

Meeting of the Governing Body Summary sheet

Date of meeting: 6 April 2021

For: Public session (Part 1)

For: Information

Agenda item: Month 11 finance update

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Presented by: Simon Bolitho, deputy chief finance officer

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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 to September 2020

The Governing Body is already aware that, for this period of the year, NHS Kernow has received funding that equalled expenditure and so is reporting financial balance.

As reported to the Governing Body previously, the NHS Kernow was selected to have an audit of its COVID-19 funding claims for the period April 2020 to September 2020. This audit was commissioned and paid for by NHS England as part of a wider set of national COVID-19 audits of both providers and CCGs. Whilst the report is addressed to NHS England and Improvement, the findings have been shared with the CCG, and will be reported to the Audit Committee once the report is finalised. There are no material issues identified with regard to the claims submitted: no amendments to the reimbursements are anticipated.

October 2020 to March 2021

For this period, the financial regime reverts to NHS Kernow (and the system) 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. The formed part of a broader 'system' plan alongside its local NHS partners: Royal Cornwall Hospitals NHS Trust and Cornwall Partnership NHS Foundation Trust. As the Governing Body will be aware, the CCG's plan is to deliver financial breakeven in the second half of the year. Whilst there is no retrospective top up funding in the

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second half of the year, the CCG does still receive additional funding to offset costs relating to the Hospital Discharge Programme (HDP).

There has been slippage in the expenditure profile that the CCG forecast for the second half of the year. As a result of this the CCG has had its funding adjusted to reflect that, with the intention of bringing the revenue/expenditure position back into balance at the end of the year. There has been a similar adjustment in relation to Cornwall Partnership NHS Foundation Trust, which is reflected in a decrease in expenditure in Community Services reported this month.

The position for the period October to February is summarised below:

	£'000
Baseline allocation	444,366
Hospital Discharge funding claimed	917
Total funding for the period	<u>445,283</u>
Expenditure (including Hospital Discharge Programme costs)	442,549
Surplus for the period to date	<u>2,734</u>

Further information is provided in the following Annexes:

Financial summary: October 2020 to March 2021	Annex 1
Hospital Discharge Programme	Annex 2
Resource limits	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: Relevant risks are noted in the narrative of the report.

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 and Improvement scrutiny

Relevant conflicts of interest: None identified

Financial position: October 2020 to March 2021

As has been reported before, the plan for second half of the year was set taking account of the rate of spend experienced in the earlier part of the year, and for additional planned investments to recover activity and services. Since that planning was completed, the path of the pandemic has significantly changed across the country and we have had to manage increased COVID-19 related pressures in hospitals, and across the broader health and care system. From late December, the service focus has also had to encompass the rollout of the COVID-19 vaccination programme by both secondary and primary care colleagues.

The CCG has experienced slippage against the initial spend plans as a result of this revised context. The focus on the COVID treatment needs and vaccination programmes has also made it more difficult to effectively deploy additional resources that have been allocated to the CCG subsequently, creating further scope for underspends in-year. In order to bring the CCG back to a balanced position, and to allow surplus funding to support other parts of the NHS with differing pressures, a £7million reduction in funding was actioned between NHS Kernow and NHS England in month 11. In a similar manner, there has also been a recovery of funding of £5million for Cornwall Partnership NHS Foundation Trust, reflecting slippage in their expenditure profile, which has been routed through the CCG. Both of these adjustments are reflected in the month 11 financial position.

The table below focusses on the expenditure against plan for the second half of the year to date (for example October 2020 to February 2021):

