

<b>Meeting: Governing Body</b>			
<b>Meeting Date</b>	23 September 2020	<b>Action</b>	Receive
<b>Item No.</b>	6c	<b>Confidential</b>	No
<b>Title</b>	Month 5 Finance Report		
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<b>Clinical Lead</b>	N/A		

### Executive Summary

As stated in the month 4 report, in response to the COVID-19 pandemic a national top down command and control framework has been put in place by NHS England. As part of this there is a financial regime for the first six months of 2020/21 covering the period from 1<sup>st</sup> April to 31<sup>st</sup> September in which the CCG has received a baseline allocation based on the month 11 2019/20 position uplifted for inflation.

In addition to this, based upon expenditure to month 4, the CCG has received a retrospective allocation of £5.8m 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. All of this led to a break-even position at month 4.

At month 5 the CCG is reporting a month 5 overspend of £0.3m against an allocation of £148.3m. Within this position, in addition to business as usual expenditure, the CCG has incurred £6.7m of expenditure related to the COVID-19 pandemic. The reason for this reduction in the monthly overspend from previous months is a significant reduction in COVID-19 expenditure claims from the Local Authority. As in previous months, it is expected that a retrospective allocation will be received by the CCG to ensure a breakeven position.

Following delays to the publications of funding details or guidance about the financial and contracting framework for months 5-12 and beyond by NHSE/I the financial arrangements for months 1-4 have been extended to months 5 and 6. Phase 3 planning guidance has been published with service expectations but no funding details for months 7 to 12. The CCG is currently working on a draft planning activity and financial submissions for the 21<sup>st</sup> September.

### Recommendations

It is recommended that the Governing Body:

- Receive the report for information.
- Note the continuation of the current financial arrangements into August and

September with a new regime to be in place from October.

- Note the month 5 overspend of £0.3m against notified allocation
- Note the COVID related expenditure of £6.7m at month 5.
- Note the expectation of retrospective allocations totaling £0.3m to enable the CCG to report a breakeven position at month 5.

Links to CCG Strategic Objectives	
<b>SO1 People and Place</b> 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"/>
<b>SO2 Inclusive Growth</b> 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"/>
<b>SO3 Budget</b> To deliver a balanced budget	<input checked="" type="checkbox"/>
<b>SO4 Staff Wellbeing</b> 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 5 Finance Report

### 1. Introduction

1.1. This report provides an update on the current financial regime put in place for the CCG and an analysis of the financial position at month 5.

### 2. 2020/21 Financial Framework 1<sup>st</sup> April to 30<sup>th</sup> 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 24<sup>th</sup> April 2020 the Governing Body approved the draft plan as an interim budget for 2020/21.

2.2. Late in March, CCG's were notified of a number of changes to the contracting and payment process. All NHS providers were moved to stipulated block payments for the first four months of 2020/21 as notified by NHSE England based on month 9 agreement of balances figures uplifted for inflation. All other NHS provider to CCG invoicing was suspended. Independent sector hospital capacity was centrally block purchased by NHS England. Payments to other healthcare providers essential to the COVID response were guaranteed at least in line with amounts received in 2019/20. Those not essential to the response were directed to other forms of government support.

2.3. In May CCG allocations were issued for the first four months of the year from the 1<sup>st</sup> April to the 31<sup>st</sup> July and new financial framework described. In July NHS England informed CCG's that the current financial arrangements would continue into August and September with a new financial regime to be in place for the second half of the year. CCG allocations have not yet been confirmed beyond September but for the period from October until March 2021 expectations are that CCG's will receive a baseline allocation based on 2019/20 adjusted run-rates with an additional fixed allocation for COVID costs held by GM.

2.4. Phase 3 operating guidance has been issued which places a number of requirements on the locality including activity targets in the acute sector, changes to the hospital discharge programme and achievement of the Mental Health Investment Standard. In response the CCG is currently working on a draft plan submission for the 1<sup>st</sup> September. Without any indication of funding underpinning the guidance the plan is likely to mean significant financial pressure for the CCG in the second half of the year.

