

<b>Meeting: Strategic Commissioning Board</b>			
<b>Meeting Date</b>	07 June 2021	<b>Action</b>	Receive
<b>Item No</b>	11.2	<b>Confidential / Freedom of Information Status</b>	Yes
<b>Title</b>	Bury CCG Transformation Funding		
<b>Presented By</b>	Sam Evans, Executive Director of Finance		
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<b>Clinical Lead</b>			
<b>Council Lead</b>			

<b>Executive Summary</b>
<p>In 2016 Bury CCG was awarded £19.5m non-recurrent Transformation Funding to support delivery of the ambitions of the 2016 Bury Locality plan. This locality plan set out a series of programmes and services designed around the health and care needs of the local population each of which required funding, and Local Care Organisation (LCO) support costs.</p> <p>The purposes of this paper are to:</p> <ul style="list-style-type: none"> <li>• provide a summary of the use of this £19.5m funding by year over the period from 2016 to March 2021, identify those schemes that are still in operation and outcomes</li> <li>• provide a focus on those schemes and LCO costs comprising the £5.7m funding for Programme 6 - transforming primary, community and social care and LCO costs, which require resolution in terms of future funding streams.</li> </ul> <p>The paper outlines the background to the Transformation Fund and the current position. It identifies those schemes that are still in operation, how they are currently being funded and confirms the need to find a funding solution for them.</p>
<b>Recommendations</b>
<p>The SCB is asked to:</p> <ul style="list-style-type: none"> <li>• Note the content of this report and the financial risks to the Bury system</li> <li>• Note the Council is holding a reserve of £0.75m from 2020/21</li> <li>• Note CCG £4.5m additional allocation to the Pooled Fund in March 2021 includes £2.5m of transformation funds</li> <li>• Note GM is holding £1.2m for 2021/22, due to be paid if Covid funding stopped at the end of quarter 1. Given half year (H2) allocations the position needs to be clarified, as this funding could potentially go some way to bridging the gap in H2.</li> <li>• Note the need for regular updates to ensure ongoing accuracy and completeness of the information provided and to evidence the success of the transformation programme and related schemes</li> <li>• Note the need for a recurrent funding solution/agreement during 2021/22 for the underlying deficit full year effect costs of £5.7m (Programme 3, 6 and LCO costs)</li> <li>• Consider the need for an assessment of the realisable benefits for those schemes that have ceased in March 2021.</li> </ul>

<b>Links to Strategic Objectives/Corporate Plan</b>	Yes
<b>SO1 - To support the Borough through a robust emergency response to the Covid-19 pandemic.</b>	<input type="checkbox"/>
<b>SO2 - To deliver our role in the Bury 2030 local industrial strategy priorities and recovery.</b>	<input type="checkbox"/>
<b>SO3 - To deliver improved outcomes through a programme of transformation to establish the capabilities required to deliver the 2030 vision.</b>	<input checked="" type="checkbox"/>
<b>SO4 - To secure financial sustainability through the delivery of the agreed budget strategy.</b>	<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
<i>This report and its conclusions may impact on risks associated with certain services previously paid for through transformation funding and may have a limited impact on financial sustainability but does not set out to address the identified risks.</i>	

<b>Implications</b>						
Are there any quality, safeguarding or patient experience implications?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>	N/A	<input type="checkbox"/>
Has any engagement (clinical, stakeholder or public/patient) been undertaken in relation to this report?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>	N/A	<input type="checkbox"/>
Have any departments/organisations who will be affected been consulted?	Yes	<input type="checkbox"/>	No	<input checked="" 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 checked="" type="checkbox"/>	N/A	<input 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 checked="" type="checkbox"/>	N/A	<input type="checkbox"/>
Are there any health and safety issues?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>	N/A	<input type="checkbox"/>
How do proposals align with Health & Wellbeing Strategy?	The continuing Transformation schemes align with the strategy. This paper provides the history.					
How do proposals align with Locality Plan?	The continuing Transformation schemes align with the plan.					
How do proposals align with the Commissioning Strategy?	The continuing Transformation schemes align with the strategy.					
Are there any Public, Patient and Service User Implications?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>	N/A	<input type="checkbox"/>

Implications						
How do the proposals help to reduce health inequalities?	The paper reports on use of the Transformation Funds which aimed to support delivery of the 2016 locality plan.					
Is there any scrutiny interest?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>	N/A	<input 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 checked="" type="checkbox"/>	N/A	<input type="checkbox"/>
If yes, has an Equality, Privacy or Quality Impact Assessment been completed?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>	N/A	<input 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 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"/>
Additional details	The risks identified form part of a broader risk regarding financial sustainability.					

Governance and Reporting		
Meeting	Date	Outcome
<i>Strategic Commissioning Board</i>	12/04/2021	An update paper was provided covering the latest position for the £5.7m primary, community and social care element of the transformation funding only.

