

## ADULTS' COMMISSIONING COMMITTEE (ACC)

### AGENDA ITEM NO: 5

**Item for:** Decision/**Assurance**/Information (Please underline and bold)

**11<sup>th</sup> November 2020 (Date of Meeting)**

<b>Report of:</b>	Chief Finance Officer
<b>Date of Paper:</b>	3 <sup>rd</sup> November 2020
<b>Subject:</b>	Finance Report
<b>In case of query Please contact:</b>	David Warhurst, Interim Chief Finance Officer
<b>Strategic Priorities:</b>	Please tick which strategic priorities the paper relates to:
	<input type="checkbox"/> <b>Quality, Safety, Innovation and Research</b>
<input checked="" type="checkbox"/>	<b>Integrated Community Care Services (Adult Services)</b>
	<b>Children's and Maternity Services</b>
	<b>Primary Care</b>
<input checked="" type="checkbox"/>	<b>Enabling Transformation</b>
<b>Purpose of Paper:</b>	
<p>The purpose of this paper is to provide the Adults' Commissioning Committee with:</p> <ul style="list-style-type: none"> <li>▪ The 2020/21 financial outturn of the Integrated Fund for Adult services (Section 3) along with highlighting the risks to the financial position of the Adults Integrated Fund</li> </ul>	

### Further explanatory information required

<p><b>HOW WILL THIS BENEFIT THE HEALTH AND WELL BEING OF SALFORD RESIDENTS OR THE CLINICAL COMMISSIONING GROUP?</b></p>	<p>Ensuring public funding is spent appropriately. Achieving Value for Money, ensuring that funding is available to protect core services.</p>
<p><b>WHAT RISKS MAY ARISE AS A RESULT OF THIS PAPER? HOW CAN THEY BE MITIGATED?</b></p>	<p>Financial and performance pressures associated with the adults' integrated fund services. Through management of committed developments and holding providers to account for performance.</p>
<p><b>WHAT EQUALITY-RELATED RISKS MAY ARISE AS A RESULT OF THIS PAPER? HOW WILL THESE BE MITIGATED?</b></p>	<p>N/A</p>
<p><b>DOES THIS PAPER HELP ADDRESS ANY EXISTING HIGH RISKS FACING THE ORGANISATION? IF SO WHAT ARE THEY AND HOW DOES THIS PAPER REDUCE THEM?</b></p>	<p>N/A</p>
<p><b>PLEASE DESCRIBE ANY POSSIBLE CONFLICTS OF INTEREST ASSOCIATED WITH THIS PAPER.</b></p>	<p>N/A</p>
<p><b>PLEASE IDENTIFY ANY CURRENT SERVICES OR ROLES THAT MAY BE AFFECTED BY ISSUES WITHIN THIS PAPER:</b></p>	<p>N/A</p>

Footnote:

Members of Adults Commissioning Committee will read all papers thoroughly. Once papers are distributed no amendments are possible.

<b>Document Development</b>
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Process	Yes	No	Not Applicable	Comments and Date (i.e. presentation, verbal, actual report)	Outcome
Public Engagement (Please detail the method i.e. survey, event, consultation)		X			
Clinical Engagement (Please detail the method i.e. survey, event, consultation)		X			
Has 'due regard' been given to Social Value and the impacts on the Salford socially, economically and environmentally?					
Has 'due regard' been given to Equality Analysis (EA) of any adverse impacts? (Please detail outcomes, including risks and how these will be managed)		X			
Legal Advice Sought		X			
Presented to any informal groups or committees (including partnership groups) for engagement or other formal governance groups for comments / approval? (Please specify in comments)	X				

**Note:** Please ensure that it is clear in the comments and date column how and when particular stakeholders were involved in this work and ensure there is clarity in the outcome column showing what the key message or decision was from that group and whether amendments were requested about a particular part of the work.

## Adults Commissioning Committee (ACC) Finance Report – 11th November 2020

### 1. Executive Summary

*This finance report provides the Adults' Commissioning Committee (ACC) with an in-year update in relation to the financial performance of the adults' element of the Integrated Fund (IF) at September 2020.*

*At September 2020, the adults' element of the Integrated Fund is currently showing a underspend of £0.4m this is an improvement of £0.4m from the last report to this committee. This highlights that the Adults' IF is in a much improved position from the start of the year where we were projecting to be a minimum of £1m overspent to September 2020.*

*Section 2 highlights the main areas of over and under performance within the Fund. These are in line with the last report to the committee with the movement being within mental health services as we have seen less of an increase than expected in the number of placements to September 2020.*

*It is worth noting that £1.0m of the savings target of £2.0m for the full financial year has partially been achieved as part of the YTD delivery by offsetting slippages primarily within acute lines.*

**Section 3** highlights the key risks and assumptions that are related to the adults' integrated fund for the remainder of 2020/21 and whether the plan can be afforded for the rest of the year based on the latest funding allocations received.

