

Commissioning Partnership Board Report

Decision Maker **Commissioning Partnership Board**

Date of Decision: **Thursday 28th January 2021**

Subject: **Section 75 Month 6 Position Report**

Report Author: **Anne Ryans (Director of Finance, Oldham Council)
Ben Galbraith (Chief Finance Officer, Oldham CCG)**

Report Reference:

Reason for the decision: To consider the Oldham Cares Section 75 pooled fund forecast position for Month 6.

Summary: The report sets out the Oldham Cares Section 75 (S.75) pooled fund forecast at the end of month 6 in the 2020/21 financial year. It shows a forecast of £176.973m compared to a budget of £169.504m resulting in an adverse variance of £7.469m. All of this variance relates to Oldham Council services, including a significant amount for Covid-related costs.

What are the alternative option(s) to be considered? Please give the reason(s) for recommendation(s): The alternatives that might be considered are:
a) To note the contents of the report
b) To challenge the contents and recommendations in the report

It is recommended that the Commissioning Partnership Board notes this report as it sets out the forecast position for the budgets within the S75 Agreement for month 6 2020/21.

Recommendation(s): The Commissioning Partnership Board notes the 2020/21 Oldham Cares S.75 month 6 forecast position report.

Implications:

*What are the **financial** implications?* Financial implications are within the body of the report

What are the **procurement** implications? N/A

*What are the **legal** implications?* N/A

*What are the **Human Resources** implications?* N/A

Equality and Diversity Impact Assessment attached or not required because (please give reason) N/A

*What are the **property** implications* N/A

Risks: N/A

Has the relevant Legal Officer confirmed that the recommendations within this report are lawful and comply with the Council's Constitution/CCG's Standing Orders? N/A

Has the relevant Finance Officer confirmed that any expenditure referred to within this report is consistent with the S.75 budget? Yes

Are any of the recommendations within this report contrary to the Policy Framework of the Council/CCG? N/A

Reason(s) for exemption from publication: N/A

Reason why this Is a Key Decision Financial Implications

List of Background Papers under Section 100D of the Local Government Act 1972:

Background papers are the reports as follows:

<http://decisionrecording.oldham.gov.uk/ieListDocuments.aspx?CId=144&MId=7668&Ver=4>

Oldham Council Statement of Accounts 2019/20

https://www.oldham.gov.uk/info/200145/performance_and_spending/486/financial_publications

Report Author Sign-off:	
	Anne Ryans & Ben Galbraith
Date:	20 th January 2021

Appendix number or letter	Description
1	Analysis of the Section 75 Pooled Budget for 2020/21 financial year.

Background:

- 1.1 Section 75 (S.75) agreements exist between Local Authorities and the NHS nationally for the pooling of budgets to facilitate closer working. Oldham Council and Oldham CCG have entered into such an agreement for a number of years.

Originally the S.75 agreement covered expenditure funded by the Better Care Fund. The agreement initially expanded to include the Improved Better Care Fund and the Winter Resilience Grant. The Council and the CCG have also chosen to further widen the scope of the agreement to incorporate a number of areas where services are being commissioned jointly. The main purpose is to facilitate a whole system approach to deliver care where and how it can be best delivered to the citizens of Oldham.

- 1.2 Another area that is being pooled, and therefore included in the agreement, is the Transformation Fund. This is a grant that was allocated to the Oldham Locality to transform the Health and Social Care system to provide better and more efficient outcomes to the residents of Oldham. The financial year 2020/21 has proved a difficult year for the fund with GM Health and Social Care Partnership (GMHSCP), who control the fund, no longer guaranteeing that money that had been originally promised will now be available, as the national finance regime has been changed numerous times during the year to support the NHS response to the pandemic. There have also been shifts in the method of funding in the NHS, meaning that providers received funding for the transformation schemes directly from NHSE
- 1.3 A further addition to the S.75 agreement that will be pooled in 2020/21 are the resources that the CCG and OMBC have used in dealing with the COVID-19 pandemic. Both parties' costs have, in part, been refunded from the NHS via the CCG, in which case notional budget has been provided to match forecast costs. In addition, the Council has received Central Government funding via the Ministry for Housing, Communities and Local Government (MHCLG), to support the Councils overall net revenue budget but this has not been applied directly to Portfolios and is therefore not included in the figures being reported within the S.75 agreement
- 1.4 The purpose of this report is to set out the month 6 position in respect of the Section 75 pooled fund for Oldham Cares for 2020/21 (based on 2018/19 reporting requirements). The 2020/21 S.75 has not been formally agreed, due to the many and various changes that have occurred since 1 April 2020, but a final position will be presented to the March Commissioning Partnership Board meeting. Therefore, this report is based on the amounts that it is estimated will be included in the in the final agreement.

