

# Agenda

## Salford Locality Board

Date: 23<sup>rd</sup> November 2023

Time: 9.00am to 9.30 am

Venue: Humphrey Booth Lecture Theatre 2, Mayo Building, Salford Royal / Microsoft Teams

Item No.	Time	Duration	Subject	Paper/ Verbal	For Approval/ Discussion/ Information	By Whom
1.	9.00	5 mins	Welcome, Introductions, Apologies and Declarations of Interest	Verbal	Discussion	Chair
2.	9.05	20 mins	<b>Regular Reports</b> Finance Report	Paper	Assurance	Associate Director of Finance / Chief Finance Officer
3.	9.25	5 mins	<b>Any Other Business</b>	Verbal	Discussion	All
	9.30		Date and Time of Next Meeting: <b>9.00 am - 12.00 pm</b> <b>21 December 2023</b> <b>Salford Suite/Teams</b>			

**Salford Locality Board**  
**23 November 2023**  
**Item 2 - Finance Report**

Item for: Decision/Assurance/Information

<b>Report of:</b>	Associate Director of Finance (Salford) and Chief Finance Officer (SCC)	
<b>Date of Paper:</b>	16 November 2023	
<b>In case of query, please contact:</b>	Andrew Boulter <a href="mailto:Andrew.boulter@nhs.net">Andrew.boulter@nhs.net</a>	
<b>Strategic Priorities:</b> (Please tick as appropriate)	Quality, Safety, Innovation and Research	
	Adult Services	✓
	Children's and Maternity Services	✓
	All Age Mental Health	✓
	Primary Care	✓
	Enabling Transformation	
<b>Purpose of Paper:</b>		
<p>This paper provides the Locality Board with:</p> <ul style="list-style-type: none"> <li>• An overview of the NHS GM financial position and financial recovery plans.</li> <li>• The outcome of the revision to the risk share arrangements in the Integrated Fund.</li> <li>• The year to date (YTD) and forecast financial performance against the financial plan of the Salford Locality Integrated Fund for 2023/24, represented to reflect the revised risk share agreement.</li> <li>• The YTD and forecast financial performance against the financial plan of NHS Greater Manchester (NHS GM) Salford Locality In-View budgets for 2023/24.</li> <li>• Updates from the Salford System Finance Group.</li> </ul>		

### Further information

How will this benefit the health and wellbeing of Salford residents, or the ICS?	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 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?	Set out in section 8.
Does this address any existing high risks facing the organisation and how does it reduce them?	Yes, set out in section 8.
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?	Update was given on elements of this report at the Salford System Finance Group with review undertaken by the Associate Director of Finance (Salford) and Chief Finance Officer (SCC)

**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 Locality Board with an in-year update in relation to the financial performance of the Integrated Fund - Salford Locality and NHS Greater Manchester (NHS GM) - Salford Locality In-View services for 2023/24 financial year. In addition, updates are provided on the risk share arrangements and discussions at the Salford System Finance Group.*

**Section 2** – Gives a view of the Greater Manchester system position at the end of September 2023 (month 6) and the actions regarding financial recovery.

**Section 3** – Sets out the new arrangements regarding the risk share for 2023/24 and the funding of the £6.1m historical deficit in the fund.

**Section 4** – Discusses the YTD position and forecast outturn of the Integrated Fund. At the end of October 2023, the fund is forecasting to be overspent by £8.2m which is a movement of £8.3m from the last reported position. The main reason for the movement is presentational only and relates to the decision by partners to fund the £6.1m historical pressure. This leaves a £2.2m movement in position which is summarised below. This position is now £3.2m over the restated planned deficit of £5.0m from partners' opening financial plans approved by Locality Board. The main movements since the last report are summarised below.

- £2.5m improvement of income to the fund.
- £0.4m reduction in costs relating to Adults' Services.
- (£0.9m) increase in costs relating to Primary Care Services.

**Section 5** – Outlines the Integrated Fund's Committed Developments and updates on progress of those developments.

**Section 6** – Discusses the YTD position and forecast outturn of the NHS GM Salford Locality In-View Services. At the end of October 2023, NHS GM Salford Locality In-View Services is forecasting to overspend by £0.2m which is an improvement of £1.5m from the last reported position. This is partly due to the new Integrated Fund risk share arrangement highlighted in section 3 and the locality's share of the overall improvement in the fund as set out in section 4. NHS GM still fully expects that the locality will achieve the planned breakeven position.