	October 2020 - February 2021			Full year		
	Ytd Plan £'000	Ytd Actual £'000	Ytd Variance £'000	Annual Plan £'000	Forecast Outturn £'000	Ytd Variance £'000
<u>Programme Expenditure</u>						
Acute	201,421	201,577	(156)	455,609	454,862	747
Mental Health	49,647	49,245	402	108,312	110,837	(2,525)
Community Health	46,667	46,530	137	98,658	98,617	41
Continuing Healthcare	32,951	32,170	781	86,415	85,803	612
Primary Care	11,962	11,816	146	27,850	26,809	1,041
Prescribing	43,566	44,124	(558)	105,151	105,486	(335)
Delegated Primary Care	37,002	36,111	891	89,112	87,650	1,462
Other	15,869	15,654	215	37,921	37,319	602
Total Programme Spend	439,085	437,227	1,858	1,009,028	1,007,383	1,645
Running Costs	5,281	5,322	(41)	11,113	11,113	0
Total CCG expenditure	444,366	442,549	1,817	1,020,141	1,018,496	1,645
Baseline allocation	(444,366)	(444,366)		(1,020,141)	(1,020,141)	0
Surplus/(Deficit)	0	1,817		0	1,645	(1,645)
add: Outstanding HDP 1 & 2 claimed	0	917		0	1,684	(1,684)
less: HDP funding on account				0	(3,329)	3,329
Adjusted surplus/(deficit)	0	2,734		0	0	0

Ytd = Year to date

HDP = Hospital Discharge Programme

Commentary

At Month 11, NHS Kernow reported a year to date underspend of £2.7million after taking account of £917k Hospital Discharge funding claimed but not yet received.

The CCG continues to report a forecast year-end position of financial breakeven. As the Governing Body will be aware, there are a few current issues with the local Council which have been escalated for resolution. A judgement has been made about the potential outcome of these within the year-end forecast but they remain an area of uncertainty in the forecast at this point.

In view of the significant level of allocations received this year, but still to be deployed, as well as some of the other uncertainties around individual placements and other less predictable costs (for example, prescribing pricing issues), we have flagged at Month 11 that the outturn could still 'improve' by up to £1m by the year-end.

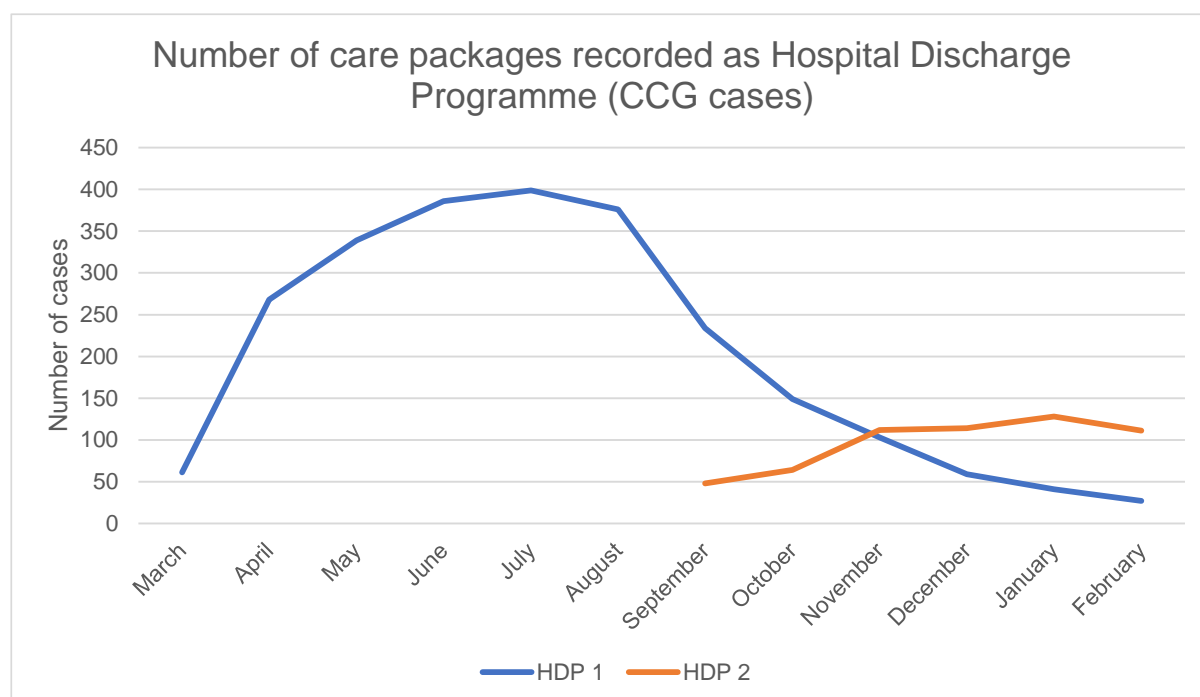
Payments to NHS providers continued as reported previously and were being paid a month in advance. The advance payment is accounted for as a prepayment and so not included in the year-to-date expenditure figures. There has been no advance payment made to providers in March and as a result there will be no need to account for a prepayment at year end.

