

Report to Integrated Commissioning Board



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| Date of Meeting | 23 rd February 2021 |
| Portfolio | Cabinet Member for Health & Wellbeing |
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| Public/Private Document | Public |

Health and Social Care Pooled Budget Monitoring Report January 2021

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 January 2021. 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 January the LA is reporting a nil variance against pool budgets.
- 1.5 As at the end of January there is a forecast over performance of £0.8m against pooled CCG budgets. The over performance is in relation to the Independent sector and Hospital Discharge Programme. It is anticipated that the over performance will be funded from national funding, but this will not be reflected in the Pool until the allocation is received. Once this allocation is received the Pool will show a breakeven position.
- 1.6 As at the end of January there has been £6.4m of Covid related costs claimed against the NHS Covid fund, £4.9m of which relate to H&SC pooled budgets. There are also £4.8m of Covid pressures net of specific grants being reported against pool budgets that forms part of the Local Authority £25.4m pressure. The Local Authority has received £22.2m of Government emergency funding to date and is forecasting to receive £2.6m of support for lost sales, fees and charges leaving a forecast £0.6m net pressure in year. The net LA pool Covid pressure currently forecast at £4.8m will be wholly funded from Government emergency funding leaving no in year pool pressure.

Recommendation

- 2.1 ICB notes the break-even position being forecast in relation to non-Covid pool budgets as at the end of January.
- 2.2 ICB note that as at the end of January, £9.7m of Covid costs are forecast against the Health & Social Care Pool Budget. £4.9m of these costs have been reclaimed from the NHS Covid fund, and £4.8m forms part of the Local Authority overall Covid-19 pressure of £25.4m. The Local Authority has received £22.2m of Government emergency funding to date and is forecasting to receive £2.6m of support for lost sales, fees and charges leaving a forecast £0.6m net pressure in year. The net LA pool Covid pressure currently forecast at £4.8m will be wholly funded from Government emergency funding leaving no in year pool pressure.
- 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, however the 2021/22 budget settlement has allowed the LA to address this issue without the need for further savings. The service and the finance team have recently undertaken 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.

Alternatives Considered

- 4.3 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 this financial year.

Table 1

| 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 received allocations in months 1-6 which enabled a breakeven position to be reported. For months 7-12 the CCG has received an allocation based on forecast expenditure that was submitted in September. The CCG is forecasting an overall breakeven position once additional national funding has been received for the costs incurred within the Independent sector and the hospital discharge programme.

5.3 Table 2 shows the latest monitoring position against the Health & Social Care Pooled Budget as at the end of January.

Table 2

| Health and Social Care Pooled Budget 2020/21 | | | | |
|--|----------------|------------------|------------|--|
| January 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. The negative budget reflects the income held within management budgets being greater than expenditure. |
| Adults, Older People and Physical Disability | 39.4 | 44.2 | 4.8 | <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 £4.6m LA Covid pressures forecast against this area. - There is a £0.1m over performance on Continuing Healthcare activity. |
| Learning Disability / Mental Health | 63.6 | 63.7 | 0.1 | <ul style="list-style-type: none"> -£0.3m of LA costs for LD/MH were anticipated to be funded via the loan mentioned above. -This has been offset by a non-recurrent contribution of £0.2m from the CCG to the pool in 2020/21. |
| Acute Health Care | 111.3 | 112.1 | 0.8 | There is a £0.8m pressure against Adults Acute Health Care due to non-NHS providers over performance and new services which have not been fully funded. |
| Primary Care - Prescribing | 31.1 | 31.1 | 0.0 | |
| Other Services | 9.8 | 9.7 | -0.1 | There is a minor underperformance against these budgets |
| Adult Public Health | 8.0 | 8.4 | 0.4 | There are £0.4m LA Covid pressures forecast against Public Health budgets. |
| Total Adult Pooled Services | 261.7 | 267.5 | 5.8 | |

| | | | | |
|--|---------------|---------------|-------------|---|
| <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 | 13.1 | 13.1 | 0.0 | |
| Learning Disability / Mental Health | 8.2 | 8.1 | -0.1 | There is a minor underperformance against these budgets |
| Special Educational Needs | 4.2 | 4.2 | 0.0 | |
| Acute Health Care | 22.0 | 22.1 | 0.1 | There is a £0.1m pressure against Children's Acute Health Care due to non-NHS providers over performance and new services which have not been fully funded. |
| Children 0-19 Public Health | 5.3 | 5.3 | 0.0 | |
| Cared for Children and Safeguarding | 31.0 | 33.9 | 2.9 | There are £2.9m LA Covid pressures forecast against Children's Services. |
| Primary Care - Prescribing | 8.3 | 8.3 | 0.0 | |
| Other Services | 1.1 | 1.1 | 0.0 | |
| Total Children's Pooled Services | 103.5 | 106.4 | 2.9 | |
| Total Health and Social Care Pooled Budgets | 365.2 | 373.9 | 8.7 | The forecast variance of £8.7m represents:- -£7.9m of LA Covid pressures before adjusting for health Covid funding. -a £0.8m over performance on health budgets primarily due to over performance on Acute health Care within the independent sector. |
| <u>Contribution from Partners</u> | | | | |
| CCG | -261.3 | -265.5 | -4.2 | -The CCG has received £4.9m of Covid health funding to offset pooled Covid costs, £1.8m of which is already reflected in the figures above. The remaining £3.1m relates to the ASC Covid pressures identified above. |
| LA | -103.9 | -108.4 | -4.5 | -The CCG is forecasting a £0.8m over performance against pooled budgets which will be reclaimed from NHS England under the current funding arrangements. -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. - The LA will make a contribution from Government emergency funding received to address any unfunded Pool LA Covid pressures, currently forecast to be £4.8m. |
| Total Contributions | -365.2 | -373.9 | -8.7 | |
| Forecast Position | 0.0 | 0.0 | 0.0 | |