2.5. As per the financial framework for the first five months of the year the CCG has received a notified baseline allocation of £139.0m. In addition to this the CCG has received the full planned non-recurrent historic surplus drawdown of £8.2m and £5.8m retro adjustment allocation for COVID related costs and business as usual variances to month 4. This brings the CCG allocation for the first five months of the

year to £148.3m with an anticipated allocation of £0.3m for month 5 allowing the CCG to achieve a breakeven position.

### 3. Financial Position at month 5

3.1. The table below shows the reported financial position against allocation at month 5.

Month 5 Year To Date	Allocation	Business as Usual	COVID	Total Actual	Variance
	£'000	£'000	£'000	£'000	£'000
Acute Services (ISFE)	70,678	70,444	73	70,517	(161)
Mental Health Services (ISFE)	14,693	14,784	141	14,925	232
Community Health Services (ISFE)	15,260	13,189	2,176	15,365	105
Continuing Care Services (ISFE)	9,446	6,738	2,818	9,556	110
Primary Care Services (ISFE)	18,337	17,339	1,308	18,647	310
<i>within which Prescribing</i>	14,055	14,273	0	14,273	218
Primary Care Co-Commissioning (ISFE)	11,776	11,883	0	11,883	107
Other Programme Services (ISFE)	6,537	5,984	186	6,170	(367)
<b>Total Commissioning Services</b>	<b>146,727</b>	<b>140,361</b>	<b>6,702</b>	<b>147,063</b>	<b>336</b>
Running Costs (ISFE)	1,588	1,588	0	1,588	0
<b>Total CCG Net Expenditure</b>	<b>148,315</b>	<b>141,949</b>	<b>6,702</b>	<b>148,651</b>	<b>336</b>

3.2. At month 5 the CCG is reporting an overspend of £0.3m against an allocation of £148.3m. Of this £0.4m relates to COVID expenditure offset by an underspend of £0.1m on business as usual expenditure.

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

- Acute services are £0.2m underspent in month 5, primarily due to receiving allocation for expenditure not being incurred by the CCG following the central purchasing of independent sector bed capacity.
- Mental Health services are £0.2m overspent as a result of both an increase in the number of high cost mental health placements, complexity of patients.
- Community Services are £0.1m underspent due to reduced AQP activity.
- Primary Care is £0.3m overspent as a result of actual prescribing spend for April to June being higher than forecast. This is after the inclusion of pressures for non-cheaper stock options (NCSO) and category M drugs.
- Delegated co-commissioning is £0.1m overspent following the receipt of GP claims for backdated CHP management costs and locum fees.
- Other programme spend is £0.4m underspent due to a delay in planned investments.

3.4. At month 5 the CCG reported £6.7m of expenditure on COVID related costs broken down in the table below.

<b>CCG COVID Expenditure Analysis to month 5</b>	<b>Expenditure £'000</b>
Remote management of patients	1,112
Hospital Discharge Programme	3,175
National Procurement Areas	103
Other Covid-19	2,312
<b>Total CCG Net Expenditure</b>	<b>6,702</b>

3.5. The largest area of expenditure is £3.2m for the hospital discharge programme of which £1.8m relates to local authority costs mainly with care homes. Other key areas of spend are £1.1m on the remote management of patients, £1.0m on CHC patient step ups, £0.5m for COVID management services and community swabbing, £0.4m on GP IT and £0.4m on PPE.

3.6. In line with national guidance and allocation received to date covering COVID expenditure to month 4. It is expected that the balance of the full cost of the COVID response to month 5 will be met through additional allocation in month 6.

#### **4. Overall 2020/21 financial position**

4.1. At the start of the year the forecast position was an £11m deficit after delivery of a £9m QIPP programme. Under the command and control framework it is currently unrealistic to forecast for the rest of the year as the financial regime is subject to change creating material uncertainty.

4.2. 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 £0.3m the CCG is reliant on additional allocations to ensure a breakeven position for the first 5 months of 2020/21.

4.3. 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 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.

4.4. 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.

#### **5. Actions Required**

The Governing Body is required to:

- Note the current financial arrangements to September with a new regime to be in place from October.

- Note the month 5 overspend of £0.3m against notified allocation
- Note the COVID related expenditure of £6.7m at month 5.
- Note the expectation of retrospective allocations totaling £0.3m to enable the CCG to report a breakeven position at month 5.

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