



Report to Oldham Health and Care System Board

## Quarter 1 2022/23 Oldham Locality S75 Finance Report

### Report Author:

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#### Report summary:

This paper brings to the Board an update on the 2022-23 S75 position for Quarter 1, April – June, 2022/23.

#### Implications and/or risks:

N/A

#### Recommendations:

Members of the Board are asked to note the update.

## **Governance update**

### **1 Introduction**

- 1.1 This paper brings to the Board an update on the Oldham Locality S75 position for Quarter One (Q1) of 2022/23, April – June.

### **2 Background**

- 2.1 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. The S.75 agreement covers expenditure where services are being commissioned jointly and a wider scope of NHS Healthcare functions. The CCG's contribution to the s75 agreement includes all items which can be legally included in the pooled fund. Note, this only represents further items of expenditure into view of the Council. It does not create new expenditure (the contracts for which the CCG had already planned to incur) or create a new risk for the Council (as the expanded section of the s75 does not pool risk in this area). 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.
- 2.2 The purpose of this report is to set out the position at the end of Quarter 1, which marked the cessation of the CCG prior to its activities transferring to GM IC on 1st July.

### **3 Quarter 1 s75 Position**

- 3.1 This report presents the position as at 30<sup>th</sup> June 2022, when Oldham CCG ceased operations. A forecast outturn position has not been reported as NHS GM have directed that the s.75 needs to be amended to reflect the health budgets delegated to localities from 1<sup>st</sup> July onward. Until this budget for Quarters 2-4 (Q2-4) is agreed a forecast outturn position for health cannot accurately be reported. It is expected that this will be in place for month 6. It is not anticipated that the changes will impact on the risk share arrangements of the s.75.
- 3.2 The signed s.75 for Oldham was agreed at the March Commissioning Partnership Board (CPB). As can be seen from Table One agreement encompasses pooled funds totalling £135.2m for Q1, comprising of a Pooled Aligned Budget of £134.8m and a Pooled Budget of £0.4m.

Table One- Q1 pooled fund contributions

S75 Contribution Summary			
	Qtr 1 Budget £'000	Qtr 1 Expenditure £'000	Qtr 1 Variance £'000
<b>Pooled - Community Equipment</b>			
OMBC Contribution	123	146	23
CCG Contribution	227	225	(2)
<b>Total Pooled</b>	<b>350</b>	<b>371</b>	<b>21</b>
<b>Pooled - Aligned</b>			
OMBC Disabilities Facilities Grants	584	584	0
OMBC funding for OMBC commissioned service	37,244	43,502	6,258
<b>Sub-total - OMBC</b>	<b>37,828</b>	<b>44,085</b>	<b>6,258</b>
CCG funding for OMBC commissioned services	4,990	6,168	1,178
CCG funding for CCG commissioned services	92,002	91,654	(348)
<b>Sub-total - CCG</b>	<b>96,992</b>	<b>97,822</b>	<b>830</b>
<b>Total Pooled - Aligned</b>	<b>134,820</b>	<b>141,907</b>	<b>7,088</b>
<b>Total</b>	<b>135,170</b>	<b>142,278</b>	<b>7,108</b>

#### 4 OCCG Q1 s.75 position

- 4.1 It should be noted that though services transferred to NHS GM on 1<sup>st</sup> July the CCG was formally closed and accounts drawn up for the three months to 30<sup>th</sup> June.
- 4.2 Table Two details the NHS budgets and expenditure split by Pooled / Aligned and In-View. This has led to a total adverse variance against the OCCG contribution to the pooled aligned fund of £831k. It should be noted that this was offset by budgets not within the pool and is not subject to a risk share through the s.75.

Table Two-Q1 OCCG position

NHS GM-Oldham s.75 - Pooled			
	Qtr 1 Budget £'000	Qtr 1 Expenditure £'000	Qtr 1 Variance £'000
Community Equipment	227	225	(2)
<b>Total Pooled Budget</b>	<b>227</b>	<b>225</b>	<b>(2)</b>

NHS GM-Oldham s.75 - Aligned			
	Qtr 1 Budget £'000	Qtr 1 Expenditure £'000	Qtr 1 Variance £'000
Community Services	1,349	1,267	(82)
Better Care Fund	4,197	4,126	(71)
CHC / Personalised Commissioning	3,778	3,249	(529)
Mental Health	2,471	2,133	(338)
Primary Care	1,974	2,366	391
Prescribing	11,429	10,970	(459)
Other (inc Estates)	449	737	289
<b>Locality delegated</b>	<b>25,646</b>	<b>24,847</b>	<b>(800)</b>
BCF funds with NHS Providers	1,137	1,094	(42)
Northern Care Alliance - Acute	33,915	35,983	2,068
Northern Care Alliance - Community	6,020	5,920	(100)
Pennine Care FT - Mental Health	9,456	9,086	(371)
Other GM Healthcare	20,817	20,893	76
<b>GM Healthcare budgets</b>	<b>71,345</b>	<b>72,975</b>	<b>1,630</b>
<b>Total Aligned</b>	<b>96,992</b>	<b>97,822</b>	<b>831</b>

