

<b>Meeting: Governing Body</b>			
<b>Meeting Date</b>	26 May 2021	<b>Action</b>	Receive
<b>Item No.</b>	8b	<b>Confidential</b>	No
<b>Title</b>	CCG Financial Plan and Budget Setting H1 2021/22		
<b>Presented By</b>	Sam Evans, Joint CFO Bury CCG & Bury Council		
<b>Author</b>	Simon O'Hare, Acting Deputy CFO Bury CCG		
<b>Clinical Lead</b>			

<b>Executive Summary</b>
<p>The purpose of this paper is to update Governing Body on the CCG budget for the first half (H1) of 2021/22, the context in which these budgets have been set and the efficiency requirement within these to allow the CCG to achieve the nationally mandated break even position.</p> <p>The budget setting process for 2020/21, pre COVID-19, saw the CCG anticipating a £20m deficit, which after anticipated QIPP left a deficit of £11m. The national command and control environment that was established to allow the NHS to focus on tackling the COVID-19 pandemic moved away from CCG allocations. In the first half of the year the CCG received monthly reconciling payments that allowed the CCG to break even financially and the CCG allocation in the second half of the year was based on that received in the first half of the year.</p> <p>The CCG finance regime for H1 2021/22 is based upon the second half of 2020/21 and this has given the CCG an initial budget of £172.3m. CCG anticipated expenditure in H1 is £177.1m, giving a deficit of £4.8m. To support the CCG to break even financially the CCG has received £1.9m of growth monies from the Greater Manchester Health and Social Care Partnership, this allocation of growth monies will be reviewed at month 3 and month 5 to ensure that individual organisations and the GM system as a whole breaks even. In addition to this all GM CCGs were given the freedom to not hold a 0.5% contingency for H1, which is £0.85m for the CCG. These changes therefore requires the CCG to deliver QIPP of £2.1m to achieve the nationally mandated break even position in H1.</p> <p>Due to the centrally set nature of NHS payment values, CHC is a major area of QIPP focus and to this end recruitment of additional staff for 6 months has been approved. There are very early promising results in this area but delivery of £2.1m QIPP across all directorates in H1 is a significant ask and therefore it is likely that non recurrent measures will be needed to achieve the mandated break even position.</p>

Recommendations
<p>Governing Body members are asked to:</p> <ul style="list-style-type: none"> <li>note the content of this report</li> <li>note the final CCG position and QIPP requirement</li> <li>note the actions already taken to support QIPP delivery</li> <li>note the GM review of all NHS partner positions at months 3 and 5</li> </ul>

Links to CCG Strategic Objectives	
<b>SO1 - To support the Borough through a robust emergency response to the Covid-19 pandemic.</b>	<input type="checkbox"/>
<b>SO2 - To deliver our role in the Bury 2030 local industrial strategy priorities and recovery.</b>	<input type="checkbox"/>
<b>SO3 - To deliver improved outcomes through a programme of transformation to establish the capabilities required to deliver the 2030 vision.</b>	<input checked="" type="checkbox"/>
<b>SO4 - To secure financial sustainability through the delivery of the agreed budget strategy.</b>	<input checked="" 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 checked="" 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 checked="" type="checkbox"/>
If yes, has an Equality, Privacy or Quality Impact Assessment been completed?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
If yes, please give details below:						
If no, please detail below the reason for not completing an Equality, Privacy or Quality Impact Assessment:						

Implications						
Are there any associated risks including Conflicts of Interest?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>	N/A	<input type="checkbox"/>
Are the risks on the CCG's risk register?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input type="checkbox"/>

Governance and Reporting		
Meeting	Date	Outcome
N/A		

## 1.0 Introduction

The purpose of this paper is to update Governing Body on the CCG budget for the first half (H1) of 2021/22, the context in which these budgets have been set and the efficiency requirement within these to allow the CCG to achieve the nationally mandated break even position.

## 2.0 2020/21 plan pre COVID-19

The budget setting process for 2020/21, pre COVID-19, saw the CCG anticipating a £20m deficit, which it was planning to close with £9m of QIPP, of which £5m was identified (though mainly red or amber rated) and £4m was unidentified. This left a forecast deficit for the year of £11m and it was this position that the CCG submitted to NHS England on 5<sup>th</sup> March 2020. This was the first and only submission made due to the necessary changes in financial arrangements and service delivery due to COVID-19. This was an incredibly challenging ask and was a position mirrored in other parts of Greater Manchester (GM) and nationally.