## Transformation Funding (2016-2021)

### 1. Introduction

- 1.1 The purpose of this paper is to provide a summary of the use of Bury Transformation Funding of £19.5m received or due over the period from 2016 to March 2021, the services it paid for, the current status of those services and outcomes where available. It identifies how any continuing services are currently being funded, together with those services that have ceased and provides the reasons for that.
- 1.2 The paper looks at those at risk schemes comprising the £5.5m funding for Programme 6 - transforming primary, community and social care and associated LCO costs, which require resolution in terms of future funding arrangements. In December 2020, the SCB agreed that the cost of these services would be made recurrent. The basis of funding had not been agreed and has been the subject of ongoing discussions between local organisations. This was first identified by the SCB for resolution at the meeting on 1 February 2021 following discussions on the paper under Item 10: "Overview of Pooled Budget". The funding position for a further £0.2m for Programme 3: Falls, Fragility & Bone Health scheme is still to be clarified.

### 2. Background

- 2.1. Under the Greater Manchester (GM) devolution arrangements, c£450m of non-recurrent funding, split into five transformation themes, was made available to enable transformation of health and social care across GM over the years from 2016 to March 2021. Greater Manchester was the only region at that time to receive this scale of transformation funding under fully devolved management arrangements. Theme 2 (circa £300m) was set aside for locality plans where the award to localities was to be based on a cost benefit analysis, though ultimately distribution was closer to population fair shares. Bury's identified share of funding was £19.5m.
- 2.2. This Bury transformation funding was applied to deliver the ambitions of the 2016 Locality plan over the period from 2016 to March 2021. It was used to develop, invest in and implement a series of programmes and services designed to meet the future health and care needs of the local population, and to pay for associated funding and support costs, including costs of the LCO as the delivery partner. Funding was allocated to this programme recognising the costs of:
  - enabling and setting up schemes;
  - double running some services for a period and to take account of the time lag for benefits to be realised
  - support costs including managing delivery.
- 2.3. Transformation funding was due to run out by September 2021. It was recognised that locality partners would then need to evaluate schemes and decide whether to:
  - continue the schemes because they were shown to be self-financing (in terms of being cash releasing or cost avoidance);
  - revise the schemes and continue, on the basis that the schemes could become self-financing with modifications; or
  - end the schemes.

- 2.4. A decision was made in autumn 2019, following an in depth scheme by scheme review and a final decision made by the Strategic Oversight Group and ratified by SCB to stop all schemes, except Programme 6 - transforming primary, community and social care, and to continue to fund, albeit at a reduced value, LCO costs. It was also agreed that the CCG would allocate recurrent monies to support elements of Programme 5 – transforming emergency care.
- 2.5. Specifically, it was agreed that:
- for Programme 5, the costs of the Green Car scheme and Urgent Treatment Centre schemes, £1.7m in total, would be funded recurrently.
  - for Programme 6, having first considered the financial and operational risks to terminating the schemes or delaying a decision, it was agreed these schemes totalling £4.6m would continue recurrently, along with LCO costs of £0.9m and the Programme 3 service costs of £0.2m for falls, fragility and bone health; a total funding risk of £5.7m.
- 2.6. In December 2020, SCB further confirmed its support for Programme 6 and the LCO costs stating that they were vital to the Bury system and that whilst organisational envelopes were unclear for 2021/22, these schemes and roles were essential for the Bury system. All parties agreed the identification of funding sources or savings opportunities would be a shared priority. The continued support for Programme 6 schemes was also secured due to the fact that these schemes were at the heart of the Covid-19 response and the rapid hospital discharge and admission avoidance service, vital during the pandemic, would not have been possible without this. Furthermore the LCO also provides the local basis upon which the new partnership models required post April 2022 can flourish.
- 2.7. Programme 6 schemes were planned to be self-funding. The schemes started later than anticipated and continued to operate through the period of the Covid-19 pandemic with the consequential impact of high service uptake during this period. This may not be representative of activity levels that will be experienced post pandemic. To date it has not been possible to clearly identify or separate out activity or service performance under more normal 'business as usual' arrangements post Covid.
- 2.8. The system financial and payment arrangements changed during the pandemic and will come under a new financial regime from 2022 that has still to be determined. Financial arrangements now are very different to the activity based 'self-funding' financial benefits under the NHS payment by results (PBR) method first assumed. In consequence, a recurrent funding solution has still to be found for these schemes that will enable these services to continue into the future, as required.
- 2.9. Currently, NHS service costs are being met for these schemes throughout 2020/21 and into the first half of 2021/22 under the exceptional financial arrangements introduced during the Covid-19 pandemic. Funding comprises a combination of CCG funding allocations, provider block contracts and system top up payments.

