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Manchester Health and Care Commissioning Private Board Meeting

Agenda Item	2.3	Date	27 January 2021
Report Title	Manchester CCG Updated Financial Plan submission 2020/21		
Report Author	Claire Yarwood, Chief Finance Officer Kaye Abbott, Head of Finance		
Summary	The paper provides an update to the MHCC Board on the 2020/21 updated financial plan submission, with a proposed financial plan delivering a £0.1m surplus in 2020/21.		
Strategic Objectives considered in this report	Achieve a sustainable system.		
Risks considered in this report	Financial risks.		
Confirmation that equality analysis has been fully considered in the preparation and design of the reported policy, plan or strategy.	Not applicable.		
Financial Implications	The paper highlights the revised CCG financial position for 2020/21.		
Public Engagement	Not applicable.		
Recommendations	The MHCC Board is asked to approve the revised financial plan for 2020/21 which is a £0.1m surplus.		

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1.0 Introduction and Context

- 1.1 The CCG submitted a financial plan in October 2020 which reported a £5m deficit for 2020/21. Within GM the overall deficit was £118m.
- 1.2 The plan was not agreed by NHSE/I and organisations within the North West were tasked with a December stock-take exercise to review the month 7-12 submission to identify any areas where expenditure could be released in order to close the financial gap. As a result of this exercise the CCG submitted a revised plan which reflected a £79k surplus.
- 1.3 After the December submission there was a deficit of £78m across GM.
- 1.4 An additional national ask over Christmas was that GM deliver an additional £13.2m improvement in the forecast financial position to the end of the year.
- 1.5 At this stage it has been agreed with the North West Regional Finance Director, Jonathan Stephens, that the £79k surplus submitted in December as the revised plan, should then be used for the months 7 – 12 for the CCG and approved by the Board.
- 1.6 The CCG should then look to its forecast outturn to meet the further stretch in terms of the 2020/21 position being required, which for Manchester would be a further improvement against plan of £1.2m taking the CCG to a forecast outturn of £1.3m surplus by 31 March 2021.
- 1.7 This revised plan of £0.1m surplus and the additional improvement (£1.2m) was discussed at the Finance Committee meeting on 21 January, with the Committee recommending to the MHCC Board to approve the revised plan.

2.0 GM Position 2020/21

- 2.1 After the December Submission, the residual financial gap for GM was £78.1m as demonstrated in Table 1.

Table 1: GM Forecast Position 2020/21 – December submission

GM Organisations	5 Oct Return	12 Oct Return	PEB paper 16 October	21 Oct Return	6 Nov return	18 Nov return	4 Dec stocktake
	£'m	£'m	£'m	£'m	£'m	£'m	£'m
CCG Total	180.1	262.5	(17.5)	(17.1)	(17.1)	(17.1)	(8.2)
Provider Total	(481.0)	(460.2)	(134.3)	(101.2)	(92.6)	(90.9)	(69.9)
GM System position	(300.9)	(197.7)	(151.8)	(118.3)	(109.7)	(108.0)	(78.1)

- 2.2 A national request was made at the end of December for an additional £13.2m improvement in the forecast position for the Greater Manchester economy.
- 2.3 A proposal was submitted by the Finance Advisory Committee to finance colleagues, which proposed that the apportionment of the £13.2m target to both CCGs and providers pro-rata to expenditure, which for Manchester, equates to an additional surplus of £1,229k, increasing the forecast surplus to £1,308k by the end of 2020/21.

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- 2.4 The forecast excludes the impact of the current wave of the pandemic and continue to assume that activity increases, which is in line with the national guidance on the financial position.
- 2.5 There are ongoing system discussions around the consequence of planned / reported surplus / deficit positions under the national financially regime, both on an organisational and system basis.

3.0 Areas to Address the Deficit position

- 3.1 In order to ensure a consistent approach across key areas, GM agreed a set of assumptions to be used within the revised planning exercise, which are summarised in Appendix A.
- 3.2 Table 2 highlights the budget areas where assumptions were amended in order to deliver the revised plan of £0.1m, which is consistent with the information presented in the December report. The table also reflects the additional national improvement required.