Report Details:

- 2.1 In the absence of an approved Section 75 agreement for 2020/21, this report has been produced on the basis of the previous Section 75 agreements.

	Month 6		
	Budget £m	Forecast £m	Variance £m
Pooled Aligned Budget	150.881	153.476	2.595
Community Equipment Pooled Budget	1.448	1.448	0
Transformation Fund	6.842	6.842	0

Covid-19 Expenditure	10.333	15.207	4.874
Total Pooled Funds	169.504	176.973	7.469

The Total Pooled Funds analysed between the Council and the CCG is as follows:

	Budget £m	Forecast £m	Variance £m
OMBC Contribution	74.094	81.563	7.469
CCG Contribution	95.410	95.410	0
Total Pooled Funds	169.504	176.973	7.469

- 2.2 Oldham Council is reporting an adverse variance of £7.469m as at month 6. The major contributing factors are pressures within community care placements, especially those linked to people with learning disabilities and poor mental health. Of the total variance £2.595m is attributed to 'business as usual', the remaining £4.874m are costs, borne directly by the Council which are attributable to the pandemic.
- 2.3 The operational adverse variance (£2.595m) will be in part offset by favourable variances from income generation and reduced salaries costs; these variances relate to budgets that are currently outside of the Section 75 agreement. The Community Health and Adults Social Care Services portfolio forecast a 'business as usual' overspend of £1.752m at month 6, excluding spend that has resulted from the COVID-19 pandemic, and is working towards achieving a balanced outturn. Therefore, there is currently no anticipated financial risk to Oldham Cares or the wider integrated health economy in Oldham at the end of 2020/21.
- 2.4 At Month 6, Oldham CCG is reporting a pooled budget outturn position in line with budget.
- 2.5 The financial reporting regime for CCGs for 2020/21 consists of 2 distinct elements. Firstly, for months 1 to 6 (April – September), CCGs are funded retrospectively for all costs reasonably incurred in commissioning services and responding to the Coronavirus pandemic. For months 7 to 12 (October to March), the Greater Manchester Integrated Care System (ICS) has been allocated resources through GM Health and Social Care Partnership (GMHSCP) which are then allocated to CCG's on the basis of submitted budgets. The CCG is then required to work within these budgets.
- 2.6 At the point of preparing the forecast financial position, the CCG assumed that all of its retrospective claims for months 1 to 6 would be reimbursed and this has subsequently been completed. As such, it will break even across months 1 to 6.
- 2.7 Similarly, as the process for preparing budgets for months 7 to 12 was undertaken at the same time as reporting for the month 6 position, it is a reasonable assumption that there will be no significant overall variance to the budgeted month 7 to 12 position at this point. As such, the forecast position for 2020/21 is therefore to be in line with the financial plan, assuming all retrospective allocations are received.

- 2.8 As part of the budgeting process for 2020/21, NHS England has imposed block contract values on CCGs and NHS provider Trust and Foundation Trusts. These are of set values and exist within the budgets presented.
- 2.9 Oldham CCG also hosts the Oldham Cares Transformation Fund as received from Greater Manchester Health and Social Care Partnership (GMHSCP). However, owing to the changes in the NHS national finance framework, specific allocations for Transformation activities are no longer received. Instead, the budget has been set at the costs incurred for months 1 to 6 and the anticipated costs for months 7 to 12.
- 2.10 The additional cost of dealing with the COVID-19 pandemic for Community Health and Adult Social Care is also being pooled within this S.75 agreement. The total cost forecast at month 6 for OMBC is £11.288m for 2020/21. Of this sum, £6.414m is expected to be recouped from the NHS via Oldham CCG, the Council is therefore showing a COVID related overspend of £4.874m. The Council has received specific Central Government funding via the MHCLG to assist with the costs arising from the pandemic. This funding is supporting the Councils overall net revenue budget but has not been applied directly to Portfolios and is therefore not included in the figures being reported within the S.75 agreement. The main costs for Adult Social Care are packages of care for people discharged from hospital, financial support to the Care Provider community and costs to the Council itself, including unachieved efficiencies and lost income. In addition to this, the CCG incurs some expenditure directly, including the commissioning of the COVID “hot site” at the Oldham Integrated Care Centre. The cost of this element is forecast at £3.919m

Proposals:

It is proposed that the Commissioning Partnership Board considers and notes the Oldham Cares Section 75 forecast position for month 6 2020/21.

Conclusions:

It is recommended that the Commissioning Partnership Board note the ‘provisional’ month 6 position, pending agreement of the scope of the 2020/21 S.75 agreement

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