

Agenda Item: 10

Report to: Governing Body
Date of meeting: 11/03/2021
Date paper distributed: 08/03/2021
Subject: Q3 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 Q3 and the forecast for the Integrated Care System and CCG.
Recommendations:	To note the year to date financial position for Q3, period ending 31 st December 2020
Clinical Engagement	N/A
Patient/Public Engagement	N/A
Committee Process and Assurance:	The report is also going to the Integrated Governance & Assurance meeting on the 22nd March.

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

<p><u>Health:</u> Nothing material to highlight</p> <p><u>Adult Social Care:</u> Forecasting “datasets” are not settled and as such are at risk of change.</p>
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Executive Summary

Health:

As previously reported the CCG is operating under a revised finance regime in 2020/21, with a CCG plan having been produced for the second half (month 7 – month 12) of the year. The CCG's plan is part of the overall Humber system plan.

As at Q3 the CCG is forecasting to breakeven (Q2 Plan deficit of £2.1m). The table below summarises the key movements since the original plan submission.

m7-m12 Position

	£'000
Plan deficit (as reported at Q2)	(2,166)
Planned improvement in position (note 1)	183
Redistribution of Humber COVID allocation	131
Revised Plan (submitted 18th November)	(1,852)
CCG COVID expenditure (reduction in required spend)	1,000
Redistribution of Humber System Growth funding (note 2)	852
CCGs under/over spend against in year allocation	<u>0</u>

Note1: The Humber CCGs agreed to collectively plan for a £1m improvement in their positions. Our pro-rata share was £183k.

Note2: Growth funding of £852k held by Hull CCG as lead CCG for the Humber system was transferred to NEL CCG in month 10.

2020/21 Allocation

	Q3	Q2
	£'000	£'000
Core Allocation	281,331	279,178
Top up allocation (inc. covid outside of envelope)	4,766	3,898
Confirmed Service Development Fund	1,163	1,163
COVID specific allocation	2,050	2,947
Service Development Fund (SDF) conditional allocation not yet received	961	961
	<u>290,271</u>	<u>288,147</u>

Variances to note are:

- Core allocation has increased by £2.1m, the significant allocations are noted below:
 - £1.1m for Digital First primary care as we are the host CCG for the ICS.
 - £450k for primary care covid capacity expansion fund which has been passed to our practices.
 - £212k of GP Forward View allocation
 - £160k Mental health winter pressures
- Movement in top up allocation is due to £868k of covid outside of envelope funding which is predominantly in relation to the hospital discharge programme.
- Covid specific allocation has reduced by £897k due to the ICS split of the covid allocation being re-calculated.

Q3 Finance Summary

	20/21 Budget	M9 YTD Variance	FOT Variance
Acute Services	139,826	27	0
Mental Health Services	35,663	(85)	0
Community health Services	22,855	10	0
Continuing Care Services	9,023	(99)	0
Primary Care Services (inc. Prescribing)	40,218	(36)	0
Primary Care Co-Commissioning	27,975	(10)	0
Other Programme Services	13,389	(42)	(1,000)
Running Costs	3,174	3	0
TOTAL EXPENDITURE	292,123	(232)	(1,000)
TOTAL ALLOCATION	290,271		
In year under/(deficit) spend against in year allocation	(1,852)	232	1,000

The CCG has been advised by NHS England not to amend the plan budget but to show a forecast underspend against it. The above table shows the £1m reduction in required covid spend.

M9 YTD variances to note are:

- Continuing Care Services: the YTD underspend is due to the covid hospital discharge scheme funding and activity being lower than planned.
- Mental Health Services: the older people's budget is underspending due to activity levels being lower than planned.

COVID expenditure split by Service Area

	Q1 30/06/2020	Q2 30/09/2020	Q3 31/12/2020	Total Year To Date £'000s 31/12/2020
Acute Services	0	13	-13	0
Mental Health Services	1,019	175	153	1,347
Community Health Services	490	1,599	774	2,863
Continuing Care Services	365	526	121	1,012
Primary Care Services (inc. Prescribing)	115	83	28	226
Primary Care Co-Commissioning	0	0	450	450
Other Programme Services	84	93	87	264
TOTAL COVID EXPENDITURE	2,073	2,489	1,600	6,162

