

## Meeting: Strategic Commissioning Board

<b>Meeting Date</b>	01 March 2021	<b>Action</b>	Receive
<b>Item No</b>	6	<b>Confidential / Freedom of Information Status</b>	No
<b>Title</b>	Integrated Commissioning Fund Quarter 3		
<b>Presented By</b>	P Crawford, Interim CFO NHS Bury CCG		
<b>Author</b>	C Shannon-Jarvis, Associate CFO		
<b>Clinical Lead</b>	n/a		
<b>Council Lead</b>	n/a		

### Executive Summary

This report provides an update on the ICF budget for 2020/21 and forecast outturn for 20/21 at quarter 3.

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. For the second half of the year the CCG is only receiving additional allocations for spend deemed "out of envelope". The main component of this is the Hospital Discharge Programme (HDP). For the remaining spend the CCG must, as in previous years, manage within a notified allocation. The CCG has been notified of a total allocation of £352.6m to date with a further £2.3m forecast in allocations to be received before the end of the financial year.

This revised CCG allocation results in a total ICF budget of £507m split between the 3 elements of the fund as follows:

- pooled budget £329m
- aligned budget £139m
- In-view budget £40m

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.

At month 9, the ICF is forecasting an overspend of £2.3m which reduces to a small underspend of £0.1m following receipt of anticipated CCG allocations. There is a £4.3m overspend on services held within the section 75 pooled budget, £1.9m underspend 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.

Recommendations
<p>It is recommended that the SCB:</p> <ul style="list-style-type: none"> <li>• Note the increase to the ICF budget as a result of CCG budget allocations received since the last report to Strategic Commissioning Board for 20/21 and accept their allocation to the ICF.</li> <li>• Note the ICF forecast financial position at month 9 of breakeven and the assumptions on which it is based.</li> <li>• Approve the use of underspends in the aligned fund to address overspends in the pooled fund.</li> <li>• Note the financial risks to Bury.</li> <li>• Approve the findings of the annual review not to make any changes to the ICF objectives, responsibilities, risk share and structure for 21/22</li> <li>• Note the planned work on the ICF for 21/22 and report to be produced on the delivery against objectives in 20/21.</li> </ul>

Links to Strategic Objectives/Corporate Plan	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.	

Implications						
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 &						

Implications						
Wellbeing Strategy?						
How do proposals align with Locality Plan?						
How do proposals align with the Commissioning Strategy?						
Are there any Public, Patient and Service User Implications?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
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 3**

### **1. Introduction**

- 1.1. This report provides a summary view of the financial position of the Bury Integrated Commissioning Fund (ICF) for quarter 3. 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. For the second half of the year the CCG is only receiving additional allocations for spend deemed “out of envelope”. The main component of that is the Hospital Discharge Programme (HDP). For the remaining spend the CCG must, as in previous years, manage within a notified allocation. The CCG has been notified of a total allocation of £352.6m to date with a further £2.4m forecast in allocations to be received before the end of the financial year.
- 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 £7.1m of retrospective allocation to compensate for the impact of COVID and variances in business as usual spend for the first 6 months of the year.
- 2.3. Further allocations are expected over the remaining months to cover costs not currently included within the baseline envelope for the second half of the year, including the Hospital Discharge Scheme for which estimated costs and funding are £3m. As these allocations are received, they will be brought 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 grants received in year offset by matching expenditure.

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

- 3.1 At month 9, the ICF is forecasting an overspend of £2.3m reducing to a small underspend of £0.1m following receipt of anticipated CCG allocations. Based on current mapping of budgets and income, there is a £4.3m overspend on services held within the section 75 pooled budget, £1.9m underspend on aligned services and breakeven position on in-view services. This forecast position reflects the allocations received to date by the CCG.
- 3.2 On the basis the CCG continues to receive retrospective allocations for the Hospital Discharge Programme adjusted for independent sector activity and contribution to the Greater Manchester control total the ICF overspend will be mitigated and achieve a breakeven position. The pooled budget overspend reducing to £1.9m.
- 3.3 On the proviso that the ICF achieves a breakeven over all, it is recommended that the forecast underspends in the aligned budget be used to offset the overspends in the pooled fund. This will allow all three elements of the ICF to achieve a breakeven position.

