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Portfolio	Cabinet Member Healthy Lives
Report Author	Gareth Davies (for Adult Care Directorate & Public Health & Integrated Directorate)
Lead Officer	Sam Evans (Chief Finance Officer – Health & Social Care Integration)
Public/Private Document	Public

Health and Social Care Pooled Budget Monitoring Report September 2020

Executive Summary

- 1.1 To update the Integrated Commissioning Board (ICB) on the financial position of the pooled budget for the financial year 2020/21 as at the end of September 2020. The pooled budget excludes the Better Care Fund (BCF) which is being reported separately to the ICB in 2020/21. The pooled budget has been amended to take into account the savings previously reported to ICB.
- 1.2 The Covid pandemic has caused a change in funding arrangements for the CCG, and there is uncertainty around the impact Covid will have on both partners this year. As a result of this uncertainty it was agreed at ICB and Cabinet on the 26th of May that the Health & Social Care Pool budget risk share agreement is changed for 2020/21 so that both partners are responsible for their own pooled fund gap and in year underspend or overspend.
- 1.3 As previously reported to ICB The CCG opening pool gap on the Health & Social Care pooled budget for 2020/21 was £4.1m. The LA had set a balanced position for the LA Pooled Budgets.
- 1.4 As at the end of September the LA is reporting a nil variance against pool budgets. This has reduced from the £0.5m overspend forecast against Adult Social Care at the end of July due to a reduction in residential placements and staffing underspends.
- 1.5 The CCG finance regime is currently under a national command and control approach, whereby the CCG is instructed on how much to pay NHS providers and primary care contractors. This has been in place for months 1-6 of this financial year. CCGs are also instructed to record all of their COVID related expenditure on a monthly basis. This expenditure along with all other CCG

expenditure is analysed for reasonableness. As a consequence of this approach CCGs should receive a reconciling payment which either increases or decreases their national allocation in line with their expenditure to achieve a break-even position. The guidance for months 7-12 has been released recently and an update will be given in the month 8 report.

- 1.6 As at the end of September there has been £6.1m of Covid related costs claimed against the NHS Covid fund, £4.6m of which relate to H&SC pooled budgets. There are also £7.8m of Covid pressures being reported against pool budgets that forms part of the Local Authority £36.4m pressure. The Local Authority has received £16m of general Covid funding from the Government to date leaving a forecast £20.4m net pressure. The Local Authority continues to work alongside the Greater Manchester Combined Authority to attract additional funding from the Government and to understand the impact of these pressures on the Council's Medium Term Financial Strategy

Recommendation

- 2.1 ICB notes the break-even position being forecast in relation to non-Covid pool budgets as at the end of September. If the current national finance regime continues for the remainder of this financial year there should be no pressure in relation to health budgets. Early work on the month 7-12 CCG position identifies that the pressure is in the region of £500k - £1m. A further update will be provided in future reports
- 2.2 As at the end of September, £12.4m of Covid costs are forecast against the Health & Social Care Pool Budget. £4.6m of these costs have been reclaimed from the NHS Covid fund, and £7.8m forms part of the Local Authority overall Covid-19 pressure of £36.4m of which £16m Government funding has been received to date.
- 2.3 ICB note that the non-Covid break-even position being reported against Adult Social Care is largely due to one off contributions of £1.4m from the CCG towards expensive placements and enhanced Discharge to assess provision, and so further work is required to address the underlying service pressures going forward. To support the addressing of this pressure, it should be noted that the service and the finance team have recently commenced a financial sustainability review along with a review of new operating models to understand the increasing pressures within adult social care and the ongoing impacts of COVID.

Reason for Recommendation

- 3.1 This report updates the ICB on the Health and Social Care pooled budgets for 2020/21 in line with National Health Service England (NHSE) guidelines and the Greater Manchester (GM) Health and Social Care Partnership requirements. As part of operating a pooled budget regular monitoring reports are required.

- 3.2 The BCF has been excluded from the pooled reporting and will be reported separately to ICB in line with NHSE requirements for reporting each quarter.

Key Points for Consideration

- 4.1 The pooling of budgets between the two organisations, LA and CCG, is in line with NHSE guidelines to progress integration of Adult Social Care and Health and is in accordance with the decision made by Cabinet and the CCG Governing Body.
- 4.2 The operation of a formal pooled budget has been in place from April 2018.
- 4.3 **Alternatives Considered**
The operation of a formal pool in 2020/21 builds on the shadow pool that was operated by the ICB in 2017/18 and is in line with 2018/19 & 2019/20 reporting; therefore there are no alternatives to consider.

