

Meeting of the Governing body

Summary sheet

Date of meeting: 1 December 2020

For: Public session (Part 1)

For: Information

Agenda item: Month 7 finance update

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Presented by: Clare Bryan, chief finance officer

Lead director from CCG: Clare Bryan, chief finance officer

Clinical lead: Dr Iain Chorlton, chair

Executive summary

As the financial regime changed during 2020/21, financial reporting is being considered in two distinct elements to assist with transparency, as follows:

April 2020 – September 2020

During this 6 month period, there has been a monthly process whereby, following scrutiny of the 'in month' position, by NHS England & Improvement, the CCG received monthly 'top up' funding to bring it back to balance. As September was the final month of the 'top up' regime, NHS England and Improvement is carrying out more detailed scrutiny of month 6 returns, as part of a national assurance process. NHS Kernow's reported month 6 position indicated a 'top up' requirement of £1.03million to bring it back to balance. At the time of writing this report, the national month 6 review process had not been completed so this final 'top-up' element remains unconfirmed.

October 2020 – March 2021

For this period, the financial regime reverts to the CCG operating within a defined funding position. NHS Kernow submitted its revised plan for the second half of the year covering October 2020 to March 2021 on 22 October. This formed part of a broader 'system' plan alongside its local NHS partners – Royal Cornwall Hospitals NHS Trust and Cornwall Partnership NHS Foundation Trust. The CCG's plan is to deliver financial breakeven in the second half of the year.

The 'in month' position for October is summarised below:

	£'000
Allocated Resources	86,451
Expenditure (including Hospital Discharge Programme costs)	89,292
(Excess) of costs over funding	<u>(2,841)</u>
Hospital Discharge funding claimed	3,123
Surplus for the month	<u>282</u>

Further information is provided in the following Annexes:

Financial summary April 2020 to September 2020 is detailed in annex 1

Financial summary October 2020 to March 2021 is detailed in annex 2

Resource limits are detailed in annex 3

Recommendations and specific action the Governing Body needs to take at the meeting

The Governing Body is asked to:

1. Note the contents of this report

Additional required information

Cross reference to strategic objectives

- Improve health and wellbeing and reduce inequalities
- Provide safe, high quality, timely and compassionate care
- Work efficiently so health and care funding give maximum benefits
- Make Cornwall and the Isles of Scilly a great place to work
- Create the underpinning infrastructure and capabilities critical to delivery

Evidence in support of arguments: As noted in the paper

Engagement and involvement: Not applicable

Communication and/or consultation requirements: Not applicable

Financial implications: Monitoring and reporting in line with National Guidance

Review arrangements: Finance report is updated on a monthly basis

Risk management: See narrative for potential risk areas.

National policy/ legislation: Reflects the current financial regime

Public health implications: None identified

Equality and diversity: None identified

Climate change implications: None identified

Other external assessment: Retrospective top up funding is subject to NHS England & Improvement scrutiny

Relevant conflicts of interest: None identified

Financial position: April 2020 to September 2020

The table below summaries the financial position for the first 6 months of the current financial year, as reported last month.

Months 1 - 6						
Month 6 Expenditure analysis	NHSE/I baseline £'000	Month 6 position reported to NHSE/I £'000	Variance at Month 6 £'000	Top up adjustments received to Month 5 £'000	Outstanding top up adjustment for Month 6 £'000	Variance after top up adjustments £'000
<u>Programme Expenditure</u>						
NHS Expenditure	296,389	296,389	0			0
Non NHS Expenditure						
Acute	10,984	2,807	8,177	(6,859)	(1,318)	0
Mental Health	16,288	12,031	4,257	(3,445)	(812)	0
Community Health	4,888	4,887	1	38	(39)	0
Continuing Healthcare	32,740	47,493	(14,753)	12,850	1,903	0
Primary Care	51,426	52,549	(1,123)	692	431	0
Prescribing	47,819	52,402	(4,583)	3,920	663	0
Other	15,025	15,081	(56)	(218)	274	0
Total Programme Spend	475,559	483,639	(8,080)	6,978	1,102	0
Running Costs	4,499	4,832	(333)	405	(72)	0
Total CCG expenditure	480,058	488,471	(8,413)	7,383	1,030	0
Baseline allocation	(480,058)					
Surplus/(Deficit)		0				

As noted earlier in the report, the requested ‘top up’ funding for month 6 has yet to be confirmed. The table shows that, provided this is allocated in line with the CCG funding claim, then the CCG will be in financial balance for the first 6 months of the year.

