

Meeting: Governing Body			
Meeting Date	25 November 2020	Action	Receive
Item No.	11.2	Confidential	No
Title	Month 7 Finance Report		
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Clinical Lead	N/A		

Executive Summary

As has been reported in previous months, in response to the COVID-19 pandemic a national top down command and control framework was put in place by NHSE / I for the period from 1st April to 30th September 2020. For this period the CCG received a baseline allocation based on expenditure to February 2020 uplifted for inflation and growth. In addition to this, based upon expenditure to month 5, the CCG has received a retrospective allocation of £5.8 to contribute to COVID related and business as usual expenditure. This is to support the CCG in the national intention to achieve a balanced position for the first 6 months of 2020/21. Alongside this the £8.2m planned non recurrent surplus draw down has also been received.

For the second six months of 2020/21 (1st October 2020 to 31st March 2021) the CCG must manage day to day expenditure within a notified allocation of £168.8m. This allocation is based on CCG non-COVID related run rates for the first half of the year. In addition to this there are regional monies to fund the Hospital Discharge Programme (HDP) and independent sector elective activity. Calls upon this funding will be checked and assessed, as has been the case in months 1 - 6.

At month 7, the CCG is reporting a year-to-date overspend of £1.9m against an allocation of £204.4m. This overspend is split £1.8m COVID-19, including £1.2m outstanding retrospective funding allocation relating to month 6, £0.5m month 7 HDP plus £0.1m business as usual. As in previous months, it is expected that a retrospective allocation will be received by the CCG to ensure a breakeven position. To month 7, £8.4m of expenditure relates to the COVID-19 pandemic.

Recommendations

- It is recommended that the Governing Body:
- Receive the report for information.
 - Note the financial regimes in place for the first and second halves of 2020/21
 - Recommend for approval to the Governing Body the financial plan submitted for the period October to March.
 - Note the COVID related expenditure of £8.4m at month 7

- Note the month 7 overspend of £1.9m against notified allocation.
- Note the expectation of retrospective allocations to enable the CCG to report a breakeven position to month 7.
- Note the break-even forecast for the full year.
- Note the risks to achieving break even.

Links to CCG Strategic Objectives	
SO1 People and Place To enable the people of Bury to live in a place where they can co-create their own good health and well-being and to provide good quality care when it is needed to help people return to the best possible quality of life	<input type="checkbox"/>
SO2 Inclusive Growth To increase the productivity of Bury's economy by enabling all Bury people to contribute to and benefit from growth by accessing good jobs with good career prospects and through commissioning for social value	<input type="checkbox"/>
SO3 Budget To deliver a balanced budget	<input checked="" type="checkbox"/>
SO4 Staff Wellbeing To increase the involvement and wellbeing of all staff in scope of the OCO.	<input type="checkbox"/>
Does this report seek to address any of the risks included on the Governing Body Assurance Framework? If yes, state which risk below:	
GBAF	

Implications						
Are there any quality, safeguarding or patient experience implications?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Has any engagement (clinical, stakeholder or public/patient) been undertaken in relation to this report?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Have any departments/organisations who will be affected been consulted?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Are there any conflicts of interest arising from the proposal or decision being requested?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Are there any financial Implications?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Has an Equality, Privacy or Quality Impact Assessment been completed?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Is an Equality, Privacy or Quality Impact Assessment required?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Are there any associated risks including Conflicts of Interest?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Are the risks on the CCG's risk register?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>

Month 7 Finance Report

1. Introduction

1.1. This report provides an update on the financial regime put in place for the CCG in 2020/21, a summary of the October plan submission for the second 6 months of the year and an analysis of the financial position at month 7.

2. 2020/21 Financial Framework 1st April to 30th September

2.1. In March 2020 the CCG submitted a draft budget plan to NHS England based on a month 9 forecast recurrent outturn position adjusted for pressures including inflation and growth, investments and savings plans. The draft plan showed a deficit of £11m after expected delivery of a £9m QIPP plan. Subsequent to this the planning round was suspended and a national top down command and control framework was put in place in response to the COVID 19 pandemic. In light of this on the 24th April 2020 the Governing Body approved the draft plan as an interim budget for 2020/21.

2.2. The financial framework for the period from April until September ensured; All NHS providers were moved to stipulated block payments as notified by NHSE/I, All other NHS provider to CCG invoicing was suspended, Independent sector hospital capacity was centrally block purchased, Payments to other healthcare providers essential to the COVID response were guaranteed at least in line with amounts received in 2019/20, whilst those not essential to the response were directed to other forms of government support.

