

Meeting:			
Meeting Date	03 July 2023	Action	Receive
Item No.		Confidential	No
Title	System Finance Group Update – Bury Locality 2023/24 Finance position		
Presented By	Sam Evans – Executive Director of Finance Bury Council and NHS Greater Manchester Integrated Care (Bury)		
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Clinical Lead			

Executive Summary	
<p>The financial position of public services in Bury and across Greater Manchester is very challenging in 2023/24. As was presented in the July System Finance Group update, this is a position that has been building for some time but was delayed by the finance regimes introduced during the Covid-19 pandemic. From 2022/23 onwards funding regimes across the public sector are returning to their pre-pandemic formulae and it is 2023/24 that this is crystallising into significant issues across all partners. Since the June 2023 paper the NHS GM forecast deficit for 2023/24 has worsened from £530m to £606m and the aim of this paper is to show the current finance positions of locality statutory partners, the size of savings targets and to stimulate debate on what actions can be taken to support the delivery of financial targets in 2023/24.</p> <p>Budgets for 2023/24 have been set for locality statutory partners and for the former CCG budgets, delegated to the locality, the Bury Care Organisation as part of the Northern Care Alliance (NCA) and Bury Council, these budgets total £422.5m, with a savings target of £39m. Month 2 positions are not available for all of the statutory partners but for those where it is available all partners are currently overspent. The key drivers of this overspend are varied but there is a consistent theme of increased demand, across both adults and childrens services, and also the costs of bank and agency staffing as recruiting to substantive posts is not possible in all instances.</p> <p>Partners are undertaking individual actions to seek to improve financial positions and the Locality Savings Group is triangulating all organisation savings schemes to identify areas of synergy and potential joint wins, alongside potential areas of opposing priorities to understand these and ensure that cost transfer between partners is not the result.</p>	
Recommendations	
<p>As can be seen the financial position of all statutory partners is very challenging and the potential for central regulatory involvement is very real. Therefore the Locality Board is asked to:</p> <ul style="list-style-type: none"> • Consider the information within this paper, the level of savings required to deliver a break even position in 2023/24 and the risks to delivery • Note the month 2 position and the distance from plan • Suggest any savings opportunities to be investigated or other action that members wish to support 	



OUTCOME REQUIRED <i>(Please Indicate)</i>	Approval <input type="checkbox"/>	Assurance <input type="checkbox"/>	Discussion <input checked="" type="checkbox"/>	Information <input checked="" type="checkbox"/>
APPROVAL ONLY; (please indicate) whether this is required from the pooled (S75) budget or non-pooled budget	Pooled Budget <input type="checkbox"/>	Non-Pooled Budget <input type="checkbox"/>		

Links to Strategic Objectives	
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 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 NHS GM Assurance Framework?	<input type="checkbox"/>

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 type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
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 NHS GM risk register?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>

