

Adults' Commissioning Committee
8th September 2021
7. Finance Report

Item for: Assurance

Report of:	Chief Finance Officer	
Date of Paper:	1 st September 2021	
In case of query, please contact:	David Warhurst, Interim Chief Finance Officer	
Strategic Priorities: (Please tick as appropriate)	Quality, Safety, Innovation and Research	
	Adult Services	✓
	Children's and Maternity Services	
	All Age Mental Health	✓
	Primary Care	
Mayoral Priorities: (Please tick as appropriate)	Enabling Transformation	✓
	Tackling poverty and inequality	
	Reducing Health Inequalities	
	Skills and Education (A Learning City)	
	Affordable Housing	
	Transport and Digital Connectivity	
	Tackling the Climate Change Emergency	
Vibrant Place and Spaces		
	Creating an Economy for All	
Purpose of Paper:	<p>This paper provides the Adults' Commissioning Committee with an update relating to the YTD financial performance and forecast and associated risks to the financial plan of the Adults Integrated Fund for 2021/22.</p>	

Further information

How will this benefit the health and wellbeing of Salford residents, or the CCG or City Council?	Ensuring public funding is spent appropriately. Achieving Value for Money, ensuring that funding is available to protect core services.
How does this paper address health inequalities and promote inclusion?	Financial and performance pressures associated with the adults' integrated fund services. Through management of committed developments and holding providers to account for performance.
What risks may arise as a result of this paper and how will they be mitigated?	
Does this address any existing high risks facing the organisation and how does it reduce them?	
Are there any possible conflicts of interest associated with this paper?	N/A
Will any current services or roles be affected by issues within this paper and what are they?	N/A

Note: Where appropriate, please ensure detail is provided.

Document Development

Has there been Public Engagement?	N/A
Has there been Clinical Engagement?	N/A
Has the impact on Salford socially, economically and environmentally been considered?	N/A
Has there been an analysis of any impacts on equality?	N/A
Has legal advice been obtained?	N/A
Has this been to any groups or committees for engagement, comments, or approval?	Elements have been reviewed by the Service and Finance Group

Note: Where relevant, please provide detail and ensure that it is clear how and when particular stakeholders were involved in this work, that there is clarity of what the key message/decision was, and whether amendments were requested about any part of the work.

Finance Report

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.

At July 2021, the adults' element of the Integrated Fund is currently forecasting to be overspent by £4.4m. The last report forecast an overspend of £2.2m, a worsening in the position by £2.2m.

At £4.4m, the Adult's fund would be £1.3m overspent against the planned deficit of £3.1m.

Section 2 – Highlights the YTD and Forecast of the adults integrated fund up to July 2021 with a projected £4.4m overspend for the year against a planned opening adults' pressure of £3.1m. The main movements are summarised below.

- £1.9m shortfall in client and customer receipts
- £0.3m community equipment store increased costs
- £0.5m continuing healthcare increased costs, offset by
- (£0.5m) slippage in planned investments

Section 3 – Gives an update on the saving programme required in 2021/22 for the plan to be deliverable.

Section 4 – Provides an update on the investment decisions made as part of the Adults' plan for 2021/22.

ACC is asked to note the financial position along with the requirement to deliver on the savings programme for the Adults' Integrated Fund in 2021/22.

2. Integrated Fund 2021/22

- 2.1 This latest finance report provides the Adults' Commissioning Committee (ACC) with the forecast position of the adults' element of the Integrated Fund for the financial year (2021/22). The appendices normally contain further detail, but it should be noted, due to the majority of contracts remaining on block for H1 and the same for H2 these appendices have been removed for this year as they provide detail on activity which is not currently being reported. This finance report is based on information up to the end of July 2021. The Service and Finance Group (SFG) have scrutinised the position and agreed to the key messages.
- 2.2 The forecast position for 2021/22 at July 2021 is an overspend of £4.4m, against a planned overspend of £3.1m for the adults' integrated fund. There has been a net adverse movement in the forecast since the last report due to a further £1.9m shortfall in client income offset with a net £0.3m overspend on expenditure, as shown in Table 1 below:

