

Meeting: Strategic Commissioning Board

Meeting Date	04 October 2021	Action	Receive
Item No	11	Confidential / Freedom of Information Status	Yes
Title	Integrated Commissioning Fund Financial Position Month 5		
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Clinical Lead			
Council Lead			

Executive Summary

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 - SCB has delegated decision making powers;
- an aligned budget - SCB can make recommendations. Decision making powers remain with the originating statutory body; and
- an in-view budget which impact on the CCG and Council - decisions are made by bodies other than the partners.

In constructing the ICF for 2021/22, whilst the Council aspects are per the annual budget approved in February, for the CCG the national command and control framework put in place by NHSE/I in response to COVID-19 has continued into the first six months of 2021/22 (H1). This means the CCG has so far only received confirmation of funding for the first 6 months. For ease and to enable consistent reporting across the integrated organisation the CCG has assumed the same level of funding and expenditure for the second half of the year as the first.

At the time of writing the financial framework for the CCG for the second half of the year has not been confirmed. Indications are that a number of the policies that have been in place for the last 18 months will remain in some form including block payments to NHS providers, the hospital discharge programme and some system funding. A savings target of 2-3% is expected which will be incredibly hard to achieve with the lack of discretion in the majority of the CCG expenditure.

In anticipation of changes to the financial framework in H2 and looking forward to a return to more normal contracting arrangements from 22/23 the CCG has been working closely with the Northern Care Alliance (NCA) to agree community H2 and recurrent baseline funding. To date agreement has been reached on a number of underlying pressures identified during the

transfer of community services from Pennine Care FT to NCA and £2.5m of the £3.9m recurrent impact of schemes previously funded from GM devolution transformation fund.

At the end of month 5 the ICF is forecasting an overspend of £3.4m on an annual total budget of £524.3m. There is a £0.3m overspend on services held within the section 75 pooled budget, £3.5m overspend on services within the aligned fund and £0.4m underspend on services within the in-view budget.

The key overspend in the pooled budget is £3.8m in continuing healthcare budgets. This is the resulting pressure after full reimbursement of expenditure related to the national Hospital Discharge Programme (HDP). Overspends are offset by underspends in other CCG and Council services coming from unrequired budgets and release of prior year benefits in the CCG and vacancies.

The aligned fund is forecasting a £3.5m overspend of which £1.5m is as a consequence of council transformation scheme savings targets not being aligned with programme delivery in year, work is ongoing to identify other savings or to bring forward delivery of savings to mitigate this. There is also circa £0.6m of unachieved savings brought forward from the previous year, £0.6m is as a consequence of pressures on net housing subsidies and an increase in the associated bad debt provision with the remainder mainly as a consequence of unachieved income targets in operational services as a consequence of reduced activity associated with the pandemic. Work is ongoing within all departments to identify mitigating actions and to bring budgets back into balance.

The in-view budget of the ICF is forecasting an underspend of £0.4m as a result of the finalisation of 20/21 outturn and release of prior year accruals.

At month 5 the Council is forecast to deliver £5.9m of its planned £8m savings and the CCG is on track to deliver its savings target for the first half of the year of £2.1m. There is significant risk however as we move into the second half of the year with the CCG budget not yet confirmed beyond September.

Recommendations

The Strategic Commissioning Board is asked to:

- Note the ICF financial position at month 5.
- Note the addition of £1.7m CCG allocations to the ICF.
- Note the financial risk in the position reported in particular as a result of the uncertain CCG finance regime beyond September and the Councils current unachieved savings target.

Links to Strategic Objectives/Corporate Plan	Yes
SO1 - To support the Borough through a robust emergency response to the Covid-19 pandemic.	<input type="checkbox"/>
SO2 - To deliver our role in the Bury 2030 local industrial strategy priorities and recovery.	<input type="checkbox"/>
SO3 - To deliver improved outcomes through a programme of transformation to establish the capabilities required to deliver the 2030 vision.	<input checked="" type="checkbox"/>
SO4 - To secure financial sustainability through the delivery of the agreed budget strategy.	<input checked="" type="checkbox"/>
Does this report seek to address any of the risks included on the Governing Body / Council Assurance Framework? If yes, state which risk below:	No