**Section 7** – Updates on the matters discussed at the Salford System Finance Group since the last report.

**Section 8** – Highlights the risks associated for the Integrated Fund and Salford Locality along with any mitigations for those risks.

### 2. NHS Greater Manchester position

- 2.1 The NHS Greater Manchester ICS (ICB plus providers) position at the end of September 2023 was a year-to-date deficit of £186.5m against a planned deficit of £20.4m which is a £166.1m adverse variation from plan. Although the forecast outturn

remains breakeven for the year this is likely to be formally revised to a deficit over coming months once the revised forecast has been agreed with NHS England.

	YTD Surplus / (Deficit)			Full Year Forecast Surplus / (Deficit)		
	Plan	Actual	Variance	Plan	Forecast	Variance
	£m	£m	£m	£m	£m	£m
GM NHS Providers	(81.4)	(165.2)	(83.8)	(122.0)	(122.0)	0.0
NHS GM	(1.0)	(21.3)	(20.3)	(8.0)	92.0	100.0
System Efficiency	62.0	0.0	(62.0)	130.0	30.0	(100.0)
<b>ICS total</b>	<b>(20.4)</b>	<b>(186.5)</b>	<b>(166.1)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

## 2.2 Key drivers are:

- Provider year to date performance (£165.2m) related to the continuation of pressures in bank and agency costs, shortfall in efficiency delivery and ongoing impacts of industrial action. The GM Providers YTD adverse variance of (£83.8m) largely relates to Manchester Foundation Trust (£36.9m) and Northern Care Alliance (£37.5m).
- Non delivery of system efficiencies to date (£62m) as currently there are no validated plans to achieve this. Reasons for non-delivery include duplication with other Cost Improvement Programmes (CIP) or Quality, Innovation, Productivity and Prevention (QIPP) schemes, schemes that will only deliver in future financial years or not feasible to reduce service either due to national requirements or operational or safety concerns.
- ICB unplanned year to date deficit of (£21.3m), which is almost entirely due to prescribing cost pressures arising from No Cheaper Stock Obtainable and drug shortage issues.

## 2.3 Financial Recovery

Financial turnaround and recovery for the whole NHS element of the integrated care system, including NHS GM, is a key priority for the rest of this financial year. When plans were first submitted at the beginning of the year there was a £606m gap, however this required all NHS organisations to manage expenditure within the plan. In-year pressures such as inflation, industrial action, growth in demand and challenges with discharge across physical and mental health services have further increased the scale of financial recovery required this year. This will also impact on the 2024/25 position. A team from PricewaterhouseCoopers (PwC), led by Stephen Hay, is supporting this process.

A financial recovery sub-committee has been established to oversee the system's process, reporting to the finance committee and NHS GM Board. This is a financial recovery programme, but decisions will not be taken based on finance considerations alone: the work is being overseen at Board level, with the organisations' Chairs and Chief Executives, ensuring the impact on quality, safety, performance and tackling inequalities is central. While this year's plans are being delivered, a longer term strategic financial framework, to sit alongside and support delivery of the health

outcomes in the [ICP strategy](#) and [joint forward plan](#) is being developed. The overall savings plan will go beyond this year.

#### 2.4 Long Term Sustainable Recovery

The system is working on achieving longer-term sustainable recovery through the development of a Strategic Financial Framework. An exercise has taken place to predict the demand on health and care services in GM over the next five years and calculate how much this would cost if they continue as they are.

On the back of this, we also undertook a population segmentation exercise to identify where our system should focus resource to provide care where it is needed and avoid the predicted cost happening. Findings indicated that the people the system should look to focus on includes adults in good health; adults and older people with multiple long-term conditions; young people and adults with mental illness; homeless adults; and older people with frailty. NHS GM communications and engagement team are scoping up a plan to begin a public conversation in relation to our system financial pressures and what this may mean for our people and communities.

### **3. Integrated Fund – Revision of Risk Share Arrangements**

3.1 Salford has a long history of pooling funding with the local authority to make joint decision making “real”. We have expanded the scope of the pooled funds over time – initially the community equipment store, then older adults, then all adults, and in 2019/20 to adults, children, public health and primary care. Whilst not all of these funds can be formally pooled under a Section 75 arrangement, our Integrated Fund makes the distinction between pooled, aligned and “In-View” elements to manage this. The value of the fund was £660m in 2021/22.

