

<b>Title of Meeting:</b>	<b>Governing Body</b>	<b>Agenda Item: 5.1</b>									
<b>Date of Meeting:</b>	<b>30 April 2020</b>	<table border="1"> <tr> <th colspan="2">Session (Tick)</th> </tr> <tr> <td><b>Public</b></td> <td align="center">X</td> </tr> <tr> <td><b>Private</b></td> <td></td> </tr> <tr> <td><b>Workshop</b></td> <td></td> </tr> </table>		Session (Tick)		<b>Public</b>	X	<b>Private</b>		<b>Workshop</b>	
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<b>Public</b>	X										
<b>Private</b>											
<b>Workshop</b>											
<b>Paper Title:</b>	<b>Finance Report as at 29 February 2020</b>										
<b>Responsible Executive Lead</b> Jane Hawkard, Chief Finance Officer		<b>Report Author and Job Title</b> Jane Hawkard, Chief Finance Officer									
<b>Purpose (this paper if for)</b>	<table border="1"> <tr> <th>Decision</th> <th>Discussion</th> <th>Assurance</th> <th>Information</th> </tr> <tr> <td></td> <td></td> <td align="center">X</td> <td></td> </tr> </table>			Decision	Discussion	Assurance	Information			X	
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		X									
<p><b>Has the report (or variation of it) been presented to another Committee / Meeting? YES</b>  <b>If yes, state the Committee / Meeting:</b> Finance Performance Commissioning and Contracting Committee (FPCCC) on 16 April 2020.</p>											
<p><b>Executive Summary</b>  The purpose of this paper is to inform the Governing Body of:</p> <ol style="list-style-type: none"> <li>The financial position of the three North Yorkshire CCGs as at 29th February 2020 and the forecast for the end of year.</li> <li>To provide assurance from the FPCCC that Covid-19 costs are being recorded accurately, completely and within a timely manner to ensure reimbursement from NHSE.</li> <li>To provide details of on operational and financial planning for 2020/21</li> <li>To note that the governing body approved the operational scheme of delegation for Covid related expenditure at its meeting on the 23<sup>rd</sup> April so that decisions can be made with the appropriate speed required while adhering to strict processes of financial due diligence. The scheme of delegation is attached at Appendix 1.</li> <li>To note the pooling arrangement being set up and agreed with North Yorkshire County Council to support the national accelerated discharge guidance to assist with managing the Covid-19 emergency response. The principles set out in the pooling arrangements were agreed by the FPCCC at their 16<sup>th</sup> of April and further by the Governing Body on the 23 April.</li> </ol>											
<p><b>Recommendations</b>  <b>The Governing Body is being asked to:</b>  Note the 2019/20 forecast outturn as at 29 February 2020, the pooling arrangement with the Local Authority, the scheme of delegation for Covid-19 related expenditure and decision making as set out in the Appendix 2 and the governance arrangements with regards to Covid related expenditure.</p>											
<p><b>Monitoring</b>  The financial position of the CCG is monitored through the Executive Directors Group and the FPCCC. FPCCC will receive regular reports on Covid-19 and full details of Covid-19 expenditure and emergency decisions made.</p>											
<b>Any statutory / regulatory / legal / NHS Constitution implications</b>	CCG's have a statutory duty to break even.										
<b>Management of Conflicts of Interest</b>	No conflicts of interest have been identified prior to the meeting.										
<b>Communication / Public &amp; Patient Engagement</b>	Regular finance reporting will be made through GB meetings in public and through access to reports on the CCG website.										
<b>Financial / resource implications</b>	HRWCCG received an additional £6.0m Commissioner Support Funding allocation in month 12 as part of partnership working across the system resulting in a breakeven position. All Covid-19 expenditure is expected to be reimbursed through the NHS England reimbursement processes.										
<b>Outcome of Impact Assessments completed</b>	N/A										

## Finance Report

### 1. Financial Performance at Month 11 and Forecast Outturn

The summary table below is based on the latest assessment of each CCG's financial performance against plan.

