

<b>Meeting: Governing Body</b>			
<b>Meeting Date</b>	24 March 2021	<b>Action</b>	Consider
<b>Item No.</b>	9B	<b>Confidential</b>	No
<b>Title</b>	Financial Plan 21/22 Update		
<b>Presented By</b>	Pat Crawford, CFO		
<b>Author</b>	Carol Shannon-Jarvis, Associate CFO & Simon O'Hare, Deputy CFO		
<b>Clinical Lead</b>	N/A		

### Executive Summary

2020/21 has been the most challenging year in the history of the NHS. Our response to COVID 19 is testament to the commitment and resilience of our highly valued NHS workforce.

Innovations in care and treatment have been impressive.

- The impact of COVID 19 is immense
  - Delays in diagnostic, cancer and elective treatments
  - Significant backlog in diagnostic and elective waits
  - Long term care requirements of COVID patients
  - Significant impact on mental health in the population
  - Impact on health & wellbeing of staff

*The COVID 19 vaccination programme is the largest in NHS history.*

### Recommendations

It is recommended that the Governing Body:

- Approve the continuation of the HDP programme as set out (see slide 9);
- Approve this indicative financial plan and key assumptions;
- Approve that CCG budgets are to be based on the assumptions as set out;
- give delegated authority to the CFO to update budget setting as necessary based upon regional and national guidance.

### Links to CCG Strategic Objectives

#### **SO1 People and Place**

To enable the people of Bury to live in a place where they can co-create their own good health and well-being and to provide good quality care when it is needed to help people return to the best possible quality of life



<b>SO2 Inclusive Growth</b> To increase the productivity of Bury's economy by enabling all Bury people to contribute to and benefit from growth by accessing good jobs with good career prospects and through commissioning for social value	<input type="checkbox"/>
<b>SO3 Budget</b> To deliver a balanced budget	<input checked="" type="checkbox"/>
<b>SO4 Staff Wellbeing</b> To increase the involvement and wellbeing of all staff in scope of the OCO.	<input type="checkbox"/>
Does this report seek to address any of the risks included on the Governing Body Assurance Framework? If yes, state which risk below:	
GBAF	

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"/>
Has an Equality, Privacy or Quality Impact Assessment been completed?	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"/>
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's risk register?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>



**Bury**

Clinical Commissioning Group

# Operational and Financial Planning

*Healthy lives strong communities*

# 2021/22 Operational Priorities

- Context
- Priorities
- 2021/22 Planning

*Healthy lives strong communities*

## Context

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Innovations in care and treatment have been impressive.

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*The COVID 19 vaccination programme is the largest in NHS history.*

## Priorities for the remainder of 20/21 and entry into 21/22

- There are six priority areas:
  - Respond to ongoing COVID-19 demand
  - Continue to roll out the COVID-19 vaccination programme
  - Align services and resources to meet the impact from easing lockdown
  - Maximise capacity in all settings to treat non-COVID-19 patients
  - Respond to other emergency demand and manage pressures
  - Support the health and wellbeing of our staff

## Planning for 2021/22

- **Recover non-COVID-19 services** and aim for top quartile performance in productivity on high-volume clinical pathways: ophthalmology, cardiac services and MSK/orthopaedics.
- **Hold Urgent Care activity at current levels** through delivery of Urgent Emergency Care priorities and the continued and growing impact of the Transformation Fund Schemes.
- **Strengthen delivery of local People Plans**, including growing the workforce; designing new ways of working and delivering care.
- **Address the health inequalities that COVID-19 has exposed.** Systems will be expected to make and audit progress against the eight urgent actions set out on 31 July.
- **Continue the planned expansion in mental health services** through delivery of the Mental Health Investment Standard together with the additional funding provided in the Spending Review.
- **Prioritise investment in primary and community care**, to deal with the likely increase in care required for people with ongoing health conditions.

# 2021/22 Financial Planning Update

- Context
- 2021/22 Planning

*Healthy lives strong communities*



## Context 2020/21

- 2020/21 financial plan - Bury position was a £20m gap
- COVID response: financial plans were stood down

Instead:

- Quarterly COVID reimbursements - in two halves
  - a) first 6 months: expenditure reimbursed
  - b) next 6 months: costs 'outside of envelope' reimbursed
- Provider Block Contracts
- Hospital Discharge Programme
- Independent sector capacity procured and paid nationally
- Requirement to deliver financial savings removed
- Reduced activity - £2.3m benefit
- At Month 11 CCG is on target to deliver its financial envelope

