

Meeting: Strategic Commissioning Board			
Meeting Date	07 December 2020	Action	Receive
Item No	7.1	Confidential / Freedom of Information Status	No
Title	Integrated Commissioning Fund Quarter 2		
Presented By	Mr M Woodhead, Joint CFO, Bury Council & NHS Bury CCG		
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Clinical Lead	n/a		
Council Lead	Mr M Woodhead, Joint CFO, Bury Council & NHS Bury CCG		

Executive Summary
<p>This report provides an update on the ICF budget for 2020/21 and forecast outturn for 20/21 at quarter 2.</p> <p>The command and control regime implemented in the NHS means the CCG only received formal notification of allocation of budget for the year in November. The second half of 2020/21 sees an end to the financial regime whereby the CCG received retrospective allocations for all over/underspends to ensure achievement of a breakeven position. The CCG must, as in previous years, manage within a notified allocation for the remainder of the year. The CCG has been notified of a total allocation of £349.7m with a further £1.3m outstanding retrospective allocation expected in November. That allocation has been largely based on 2019/20 expenditure run rates for Half 1 and forecasts for Half 2.</p> <p>This revised CCG allocation results in a total ICF expenditure budget of £501m split between the 3 elements of the fund as:</p> <ul style="list-style-type: none"> <li>• pooled budget £323m</li> <li>• aligned budget £139m</li> <li>• In-view budget £38m</li> </ul> <p>Further allocations are expected to cover costs not currently included within the CCG baseline for Half 2 including the Hospital Discharge Scheme for which estimates are £6m.</p> <p>The CCG allocation includes receipt of £8.2m historic surplus which has enabled the CCG to make the additional £10.5m allocation to the pooled budget committed to last year. In turn, the council contribution to the pooled budget has been reduced by £10.5m in 2020/21.</p> <p>At month 6, the ICF is forecasting an overspend of 6.9m. There is a £1.6m overspend on services held within the section 75 pooled budget, £5.3m overspend on aligned services and breakeven position on in-view services. The key overspends are driven by COVID related expenditure, loss of income across council services and delays in the achievement of savings. In the pooled budget, £1.9m of the forecast overspend is due to loss of income from</p>

wellness leisure facilities in the council.
<b>Recommendations</b>
<p>It is recommended that the Strategic Commissioning Board:</p> <ul style="list-style-type: none"> <li>• Accept the newly notified CCG budget for 20/21 and its allocation to the ICF</li> <li>• Note the ICF forecast financial position at month 6 of £6.9m overspend and the assumptions on which it is based.</li> <li>• Note the financial risks to Bury.</li> </ul>

<b>Links to Strategic Objectives/Corporate Plan</b>	Yes
Does this report seek to address any of the risks included on the Governing Body / Council Assurance Framework? If yes, state which risk below:	Yes
Achievement of in-year financial balance and financial sustainability over medium term.	

<b>Implications</b>						
Are there any quality, safeguarding or patient experience implications?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Has any engagement (clinical, stakeholder or public/patient) been undertaken in relation to this report?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Have any departments/organisations who will be affected been consulted ?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Are there any conflicts of interest arising from the proposal or decision being requested?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Are there any financial implications?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input type="checkbox"/>
Are there any legal implications?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Are there any health and safety issues?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
How do proposals align with Health & Wellbeing Strategy?						
How do proposals align with Locality Plan?						
How do proposals align with the Commissioning Strategy?						
Are there any Public, Patient and Service	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>

Implications						
User Implications?						
How do the proposals help to reduce health inequalities?						
Is there any scrutiny interest?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
What are the Information Governance/ Access to Information implications?						
Is an Equality, Privacy or Quality Impact Assessment required?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
If yes, has an Equality, Privacy or Quality Impact Assessment been completed?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
If yes, please give details below:						
If no, please detail below the reason for not completing an Equality, Privacy or Quality Impact Assessment:						
Are there any associated risks including Conflicts of Interest?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Are the risks on the CCG /Council/ Strategic Commissioning Board's Risk Register?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
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.		