Financial position: October 2020 to March 2021

The table below covers the expenditure against plan for the second half of the year to date (i.e. October 2020 only):

	Month 7 - 12				Year to date Variance £'000
	Year to date Plan £'000	Year to date Actual £'000	Year to date HDP costs claimed £'000	Year to date actual (exc HDP costs) £'000	
<u>Programme Expenditure</u>					
Acute	40,021	40,008		40,008	13
Mental Health	9,706	9,585		9,585	121
Community Health	9,314	9,416	(123)	9,293	21
Continuing Healthcare	4,750	7,743	(3,000)	4,743	7
Primary Care	9,288	9,288	0	9,288	0
Prescribing	8,854	8,782		8,782	72
Other	3,559	3,537		3,537	22
Total Programme Spend	85,492	88,359	(3,123)	85,236	256
Running Costs	959	933		933	26
Total CCG expenditure	86,451	89,292	(3,123)	86,169	282
Baseline allocation	86,451			86,451	
Surplus/(Deficit)	0			282	

The plan for this period of the year is based on expenditure predictions taking account of the run rate earlier in the year, the estimated financial consequences of COVID costs (other than hospital discharge programme, which continues to be funded separately) and stepping up activity during the period. The Plan also assumes some slippage will occur against the proposed investment requirements (or other one-off gains will accrue) to keep the financial position in balance overall. The CCG plan is one part of the broader NHS system plan – there is an expectation that the local NHS system manages its financial delivery across all its constituent bodies

to ensure that the combined financial delivery target is achieved for Cornwall and the Isles of Scilly.

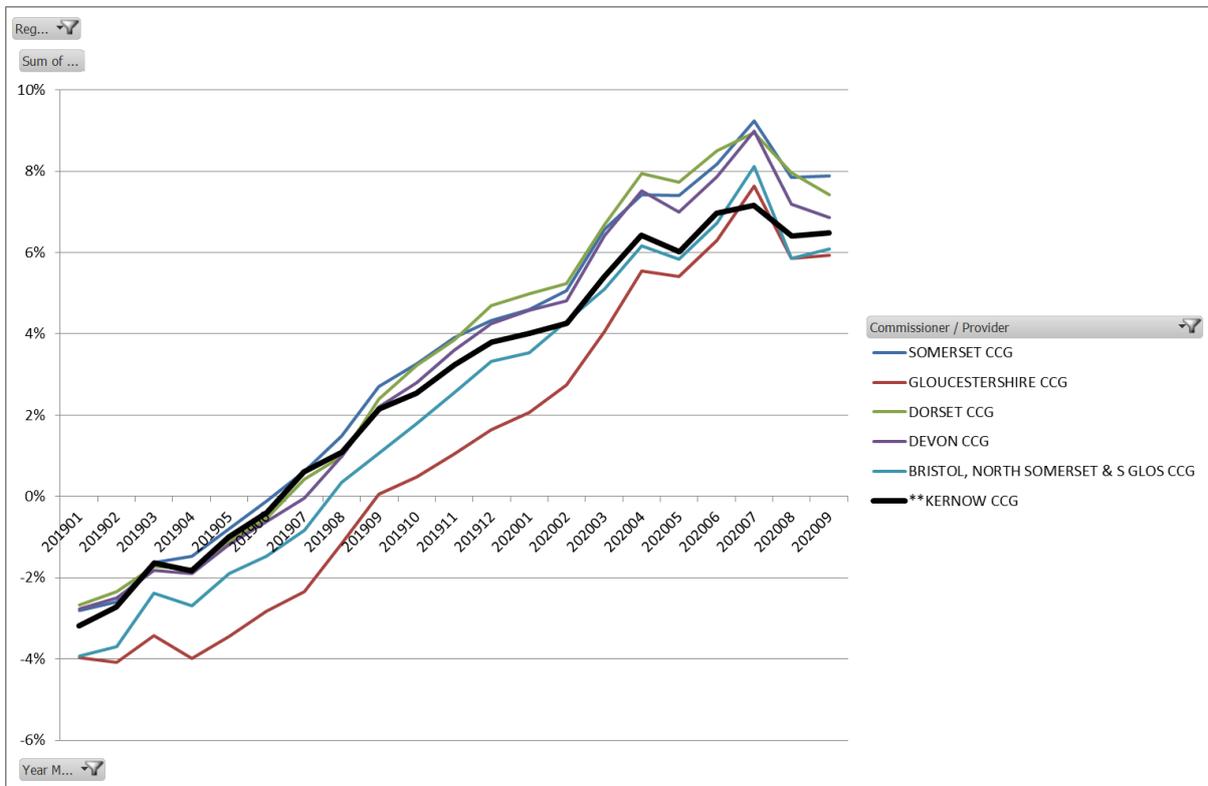
Payments to NHS providers continue to be made in line amounts agreed as part of the system plan submission and are made a month in advance as advised by NHS England & Improvement until further notice. The amount paid in advance is included as a prepayment in the CCG's Statement of Financial Position, and so is not reflected in the expenditure position in the table above.