3.2 The Partnership Agreement commenced on 1 April 2019 and amongst other things sets out the risk share agreement between the council and health. At that time, there was a differential risk share agreement in place, based on the level of contributions each partner made to the fund. The risk share for 2021/22 was:

	<b>Health</b>	<b>Council</b>
Adults	80%	20%
Children	33%	67%
Primary Care	100%	0%

3.3 Around January 2022 the continuation of the risk share was reviewed in the light of the spatial levels work being undertaken in health as a result of the demise of Clinical Commissioning Groups (CCGs) and the formation of the Integrated Care Board. Although there was no change in the expenditure budgets contributed by the council, the health budgets reduced considerably as NHS provider and larger independent sector contracts were removed for management at GM level. In overall terms, assuming that community services contracts remained within the locality, each partner would contribute an equal proportion of budgets to the fund, now reduced to an expected £350m in total. In addition, the children’s health budgets retained in locality were now only 1% of the Children’s fund.

3.4 We therefore did away with the differential risk share and proposed that we now had a simple risk share of 50/50 for 2022/23 for the entirety of the remaining Integrated Fund (adults, children and primary care) based on expected contributions and that

was agreed by the CCG, effective from 1 April 2022. The Partnership Agreement was amended for the revised simple risk share but the default option remained as the differential risk share if no agreement was reached for a particular financial year.

### 3.5 Risk Share for 2023/24

The 50/50 risk share operated throughout 2022/23, however as it transpired, community contracts were not delegated to localities and there were a number of other budget movements between localities and GM during the year. At the start of 2023/24, the proportion of health budgets in the Integrated Fund was 37% and council 63%. We reported to the Locality Board in March 2023 that the risk share agreement needed to be revised.

There are three elements to the deficit in the Integrated Fund, reported as £16.5m in month 6:

1. **Historical deficit of £6.1m** in total which was the agreed position in the fund when it was last expanded in 2019/20. Although we currently report this element as a deficit, both partners have included recurrent funding in their respective organisations' positions to cover this deficit. As it arose over a period of time prior to 2019/20 the health share is £3.5m and council share is £2.6m. We now propose to draw a line under this historical element and for each partner to contribute this funding at the start of the year instead of waiting for the deficit to emerge and then covering from an earmarked contingency. This would only be a change in the way the funding is presented in reports, as both partners have set this funding aside recurrently for some years now. Future reports will only report the remaining deficit that has arisen since the ICB was established, in sections 2 and 3 below.
2. **Planned support of £5m** – as the Integrated Fund reported an overspend in 2022/23, mainly in children's services it was deemed prudent to set aside the same amount in the 2023/24 financial plan, pending further action to address the underlying reasons for the cost pressure. As the financial plan was set on the basis of a 50/50 risk share, each partner set aside £2.5m contingency to cover this.
3. **Unplanned in year pressures of a further £5.4m** in total, again mainly related to children's services. It should be noted that partners decided to allocate social care funding to adults rather than children's services for 2023/24.

Earlier discussions with the council proposed a change to the 2023/24 risk share from 50/50 to 37/63, based on actual 2023/24 contributions. However, as the community contract will be delegated to the locality from 1 April 2024 this will materially change the risk share from 2024/25 onwards; inclusion of a further £45.8m of health budgets would change the contributions to 45% health and 55% council. A compromise position has therefore been provisionally agreed with the council, subject to ICB and member agreement to:

- Adopt a risk share of 45/55 retrospective to 1 April 2023 for the unplanned in year pressures. This will be a cost to the council and a benefit to health of approximately £270k compared to the existing risk share arrangement.



- Retain the planned support at £2.5m (i.e. 50/50 share of £5m) for 2023/24 only; any future planned support from 2024/25 onwards would be contributed at the same basis as the prevailing risk share.
  - Remove the £6.1m historical element of the Integrated Fund deficit and present as ongoing contributions to the fund rather than a recurrent contingency. There is no impact on either partner's reported 2023/24 position as this has been a recurrent budget for many years.
- 3.6 Accordingly, the reports for the Integrated Fund and the locality's position as part of NHS GM has adopted these changes retrospective to 1 April 2023 for the month 7 reporting presented in this paper. Formal approval of the risk share agreement for 2023/24 has been requested from the Chief Finance Officer of NHS GM.