## Context 2021/22

- 23<sup>rd</sup> Dec 2020 planning letter from NHSE/I confirmed
  - Principles, aims and objectives of the Long Term Plan remain
  - Baseline funding as set out in 5 year allocations (year 3 of 5)
  - Additional resource in exiting pandemic but no confirmed £ values
  - Expectation COVID costs will diminish during the year
- 2021/22 planning process stood down in January 2021
- Q1& Q2 2021/22 is roll forwards of H2 (2020/21 Months 7-12) approach
  - NHS block payments, system planning and system financial envelope
- Detailed guidance and financial framework awaited
- CCG as the statutory body requires signed off budget in advance of 1<sup>st</sup> April 2021

## 2021/22 National Timelines – verbal update on 17<sup>th</sup> March

### Capital:

- Annual allocation & guidance issued mid March; returns mid April
- Capital envelopes to be allocated at system level

### Q1 & 2 Revenue:

- Allocations to be issued late March; returns mid May (not confirmed)
- Based on M7–12 2020/21 costs (excl. COVID-19 specific costs)
- Deficit plans not permitted, ICS must manage within allocation (suggests a harsher regime than initially understood)
- Confirmed allocation may be subject to local redistribution in May

### Q3 & 4 Revenue:

- Further Guidance expected later in the year
- ‘Possibility’ Q1 & 2 approach will continue all year

## 2021/22 Financial Framework (1)

- CCG starting position is existing c£20m gap
- CCG & Council propose to fund HDP for two months at reduced level
- CCG propose to fund CMS & Swabbing for three months
  
- COVID uncertainty – Allocations/ Plan may change following each Quarter. Expectation COVID costs will diminish during year.
  
- CCG approach to financial planning:
  - Q1 – 2 fixed allocation based upon M7–12 2020/21
  - Q3 – 4 based on published allocations for 2021/22
  - service improvements/ efficiencies - to address gap
  - Consistent with Long Term Plan (LTP) values

## 2021/22 Financial Framework (2)

- Q1 & 2 to be based on 2020/21 Q3 & Q4 position adjusted for holiday period
  - + unavoidable inflation + CNST + published growth
  - + existing commitments in MH & Primary Care
  - + COVID pass through & 6 weeks HDP
  - + OP video consultation
  - + existing staff in MH hubs
  - + specialised excluded drugs
- IS funding returns to normal levels – signed contract
- Non NHS providers – signed contracts
- NHS providers – signed contracts not required
- Savings highly likely to need to be made to remain within allocation

## 2021/22 financial framework (3)

- Q3 & 4 Further National Guidance to be issued. There may be a continuation of Q1 & 2 but current national guidance is a return to allocations.
- Nationally: £0.5bn for MHIS; £1bn for elective activity (non recurrent)
- Working assumptions
  - COVID costs reduce and are eliminated as we exit the pandemic
  - LTP investment areas still stand
    - Mental Health including the Mental Health Investment Standard
    - Primary Care / Community
  - Published CCG allocations used as baseline
  - NHS provider contract principles
    - 2019/20 out turn adjusted for non recurrent items
    - 2020/21 & 2021/22 funding growth and service changes
    - Move from block contracts to blended payments (final slide)
  - Savings will need to be made within this regime

# 2021/22 Indicative Financial Plan (1)

## 2020/21 Exit

	2019/20				2020/21				
	19/20 OUT-TURN	Remove System Funding Flows (-)	Other Adj	UNDERLYING 19/20 EXIT RUNRATE	Recurrent adj	Non Recurrent adj	20/21 FOT	Remove NR Adjustments	20/21 Underlying Exit
Acute Services (ISFE)	168,134	(1,680)	(186)	166,268	5,604	(3,172)	168,700	3,172	171,872
Mental Health Services (ISFE)	30,955	(761)	315	30,509	2,503	2,397	35,409	(2,397)	33,012
Community Health Services (ISFE)	31,307	(429)	614	31,492	1,621	2,178	35,291	(2,178)	33,113
Continuing Care Services (ISFE)	15,574		(182)	15,392	1,380	6,446	23,218	(6,446)	16,772
Primary Care Services (ISFE)	39,792	0	22	39,814	1,983	2,442	44,239	(2,442)	41,797
Primary Care Co-Commissioning (ISFE)	27,218	0	0	27,218	1,034	0	28,252	0	28,252
Other Programme Services (ISFE)	(1,982)	(4,129)	8,944	2,833	8,488	16,052	27,373	(16,052)	11,321
<b>Total Commissioning Services</b>	<b>310,998</b>	<b>(6,999)</b>	<b>9,527</b>	<b>313,526</b>	<b>22,613</b>	<b>26,343</b>	<b>362,482</b>	<b>(26,343)</b>	<b>336,139</b>
Running Costs (ISFE)	4,569	0	(266)	4,303	(493)	0	3,810	0	3,810
<b>Total CCG Net Expenditure</b>	<b>315,567</b>	<b>(6,999)</b>	<b>9,261</b>	<b>317,829</b>	<b>22,120</b>	<b>26,343</b>	<b>366,292</b>	<b>(26,343)</b>	<b>339,949</b>
Recurrent Allocations	308,002			308,002	0	0	308,002	0	308,002
Additional Recurrent allocation	0		0	0	11,972	0	11,972	0	11,972
NR allocation	7,565	(7,565)	0	0	0	43,529	43,529	(43,529)	0
COVID / HDP	0		0	0	0	0	0	0	0
<b>Total CCG Resources</b>	<b>315,567</b>	<b>(7,565)</b>	<b>0</b>	<b>308,002</b>	<b>11,972</b>	<b>43,529</b>	<b>363,503</b>	<b>(43,529)</b>	<b>319,974</b>
<b>CCG Underspend / (Deficit)</b>	<b>(0)</b>	<b>(566)</b>	<b>(9,261)</b>	<b>(9,827)</b>	<b>(10,148)</b>	<b>17,186</b>	<b>(2,789)</b>	<b>(17,186)</b>	<b>(19,975)</b>