Service area	20/21 Budget £'000	20/21 Forecast Outturn £'000	20/21 Variance £'000
CCG Pool Contribution	(226,435 )	(226,435 )	0
LA Pool Contribution	(103,047 )	(103,047 )	0
CCG Pool Additional Contribution	(10,500 )	(10,500 )	0
LA Pool Additional Contribution	10,500	10,500	0
<b>Total Pool Contribution</b>	<b>(329,483 )</b>	<b>(329,483 )</b>	<b>0</b>
Acute Health Services	83,568	83,605	37
Community Services	34,904	34,824	(80)
Mental Health Services	35,959	35,777	(181)
Primary Care Services	42,734	42,662	(73)
Adult Social Care Operations	7,616	7,426	(190)
Care in the Community	39,640	39,703	62
Public Health	10,435	10,433	(2)
Other OCO Services	21,807	21,824	17
Childrens Social Care	6,515	7,251	736
Other Childrens Services	6,034	5,880	(154)
Other CCG Services	29,271	32,137	2,867
Other Council Services	11,000	12,216	1,215
<b>Total Pool Expenditure</b>	<b>329,483</b>	<b>333,736</b>	<b>4,253</b>
<b>Section 75 Pooled Fund</b>	<b>0</b>	<b>4,253</b>	<b>4,253</b>
CCG Aligned Contribution	(77,123 )	(77,123 )	0
LA Aligned Contribution	(61,800 )	(61,800 )	0
<b>Total Aligned Contribution</b>	<b>(138,923 )</b>	<b>(138,923 )</b>	<b>0</b>
Acute Health Services	76,603	76,384	(220)
Childrens & Young Peoples	29,230	30,123	894
Operations	15,136	21,368	6,232
Other CCG Services	520	531	11
Other Council Services	17,434	8,572	(8,862)
<b>Total Aligned Expenditure</b>	<b>138,923</b>	<b>136,977</b>	<b>(1,945 )</b>
<b>Aligned Fund</b>	<b>0</b>	<b>(1,945 )</b>	<b>(1,945 )</b>
CCG In View Contribution	(38,570 )	(38,570 )	0
LA In View Contribution	0	0	0
<b>Total In View Contribution</b>	<b>(38,570 )</b>	<b>(38,570 )</b>	<b>0</b>
Delegated Co-Commissioning Budgets	28,875	28,823	(52)
Other CCG Services	9,696	9,715	20
Other Council Services	0	0	0
<b>Total In View Expenditure</b>	<b>38,570</b>	<b>38,538</b>	<b>(32 )</b>
<b>In-View Budget</b>	<b>0</b>	<b>(32 )</b>	<b>(32 )</b>
CCG Total Contribution	(352,629 )	(352,629 )	0
LA Total Contribution	(164,847 )	(164,847 )	0
<b>Total Contribution</b>	<b>(517,476 )</b>	<b>(517,476 )</b>	<b>0</b>
CCG Expenditure	342,129	344,457	2,328
LA Expenditure	164,847	164,794	(53)
<b>Total Expenditure</b>	<b>506,976</b>	<b>509,251</b>	<b>2,275</b>
<b>Bury Integrated Commissioning Fund Total</b>	<b>0</b>	<b>2,275</b>	<b>2,275</b>
CCG Anticipated Allocations		(2,328 )	(2,328)
<b>Bury Integrated Commissioning Fund Total</b>	<b>0</b>	<b>(53 )</b>	<b>(53 )</b>

- 3.4 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 £1.8m of the forecast overspend is due to loss of income from wellness leisure facilities in the Council and £3.1m is due to the Hospital Discharge Programme in the CCG. In the aligned budget £1.7m of the forecast underspend is as a result of unallocated grants received in year and £0.2m is due to a fall in non-contracted acute activity in the CCG.
- 3.5 COVID-19 CCG related costs to month 9 are:

<b>CCG COVID Expenditure Analysis to month 9</b>	<b>Expenditure £'000</b>
Hospital Discharge Programme	5,243
Support for stay at home models	1,568
Remote management of patients	1,048
Backfill for higher sickness absence	293
PPE - locally procured	179
Remote working for non-patient activities	170
Other Covid-19	578
<b>Total CCG Net Expenditure</b>	<b>9,079</b>

- 3.6 The Council and CCG have worked together closely to optimise NHS funding for the locality, including Council access to more than £3.7m of NHS funding streams for the first 3 quarters 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.
- 3.7 In response to the COVID-19 crisis £102.6m of grants have been made available to Bury Council a full analysis of which can be found within the Council quarter 3 financial report attached.

