OXFORDSHIRE HEALTH & WELLBEING BOARD
16 SEPTEMBER 2014

Better Care Fund
Supplementary Report
Overview of the situation in Oxfordshire

Report by Director of Adult Social Services and Chief Executive Clinical Commissioning Group

Summary

1. The previously circulated report explained that the main organizations in Oxfordshire have been working to prepare a revised Better Care Fund Plan that meets all the requirements specified nationally. There have been several conversations in the last few days at Chief Executive level about the challenges of coming up with credible proposals that meet those requirements. All four Chief Executives are in agreement that this is unrealistic. Instead we intend to submit this paper that demonstrates our shared commitment to work together but also sets out the particular problems that we face in Oxfordshire.

2. There are two challenges in particular which are outlined below. Firstly, the resources available in Oxfordshire are extremely low compared to other areas of the country. This means that moving money around as envisaged in the Better Care Fund is much more difficult when all four organisations have significant financial challenges. It will require very radical change that will take time to implement. Secondly, the new guidance for the Better Care Fund includes an expectation that total emergency admissions are reduced by 3.5% compared with last year. Given that admissions have increased significantly this year, it is wholly unrealistic to commit to that national expectation at this point in time.

Achievements

3. The health and social care system in Oxfordshire has a long history of successful partnership working to improve outcomes for individuals and communities stretching back many years. During this time the county has seen both the successes and challenges that can come from developing integrated social and healthcare pathways for complex and vulnerable patients. Health outcomes in Oxfordshire are good and satisfaction with health and social care services is relatively high.

4. Oxfordshire has a good record of supporting people to have choice and control over the services and support they receive. For example, we have high numbers of older people who have a personal budget and high numbers of people who have decided to take their personal budget as direct payment.

5. There are also well established pooled budget arrangements between the Clinical Commissioning Group and Adult Social Care in Oxfordshire that have been established for many years across learning disabilities, physical disabilities, mental health and older people. These total £330m per year, and are the largest pooled budget arrangements in the country. The use of the pooled budgets is directly linked to the implementation of Joint Commissioning Strategies for respective client groups, with strong governance arrangements that allow resources to be used flexibly to meet need and demand.

6. The health and social care system in Oxfordshire is therefore in a strong position to build on our existing relationships and joint working to achieve further transformation and integration of services. There is also a system-wide commitment to the development of a single health and social care strategy for the county that drives the individual plans of the County Council, Clinical Commissioning Group and the two main NHS providers. This will be discussed at the Health and Wellbeing Board meeting in November 2014 following work between the various organisations to bring together existing priorities into a truly coordinated plan.

Challenges

7. However, the system also faces significant challenges in both the short and long term as a result of increasing demand for services and financial pressures facing providers and commissioners across health and social care. Oxfordshire recognises the need to do more to address the increasing numbers of frail older people. Effective care for this client-group is likely to be the most significant challenge for the county's health and social care in the future. While there are increasing demands for care from a relatively small proportion of the population, financial resources are not increasing in line with those demands – hence the need to focus on intervening early and quickly to ensure that care needs do not increase because of organisational delay.

8. Oxfordshire is already an efficient system, with tighter resources than it should have. Oxfordshire Clinical Commissioning Group continues to be the lowest funded CCG in the country. Both NHS providers have made significant savings in recent years in line with national expectations about cost reductions and also in the face of increasing cost pressures. In the case of Oxford University Hospitals Trust those savings total £200m since 2010/11 and are expected to be delivered at a similar annualised rate in forthcoming years. For Oxford Health NHS Foundation Trust the savings total £100m. Benchmarking also shows that Oxford Health is 12% more efficient than the average trust in the provision of both community and mental health services.

9. The County Council will have made savings of £265m annually by 2017/18. Within this total, adult social care will have made savings of £50m annually. Despite these savings, adult social care has been relatively protected – the proportion of the Council's budget that is spent on adult social care has increased from 37% in 2011/12 to 42% in2014/15 and will increase still further in the future.

10. The link between the Better Care Fund and emergency admissions presents two significant problems for Oxfordshire. These are unlikely to be unique but nevertheless their scale adds important context when evaluating the ability of any activity changes to mitigate financial risk to the system:

- First, year-to-date emergency activity is up significantly this year compared with the levels of last year. So to meet the national target of a reduction of 3.5% on last year will require a reduction of almost 10% on activity at the moment. Based on current knowledge and expertise, it is unrealistic to plan on this basis in Oxfordshire..

- Second is the impact of the marginal rate emergency tariff on the system's ability to realise cash releasing savings. The marginal rate emergency tariff means that the acute hospital is only paid 30% of the cost of each extra emergency admission. The Clinical Commissioning Group is forecast to benefit from this discount by approximately £11m in 13/14. However, if activity is reduced then the Clinical Commissioning Group only benefits from 30% of the costs. This means that realising savings in real terms, from reductions in acute urgent care activity, equal to the Clinical Commissioning Group's additional contribution to the Better Care Fund in 15/16 would require activity reductions of around 25% on the expected activity for this year. This would be an even more unrealistic aspiration. It is for this reason that we need to look at savings benefits from the wider emergency care pathway, including community and social care services.