**Section 4** gives an update on the progress of ASC moving towards the real living wage as set out at the start of this year pre COVID-19

**Section 5** highlights the risks related to 2020/21 and beyond that should be considered by the committee when making decisions on future investments.

*ACC is asked to note the in-year position for the adult's Integrated Fund for 2020/21 and the risks identified affecting the adults' integrated fund presently and in the future.*

## 2. 2020/21 In-Year Monitoring

- 2.1 Despite the COVID-19 pandemic the £0.4m underspend to Month 6 is a much improved position than forecasted at the start of the financial year as there was a £2m saving target for adults and therefore an expectation that the adults would be overspent. However £1m of the savings target has been mitigated as part of the NHS regime as well as the risk of overspends related to Adult Social Care and acute contractual activity performance.
- 2.2 This latest finance report provides the Adults' Commissioning Committee (ACC) with the in-year position of the adults' element of the Integrated Fund for the financial year (2020/21). The appendices normally contain further detail, but it should be noted, due to the majority of contracts being on block for the full year these appendices has been removed for this year as they provide little detail on activity as this isn't currently being reported. This finance report is based on information up to the end of September 2020. The Service and Finance Group (SFG) have scrutinised the position and agreed to the key messages.
- 2.4 The forecast position to September 2020 shows expenditure as an under spend of £1.1m, however this is offset by the expected reduction in customer and client receipts by £0.8m in 2020/21, therefore the overall forecast position to September 2020 is a slight under spend of £0.3m, as shown in Table 1 below.

**Table 1: 2020/21 Financial Summary**

	2020/21 Monitoring			Previous	
	YTD Budget	YTD Actual	YTD Variance	Reported Variance to ACC	Movement in Variance
	£000s	£000s	£000s	£000s	£000s
<b>TOTAL FUNDING</b>	<b>£199,737</b>	<b>£198,987</b>	<b>(£750)</b>	<b>(£750)</b>	-
Adult Social Care	£49,005	£49,005	-	-	-
Acute Services	£45,877	£47,257	£1,380	£1,380	(£0)
Community Services	£15,144	£14,762	(£383)	(£383)	-
<b>TOTAL - ICO</b>	<b>£110,026</b>	<b>£111,023</b>	<b>£997</b>	<b>£997</b>	<b>(£0)</b>
Acute Services	£13,527	£11,632	(£1,894)	(£1,956)	£61
Adult Social Care	£1,889	£2,069	£180	£180	(£0)
Adult Social Care - Capital	£1,542	£1,542	-	-	-
Community Assets/ Voluntary Sector	£1,050	£1,061	£11	£11	(£0)
Community Services	£1,332	£1,003	(£329)	(£386)	£57
Continuing Health Care & Funded Nursing Care	£3,304	£2,474	(£830)	(£807)	(£23)
Mental Health Services - NHS	£18,162	£17,468	(£693)	(£693)	-
Mental Health Services - Private & Voluntary Sector	£3,772	£3,460	(£312)	£61	(£374)
Public Health Services	£4,223	£4,223	£0	£0	£0
<b>TOTAL - Non ICO</b>	<b>£48,801</b>	<b>£44,933</b>	<b>(£3,868)</b>	<b>(£3,590)</b>	<b>(£278)</b>
Acute Services	£38,253	£36,260	(£1,993)	(£2,109)	£116
Ambulance Services	£5,278	£5,296	£18	£18	-
Community Services	£28	£28	-	£0	(£0)
NHS 111	£388	£375	(£12)	(£12)	(£0)
Termination of Pregnancies	£344	£322	(£22)	£0	(£22)
<b>TOTAL - Aligned</b>	<b>£44,292</b>	<b>£42,282</b>	<b>(£2,010)</b>	<b>(£2,103)</b>	<b>£93</b>
<b>TOTAL - Committed Developments</b>	<b>(£3,381)</b>	<b>£422</b>	<b>£3,803</b>	<b>£3,990</b>	<b>(£186)</b>
<b>TOTAL EXPENDITURE</b>	<b>£199,737</b>	<b>£198,660</b>	<b>(£1,077)</b>	<b>(£706)</b>	<b>(£371)</b>
<b>Over/(Under) Spend</b>	<b>-</b>	<b>(£327)</b>	<b>(£327)</b>	<b>£44</b>	<b>(£371)</b>

2.4.1

**Acute/other underspends** – The CCG was mandated to the end of September 2020 by NHSE to maintain set budget values nationally. This is set to continue to the end of March 2021. Consequently the nationally calculated block results in various large over and underspends across expenditure lines. However, these are offset by the pressure within committed developments.