- 2.10. Bury CCG has built the full financial costs for Programme 6 and LCO costs, of £5.7m, into its underlying deficit position both to recognise it as a financial pressure and flag to GM that these services will require ongoing funding. £3.8m of costs flow through the NCA and of this £0.6m is included in the NCA block for the first 6 months of the financial year. The remaining costs for the first half of the financial year have been funded via system top up. This leaves a funding requirement for the second half of the financial year unless system top ups (or other replacement funding) continue for the full year.
- 2.11. Finally it needs to be recognised that future NHS arrangements including the basis for determining GM allocations and/ or funding of services are uncertain. From April 2022 service oversight and funding will fall under proposed new arrangements for GM ICS and provider collaboratives, which are currently under discussion.

### 3. Bury Transformation Funding

- 3.1 Total transformation Funding of £19.5m received or due is set out below.

<b>Overall Summary</b>	<b>£</b>
Funding Received and Spent 2016 to Mar 2021	15,074,576
Funding held in a reserve by Bury Council	750,000
Funding Transferred to the Pooled Fund in 2020/21	2,500,000
GM funding (held conditionally for 2021/22)	1,200,000
	<b><u>19,524,576</u></b>

The summary shows, in addition to the £15.07m already spent on schemes:

- the Council is holding a reserve of £0.75m, comprising 50% of the £1.5m paid across in 2020/21 for the Council's budgeted costs in Rapid Response, Intermediate Tier and MDT Case Management;
- the Bury Pooled Fund received additional CCG contributions of £4.5m in March 2021. This includes £2.5m set aside for transformation fund initiatives;
- GM is holding a further £1.2m conditionally. This was set aside on the basis that Covid funding would not continue beyond quarter 1 in 2021. The CCG will need to confirm the GM position given the NHS half year funding arrangements confirmed as applying from April 2021.

- 3.2 Table 1 sets out the total expenditure on transformation schemes by year. A detailed summary of expenditure by scheme within each programme is shown at Appendix 1.
- 3.3 In total, £18.2m in expenditure was incurred by the Programme over this period, with £15.1m being met from the Transformation Fund and a further £3.1m being funded via the NCA system top up and block contracts in the 2020/21 financial year. Previously all Transformation Fund (LCO) costs passing through the NCA were recharged back to the CCG.

**Table 1: Total Expenditure on Transformation Fund Schemes by Programme**

Funding Programme	Transformation Fund					NCA 2020-21	TOTAL 2020-21	TOTAL All Years		
	2016-18	2018-19	2019-20	2020-21	2016-21			NCA Funded	Total Funded	£
Project/Workbook	Actuals	Actuals	Actuals	Actuals	Total Transformation Fund	£	£			
	£	£	£	£	£	%	£	£	£	%
1 Enabling Local People	-	113,895	306,351	232,184	652,430	4.3%	-	232,184	652,430	3.6%
2.0 Giving Every Child the Best Start in Life	-	82,200	265,700	157,251	505,151	3.4%	-	157,251	505,151	2.8%
3.0 Keeping Bury Well	-	176,790	587,583	166,696	931,070	6.2%	-	166,696	931,070	5.1%
5.0 Transforming Emergency Care	349,419	1,109,002	1,471,648	-	2,930,069	19.4%	-	-	2,930,069	16.1%
6.0 Transforming Primary, Community & Social Care	-	107,233	1,854,618	847,342	2,809,193	18.6%	2,410,638	3,257,980	5,219,831	28.8%
<b>TOTAL CARE PROGRAMMES</b>	<b>349,419</b>	<b>1,589,120</b>	<b>4,485,900</b>	<b>1,403,473</b>	<b>7,827,913</b>	<b>51.9%</b>	<b>2,410,638</b>	<b>3,814,111</b>	<b>10,238,551</b>	<b>56.4%</b>
<b>TOTAL PROGRAMME 7: ENABLERS</b>	-	295,613	259,392	60,260	615,265	4.1%	-	60,260	615,265	3.4%
<b>TOTAL PMO / LCO / OCO</b>	1,627,514	1,861,177	1,363,707	-	4,852,399	32.2%	668,338	668,338	5,520,737	30.4%
<b>AT RISK' SPEND FROM TF (Reablement)</b>	593,000	593,000	593,000	-	1,779,000	11.8%	-	-	1,779,000	9.8%
<b>TOTAL SUPPORTING PROGRAMMES</b>	<b>2,220,514</b>	<b>2,749,790</b>	<b>2,216,099</b>	<b>60,260</b>	<b>7,246,664</b>	<b>48.1%</b>	<b>668,338</b>	<b>728,598</b>	<b>7,915,002</b>	<b>43.6%</b>
<b>TOTAL</b>	<b>2,569,933</b>	<b>4,338,911</b>	<b>6,702,000</b>	<b>1,463,733</b>	<b>15,074,576</b>	<b>100%</b>	<b>3,078,976</b>	<b>4,542,709</b>	<b>18,153,552</b>	<b>100%</b>