Costs and Budget Summary

5.1 Table 1 below shows the opening Health & Social Care Pool Budget for 2020/21. It should be noted that this is before the national approach for NHS budgets was enforced for months 1-6 of this financial year

Health and Social Care Pooled Budget 2020/21	
2020/21 Expenditure Budgets	Opening 2020/21 Budget £m's
<u>Adult's Services</u>	
Management, Support and Commissioning	4.5
Adults, Older People and Physical Disability	42.6
Learning Disability / Mental Health	58.6
Acute Health Care	116.2
Primary Care - Prescribing	32.3
Other Services	3.7
Adult Public Health	7.7
Total Adult Pooled Services	265.6
<u>Children's Services</u>	
Management, Support and Commissioning	2.9
Children's Early Intervention	6.6
Health Community Services	7.2
Learning Disability / Mental Health	7.2
Special Educational Needs	4.1
Acute Health Care	23.0
Children 0-19 Public Health	5.0
Cared for Children and Safeguarding	30.7
Primary Care - Prescribing	8.6
Other Services	0.8
Total Children's Pooled Services	96.1
Total Health and Social Care Pooled Budgets	361.7
<u>Contribution from Partners</u>	
CCG	-255.3
LA	-102.3
Total Contributions	-357.6
Opening Gap	4.1

5.2 NHSE Current Arrangements

The CCG has received 6 months allocations to cover April to September expenditure in 2020/21. The calculation of the budgets is based on the Agreement of Balances exercise undertaken at month 09 which aims to highlight any mismatches between NHS organisations in relation to finances. This was then amended based on month 11 actual expenditure in CCG ledgers. The CCG were notified on the 31st of July that these arrangements were expected to continue until the end of September.

CCG's have then been instructed to pay those trusts with a high expenditure with the CCG a block value based on the calculations above. The allocation to match this expenditure has been given to CCG's.

CCG's only expenditure with NHS Trusts should be as those identified by NHSE. The trusts identified for HMR CCG can be seen below along with the monthly block payments. It should be noted that in order to support Providers cash flows during the pandemic CCGs were instructed to pay a month in advance for these block contracts:-

April - September Block Payments

Provider	£000 per month
PENNINE ACUTE NHS TRUST	14,612
PENNINE CARE NHS FT	2,894
SALFORD ROYAL NHSFT	1,150
NW AMBUL SVC NHST	876
MANC UNI NHS FT	891
THE CHRISTIE NHS FT	110
WRIGHT/WGN/LEIGH NHS FT	86
TAMESIDE HOSPITAL NHSFT	65
ROYAL BOLTON HOSP NHSFT	46
CALDERDALE/HUDD NHS FT	28
EAST LANCS NHS TRUST	44
MERSEY CARE NHS FT	19
LEEDS TH NHST	20
CHESH/WIRRAL PART NHSFT	27
TOTAL	20,868

Non NHS providers should be paid based on activity or as per the contract agreed in previous years. There should be no investment in new services at

this time. Any overspend the CCG encounters must be explained to NHSE who will then fund this pressure.

5.3 Table 2 shows the latest monitoring position against the Health & Social Care Pooled Budget as at the end of September. Due to the current finance regime the CCG finds itself in, the table has been produced to reflect the 6 months CCG budgets as determined by NHSE/I with a balancing figure that reflects the remaining 6 months on a pro rata basis to the original CCG opening budgets as per table 1 above. The forecast pool gap has been adjusted to reflect the continuation of the current health funding regime until the end of September.

5.4 Table 2

Health and Social Care Pooled Budget 2020/21				
September Monitoring position	2020/21 Budget	2020/21 Forecast	Variance	Narrative
	£m's	£m's	£m's	
Expenditure Budgets				
Adult's Services				
Management, Support and Commissioning	-1.5	-1.7	-0.2	There is a £0.2m underspend forecast against staffing budgets in this area due to a delay in filling vacancies.
Adults, Older People and Physical Disability	27.1	34.6	7.5	<ul style="list-style-type: none"> - It was anticipated that £1.7m of LA costs in this category would be funded in 2020/21 via a loan from the Health and Social Care Partnership but it has since been confirmed that this is no longer available. A one-off contribution of £1m from the CCG towards expensive placements has helped reduce this pressure to £0.7m. - Due to the current funding arrangements and reduction in residential placements, Adult Social Care is forecasting a £0.6m underspend against other budgets in this area. - There are £7.4m LA Covid pressures forecast against this area.
Learning Disability / Mental Health	46.7	47.0	0.3	<ul style="list-style-type: none"> -£0.3m of LA costs for LD/MH were anticipated to be funded via the loan mentioned above. -The CCG has made a further non recurrent contribution of £0.2m to the pool in 2020/21 to reduce the LA pressure in year, however this is now a pressure to the CCG so the pool variance against this area hasn't changed.