#### **4. Integrated Fund 2023/24**

- 4.1 This section provides the Salford Locality Board with the forecast position of the Integrated Fund for the financial year (2023/24). At the time of writing, the position is based on information up to the end of October 2023 for the NHS GM budgets and the end of September 2023 for Adults and Children's Services for Salford City Council (SCC). The Salford System Finance Group (SSFG) has reviewed a summary of this report along with the Associate Director of Finance (Salford) and Chief Finance Officer (SCC).
- 4.2 Financial plans for 2023/24 were agreed by Locality Board with an opening pressure of £11.1m, this was made up of £6.1m historical deficit and £5.0m as a new provision/contingency for the expected pressure in children's budgets, assuming spend at a similar level to 2022/23. The position is now reported against a breakeven plan with the removal of the historical budgeted pressure as per the new risk share agreement outlined in section 3 above. The £5.0m provision remains in place but remains outside the fund and held as a contingency by each partner but is expected to be fully utilised against the overall fund's pressure.
- 4.3 The forecast position for 2023/24 at October 2023 is an overspend of £8.2m, which is a movement of £8.3m from the last report. £6.1m is only presentational due to the funding of the historic pressure but the main favourable movement on the fund is £2.1m, as shown in Table 1 below.



**Table 1: 2023/24 Integrated Fund Financial Summary**

Area	2023/24 Monitoring						Locality Board	
	YTD Budget	YTD Actual	YTD Variance	Annual Budget	Forecast	Annual Variance	Reported Variance	Movement in Variance
	£'000s	£'000s	£'000s	£'000s	£000s	£'000s	£'000s	£'000s
<b>TOTAL FUNDING</b>	<b>£196,234</b>	<b>£198,592</b>	<b>£2,358</b>	<b>£336,402</b>	<b>£340,444</b>	<b>£4,042</b>	<b>£1,538</b>	<b>£2,504</b>
Acute Services	-	-	-	-	-	-	-	-
Adult Social Care - SCO	£68,437	£68,437	-	£117,321	£117,321	-	-	-
Adult Social Care - Other	£10,306	£10,306	(£0)	£17,668	£17,667	(£1)	-	(£1)
Adult Social Care - Capital	£2,220	£2,220	-	£3,805	£3,805	-	-	-
Community Assets/ Voluntary Sector	£441	£441	£0	£756	£756	£0	£0	-
Community Services	£3,108	£3,136	£28	£5,328	£5,375	£48	£78	(£30)
Continuing Health Care & Funded Nursing Care	£5,242	£5,846	£604	£8,986	£10,021	£1,036	£522	£514
Hospices	£902	£902	-	£1,546	£1,546	-	-	-
Mental Health Services - Private & Voluntary Sector	£6,000	£5,680	(£320)	£10,286	£9,737	(£549)	(£18)	(£531)
Public Health Services	£5,236	£5,234	(£2)	£8,975	£8,972	(£3)	(£3)	-
Committed Developments	£1,602	£1,557	(£44)	£2,746	£2,670	(£76)	(£100)	£24
Quality Improvement Fund (Innovation)	£292	-	(£292)	£500	-	(£500)	-	(£500)
Termination of Pregnancies	£578	£685	£107	£990	£1,174	£183	£96	£87
<b>TOTAL - Adults</b>	<b>£104,362</b>	<b>£104,443</b>	<b>£80</b>	<b>£178,906</b>	<b>£179,044</b>	<b>£138</b>	<b>£575</b>	<b>(£437)</b>
Asset Management & Delivery	£620	£405	(£215)	£1,063	£695	(£369)	(£369)	-
BOND	£1,684	£1,488	(£196)	£2,887	£2,551	(£335)	(£335)	-
Children's Administration	£856	£917	£61	£1,468	£1,572	£104	£104	-
Complex Needs SEN	£3,371	£5,454	£2,083	£5,778	£9,350	£3,571	£3,571	-
Helping Families	£750	£750	-	£1,285	£1,285	-	-	-
Localities	£5,573	£5,776	£203	£9,553	£9,902	£348	£349	(£0)
Looked After Children	£17,538	£21,780	£4,242	£30,065	£37,337	£7,272	£7,271	£1
Partnerships	£2,389	£2,839	£449	£4,096	£4,867	£771	£771	-
Resources & Investment	£3,905	£3,905	-	£6,694	£6,694	-	-	-
Safeguarding	£227	£267	£40	£388	£458	£69	£69	-
Skills & Work / Careers	£852	£877	£25	£1,460	£1,503	£43	£43	-
Specific Grants	£10,390	£10,390	-	£17,812	£17,812	-	-	-
Transforming Learning	£1,333	£1,320	(£12)	£2,284	£2,264	(£21)	(£21)	-
Public Health Services	£4,263	£4,263	-	£7,309	£7,309	-	-	-
Committed Developments	£2,569	£2,534	(£35)	£4,404	£4,344	(£60)	(£60)	-
Community Services	£266	£202	(£65)	£457	£346	(£111)	(£107)	(£4)
Continuing Health Care	£139	£235	£97	£238	£403	£166	£180	(£15)
Mental Health Services - Private & Voluntary Sector	£378	£375	(£3)	£648	£643	(£5)	£9	(£14)
<b>TOTAL - Childrens</b>	<b>£57,103</b>	<b>£63,778</b>	<b>£6,675</b>	<b>£97,890</b>	<b>£109,333</b>	<b>£11,443</b>	<b>£11,475</b>	<b>(£32)</b>
Emergency Primary Integrated Care (EPIC)	£1,133	£1,122	(£11)	£1,942	£1,923	(£18)	(£18)	-
GP Contracts - Delegated	£434	£406	(£28)	£744	£696	(£47)	(£68)	£21
GP Contracts - Other	£403	£407	£4	£691	£698	£6	£6	-
GP Prescribing	£27,080	£27,801	£721	£46,422	£47,659	£1,236	£390	£847
Local Enhanced Services (LES)	£334	£395	£61	£573	£678	£104	£91	£13
Local Enhanced Services (LES) - Salford Standard	£4,330	£3,991	(£339)	£7,423	£6,841	(£582)	(£582)	-
Out of Hours	£1,056	£1,056	-	£1,811	£1,811	-	-	-
Committed Developments	-	-	-	-	-	-	-	-
<b>TOTAL - Primary Care</b>	<b>£34,770</b>	<b>£35,178</b>	<b>£408</b>	<b>£59,606</b>	<b>£60,305</b>	<b>£700</b>	<b>(£181)</b>	<b>£881</b>
<b>TOTAL EXPENDITURE</b>	<b>£196,234</b>	<b>£203,398</b>	<b>£7,164</b>	<b>£336,402</b>	<b>£348,683</b>	<b>£12,281</b>	<b>£11,869</b>	<b>£412</b>
<b>Over/(Under) Spend</b>	<b>-</b>	<b>£4,806</b>	<b>£4,806</b>	<b>-</b>	<b>£8,239</b>	<b>£8,239</b>	<b>£10,331</b>	<b>(£2,092)</b>