Table 2: Bridging the Gap

	£000s
CCG Deficit – October	5,072
Non-NHS Activity	552
Primary Care ARRS	(2,000)
Primary Care Phase 3	(600)
Continuing Healthcare	(3,103)
Revised Plan December	(79)
National Improvement required	(1,229)
Potential forecast surplus against plan	(1,308)

Non-NHS Activity

- 3.3 The guidance from GM relating to the restoration of activity was to 'review and reflect actual activity delivered in months 7 and 8, with a realistic assessment of future activity given the prevailing COVID and Winter conditions.
- 3.4 An assessment was undertaken, and this resulted in a minimal increase of £361k on community and £191k on Acute Non-NHS, with assumptions amended to reflect actual activity undertaken. Most providers are based on between 80% and 100% of 2019/20 activity delivery.

Additional Roles Reimbursement Scheme (ARRS)

- 3.5 The original run rate submission assumed that the CCG would recruit to 100% of the ARRS posts, with 100% of the costs included within the allocation, as per GM guidance. The funding of posts is 60% within the existing allocations, with an expectation of 40% nationally reimbursed based on evidence of staff in post. The run rate was overstated within the submission and the 40% costs have been released. If the PCN's recruited to 100% of the posts, the CCG could still access the 40% funding held nationally.

Primary Care Phase 3

- 3.6 The CCG included an element of costs included within the run rate for the Phase 3 impacts on primary care and reflecting that fact that there was no access to funding for any COVID costs. Subsequently additional funding was announced nationally, of which £1.8m relates

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to Manchester. This has been reflected in the revised run rate and spend plans are articulated in the Primary Care Finance Support Paper.

Continuing Healthcare

3.7 This budget accounts for a £3m forecast reduction over months 7 – 12. This is due to several factors:

- £1.3m relates to the refinement of expenditure assumptions on the risk share and the costs attributed to both health and adult social care
- £1.7m relates to non COVID continuing healthcare, due to a delay between a reduction in 'active' cases, with new packages funded initially from the Hospital Discharge programme. This is a non-recurrent position, which will be reduced as cases convert from HDP to 'business as usual'.

Funding Release

3.8 The CCG is aiming for an improved financial position in line with the additional stretch required nationally of £1.2m, which could be achieved by the release of additional funding received from outside of the GM fixed envelope relating to services already funded from within CCG core allocations in the current financial position. There are ongoing discussions across the ICS around this issue.

4.0 Recommendations

4.1 The MHCC Board is asked to:

- discuss and approve the revised financial plan for Manchester CCG of £01.m surplus for 2020/21; and
- Discuss and note the additional stretch target of £1.2m, to deliver an improved position of £1.3m surplus.

Appendix A

GM identified the following assumptions across both commissioner and provider to be applied within the exercise:

- The plan was as per the 18 November submission, with no deterioration in position;
- Activity restoration levels are reviewed to reflect activity delivered in months 7 and 8, and a realistic assumption of future activity given the prevailing COVID and winter conditions;
- NHS Income as per agreed blocks;
- Any top up issues from month 1 – 6 are not included in forecast;
- Welsh income to be updated as per latest guidance;
- No change to annual leave accrual at this stage;
- No changes to previous forecasts regarding non-NHS and non-patient income;
- Testing and vaccination costs assumed to be neutral;
- Do not assume any impact of the elective incentive scheme;
- Minimum efficiency requirement of 1.1%;
- IS costs outside of the national framework and national contract that are above the baselines eligible for additional funding are identified;
- CCGs should plan to meet MHIS;
- Out of Hospital bed capacity is outside of forecast;
- MH surge schemes are not be included in forecast;
- Prescribing – CCGs should use the most recent BSA data to review the forecast;
- SDF – where there is a specific lack of clarity on specific SDF funding anticipated, the cost pressure should be identified;
- New monies i.e. primary care, long COVID etc., should be assumed to be cost neutral; and
- Additional Hospital Discharge Programme cost recovery as per the guidance and assume no flexibility on the 6-week timescale for cost recovery.