**Table 1: Forecast Achievement of Financial Duties and Plans**

	Performance Assessment		
	HRW	HARD	SR
Operate within Financial Plan	Green	Green	Green
Operate within Running Costs Allocation	Green	Green	Green
QIPP Delivery (Estimate)	Amber	Amber	Amber
Not exceed Cashlimit	Green	Green	Green
Better Payments Practice Code (BPPC) (Volume) target 95%	Green	Green	Amber
Underlying Position	Red	Red	Red
Historical Deficit Brought Forward	£5.8m	£18.6m	£20.6m

1.2 The following CCG specific information should be noted:

- i. For Hambleton, Richmond and Whitby (HRW) CCG
  - a. For a number of months the CCG has been reporting that it has been unable to manage a number of significant risks including, activity over plan in Independent Sector and York Foundation Trust contracts and significant over spends against plans for Prescribing and Continuing Healthcare (CHC). As at month 11 the CCG forecast a deficit of £4.96m above the control total deficit of £1.04m, bringing the total in-year forecast outturn to a £6.0m deficit.
  - b. At month 12, NHS England increased the CCGs allocation of Commissioner Support Funding (CSF) by £5m as part of partnership working across the system. This has enabled the CCG to claim a further £1.04m CSF funding to bring the CCG back to a breakeven position against the control total; this revised breakeven position will be reported in month 12 accounts.
  - c. The final position for HRW CCG is a £6.6m in year deficit supported by £6.6m of CSF as agreed by NHS England.
- ii. For NHS Harrogate & Rural District CCG (HARD CCG):
  - a. The CCG is reporting a balanced position as at month 11. The reported position has secured Commissioner Sustainability Funding (CSF) for quarters 1. The reported position at month 11 secures CSF for quarter 4.
  - b. The CCG has also seen significant in year cost pressures in prescribing, CHC and main provider contract with Harrogate and District Foundation Trust. These cost pressures have been managed through a series of extra savings initiatives,

release of the contingency and support through the West Yorkshire and Harrogate Integrated Care System (ICS).

- c. The final position for HARD CCG is a £8.0m in year deficit supported by £8.0m of CSF as agreed by NHS England.
- iii. For NHS Scarborough & Ryedale (SR CCG):
- a. The CCG is reporting a balanced position as at month 11. The reported position has secured Commissioner Sustainability Funding (CSF) for quarters 1 to 3. The reported position at month 11 secures CSF for quarter 4.
  - b. The main pressure areas continue to be primary care prescribing, acute contract activity in the independent sector, and under delivery of the acute care savings within the York system. These pressures are being offset by a series of non-recurrent actions and the release of contingency.
  - c. SRCCG is expected to meet its financial targets at month 12. The final position for SRCCG is a £4.8m in year deficit supported by £4.8m of CSF as agreed by NHS England.

## **2. Financial Management of Covid-19 Related Costs**

The Governing Body (GB) received detailed information at its meeting on 2<sup>nd</sup> April on NHS England (NHSE) guidance in terms of action on Covid-19. In terms of CCGs the main elements are as follows:

- All contracting activity and planning for 2020/21 was ceased temporarily on the 17<sup>th</sup> March to enable the NHS to focus on Covid-19 related activity and planning
- Monthly cash payments to NHS providers were agreed by NHS England and instructions to pay these agreed amounts were given to CCGs.
  - Calculated values are based on the Provider view of the month 9 agreement of balances plus inflation and without any reduction for efficiency.
  - In the case of North Yorkshire CCG this results in a payment per month in excess of the original plan. This issue has been raised and is recognised by NHS England. The expectation is that there will be a reconciliation to the plan for all CCGs once the Covid emergency period ends. In preparation for this we are working with Humber Coats and Vale Health Care Partnership (HCV HCP) to prepare a consistent response with our partner CCGs and are considering our risks as part of the risk management process. More guidance is expected from NHS England.
- Independent Sector providers have been contracted for directly by NHSE for 3 months of capacity.
- CCG related Covid-19 costs are reimbursable if genuine, valid and reasonable and submitted in a timely basis to NHSE to an agreed timetable.
- All additional health and social care costs for patients discharged from hospitals are to be borne by the NHS. A pooling arrangement is to be agreed between the CCG and Local Authority to ensure that there are no disputes and finance issues that would stop discharges happening within 3 hours of agreement to discharge a patient as set out in new guidance issued.
- The first reimbursement of CCG costs was made for costs incurred up to the year of £325k has been received in extra allocation from NHSE.