In line with national guidance, and reflecting the current 'non-contractual' NHS provider funding arrangements, there has been a cash settlement between commissioners and providers for historic level of 'partially completed spells' and maternity pathway prepayments. These amounts had continued to be held in the CCG's Statement of Financial Position and so the settlement of these balances in cash has had no impact on the CCG income and expenditure position for the year.

Continuing Healthcare

One of the CCG's key areas of uncertainty in the second half of the year related to expenditure in Continuing Healthcare (CHC) placements. The uncertainty in CHC arose mainly from the unpredictable trajectory at which placements would transition from being funded under the Hospital Discharge Programme (HDP) back into core 'business as usual' spend as assessments are completed (or not, if HDP placements do not meet CHC criteria).

As can be seen from the chart below the number of CCG-managed HDP 1 qualifying packages has steadily reduced as CHC eligibility assessments have been completed. This reflects the fact that the initial HDP scheme (HDP1) was closed to new packages at the end of August, so we should expect to see them taper out entirely by the end of March 2021, and we are on track to achieve that. We are now seeing a broadly stable level of placements under the HDP2 scheme that ran from September onwards. We await further details of how HDP will be handled in 2021/22.

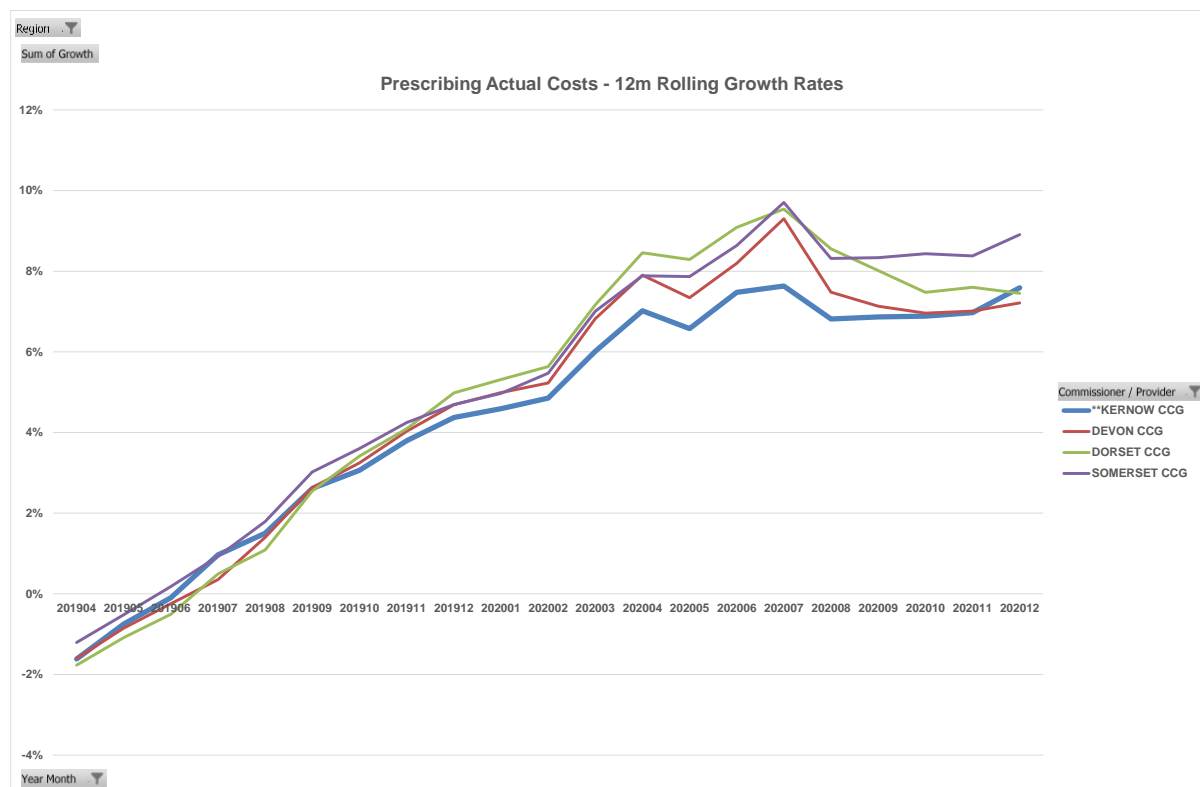


The plan for the second half of the year allowed for a significant level of conversion from Hospital Discharge funded packages back to 'business as usual'. In practice, the conversion rate continues to be below the planned level and this has resulted in an underspend being reported on core 'business as usual' expenditure, compared to the plan projections. HDP spend continues to come under significant scrutiny by NHS England and Improvement and therefore we expect further assurance to be required by them, on both the CCG and Council incurred elements, over the remainder of the year. We expect the HDP funding resources to be adjusted during the accounts closedown process, to agree back to final spend in the light of final submitted costs, but the timing and assurance processes for this have not yet been notified to us.

Prescribing

The level of monthly prescribing expenditure can often vary significantly from month to month due to pricing and volumes changes. There has been a small deterioration in forecast outturn this month as the total actual costs for the month of December were higher than expected. Broadly speaking, the forecast spend on the prescribing sub elements of Category M (generic drug pricing), £2.9million, and 'NCSO' (No Cheaper Stock Obtainable), £1.5million, remain unchanged from last month.

The latest available data is for December 2020. The local rolling average growth rate, in comparison to other nearby CCGs, is below.



Other budget areas

Other budget areas are showing some year-to-date variances. These continue to reflect some underspends where services have not been fully accessed or delivered during the Covid context, together with some additional costs incurred in meeting the challenges of the pandemic.

