

<b>Meeting: Strategic Commissioning Board</b>			
<b>Meeting Date</b>	03 August 2020	<b>Action</b>	Receive
<b>Item No</b>	9	<b>Confidential / Freedom of Information Status</b>	No
<b>Title</b>	<b>ICF Finance Report Month 3</b>		
<b>Presented By</b>	M Woodhead, Joint CFO		
<b>Author</b>	Carol Shannon-Jarvis, Associate CFO		
<b>Clinical Lead</b>	n/a (Non-Exec Lead, Chris Wild)		
<b>Council Lead</b>	Cllr O'Brien		

<b>Executive Summary</b>
<p>This report provides a summary view of the financial position of the Bury Integrated Commissioning Fund (ICF) for month 3. More detailed organisational reports with variance analysis have already been presented to the appropriate council and CCG committees, and the SCB have previously received reports and updates about the wider strategic financial position, medium term outlook and COVID implications.</p> <p>There remains a lot of uncertainty in OCO financial projections as a result of COVID-19 and the lack of guidance about the CCG financial regime beyond 31 July. The ICF forecast for the year is an underspend of £3.0m, but this is subject to significant risks. Based on the current mapping of budgets, the £3.0m underspend breaks down as a £6.1m underspend on services held within the section 75 pooled budget, £3.1m overspend on aligned services and a breakeven position on in-view services.</p>
<b>Recommendations</b>
<p>It is recommended that the Strategic Commissioning Board:</p> <ul style="list-style-type: none"> <li>• Note the ICF forecast financial position at month 3 of £3m underspend and the assumptions on which it is based.</li> <li>• Note the financial risks to Bury.</li> <li>• Note that once the CCG receives formal notification of 12-month allocations, the budgets and reporting will be updated.</li> </ul>

<b>Links to Strategic Objectives/Corporate Plan</b>	Choose an item.
Does this report seek to address any of the risks included on the Governing Body / Council Assurance Framework? If yes, state which risk below:	Choose an item.
<i>Add details here.</i>	

Implications						
Are there any quality, safeguarding or patient experience implications?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Has any engagement (clinical, stakeholder or public/patient) been undertaken in relation to this report?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Have any departments/organisations who will be affected been consulted ?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Are there any conflicts of interest arising from the proposal or decision being requested?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Are there any financial implications?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input type="checkbox"/>
Are there any legal implications?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Are there any health and safety issues?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
How do proposals align with Health & Wellbeing Strategy?						
How do proposals align with Locality Plan?						
How do proposals align with the Commissioning Strategy?						
Are there any Public, Patient and Service User Implications?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
How do the proposals help to reduce health inequalities?						
Is there any scrutiny interest?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input type="checkbox"/>
What are the Information Governance/ Access to Information implications?						
Has an Equality, Privacy or Quality Impact Assessment been completed?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input type="checkbox"/>
Is an Equality, Privacy or Quality Impact Assessment required?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input type="checkbox"/>
Are there any associated risks including Conflicts of Interest?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input type="checkbox"/>
Are the risks on the CCG /Council/ Strategic Commissioning Board's Risk	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input type="checkbox"/>

Implications						
Register?						
Additional details	<i>NB - Please use this space to provide any further information in relation to any of the above implications.</i>					

Governance and Reporting		
Meeting	Date	Outcome
<i>Add details of previous meetings/Committees this report has been discussed.</i>		

## ICF Finance Report Month 3

### 1. Introduction

- 1.1. This report provides a summary view of the financial position of the Bury Integrated Commissioning Fund (ICF) for month 3. More detailed organisational reports with variance analysis have been presented to the appropriate council and CCG committees.

### 2. Background

- 2.1. 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.

### 3. ICF Financial Performance

- 3.1 At month 3, the ICF is forecasting an underspend of £3.0m. Based on current mapping of budgets and income there is a £6.1m underspend on services held within the section 75 pooled budget, £3.1m overspend on aligned services and breakeven position on in-view services. This forecast position assumes the CCG will receive additional allocations to the end of the year, as it has done for spend up to month 2, to enable achievement of a breakeven position.

- 3.2 The CCG has so far received allocations of:
- £2.7m, which is 4 months of the historic surplus the CCG can draw down following achievement of a breakeven position in 19/20; and
  - £2.9m, which covers all COVID and business as usual expenditure over and above the baseline allocation received for April and May (waiting for approval of June claims).