- Further guidance on treatment of costs and management of funding flows between NHS and Non-NHS providers is still being received as NHSE agrees and refines its approach to dealing with Covid-19. For instance a national agreement with Hospices and Charities has been made with detailed guidance due on this agreement.

### **3. Detailed Operational and Financial Planning for 2020/21**

It should be noted that due to a cessation of planning and contracting activities that the CCG was in the middle of negotiating contacts with Providers for 20/21 and detailed operational planning. At the 17<sup>th</sup> March there were a number of significant risks above the original five year plan submission that the CCG was negotiating and dealing with in partnership with NHSE and the Humber Coast and Vale STP.

Over the past few weeks the North Yorkshire and York (NY&Y) system has been agreeing a final financial risk summary to enable the system to return to the outstanding issues in the future. A significant amount of this risk relates to agreeing in year savings programmes with Providers and the full year effects of year end Provider forecast outturns. A detailed analysis of these risks together with mitigating actions was presented to FPCCC at their meeting on the 16<sup>th</sup> of April.

Once the emergency Covid-19 period comes to an end there will be an expected transition period to return to business as normal which is when we expect to return to the agreed risk position and start to work through the mitigating actions. It should however be noted that it is unlikely that all risk will be able to managed by the CCG alone and partnership working with NHSE and HCV STP will be required.

As part of the mitigating actions the CCG is working with Carnall Farrar to further understand the underlying financial positions of all three previous CCGs and to model the future impact of these in the current financial regime.

Currently our focus is in ensuring that guidance is implemented in terms of Covid-19 and therefore this work is on hold.

### **4. Delegated Authority for Covid-related expenditure decisions**

#### **Delegation**

1. A scheme of delegation relating purely to dealing with Covid-19 additional expenditure is set out in the Appendix 2. The delegation is only in relation to Covid-19 spend and management of finances so that decisions can be made with the appropriate speed required while adhering to strict processes of financial due diligence and assurance. The main areas to note are as follows:
  - a. The Executive Director Group (EDG) has authority to agree up to £50K expenditure for single items.
  - b. Emergency Powers are available to agree single item expenditure above £50K where decisions are required to be expedited and two of the following staff agree; the Accountable Officer, The Clinical Chair and the Chief Finance Officer. Use of emergency powers is to be appropriately documented.
  - c. FPCCC is the Committee delegated to assure the process and also to agree details of any pooling arrangements.
  - d. The GB will receive assurance through reports from FPCCC and the regular Finance Report to the GB.