  

Description	£'000's	£'000's	%	£'000's	£'000's
ICB Element of Over/(Under) Spend		£2,500	50%	£2,500	
Council Element of Over/(Under) Spend		£2,500	50%	£2,500	
ICB Element of Over/(Under) Spend		£1,457	45%	£1,457	£3,957
Council Element of Over/(Under) Spend		£1,781	55%	£1,781	£4,281
<b>Grand Total</b>	<b>-</b>	<b>£8,239</b>	<b>100%</b>	<b>£8,239</b>	<b>£8,239</b>

- 4.4 Income - £4.0m overachievement – Additional funding has been identified over and above the planned level of contributions resulting in an improvement to the fund's overall position.
- 4.4.1 Customer and client income shows a further improvement of £0.5m from the last reported position. Although this target was increased at planning to reflect previous year's performance, recent analysis shows likely further benefits in year. This will continue to be analysed through the year to maintain a relevant forecast and is only an estimate based on current information at this time. Due to the variability of charging clients this is still identified as a risk at this stage in the year.
- 4.4.2 Market Sustainability and Improvement Fund (MSIF) - additional national funding from the MSIF of £2.0m has been added to the fund's income levels. With expenditure already forecast against this grant for the Fair Cost of Care investment agreed at the start of the year, this is a benefit to the overall fund's position.
- 4.5 **Adults - £0.1m overspend** – There has been an improvement of £0.4m in position from the last report. The main drivers are Continuing Care £0.5m overspend offset with Mental Health Services and Quality Improvement Fund underspends at £0.5m respectively.
- 4.5.1 Continuing Care has worsened by £0.5m due to a couple of new high-cost complex placements having to be placed out of area (OOA). Also, some existing packages have required additional observation fees increasing those package costs.

Most OOA placement uplifts are now agreed with some benefit to the system as the costs of uplifts have been lower than expected for some providers. However, the remaining providers outstanding are those that are above the limit set by NHS GM for localities to agree; these will need to be referred to NHS GM for a decision to be reached on agreement of uplifts.

