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Portfolio	Cabinet member for Health & Wellbeing
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Public Document	Private

## Pooled Fund Opening Budgets 2021/22

### Executive Summary

- 1.1 To update the Integrated Commissioning Board on the Pooled fund opening budget and proposed risk share arrangements for 2021/22.  
The Local Authority approved a balanced 2021/22 budget at Budget Council on the 3rd March.  
The CCG planning and contracting round has once again been suspended because of the pandemic and the NHS planning timetable has been delayed until at least April 2021. This has also delayed the issuing of CCG allocations
- 1.2 The CCG is waiting for further guidance to be issued which will set the allocation for 2021/22 and outline key financial information such as the proposed inflationary uplifts to contracts. The latest guidance for quarter 1 dictates that CCGs must continue to pay NHS providers block contract payments in line with those paid for 20/21 irrespective of activity delivered. This is similar to the command & control system that has been in place for 2020/21.
- 1.3 The CCG has modelled the potential expenditure that the CCG may incur in 2021/22 with a high level of assumptions in lieu of the guidance referenced above.
- 1.4 The CCG is unable to report an opening budget position due to the lack of published allocations for 2021/22.
- 1.5 The CCGs Governing Body has not approved an opening budget for the CCG due to the reasons highlighted above.

## Recommendation

- 2.1 Members are asked to note the approved opening budget for the Council and due to external factors that the CCG is not able to post an opening budget.
- 2.2 The Report is recommending that both partners are responsible for their own pooled fund gap in 2021/22, noting this is a time limited proposal as a result of Covid 19 and the uncertainties caused by the current NHS financial guidance.

## Reason for Recommendation

- 3.1 This report updates the ICB on the Health and Social Care pooled budgets for 2021/22 in line with National Health Service England (NHSE) guidelines. As part of operating a pooled budget regular monitoring reports are required.
- 3.2 The BCF has been excluded from the pooled fund 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 2021/22 builds on the shadow pool that was operated by the ICB in 2017/18 and is in line with 2018/19 to 2020/21 reporting; therefore, there are no alternatives to consider.

## Costs and Budget Summary

### 5.1 Local Authority Revenue Budget 2021/22

At Council on 3<sup>rd</sup> March 2021, the Local Authorities Budget was set for 2021/22. The net budget position being £235.984m. The table below is an extract from the Budget Report.

	DIRECTORATE	2021/22	2022/23	2023/24
		£'000	£'000	£'000
1	Adult Care	53,325	57,423	61,816
2	Children's Services	64,566	64,004	63,800
3	Economy	16,600	16,771	17,037

4	Neighbourhoods	50,788	51,708	52,786
5	Resources	8,859	8,989	9,208
6	Public Health and Wellbeing	20,939	21,023	21,114
7	<b>DIRECTORATE BUDGET REQUIREMENT</b>	<b>215,077</b>	<b>219,918</b>	<b>225,761</b>
8	Finance Control	33,134	34,570	35,754
9	Contingency	2,560	5,027	6,518
10	Collection Fund Deficit 2020/21	22,399	680	680
11	Budget Pressures Fund	1,000	2,000	3,000
12	Saving Proposals (subject to approval)	(425)	(445)	(445)
13	Contribution To/(From) Reserves/Balances	2,786	(3,197)	1,286
14	Government Grant b/f via Reserves re Collection Fund Deficit 2020/21	(21,111)	0	0
15	Contribution To/ (From) Unusable Reserves (Capital Accounting Adjustments)	(19,436)	(19,436)	(19,435)
16	Contribution To Integrated Pool Fund	106,912	106,225	103,717
17	Contribution (From) Integrated Pool Fund	(106,912)	(106,225)	(103,717)
18	<b>TOTAL BUDGET REQUIREMENT</b>	<b>235,984</b>	<b>239,117</b>	<b>253,119</b>
	<b>RESOURCES</b>			
	<b>Locally Generated Funding</b>			
19	Council Tax	(94,378)	(98,479)	(102,247)
20	Business Rates Retained	(61,564)	(66,116)	(68,231)
21	<b>TOTAL LOCALLY GENERATED FUNDING</b>	<b>(155,942)</b>	<b>(164,595)</b>	<b>(170,478)</b>
	<b>Government Grants</b>			
22	General Grants	(42,928)	(32,252)	(32,077)
23	Business Rates Top-Up Grant	(37,114)	(37,143)	(37,184)
24	<b>TOTAL GOVERNMENT GRANTS</b>	<b>(80,042)</b>	<b>(69,395)</b>	<b>(69,261)</b>
25	<b>TOTAL RESOURCES</b>	<b>(235,984)</b>	<b>(233,990)</b>	<b>(239,739)</b>
26	<b>UNFUNDED ONGOING REQUIREMENT</b>	<b>0</b>	<b>5,127</b>	<b>13,380</b>

5.2 Due to the impact of the pandemic on both organisations and the ongoing national control of the NHS finance regime, the Council and HMR CCG have progressed their budget setting separately for 2021/22. The gap for the Council was £5.078m as at 1<sup>st</sup> December 2020. This was a pre Covid gap. Through a savings programme £1.175m was identified towards the gap, the remaining gap was met through increases in Council Tax of 1.99% general increase (£1.789m) and 3% Social Care Precept (£2.697m).

5.3 Post Covid pressures have been met using one-off funds from Government. In later years these pressures will be met using reserves, with a 10-year plan to replenish the reserves.