- 3.4 From the table it can be seen that PMO/ LCO/ OCO delivery management costs account for £4.9m (32.2%) of the Total **Transformation Fund** expenditure, whilst Programmes 5 and 6, being the next highest in value, account for £2.9m (19.4%) and £2.8m (18.6%) respectively. Both Programmes are managed through the LCO.
- 3.5 In 2017 a Local Care Alliance was set up and took on the management arrangements for schemes falling under Programmes 5 and 6. In 2019 this Alliance became the LCO. Whilst the initial remit of the LCA/ LCO was around transformation, the responsibilities of the organisation have expanded to include the implementation of single line management arrangements for Adult Social Care and the CCG community services.
- 3.6 The LCO also led on the programme management of all of the Transformation Fund programmes. A Programme Board was put into place to receive highlight reports from each programme. A summary position was reported to the Transformation System Board. Under NHS national direction due to the Covid pandemic, from April 2020 all usual reporting arrangements for transformation savings delivery were stood down.
- 3.7 Going forwards future arrangements will come under one System Board and will be managed through the Integrated Delivery Board, with the Strategic Finance Group having financial oversight. In the future system partners should consider convening one system wide savings and recovery board to ensure true system savings are delivered through a shared vision, whilst ensuring improved outcomes and services and use of flexibilities to support individual organisation financial positions.
- 3.8 With regard to those schemes that ended in March 2020 following the decision at the Strategic Oversight Group in autumn 2019 (paragraph 2.4), consideration should be given as to whether a brief report is brought to a future SCB specifically addressing those services to evaluate the impact and confirm decisions made.
- 3.9 Going forwards, a new community and care model that encompasses the total service changes is required for the Bury System locality. This should set out the intended benefits, timescales for delivery and financial impacts and should evidence system financial benefits in advance and that the proposed model is affordable and can be sustained for the medium term.

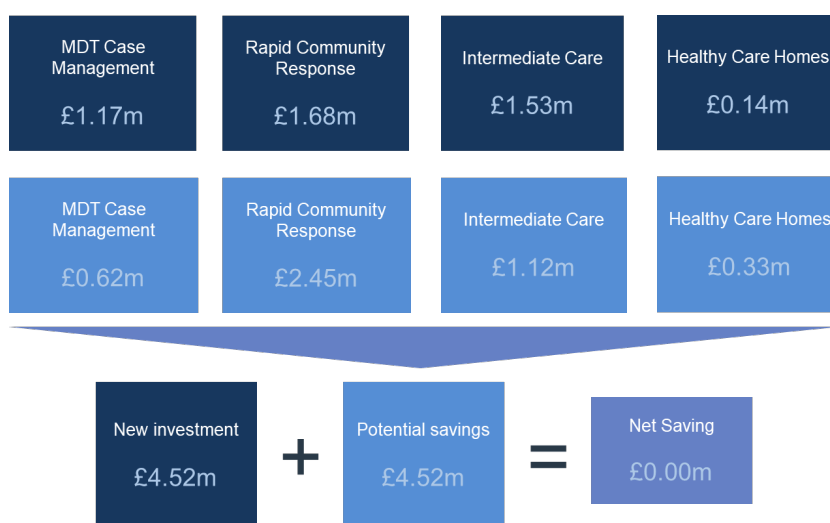
- 3.10 The remainder of this paper sets out the latest position for the Programme 6 schemes and associated costs, totaling £5.5m which remains an underlying pressure to the system.
- 3.11 Programme 6 schemes are set out at Table 2. It shows the total expenditure to 2020/21 of £10.6m, comprising £5.1m on schemes and £5.5m programme management costs, which as described above is responsible for much more than just programme management of these continuing schemes.

**Table 2: At risk schemes – Total TF & NCA spend with PMO/LCO/OCO costs**

Funding £	Transformation Fund					NCA	TOTAL	TOTAL	TOTAL
	2016-18	2018-19	2019-20	2020-21	2016-21	2020-21	2020-21	All Years	2021-22
Programme 6									
Schemes	Actuals	Actuals	Actuals	Actuals	Total Transformation Fund	Funded via the NCA	Total Funded	ALL SOURCES	Budget - Recurrent
<b>6.0 Transforming Primary, Community &amp; Social Care</b>									
6.1 Intermediate Tier			326,994	273,839	600,833	960,952	1,234,791	1,561,785	1,589,000
6.2 Rapid Community Response			288,029	374,194	662,223	995,286	1,369,480	1,657,509	1,621,000
6.5 Palliative Care		107,233	153,270		260,503		-	260,503	187,763
6.6 MDT Case Management			989,139	199,309	1,188,448	454,400	653,709	1,642,848	1,170,000
<b>TOTAL PROGRAMME 6</b>	<b>-</b>	<b>107,233</b>	<b>1,757,433</b>	<b>847,342</b>	<b>2,712,008</b>	<b>2,410,638</b>	<b>3,257,980</b>	<b>5,122,646</b>	<b>4,567,763</b>
<b>TOTAL PMO/LCO/ONO</b>	<b>1,627,514</b>	<b>1,861,177</b>	<b>1,363,707</b>		<b>4,852,399</b>	<b>668,338</b>	<b>668,338</b>	<b>5,520,737</b>	<b>882,877</b>
<b>TOTAL</b>	<b>1,627,514</b>	<b>1,968,410</b>	<b>3,121,141</b>	<b>847,342</b>	<b>7,564,407</b>	<b>3,078,976</b>	<b>3,926,318</b>	<b>10,643,383</b>	<b>5,450,640</b>