A further risk to the position is the growing requirement for ventilation equipment for patients on discharge from hospital with further requests received into the service since the last report. While these are not currently having an impact on the position they could do in future months once patients are able to be discharged from hospital settings.

- 4.5.2 Mental Health Services has seen an improvement of £0.5m as one long-term placement has ended and there has also been a reduction in observation fees on other packages. However, the main reduction is the result of at the start of the year Cheshire and Wirral partnership confirming we would be invoiced for a transformation case recently transferred there. It has now since been confirmed by the provider that this placement is in fact covered under the block contract arrangements as expected and therefore the £0.4m provision in place to cover possible charges has been released.
- 4.5.3 Quality Improvement Fund is a discretionary budget and due to the current pressures of both NHS GM and the Integrated Fund it has been decided to not embark on these schemes for this year resulting in an improvement of £0.5m to the fund's position.
- 4.5.4 Adult Social Care (ASC) - SCO - whilst currently the ASC contract is forecast to breakeven in this report, the provider is projecting an overspend by the end of 2023/24 of approximately £6.6m, made up of £1.1m of unachieved CIP savings and £5.5m in increased placements/packages. A savings programme is in place across ASC to

deliver savings across the system to help reduce this pressure. Should the programme deliver in full and there remains an overspend, then partners could be asked to contribute more to cover pressures over and above the contract value.

4.6 **Children's - £11.5m overspend** – Whilst the current forecast remains in line with the last reported position it is important to keep a focus on the significant areas that are driving the current pressure in children's services.

4.6.1 Looked After Children creates the largest pressure on Children's Services relating to outside placements, the cost of individual placements has significantly increased over the past few years, combined with a reduction in our own fostering capacity and an increasingly complex set of children and young people, requiring care. It is important to highlight that 11 children have been placed with disabilities, which are complex placements for children requiring residential care.

Other pressures remain as previously reported with the number of fostering and Special Guardianship Order (SGO) placements with skills elements having increased and residential staffing pressures within the homes.

4.6.2 Complex Needs Special Education Needs (SEN) is a continuation of the pressure from last year and pressures are being driven by an increase in student cohort eligible for transport.

4.7 **Primary Care - £0.7m overspend** – there has been a worsening of £0.9m since the last report and this is driven by increased prescribing costs.

4.7.1 Prescribing has worsened by £0.8m from the last reported position. In previous months the prescribing forecast has been "held" at localities and the balancing pressure reported at NHS GM level whilst forecasts were refined and derived on a consistent basis. The position at month 7 now reflects the up to date appropriate pressure on the locality in relation to volume and pricing. However, the risk around non-cheaper stock obtainable (NCSO) prescribing costs remains but is currently being managed at NHS GM level and this element accounts for approximately £13m of the NHS GM overall deficit.

## **5. Committed Developments**

5.1 An amount of £22.4m was set to be invested in 2023/24 within the Integrated Fund on new or enhanced services across several areas at the start of 2023/24. Most of the schemes have already been actioned with the majority going into the ASC contract to support increased fee rates for 2023/24.

5.2 At the end of October 2023 £7.0m remains from the opening position and is mostly fully committed for the year. The first call on any underspend in these projects will be utilised against any overspent position of the Integrated Fund. The current projection of these investments at the end of October 2023 is shown in table 2 below.

**Table 2: 2023/24 Integrated Fund Committed Investments**

Description	2023/24 Monitoring			LB Last Reported Variance £000s	Movement in Variance £000s
	Annual Budget	Forecast	Annual variance		
	£000s	£000s	£000s		
Pay Award ICO (Est)	£1,300	£1,300	-	-	-
Fee Rate Aspire/Turning Point (Est)	£855	£855	-	-	-
HDP Funding	£514	£514	-	-	-
ASC Non-pay Inflation	£32	-	(£32)	(£100)	£68
MHIS Living Well Business Case Agreed	£43	-	(£43)	-	(£43)
<b>Adults</b>	<b>£2,746</b>	<b>£2,670</b>	<b>(£76)</b>	<b>(£100)</b>	<b>£24</b>
Contingency - Pay Award	£4,344	£4,344	-	-	-
Young carers' working group	£38	-	(£38)	(£38)	-
Supporting parents	£23	-	(£23)	(£23)	-
<b>Childrens</b>	<b>£4,404</b>	<b>£4,344</b>	<b>(£60)</b>	<b>(£60)</b>	-
<b>Primary Care</b>	-	-	-	-	-
<b>Total - Investments</b>	<b>£7,150</b>	<b>£7,014</b>	<b>(£136)</b>	<b>(£160)</b>	<b>£24</b>