# 2021/22 Indicative Financial Plan (2)

2021/22 Q1 & 2 based upon M7 – 12 2020/21

	2020/21				2021/22											
	20/21 Underlying Exit	Q1 & 2 Base B/Fwd	Rec Adj	Non Rec Adj	Q1 & 2 estimate	Q3 & 4 Base B/Fwd	Rec Adj	QIPP	Non Rec Adj	Q3 & 4 estimate	2021/22 Estimate	Remove Impact of Q1 Adjustments	FYE Investments	FYE QIPP	Remove NR Adjustments	21/22 Underlying Exit
Acute Services (ISFE)	171,872	85,675	1,456	0	87,131	85,936	3,786	(2,250)	1,000	88,472	175,603	0	1,500	0	(1,000)	176,103
Mental Health Services (ISFE)	33,012	16,506	281	0	16,787	16,506	2,007	0	895	19,408	36,195	0	1,000	0	(895)	36,300
Community Health Services (ISFE)	33,113	16,557	281	169	17,007	16,557	1,004	0	0	17,560	34,567	0	0	0	0	34,567
Continuing Care Services (ISFE)	16,772	8,386	252	263	8,901	8,386	252	(750)	0	7,888	16,788	0	0	0	0	16,788
Primary Care Services (ISFE)	41,797	20,871	355	1,000	22,225	20,899	1,055	(160)	830	22,624	44,849	(471)	0	(160)	(830)	43,388
Primary Care Co-Commissioning (ISFE)	28,252	14,126	240	0	14,366	14,126	878	0	0	15,004	29,370	0	0	0	0	29,370
Other Programme Services (ISFE)	11,321	5,660	96	0	5,757	5,660	3,306	(1,200)	0	7,767	13,523	0	1,425	(1,200)	0	13,748
<b>Total Commissioning Services</b>	<b>336,139</b>	<b>167,781</b>	<b>2,961</b>	<b>1,432</b>	<b>172,174</b>	<b>168,070</b>	<b>12,288</b>	<b>(4,360)</b>	<b>2,725</b>	<b>178,722</b>	<b>350,896</b>	<b>(471)</b>	<b>3,925</b>	<b>(1,360)</b>	<b>(2,725)</b>	<b>350,265</b>
Running Costs (ISFE)	3,810	1,905	32	0	1,937	1,873	0	0	0	1,873	3,810	0	0	0	0	3,810
<b>Total CCG Net Expenditure</b>	<b>339,949</b>	<b>169,686</b>	<b>2,994</b>	<b>1,432</b>	<b>174,111</b>	<b>169,942</b>	<b>12,288</b>	<b>(4,360)</b>	<b>2,725</b>	<b>180,595</b>	<b>354,706</b>	<b>(471)</b>	<b>3,925</b>	<b>(1,360)</b>	<b>(2,725)</b>	<b>354,075</b>
Recurrent Allocations	308,002	170,893	0	0	170,893	159,987	0	0	0	159,987	330,880	(10,906)	0	0	0	319,974
Additional Recurrent allocation	11,972	0	0	0	0	0	6,328	0	0	6,328	6,328	6,328	0	0	0	12,655
NR allocation	0	0	2,019	1,000	3,019	0	0	0	3,432	3,432	6,451	(3,019)	0	0	(3,432)	0
COVID / HDP	0	200	0	0	200	0	0	0	0	0	200	(200)	0	0	0	0
<b>Total CCG Resources</b>	<b>319,974</b>	<b>171,093</b>	<b>2,019</b>	<b>1,000</b>	<b>174,112</b>	<b>159,987</b>	<b>6,328</b>	<b>0</b>	<b>3,432</b>	<b>169,747</b>	<b>343,858</b>	<b>(7,797)</b>	<b>0</b>	<b>0</b>	<b>(3,432)</b>	<b>332,629</b>
<b>CCG Underspend / (Deficit)</b>	<b>(19,975)</b>	<b>1,407</b>	<b>(975)</b>	<b>(432)</b>	<b>0</b>	<b>(9,955)</b>	<b>(5,960)</b>	<b>4,360</b>	<b>707</b>	<b>(10,848)</b>	<b>(10,848)</b>	<b>(7,326)</b>	<b>(3,925)</b>	<b>1,360</b>	<b>(707)</b>	<b>(21,446)</b>



