

Agenda Item:

Report to: Governing Body
Date of meeting: For Information
Date paper distributed: Click or tap to enter a date.
Subject: Q1 Finance report
Presented by: L Whitton
Previously distributed to: Integrated Governance & Audit Committee on 06/09/21

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 Q1 and the forecast for the Integrated Care System and CCG.
Recommendations:	To note the financial position at Q1, period ending 30th June 2021
Clinical Engagement	N/A
Patient/Public Engagement	N/A
Committee Process and Assurance:	This report has been to the Integrated Governance & Audit Committee on 6th September 2021

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></p> <ul style="list-style-type: none"> the CCG is not expecting to receive any Elective Recovery Funding and as an ICS there is a risk regarding this funding built into the ICS plan. Uncertainty about CCG allocations for the final 6 months of the year. <p><u>Adult Social Care:</u></p> <ul style="list-style-type: none"> Forecasting "datasets" are not settled and as such are at risk of change Government covid-19 grant support to Care Providers is confirmed to 30th September however support is uncertain after this point.
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Executive Summary

Health:

As previously reported in the CCG budget report the revised finance regime in place last year due to the pandemic has continued for the first 6 months of 2021/22, as such a H1 financial plan for the first 6 months (April to September) has been produced.

The CCG H1 plan has a £2.9m deficit (all CCGs have a deficit), however this deficit will be mitigated by growth/covid funding totalling £2.9m which is currently sat with Hull CCG.

2021/22 Allocation	Q1	Budget per H1
	£'000	plan (Apr-Sept 21)
CCG programme	129,838	128,972
CCG delegated	14,516	15,494
CCG running costs	1,587	1,587
Covid outside of envelope	602	
TOTAL ALLOCATION	146,543	146,053

The key movements in the allocation since the plan are:

- CCG Programme allocation;
 - £978k PMS premium transferred from delegated to core primary care as in previous years
 - £235k for Q1 GP covid expansion fund, this will be paid to PCNs on submission of plans.
 - £395k reduction relating to the transfer of adult mental health liaison system development funding to North Lincolnshire CCG. We are the host CCG and all funding comes via us.
- Delegated allocation; a reduction of £978k due to the PMS premium transfer noted above
- Covid outside of envelope; hospital discharge funding claimed and received in month 4.

Q1 Summary

	21/22 H1 Budget	M3 YTD Variance (-ve	
	(Apr-Sept 21)	underspend, +ve	FOT Variance
		overspend)	
Acute Services	74,680	(216)	0
Mental Health Services	18,336	(104)	0
Community health Services	10,644	(14)	0
Continuing Care Services	4,424	1	0
Primary Care Services (inc. Prescribing)	19,380	198	0
Primary Care Co-Commissioning	14,516	(17)	0
Other Programme Services	5,858	104	0
Running Costs	1,587	0	0
TOTAL EXPENDITURE	149,425	(48)	-
TOTAL ALLOCATION	146,543		
In year under/(deficit) spend against in year allocation	(2,882)	48	-

M3 YTD variances to note are:

- Acute Services:
 - NOUS (Non-Obstetric Ultrasound) activity is significantly higher than in previous years, as at month 3 we are £313k over budget, this in part is due to supporting the clearance of the backlog at Northern Lincolnshire & Goole NHS Foundation Trust (NLAG) alongside a significant increase in the number of ultrasound guided injections and transvaginal ultrasound being done by the community NOUS provider. Historically this activity was carried out by NLAG and was low volume.
 - This overspend is being offset by St Hughs activity being significantly lower than in previous years. For month 1 and 2 respectively our activity equated to 69% and 71% of 19/20 levels. As noted previously in the budget paper St Hugh's have protected their capacity to support NHS recovery across United Lincolnshire NHS Trust, NLAG and Hull University Teaching Hospital. This has led to a reduction in the capacity "ringfenced" for NEL patients as NLAG have taken up a lower percentage of the overall St Hugh's capacity than the CCG has used historically.
- Mental Health Services: the older people's budget is underspending due to 2 placements ceasing, equating to a £52k year to date under spend.
- Primary Care Services: April's prescribing data was significantly higher than planned both in terms of number of items and cost per item. During the pandemic prescribing costs have significantly fluctuated both up and down and we continue to monitor the position closely.
- Other Programme Services: Majority of the difference is due to a budget phasing issue which have now been resolved.