Governance and Reporting		
Meeting	Date	Outcome
N/A		

System Finance Group Update

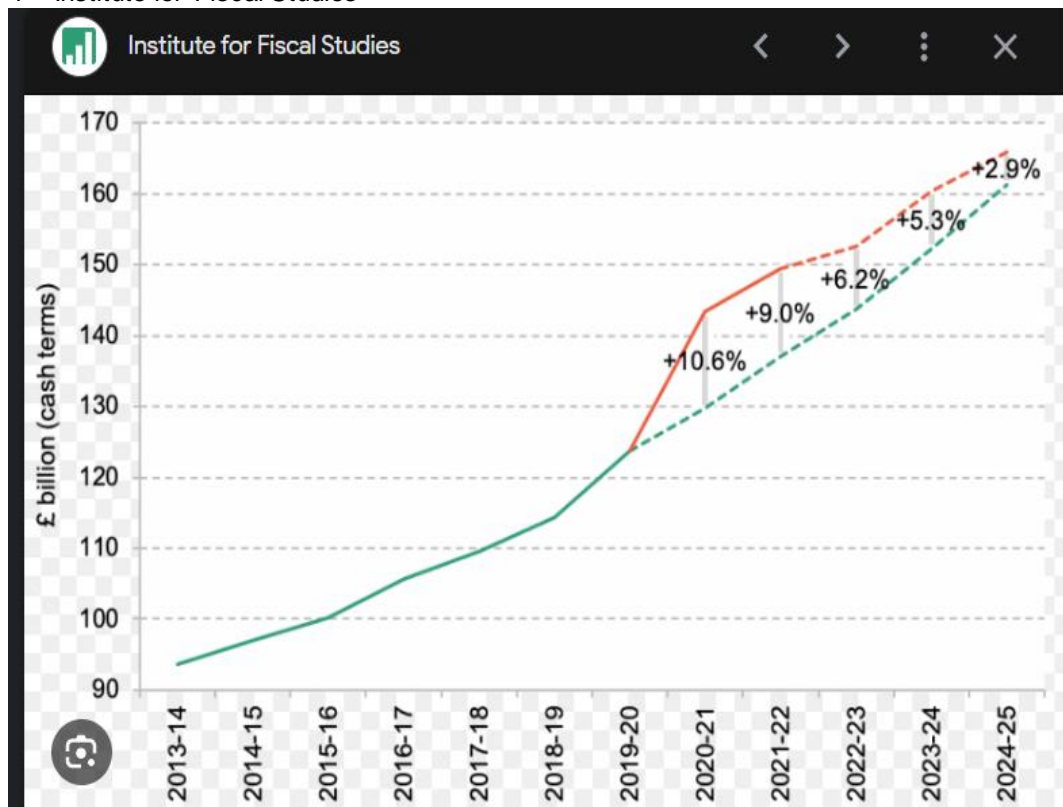
1. Introduction

- 1.1. The financial position of public services in Bury and across Greater Manchester is very challenging in 2023/24. As was presented in the July System Finance Group update, this is a position that has been building for some time but was delayed by the finance regimes introduced during the Covid-19 pandemic. From 2022/23 onwards funding regimes across the public sector are returning to their pre-pandemic formulae and it is 2023/24 that this is crystalising into significant issues across all partners. Since the June 2023 paper the NHS GM forecast deficit for 2023/24 has worsened from £530m to £606m and the aim of this paper is to show the current financial positions of locality statutory partners, the size of savings targets and to stimulate debate on what actions can be taken to support the delivery of financial targets in 2023/24.