## **Integrated Commissioning Fund View Quarter 2**

### **1. Introduction**

- 1.1. This report provides a summary view of the financial position of the Bury Integrated Commissioning Fund (ICF) for quarter 2. More detailed organisational reports with full departmental variance analysis have been presented to the appropriate Council and CCG committees and are attached as appendices to this report.
- 1.2. The ICF brings together the financial resources of the CCG and Council into a single fund enabling the Strategic Commissioning Board (SCB) to make decisions and recommendations (subject to reserved matters) based on the full picture of CCG and Council finances. The ICF is comprised of 3 budgets: a section 75 pooled budget for which the SCB has delegated decision making powers, an aligned budget for which the SCB can make recommendations but decision making powers remain with the originating statutory body and an in-view budget which impact the CCG and council but decisions are made by bodies other than the partners.

### **2. ICF Budget**

- 2.1. Since the opening budget, the command and control regime implemented in the NHS means the CCG only received formal notification of allocation of budget for the year in November. The second half of 2020/21 sees an end to the financial regime whereby the CCG received retrospective allocations for all over/underspends to ensure achievement of a breakeven position. The CCG must, as in previous years, manage within a notified allocation for the remainder of the year. The CCG has been notified of a total allocation of £349.7m with a further £1.3m outstanding retrospective allocation expected in November. That allocation has been largely based on 2019/20 expenditure run rates for Half 1 and forecasts for Half 2.
- 2.2. The CCG notified allocation includes £8.2m draw down of historic surplus which has allowed the CCG to fulfil the £10.5m additional allocation commitment to the pooled budget in 20/21 made last year. In turn, the council has been able to reduce its contribution to the pooled budget by £10.5m. The CCG allocation also includes:
  - £5.8m of retrospective allocation to compensate for:
    - the impact of COVID; and
    - variances in business as usual spend for the first 5 months of the year
  - £8.8m additional support towards the achievement of a breakeven plan in the second half of the year.
- 2.3. Further allocations are expected over the coming months to cover costs not currently included within the baseline for Half 2, including the Hospital Discharge Scheme for which estimated costs and funding are £6m. As these allocations are received, they will be varied into the ICF pooled, aligned and in-view budgets to match the relevant expenditure.
- 2.4. The CCG plan reflects the ambition to achieve community, primary care and mental

health investment standards in 2020/21. Specifically, investments have been agreed with Pennine Care NHSFT and our voluntary sector providers to ensure the CCG achieves the Mental Health Investment Scheme (MHIS) annual target of £34.1m. Also within the plans are QIPP schemes totalling £0.9m (0.5% of allocation) which are already implemented and on track for full delivery.

- 2.5. For Council led services, the total net ICF budget remains at £164.8m with grant income received in year offset by matching expenditure.

### **3. ICF Financial Performance**

- 3.1 At month 6, the ICF is forecasting an overspend of 6.9m. Based on current mapping of budgets and income, there is a £1.6m overspend on services held within the section 75 pooled budget, £5.3m overspend on aligned services and breakeven position on in-view services. This forecast position assumes the CCG will receive retrospective allocations for variances to budget including COVID expenditure to month 6 as have been received in previous months allowing the CCG to breakeven to month 6 and that expenditure for months 7 to 12 will be as per plan. To note, as required in the month 7 to 12 planning guidance, the CCG forecast does not include costs for the hospital discharge programme, independent sector activity and other costs which the CCG expects will be matched through claims against other funding streams. The plan, as instructed by NHSEI, also does not take account of the current second wave of COVID-19.