- 3.12 This final column shows the estimated service costs deemed recurrent from 2021/22 totaling £5.5m, and includes LCO costs of £0.9m, which would need to be recovered from the totality of transformation schemes across the Borough.
- 3.13 The base case envisaged a breakeven position for these schemes against predicted scheme costs of £4.5m. This is shown in figure 1 below.
- 3.14 No contribution towards enabling costs, support costs or overheads was built in. It is therefore unclear how any continuing element of these oncosts were planned to be paid for going forwards. The NCA have only recharged at a marginal rate for the LCO.

*Figure 1: Bury investment agreement*





- 3.15 Table 3 sets out the assumed and actual activity deflections for 2020/21. The Healthy Care Homes initiative ended in Autumn 2019 as part of the Strategic Oversight Group review.
- 3.16 Activity costings are a proxy and are simply the planned and actual activity deflections as a percentage of the base case financial assumptions \* base case savings (£m shown in light blue in Figure 1).

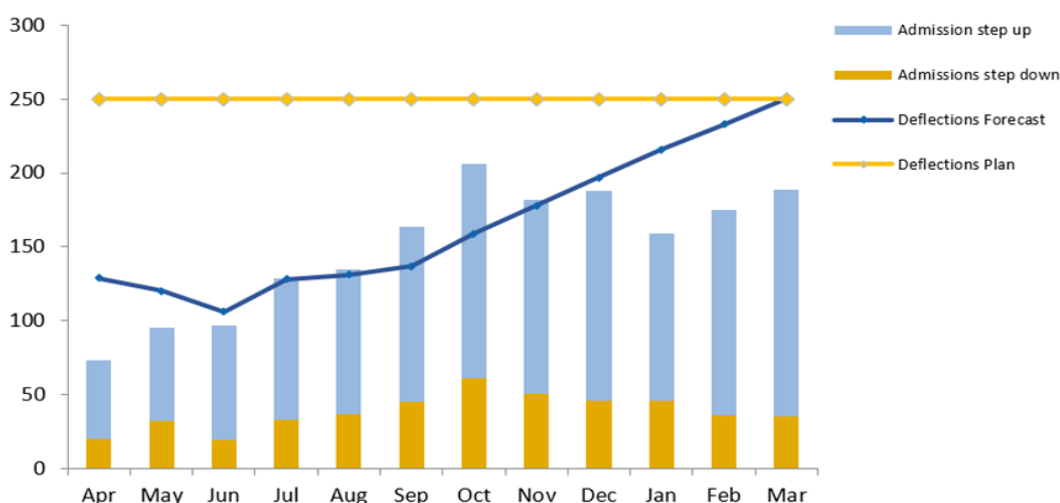
**Table 3: Programme 6 – recorded activity deflections for 2020/21**

Programme 6	Base Case Deflections		Basis for costs	Start Date	Planned Deflections	Actual Deflections	Activity - Shortfall	Planned Deflections	Actual Deflections	Gain is lower than plan by	
	Activity	£									£ Gain
Services					Activity	Activity	Activity	£ Gain	£ Gain	£	
Active Case Management (MDTs)	1,000	patients	620,000	PBR tariff	Sep-21						
Rapid Community Response	2,330	caseloads	2,450,000	PBR tariff	Apr-20	1,984	1,792	192	2,086,000	1,884,000	202,000
Intermediate Care at Home	78	caseloads	1,120,000	Residential placement	Apr-20	62	60	2	890,000	861,000	29,000
Healthy Care Homes			330,000								
<b>Total</b>			<b>4,520,000</b>						<b>2,976,000</b>	<b>2,745,000</b>	<b>231,000</b>

- 3.17 It can be seen in 2020/21, both for the rapid response and Intermediate care services, there was a shortfall in actual activity deflections achieved. This is considered further in the next paragraphs.
- 3.18 By March 2021, the Rapid response service achieved 1,792 deflections against an increasing trajectory of 1,984. A number of factors affected the total activity deflected in the later months:
- The COVID pandemic resulted in a higher acuity of patients being discharged from hospital. This has meant that some patients have a longer length of stay (LOS) within the service than planned.
  - The COVID pandemic resulted in longer waiting times for onward referral to reablement services
  - NWAS green Car service was paused due to NWAS service constraints. This resulted in a reduced number of referrals into the service from NWAS.

