



Northumberland

County Council

HEALTH AND WELLBEING OVERVIEW AND SCRUTINY COMMITTEE

Date: 31 May 2022

Financial implications of the end of the partnership with Northumbria Healthcare

Report of the Interim Executive Director of Finance and the Interim Director of Adult Social Services

Cabinet Member: Councillor Wendy Pattison, Adult Wellbeing

Purpose of report

To update the Committee on the implications for the Council of the ending of the Council's partnership arrangement with Northumbria Healthcare NHS Foundation Trust ("Northumbria"), as requested by the Committee at its meeting on 2 August 2021.

Recommendations

This report is for the Committee's information

Link to Corporate Plan

This report is relevant to the "Living" priority in the Corporate Plan.

Key issues

1. The purpose of this report is to provide an update on the ending of the Partnership Agreement with Northumbria Healthcare Trust (NHCT) and particularly the net cost position to Northumberland County Council (NCC) from that process.
2. The Partnership formally came to an end on 30 September 2021 following the Trust serving notice in March 2021 and a significant amount of work from staff from both organisations in the period running up to October.
3. Whilst there may have been significant disruption and uncertainty for Adult Social Care staff during the process, it is now clear that the changes have been broadly welcomed by most staff who appreciate the greater clarity they now have in terms of who they report to and the greater simplicity of the organisational structure of Adult Care.

4. It should be recognised that a significant contributing factor to getting this process successfully over the line and providing reassurance to staff was the efforts of, particularly, the Council's HR, IT and Finance teams who provided invaluable support to the process. Others who deserve a special mention include the Council's Health and Safety team and Property Services, who both had key roles to play.
5. Already, the structural changes are producing some positive changes within the service. A separate report on this agenda describes changes currently in progress to enhance the integration between adult social care and the key bodies responsible for NHS services in the community – primary care networks, and the Cumbria, Northumberland Tyne and Wear Trust which is responsible for mental health and learning disability services. Historically close integration with these bodies had to some extent been lost during the period of partnership with Northumbria Healthcare, which has acute hospitals as its primary focus.

Financial implications of the end of the partnership with Northumbria Healthcare

BACKGROUND

1. Financial implications

- 1.1 The ending of the partnership has produced cost movement between the two organisations. This is due to the complexity of the relationship and the number of jointly funded posts or posts where individuals fulfilled functions across both Adult Social Care and the NHS. This created significant flexibility for both organisations while the partnership was in place but has taken some unpicking at the point the organisations were separating.
- 1.2 One of the most challenging tasks for HR has been to map all the job roles within the Trust's structure to equivalent roles and pay scales within the Council. This task is now complete except for 2 roles (affecting 2 individuals) where job evaluation still needs to be finalised. It is anticipated that the outcome of the evaluation will result in those roles remaining at a comparable grade to the current NHCT salary and this is reflected in the costing set out below.
- 1.3 Another key issue is pensions, and the Council has benefited from some of the support that the NHS has received recently in relation to pension costs. The NHS pension scheme employer's contribution rate increased on 1 April 2019 from 14.38% to 20.68%. Transitional financial support has so far been made available centrally in each subsequent year to fund the full increase for NHS bodies. Other bodies, including local authorities employing staff who are members of the NHS scheme following previous transfers from the NHS, have received transitional funding covering part of the increase, but must pick up 2.5% of it, so pay a rate of 16.88% (which is still significantly less than the employer contribution to the Local Government Pension Scheme, which currently stands at 21%). The Council has now received a Direction Order from the Government confirming that the TUPE employees can remain in the NHS pension scheme. The Direction Order is the legal instrument to effect this. We have also received confirmation that the TUPE employees will receive the same level of national subsidy as previous transferred NHS staff. At some point it is likely that the central support will cease, and the Council have to absorb the full additional cost. This would have been expected to occur whether or not the partnership had continued.
- 1.4 The 2022-23 budget approved at Council on 23 February 2022 included growth for the recurrent costs of the ending of the Partnership Agreement, with the pension costs based on the assumptions which have now been confirmed (Scenario A in the table below).
- 1.5 The table below sets out all the main financial impacts of the ending of the partnership between the Council and the Acute Trust. It shows what costs would be on each of the relevant pension scenarios.

	Scenario A	Scenario B
	£000	£000
Recurrent Funding:		
Cost of existing posts transferring to NCC Ts & Cs	567	567
Posts transferring from NHCT with no budget	1,131	1,131
Posts transferring to NHCT releasing budget	(1,510)	(1,510)
NHS Funding for Learning Disability OTs	(307)	(307)
Sub Total – Direct Staffing costs	(119)	(119)
Additional pension costs	413	1,040
Total – Direct Staffing costs	294	921
Other Recurrent costs:		
Occupational Health contract (#)	75	75
Apprenticeship Levy	110	110
IT licences & contracts	457	457
Total – Indirect Staffing costs	642	642
Additional support staff:		
2 x Payroll staff	52	52
1.5 x Pensions staff	39	39
2 x HR staff	58	58
2 x IT staff	85	85
Total – Support Staff costs	234	234
Total Recurrent Funding Required	1,170	1,797
Non-Recurrent Funding Required:		
IT equipment and migration costs	825	825
Apprenticeship Levy 2021-22 (6 months)	55	55
Long service awards	5	5
Total Non-Recurrent Funding Required	885	885
Overall Additional Funding Required	2,055	2,682

A separate exercise was undertaken after the TUPE transfer to regrade the Adult Social Care Team Manager posts to the same grade as the Children's Services Team Managers. The cost of this regrading was £204k and is not included in the Direct Staffing costs above.

Pension contribution scenarios:

- A. Actual 2022/23 position with DHSC contributing 3.8% transitional support and NCC picking up the remaining 2.5% of the contributions increase.
- B. Anticipated position when transitional support ends, and NCC (and NHS bodies) pay full 6.3% increase.

IMPLICATIONS ARISING OUT OF THE REPORT

Policy	The termination of the agreement was a consequence of decisions taken by Northumbria Healthcare, rather than of Council policy decisions. While it has added some complications to the operation of integrated hospital discharge services, it has also made it easier to develop more closely integrated arrangements with primary care and NHS mental health and learning disability services.
Finance and value for money	The additional costs have been included in the Council's 2022/23 budget. As explained in the report, some of these would ultimately have arisen for the Council even if the partnership had continued.
Legal	No new implications
Procurement	No new implications
Human Resources	No new implications
Property	No new implications
Equalities (Impact Assessment attached) Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input checked="" type="checkbox"/>	No decision is required, so no impact assessment has been undertaken.
Risk Assessment	No new implications
Crime & Disorder	No new implications
Customer Considerations	A central benefit of integration between health and social care is better coordinated support for people with disabling long-term health conditions.
Carbon reduction	No new implications
Health and wellbeing	Integration of health and social care services is a core aspiration of the Council's health and wellbeing strategy.
Wards	All

BACKGROUND PAPERS

There are no background documents for this report within the meaning of the Local Government (Access to Information) Act 1985.

Report sign off.

Authors must ensure that officers and members have agreed the content of the report.

	Full name of officer
Monitoring Officer/Legal	Suki Binjal
Service Director of Finance & Deputy Section 151 Officer	Alison Elsdon
Director of Adult Social Care	Neil Bradley
Deputy Chief Executive	Rick O'Farrell
Portfolio Holder(s)	Wendy Pattison

Author and contact details

Report Author: Jan Willis – Executive Director of Finance

Email: Jan.Willis@northumberland.gov.uk