COVID expenditure split by spend type

	Total Year To Date £'000s 31/12/2020	Year To Date £'000s 30/09/2020
Remote management of patients	232	209
Existing Workforce Additional shifts to meet increased demand (exc. Primary Care additional capacity)	291	0
Enhance PTS	205	132
Hospital Discharge Programme	3,214	2355
Backfill for higher sickness absence	177	150
PPE - locally procured & other associated costs	1,184	1133
Remote working for non-patient activities	94	256
Segregation of patient pathways	88	0
GP SMS Additional costs	14	14
CHC inflation	74	80
After care and support costs	48	31
Care Homes	48	47
COVID 19 Related MH services	21	0
Additional capacity (excluding care homes)	450	0
Other Covid-19	22	155
	6,162	4,562

Please note that from month 7 additional Covid categories were added to split expenditure down.

Hospital Discharge Programme (£3.214m); 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, as at 31st December 14 await Adult Social Care assessment and 3 individuals await CHC assessment (As at February 21, scheme 1 assessments for ASC and CHC have been completed). Discharge packages after 31st August fall under scheme 2, under scheme 2 only 6 weeks of funding is eligible to be claimed. During December 42 people were supported by Adult Social Care services and 7 individuals supported by CHC services under scheme 2.

PPE locally procured & other associated costs (£1.184m) 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. At December 99.8% by value & 98.85% by number of invoices were paid within 30 days. This includes the invoices paid via NELC.

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 59% by number of invoices paid within 7 days through SBS Oracle for the year to December 2020. We are looking as to how we can improve on this. Payments within 14 days are much higher at 98% by invoice value and 88% by number of invoices.

Humber Coast & Vale ICS Finance Overview

		HUMBER, COAST & VALE ICS - MONTH 09							RAG
		YTD Plan	YTD Actual	YTD Variance	FY Plan	FY Forecast	FY Variance	FY Var Movement	
		£000s	£000s	£000s	£000s	£000s	£000s	£000s	
	I&E Performance	(8,248)	(2,835)	5,413	(32,299)	(30,609)	1,690	(715)	
	System Envelope Performance						2,484	5,126	
	Capital Expenditure	83,582	56,420	27,162	160,066	146,865	13,201	2,902	
	Capital Charge against System CDEL	41,837	30,850	10,987	69,774	65,113	4,661	409	
	Covid Spend		124,444			143,602			
	Cash Balance	202,239	275,798	73,559	113,571	146,307	32,736	24,378	
	Efficiency	0.3%	0.4%	0.2%	0.4%	0.6%	0.2%	0	
		NHS	Non NHS	Total					
	Better Payment Practice Code	79%	83%	83%					

System Envelope Performance. Objective - To Break Even. Forecast Variance £2.5m Surplus

- **This is how the ICS is managed from an I&E perspective in 20/21**
- It reflects performance against the ICS plan of £32.4m less “allowable adjustments” of £33.4m
- This reflects a balanced plan in North Yorkshire Geographic Partnership and £2.5m positive variance in Humber Geographic Partnership.
- The £2.5m surplus reflects a forecast improvement in M9 of £5.1m in the Humber geography, £2.6m release of covid contingency (ER, NEL CCGs), and assumed IS income in Hull University Teaching Hospital (HUTH) & Northern Lincolnshire & Goole NHS Foundation Trust (NLAG) £2.5m
- Year to date ahead of plan, most notably in NLaG (£2.5m), HUTH and Harrogate (£1.1m each) however all are reporting this run rate underspend will reverse by year end mainly due to assumed level of outstanding annual leave.

Covid Spend £124m in 9 months – memorandum item of covid specific spend across the ICS. This includes all spend including hospital discharge scheme. (Funded separately to the covid allocation)

Adult Social Care:

Budget monitoring as at 31st December 2020 identifies an estimated year end forecast overspend variance of £1.1m, based on the current 20/21 Partnership value of £45.2m. 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	1,382
Underachievement of community and residential income	132
Under activity on community and residential expenditure	-2,444
Forecast Overspend Period 9, 20/21	1,091

Key points to note around assumptions and risks used to forecast the outturn position of £1.1m variance are listed below.

- Forecast position is based on current Income and expenditure activity levels as at December 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. December activity reflects the recent reduction in Care Home residents.
- Forecast includes an estimate of COVID discharge income funding to 31st March (£1.4m estimated for periods 1 to 12).
- Forecast Assumes receipt of Infection Control Grant funding for rounds 1 and 2, totaling £4.3m, 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. A year end Partnership agreement variation will be actioned to bring the forecast variance back to balance.