Service area	20/21 Budget £'000	20/21 Forecast Outturn £'000	20/21 Variance £'000
CCG Pool Contribution	(220,283 )	(220,283 )	0
LA Pool Contribution	(103,002 )	(92,502 )	10,500
CCG Pool Additional Contribution	0	(10,500 )	(10,500)
LA Pool Additional Contribution	0	0	0
<b>Total Pool Contribution</b>	<b>(323,285 )</b>	<b>(323,285 )</b>	<b>0</b>
Acute Health Services	83,396	83,396	0
Community Services	34,891	34,891	0
Mental Health Services	36,089	36,089	0
Primary Care Services	43,233	43,233	0
Adult Social Care Operations	7,616	7,108	(509)
Care in the Community	39,640	39,387	(253)
Public Health	10,435	10,433	(2)
Other OCO Services	21,775	21,818	43
Childrens Social Care	6,513	7,052	540
Other Childrens Services	5,991	5,948	(43)
Other CCG Services	22,674	22,674	0
Other Council Services	11,032	12,897	1,865
<b>Total Pool Expenditure</b>	<b>323,285</b>	<b>324,926</b>	<b>1,641</b>
<b>Section 75 Pooled Budget</b>	<b>0</b>	<b>1,641</b>	<b>1,641</b>
CCG Aligned Contribution	(77,644 )	(77,644 )	0
LA Aligned Contribution	(61,845 )	(61,845 )	0
<b>Total Aligned Contribution</b>	<b>(139,489 )</b>	<b>(139,489 )</b>	<b>0</b>
Acute Health Services	76,725	76,725	0
Childrens & Young Peoples Operations	29,275	30,019	744
Other CCG Services	15,136	21,045	5,909
Other Council Services	919	919	0
	17,434	16,072	(1,362)
<b>Total Aligned Expenditure</b>	<b>139,489</b>	<b>144,779</b>	<b>5,290</b>
<b>Aligned Budget</b>	<b>0</b>	<b>5,290</b>	<b>5,290</b>
CCG In View Contribution	(38,441 )	(38,441 )	0
LA In View Contribution	0	0	0
<b>Total In View Contribution</b>	<b>(38,441 )</b>	<b>(38,441 )</b>	<b>0</b>
Delegated Co-Commissioning Budgets	28,354	28,354	0
Other CCG Services	10,088	10,088	0
Other Council Services	0	0	0
<b>Total In View Expenditure</b>	<b>38,441</b>	<b>38,441</b>	<b>0</b>
<b>In-View Budget</b>	<b>0</b>	<b>0</b>	<b>0</b>
CCG Total Contribution	(336,368 )	(346,868 )	(10,500)
LA Total Contribution	(164,847 )	(154,347 )	10,500
<b>Total Contribution</b>	<b>(501,215 )</b>	<b>(501,215 )</b>	<b>0</b>
CCG Expenditure	336,368	336,368	0
LA Expenditure	164,847	171,778	6,931
<b>Total Expenditure</b>	<b>501,215</b>	<b>508,146</b>	<b>6,931</b>
<b>Bury Integrated Commissioning Fund Total</b>	<b>0</b>	<b>6,931</b>	<b>6,931</b>

3.2 The key overspends in the ICF are driven by COVID related expenditure, loss of income across council services and delays in the achievement of savings. In the pooled budget £1.9m of the forecast overspend is due to loss of income from wellness leisure facilities in the council.

3.3 COVID-19 CCG related funding claims for quarter 1 and 2 are:

<b>CCG COVID Expenditure Analysis to month 6</b>	<b>Expenditure £'000</b>
Remote management of patients	949
Hospital Discharge Programme	3,970
National Procurement Areas	308
After Care and Support Costs	1,113
Remote working for non-patient activities	192
Other Covid-19	1,049
<b>Total CCG Net Expenditure</b>	<b>7,581</b>

3.4 The council and CCG have worked together closely to optimise NHS funding for the locality, including council access to more than £2.2m of NHS funding streams for the first half of the year related to the Hospital Discharge Programme. All CCG COVID funding received to date is included within the pooled element of the ICF.