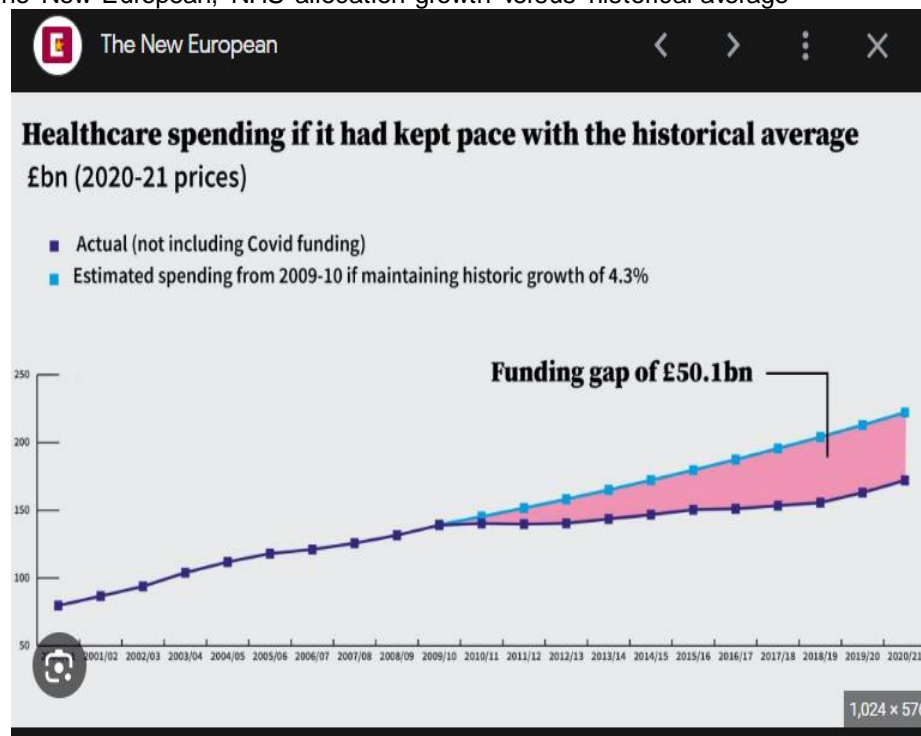
2. Background

- 2.1. In the decade following the global financial crisis in 2008, the NHS faced the most prolonged spending squeeze in its history: between 2009/10 and 2018/19 health spending increased by an average of just 1.5% per year in real terms, compared to a long-term average increase of 3.6 per cent per year. This is shown in the 2 graphs below, the first from the Institute of Fiscal Studies and the second from the New European. Whilst the values are not completely aligned, due to the significant differences in the ideology of the 2 publishers, their agreement upon the lack of resources available demonstrates the scale of the challenge.

Graph 1 – Institute for Fiscal Studies



Graph 2 – The New European, NHS allocation growth versus historical average



2.2. Council budgets have not been protected in the same way as NHS organisations and consequently have had to make significant cuts since 2010. In an October 2020 report to Parliament, the Health and Social Care Committee stated that an additional £7bn per year was required by 2023/24 to resolve the size of the social care funding gap, which it described as a “starting point”. The Health Foundation has suggested that an additional £14.4 billion a year would be required by 2030/31 to meet future demand, improve access to care, and pay more for care¹.

2.3. These pressures on budgets are clear to see in 2023/24 budget setting and required savings targets for the statutory organisations of the Bury Locality.

3. Bury Locality statutory partners opening position 2023/24

3.1 NHS Greater Manchester Integrated Care (NHS GM) came into being on 1st July 2022 as the successor organisation to CCGs, as part of the reorganisation of NHS bodies, governance and reporting. NHS GM is responsible for all NHS activities in Greater Manchester and is the largest Integrated Care System (ICS) in the country.

3.2 The former CCG budgets that are part of NHS GM and have delegated responsibility to the Bury locality are shown as Bury Locality (exc CCG), with the Northern Care Alliance (NCA) and Pennine Care (PCFT) being part of the NHS Greater Manchester Integrated Care System but remain statutory bodies in their own right. The opening financial positions for these organisation and the council are shown in the table and graph overleaf:

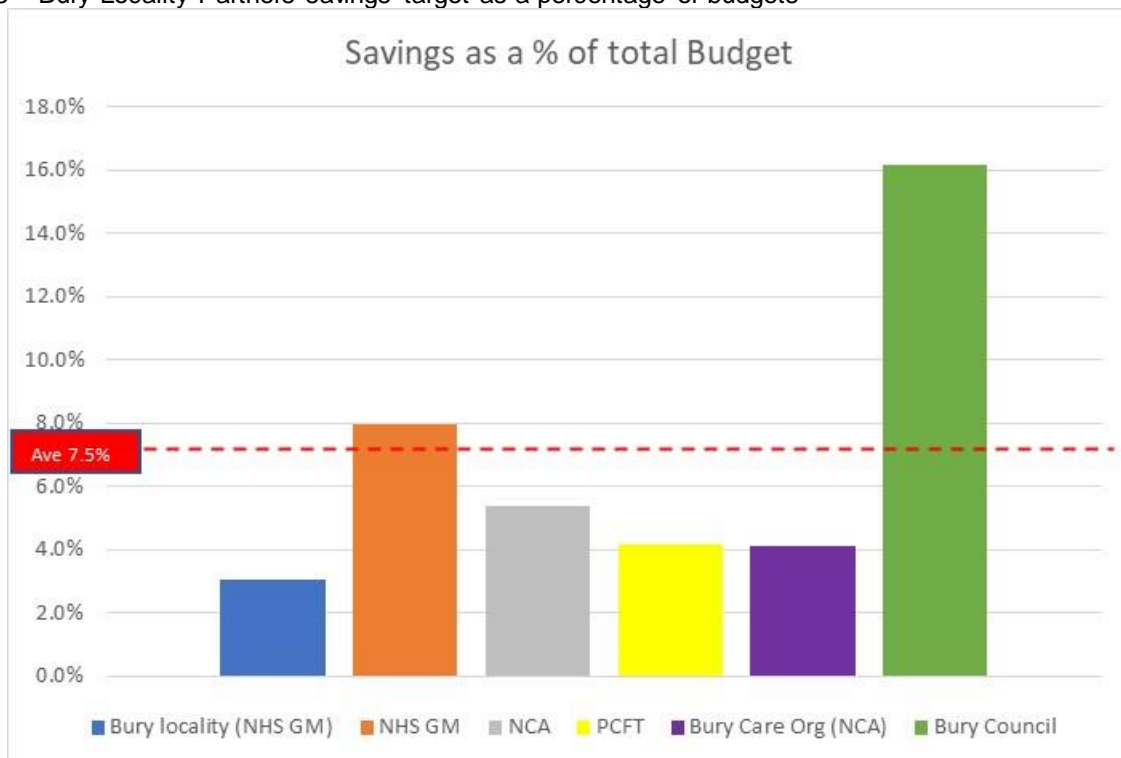
¹ House of Commons Library – Adult Social Care Funding (England). January 2023