## 3.0 2020/21 actual expenditure

The national command and control environment that was established to allow the NHS to focus on tackling the COVID-19 pandemic, included:

- The central setting of payment values between CCGs and NHS providers
- The availability of additional monies to support specific COVID-19 services, hospital discharges (supporting both health and social care) and vaccinations and testing
- Central purchasing of Independent Sector capacity
- The standing down of non essential services
- All NHS organisations receiving monthly reconciling payments for the first half of the year that allowed them to break even financially

The result of this was that CCGs received significantly more than their initial anticipated allocations for 2020/21 and the impact locally in Bury was additional allocations of £35.4m, of which £12.9m was to fund specific COVID-19 services such as the Hospital Discharge Programme (HDP) and £22.5m was to allow the increased payments to NHS Providers and to fund any organisational deficits to allow the NHS to break even in 2020/21.

## 4.0 2021/22 H1 national and Greater Manchester process

The CCG finance regime for H1 2021/22 is based upon the second half of 2020/21, with:

- Payments to NHS providers remaining centrally set
- Independent Sector acute commissioning responsibility returning to CCGs
- Nationally set inflation and growth uplifts
- Mental Health, Community and Primary Care investment standards to be delivered
- HDP to continue for 6 weeks for quarter 1 and 4 weeks for quarter 2
- HDP, Elective Recovery Fund and Vaccination monies **not** within these allocations but to be claimed retrospectively based upon achievement in terms of the elective recovery fund and costs incurred for the other two programmes
- CCGs must deliver a break even financial position.

GM has, since the inception of CCGs, always worked to manage the financial position across all organisations to allow the GM system to deliver financial balance. This continues to be the

case in 2021/22 and to that end a number of planning submissions have been returned and meetings taken place to arrive at an overall GM position which all organisations, CCG and Providers, have agreed to.

There will be assessments of each organisations financial position at the end of month 3 (June) and month 5 (August) to ensure that the allocation of GM monies to organisations has been done in the most appropriate way to allow both individual organisation and the GM system to break even.

### **5.0 Bury 2021/22 initial H1 position**

For H1 2021/22 the CCG received an allocation of £172.3m from NHS England. Included within this were specific funding streams and expenditure impacts aligned to national delivery priorities in mental health and cancer. Following meetings with CCG budget holders, taking into account already known local priorities such as the former transformation fund schemes, the GP System of Choice implementation, the need for a standalone CHC system and growth from previous years, the anticipated expenditure for H1 was £177.1m, a deficit of £4.8m.

The drivers of this deficit are:

- Low national inflation and growth assumptions versus the local agreed inflation and growth assumptions in CHC, including the living wage, and prescribing being £0.9m and £0.5m respectively.
- Local recurrent pick up of former GM schemes in mental health and acute being £0.6m and £0.7m respectively.
- The cost and implementation of the GP system of choice (£0.4m).
- The cost of a new standalone CHC system and a team to deliver this and the significant QIPP ask (£0.4m).
- The requirement to deliver a 0.5% contingency (£0.9m).
- Other smaller pressures totalling £0.3m

Table 1 overleaf shows the initial CCG position at directorate level.

**Table 1 – Initial CCG position**

	Half Year Exc QIPP		
	H1 actual	H1 allocation	Variance
Acute	£87,584,000	£86,692,000	£892,000
CHC	£9,260,000	£8,360,000	£900,000
Community	£16,330,000	£16,330,000	£0
Mental Health	£18,566,000	£18,566,000	£0
Other	£7,143,000	£4,228,000	£2,915,000
Primary Care	£21,248,000	£21,148,000	£100,000
Primary Care - Delegated	£15,051,000	£15,051,000	£0
<b>Programme</b>	<b>£175,182,000</b>	<b>£170,375,000</b>	<b>£4,807,000</b>
Running Costs	£1,905,000	£1,905,000	£0
<b>Total</b>	<b>£177,087,000</b>	<b>£172,280,000</b>	<b>£4,807,000</b>

For comparison purposes, if the CCG had remained on / returned to the original allocation it was forecast to receive in 2021/22 then the CCG would have received £166.7m for H1 2020/21.

### 5.1 Bury 2021/22 revised position

Following numerous meetings with all GM CCG CFOs and the Greater Manchester Health and Social Care Partnership (GMHSCP), it was agreed that GM CCGs would submit plans without the nationally mandated 0.5% contingency in H1 2020/21 in order to support the break even requirement, recognising that this is a financial risk. GMHSCP was also in receipt of £25m of growth monies and had held these pending true understanding of each CCGs position. Bury CCG received £1.9m of the GM growth monies as these were distributed across CCGs relative to each CCGs deficit position. This is greater than the CCG would have received based upon a population split of these monies to a value of £0.27m, which is a positive for the Bury system.