## 5. Pooling Arrangement with North Yorkshire County Council (NYCC)

### Expectation of Pooled Funding

- i. NHSE/I has clearly set out the expectation that Local Authorities and CCGs will work together to deliver expedited discharge so that patients identified for discharge are moved out of acute settings within 3 hours. The aim of creating a funding pool from which all expenditure is funded is to ensure there are no funding disputes which stop or delay in any way patients being discharged once the decision to discharge has been made. Detailed guidance has been provided by NHS England.
- ii. To enable this to happen it has been agreed that the NHS will fund additional costs of health and social care for a limited period to deal with Covid-19. Detailed guidance from NHSE/I has been provided to commissioners on the workings of the pool which the CCG will ensure it adheres to.
- iii. To this aim the local authority and North Yorkshire CCGs have been worked to develop a set of principles in terms of agreeing 'who pays' for the different aspects of additional costs re Covid-19.
- iv. An agreed set of principle has been produced in partnership and also with the Vale of York and Bradford and Craven CCGs. The principles were approved at FPCCC on the 16<sup>th</sup> of April and by Governing Body on 23<sup>rd</sup> April. The pool will be formally contracted for through a Section 75 agreement.
- v. Current delegated authority requires governing body to approve pooling arrangements however the revised Covid-19 related scheme of delegation attached at Appendix 2 gives authority for approval to FPCCC where the pool is Covid related.
- vi. FPCCC will receive regular updates on all CCG costs relating to Covid-19 and how costs are managed by the pool.
- vii. It should be noted that the CCG has not been given an allocation to 'pool' but a commitment from NHSE to reimburse costs. The Local Authority has been provided with an upfront allocation and as the main contractor of care beds has agreed to contract on our behalf from the pool and then in turn be reimbursed.
- viii. Detailed recording mechanisms have been agreed to ensure costs are captured through a single point and provided to the CCG on a weekly basis. It should be noted that mechanisms are being set up now and at speed.

COVID-19: FINANCIAL DELEGATIONS (3 <sup>RD</sup> April 2020)				
Ref	Expenditure type relating to Covid-19 emergency period  Additional Costs above budget	Authorisation delegations	Financial Management Arrangements	Oversight and Assurance Process
1	CCG Costs	<p>Executive Director Group (EDG) &lt; £50K for single issue amounts</p> <p>Use of Emergency Powers (2 of either AO, Chair, CFO) &gt; £50k</p> <p>EDG where national guidance is clear on expectation.</p> <p>Deputies are required to use Emergency Powers due to unavoidable sickness through the Covid crisis as follows: In the absence of AO, CFO – all exec Directors and Deputy CFO may substitute Clinical Chair – Vice Clinical Chair and in his absence any GP GB lead</p>	<ol style="list-style-type: none"> <li>1. EDG decisions to be noted.</li> <li>2. EDG will receive an analysis of costs incurred for the Covid-19 response on a weekly basis from Finance.</li> <li>3. Use of emergency powers to be systematically recorded.</li> <li>4. Note and ratify as necessary at FPCCC.</li> <li>5. FPCCC minutes.</li> </ol>	<ol style="list-style-type: none"> <li>1. FPCCC report to the GB.</li> <li>2. GB oversight through regular Covid-19 updates and report from FPCCC.</li> </ol>

2	Primary Care Costs	Ref (1) above applies	<p>Ref (1) above applies</p> <p>Management of £5k float and additional costs requested &gt; £5k float:</p> <ol style="list-style-type: none"> <li>1. Fortnightly submissions of spend required from primary care into finance inbox <b>nyccg.finance@nhs.net</b></li> <li>2. Additional costs &gt; £5k float to be separately agreed through appropriate Exec Director in consultation with CFO/Deputy CFO.</li> <li>3. All additional costs should be in line with national guidance on reimbursable costs. See note (A) below.</li> </ol>	<ol style="list-style-type: none"> <li>1. FPCCC report to the GB.</li> <li>2. GB oversight through regular Covid-19 updates and report from FPCCC.</li> <li>3. Full report to PCCC following Covid-19 emergency period. (Rationale for this is to ensure one single committee of assurance for all Covid-19 expenditure and in light that PCCC is likely to meet less regularly throughout this period.)</li> </ol>
3	NHS Providers	<p>CCG to follow national guidance on payments.</p> <p>NHS Providers are following NHSE reimbursement guidance directly with NHSE/I.</p> <p>See note (B) below</p>	<ol style="list-style-type: none"> <li>1. Regular financial reporting to FPCCC to include implications of national guidance. See Note (A) below.</li> </ol>	<ol style="list-style-type: none"> <li>1. Note at FPCCC.</li> <li>2. GB oversight through regular Covid-19 updates and report from FPCCC</li> </ol>
4	Residential and Nursing Care sector and	<p>CCG to follow national guidance:</p> <ul style="list-style-type: none"> <li>- Accelerated discharge</li> <li>- Pooled budget with LA</li> </ul>	<ol style="list-style-type: none"> <li>1. EDG to develop principles of managing any 'pooled budget' and in line with any national guidance</li> </ol>	<ol style="list-style-type: none"> <li>1. Regular reporting to FPCCC</li> <li>2. GB oversight through regular Covid-19 updates</li> </ol>

