

Agenda Item: 11.1

Report to: Governing Body
Date of meeting: For Information
Date paper distributed: 11/11/2020
Subject: Q2 Finance report
Presented by: Laura Whitton
Previously distributed to: Integrated Governance & Audit Committee

STATUS OF THE REPORT	
Decision required	<input type="checkbox"/>
For Discussion to give Assurance	<input type="checkbox"/>
For Information	<input checked="" type="checkbox"/>
Report Exempt from Public Disclosure	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes

PURPOSE OF REPORT:	To provide an update on the financial position as at Q2 and the M7-M12 Plan (Integrated Care System and CCG).
Recommendations:	To note the year to date financial position for Q2, period ending 30 th September 2020 & budgets for M7-M12
Clinical Engagement	N/A
Patient/Public Engagement	N/A
Committee Process and Assurance:	The report has also been to the Integrated Governance & Assurance meeting on the 7 th December.

Link to CCG's Priorities	<ul style="list-style-type: none"> • Sustainable services <input checked="" type="checkbox"/> • Empowering people <input type="checkbox"/> 	<ul style="list-style-type: none"> • Supporting communities <input type="checkbox"/> • Fit for purpose organisation <input checked="" type="checkbox"/>
Are there any specific and/or overt risks relating to one or more of the following areas?	<ul style="list-style-type: none"> • Legal <input type="checkbox"/> • Finance <input checked="" type="checkbox"/> • Quality <input type="checkbox"/> • Equality analysis (and Due Regard Duty) <input type="checkbox"/> 	<ul style="list-style-type: none"> • Data protection <input type="checkbox"/> • Performance <input type="checkbox"/> • Other <input type="checkbox"/>

Provide a summary of the identified risk

Health: The Humber system M7-M12 plan submitted on the 20th October has a funding shortfall of £9.1m. This is against a requirement to breakeven. No formal feedback of the system plan has been received from NHS England & Improvement as yet. Risk that the system will be required to find savings to bring the system back into financial balance.

Adult Social Care: Forecasting “datasets” are not settled and as such are at risk of change.

Executive Summary

Health:

As noted in the Q1 report as part of the NHS response to COVID a finance regime was introduced where CCG's report a breakeven position during the M1-M6 period. This is achieved by a retrospective non-recurrent allocation adjustment equal to the overall year to date variance.

Q2 Finance Summary

Table 1	(£'000)		
	19/20 Outturn	M1-6 Actuals	M7-12 Budgets
Allocation	280,846		
Core Allocation		141,294	137,884
Top up allocation		3,898	0
Confirmed Service Development Fund		0	1,163
COVID specific allocation		0	2,947
Service Development Fund (SDF) conditional allocation not yet received		0	961
	<u>280,846</u>	<u>145,192</u>	<u>142,955</u>
Acute Services	149,094	70,444	70,168
Mental Health Services	30,739	17,768	17,740
Community health Services	20,268	11,994	10,126
Continuing Care Services	7,965	4,636	5,034
Primary Care Services (inc. Prescribing)	37,551	19,827	18,733
Primary Care Co-Commissioning	26,024	13,768	14,735
Other Programme Services	5,864	5,167	6,998
Running Costs	3,341	1,587	1,587
TOTAL EXPENDITURE	<u>280,846</u>	<u>145,192</u>	<u>145,121</u>
Under/(over) spend against in year allocation	<u>0</u>	<u>0</u>	<u>-2,166</u>

Key points to note for M1-6:

- At the time of writing this report the CCG has not yet received the M6 retrospective non-recurrent allocation of £1,105k due to the assurance process by NHS England taking longer.
- The main area of pressure in the first 6 months of the year is prescribing due to an increase in average price, rather than an increase in the number of scripts issued.
- The key areas of underspend have been within continuing healthcare due to assessments not taking place during the first lockdown and the covid hospital discharge funding scheme, which is described within the covid section of the report.

Month 7 - 12

Humber Coast & Vale Integrated Care System (ICS) has been issued with an allocation envelope and a Humber ICS plan was submitted on 20th October. The overall system shortfall before mitigations was £24.9m, table 2 below details the breakdown of the shortfall and the mitigations bringing the Humber system funding shortfall down to £9.1m. The requirement was to submit a breakeven plan. We are awaiting formal feedback from the centre, but the expectation is that the Humber ICS will be required to revisit its numbers to bring the plan back into balance.