Acute Health Care	55.7	55.8	0.1	Non NHS Providers Over Performance
Primary Care - Prescribing	15.8	15.5	-0.3	There had been an Over accrual for June-August which has been retrospectively funded. This is partially offset by an over performance in September
Other Services	5.7	5.7	0.0	
Adult Public Health	8.0	8.5	0.5	- There are £0.5m LA Covid pressures forecast against Public Health budgets.
CCG Adults Budget October 2020 to March 2021	106.3	106.3	0.0	-This represents the forecast CCG Adult Services expenditure budgets for October to March 2021.
Total Adult Pooled Services	263.8	271.7	7.9	
<u>Children's Services</u>				
Management, Support and Commissioning	2.9	2.9	0.0	
Children's Early Intervention	7.4	7.4	0.0	
Health Community Services	6.3	6.3	0.0	
Learning Disability / Mental Health	3.5	3.5	0.0	
Special Educational Needs	4.2	4.2	0.0	
Acute Health Care	11.0	11.1	0.1	Non NHS Providers Over Performance
Children 0-19 Public Health	5.3	5.3	0.0	
Cared for Children and Safeguarding	31.0	33.7	2.7	- There are £2.7m LA Covid pressures forecast against Children's Services.
Primary Care - Prescribing	4.2	4.0	-0.2	There had been an Over accrual for June-August which has been retrospectively funded. This is partially offset by an over performance in September
Other Services	0.7	0.7	0.0	
CCG Children's Budget October 2020	23.4	23.4	0.0	-This represents the forecast CCG Children's expenditure budgets for October to March 2021.

to March 2021				
Total Children's Pooled Services	99.9	102.5	2.6	
Total Health and Social Care Pooled Budgets	363.7	374.2	10.5	
<u>Contribution from Partners</u>				
CCG	-258.8	-261.8	-3.0	<p>-The CCG has received £4.1m of Covid health funding to offset pooled Covid costs, £1.4m of which is already reflected in the figures above. The CCG is forecasting a £0.1m underspend against pooled budgets which will be repayable to NHS England under the current funding arrangements.</p> <p>'-The CCG is contributing an additional £0.3m in year to cover 50% of the late overspend on ASC in 2019/20, with the LA contribution reducing by the same amount.</p>
LA	-103.9	-103.6	0.3	
Total Contributions	-362.7	-365.4	-2.7	
Forecast Position	1.0	8.8	7.8	<p>The revised gap of £8.8m represents</p> <ul style="list-style-type: none"> - A £7.8m net forecast of LA Covid pressures. - The CCG allocations for months 7-12 have been released but there is ongoing work with GM to understand the implications. The CCG has estimated a £1m pressure which will be finalised once the system finances have been agreed.

5.5 As at the end of September the LA is reporting a nil variance against pool budgets. This has reduced from the £0.5m overspend forecast against Adult Social Care at the end of July due to a reduction in residential placements and staffing underspends. There remains an underlying £2m recurrent pressure representing the continuation of services that were previously funded by Transformation Funding and were planned to be funded from a GM H&SCP loan in 20/21 which is no longer available. The pressure has been partially offset in year by a non-recurrent £1.4m contribution from the CCG towards expensive placements and an improved discharge to assess offer, along with a

forecast reduction in Adult Social Care spend on residential placements due to the implications of Covid. The Adult Care Service along with support from Finance Services is working to address how these budgets will be funded going forward. There is a £7.8m variance representing the unfunded pooled LA Covid costs.

- 5.6 As at the end of September the CCG pool position is a £0.1m underspend. The £0.1m favourable balance after fully funding the COVID costs is due to non-recurrent benefits and will be recovered by NHSE from the CCG as per current contracting guidance. The overall CCG position will be breakeven once the COVID allocation is received as reflected in the September position.

Covid 19

CCG Impact

- 5.7 The CCG is able to reclaim costs incurred as a result of Covid-19. The information regarding expenditure is submitted via a monthly return to NHSE England (NHSE). NHSE reimburse the CCG retrospectively for these costs if they are deemed reasonable.
- 5.8 For the financial year 2020/21 to the end of September, the CCG has submitted the return to show the below Covid-19 Expenditure as part of the monthly return:

<u>COVID</u>	TOTAL £000
Primary Care	854
Prescribing	480
Hospital Discharge Programme	2,819
Hot Hubs	988
Continuing Healthcare (CHC)	352
Other	645
TOTAL	6,138

- 5.9 This table is included for completeness however £1.580m of these costs sit outside of the pooled fund. £4.558m of the total CCGs COVID claim falls within the pooled fund.
- 5.10 **LA Impact**

The LA has received £16m of funding to offset additional expenditure and reduced income caused by the impact of Covid-19. Currently the pressure is £36.4m which exceeds the funding that has been received.