11. This is also within the context that Oxfordshire has historically been one of the lowest nationally in terms of volume of Non Elective Admission per 1000 population, so we are not in a situation where there are obviously lots of people being hospitalised who you would not ordinarily expect to be. This further emphasises the need for transformational change, rather than more of the same, if we are to achieve any positive impact on the current situation.

The Future

12. It is clear that there is a common approach across the health and social care system in Oxfordshire to continue to move as much activity as possible away from bed-based services into local community provision. This has already proved successful within the county and is recognised nationally for improving outcomes for people whilst also reducing cost to the system.

13. However, meeting the challenges the health and social care system faces effectively requires both new approaches, and a significant acceleration of existing projects and proposals to improve delivery models for health and social care. In particular, Oxfordshire Clinical Commissioning Group is developing outcomes based contracting proposals to transform the delivery of services for older people and for people with mental health needs. The contract for services for older people will target the acute assessment, admission, discharge and reablement pathway incorporating both community

and acute health services. The County Council's Cabinet has agreed that adult social care services should be incorporated within this approach.

14. These outcomes based contracts should be concluded during 2015/16 and extend on a phased basis, and the procurement process is currently at the stage of assessing whether the existing providers of services are the most capable providers to deliver future contracts.

15. This means that, although there are clear links between the outcomes based contracting work and this Better Care Fund submission, it is not possible at this stage to include detail of the proposals that providers have submitted as part of the Most Capable Provider process without prejudicing the process. Care is also needed to ensure that detailed negotiations with Oxford University Hospital Trust and Oxford Health Foundation Trust do not risk pre-empting contract negotiations for 2015 onwards, subject to the outcomes of the Most Capable Provider process.

16. The County Council service and resource planning process assumes that through the Better Care Fund, there will be an additional £8m contribution to protecting adult social care services in 2015/16.This contribution would almost fund the predicted cost of demographic growth for older people between 2014/15 and 2017/18, based on a continuing increase in the number of people aged 65 and over who require care and support. The calculation for demography takes account of the increasing numbers of those in the oldest age groups and their more complex needs.

17. This £8m would fund an additional 9,400 hours of home care a week from a base of 27,000 at the start of 2014/15 – an increase of 35% over the four year period. Without these extra hours we would not be able to keep pace with demand. More frail older people would wait at home for care to start, leaving them at risk of being admitted to hospital and requiring more input from GPs and community health services. People would wait longer in hospital for care to start and would also wait longer for community care packages to start following reablement.

18. It is impossible to assess the precise impact on the health service but it will create challenges in the light of significant pressures in the delivery of national targets and increasing workloads.

Next Steps

19. As a result, implementing the principles of the Better Care Fund in Oxfordshire is particularly difficult even though there is high level commitment across all four main organisations (the Clinical Commissioning Group, the County Council, Oxford University Hospitals Trust and Oxford Health) to those principles.

20. All organizations recognise that:

- The pressures facing the system can only be addressed through radical, transformational changes in the way that services are delivered so that we improve outcomes and reduce the demand for both health and social care.
- This must be reflected in a single integrated plan based which will come forward as a draft for consideration at the November meeting of the Health and Wellbeing Board.
- The single plan will need to be supported by more detailed implementation plan that will need to be developed in consultation with all stakeholders and with the wider public. As a result it will be some time before all these plans are in place.

21. This means that it is not possible to produce a detailed Better Care Fund plan that addresses all of these issues at this point in time. Any attempt to do so would result in a plan that lacked credibility and distracted from the longer term transformational work. Further work will be required over the coming months to develop a comprehensive plan to facilitate the transformational changes required in Oxfordshire. Work will also be needed, subject to the outcome of the Most Capable Provider process, to develop and align proposals as detailed contract specifications are finalised, and to identify if there are proposals for future years that can be accelerated to achieve the ambitions of the system as articulated in this plan.

22. The objectives of that work will be to achieve the following objectives:

1. To ensure that resources are available to protect adult social care services as assumed in the County Council's Service and Resource Plan. Failure to do this will have profound impact on the NHS and patient movements in and out of hospital in particular.
2. To set out a comprehensive and credible plan to achieve a significant reduction in emergency admissions and to relieve pressure across the health and social care system
3. To ensure that all four organizations are in a position to meet their statutory financial requirements next year.
4. This will depend on contractual negotiations between the Clinical Commissioning Group and both NHS providers which will need to be concluded in a way that recognizes the financial pressures on all four organizations.

23. Of course, all financial objectives must be delivered at the same time as addressing performance issues across the system and ensuring that patients and service users receive care that is safe and treats them with dignity and respect.

24. Discussions will be required with national bodies on the financial and physical support available to help us plan and take the necessary steps to address these challenges and achieve the required transformation.

25. Both Oxford University Hospitals Trust and Oxford Health will be represented at the Health and Wellbeing Board meeting and will be able to comment on the position in Oxfordshire.

Recommendation

26. The Health & Wellbeing Board is **RECOMMENDED** to consider the principles set out above, and the proposed next steps.

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September 2014