## **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, in month 10 the CCG was reimbursed for all out of envelope expenditure to month 8 indicating 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 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 The Quarter 2 ICF finance report stated that the CCG would receive a baseline allocation of £335.7m for 20/21. In addition, the CCG has received allocations of £8.2m draw down of historic surplus and expected 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. All of which was subsequently confirmed by NHSEI.
- 5.2 During Quarter 3 additional allocations of £1.7m have been received by the CCG. Of these allocations £1m has been added to the pooled fund; £0.6m for NHS 111 services, £0.1m for GP IT, £0.1m for mental health winter pressure and the remainder for a number of smaller schemes. £0.7m has been added to the in-view fund for GP services support.
- 5.3 For Council led services, the net budget remains unchanged with additional grants received in year matched by forecast expenditure.

## **6 Annual Review of ICF**

- 6.1 Following its first year of operation the financial framework and section 75 agreement require that an annual review takes place. Due to the COVID pandemic and related reprioritisation of work a light touch review has been completed by the strategic finance group. The review considered: the objectives within the financial framework, the responsibilities described within the financial framework, the scope of services and budget held within the ICF and their allocation and the risk sharing arrangement.



- 6.2 The objectives of the ICF are to deliver Integrated Commissioning that will focus on developing joined up, population based, public health, and preventative and early intervention strategies and adopt an asset based approach to providing a single system of health and wellbeing, focusing on increasing the capacity and assets of people and place. The ICF should enable the improvement of the quality and efficiency of the services within the arrangement, improve the outcomes for users of the services that will fall within the scope of the partnership agreement, ensure relevant national conditions and local objectives are met and make more effective use of resources through the establishment and utilisation of the pooled fund. The strategic financial group concluded that these objectives remain relevant and that a report on the delivery against these objectives for 20/21 should be produced.
- 6.3 On the responsibilities described within the financial framework the review concluded that the responsibilities continue to reflect the governance and structures of the CCG, Council and One Commissioning Organisation and therefore should remain as stated.
- 6.4 On risk sharing, the agreement within the financial framework is that each organisation will share financial risk on a 50:50 basis and that the variance to the total net budget allocation at the end of each financial year will be financed on a 50:50 basis. The group agreed that the risk share arrangement will remain in force for the current year and that a more focused review should take place for 21/22 to confirm the arrangements for that year.
- 6.5 When the ICF was established a full review of CCG and Council budgets was carried out. It was agreed that the ICF comprised of the total CCG budget and the total Council budget excluding the Housing Revenue Account (HRA), Dedicated Schools Grant (DSG) and capital budgets. Services and their associated budgets were allocated to either the pooled, aligned or in-view fund based with the intention to maximise the resource and scale of commissioning to be included in the ICF. The group agreed that further work was required to ensure that the allocation of all services to the aligned, pooled and in-view funds reflects the operational working of the ICF. It was agreed at this stage in the year the structure of the fund should remain in place. The position for next year will form part of the focussed review for 21/22.

## **7 Actions Required**

- 7.1 The SCB is asked to:
- Note the increase to the ICF budget as a result of CCG budget allocations received since the last report to Strategic Commissioning Board for 20/21 and accept their allocation to the ICF.
  - Note the ICF forecast financial position at month 9 of breakeven and the assumptions on which it is based.
  - Approve the use of underspends in the aligned fund to address overspends in the pooled fund.
  - Note the financial risks to Bury.
  - Approve the findings of the annual review not to make any changes to the ICF objectives responsibilities, risk share and structure for 20/21
  - Note the planned work on the ICF for 21/22 and that a report is to be produced on the delivery against objectives in 20/21.

**Carol Shannon-Jarvis**

Associate CFO

Carol.Shannon-Jarvis@nhs.net

February 2021

#### Appendices: Organisation Month 9 reports



AI 6 Finance Report  
Month 9.pdf



The Councils  
Financial Position as at