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 checked="" type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input 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?	The ICF align investment and saving plans in an integrated way to our key health and wellbeing priorities.					
How do proposals align with Locality Plan?	The ICF support the locality plan by working in an integrated way to align investment and saving plans to our key priority areas of urgent care, intermediate care, mental health and learning disabilities.					
How do proposals align with the Commissioning Strategy?	The ICF aligns to the "Lets Do It" strategy by supporting joined up health and social care services through jointly developed investment					

Implications						
	and savings plans with a single view of Council and CCG wide budgets.					
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?	The ICF supports the targeting of resources to the areas that most need them to close the inequalities gap.					
Is there any scrutiny interest?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
What are the Information Governance/ Access to Information implications?	None					
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"/>
Are there any associated risks including Conflicts of Interest?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>	N/A	<input type="checkbox"/>
Are the risks on the CCG /Council/ Strategic Commissioning Board's Risk Register?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input type="checkbox"/>

Integrated Commissioning Fund Month 5

1. Introduction

- 1.1. This report provides a summary of the financial position of the Bury Integrated Commissioning Fund (ICF) in 2021/22 for month 5. Appendix 1 provides a detailed summary of the ICF. Individual financial reports for the Council and CCG are available on request.
- 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.
- 1.3. The ICF is comprised of 3 budgets:
 - a section 75 pooled budget - SCB has delegated decision making powers;
 - an aligned budget - SCB can make recommendations. Decision making powers remain with the originating statutory body; and
 - an in-view budget which impact on the CCG and Council - decisions are made by bodies other than the partners.
- 1.4. For Council budgets the pooled budget comprises of all health, social care, health related functions and supporting corporate services within the directorates it is possible and the SCB has deemed it appropriate to pool. All remaining Council budgets including the whole of the Business, Growth and Infrastructure and Housing General Fund are held within the aligned budget.
- 1.5. For the CCG all health, social care, health related functions and supporting corporate services it is possible and the SCB has deemed it appropriate to pool are held within the pooled budget, all those it is not possible or has been deemed not appropriate to pool are held within the aligned and in-view budgets

2. Financial Framework 2021/22

- 2.1. In constructing the ICF for 2021/22, whilst the Council aspects are per the annual budget approved in February, for the CCG the national command and control framework put in place by NHSE/I in response to COVID-19 has continued into the first six months of 2021/22 (H1). This means the CCG has so far only received confirmation of funding for the first 6 months. For ease and to enable consistent reporting across the integrated organisation the CCG has assumed the same level of funding and expenditure for the second half of the year as the first.
- 2.2. At the time of writing the financial framework for the CCG for the second half of the year has not been confirmed. Indications are that a number of the policies that have been in place for the last 18 months will remain in some form including block payments to NHS providers, the hospital discharge programme and some system funding. A savings target of 2-3% is expected which will be incredibly hard to achieve with the lack of discretion in the majority of the CCG expenditure.

3. Recurrent impact of transformation funding and transfer of Community Services.

- 3.1. In anticipation of changes to the financial framework in H2 and looking forward to a return to more normal contracting arrangements from 22/23 the CCG has been working closely with the Northern Care Alliance (NCA) to agree community H2 and recurrent baseline funding. The COVID-19 pandemic and financial framework imposed put a stop to on-going work between the NCA and CCG to resolve underlying pressures identified during the transfer of community services from Pennine Care Foundation Trust (PCFT) to NCA. It also prevented progress being made on how services introduced per the locality plan funded from devolution transformation funds would be managed recurrently.
- 3.2. In H1 NCA were able to cover these pressures from system support funds which will be unavailable in future. For H2 the CCG has agreed to fund these pressures and has included them within H2 plans.
- 3.3. Recurrently the CCG has agreed to enact variations for the district nursing pressures and the appointed nursing director identified as needed during the transfer to NCA, the decommissioning of Bealeys following the intermediate care review and a number of other small value items.
- 3.4. In terms of the £5.9m recurrent costs of transformation schemes which system partners agreed they would work together to find funding for the CCG has agreed to recurrently fund £1.2m of Council run schemes, £2.5m of NCA run schemes, and £0.2m of schemes run by other providers. The Council have agreed to manage the remainder of recurrent costs resulting from the transformation programmes they run. This leaves £1.4m of pressures relating to NCA run schemes yet to be identified.