- 3.3 COVID-19 related funding claims for quarter 1 are:

	<u>£'000</u>
Remote management of patients	763
Support for stay at home models	49
Hospital discharge programme	2,240
National procurement areas	231
Other COVID-19	1,535
Other	3
<b>Total COVID claim qtr 1</b>	<b>4,821</b>

- 3.4 The council and CCG have worked together closely to optimise funding for the locality, including council access to £2.2m of NHS funding streams for the first quarter. This mainly relates to the Hospital Discharge Programme.

- 3.5 Note: due to the COVID-19 pandemic, the CCG has only received formal notification of baseline allocation to month 4. To report an annual forecast position for the ICF, the CCG forecast to month 4 has been increased on a simple pro-rata basis to 12 months. This will, of course, be refined once NHSE/I have released guidance on the new financial framework and funding regime.

Service area	20/21 Budget £'000	20/21 Forecast Outturn £'000	20/21 Variance £'000
CCG Pool Contribution	(245,274)	(245,274)	0
LA Pool Contribution	(103,167)	(103,167)	0
CCG Pool Additional Contribution	0	0	0
LA Pool Additional Contribution	0	0	0
<b>Total Pool Contribution</b>	<b>(348,441)</b>	<b>(348,441)</b>	<b>0</b>
Acute Health Services	83,258	83,258	0
Community Services	34,579	34,579	0
Mental Health Services	35,126	35,126	0
Primary Care Services	44,740	44,740	0
Adult Social Care Operations	7,441	6,885	(556)
Care in the Community	40,987	43,945	2,958
Public Health	10,421	10,421	0
Other OCO Services	20,653	20,815	161
Childrens Social Care	6,519	6,581	62
Other Childrens Services	6,002	5,922	(79)
Other CCG Services	47,572	37,072	(10,500)
Other Council Services	11,144	12,981	1,837
<b>Total Pool Expenditure</b>	<b>348,441</b>	<b>342,324</b>	<b>(6,117)</b>
<b>Section 75 Pooled Fund</b>	<b>0</b>	<b>(6,117)</b>	<b>(6,117)</b>
CCG Aligned Contribution	(76,229)	(76,229)	0
LA Aligned Contribution	(61,724)	(61,724)	0
<b>Total Aligned Contribution</b>	<b>(137,953)</b>	<b>(137,953)</b>	<b>0</b>
Acute Health Services	76,228	76,228	0
Childrens & Young Peoples Operations	29,258	30,150	893
Other CCG Services	15,136	19,842	4,706
Other Council Services	1	1	0
Other Council Services	17,331	14,873	(2,458)
<b>Total Aligned Expenditure</b>	<b>137,953</b>	<b>141,094</b>	<b>3,141</b>
<b>Aligned Fund</b>	<b>0</b>	<b>3,141</b>	<b>3,141</b>
CCG In View Contribution	(38,958)	(38,958)	0
LA In View Contribution	0	0	0
<b>Total In View Contribution</b>	<b>(38,958)</b>	<b>(38,958)</b>	<b>0</b>
Delegated Co-Commissioning Budgets	28,716	28,716	0
Other CCG Services	10,242	10,242	0
Other Council Services	0	0	0
<b>Total In View Expenditure</b>	<b>38,958</b>	<b>38,958</b>	<b>0</b>
<b>In-View Budget</b>	<b>0</b>	<b>0</b>	<b>0</b>
CCG Total Contribution	(360,461)	(360,461)	0
LA Total Contribution	(164,891)	(164,891)	0
<b>Total Contribution</b>	<b>(525,352)</b>	<b>(525,352)</b>	<b>0</b>
CCG Expenditure	360,461	349,961	(10,500)
LA Expenditure	164,891	172,415	7,524
<b>Total Expenditure</b>	<b>525,352</b>	<b>522,376</b>	<b>(2,976)</b>
<b>Bury Integrated Commissioning Fund Total</b>	<b>0</b>	<b>(2,976)</b>	<b>(2,976)</b>

- 3.6 The key overspends in the ICF are driven by COVID related expenditure, loss of income across council services and delays in the achievement of savings.
- 3.7 In the CCG, if the assumption that the CCG will receive funding to achieve a breakeven position is removed, overspends would be seen in primary care, mental health and other services because of the response to COVID.

