
Pro Rata to 1,000 patients	1,241	369	£781,204

5.0 Funding in 2020/21 and 2021/22

In order to secure funding for these teams to September 2020/21, it was agreed that the anticipated savings through reduced emergency admissions and admissions to residential care attributable to these schemes would be used in 2020/21 and 2021/22 to make up a shortfall in funding. The COVID-19 pandemic and the changed financial guidance for 2020/21 and draft guidance for 2021/22 has introduced a block contract arrangement, which means that it is not possible to fund schemes via this reduced activity route.

The emergency CCG funding regime for 2020/21 has been based on historic 2019/20 run-rates and this has been mirrored for providers. Therefore, for 2020/21, the costs of these services are covered within existing funding streams financial plans.

We do not have any confirmation on the NHS funding arrangements for 2021/22 and beyond, aside from a consultation PbR document that suggests the continuation of block arrangements for NHS Trusts in 2021/22. All system colleagues recognise the importance of these schemes for the delivery of a coherent health and social care system and therefore on this basis are committed to funding these schemes in 2021/22 and beyond. In these circumstances, any resultant system-wide financial pressures would need to be made good from savings in other service areas.

6.0 Current costs

The current anticipated costs in 2021/22 of the schemes associated with Transformation fund are shown below. Within this there has been a reduction of £150k in terms of LCO management and business support costs from the costs in 2020/21.

Scheme	Staffing Model Est WTE	Total LCO Funding requirement £
Rapid Response	28.50	1,621,000
Integrated Neighbourhoods	20.20	1,170,000
Intermediate Care	39.00	1,589,000
Falls	5.50	213,992
Palliative Care	3.60	187,763
Business Support	8.50	435,675
Management	4.70	446,361
Total LCO and PMO Costs	**13.20**	**882,036**
Total	**110.00**	**5,663,791**

7.0 Employment risks

The staff employed through the use of transformation funding, are employed in a variety of ways, these being secondment, fixed term contract, permanent contract. The majority are employed through secondment

A secondment has no recognition in employment law and is an agreement between two organisations with one offering their employee as a resource and charging the recipient organisation accordingly. Given this, there is no obligation:

- On the recipient organisation to offer a secondment extension or permanency;
- For the substantive employer to agree to a secondment extension;
- For the individual employee to accept an extension or permanency (unless tenure can be protected).

Whilst a secondment can be beneficial to all parties, this should only be a short term arrangement. For some of the core LCO team, they will have been seconded for upwards of two years by the time the current arrangements cease. Individuals on secondments or fixed term contracts for more than 2 years have the same rights as those with permanent contract, including redundancy rights. This is detailed further in Appendix A.

8.0 Options

There are 3 options for consideration, and these are:

1) Do not continue services past the current agreed end date
2) Continue for 12 months to allow a further evaluation
3) Continue these services permanently and therefore award permanent contracts to staff who deliver these services.

These options are appraised below, detailing the benefits and disbenefits of each option.

8.1 Option 1 – do not continue the service

Financial Breakdown Now		
	WTE	**£**
Employees who are in fixed term arrangements less than 2 years with no entitlement to redundancy (includes vacancies and those on secondment)	70.71	3,153,011
Employees who will need to be redeployed and are at risk of redundancy	39.19	2,008,780
Non Pay	0	502,000
Total	**110.00**	**5,663,791**

Benefits

- No recurrent costs
- Reduced redundancy risk
- Decision is made and there is surety in the system

Disbenefits

- Significant impact upon urgent care, adult social care, primary care, intermediate care and other community services.
- Likely impact on achievement of targets around A&E and discharge
- Reduction in the quality of patient care
- Reputational damage to the locality
- Loss of staff knowledge and expertise to the Bury system
- 39 WTE of staff will need to be either redeployed or made redundant which could result in significant costs.

8.2 Option 2 – Extend for 12 months

Financial Breakdown in 12 months time		
	WTE	**£**
Employees who are in fixed term arrangements less than 2 years with no entitlement to redundancy (includes vacancies and those on secondment)	12.70	540,700
Employees who will need to be redeployed and are at risk of redundancy.	97.30	4,621,091
Non Pay	0	502,000
	110.00	**5,663,791**

Benefits

- Continues the schemes supporting urgent care, adult social care, primary care, intermediate care and other community services.