4. ICF Summary Financial Performance

- 4.1. At the end of month 5 the ICF is forecasting an overspend of £3.4m on an annual total budget of £524.3m. There is a £0.3m overspend on services held within the section 75 pooled budget, £3.5m overspend on services within the aligned fund and £0.4m underspend on services within the in-view budget.

Summary	21/22 Contribution £'000	21/22 Forecast Expenditure £'000	21/22 Variance £'000
Section 75 Pooled Budget	(333,423)	333,678	255
Aligned Budget	(149,905)	153,382	3,477
In-View Budget	(41,017)	40,644	(373)
Integrated Commissioning Fund	(524,345)	527,704	3,359

- 4.2. Since quarter 1 the CCG received an increase in allocation of £1.7m. The majority of this, £1.6m was received for the reimbursement of Hospital Discharge Programme costs, a further £0.4m, for Greater Manchester Clinical Assessment Services (CAS), £0.2m for transforming community services, and a reduction of £0.3m for GM

managed mental health investments. These allocations have all been added to the pooled budget. A remaining £0.1m allocation was also received for long covid support in primary care which has been included within the in-view budget.

5. Section 75 Pooled Budget

5.1. The summary position of the pooled budget at month 5 is an overspend of £0.3m as set out in the table below:

Service area	21/22 Budget £'000	21/22 Forecast £'000	21/22 Variance £'000
Acute Health Services	87,143	87,119	(25)
Community Health & Care Services	84,923	88,510	3,588
Mental Health & Learning Disabilities	38,943	39,162	219
Primary Care Services	42,065	41,741	(324)
Adult Social Care	17,707	17,480	(227)
Childrens Services and Social Care	14,004	13,962	(42)
Public Health	10,756	10,756	0
Other CCG & Council Services	37,882	34,948	(2,934)
Total Pool Expenditure	333,423	333,678	255
Contributions	(333,423)	(333,423)	0
Section 75 Pooled Budget	0	255	255

5.2. The key overspend in the pooled budget is £3.6m in community health and care services mainly attributable to a £3.8m forecast outturn overspend in continuing healthcare budgets offset by a £0.2m underspend in care in the community. This resulting pressure is after full reimbursement of expenditure related to the national Hospital Discharge Programme (HDP) under which the Bury system is reimbursed for the first 4/6 weeks of care depending on date of discharge for patients discharged from hospital. CHC is still experiencing significant pressures in month five, despite the ongoing reviews of joint funded patients, Mental Health and children's placements and further emphasises the requirement to progress the implementation of the CHC database. Given the importance of the work and absences in the CHC team, resource from across other existing CCG and Council teams, and from another GM CCG continues to be utilised.

5.3. Other overspends are seen in mental health services, £0.2m, attributable to high cost placements which is a highly variable area of expenditure dependant on case mix of patients.

5.4. Underspends are forecast in other CCG and Council services £0.3m in primary care and £3.4m in other CCG & Council services coming from unrequired budgets in the CCG following the continuation of the command and control financial framework and release of prior year benefits reduced to £2.9m primarily from income loss at leisure centres. A further £0.2m underspend in adult social care is due to staff vacancies.

6. Aligned Budget

6.1. The aligned budget is forecasting an overspend of £3.4m at month 5 as shown in the table below.

Service area	21/22 Budget £'000	21/22 Forecast £'000	21/22 Variance £'000
Acute Health Services	79,168	79,193	25
Childrens Services and Social Care	26,057	26,109	52
Operations	16,543	16,762	218
Other CCG & Council Services	28,137	31,318	3,181
Total Aligned Expenditure	149,905	153,382	3,477
Contributions	(149,905)	(149,905)	0
Aligned Budget	0	3,477	3,477

6.2. Of the £3.5m forecast overspend in the aligned budget; £0.2m in operations is as a result of income loss and slippage in delivery of savings, £1.5m within other CCG & Council services is as a consequence of the transformation programme within the Council that whilst the schemes are being developed and are currently forecast to deliver their recurrent targets will not have a full year impact until 2022/23, £0.6m is a overspend on housing subsidies (previously known as housing benefit) and the bad debt provision associated with reclaiming overpaid housing subsidies the balance is as a consequence of unachieved savings rolled forward from the previous year.