Table 2	Humber ICS £'000
CCG's funding shortfall	(15,382)
Primary care	(680)
Conditional Service Development Fund (SDF) not included in allocation	(4,835)
Other	7,520
CCG Gap	<u>(13,377)</u>
Provider's funding shortfall	(632)
Lost income not recovered in full	(6,214)
Annual leave accrual	(4,750)
Provider Gap	<u>(11,596)</u>
Gross gap	(24,973)
Allowable adjustments e.g. SDF conditional funding, annual leave accrual, impact of other income not fully recoverable	15,799
Revised Humber ICS Gap	<u><u>(9,174)</u></u>

The CCG submitted an organisational plan on 22nd October in line with the ICS plan. Table 1 details the funding shortfall shown within the CCG plan was £2.1m.

In addition to the confirmed allocation noted above there is

- SDF conditional funding of £961k for Mental health and primary care. This is conditional and has not yet been received.
- Hospital Discharge funding
- Funding for local independent sector spend over and above M1-M6 expenditure

Key points to note:

- Requirement for the ICS to breakeven (no retrospective allocation adjustment)
- Mandated payments to NHS Providers continue
- CCGs are required to achieve their Mental Health Investment Standard, growth of 5.3% over 19/20 mental health expenditure
- Key pressures driving the CCG's £2.1m deficit are a carry forward from pressures seen in the first 6 months of the year e.g. prescribing cost pressures and we are expecting additional costs in the second half of the year e.g. catch up of CHC assessments

COVID expenditure split by Service Area

	Q1	Q2	Total Year to date
	30/06/2020	30/09/2020	(£'000s) 30/09/2020
Acute Services	0	13	13
Mental Health Services	1019	175	1,194
Community health Services	490	1599	2,089
Continuing Care Services	365	526	891
Primary Care Services (inc. Prescribing)	115	83	198
Other Programme Services	84	93	177
TOTAL COVID EXPENDITURE	2,073	2,489	4,562

COVID expenditure split by type of spend

	Year to date (£'000's)
	30/09/2020
Remote management of patients	209
Enhance PTS	132
Hospital Discharge Programme	2,355
Backfill for higher sickness absence	150
Remote working for non-patient activities	256
National Procurement Areas	1,133
GP SMS Additional costs	14
CHC inflation	80
After care and support costs	31
Care Homes	47
Other Covid-19	155
	4,562

Hospital Discharge Programme (£2.345m); The costs which can be claimed under this scheme are costs which are over and above what the individual was being funded pre the hospital admission. Discharge packages prior to 1st September fall under scheme 1, there are currently 153 individuals awaiting Adult Social Care assessment and 28 individuals awaiting CHC assessment. Discharge packages after 31st August fall under scheme 2, under scheme 2 only 6 weeks of funding is eligible to be claimed. As at 30th September there are 49 people awaiting Adult Social Care assessments and 4 individuals awaiting CHC assessment under scheme 2.

National Procurement Areas (£1.113m) relates to PPE purchased for our non NHS providers. This expenditure was prior to the nationally funded scheme coming on line.

Better Payment Practice

The CCG is currently achieving the 95% target in terms of value of invoices paid and number of invoices paid within 30 days.

On 20th April a Procurement Policy Note was issued stating all NHS organisations should aim to implement payments of all invoices within 7 days of receipt of goods or service. The CCG is currently achieving 83% by value

of invoices paid and 61% by number of invoices paid within 7 days. We are looking as to how we can improve on this, payments within 14 days are much higher at 98% by invoice value and 90% by number of invoices.

Adult Social Care:

Budget monitoring as at 30th September 2020 identifies an estimated year end forecast overspend variance of £3m. Key variances are highlighted in the table below:

	Variance 20/21 £'000
Underachievement of 20/21 savings plans	445
Underlying budget Gap	1,576
Provider sustainability and Minimum income guarantee (payment periods 1 to 6 and estimated provider sustainabiity Payment periods 7 to 13)	1,679
Underachievement of community and residential income	340
Underactivity on community and residential expenditure	-1,033
Forecast Overspend Period 6 20/21	3,007

Key points to note around assumptions and risks used to forecast the outturn position of £3m variance are listed below.

- Forecast position is based on current Income and expenditure activity levels as at August 2020 and does not predict future activity changes due to future impact of Covid-19 or customer behaviors, in addition the forecast does not include changes to demography and complexity.
- Forecast does not include Covid discharge income funding beyond month 6 (£871k estimated for periods 1 to 6), updated guidance comes into effect from 1st September which will continue to benefit adult social care, however at a lesser level than April to August. An estimate of this change is not within the current forecast position.
- Forecast Assumes receipt of Infection Control Grant funding into the Partnership agreement
- Forecast includes a non-recurrent contribution from Health of £300k

The Adult social care 20/21 forecast outturn is being considered within the council's overall outturn position and available funding. The expectation is that overall the council budgets will balance.