Table 1: 2021/22 Financial Summary

	2021/22 Monitoring						ACC Reported Variance £000s	Movement in Variance £000s
	YTD Budget	YTD Actual	YTD Variance	Annual Budget	Forecast	Annual Variance		
	£000s	£000s	£000s	£000s	£000s	£000s		
TOTAL FUNDING	£141,240	£140,607	(£633)	£423,721	£421,821	(£1,900)	-	(£1,900)
Adult Social Care	£33,481	£33,481	-	£100,442	£100,442	-	-	-
Acute Services	£31,197	£31,197	-	£93,591	£93,591	-	-	-
Community Services	£10,479	£10,479	-	£31,438	£31,438	-	-	-
TOTAL - ICO	£75,157	£75,157	-	£225,471	£225,471	-	-	-
Acute Services	£8,418	£8,315	(£103)	£25,255	£25,150	(£105)	(£191)	£86
Adult Social Care	£1,295	£1,295	(£0)	£3,885	£4,164	£280	(£0)	£280
Adult Social Care - Capital	£1,167	£1,167	-	£3,500	£3,500	-	-	-
Community Assets/ Voluntary Sector	£749	£749	£0	£2,247	£2,247	£0	-	£0
Community Services	£966	£960	(£5)	£2,897	£2,886	(£11)	£4	(£14)
Continuing Health Care & Funded Nursing Care	£2,194	£1,928	(£266)	£6,582	£6,172	(£409)	(£914)	£504
Mental Health Services - NHS	£11,732	£11,713	(£20)	£35,197	£35,138	(£60)	(£60)	£0
Mental Health Services - Private & Voluntary Sector	£2,848	£2,929	£81	£8,545	£8,848	£303	£484	(£181)
Public Health Services	£2,965	£2,965	-	£8,896	£8,896	-	-	-
TOTAL - Non ICO	£32,334	£32,021	(£313)	£97,003	£97,002	(£1)	(£676)	£675
TOTAL - Aligned	£32,333	£32,363	£30	£97,000	£96,988	(£12)	(£144)	£132
TOTAL - Committed Developments	£2,472	£1,928	(£544)	£7,416	£6,838	(£578)	(£100)	(£478)
TOTAL EXPENDITURE	£142,297	£141,469	(£827)	£426,890	£426,299	(£591)	(£920)	£329
Over/(Under) Spend	£1,056	£862	(£194)	£3,169	£4,478	£1,309	(£920)	£2,229
	Description		£'000's			%		
	CCG Element of Over/(Under) Spend		£3,582			80%		
	Council Element of Over/(Under) Spend		£896			20%		
	Grand Total		£4,478			100%		

- 2.2.1 Acute/other underspends - The CCG has been mandated by NHSE to maintain set budget values that have been calculated nationally until the end of September 2021. This agreement has now been extended into the second half of the year (H2) as expected and means block contracts will remain in place until March 2022. All independent sector providers are exempt from these block arrangements and have returned to their normal contract arrangements of activity-based payments.
- 2.2.2 Customer & Client Receipts - £1.9m - A recent review by local authority colleagues has estimated that the impact on residential income seen in 2020/21 will continue in 2021/22 resulting in an increased financial pressure for 2021/22 to the adults' fund. This was highlighted in the previous report as the likely position and has now been included in the forecast.
- 2.2.3 Community Equipment Store (CES) - £0.3m - The CES service is expected to overspend predominantly due to 3 staff vacancies currently being filled by agency workers and agency back fill for a technician. There is also a £50k overspend on telecare as the service was recommenced with no budget a couple of years ago. It is also worth noting there has been a rise in equipment costs due to increased world shipping and raw materials costs that is out of local control. Where possible, eligible costs are moved to DFG capital.
- 2.2.4 Continuing Health Care and Funded Nursing Care - £0.4m underspend – This has moved adversely since the last report by £0.5m due to a change in the forecast

assumptions. Previously, the year to date underspend was forecast to continue at the same rate for the remainder of the year, but this has now been revised and the forecast for H2 is assumed to be on plan. This is deemed to be a more prudent approach in view of the tapering of Hospital Discharge Programme funding.