*Figure 2: Rapid Response deflections up to March 2021*

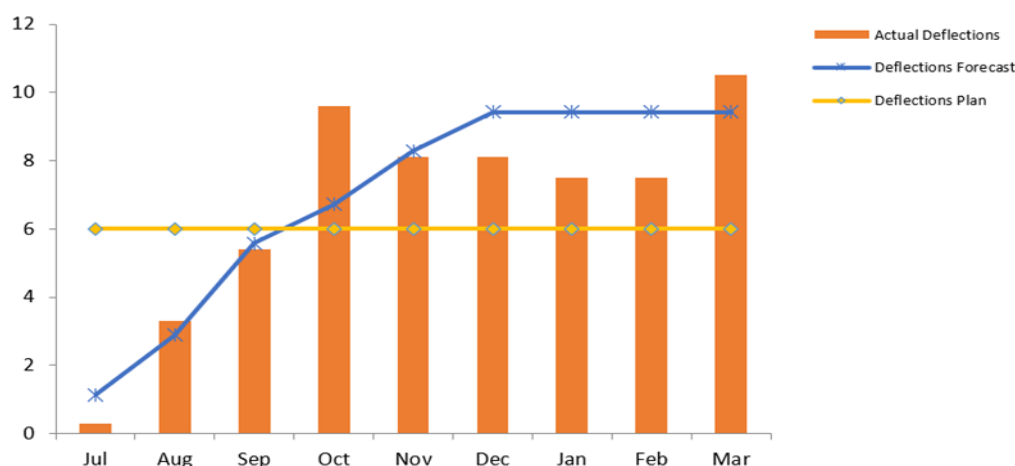
**Rapid Response Deflections**



- 3.19 By March 2021, the Intermediate care at home service (IMC), achieved 60 deflections against a trajectory of 62. The plan is that six referrals which represent a deflection (30% of the 36% of step-down referrals) are received in each month.
- This service, which was fully mobilised only in summer 2020, was receiving referrals above trajectory until November 2020.
  - Figure 3 shows that in January to February this fell, due to the increasing acuity of patients being discharged from acute services and in some cases needing two members of staff to support.

Figure 3: Intermediate care at home deflections up to March 2021

#### Intermediate Care at Home Deflections



- 3.20 Overall, this suggests that the intermediate tier is on track to realise its intended savings and should already be serving to reduce some pressure on acute and secondary care services, and in residential care settings. Some system-level indicators of a shift are beginning to be seen in a reduction in residential care placements in Bury, although the picture has been complicated by COVID-19 and the block booking of beds that occurred.
- 3.21 For the Integrated Neighbourhood Teams (INTs), the model expects the following activity deflections to be generated by September 2021<sup>1</sup>, a total benefit of £0.6m:
- A&E attendances: -0.4% worth £46k
  - Non Electives: -1.7% worth £486k
  - Outpatient first attendances (OPFA): -0.5% worth £38k
  - Outpatient follow ups (OPFUP): -0.9% worth £41k
  - Ambulance Transfers: worth £35k

To assess the progress being made towards this aim in the MDTs, an audit of 274 patients who had reached 12 months post their ACM referrals were evaluated. A&E and NEL activity data in the 12 months post their referral were compared to that in the 12 months prior. For the 274 patients this represented savings of £214k per year when pricing the activity shift using PbR tariff.

<sup>1</sup> PA consultancy report - 2018

For 1000 patients, this would represent **£781k of savings**, higher than the £600k outlined in the investment agreement. The number of new referrals dropped at the start of April 2020 due to the pause of new referrals during the early phase of the response to COVID-19. However by March 2021 the number of new referrals had risen to 96. Overall, this data indicates that ACM is on the right track and will serve to both reduce pressure across secondary and acute services and generate long term savings to the Bury system.

- 3.22 During 2020-21 services were still being mobilized and so have not yet operated at full capacity for a full 12 months. However from the information available thus far there are a number of points to be made and lessons learned. These are set out below.

### **Use of the Transformation Fund**

- 3.23 The amount spent on non-recurrent transformation funded activities between 2016 and 2020/21 was £15.1m and £18.2m when including NCA costs of £3.1m (rising to £3.8m as costs were moved from elsewhere in the system onto NCA's payroll). There is not a locally owned single agreement upon the benefits and outcomes that have been gained from the use of funds over this period, particularly where services have now ceased. A GM evaluation report of Transformation Funds has been completed and shared locally but the focus of this was on the development of the OCO and LCO infrastructure and the core strands of transforming community services, the intermediate tier and integrated neighbourhood teams.

- 3.24 Given these are non-recurrent funds and in context of a picture of significant system wide underlying financial deficits, their intended use must be to pump prime service transformation in order to secure improved outcomes, improved service efficiency and generate a net financial yield both to improve the system financial position and to generate funds for new investment. This could happen through reducing unnecessary interventions/deflecting high cost hospital and bed based activity and/ or reproviding services as necessary in lower cost settings.