	market		<ol style="list-style-type: none"> <li>2. Where pooling is a national requirement the EDG will agree and notify the GB</li> <li>3. Arrangements for risk management and risk pooling is reserved to the GB delegated to FPCCC</li> <li>4. CFOs for NY&amp;Y CCGs &amp; NYC to review expenditure on a monthly basis against the principles and criteria.</li> </ol>	and report from FPCCC
5	Non NHS Providers: Independent Sector	National guidance applies were applicable	NHSE/I contracts with IS for 14 weeks. CCG contracts paused.	
6	Non NHS Providers: Hospices	National guidance applies were applicable  Pre any guidance follow rules as per (Ref 1) above	National guidance expected.  Additional costs of Covid-19 agreed to be funded will be managed in line with (Ref 1) above.  Where organisations are supporting Covid-19 effort with current or substitute activity they should continue to be paid at agreed contract rates as per agreed budgets.	<ol style="list-style-type: none"> <li>1. FPCCC report to the GB.</li> <li>2. GB oversight through regular Covid-19 updates and report from FPCCC.</li> </ol>
7	Non NHS Providers: Other, AQP, Cost and	National guidance applies were applicable  Pre any guidance follow rules as per (Ref 1) above	National guidance is to: <ul style="list-style-type: none"> <li>- Direct organisations to the gov'ts sustainability schemes</li> <li>- If critical for Covid-19 response consider</li> </ul>	<ol style="list-style-type: none"> <li>1. FPCCC report to the GB.</li> <li>2. GB oversight through regular Covid-19 updates and report from FPCCC.</li> </ol>



	Volume		<p>continuation of payments at agreed contract rates as per agreed budgets.</p> <ul style="list-style-type: none"> <li>- EDG to agree if CCG is to continue to pay at agreed or historical contract rates.</li> <li>- Additional costs to be managed in terms of (Ref 1) above.</li> </ul>	
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**Note A: Reimbursable Costs as per national guidance**

The current guidance defines valid additional costs as being genuine, reasonable additional marginal costs. Such costs could include:

- Evidence of increases in staffing costs
- Increases in temporary staff cover due to sickness absence/caring responsibilities
- Payments to bank staff and sub-contactor staff to cover sickness /caring responsibilities
- Costs of COVID activity
- Equipment needed
- Decontamination & transport
- Minor works if they can be delivered during the outbreak period. Capital purchases are to be relayed to the regional NHSE/I team for assessment by the national team.

**Note B: Monthly Cost reimbursement from NHSE/I process**

- On a monthly basis a spreadsheet of costs incurred will be submitted to NHS England for review and reimbursement.
- Any none reimbursable expenditure will be notified to EDG for further consideration and may require further approval depending upon value as set out in scheme of delegation.

**Note C: National Guidance on payments to NHS Provider**

National Guidance states that:

- For the period from 1.4.20 to 31.7.20 Providers will be paid an amount equal to the Month 9 agreement of balances plus inflation at 2.8% with no reduction for efficiency.
- The payment for April will be made on the 1<sup>st</sup> April, subsequent payments will be made on the 15<sup>th</sup> of the month preceding the month it relates. i.e. on the 15<sup>th</sup> April Mays block payment will be made.
- There will be a series of central top ups to 'true up' to the Providers cost base, this will include adjustments for NCA and private income lost
- Additional costs relating to Covid-19 will be reimbursable on a regular basis

**Note D: National Guidance on Independent Sector contracts**

- Larger IS Providers contracted by NHSE/1 during Covid-19 emergency period. Initially for 14 weeks. CCG contracts paused.