Table 1 – Bury Locality Statutory Partners 2023/24 budgets and savings targets

Partner	2023/24 budget £'000	2023/24 Savings Target £'000
Bury Locality (exc CCG)	£98,000	£3,000
NCA - Bury Care Organisation	£132,500	£5,000
Bury Council – General Fund	£192,000	£31,000
Bury Locality Total	£422,500	£39,000
NCA - Whole Organisation	£1,640,000	£87,900
Pennine Care (PCFT) **	£277,400	£11,500
NHS GM - Whole Organisation (For information)	£7,600,000	£606,000

** PCFT split to locality level not possible

Graph 3 – Bury Locality Partners savings target as a percentage of budgets



4 Bury Locality partners month 2 2023/24 position

4.1 The month 2 positions for all statutory partners is shown in table 2 overleaf. Month 2 is too early in the

year to produce reliable forecasts and therefore the year to date position at month 2 is being shown, however it is clear that this indicates a very worrying position already. All organisations report slightly differently and the locality (former CCGs shown as overspends versus plan at month 2. The Bury Care Organisation (NCA) position is showing a slight over recovery of income but with significantly more expenditure than planned and the NCA whole organisation position is showing a significantly greater deficit than planned.

- 4.2 The Council does not report its month 2 position to Cabinet and is currently in the process of reviewing it accounts were only completed at the end of March. Early indications are that there are significant forecast overspends within childrens services, health and adult care and operational services. It is also recognised that the Council had to use reserves to balance its in year budget as part of budget setting.

Table 2 – Bury Locality Partners month 2 position

Partner	2023/24 month 2 plan	2023/24 month 2 actual	Variance
Bury Locality (exc CCG)	£15,855	£16,029	£174
Bury Council	Information not yet available		
Bury Care Org - Expenditure	£21,356	£23,326	£1,970
NCA - Whole Organisation			
NCA **	£1,600	£8,200	£6,600
Pennine Care (PCFT) ***	£951	£1,013	£62