- 3.25 Earlier reform, increased pace of change, with services tackled in an order of priority that also takes account of earlier and higher financial yields would increase the system opportunity to apply higher, cumulative net gains back into new services.

- 3.26 Earlier identification of system strategy in 2016, including financial modelling of the benefits of proposed changes built around a new care model, and the programme managed as a whole, may have provided some assurance of service viability and strengthened the case for targeting earlier those services that would continue and that produced the highest yields.

- 3.27 By the 2020/21 financial year the system had spent £13.6m of the Transformation Fund. Of this amount, £7.2m was spent on the cost of 'supporting programmes'. It was recognised the funds would run out in year.

- 3.28 Decisions were made to pursue and embed certain core services under Programmes 3 (Keeping Bury Well), 5 (Transforming Emergency Care) and 6 (Primary, Community and Social Care), that had previously been cut, reduced or did not exist in Bury due to historical funding inequities. For 2020/21, the system set out its expectations for these Programme 6 services to be self-financing and began to measure activity changes.

- 3.29 It is the usual practice for financial yields to provide a higher return than breakeven and to make sufficient contribution as an absolute minimum to cover all programme costs, not just meet the direct costs of the service.
- 3.30 Whilst the Programme 6 services have demonstrated significant deflections, these are slightly lower than anticipated for the 2020/21 financial year. The services had started to be mobilised but were still at approx. 80% capacity in April 2020. During the Covid pandemic they have provided vital and necessary support to the Bury population supporting the rapid discharge pathway from acute services. It is not yet clear how these services will perform under 'business as usual' circumstances.
- 3.31 The ability to cost and measure financial benefits is less clear under current arrangements and going forwards due to funding uncertainty and the Covid-19 financial arrangements currently in force. Simple financial assumptions made in this paper need to be tested further to ensure the stated financial benefits have fully materialised. For example, additional staff were redeployed to support the intermediate care service that are not reflected in the costs in Table 3. However, it is recognised the service was not yet at full capacity.

## **4 Risks**

- 4.1 In the current uncertain environment of Covid-19 there are a number of financial risks the SCB should be aware of.
- 4.2 Without a strategy and funding to deliver it that addresses the affordability of services, in context of the system underlying financial deficit, there is a risk that current services may not be sustainable in the future **and** that there are insufficient funds to finance further service change.
- 4.3 A medium-term funding solution/ agreement must be reached for Programme 6 (and 3) services and LCO costs totaling £5.7m.
- 4.4 Further consideration to be given to the evaluation criteria for future transformation initiatives and the basis for measuring the benefits of service change to ensure effective decision making and an accurate basis for assessment, particularly in context of current uncertainties and changes affecting the health and care system and financial regimes.
- 4.5 There is a need to continue to ensure and provide accurate and reliable monthly monitoring information for future transformation initiatives to evidence the success of service change beyond the Covid-19 pandemic and/or to make service and/or financial adjustments as necessary.
- 4.6 When writing business cases and assessing future transformation initiatives, there is a need to ensure system impacts of service changes are fully identified and are tracked for each participating organisation and in total, in order to confirm and support any financial adjustments and any proposed changes to funding flows.

- 4.7 Bury NHS organisations have received formal confirmation of allocations relating to spend for the period April to September only. There is a general risk that NHS funding will not continue at current levels in the second half of the year.
- 4.8 Transformation funding has ceased. There is a risk that, due to delays in the achievement of deflection savings and possible higher costs due to increased acuity post Covid, there are services needing to be recurrently funded without realisable savings to cover the costs. Strong evaluation processes will be essential in determining success of future Transformation initiatives. Some of the resources to support the intermediate tier/rapid response service may now be available from national resources identified to support a 2 hour rapid response arrangement in the community. There are also potential savings identified from the reduction in intermediate tier units, as a result of the single line management arrangements now in place for the intermediate tier.
- 4.9 Under the current regime there is a risk that Bury system 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 service 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.

## **5 Recommendations**

- 5.1 The SCB is asked to:
- Note the content of this report and the financial risks to the Bury system
  - Note the Council is holding a reserve of £0.75m from 2020/21
  - Note CCG £4.5m additional allocation to the Pooled Fund in March 2021 includes £2.5m of transformation funds
  - Note GM is holding £1.2m for 2021/22, due to be paid if Covid funding stopped at the end of quarter 1. Given half year (H2) allocations the position needs to be clarified, as this funding could potentially go some way to bridging the gap in H2.
  - Note the need for regular updates to ensure ongoing accuracy and completeness of the information provided and to evidence the success of the transformation programme and related schemes
  - Note the need to agree a recurrent funding solution/agreement during 2021/22 for the underlying deficit full year effect costs of £5.7m (Programme 3, 6 and LCO costs)
  - Consider the need for an assessment of the realisable benefits for those schemes that have ceased in March 2021.

