

Meeting: Finance, Contracting and Procurement Committee			
Meeting Date	15 October 2020	Action	Receive
Item No.	5	Confidential	No
Title	Month 6 Finance Report		
Presented By	Mike Woodhead, Joint CFO		
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Clinical Lead	N/A		

Executive Summary
<p>As stated in previous reports, 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 1st April to 31st September in which the CCG has received a baseline allocation based on the month 11 2019/20 position uplifted for inflation.</p> <p>In addition to this, based upon expenditure to month 5, the CCG has received a retrospective allocation of £6.3m 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 5.</p> <p>At month 6 the CCG is reporting a month 6 overspend of £1.3m against an allocation of £176.8m. Within this position, in addition to business as usual expenditure, the CCG has incurred £7.6m of expenditure related to the COVID-19 pandemic. This overspend is split £1.2m COVID-19 (£0.3m from month 5) and £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.</p> <p>A separate paper is on the agenda to discuss the allocations published for months 7 -12 and the impact of this upon the CCG.</p>
Recommendations
<p>It is recommended that the Finance, Contracting and Procurement Committee:</p> <ul style="list-style-type: none"> • 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 6 overspend of £1.3m against notified allocation • Note the COVID related expenditure of £7.6m at month 6 • Note the expectation of retrospective allocations to enable the CCG to report a breakeven position at month 6.

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 6 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 6.

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. 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 1st April to the 31st 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 been published for months 7 -12 and the impact of these is discussed in a separate paper.
- 2.4. As per the financial framework for the first six months of the year the CCG has 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 allowing the CCG to achieve a breakeven position.

3. Financial Position at month 6

- 3.1. The table below shows the reported financial position against allocation at month 6.

Month 6 Year To Date	Allocation £'000	Business as Usual £'000	COVID £'000	Total Actual £'000	Variance £'000
Acute Services (ISFE)	85,012	84,274	84	84,358	(654)
Mental Health Services (ISFE)	17,568	17,680	160	17,840	272
Community Health Services (ISFE)	18,109	16,072	2,378	18,450	341
Continuing Care Services (ISFE)	10,863	8,162	3,320	11,482	619
Primary Care Services (ISFE)	21,959	20,808	1,452	22,260	301
<i>within which Prescribing</i>	16,971	17,062	0	17,062	91
Primary Care Co-Commissioning (ISFE)	14,171	14,228	0	14,228	57
Other Programme Services (ISFE)	7,228	7,378	186	7,564	336
Total Commissioning Services	174,910	168,602	7,580	176,182	1,272
Running Costs (ISFE)	1,905	1,905	0	1,905	0
Total CCG Net Expenditure	176,815	170,507	7,580	178,087	1,272

3.2. At month 6 the CCG is reporting an overspend of £1.3m against an allocation of £176.8m. Of this £1.2m relates to COVID expenditure (£0.3m from month 5) and £0.1m on business as usual expenditure.

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

- Acute services are £0.7m underspent in month 6, 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 £0.3m overspent as a result of both an increase in the number of high cost mental health placements, complexity of patients.
- Community Services are £0.3m underspent due to COVID related costs
- Primary Care is £0.3m overspent as a result of actual prescribing spend for April to July 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 £0.06m overspent following the receipt of GP claims for backdated claims and locum fees.
- Other programme spend is £0.3m underspent due to a delay in planned investments.

3.4. At month 6 the CCG reported £7.6m of expenditure on COVID related costs broken down in the table below.

CCG COVID Expenditure Analysis to month 6	Expenditure £'000
Remote management of patients	949
Hospital Discharge Programme	3,970
National Procurement Areas	308
After Care and Support Costs	1,113
Remote working for non-patient activities	192
Other Covid-19	1,049
Total CCG Net Expenditure	7,581

3.5. The largest area of expenditure is £4.0m for the hospital discharge programme of which £2.9m relates to local authority costs mainly with care homes. Other key areas of spend are £0.9m on the remote management of patients, £1.1m on After Care and Support Costs, £0.6m for COVID management services and community swabbing and £0.4m on GP IT.

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 and 6 will be met through additional allocation in month 7.

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. 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 £1.3m the CCG is reliant on additional allocations to ensure a breakeven position for the first 6 months of 2020/21.

4.2. 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 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.

4.3. 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.

4.4. An assessment of the impact of the month 7 - 12 allocations is covered in a separate paper.

5. Actions Required

The Finance, Contracting and Procurement committee is required to:

- Note the current financial arrangements to September with a new regime to be

in place from October.

- Note the month 6 overspend of £1.3m against notified allocation
- Note the COVID related expenditure of £7.6m at month 6.
- Note the expectation of retrospective allocations to enable the CCG to report a breakeven position at month 6.

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