2.2.5 Adult Social Care (ASC) - Although ASC is forecast to breakeven the provider is projecting a £1.9m overspend by the end of 2021/22. Previously we have employed a 50/50 risk share with the provider on overspends. Therefore the position could worsen by another £1.0m if this is transacted in the future.

2.3 Mitigations –

- There will be likely £0.5m underspend on the independent sector provider (Oaklands) and whilst this is currently being forecast as breakeven in line with the initial Greater Manchester guidance, the overall ICS forecast underspend means that local underspends can be retained instead of being ringfenced for overspending localities.
- The forecast on client income reduction is expected to be a worst case scenario, and improvements are expected before the end of the year
- There is likely to be further slippage on committed developments.

2.4 These mitigations mean there is reasonable assurance that the opening deficit position of £3.1m for the adults' fund is deliverable.

3. Salford Savings Programme

3.1 The Salford Savings Programme has been reinvigorated (formerly Best Value Programme) where the programme looks to provide a consistent overarching view of commissioning projects that are estimated to have a financial benefit whether cash releasing, cost avoidance or growth reduction. An overall monitoring schedule has been produced that aligns back to the locality integrated financial plan and an individual pro-forma created where each scheme has an overview and the current position reported. There are monthly meetings with commissioner leads across the locality for adults, children's and primary care as well as corporate functions, which is a forum for discussion and debate to ensure we are consistent in the treatment of schemes and how some specific projects interact with each other.

3.2 At budget setting, £0.5m was identified as savings as part of the market shaping for ASC. £0.3m was estimated to be delivered due to non-real living wage inflation expected to be lower than the planned £0.5m estimate within the 2021/22 plan. However, with the announcement of a revised pay award of 3% up from 1% this may now not be delivered.

3.3 In partnership with commissioners, SRFT as the provider of ASC is undertaking a savings programme to reduce the systems costs to meet the proposed plan for 2021/22. Progress has been made on identifying schemes to deliver savings and table 2 highlights the schemes identified to date and expected achievement in financial year taken from SRFT's e-HUB.

Table 2: ASC Saving Schemes e-HUB

Project Name	Scheme Value £'000	Risk Adjusted Scheme Value £'000	RAG
Review ASC contracts and reduce residential and day care capacity	£356	£320	Green
ASC IHSS Contract Review	£100	£10	Red
Assistive Technology in Home	£75	£8	Red
ASC Ordinary Residence Review	£100	£10	Red
ASC Support Living LD Packages	£250	£25	Red
ASC contract Pemberton Fold (dementia) (partially replaces scheme PROJ0034)	£308	£278	Green
ASC contract review Pemberton Fold residential (partly replaces 21PROJ0034)	£148	£74	Amber
ASC contracts Heartly Green residential capacity (partly replaces 21PROJ0034)	£82	£41	Amber
ASC contract review Supported Living contract Aspire review (partly replaces 21PROJ0034)	£101	£50	Amber
ASC contract review Abbey Lodge void cost (partly replaces 21PROJ0034)	£5	£5	Green
ASC non-recurrent savings to offset delays in delivering Aspire / TP VAT scheme	£225	£225	Blue
Total	£1,749	£1,045	

3.4 Other schemes within adults are linked to mental health:

- An investment in Greater Manchester Mental Health (GMMH) which looks to reduce the amount of long-term out of locality rehabilitation placements (£0.3m).
- A scheme linked to a negotiation of an improved block contract price for adult autism assessments with AXIA reducing the current (spot contract) price from £1,500 to a block contract price of £1,000. Based on contracting for 200 assessments this will see £0.1m cost avoidance/saving.