5.4 The use of reserves still leaves a budget gap in 2022/23 of £5.127m and £13.380m in 2023/24.

#### 5.5 Pooled Fund – Local Authority

5.6 The pooled fund includes Adult Social Care, Public Health and some Children’s Social Care services from the Local Authority.

5.7 The tables below detail the Pooled Budget for 2021/22. Whilst the Council has developed its budgets for future years beyond 2021/22 the future of CCGs in Greater Manchester beyond March 2022 means that the RBC and HMR CCG pooled fund will no longer exist and therefore this report concentrates on the 2021/22 financial year.

	<b>2021/22</b>
	<b>£m</b>
<b>Pooled Budget - Local Authority</b>	
Contribution to Pool	106.912
Contribution from Pool	106.912
<b>Pool Gap</b>	<b>0.000</b>

	<b>2021/22</b>
	<b>£m</b>
<b>Budget Gap Cabinet 1st Dec Pre Covid Gap after allocation of Corporate</b>	<b>3.847</b>
Further Changes to Budget Assumptions	(1.651)
Council Tax 2021/22 1.99% increase	0.000
Adult Social Care Precept 2021/22 3%	(2.697)
Allocation of Corporate	1.206
<b>Gap before Savings</b>	<b>0.705</b>
Savings	(0.239)
<b>Pre Covid Gap after Savings</b>	<b>0.466</b>
<b>Post Covid Pressures (before reserves)</b>	
Allocation of Corporate	(0.674)
<b>Gap before reserves</b>	<b>(0.208)</b>
Use of Reserves	0.208
<b>Post Covid Gap</b>	<b>0.000</b>

## 5.8 CCG Revenue Budget 2021/22

As already highlighted in this report the NHS planning process has been delayed until at least April 2021 and therefore the CCG has not submitted a financial plan for the financial year 2021/22.

5.9 The key factors which do not allow the CCG to produce a robust financial plan is that the allocations have not been published and key financial principles such as inflation and growth are yet to be agreed.

5.10 What is still uncertain is the financial regime for 2021/22. At the latest briefing on the 25th of February 2021 by NHSE/I the following information was presented: The annual NHS finance and operational planning round is delayed and in order to support this the current financial framework (command & control) will continue for Q1 2021/22. The primary objective is to provide certainty and support continuing operational response.

## 5.11 CCG High level expenditure assumptions:

The CCG has undertaken a high-level financial exercise to forecast the expected expenditure in 2021/22 with a number of assumptions underpinning this exercise.

5.12 The CCG expenditure can be categorised into 11 broad areas which are highlighted below with the assumptions made.

	Forecast spend 21/22	Inflationary uplift assumed	Notes
	£m	%	
Acute	203.8	1.7	Inflationary uplift assumed to be the same as 20/21. Independent sector, Out of area activity and contracts >£500k are reinstated. No growth has been assumed.
Co-Commissioning	35.2		Assumed to be the value of the previously published allocations for this area.
Community	27.3	1.7	Inflationary uplift assumed to be the same as 20/21
Continuing Care	12.7	4.5	This includes where applicable the increase in the Real living wage.
Running Costs	4.1		Assumed to be the value of the published allocations for 20/21.
Mental Health	40.6	3.94	This does not include an uplift for MHIS which in 20/21 was 0.7%
Other	11.5	1.0	
Primary Care	10.2	2.0	
Prescribing	41.9	2.0	
BCF	18.9	5.3	

2021/22 commitments	3.6		This includes the recurrent commitments of the GM transformation schemes. Examples include, urgent care by appointment, saving babies lives, the recurrent funding of schemes previously funded as part of GM transformation funds that are long term plan commitments
Contingency	1.8		Assumed 0.5% Non-recurrent contingency as per CCG business rules. Note this was removed in 20/21 as a savings scheme but reinstated as per guidance at this stage until allocations are received
<b>Total</b>	<b>411.6</b>		

#### 5.14 Pooled Fund - CCG

The table below details the proposed Health Pooled Budget for 2021/22.

	<b>Estimated Pooled Forecast spend 21/22</b>
	£m
Acute	141.6
Community	27.3
Continuing Care	12.7
Mental Health	40.6
Other	1.5
Primary Care	3.2
Prescribing	41.9
2021/22 commitments	3.6
<b>Total</b>	<b>272.4</b>

#### 5.15 S75 and Proposed Risk Share Approach

Due to the NHS finance regime of national command and control in 2020/21 the pooled fund risk share was suspended and both organisations took responsibility for any over and underspends which could be attributed to their statutory services. This did not impact upon the flexibilities and the operation of a pooled budget but did remove uncertainties for the LA which were outside of the localities control.

5.16 Joint decision making and collective governance continued around strategic direction and service delivery whilst allowing each statutory organisation to manage its recovery plan following Covid 19.

5.17 It is proposed that because of the continuance of the national control of the NHS finance regime for at least quarter 1 and potentially quarter 2 of 2021/22 that this approach to the risk share should be continued.

<b>Risk and Policy Implications</b>
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- 6.1 The key financial risks to the Pooled fund are the financial impacts of dealing with the COVID pandemic and that the CCG allocation does not cover the expected costs in 2021/22.

<b>Consultation</b>
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- 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.

<b>Background Papers</b>	<b>Place of Inspection</b>
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8.1	Not Applicable
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<b>For Further Information Contact:</b>	Lead Officer, Lead Officer Tel, Lead Officer Email
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