3.5 The council tracker of COVID related grant income is shown below. Of this £1.1m was utilised within the 19/20 financial year. In 20/21 £2.4m for infection control is reflected within the pooled budget forecast with the balance in the aligned budget.

<b>Council COVID Grants</b>	<b>£'000</b>
Tranche 1, 2 & 3 un-ringfenced	12,316
Hardship relief fund & DEFRA food hardship	2,117
Infection Control	4,330
Re-Opening High Streets	169
Test and Trace	1,230
New Burdens	170
COVID Marshall	104
Self Isolation	171
Business Rates Grants	42,920
<b>Total</b>	<b>63,527</b>

## 4 Financial Risk

4.1 In the current uncertain environment of COVID there are a number of financial risks SCB should be aware of.

- 4.2 Firstly, the CCG has only received formal confirmation of allocations relating to baseline spend for the period October to March. There is a risk that the CCG will not receive the funding it needs to cover the continuation of COVID related schemes, wave 2 costs and any additional demands placed on the CCG and Council for the remainder of the year. However, there are indications that reasonable costs in line with guidance will be reimbursed so the immediate risk is limited.
- 4.3 As part of the NHS financial reset all funding allocations have been reviewed and transformation funding has ceased. There is a risk that, due to delays in the achievement of deflection savings, there are services needing to be recurrently funded without realizable savings to cover the costs. LCO colleagues are working on revised programme phasing. Strong evaluation processes will be essential in determining if/how to continue transformation programmes.
- 4.4 In the command and control response to COVID, the decision on the introduction of a number of services which benefit the Bury population have been taken at a Greater Manchester, regional or national system level. These costs have been reimbursed to providers or leading organisations under the current regime and there is a risk that Bury will be required to pick up any on-going costs without receiving additional funding. The risk in the longer term will require the input of commissioners and finance colleagues to ensure only those services of benefit and value for money continue and any costs are mitigated by reductions elsewhere in service spend. Work is being done by the Financial Advisory Committee of GMHSCP to understand the system-wide run-rates and investment commitments, alongside predicted funding levels.
- 4.5 There is a risk that the CCG and health care providers are expected to achieve significant improvements in performance targets for the second half of the year, despite service capacity decreasing. There is a risk that the expectation of localities will be extremely challenging.
- 4.6 Under the terms agreed for the ICF, financial risk will be managed in the following ways:
- 1) Where underspends occur, to ensure overall financial balance underspends from one fund can be used to offset financial risk in another.
  - 2) The section 75 pooled budget agreement allows additional contributions to the pool to be made by a party, matched by equivalent additional contributions by the other party in a subsequent year.
  - 3) A 50:50 risk share agreement between the partners each contributing 50% of a budget overspend.

## **5 Budget Changes**

- 5.1 Since the opening budget, the command and control regime implemented in the NHS means the CCG has only received formal notification of allocation of budget for the year in the last month. Based on run rates during 19/20 and during the pandemic months 1 to 6 the baseline allocation received for 20/21 is £335.7m. In addition, the CCG has received allocations of £8.2m draw down of historic surplus and expects a



total of £7.1m in COVID and business as usual support for months 1 to 6 bringing the total CCG allocation for 20/21 to £351m. Further allocations are expected over the coming months to cover costs not currently included within the baseline for months 7 to 12 including the Hospital Discharge Scheme for which estimates are £6m.

- 5.2 For Council led services, the net budget remains unchanged with additional grants received in year matched by forecast expenditure.

## **6 Actions Required**

- 6.1 The SCB is asked to:
- Accept the newly notified CCG budget for 20/21 and its allocation to the ICF
  - Note the ICF forecast financial position at month 6 of £6.9m overspend and the assumptions on which it is based.
  - Note the financial risks to Bury.

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## Appendices: Organisation Month 6 reports



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2020 - The Councils Finance Report.pdf