- Allows more time for evaluation and refining of schemes
- Maintains current standards of patient care and developed pathways
- Maintains system commitment to these priority schemes

Disbenefits

- Redundancy cost increased due to extension of fixed term contracts beyond two years.
- Service risk as staff will look to leave due to fixed term nature of contracts
- Loss of knowledge and expertise when staff leave
- Increased recurrent and 2021/22 system costs
- The requirement for redeployment or redundancy risk increases from applying to 39 WTE in option 1 to 97 WTE in option 2 meaning further exposure to risk on significant costs of redundancy.
- There will be a need to negotiate terms of this arrangement with relevant host organisations and seek their approval – which may lead to potential further complications.

8.3 Option 3 – Make all contracts permanent

Recurrent service costs		
	WTE	**£**
Pay	110.00	5,161,791
Non Pay		502,000
	110.00	**5,663,791**

Benefits

- Provides permanency to staff and the system and increases likelihood of knowledge and expertise remaining within the Bury Health and Social Care system.
- Continues the schemes supporting urgent care, adult social care, primary care, intermediate care and other community services.
- Maintains current standards of patient care and developed pathways
- Maintains system commitment to these priority schemes

Disbenefits

- Increased recurrent and 2021/22 system costs
- Redundancy cost increased due to conversion of fixed term contracts to permanent contracts.

9.0 Recommendation

The preferred option from both LCO and OCO partners is option 3 to fund the schemes and LCO management costs recurrently, to mainstream these services and prevent destabilisation at this crucial time. If doing so creates a system financial pressure, then cost reductions would need to be sought in other services. With regard to management costs there is no capacity within existing substantive structures to absorb the workload of transformation and integration activity.

In each case Bury LCO commits to

- regularly review staffing needs to ensure resources are in the right place and were used to best effect
- continually strive to offset the costs by seeking to identify financial benefits arising from changes in patient flow

10.0 Action required

The Finance, Contracting and Procurement Committee is asked to:

- Note the contents of this report, options and recommendation
- Recommend a preferred option to both System Board and Strategic Commissioning Board.

Simon O'Hare
November 2020
Interim Deputy Chief Finance Officer

Employment risks – extension of contracts/contract permanency.

The staff employed through the use of transformation funding, are employed in a variety of ways, these being secondment, fixed term contract, permanent contract. The majority are employed through secondment

A secondment has no recognition in employment law and is an agreement between two organisations with one offering their employee as a resource and charging the recipient organisation accordingly. Given this, there is no obligation:

- On the recipient organisation to offer a secondment extension or permanency;
- For the substantive employer to agree to a secondment extension;
- For the individual employee to accept an extension or permanency (unless tenure can be protected).

Whilst a secondment can be beneficial to all parties, this should only be a short term arrangement. For some of the core LCO team, they will have been seconded for upwards of two years by the time the current arrangements cease.

Options available from a HR perspective are:

1. Cease secondments as scheduled on 31st March 2021 which will result in the disbanding of transformation funded teams and their functionality. Whilst the notice period of secondments varies it is suggested that notice to be served by 5th January, 12 weeks prior to contract end. 12 weeks is suggested to enable staff to secure other posts. Critically this creates risk for those staff and organisations, where their substantive posts may no longer be available, albeit re-deployment would apply.
2. Extend secondment arrangements for a further period. Given that there is no obligation on the substantive employer or the employee to agree to this, the result could also lead to the loss of the teams and their functionality. Should employees not agree to continued secondment, recruitment will need to take place based on a 12 month contract, which are difficult to recruit to, and creates instability in currently stable and performing services. Equally there is a risk that whilst 12 months would secure staff for a further time period, this reduces stability of service delivery even further. The current knock on effect of existing secondments impacts on organisations who are undertaking re-structure and are unable to progress due to the nature of temporary funding. This is impacting across three organisations and 5 departments that the LCO is currently aware of.
3. Make permanent the positions for those who are currently on secondment/fixed term contract and continue with the transformation funded schemes. Whilst employers carry the financial risk should the 2021/22 settlement be insufficient, redeployment policies would be invoked and, where appropriate, redundancy may apply. The risk of redundancy is minimal to the system, given the large size of the organisations to whom this applies, predominantly NCA, Bury Council (social care) and PCFT.

It is important to note that each individual circumstance based on current substantive employment terms and conditions will affect ultimate outcome. For specific risks to be identified, there may be a requirement for further breakdown.