4.3 There were a number of small variations against Q1 budgets due to the phasing of budget allocations, variations over £100,000 are detailed below;

- CHC / Personalised Commissioning – Underspend is a result of variances in case volumes presenting, and in the phasing of budgets. Whilst the budget has been phased evenly across the 12 months, it is recognised that the peaks in CHC costs are typically later in the year.
- Mental Health - Minor variances are noted against mental health spend, principally against cost per case activity, with spend reflecting the volume of cases presenting, as with CHC budgets it is recognised that peaks in spend are typically later in the year.
- Primary Care - The overspend in primary care principally reflects the additional support required for practices under caretaking arrangements. The budget for such costs is phased evenly across 12 months, and it is anticipated that the cost of these will diminish from M3 onwards.
- Prescribing - The CCG has reviewed and anticipates the 12-month prescribing spend position to be in line with the 12 month budget, after achieving the budgeted level of QIPP. Budget has been phased evenly across the twelve months, and the variance relates to the phasing of expenditure against budget.
- Other (Inc estates) – The overspend principally reflects the QIPP target which is held within the budget, however the off-setting underspend has been reported within Corporate costs.
- Norther Care Alliance – Acute – the Overspend is due to the front loading of spend against Q1 allocations for the Community Diagnostic Hub and will be off-set within the ICB Q2-4 budget allocations.
- Pennine Care FT – Mental Health – The underspend is due to the phasing of spend for cost per case activity and is expected to even out.

4.4 Any variances arising from operations in Q1 are being reinstated to NHS GM for Q2-4 as they are arising as a result of phasing of budgets, when expenditure is expected later in the year, and allocations which have yet to be received. Variances will be reinstated to either GM or delegated to locality as outlined in the Budget Alignment document which was agreed at the joint planning and Delivery Committee in April 2022.

## **5 OMBC Q1 S.75 position**

5.1 The Councils periodic financial monitoring is based on the preparation of a forecast outturn. The forecasts obviously incorporate actual expenditure as one of the indicators of the likely year end position but detailed, year to date accruals based statements, are not prepared. The Q1 performance is therefore based on the estimated month 3 outturn position.

5.2 On this basis and as set out in Table One, the Q1 profiled Pooled Aligned budget is £37.244m. Against this, the Authority is showing a contribution of

£43.502m; an increase of £6.258m. The principal movements are summarised in Table Three below. For completeness the table also shows offsetting funding available to the Council which is outside of the Section 75 agreement but which significantly net downs the variances and aligns to the position presented by the Council in its Month 3 Financial Monitoring report. Overspends related to COVID legacy activity within Adult Social Care and Children’s Social Care are mitigated by a specific funding allocation of Council resources totalling £12.0m which is held centrally.

- 5.3 The Table also show budgeted and actual activity which is not related to COVID and is therefore categorised as Business As Usual (BAU), together with the consequent variances.

**Table Three-OMBC Q1 position.**

	Budget Variance		Income/ Funding		OMBC Net	
	Annual	Q1	Annual	Q1	Annual	Q1
Adult Social Care- COVID	9,057	2,264	(9,057)	(2,264)	0	0
Adult Social Care- BAU	4,430	1,108	(3,432)	(858)	998	250
Childrens Social Care- COVID	4,137	1,034	(4,137)	(1,034)	0	0
Childrens Social Care BAU	4,510	1,128	(667)	(167)	3,843	961
Public Health	2,897	724	(2,907)	(727)	(10)	(3)
<b>Total</b>	<b>25,031</b>	<b>6,258</b>	<b>(20,200)</b>	<b>(5,050)</b>	<b>4,831</b>	<b>1,208</b>

- 5.4 The COVID and BAU variances are largely a continuation of those seen in previous years with similar patterns of demand and expenditure trends as in 2020/21 and 2021/22. The main area of pressure in Adult Social Care, over and above the COVID legacy costs are pressures within both Learning Disability and Mental Health. Children’s Social Care is facing severe pressures in relation to both demand and the cost of external placements (mainly out of borough) and also in the use of agency staff, to fill both established posts and also temporary resources to address prolonged and high demand for services. The Public Health pressure is expenditure which is being funded by the Contain Outbreak Management Fund, (a COVID related Government Grant which can be used in 2022/23 to support legacy activity) which sits outside of the S.75 Agreement.

#### **4 Next Steps**

- 4.1 A proposal for a required variation, for quarters 2-4, to the Oldham locality s.75 will be brought to the board for approval to support the formal delegation process that needs to be undertaken with NHS GM.

#### **5 Recommendations**

- 5.1 Members of the Board are asked to note the s.75 financial position report for Q1 2022/23.