- 2.4.2 **Committed Developments funding transfer** - £2.1m of funding has been transferred between Adults' and Children's services to September 2020. As mentioned above NHSE mandated that commissioners pay providers on a block contract basis until the end of September 2020. These block prices were calculated predicated on expenditure to Month 9 in 2019/20, including uplift for growth. Therefore, these calculations are significantly different from those expected through locally commissioned contract values. As an example, one off 2019/20 critical care costs are in the nationally calculated contract, whereas these wouldn't have been in local plans. This resulted in an overspend within Children's offset by an under spend within Adults, conveyed primarily in the Acute lines in table 1. As these changes were not linked to service provision, it was necessary to transfer an appropriate level of funding.
- 2.4.3 **Committed Developments Contingencies - £0.4m** - Due to the finance regime the CCG have had to include contingencies within the committed developments that relate to Adult services. These contingencies relate to pre-existing commitments that don't form part of the block payments to providers that will be funded by the IF.
- 2.4.4 **Customer & Client Receipts - £0.8m** – A review has been undertaken and the shortfall in income as a result of the unfortunate number of deaths in care homes from April to September isn't expected to exceed £0.8m. As national guidance has been amended on this area the loss seen so far isn't expected to continue for the remainder of 2020/21.

### 3. Remainder of 2020/21 (M7-12)

- 3.1 The below table reflects the funding changes that have been imposed on the Adults' IF, these have previously been include within reports to ACC. This reflects the new annual combined funding available to the Adults' IF for 2020/21.

**Table 2: 2020/21 Income Adjustment**

Description	Value £m
<b>Adults 2020/21 Income Pre-COVID</b>	<b>£414.137</b>
Less: Children's IF Transfer	-£2.610
Less NHS National Funding Reduction	-£6.312
Add: PH Grant Uplift	£0.448
<b>Adults 2020/21 Income Revised</b>	<b>£405.663</b>
Add: Adults Savings Target	£1.000
<b>Adults 2020/21 Opening Expenditure Budgets</b>	<b>£406.663</b>

- 3.2 Due to the split of acute spend between children's and adults services £2.6m has been transferred between the 2 funds to cover the cost transference that has occurred. NHSE mandated that part of the CCG's originally notified allocation be used to cover national contracts and costs related to COVID-19 and this equates to £6.3m for the year that hasn't been passed down to the CCG and therefore can't be passed to the IF.

- 3.3 This identifies that a £1.0m saving target still needs to be achieved during the rest of 2020/21 in order to have a balanced position. This needs to be considered against the below table showing the proposed forecast of 2020/21:

**Table 3: 2020/21 Financial Forecast**

	2020/21 Monitoring		
	Annual Budget	Forecast	Annual variance
	£000s	£000s	£000s
<b>TOTAL FUNDING</b>	<b>£405,663</b>	<b>£404,913</b>	<b>(£750)</b>
Adult Social Care	£98,010	£98,010	-
Acute Services	£94,514	£94,514	-
Community Services	£29,523	£29,523	-
<b>TOTAL - ICO</b>	<b>£222,047</b>	<b>£222,047</b>	<b>-</b>
Acute Services	£23,311	£23,265	(£46)
Adult Social Care	£3,777	£3,957	£180
Adult Social Care - Capital	£3,085	£3,085	-
Community Assets/ Voluntary Sector	£2,100	£2,122	£22
Community Services	£2,664	£2,006	(£658)
Continuing Health Care & Funded Nursing Care	£5,205	£4,948	(£257)
Mental Health Services - NHS	£34,901	£34,977	£76
Mental Health Services - Private & Voluntary Sector	£7,545	£7,045	(£500)
Public Health Services	£8,894	£8,894	£0
<b>TOTAL - Non ICO</b>	<b>£91,481</b>	<b>£90,299</b>	<b>(£1,182)</b>
Acute Services	£76,847	£76,786	(£61)
Ambulance Services	£10,556	£10,591	£36
Community Services	£57	£57	-
NHS 111	£776	£751	(£25)
Termination of Pregnancies	£688	£644	(£44)
<b>TOTAL - Aligned</b>	<b>£88,923</b>	<b>£88,829</b>	<b>(£94)</b>
<b>TOTAL - Committed Developments</b>	<b>£3,212</b>	<b>£4,738</b>	<b>£1,526</b>
<b>TOTAL EXPENDITURE</b>	<b>£405,663</b>	<b>£405,913</b>	<b>£250</b>
<b>Over/(Under) Spend</b>	<b>-</b>	<b>£1,000</b>	<b>£1,000</b>