Primary care expenditure (excluding prescribing) is below plan for the second-half year. As noted in last month's report, the costs for nationally-funded new developments, for example the Additional Roles Reimbursement Scheme, have been lower than had been projected: practices have been focussed on the rollout of the COVID-19 vaccination programme since December and this has impacted on their ability to progress other initiatives. This has resulted in a year-to-date underspend of c£1million which is consistent with that reported last month

As will be noted from annex 3, there have been significant additional allocations received in the second half of the year. Whilst some of these represent pass through funding to providers, there are a number that require active management by the CCG. These are kept under regular review by the Business Performance and Planning Group (BPPG). It is however inevitable that, at a time when the focus is on the vaccination programme and continuing to support the COVID-19 response, that there will be some slippage in investment plans against new funding.

Hospital discharge programme

The CCG has incurred £28.8million on COVID-19 related expenditure since April 2020, of which £24.0million relates to the Hospital Discharge Programme (and has been claimed for reimbursement). These cumulative figures have decreased since last month as the Council have revised their overall claims, following data validation work. In addition, the Council have also finalised their baseline contribution to the HDP scheme which has been reflected in the month 11 returns, further reducing the net claim to date.

As reported to the Governing Body previously, there are two distinct tranches of Hospital Discharge Programme:

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

In respect of tranche 1, almost all of the necessary CHC assessments have been completed, with only a few remaining to be finished by the end of the month. The Council has secured additional resources, partly funded by the NHS, to support completion of the Care Act assessments by the 31 March deadline. NHS England issued a 'clarification' on eligible costs in early February that may impact on eligible costs for March – we are working with the Council and the regional team to ensure any uncertainty is resolved ahead of the final claim due in early April.

Tranche 2, as well as supporting routine placements from hospital, has also facilitated additional therapy and other inputs to support the process. At the time of writing, it is not wholly clear what HDP funding arrangements will be in place for 2021/22. It has been confirmed that the period up to 30 June 2021 will be covered by similar arrangements to those currently in place, but arrangements may be more restrictive thereafter. It is expected that further details will be clarified alongside the 2021/22 planning guidance from NHS England and Improvement, which is in the process of being issued.

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 some additional clarity on this in this financial year, but significant sums have continued to be advised as we move through months 7 to 12.