4. Strategy and Investments

- 4.1 An amount of £9.8m was set to be invested in 2021/22 within Adults' services on new or enhanced services across several areas at the start of 2021/22, below is an update on the remaining investments at July 2021 as shown in table 3 below.
- 4.2 Investments of £2.4m have already been transferred into new or enhanced services at July 2021. A further £6.8m is forecast to be transacted by the end of March 2022.

Table 3: Adults' Investment Fund Summary 2021/22

Description	2021/22 Monitoring		
	Annual Budget	Forecast	Annual variance
	£000s	£000s	£000s
CRISIS Spend	£580	£290	(£290)
Personality Disorders	£476	£238	(£238)
GM Cancer	£400	£400	-
Adult SMI	£332	£166	(£166)
Perinatal	£287	-	(£287)
Autism and ADHD	£150	£75	(£75)
Promotion of health and well being advice	£100	-	(£100)
Listening Lounge funding	£84	-	(£84)
Free prescriptions for Care Leavers	£7	£4	(£2)
GMMH Offset	(£456)	-	£456
MHIS Required Investment	-	£500	£500
Mental Health Investment Standard (MHIS) - Total	£1,959	£1,673	(£286)
Living Wage Reserve	£1,627	£1,627	-
ASC Overspends	£1,500	£1,500	-
ASC Non-pay Inflation	£500	£500	-
Market Shaping work stream - ASC	(£200)	-	£200
ASC Overspend - Contingency	£420	£420	-
Mayoral Priorities - Total	£3,847	£4,047	£200
Integrated Care transformation investment proposals	£800	£400	(£400)
Integrated Care Diagnostic Units	£300	£225	(£75)
Specialist Palliative Care Service	£161	£161	-
Acute Neuro rehab tariffs increase	£107	£107	-
Shared Care Records	£75	£75	-
Carers Strategy	£56	£56	-
Community Services Developments - Various	£50	£50	-
NWAS increased Costs	£44	£44	-
Empower You	£17	-	(£17)
Unidentified Savings Target	(£0)	(£0)	(£0)
Other costs - Total	£1,609	£1,118	(£492)
Total - Investments	£7,416	£6,838	(£578)

- 4.3 Mental Health Investment Standard (MHIS) - Several schemes haven't materialised and has resulted in slippage in most of the schemes for H1. However in order for the standard to be achieved a further £0.5m of new schemes needs to be identified in order for the CCG to meet its target for 2021/22, the remaining slippage has been utilised to offset the overall adults' pressure for 2021/22.
- 4.3 Mayoral Priorities - Most of these are set to be transacted in August to the adult social care (ASC) provider. The contingency of £0.4m will remain with commissioners and will be utilised to offset any pressure for 2021/22 for ASC.
- 4.4 Other - Most of these investments are set to be transacted in H2 with slippage from H1 utilised to offset the overall pressure with the adults' fund for 2021/22.

5. Risks

- 5.1 The opening full year plan for the Integrated Fund was based on the assumption that H2 allocations would approximate those confirmed for H1. However, the CCG is aware that the likely headline reduction in H2 allocations is approximately 3%, but these have yet to be confirmed.
- 5.2 Winter pressures will likely result in additional adult social care and acute expenditure.
- 5.3 The additional resource from the Hospital Discharge Programme is will approximate between £2m - £2.5m by the end of October. No further announcements have been made regarding continuation of this funding and this is likely to be a further pressure in November to March as expenditure is not tapering in line with funding reductions.

6. Recommendations

- 6.1 The Adults' Commissioning Committee (ACC) is asked to:
- Note the financial position for 2021/22
 - Note the savings programme for 2021/22 to deliver a balanced plan
 - The risks outlined in section 5 above.

David Warhurst
Interim Chief Financial Officer, Salford CCG