

**Agenda Item 06**

Report to: Governing Body

Date of Meeting: 27th February

Subject: 2020/21 Budgets and Medium Term Financial Plan

Presented by: Laura Whitton

**STATUS OF THE REPORT**

For Information [ ]

For Discussion [x]

For Approval / Ratification [x]

Report Exempt from Public Disclosure [x]  No [ ]  Yes

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| --- | --- |
| **PURPOSE OF REPORT:** | To provide an update to the Governing Body on the latest position with regard to the 2020/21 Budgets, in particular the remaining outstanding issues and the steps being taken to resolve them so as to ensure that a balanced budget can be agreed before the 31st March 2020. To propose to hold an Extraordinary Governing Body meeting before the 31st March to enable formal sign off of the 2020/21 budgets. |
| **Recommendations:** | To note the :- 1. current position with regard to setting the 2020/21 budgets
2. key outstanding issues and the steps being taken to resolve them

To agree the proposal for sign off of the 2020/21 budgets.  |
| **Committee Process and Assurance:** | Integrated Governance & Acute Committee; Approach & Governance discussed & agreed at the 6th December meeting. NELC Cabinet (Adult Social Care Budget); the draft NELC budget (including Adult Social Care) was discussed at the cabinet meeting on the 12th FebruaryNorthern Lincolnshire System Planning Meeting; NL System approach to activity modelling / assumptions re the impact of transformation schemes that impact on Northern Lincolnshire & Goole TrustThe Humber Coast & Vale Finance, Planning & Programme Leads meeting; Confirm and challenge of subsystem planning assumptions by peers within the STP. |
| ***Implications:*** |  |
| **Risk Assurance Framework Implications:** | CCG-BAF.3005 Instability in partnership finances or services/costs leads to unaffordable consequences for the CCG within the current year The risk associated with the deliverability of the system wide QIPP schemes is included on the CCGs risk register.  |
| **Legal Implications:** | None |
| **Data Protection Impact Assessment implications (DPIA):** | Are you implementing a new system, data sharing arrangement, project, service redesign or changing the way you work? | **No** |
| If yes to the above – have the DPIA screening questions been completed? | Choose an item. |
| Does this project involve the processing of personally identifiable or other high risk data? | **No** |
| If yes to the above has a DPIA been completed and approved? | Choose an item. |
| **Equality Impact Assessment implications:** | An Equality Impact Analysis/Assessment is not required for this report [x] An Equality Impact Analysis/Assessment has been completed and approved by the EIA Panel. As a result of performing the analysis/assessment there are no actions arising [ ]  from the analysis/assessmentAn Equality Impact Analysis/Assessment has been completed and there are actions arising [ ]  from the analysis/assessment and these are included in section \_\_\_\_ of the enclosed report |
| **Finance Implications:** | HealthThe Operational Budgets for 2020/21 build on the work done as part of the 5 Year Plan (2019/20 – 2023/24) which was completed in Nov 19.Since completion of the 5 year plan there has been a deterioration in the 2019/20 in-year financial position caused in the main by:-1. higher than expected Acute expenditure
2. no savings linked to the PCN demand management on prescribing

Whilst mitigations have been put in place in 2019/20 these have mostly been non-recurrent, such as one off funding, slippage on spend linked to PCN’s (delays in recruitment of staff)This has led to the level of unidentified savings increasing from £2.1m to £5.4m.The main outstanding issues that need to be resolved before the budgets can be signed off are:-* Agreement of the Northern Lincolnshire & Goole Contract Value & Contract Form
* VFM review on Community Contracts
* Confirmation of plans to address the Unidentified Savings (£5.4m)