Below is a summary of forecast additional expenditure less specific grant funding, totalling £11m:

Expenditure	£m
Adult Social Care	6.718
Public Health	2.128
Children's Social Care	2.729
Education	0.481
Highways and transport & Housing	0.834
Cultural & Related	2.229
Environmental and regulatory services	1.134
Finance & Corporate	4.077
Other services	1.468
Estimated Total Spending Pressure	21.798
Less funding received for Infection Control, Test & Trace, Hardship Fund and Health (via CCG)	-10.782
Estimated Funding Pressure	11.016

Below is summary detail of the forecast loss of income, currently £25.4m:

Loss of income	£m
Business Rates/Council Tax	9.500
Sales, fees and charges	4.906
Commercial Income	10.998
Other	0.000
Estimated Total reduction in Income	25.404

Overall this gives a total forecast budget pressure of £36.4m for the LA in 2020/21, which has been partially offset by the general Covid grant received to date of £16m, leaving a £20.4m budget pressure to be addressed in year as detailed below:-

<u>LA Covid 19 Forecast Pressures</u>	<u>£'m</u>
<u>2020/21</u>	
<i><u>Cost Pressures net of specific grants</u></i>	
Pooled LA Cost Pressures	10.644
less Pooled LA expenditure reclaimed from joint hospital discharge programme as at the end of September	-2.819
Non Pooled LA Cost Pressures	3.191
LA Total Loss of Income	25.404
Estimated Total Pressure	36.420
LA General Covid 19 Funding Received	-16.032
Net Covid 19 Pressure	20.388

- 5.11 Currently the impact is projected at £36.4m after taking onto account the £2.8m of pooled LA costs incurred to date that have been charged against the Covid hospital discharge programme. The LA has received £16m of general Covid funding to offset these pressures, and work continues by the Local Authority to understand the impact of Covid-19 on the Council's Medium Term Financial Strategy. At a Greater Manchester level there is work being undertaken to understand the impact of Covid-19 on the Transport levy, Fire and Rescue, and the Waste Disposal levy, each of which may have an impact on Rochdale's overall position. Collectively the 10 Districts within Greater Manchester continue to work with the Government to secure further funding against these pressures, however at this stage there is no certainty.
- 5.12 Forecast Covid 19 related expenditure pressures against LA pooled budgets total £10.6m, of which £2.8m has been charged against the Covid hospital discharge programme for costs claimed up until the end of September.
- 5.13 The LA received a £2.2m share of the Care Home Infection Control grant. 75% of this grant has been paid direct to in borough care homes in line with the terms of the grant. The remaining 25% has been offered to other care providers to cover the costs of any Covid related sickness/absence.
- 5.14 A new infection control grant was announced in September to continue to manage the level of infection within the social care sector between October 2020 and March 2021. The LA has received £2m, of which 80% is to be allocated to Care Homes and Community Care providers on a per bed/ service user basis, and the LA has limited discretion on how the remaining 20% will be allocated.
- 5.15 There are a number of aligned services which sit outside of the pooled budget which are listed in table 3. These are not under the control of the ICB but are included here for information, decision making around these budgets remains with the LA or CCG.

Table 3

Aligned Services		
Service	Host	Budget £000's
Health Protection	PH	160
Physical Activity	PH	544
Other Public Health	PH	1,192
Link4Life	PH	2,368
Management and Strategy	CSC	243
Shared Services with Bury	CSC	574
Sufficiency and Access	CSC	45
School Improvement, Organisation and Personnel	CSC	855
Educational Psychology/coordinator	CSC	456
Regional Adoption Agency	CSC	1,279
Primary Care	CCG	6,937
Acute Services	CCG	49,254
Core Running Costs	CCG	4,128
Primary Care & Co Commissioning	CCG	39,010
Other CCG	CCG	1,340
Total Aligned Services		108,385

Risk and Policy Implications

- 6.1 The pooled budget has been agreed to be operated in 2020/21. Section 75 of the National Health Service 2006 Act gives powers to local authorities and health bodies to establish and maintain pooled funds out of which payment may be made towards expenditure incurred in the exercise of prescribed LA functions and prescribed NHS functions.
- 6.2 Under the Section 75 Risk Share agreement, If a revenue overspend or underspend remains at the end of a financial year, the Partners agree that such underspends and overspends will be managed by the respective organisation in 2020/21. This is as a consequence of the different financial regimes and funding for COVID and will be revisited for 2021/22.

Consultation

- 7.1 There is no requirement for consultation on the contents of this report other than with the partners i.e. the CCG and the LA. Relevant officers from both organisations have been consulted on the content of this report.

Background Papers	Place of Inspection
8. LA Monitoring working papers CCG Monitoring working papers	Number 1 Riverside Number 1 Riverside
For Further Information Contact:	Gareth Davies (for Adult Care Directorate & Public Health & Integrated Directorate), Tel: 01706924888, gareth.davies@rochdale.gov.uk