#### **4 Financial Risk**

- 4.1 In the current uncertain environment of COVID there are a number of financial risks SCB should be aware of.
- 4.2 Firstly, the CCG has only received formal confirmation of allocations and financial regime for the period April to July. There is a risk that the financial regime will change, and the CCG will not receive the funding it needs to cover existing business as usual commitments, the continuation of COVID related schemes and any additional demands placed on the CCG and Council for the remainder of the year. However, there are strong indications that the current regime will continue for August and September and so the immediate risk is limited.
- 4.3 Specifically, it is almost certain that nationally mandated schemes introduced in response to COVID e.g. the Hospital Discharge Programme (HDP), will have to continue for the immediate future, with a transition to any new model needing to be funded nationally. Guidance on the future of the HPD is expected on Friday 30<sup>th</sup> July. Should there be an immediate stop of this funding, the risk to the s75 pooled budget would be c£0.75m per month.
- 4.4 As part of the NHS financial reset all funding allocations are being reviewed and there is a risk that Bury will not receive the transformation funding expected in 20/21 or 21/22. For the period April to July this poses no risk as all expenditure is funded under the current financial regime. For the period from August onward this could present an in-year risk of £3.75m to the pooled budget with further risk into next year due to the impact of COVID on implementation timelines, ability to carry out programme reviews and achievement of deflection savings. In any case, whenever Transformation Funding ceases there is also a risk of services needing to be recurrently funded without realizable savings to cover the costs. LCO colleagues are working on revised programme phasing. Strong evaluation processes will be essential in determining if/how to continue transformation programmes.
- 4.5 In the command and control response to COVID, the decision on the introduction of a number of services which benefit the Bury population have been taken at a Greater Manchester, regional or national system level. These costs have been reimbursed to providers or leading organisations under the current regime and there is a risk that Bury will be required to pick up any on-going costs without receiving additional funding. The risk in the short term is limited as the current financial regime is expected to continue but in the longer term will require the input of commissioners and finance colleagues to ensure only those services of benefit and value for money continue and any costs are mitigated by reductions elsewhere in service spend. Work is being done by the Financial Advisory Committee of GMHSCP to understand the system-wide run-rates and investment commitments, alongside predicted funding levels.
- 4.6 There is a risk that the CCG and health care providers are expected to achieve significant improvements in performance targets for the second half of the year, despite service capacity decreasing. There is a risk that the expectation of localities will be extremely challenging, but this cannot be quantified until NHSE/I phase 3 and 4 guidance is issued and understood.
- 4.7 Under the terms agreed for the ICF financial risk will be managed in the following ways:

- 1) Where underspends occur, to ensure overall financial balance underspends from one fund can be used to offset financial risk in another.
- 2) The section 75 pooled budget agreement allows additional contributions to the pool to be made by a party, matched by equivalent additional contributions by the other party in a subsequent year.
- 3) A 50:50 risk share agreement between the partners each contributing 50% of a budget overspend.

## **5 Budget Changes**

- 5.1 Since the opening budget, the command and control regime implemented in the NHS means the CCG has only received formal notification of allocation of budget for the first 4 months of the year. The baseline allocation received for the first 4 months is £111.3m. In addition, for month 3 the CCG received allocations totaling £5.6m bringing the total CCG allocation for the first four months of the year to £116.9m.
- 5.2 For Council led services, the allocation of budgets between the pooled budget and aligned budget has changed and is expected to continue to do so whilst the ledger is refined in light of the organisational restructure and a subsequent review of the allocation of services to the ICF.
- 5.3 Once the NHSE/I phase 3 guidance and allocations are issued, we will revise ICF budgets accordingly and seek formal approval from SCB to vary the agreements.

## **6 Actions Required**

- 6.1 The SCB is asked to:
  - Note the ICF forecast financial position at month 3 of £3m underspend and the assumptions on which it is based.
  - Note the financial risks to Bury.
  - Note that once the CCG receives formal notification of 12 month allocations the budgets and reporting will be updated.

**Carol Shannon-Jarvis**

Associate CFO

July 2020