- **Opening budget** - Adults' started 2020/21 needing to deliver a £2.0m savings target in order to achieve a balanced budget. However £1.0m of this target has been mitigated to September 2020 due to the NHS regime that was in place till the end of September 2020, making the position better than the original starting point.
- **Investments** – Committed developments includes a number of expected investments, Appendix 1 lists the amount of investments that are afforded within this budget and will support recovery.
- **Level of risk** – The above is predicated on 92% of the proposed spend being on block payments for the rest of the year, this includes ASC which there is a risk this won't deliver on plan for the rest of the year.

- 3.4 The savings target of £1.0m is expected to be delivered through the release of the remaining ASC contingency for overspends if ASC delivers on a balanced budget for the year. The remainder of the saving is expected to come from slippage on investments in appendix 1.

#### **4. Real Living Wage**

- 4.1 For the last five weeks the locality has been working with the adults social care sector to implement the move towards the real living wage. Providers have raised a number of concerns that require further negotiation not least the impact of COVID. The expectation is by mid-November negotiations will have been concluded. If at this stage any provider has not accepted the new rates this will be escalated to locality leaders. Over 50% of the market has already accepted and for these providers they have implemented the real living wage rate with staff.

#### **5. Next steps and risks**

- 5.1 The CCG allocation to the integrated fund, assumes the receipt of £5.3m in relation to independent sector providers who were previously on national contracts. This is based on discussions with the national teams, but this could be a risk if this funding is received.
- 5.2 While £1.0m of the saving target has been achieved to the end of September 2020 there is a level of risk in the remaining £1.0m being achieved. This is predominantly predicated on ASC delivering a balanced position allowing the remaining overspend contingency to be released. There is also a risk there is no slippage on the investment proposals to deliver the remaining savings required.
- 5.3 Looking to future years allocations the CCG are expecting this to be available in January 2021 and the Council spending review should be available around the same time. Updates will be provided to ACC once they are available.
- 5.4 Up to the end of September 2020 new or enhanced care packages relating to ASC have been nationally funded by the NHS. From October 2020, only the first 6 weeks of any new placements will be funded nationally. There are a number of outstanding assessments that need to be completed for all new packages as these haven't been taking place during COVID-19. Prioritisation of assessments will need to be undertaken in order to meet the requirements of the scheme. As a result of this the ASC position will be constantly reviewed in the contract meetings to ensure a balanced position can still be achieved.
- 5.5 From October 2020 there will be little access to national funding in order to cover any COVID-19 costs. Up to September 2020 these costs have been managed outside current funding arrangements due to national funding, however as there is a shortfall in funding for COVID-19 costs going forward, this may become a cost pressure for the fund and there is no contingency within the plan to cover these costs as it stands.
- 5.6 Consideration also needs to be given to the wider impact of COVID-19 on the health needs of Salford residents given referrals into services have reduced and will mean that waiting lists will no doubt increase in the future as we overcome the pandemic.
- 5.7 It is worth noting that the grants the council received were rolled over for 2020/21 and at present it is unknown if any of these will continue beyond 2020/21 given they were set to end in March 2020. In particular for Adults' there is a significant risk if any of the ASC grants are not renewed beyond 2020/21.



## **6. Recommendations**

6.1 The Adults' Commissioning Committee (ACC) is asked to:

- Note the in-year position of the adults' services within the Integrated Fund for 2020/21
- Note the risks and next steps for the rest of the financial year.

**David Warhurst**  
**Interim Chief Financial Officer, Salford CCG**  
**3<sup>rd</sup> November 2020**

## Appendix 1 – 2020/21 Adults' Investments

Description	2020/21
	Investment
	Value £000s
Mayoral Priorities - Real Living Wage	£1,000
Overspend - ASC M7-12	£1,500
Shared Care Records	£350
Eating Disorders	£327
Carers Strategy/CVS Voice	£270
IAPT	£230
Perinatal	£171
NWAS Increased Costs	£86
<b>Total - Precommitments</b>	<b>£3,934</b>
MHIS - Promotion of health and well being advice	£100
MHIS - CRISIS Spend	£300
MHIS - Personality Disorders	£238
MHIS - Adult SMI	£166
<b>Total - Recovery Priorities</b>	<b>£804</b>
<b>Total - Investments</b>	<b>£4,738</b>

The table shows the level of investment that is planned for the remainder of 2020/21. Some of these relate to the Mental Health Investment Standard (MHIS) which are required in order for the CCG to achieve its investment standard for 2020/21.