- 5.4 As at the end of January the LA is reporting a nil variance against non-Covid pool budgets, in line with the position reported in November. There is an underlying £2m pressure in year within Adult Social Care 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 2020/21 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 £2m pressure has been addressed in 2021/22 without the need for further savings following the autumn funding announcements. The service and the finance team have recently undertaken 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.
- 5.5 As at the end of January the CCG pool position is a £0.8m over performance. The £0.8m over performance after fully funding the COVID costs is due to over performance by non-NHS providers (including Care UK, Ophthalmology, Mediscan diagnostics) and the Hospital Discharge programme. Due to the current funding regime these costs will be funded by NHSE as a separate allocation. The overall CCG position will be breakeven once the allocation is received.

Covid 19

CCG Impact

- 5.6 The CCG were able to reclaim costs incurred as a result of Covid-19 up until the end of September. From October until March, costs can only be claimed for costs eligible under the Hospital Discharge Program (HDP) Scheme 2.
- 5.7 For the financial year 2020/21 to the end of January, the CCG has submitted the return to show the below Covid-19 Expenditure as part of the monthly return:

Table 3

| COVID | TOTAL £000 |
|---|-------------------|
| Primary Care | 854 |
| Prescribing | 480 |
| Hospital Discharge Programme (Scheme 1) | 2,666 |
| Hospital Discharge Programme (Scheme 2) | 392 |
| Hot Hubs | 1,141 |
| Continuing Healthcare (CHC) | 352 |
| Other | 519 |
| TOTAL | 6,404 |

- 5.8 This table is included for completeness however £1.539m of these costs sit outside of the pooled fund. £4.865m of the total CCGs COVID claim falls within the pooled fund.

LA Impact

- 5.9 The LA has received £22.2m and is forecasting to receive a further £2.6m of funding to offset additional expenditure and reduced income caused by the impact of Covid-19. Currently the pressure is £25.4m which exceeds the funding that has been received.

Below is a summary of forecast additional expenditure less specific grant funding, totalling £0.6m:

Table 4

| LA Covid 19 Forecast Pressures 2020/21 | £'m |
|---|----------------|
| <i>Cost Pressures net of specific grants</i> | |
| Pooled LA Cost Pressures | 7.901 |
| less Pooled LA expenditure reclaimed from joint hospital discharge programme as at the end of January | -3.099 |
| Non Pooled LA Cost Pressures | 6.254 |
| LA Total Loss of Income | 14.293 |
| Forecast Total Pressure | 25.349 |
| LA General Covid 19 Funding Received | -22.231 |
| Forecast Government compensation re: Sales, Fees & Charges Income, and use of Reserves | -2.559 |
| Forecast Total Funding | -24.790 |
| Net Covid 19 Pressure | 0.559 |

- 5.10 Currently the impact is projected at £25.4m after taking into account the £3.1m of pooled LA costs incurred to date that have been charged against the Covid hospital discharge programme. The LA has received £22.2m of general Covid funding to offset these pressures, with a further £2.6m forecast to be received in compensation for lost sales, fees and charges.

Work is on-going to assess the financial impact and timeframe involved relating to Covid-19. The longer term implications are being considered to support the Council in its financial planning going forward.

Two reserves are to be set up to hold funds to be used to offset the post 2020/21 impact of Covid 19, recognising that some of the forecast financial impact of the pandemic in table 4 will not materialise until 2021/22 and future years. The 2 reserves being established for demand led and economic pressures and the Government Emergency funding will be applied as and when the pressure materialises in future years.

The amount to be transferred to the reserves will be finalised as part of the year end process, and is dependent on ongoing developments relating to the Covid 19 pandemic.

The Council will, with other Greater Manchester councils, continue to lobby the government to provide further funding to offset the ongoing financial impact of Covid-19.

5.11 Forecast Covid 19 related expenditure pressures against LA pooled budgets net of specific grants total £7.9m, of which £3.1m has been charged against the Covid hospital discharge programme for costs claimed up until the end of January. This leaves a net forecast pressure of £4.8m which will be funded from Government emergency funding received by the LA.

5.12 The LA was allocated a further instalment of the Infection Control Grant in October of almost £2m bringing the total allocation in year to £4.1m. The second instalment of the Infection Control grant requires 80% to be paid direct to locally based care homes and community care providers on a per bed / service user basis. The remaining 20% has been offered to care homes to support additional testing and visiting requirements.

Aligned Services

5.13 There are a number of aligned services which sit outside of the pooled budget which are listed in table 5. 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 5

| 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.
- 6.3 The long term impact of Covid on the delivery of services is not fully understood and it is expected that the financial impact will continue into future years.

Consultation

7. 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 | Number 1 Riverside |
| | CCG Monitoring working papers | Number 1 Riverside |

For Further Information Contact:

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