## 2021/22 Indicative Financial Plan (3) – Key Assumptions

- Quarter 1 & 2 based upon M7–12 2020/21
  - NHS payments are block
  - Fixed allocation given to CCGs & no HDP or COVID funding.
  - CCGs to find Deficits / Surpluses back to NHS E or GM
- Quarter 3 & 4 back to CCG allocations
  - Acute - Urgent Care activity returns to previous levels
  - Acute - £1m local waiting list monies needed for 5 years, over and above national monies
  - MH – All investments & scenario B funded (£2m above MHIS)
  - Non recurrent monies to support c 50% of TF schemes
  - £2.4m acute & community QIPP to fund TF
  - Savings identified and more needed.

## 2021/22 Indicative Financial Plan (4) – Key Assumptions

- **Baseline**
  - 2020/21 out turn run rate is baseline for 2021/22 expenditure except IS Acute providers due to national arrangements in 2020/21 (£3m added back to return to 2019/20 baseline)
  - NHS provider 2019/20 exit contract value uplifted for 2 years inflators
    - approach is in line with the recent national run rate exercise
  - Conversion rate for HDP to CCG funded is in line with recent CCG evidence
  - Compliance with MHIS
- **QIPP**
  - £2.3m mitigated growth from 2020/21, service change to support transformation and CHC
  - £2.1m new savings from Q3

## 2021/22 Indicative Financial Plan (4) – Key Assumptions

- Inflation / Growth
  - Demographic and non demographic growth 1.3%
  - NHS costs 1.7%
  - Cost and volume contracts 1.7%
  - CHC 3%
  - Prescribing 3.4%
- Reserves
  - Cost and/ or volume overperformance - £1m BCF contingency
  - CHC, prescribing, volume based contracts – no reserves
  - Repayment to GMHSCP - £1m
  - Contingency 0.5% - £1.8m

## 2021/22 Planning Risks (1)

### Factors:

- ICS Transition
  - possible move into 2021/22 'shadow' year
  - GM influence - financial flows/ allocations/ investments
  - uncertainty/ disruption
- PAHT Transaction: MFT/ NMGH 31 March 2021; SRFT/ FGH+ delayed
- COVID uncertainty/related reimbursement policy (eg HDP funding)
- 2020/21 exit run rates may be used as baselines
- Efficiency requirement – national approach to be confirmed
- Savings requirement for some if not all of the year.
- Underlying deficit position

## 2021/22 Planning Risks (2)

### Factors:

- Affordability of assumptions
- Basis and value for NHS provider payments
  - 2020/21 Month 7-12 blocks rolled forward or
  - 2019/20 out turn baseline uplifted (see next slide for risk assessment)
- Cost base vs likely financial envelope
- Cost uncertainties in prescribing
- CHC package cost and volume post HDP
- Cost and volume activity performance
- Planning guidance
  - detailed guidance awaited
  - financial framework/ financial envelope not confirmed
- Mitigations
  - Q1 & 2 confirmed as consistent to 2021 M7-12
  - System principles established

## Recommendation: Governing Body members are asked to

- **Approve**
  - the continuation of the HDP programme as set out (see slide 9);
  - this indicative financial plan and key assumptions;
  - that CCG budgets are to be based on the assumptions as set out;
  - give delegated authority to the CFO to update budget setting as necessary based upon regional and national guidance.
- **Note**
  - Context
  - Risks
  - Mitigations
  - Assumptions
  - £21.4m gap to in year breakeven based on current assumptions
  - 0.9% cumulative surplus retained at DH
  - **Updates will be brought to future meetings as guidance is issued and planning progresses**

## 2021/22 Blended Payments – for information

- Pre COVID - moves away from PbR had commenced
- COVID Block payments approach - move from activity based payments
- NHS activity
  - 2021/22 could be a first step into blended payments approach
    - Fixed element
    - Variable element to address activity fluctuations / shifts
    - Post 2021/22 developments for fixed and variable payment elements
    - Variable would relate to outcome metrics / KPIs
  - Tariff may still apply for some NHS activity
    - Based on value thresholds
    - Flows outside an ICS
- Non NHS activity may remain on activity based tariff payments