- 5.3 **Adults** – With the recent agreement on pay award for 2023/24 being reached, the estimated value will be removed and moved into the relevant expenditure lines in the coming month. Turning Point's fee rate has now been agreed with funding transferred to the contract to reflect the new agreed rate. The fee rate for Aspire can also now be agreed with the agreement of the pay award for 2023/24, once agreed the remaining value will be transferred to the contract while the value remains an estimate at present. Hospital Discharge Programme (HDP) funding is utilised against the discharge to access Continuing Health Care (CHC) cases and at the end of October £0.3m has been utilised on the year-to-date position but further spend is expected through the remainder of the year.
- 5.4 **Children's** – In line with adults the recent agreement on pay award for 2023/24 means the estimate will be removed and moved into the relevant expenditure lines in the coming month. Although the young carers and supporting parents' reserves are not required, these will be retained to manage the shortfall in the Integrated Fund.
- 5.5 **Primary Care** – All committed developments have now been implemented in year and nothing remains to be invested for Primary Care at this time.

## 6. Locality In-View Services

- 6.1 This section outlines the forecast position of the Salford Locality In-View services for the financial year (2023/24). The position is based on information up to the end of October 2023.
- 6.2 The forecast position for 2023/24 at October 2023 NHS GM Salford Locality is reporting a deficit of £0.2m as per table 2 below which is an improvement of £1.5m since the last report to Locality Board. NHS GM require the locality to return to a breakeven position by the end of the year.

**Table 3: 2023/24 GMIC Salford Locality In-View Financial Summary**

Description	2023/24 Monitoring						Locality Board	
	YTD Budget	YTD Actual	YTD Variance	Annual Budget	Forecast	Annual Variance	Reported Variance	Movement in Variance
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Primary Care estate voids and subsidies	£803	£690	(£113)	£1,635	£1,558	(£77)	£17	(£95)
Cross year benefits/hits	-	(£9)	(£9)	-	(£9)	(£9)	£40	(£49)
Committed Developments	(£525)	(£1,127)	(£602)	(£382)	(£1,502)	(£1,120)	(£986)	(£134)
ICB share of planned Integrated Fund deficit	£1,458	-	(£1,458)	£2,500	-	(£2,500)	(£2,500)	-
Qipp	(£276)	-	£276	(£1,021)	(£1,021)	-	-	-
Passthrough Allocations	£40	£39	(£1)	£40	£39	(£1)	-	(£1)
<b>Locality In View</b>	<b>£1,501</b>	<b>(£407)</b>	<b>(£1,907)</b>	<b>£2,773</b>	<b>(£934)</b>	<b>(£3,707)</b>	<b>(£3,428)</b>	<b>(£279)</b>
<b>IF overspend Locality share</b>	<b>£18</b>	<b>£2,308</b>	<b>£2,291</b>	<b>£30</b>	<b>£3,957</b>	<b>£3,927</b>	<b>£5,165</b>	<b>(£1,238)</b>
<b>ICB reported ledger position</b>	<b>£1,518</b>	<b>£1,902</b>	<b>£384</b>	<b>£2,803</b>	<b>£3,023</b>	<b>£220</b>	<b>£1,737</b>	<b>(£1,517)</b>

6.3 **Integrated Fund deficit** – NHS GM Salford Locality is set to cover £3.9m of the overspend on the fund which is a reduction of £1.2m from the last report, arising from:

- The change in the risk share % from 50% to 45%, being a benefit of £270k.
- The locality's share of the improvement in the Integrated Fund's overall position of £968k, mainly due to additional income.

Details on the change are set out in sections 3 and 4 of this report. The locality has released several Committed Developments including the £2.5m children's contingency for overspends to meet its liability from the revised fund arrangements.

6.4 **In-View services** – There has been resolution to some prior year queries which has resulted in a benefit to the locality directly related to primary care estates. Furthermore, NHS GM has returned unutilised reserves that were specifically for the Salford Locality that were not previously within the locality's position.