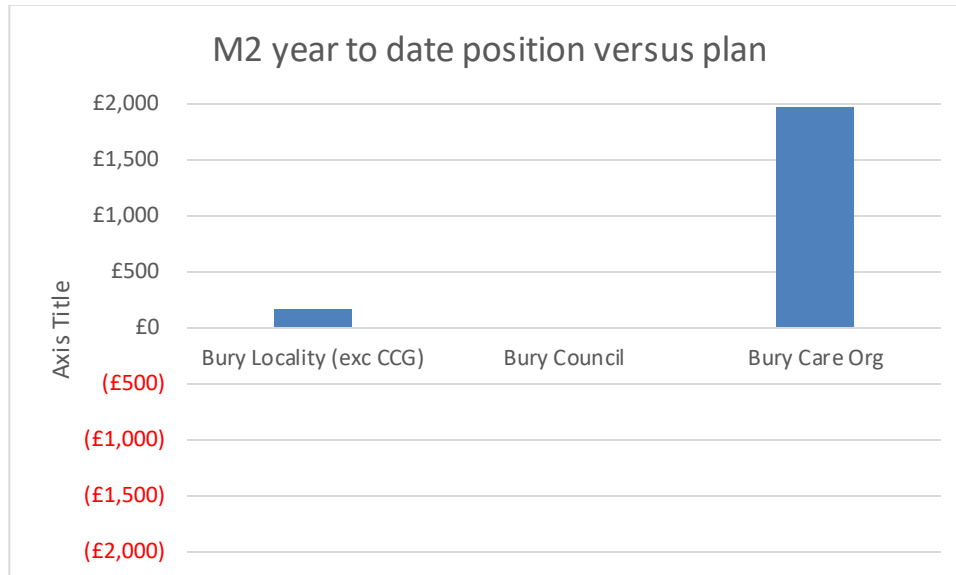
* All values in thousands

** NCA whole organisation is shown as distance from plan for income and expenditure

*** PCFT whole organisation is shown as distance from plan for income and expenditure

- 4.3 Alternatively this is shown graphically below in graph 4, with anything below the horizontal axis being an underspend against plan and anything above being an overspend.

Graph 4 – Bury Locality performance versus finance plan



5 Drivers of the overspend

Bury Care Organisation

5.1 The key drivers of the Bury Care Organisation position at month 2 are as follows:

- Financial Impact of the junior doctors strike
- Bank and agency costs
- Additional discharge beds that need to be kept open but are not substantively staffed and funded
- WLI and LLP rates paid to reduce the elective backlog
- One to one care required due to the complexity and co-morbidities of patients, in particular mental health patients in acute beds
- Increased non pay costs such as ICD/Pacemakers due to backlogs and catching up on activity that has more than trebled in costs to £164k in month 2 alone

It should be noted that the expenditure position is net of £2m of expected additional income to support the costs of creating intermediate care beds in order to reduce the number of discharge beds and Same Day (SDEC) Frailty unit which prevents admission. If all of this income is not forthcoming, which appears in doubt, then the position would worsen by this shortfall and the provision of intermediate care on the Fairfield site and the SDEC frailty model would be under threat, therefore increasing pressure and creating a false economy.

Bury Council

5.2 The key drivers of the Bury Council position at month 2 are as follows:

- Premium costs through use of agency to fill key posts
- Utilities costs
- Increased home care packages with Adult social care
- Increased activity within childrens SEND and social care

Bury locality of NHS GM (exc CCG)

5.3 The key drivers of the Bury NHS GM position at month 2 are as follows:

- Prescribing – Pressure brought forward from 2022/23 as costs in the final 2 months of the financial year were greater than anticipated.
- Independent Sector Mental Health placements

Pennine Care

5.4 The key drivers of the Pennine Care position at month 2 are as follows:

- The 2023/24 pay award is driving the adverse variance to plan although offset by non-recurrent underspends

6 Action already taken

- 6.1 Actions have already been taken by partners with all locality Programme Senior Responsible Officers (SROs) asked to report back savings opportunities within their areas. This was received on 23rd June and is currently being analysed and a verbal update will be available in the meeting.
- 6.2 The Council will be undertaking a zero based budgeting approach to a number of high cost and volume budgets as part of its medium term financial plan refresh over the summer.
- 6.3 Bury Care Organisation is working with the wider NCA functions to develop savings programmes including workstreams relating to people, procurement, pharmacy and clinical utilisation.
- 6.4 Pennine Care is developing a medium term financial plan alongside the delivery of the in year savings programme, to understand the actions required to address the medium term financial sustainability of the Trust

7 Conclusion

- 7.1 As can be seen the financial position of all statutory partners is very challenging and the potential for central regulatory involvement is very real. Therefore the Locality Board is asked to:
- Consider the information within this paper, the level of savings required to deliver a break even position in 2023/24 and the risks to delivery
 - Note the month 2 position and the level of overspend that is within this
 - Suggest any savings opportunities to be investigated or other action that members wish to support

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June 2023