Further detail of the actions being taken to address these can be found in the Appendix to this paper.Adult Social CareThe Operational Budgets for 2020/21 have been developed alongside the work done as part of the NELC Budget, Commissioning Plan and Outcomes Framework 2020/21 – 2022/23.The key risk to delivery of financial balance is the delivery of £1.5m savings in year which are predicated on the long term transformation of the health and care system which will help to deliver improved value for money and will help to avoid unsustainable future costs through joint working. Some of the planned actions will avoid costs. However, cashable savings are difficult to achieve at a time of increase demand and cost pressure for adult services. As the council/CCG “Union” arrangements mature, there will be an opportunity to consider how resources can be more efficiently deployed and re-allocated across the health and care system. |
| **Quality Implications:** | This report details a neutral impact on quality. [x] The report will not make any impact on experience, safety or effectiveness. Investment decisions will be made so as to have a neutral impact on quality.  |
| **Procurement Decisions/Implications *(Care Contracting Committee):*** | None |
| **Engagement Implications:** | Discussion has taken place with the Council of Members to outline the CCGs challenging financial position for 2020/21 and the potential need for prioritisation.  |
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| **Conflicts of Interest**  | *Have all conflicts and potential conflicts of interest been appropriately declared and entered in registers which are publicly available?* [x]  Yes [ ]  No |
| **Links to CCG’s Strategic Objectives** | [x]  Sustainable services [ ]  Empowering people[ ]  Supporting communities [x]  Delivering a fit for purpose organisation |
| **NHS Constitution:** | <https://www.gov.uk/government/publications/the-nhs-constitution-for-england> |
| **Appendices / attachments** | NEL CCG 5 Year Plan Submission  NELC Draft Budget report. (Appendix 1 Adult Services - for the scale of the challenges we continue to face and the areas of focus)<https://www.nelincs.gov.uk/wp-content/uploads/2019/05/4-Budget-Commissioning-Plan-Report-Full.pdf> |

**CCG 2020/21 BUDGETS**

The attached report provides a position statement with regard to the setting of the 2020/21 budgets for both Health & Adult Social Care Health. It also provides details of the steps being taken over the next month to ensure that the budgets are agreed & signed off prior to the 31st March 2020

**HEALTH**

The Operational Budgets for 2020/21 build on the work done as part of the 5 Year Plan (2019/20 – 2023/24) which was completed in Nov 19.

Approach to budget setting

1. Forecast Outturn (adjusted for one off items of spend e.g. additional activity to clear backlog)
2. Pressures (tariff, demographic growth)
3. Benefits (impact of agreed transformation schemes)
4. Investment required to meet nationally mandated investment standards (Mental Health Investment Standard, Community/Primary Care/CHC) & required level of contingency funding
5. No funding earmarked in addition to the above.

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| **Summary** | **5 Yr Plan** |  | **Budget 2020/21** |
|  | **£'000** |  | **£'000** |
| **Expenditure** |  |  |  |
| ACUTE *(ANALYSIS BELOW)* | 151,964 |  | 153,180 |
| UNIDENTIFIED SAVINGS | (2,139) |  | (5,412) |
| CO COMMISSIONING | 29,312 |  | 29,321 |
| COMMUNITY HEALTH SERVICES | 20,233 |  | 19,900 |
| CONTINUING CARE | 9,148 |  | 9,777 |
| MENTAL HEALTH | 31,175 |  | 31,175 |
| OTHER | 9,369 |  | 11,346 |
| PRIMARY CARE | 7,045 |  | 6,836 |
| PRIMARY CARE - Prescribing | 26,842 |  | 27,342 |
| CONTINGENCY | 1,401 |  | 1,401 |
| RUNNING COSTS | 3,173 |  | 3,173 |
| **TOTAL** | **287,523** |  | **288,039** |
|  |  |  |  |
| **Allocations** |  |  |  |
| PROGRAMME | 250,382 |  | 250,889 |
| PRIMARY CARE CO-COMMISSIONING | 29,461 |  | 29,470 |
| RUNNING COSTS | 3,173 |  | 3,173 |
| NON RECURRENT | 1,057 |  | 1,057 |
| DRAW DOWN  | 3,450 |  | 3,450 |
| **TOTAL** | **287,523** |  | **288,039** |
|  |  |  |  |
| *ACUTE*  |  |  |  |
| *Northern Lincolnshire And Goole NHS Foundation Trust \*\** | *120,167* |  | *120,167* |
| *Hull and East Yorkshire Hospitals NHS Trust* | *9,239* |  | *9,239* |
| *Acute - Other* | *22,558* |  | *23,774* |
|  | *151,964* |  | *153,180* |
|  |  |  |  |
|  |  |  |  |