6.5 Whilst detailed schemes have yet to be worked up for the savings requirement for the Integrated Fund, NHS GM has already given each locality a savings (QIPP) target to achieve for NHS GM to achieve a balanced position for 2023/24. For Salford Locality our target was £3,049k and the major element of this is savings in prescribing of £1.5m which is being led by the Medicine's Optimisation team. At the end of month 7 £2.1m of savings have been achieved year to date leaving £0.9m of schemes rated amber to be delivered.

6.6 Locality Corporate budgets for 2023/24 - while now finalised following the finalisation of the locality staffing structure, finance reports are still being developed for this area and future finance reports will include an update on the actual expenditure position compared to budgets once available.

## **7. Salford System Finance Group (SSFG)**

7.1 SSFG meets monthly and has representation from the Salford Locality of NHS GM, local authority and NCA. The following items have been discussed in October 2023.

7.2 No contract extensions were requested in October.

7.3 Briefing Papers were received for:

- Children's Placements – a review of the looked after children's placements was conducted stating this was a market driven situation as it is a needs-led provision that has seen an increase in acuity. There has been no annual uplift to budgets leaving them static for several years. Recent governance structures set up allowed for tighter oversight of demand and detailed reviews of packages to be undertaken. Several proposals were put forward and SSFG noted the contents of the report and asked for the proposals to be looked at in more detail in the Children's Programme Oversight Group meeting with full business cases to come back to SSFG should they be taken forward.

#### 7.4 Service Reviews were received for:

- Salford Thrive Plan – a full-service review was presented and 2022/23 highlights included the scaling up of the Thrive offer, further development of the neurodevelopment pathway, GM crisis care pathway and parent infant mental health offer. Stabilisation of demand and capacity while trying to establish a single point of access model. A roll out of mental health first aid and trauma training. Focus for 2023/24 will be around providing an improved SEND offer. Continued development of neurodevelopment pathway, implementing the Thrive in Education expansion and single point of access model. Work with the 0-25 Board to improve school attendance.
- Welfare Rights & Debt Advice Service (WRADAS) Charging Assessment Team – requested recurrent funding for the fixed term posts in place and expansion to include an additional post to deal with backlog and ensure income is generated at the earliest possible stage. Approval was given on an invest to save basis.

#### 7.5 Monthly financial updates were received and reviewed for the Integrated Fund and Adult Social Care contract.

### **8. Risks and Next Steps**

- 8.1 The Locality Board is accountable to NHS GM for delivery of a breakeven position and as the current forecast is a deficit of £220k there is a risk that this will not be achieved for 2023/24 if costs continue to rise in the later months. Budgets are continually being reviewed to identify whether there are any further opportunities to reduce or delay expenditure.
- 8.2 While the forecast overspend on prescribing has been revised there remains the risk around non-cheaper stock obtainable (NCSO) prescribing costs which is currently being managed at a NHS GM level. Should this also be transferred to localities position it will generate a further pressure on the fund as funding is unlikely to flow with the increased costs.
- 8.3 Customer and client income remains difficult to predict the likely income levels, while favourable at present there remains a risk that this could shift to be more favourable or adverse but is unknown at this stage.
- 8.4 The Adult Social Care (ASC) contract is currently forecasting a breakeven position in the Integrated Fund, but there is a risk that the Northern Care Alliance will look to the fund for a contribution to any future overspend, if their CIP delivers on plan in the first instance.



- 8.5 Whilst a programme management approach to the delivery of efficiency savings is in the early stages of formation, there is a risk that projects identified will not fully deliver against the level of savings required. Specific schemes have been identified for the health element but not for the local authority related budgets.
- 8.6 Some months ago the Salford system bid for its share of the Urgent and Emergency Care discharge and capacity funding, totalling some £6.4m and funding schemes within the Salford Locality, Northern Care Alliance, Greater Manchester Mental Health and the Voluntary Community and Social Enterprise (VCSE). Although £3.8m of discharge funding has since been confirmed by NHS GM, the capacity funding of £2.6m is still outstanding.
- 8.7 The council and locality have commenced detailed work on the Integrated Fund's expenditure budgets for 2024/25, in advance of any income assumptions for health or council being known or announced.

## **9. Recommendations**

- 9.1 The Salford Locality Board is asked to:
- note the revision to the risk share agreement for 2023/24, subject to members' and NHS GM approval.
  - note the financial position forecast for 2023/24 and NHS GM's expectation that this will be turned around to breakeven over the coming months.
  - note the work undertaken by the Salford System Finance Group since the last report.
  - note the risks outlined in section 7 above.

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