2.3. Under the regime the CCG received an allocation based on expenditure to February 2020 with retrospective allocations received in year to ensure achievement of a breakeven position to month 6.

2.4. As per the financial framework for the first six months of the year the CCG received a notified baseline allocation of £166.9m. In addition to this the CCG has received the full planned non-recurrent historic surplus drawdown of £8.2m (with £4.1m shown to month 6) and £5.8m retro adjustment allocation for COVID related costs and business as usual variances to month 5. This brings the CCG allocation for the first six months of the year to £176.8m with an anticipated allocation of £1.3m for month 6 to be received in month 8 allowing the CCG to achieve a breakeven position.

3. 2020/21 Financial Framework 1st October to 31st March

3.1. In October 2020 the CCG submitted a budget plan to NHS England (see annex, attached) for the period from month 7 until the end of the financial year. The plan has been produced in conjunction with colleagues across Greater Manchester to support consistency across the ICS / STP. The second half of 2020/21 sees an end to the financial regime whereby the CCG received retrospective allocations for over/underspends to ensure achievement of a breakeven position. The CCG must as in previous years manage within a notified allocation of £168.9m as broken down in

the table below.

	£000
Programme Allocation	143,986
Allocation Adjustment to come to calculated breakeven	7,529
GM System Growth Funding	1,235
Delegated Allocation	14,126
Running Cost Allocation	1,905
M7 - M12 2020/21 Total Resource	168,781

- 3.2. The plan reflects the continuation of stipulated block payments for NHS providers with all other NHS provider to CCG invoicing suspended. For non-NHS providers the plan is based on run-rates in the first 6 months adjusted for a move towards business as usual activity levels as the system recovers from the impact of the pandemic. NHS England will continue to fund Independent Sector Acute activity for the remainder of the year and so related expenditure has been excluded from the CCG submission.
- 3.3. This plan also does not include any COVID 19 expenditure as further allocations are expected for remaining first phase and new second phase costs of the Hospital Discharge programme. At the time of planning there was an expectation that by October we would be in the recovery phase of the pandemic and so any further COVID costs would be picked up by the CCG and be managed as a pressure. Based on these assumptions the CCG is planning to report a breakeven position for 2020/21 with expenditure broken down as below.

	£000
Acute services	84,867
MH services	18,249
Community services	16,441
Continuing Care Services	8,035
Primary Care services	21,956
Primary Care Co-Commissioning	14,126
Other Programme services	3,202
Total - Commissioning services	166,876
Running costs	1,905
Total Application of Funds	168,781

- 3.4. The plans reflects the ambition to achieve community, primary care and mental health investment standards in 2020/21. Specifically, investments have been agreed with Pennine Care NHSFT and our voluntary sector providers to ensure the CCG achieves the Mental Health Investment Scheme (MHIS) annual target of £34.1m.
- 3.5. Within the plans are QIPP schemes totaling £0.9m (0.5% of allocation). The stipulation of block contract values with NHS providers severely restricts the QIPP opportunities available to the CCG and so those identified come from continuing healthcare, prescribing and primary care areas. The schemes are already underway and on track to deliver in full this year.

	£000
Continuing Healthcare	350
Prescribing	306
Quality in Primary Care	250
Total QIPP	906

3.6. The breakeven plan is a significant improvement on the £11m deficit previously reported to this committee. However, it is not without risk, we are now in the second wave of the pandemic without full clarity or confirmation of funding streams for e.g. primary care costs. The provider sector is now unlikely to hit the activity trajectories submitted in the operating plan which, as the guidance stands, could result in financial penalties from the Elective Care Incentive Scheme presenting a risk to the CCG. Of more importance, the financial regime currently in place is for one year only with no indication as to what 2021/22 will look like. It is therefore incredibly difficult to assess how the underlying financial deficit position of the CCG has changed since the initial plan.

3.7. This is a challenging financial plan to achieve, with no margin for additional asks that are not backed by funding. The CCG will work with local partners to ensure the best use of resources across the whole system.