7. In-View Budget

7.1. The in-view budget of the ICF is forecasting an underspend of £0.4m as shown in the table below. This underspend is non-recurrent resulting from the finalisation of 20/21 outturn and release of prior year accruals, in particular, the Quality and Outcome Framework achievement payments made to GP's which was £0.3m less than forecast.

Service area	21/22 Budget £'000	21/22 Forecast £'000	21/22 Variance £'000
Delegated GP services	31,116	30,751	(365)
Other CCG & Council Services	9,901	9,893	(8)
Total In-View Expenditure	41,017	40,644	(373)
Contributions	(41,017)	(41,017)	0
In-View Budget	0	(373)	(373)

8. Financial Savings and Risks

- 8.1. The opening ICF budget relied on savings plans totaling £12.2m: £4.2m of CCG savings with only £2.1m of identified schemes; £4m of Council efficiency savings and £4m of service reductions. In addition a £12m planned use of Council reserves was required to balance the budget.
- 8.2. At month 5 the CCG is on track to deliver its savings of £2.1m for the first half of the year having identified a number of non-recurrent mitigations as a result of prior year benefits and the impact of the current financial regime. There is significant risk however as we move into the second half of the year with the CCG budget not yet confirmed beyond September.
- 8.3. Of the £8m planned Council savings £5.9m are forecast for delivery in year with the remaining £2.1m requiring further investigation. The biggest element of this is the £1.5m of transformation savings and whilst schemes are progressing in terms of mobilisation this financial year it will be 2022/23 before they deliver their full year effect.

9. Actions Required

The Strategic Commissioning Board is asked to:

- Note the ICF financial position at month 5.
- Note the addition of £1.7m CCG allocations to the ICF.
- Note the financial risk in the position reported in particular as a result of the uncertain CCG finance regime beyond September and the Councils current unachieved savings target.

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Appendix 1: Full ICF at Month 5

Service area	21/22 Budget £'000	21/22 Forecast £'000	21/22 Variance £'000
CCG Pool Contribution	(232,309)	(232,309)	0
LA Pool Contribution	(101,114)	(101,114)	0
CCG Pool Additional Contribution	0	0	0
LA Pool Additional Contribution	0	0	0
Total Pool Contribution	(333,423)	(333,423)	0
Acute Health Services	87,143	87,119	(25)
Community Health Services	23,453	23,464	11
Continuing Healthcare	19,072	22,893	3,821
Mental Health & Learning Disabilities Services	38,943	39,162	219
Primary Care Services	42,065	41,741	(324)
Adult Social Care	17,707	17,480	(227)
Care in the Community	42,398	42,154	(244)
Public Health	10,756	10,756	0
Other OCO Services	17,756	17,654	(102)
Childrens Social Care	6,949	7,031	82
Other Childrens Services	7,055	6,931	(124)
Other CCG Services	12,186	8,817	(3,369)
Other Council Services	7,940	8,477	537
Total Pool Expenditure	333,423	333,678	255
Section 75 Pooled Budget	0	255	255
CCG Aligned Contribution	(79,168)	(79,168)	0
LA Aligned Contribution	(70,737)	(70,737)	0
Total Aligned Contribution	(149,905)	(149,905)	0
Acute Health Services	79,168	79,193	25
Childrens Social Care	17,061	17,021	(39)
Other Childrens Services	8,997	9,088	92
Business, Growth & Infrastructure	2,727	2,896	169
Operations	16,543	16,762	218
Other CCG Services	0	0	0
Other Council Services	25,410	28,422	3,012
Total Aligned Expenditure	149,905	153,382	3,477
Aligned Budget	0	3,477	3,477
CCG In View Contribution	(41,017)	(41,017)	0
LA In View Contribution	0	0	0
Total In View Contribution	(41,017)	(41,017)	0
Delegated Co-Commissioning Budgets	31,116	30,751	(365)
Other CCG Services	9,901	9,893	(8)
Other Council Services	0	0	0
Total In View Expenditure	41,017	40,644	(373)
In-View Budget	0	(373)	(373)
CCG Total Contribution	(352,494)	(352,494)	0
LA Total Contribution	(171,851)	(171,851)	0
Total Contribution	(524,345)	(524,345)	0
CCG Expenditure	352,494	352,494	(0)
LA Expenditure	171,851	175,210	3,359
Total Expenditure	524,345	527,704	3,359
Bury Integrated Commissioning Fund Total	0	3,359	3,359