The table below details the specific allocations received up to the end of February 2021:

Non recurrent funding : October 2021 to February 2021

Funding Stream

Funding considered by BPPG and released to operational budgets	£'000
Diabetes Treatment and Care	147
National Diabetes Prevention Programme	50
CYP Keyworker Pilot	182
COVID support	1,099
NHS111 First	201
NHS 111 First - additional allocation	691
UEC 111 Finance Support	50
Primary Care Minor Improvement Grants	235
Impact and Investment Fund	243
Care Homes Premium	234
Increase in practice funding	100
Online consultation software systems	153
Practice resilience programme	79
Primary Care Networks - development and support	430
Reception and clerical training	99
Workforce: retained doctors	114
Workforce: Training Hubs	119
Practice Nurse funding	10
Digital - Primary Care DPFC 20/21	540
Integrating the Pharmacy & Medicine Optimisation	10
Pension (6.3% uplift)	530
MH Freed	35
MH Resilience Hubs	155
Discharge Funding - MH Winter Pressures	478

Community/CETR	175
CYPMH Green Paper	178
Perinatal	66
Perinatal - MOCT	84
Continual Glucose Monitoring (CGM)	20
Primary care practice fellowship and mentor schemes	130
CYPMH 0-18	22
Adult MH - Suicide Prevention & Bereavement	110
CYP Keyworker Pilot	68
Winter Pressures - Mental Health	196
CYP Respite	14

Pass through funding (relates to specific provider funding bids)

Alcohol	42
Envelope changes Pass through - RCHT	964
Health and Wellbeing Innovative ideas funding	10
HSLI Funding (Nerve centre and flow)	17
Prevention - Early Implementer Sites	m11 42
DA Seed Funding - Royal Cornwall Hospitals	m11 250
Elective Incentive Scheme Allocation Adjustment	m11 825
Elective Incentive Scheme Allocation Adjustment	m11 118

9,315

Funding considered by BPPG but not yet released to operational budgets

none identified

0

Other funding not yet released to operational budgets (held in reserves)		£'000	Exec lead
Outpatient Transformation		75	JG
Urgent Community Response Teams - Accelerator site		802	JG
CYPMH Green Paper		295	NJ
Adult MH - Individual Placement Support (IPS)		250	JG
Flash Glucose Offer to Patients with Learning Disability		11	JG
Kernow CCG Regional Winter Funds - Care Home Delays		75	JG
Health Equality Partnerships programme proposal funding		65	JG
System infrastructure		199	CB
Scaling Up Innovation - Digital Transformation		76	AA
System leadership / preparation funding		160	CB
HR support		34	CB
Long Covid-19 Funding - development of assessment clinics		85	JG
Elective recovery / managing capacity funding		81	JG
Diabetes		39	JG
SMI Outreach		42	JG
PHM development programme		50	CB
SW Region Leadership Development programme		9	CB
Clinical Leads Oximetry @Home		10	JG
Site Setup Oximetry @Home		30	JG
Children and Young People Respite		16	NJ
COVID support		432	AA
111 Comms campaign	m10	25	JG
Critical Care Monies	m10	56	JG
MH Crisis	m10	55	JG
Community/CETRs Allocation in 2020/21	m10	11	JG
Annual Health Check Exemplar in 2020/21	m10	40	JG
Approved M10 funding - remote monitoring licence costs	m10	22	JG
Flash Glucose Monitoring	m10	190	JG
Embed and Evaluate NHS Volunteer Responders	m10	30	JG
One South West Shared Care Records	m11	1,100	CB
Care Record funding brokered into 21/22	m11	(1,100)	CB
Urgent Community Response - Digital Projects Accelerator Sites	m11	50	JG
Perinatal Pelvic Health Early Implemeter	m11	30	JG
CCG OOH Funding	m11	19	CB
Primary Care Mentorship scheme	m11	14	AA
Primary Care Flexible Pools scheme	m11	120	AA
Proxy Access into Care Homes	m11	20	AA
Minor Improvement Grants funding adjustment	m11	(114)	AA
Physical Eating Disorder Service, Digital Remote monitoring	m11	50	JG
		3,454	
Total additional in year funding		12,769	