4. Financial Position at month 7

4.1. The table below shows the reported financial position against allocation at month 7.

Month 7 Year To Date	Allocation	Business as Usual	COVID	Total Actual	Variance
	£'000	£'000	£'000	£'000	£'000
Acute Services (ISFE)	99,156	98,210	124	98,334	(823)
Mental Health Services (ISFE)	20,604	20,727	166	20,893	289
Community Health Services (ISFE)	20,294	18,660	1,937	20,597	303
Continuing Care Services (ISFE)	12,578	9,375	4,523	13,898	1,320
Primary Care Services (ISFE)	25,580	24,338	1,502	25,840	260
<i>within which Prescribing</i>	19,906	19,934	0	19,934	28
Primary Care Co-Commissioning (ISFE)	15,684	15,728	0	15,728	44
Other Programme Services (ISFE)	8,292	8,587	186	8,773	481
Total Commissioning Services	202,188	195,625	8,438	204,063	1,874
Running Costs (ISFE)	2,222	1,905	0	2,222	0
Total CCG Net Expenditure	204,410	197,530	8,438	206,285	1,874

4.2. At month 7 the CCG is reporting an overspend of £1.9m against a year to date allocation of £204.4m. Of this £1.8m relates to COVID & Hospital Discharge programme (HDP) expenditure (£1.2m from month 6) and £0.1m on business as usual expenditure.

4.3. The key over and underspends in business as usual (BAU) areas are:

- Acute services are £0.8m underspent in month 7, primarily due to receiving allocation for expenditure not being incurred by the CCG following the central purchasing of independent sector bed capacity.
- Continuing Health care is £1.3 million overspent as a result of COVID-19 related expenditure (£1.3m) from month 6 and 7.
- Mental Health services are £0.3m overspent as a result of both an increase in the number of high cost mental health placements and complexity of patients.
- Community Services are spending in line with plan in month 7.
- Primary Care is £0.1m overspent as a result of actual prescribing spend for April to August being higher than allocation received based on NHSE/I forecast. This is after the inclusion of pressures for non-cheaper stock options (NCSO) and category M drugs.
- Delegated co-commissioning is £0.04m overspend due to increase in locum costs and reimbursement costs.
- Other programme spend is £0.4m overspent due to prior year estates costs and increased run rates compared to the reference baseline.

4.4. At month 7 the CCG reported £8.4m of expenditure on COVID related costs broken down in the table below.

CCG COVID Expenditure Analysis to month 7	Expenditure £'000
Backfill for higher sickness absence	299
Remote management of patients	625
Support for stay at home models	1,241
Hospital Discharge Programme	4,573
Remote working for non-patient activities	829
Other Covid-19	871
Total CCG Net Expenditure	8,438

4.5. The largest area of expenditure is £4.5m for the hospital discharge programme of which £2.6m relates to local authority costs mainly with care homes. Other key areas of spend are £1.2m on stay at home models, £0.8m on remote working for non-patient activities, £0.6m for remote management of patients

4.6. In line with national guidance and allocation received to date covering COVID expenditure to month 5. It is expected that the balance of the full cost of the COVID response to 6 will be met through additional allocation in month 8.

5. Overall 2020/21 financial position

5.1. At the start of the year the forecast position was an £11m deficit after delivery of a £9m QIPP programme. The current financial position follows the receipt of £5.8m retro top-up and £8.2m drawdown of historic surplus. Whilst this takes the CCG a lot closer to breakeven, reporting an overspend of £1.9m the CCG is reliant on additional allocations to ensure a breakeven position for the first 6 months of 2020/21 and full

funding of the hospital discharge programme.

5.2. The assurance that the CCG will receive further allocation adjustments for all reasonable expenditure to allow delivery of a breakeven position for the period April to September reduces the immediate financial risk to the CCG. However the second wave of the pandemic, prescribed value of provider payments, restriction on investment, inability to work on QIPP plans and likely recurrent impacts of the COVID response means the longer term risk to the CCG cannot yet be understood.

5.3. Work is ongoing both within the OCO and with partners across the locality to ensure a financially sustainable system recovery to the pandemic ensuring that any beneficial financial impact of pathway changes and improvements made are embedded in the longer term.

6. Actions Required

It is recommended that the Governing Body:

- Receive the report for information.
- Note the financial regimes in place for the first and second halves of 2020/21
- Recommend for approval to the Governing Body the financial plan submitted for the period October to March.
- Note the COVID related expenditure of £8.4m at month 7
- Note the month 7 overspend of £1.9m against notified allocation.
- Note the expectation of retrospective allocations to enable the CCG to report a breakeven position to month 7.
- Note the break-even forecast for the full year.
- Note the risks to achieving break even.

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