Commentary

As can be seen from the table above, there is a small underspend of £282k for October. This is largely driven by a lower number of individual mental health packages of care and an improvement in 'No Cheaper Stock Obtainable' projections in prescribing. All other expenditure is broadly in line with plan. This is expected at this point, as trends continue to be consistent with those factored into the month 7-12 planning. As we progress through to later months, the profiles of investment, COVID pressures, CHC assessments and slippage will have more impact on the monthly position.

The Committee will be aware that prescribing costs can be particularly volatile, and subject to external pricing factors. The plan position reflected the best estimates of the pricing pressures (mainly 'cat M' pricing and additional costs for 'No Cheaper Stock Obtainable' products), based on latest in-year trends and published information at the time. Since the agreement of the plan, estimates of these pricing pressures over the remainder of the year have reduced a little, and this is reflected in the month 7 position reported above. At this stage we do not have any actual prescribing data for the period, due to the national time lag in collation.

We have recently received September prescribing data, which was broadly in line with expectations. The local rolling average growth rate, in comparison to other nearby CCGs, is below.



There is no provision in the financial plan for any additional costs associated with Brexit, although this was flagged as a known risk. It is too early to determine what, if any, impacts on prescribing practice, or pricing, Brexit may have.

As we move further into the second half-year, we expect to provide more detail on key spend areas including significant investments, COVID costs actually incurred and the arrangements for securing Independent Sector acute activity (as national processes are confirmed). There was no additional risk reporting to NHS England/Improvement at month 7, given its proximity to the Plan sign-off, but this will become an increasingly important focus over the remainder of the year.

Hospital discharge programme

The CCG incurred £3.226million on COVID related expenditure in October of which £3.123million relates to the Hospital Discharge Programme (and has been claimed for reimbursement). The non-HDP COVID costs are met from the fixed funding envelope already notified to the system.

As reported to the Committee last month, there are now two tranches of Hospital Discharge Programme (this programme mainly impacts on the Continuing Healthcare area of expenditure):

- Tranche 1 relates to discharges up until 31 August with the expectation that all packages will have been assessed by 31 March 2021
- Tranche 2 relates to discharges from 1 September and central funding is restricted to the point at which any necessary Continuing Healthcare eligibility or Care Act assessments are completed, subject to an absolute limit at 6 weeks.

The rate at which assessments under both elements of the programme are undertaken will heavily impact on the rate at which packages revert to 'business as usual' Continuing Healthcare expenditure. We do not have any clear trends on this yet, and the management of the response to the current COVID pressures may well impact upon this. This remains a key area for monitoring over the coming months.

Resource Limits

In addition to the main funding allocation, NHS England continues to allocate additional funding streams from national Service Development Funding reserves. The planning process has led to additional clarity on this in this financial year, with significant sums being advised as we move into month 7-12. The table below details the specific allocations received so far:

	£'000	
Initial funding for October 2020 to March 2021	521,756	
Workforce: retained doctors	114	assumed in planning
Workforce: Training Hubs	119	assumed in planning
Practice resilience programme	79	assumed in planning
Reception and clerical training	99	assumed in planning
Primary Care Networks - development and support	430	assumed in planning
Online consultation software systems	153	assumed in planning
CYPMH 0-18	22	assumed in planning
CYPMH Green Paper	473	assumed in planning
Continual Glucose Monitoring	20	assumed in planning
System infrastructure	199	assumed in planning
NHS111 First	201	assumed in planning
Alcohol project	42	assumed in planning
UEC 111 Finance Support	50	additional release of funding
National Diabetes Prevention Programme	50	additional release of funding
Outpatient Transformation	75	additional release of funding
GPN 10PP 2020/21 funding	10	additional release of funding
Digital - Primary Care DPFC 20/21	585	additional release of funding
Adult MH - Suicide Prevention & Bereavement	110	additional release of funding
Adult MH - Individual Placement Support (IPS)	250	additional release of funding
Perinatal	66	additional release of funding
MH Freed	35	additional release of funding
Community/CETR	175	additional release of funding
CYP Keyworker	250	additional release of funding
GP MIG schemes	235	additional release of funding
Confirmed funding for the period October 2020 to March 2021	525,598	

All allocations are initially held in reserve and only transferred to operational budgets when they have been through the relevant financial governance processes. With the introduction of the Business Planning and Performance Group, this will provide a regular gateway for scrutiny over proposals and benefits for allocations that are notified to the CCG.