\*\*includes request to draw down £2m from the CCGs historic cumulative surplus (not linked to activity levels) & £1.5m transfer of activity back into NLAG that previously would have gone to other Acute Providers.

The key changes to note since the 5 year plan submission are:-

* A deterioration in the 2019/20 in-year financial position caused in the main by:-
1. higher than expected Acute expenditure
2. no savings linked to the PCN demand management on prescribing
* Whilst mitigations have been put in place in 2019/20 these have mostly been non-recurrent, such as one off funding, slippage on spend linked to PCN’s (delays in recruitment of staff)

This has led to the level of unidentified savings increasing from £2.1m to £5.4m.

The table below highlights the main outstanding issues & the steps being taken to address them:-

|  |  |
| --- | --- |
| Outstanding Issues | Action being taken to resolve |
| * Agreement of the Northern Lincolnshire & Goole Contract Value & Contract Form
 | Weekly meetings taking place between the 3 NL Subsystem Finance Directors. Refinement of the current performance trajectory, as this is unaffordable to the system. Any amendments to be agreed at the weekly Planning meeting attended by Directors of Finance, CCO’s & Quality Lead. |
| * VFM review on Community Contracts
 | Where VFM cannot be demonstrated then the level of investment will be reduced accordingly |
| * Unidentified Savings (£5.4m)
 | The 2 issues detailed above when resolved should reduce the level on unidentified savings. With any residual gap being addressed by:-1. Going further faster on current schemes
2. Risk management on a system basis to enable the contingency funds to be “earmarked” for release.
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**ADULT SOCIAL CARE**

The Operational Budgets for 2020/21 have been developed alongside the work done as part of the NELC Budget, Commissioning Plan and Outcomes Framework 2020/21 – 2022/23.

Approach to budget setting

1. Forecast Outturn
2. Pressures (underlying activity pressure, demography, complexity, transitions, provider fee uplift )

There are a number of key budget pressures in adults relating to a backlog of Deprivation of Liberty (DoLs) cases, fee uplifts to meet the cost of care and national minimum wage, demographic factors and increasing complexity of needs. Increasingly, there are higher costs arising from the complex young people reaching adulthood and requiring support throughout their adult lives. There is also a pressure from the 2019/20 underlying which will carry forward into the new financial year.

1. Benefits (Savings plans & Risk mitigation e.g. DoLs, complexity & demography – in part,)

**Summary**

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| --- | --- | --- |
| **2019/20** |  | **2020/21** |
| **£’000** |  | **£’000** |
|  |  |  |
| 46,221 | Expenditure | 46,738 |
|  | Savings (to be confirmed) \*\* | (1,538) |
| **46,221** | **Total Expenditure** | **45,200** |
|  |  |  |
| **46,221** | **Partnership Agreement \*** | **45,200** |
|  |  |  |

\* The 2019/20 Partnership Agreement figure of £46,221 includes £1.5m of ASC drawdown and the £930k of health drawdown

\*\* Long term transformation of the health and care system will help to deliver improved value for money and will help to avoid unsustainable future costs through joint working. Some of the planned actions will avoid costs. However, cashable savings are difficult to achieve at a time of increase demand and cost pressure for adult services. As the council/CCG “Union” arrangements mature, there will be an opportunity to consider how resources can be more efficiently deployed and re-allocated across the health and care system.