Due to the requirement to break even as a CCG, this leaves the CCG to deliver £2.1m of QIPP in H1, this is shown in table 2 overleaf, at directorate level.

**Table 2 – Final CCG position**

	Half Year Exc QIPP			QIPP required	Half Year inc QIPP		
	H1 actual	H1 allocation	Variance		H1 Budget	H1 allocation	Variance
Acute	£87,584,000	£86,692,000	£892,000	£0	£87,584,000	£86,692,000	£892,000
CHC	£9,260,000	£8,360,000	£900,000	-£450,000	£8,810,000	£8,360,000	£450,000
Community	£16,330,000	£16,330,000	£0	£0	£16,330,000	£16,330,000	£0
Mental Health	£18,566,000	£18,566,000	£0	£0	£18,566,000	£18,566,000	£0
Other	£7,143,000	£4,228,000	£2,915,000	-£1,513,000	£5,630,000	£4,228,000	£1,402,000
Primary Care	£21,248,000	£21,148,000	£100,000	-£100,000	£21,148,000	£21,148,000	£0
Primary Care - Delegated	£15,051,000	£15,051,000	£0	£0	£15,051,000	£15,051,000	£0
<b>Programme</b>	<b>£175,182,000</b>	<b>£170,375,000</b>	<b>£4,807,000</b>	<b>-£2,063,000</b>	<b>£173,119,000</b>	<b>£170,375,000</b>	<b>£2,744,000</b>
Running Costs	£1,905,000	£1,905,000	£0	£0	£1,905,000	£1,905,000	£0
<b>Total</b>	<b>£177,087,000</b>	<b>£172,280,000</b>	<b>£4,807,000</b>	<b>-£2,063,000</b>	<b>£175,024,000</b>	<b>£172,280,000</b>	<b>£2,744,000</b>
Less contingency	-£855,000	£0	-£855,000	£0	-£855,000	£0	-£855,000
<b>Revised Sub Total</b>	<b>£176,232,000</b>	<b>£172,280,000</b>	<b>£3,952,000</b>	<b>-£2,063,000</b>	<b>£174,169,000</b>	<b>£172,280,000</b>	<b>£1,889,000</b>
Less GM Support		£1,889,000	-£1,889,000			£1,889,000	-£1,889,000
<b>Revised Total</b>	<b>£176,232,000</b>	<b>£174,169,000</b>	<b>£2,063,000</b>	<b>-£2,063,000</b>	<b>£174,169,000</b>	<b>£174,169,000</b>	<b>£0</b>

## 5.2 QIPP

The QIPP target is a significant challenge but it is believed there is significant scope within CHC with the right support and resources. As a consequence a business case was approved by the Executive Team to recruit staff for 6 months to support the CHC team to:

- Undertake a comprehensive audit of those patients currently on the fast track process
- Carry out an audit of Personal Health Budgets
- Review complex cases and out of area placements
- Review neuro rehab step downs
- Implement a standalone CHC system
- Support the management of the CHC team to allow the current CHC lead to oversee all of the above changes and programmes of work

This paper also included the recruitment of a programme manager with knowledge of children’s mental health and social care placements to review staffing ratios, night sitting, overall costs of placements and suitability for repatriation of Bury residents placed out of area. This post, along with the CHC posts above will work with colleagues in the Council to ensure that changes are made and savings are delivered that benefit the whole of the Bury system.

Delivery of £2.1m in H1 is a significant ask and therefore stretch targets will be agreed with colleagues above and beyond what it is currently proposed. It is however likely that non recurrent measures are needed to allow a break even position to be delivered in H1, with QIPP delivery increasing in H2 2021/22 to counter balance this in 2021/22 as a whole. The financial regime for H2 2021/22 is not yet known but it is expected to be at least as challenging as H1, if not more as we face potential winter pressures .

## 5.3 Dissemination of 2021/22 H1 budgets

Budgets will be disseminated to budget holders week commencing 24<sup>th</sup> May and these will be followed up with individual conversations and then the production of month 2 budget statements showing year to date performance against budget in mid June.

## **6.0 Conclusion**

Governing Body asked to:

- note the content of this report
- note the final CCG position and QIPP requirement
- note the actions already taken to support QIPP delivery
- note the GM review of all NHS partner positions at months 3 and 5