**Pat Crawford**  
May 2021

## Appendix 1: Total Expenditure on Transformation Fund by Scheme and Programme

Pogramme	2016-18	2018-19	2019-20	2020-21	2016-21	2020-21	Schemes made recurrent	
Schemes	Actual Outturn	Actual Outturn	Actual Outturn	Actual Outturn	Total Transformation Fund	NCA Budget and Costs	Urgent Care Recurrent Funding	Recurrent Costs
	£	£	£	£	£	£	£	£
<b>1 Enabling Local People</b>								
1.1 Community Engagement Framework		113,895	40,000	29,249	183,144			
1.2 Bury Directory - Digital First			66,351	102,935	169,286			
1.3 A New Deal for Carers					-			
1.4 Social Prescribing			200,000	100,000	300,000			
1.5 PP Health Interventions					-			
<b>TOTAL PROGRAMME 1</b>	-	<b>113,895</b>	<b>306,351</b>	<b>232,184</b>	<b>652,430</b>	-	-	-
<b>2.0 Giving Every Child the Best Start in Life</b>								
2.1 Enhanced Support for LAC		82,200	265,700	157,251	505,151			
2.2 Early Help					-			
<b>TOTAL PROGRAMME 2</b>	-	<b>82,200</b>	<b>265,700</b>	<b>157,251</b>	<b>505,151</b>	-	-	-
<b>3.0 Keeping Bury Well</b>								
3.1 Integrated Wellness Model			168,488		168,488			
3.2 Workplace Health			46,174		46,174			
3.3 Falls, Fragility & Bone Health		176,790	176,090	166,696	519,576			213,151
3.4 Fracture Liaison Service			21,266		21,266			
3.5 Mangar Cushions			-		-			
3.6 Handyperson Scheme			77,500		77,500			
3.7 Strength & Balance			90,010		90,010			
3.8 Find & Treat			8,055		8,055			
<b>TOTAL PROGRAMME 3</b>	-	<b>176,790</b>	<b>587,583</b>	<b>166,696</b>	<b>931,069</b>	-	-	<b>213,151</b>
<b>5.0 Transforming Emergency Care</b>								
5.1 Green Car	349,419	219,700	219,700		788,819		219,700	
5.3 Integrated Virtual Clinical Hub		48,723	48,723	-	97,446			
5.4 Urgent Treatment Centre		840,579	1,203,225		2,043,804		1,500,943	
<b>TOTAL PROGRAMME 5</b>	<b>349,419</b>	<b>1,109,002</b>	<b>1,471,648</b>	-	<b>2,930,069</b>	-	<b>1,720,643</b>	-
<b>6.0 Transforming Primary, Community &amp; Social Care</b>								
6.1 Intermediate Tier			326,994	273,839	600,833	960,952		1,589,000
6.2 Rapid Community Response			288,029	374,194	662,223	995,286		1,621,000
6.3 Healthy Care Homes			97,185		97,185			
6.5 Palliative Care		107,233	153,270		260,503			187,763
6.6 MDT Case Management			989,139	199,309	1,188,448	454,400		1,170,000
6.7 Integrated Neighbourhood Teams					-			
<b>TOTAL PROGRAMME 6</b>	-	<b>107,233</b>	<b>1,854,618</b>	<b>847,342</b>	<b>2,809,193</b>	<b>2,410,638</b>	-	<b>4,567,763</b>
<b>TOTAL CARE PROGRAMMES</b>	<b>349,419</b>	<b>1,589,120</b>	<b>4,485,900</b>	<b>1,403,473</b>	<b>7,827,912</b>	<b>2,410,638</b>	<b>1,720,643</b>	<b>4,780,914</b>
Communication and Engagement				10,260	10,260			
Organisational Development			110,000	50,000	160,000			
Information Technology					-			
Estates Infrastructure		295,613	29,392		325,005			
Risk Stratification					-			
Greater Manchester-wide Evaluation			120,000		120,000			
<b>TOTAL PROGRAMME 7: ENABLERS</b>	-	<b>295,613</b>	<b>259,392</b>	<b>60,260</b>	<b>615,265</b>	-		-
<b>TOTAL LCO</b>	1,627,514	1,861,177	1,363,707		4,852,399	668,338		882,877
<b>AT RISK' SPEND FROM TF (Reablement)</b>	593,000	593,000	593,000		1,779,000			
<b>TOTAL SUPPORTING PROGRAMMES</b>	<b>2,220,514</b>	<b>2,749,790</b>	<b>2,216,099</b>	<b>60,260</b>	<b>7,246,664</b>	<b>668,338</b>	-	<b>882,877</b>
<b>CONTINGENCY</b>								
<b>TOTAL</b>	<b>2,569,933</b>	<b>4,338,910</b>	<b>6,702,000</b>	<b>1,463,733</b>	<b>15,074,576</b>	<b>3,078,976</b>	<b>1,720,643</b>	<b>5,663,791</b>