Elective Recover Funding (ERF)

- From 1st July the thresholds for earning ERF have been adjusted to 95% of 2019/20 activity levels previously this was 85%. ERF will be paid at 100% of tariff above the 95% threshold and at 120% of tariff above 100% of 2019/20 activity. ERF will continue to be earned on an ICS system basis.
- ERF payable to the CCG in respect of direct payments made to non-NHS providers is zero YTD and the 6-month forecast is also zero. This is primarily due to the reduction in capacity at St Hugh's as noted above and the change in threshold for Q2.

The tables below give a breakdown of the CCG's covid outside of envelope expenditure.

COVID expenditure split by spend type

	Q1 30/06/2021 £'000	Q2 Forecast 30/09/2021 £'000
Hospital Discharge programme	602	859
Covid vaccination costs - Additional costs for reducing inequalities		15
	602	874

Hospital Discharge Programme: 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 between 1st April 2021 and 30 June 2021 will have up to 6 weeks of care funded. The ICS has been given a system allocation of £17.6m. If the ICS uses its allocated hospital discharge budget in full it will need to fund any additional costs from within its core allocation.

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 June 99.1% by value & 98.92% by number of invoices were paid within 30 days. This includes the invoices paid via NELC.

On 20th April 2020 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 81% by value of invoices paid and 28% by number of invoices paid within 7 days through SBS Oracle for the year to June 2021. We are looking as to how we can improve on this. Payments within 14 days are much higher at 85% by invoice value and 81% by number of invoices.

Humber Coast & Vale ICS Finance Overview

		HUMBER, COAST & VALE ICS - 2021/22 MONTH 3						YTD RAG	H1 RAG
		Year to date - M3			H1 Plan				
		Plan	Actual	Variance	Plan	Forecast	Variance		
		£000s	£000s	£000s	£000s	£000s	£000s		
	System Envelope Performance	1,992	13,111	11,119	0	208	208	●	●
	Elective Recovery Fund		22,402		62,466	41,624	(20,842)		●
	Hospital discharge Programme		7,249		22,328	13,981	8,347		●
	Capital Expenditure - Total	17,880	8,113	9,767	138,296	138,296	0	●	●
	Capital Charge against System CDEL	11,232	4,676	6,556	72,475	72,475	0	●	●
	COVID Outside of envelope		14,536		34,161	30,380	3,781		●
	Cash Balance (Providers)		177,608		89,860	92,402	2,542	●	●
	Efficiency - CCGs				8,637				
	Efficiency - Providers		5,491		10,166	12,143	1,977		●
		NHS Value	Non NHS Value	Total Value	NHS Volume	Non NHS Volume	Total Volume		
	Better Payment Practice Code	91%	90%	91%	81%	90%	90%		

Adult Social Care:

	Annual budget	Forecast outturn	Forecast outturn Variance
	£'000	£'000	£'000
Better care fund	-4,790	-4,790	0
Community Services	32,510	32,545	35
Running Costs	1,382	1,382	0
Residential services - Long & short term support	16,154	16,049	-105
Universal Services and Service delivery	3,283	3,325	42
Partnership Agreement	48,539	48,511	-28

Key points to note are:

- The overall forecast outturn position reported as at Q1 includes two key variances relating to an anticipated shortfall of income relating to residential care client fees, and a reduced cost of commissioning of packages of care, both of which are in part due to lower than anticipated activity.
- Adult Social Care continues to be particularly affected by the Covid 19 pandemic and activity within our residential and community services continue to be unsettled compared to what may usually be expected.
- Pressures currently within the health system due to COVID are impacting on the delivery of care at home and may increase the need for longer term, more complex care packages.
- Workforce shortages are becoming more evident and with the implementation of mandatory vaccination for care staff there is a further risk to workforce supply. This is being felt across the whole of the Yorkshire and Humber region.
- The forecast outturn position is based on current income and expenditure activity levels and does not predict future activity changes due to future impact of Covid 19 or customer behavior which may impact later in 2021/22.

ASC savings plans

The current position assumes full achievement of savings of £0.7m, with community contracts including savings proposals in the process of being signed off. Capacity to deliver significant change programmes during the on-going pandemic response may place savings plans at risk.

Covid Grants

As at quarter 1 £1.3m of ringfenced COVID grants are being passported through to providers as part of the Governments ongoing funding response, and additional funding of £1m will be distributed during Q2. This additional funding is currently avoiding the need for base sustainability payments, however residential care services continue to operate at below optimum (and viable) occupancy levels, despite recent home closures.