

Title of Meeting:	NY Governing Body	Agenda Item: 6.1									
Date of Meeting:	22 December 2020	<table border="1"> <thead> <tr> <th colspan="2">Session (Tick)</th> </tr> </thead> <tbody> <tr> <td>Public</td> <td>X</td> </tr> <tr> <td>Private</td> <td></td> </tr> <tr> <td>Workshop</td> <td></td> </tr> </tbody> </table>		Session (Tick)		Public	X	Private		Workshop	
Session (Tick)											
Public	X										
Private											
Workshop											
Paper Title:	Finance Report as at December 2020										
Responsible Executive Lead Jane Hawkard, Chief Finance Officer		Report Author and Job Title Jane Hawkard, Chief Finance Officer									
Purpose (this paper is for)	<table border="1"> <thead> <tr> <th>Decision</th> <th>Discussion</th> <th>Assurance</th> <th>Information</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td>X</td> <td></td> </tr> </tbody> </table>			Decision	Discussion	Assurance	Information			X	
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		X									
Has the report (or variation of it) been presented to another Committee / Meeting? YES If yes, state the Committee / Meeting: Finance, Performance, Contracting and Commissioning Committee (FPCCC) on 17 December 2020.											
Executive Summary <p>The paper below covers the following financial issues:</p> <ol style="list-style-type: none"> The financial position of the CCG at the end of month 7, October 2020. The year-end forecast remains a balanced position of breakeven. At month 7 an overspend against the plan of £9.55m was reported. This overspend is wholly related to the reimbursement regime which results in reimbursements being received in future months. The £9.55m relates to £5.81m of reimbursable expenditure relating to month 6, £3.2m reimbursable expenditure relating to the hospital discharge programmes for month 7 and £0.54m relating to an expected allocation not received in month 7. Efficiency planning is progressing in terms of projects to implement in 2021/22. Financial planning guidance for 2021/22 is expected in January 2020. Covid costs to date incurred by the CCG including the on discharge to assess national schemes. New allocations received in month 7. 											
Recommendations The Governing Body is being asked to: Note the report for assurance that the financial plan is being met.											
Monitoring Monitoring is undertaken by the Finance Performance Commissioning and Contracting Committee on a monthly basis. Co-commissioned primary care finance is also undertaken at the Primary Care Commissioning Committee.											
Any statutory / regulatory / legal / NHS Constitution implications	CCG's have a statutory duty to break even.										
Management of Conflicts of Interest	No conflicts of interest have been identified prior to the meeting.										
Communication / Public & Patient Engagement	Through public governing bodies										
Financial / resource implications	As summarised in the report.										
Outcome of Impact Assessments completed	N/A										

1. Month 7 Performance

Table 1 below shows the month 7 YTD position which now spans both the initial Covid19 financial regime period (April to September) and the first month of the second Covid19 financial regime period (October to March).

The reported position at month 7 was a deficit of £9.55m which included

- £5.81m top-up resource allocation from month 6 still outstanding. This £5.81m has now been received in the month 8 allocations and adjusted for at the end of table 1.
- A re-alignment of its block payments for Yorkshire Ambulance Service for periods 1-6 to correct a regional funding error. This has also been funded through the month 8 allocations.
- £3.2m relating to the hospital discharge programmes and remains the only element under the new financial regime that the CCG will receive as a retrospective top-up resource allocation to cover the costs. All other expenditure incurred by the CCG has to be funded out of its Mont 7-12 budget allocation.

Table 1 – YTD Position

	YTD - Months 1 to 7			Covid19 Costs £000s
	Bud £000s	Actual £000s	Var £000s	
Acute Services	209,728	210,009	(281)	-
Mental Health Services	37,072	37,581	510	-
Community Health Services	32,283	32,247	(36)	22
Continuing Care Services	35,828	36,741	913	2,373
Primary Care Services	10,033	11,022	989	1,711
Prescribing	44,306	44,316	10	-
Primary Care Co-Commissioning	38,186	38,599	413	9
Other Programme Services	22,500	28,965	6,465	14,857
Total Commissioning Services	429,936	439,481	9,545	18,972
Running Costs (ISFE)	4,589	4,594	5	
CCG Net Expenditure reported at M7	434,525	444,075	9,550	
Reimbursements expected:-				
Covid19 allocation (received in M8 for M6)	2,980		(2,980)	
Non Covid19 true up allocation (received in M8 for M6)	2,831		(2,831)	
Hospital discharge scheme costs for M7			(3,205)	
YAS allocation (received for M1-6)	534		(534)	
Net Month 7 Position after expected reimbursements			0	

1.1 Explanation of Under/Over Spends Against Budgets

All budgets continue to experience the same benefits and pressures as noted in previous reports and continue to be noted below for completeness. With the top-up resource allocation now received in month 8 for month 6, these variances will reduce as the resource allocation is allocated to the relevant budgets.

Below are the main issues regarding variances:

Community Services

- Underspend arises from the way NHSE have allocated the resource funding during the covid19 financial regime and does not represent an underspending budget against the original 2020/21 plan.

Continuing Care Services

- Overspend arises from covid19 costs and the non-delivery of the savings programme.

Primary Care Services

- Overspend arises from covid19 costs, the non-delivery of the primary care savings programme.

Other Programme Services

- The significant variance relates to:
 - covid19 cost recovery relating to hospital discharge scheme for months 6 and 7, £2.1m and £3m respectively
 - covid19 financial regime resource allocation change to the Covid budget (£1m)

1.2 Underlying Position to Month 7

The finance team have continued to calculate the underlying financial position of the CCG against the original (pre-covid) plan, adjusted for non-recurrent impacts such as covid19 costs and system top-up funding.

The original plan required the CCG to achieve a savings target of £20.6m and included the receipt of commissioner support funding and transitional support from the ICS.

Assuming the CCG was in receipt of 7 months of planned Commissioner support fund (CSF) of £9.2m and a further £3.8m of planned transitional support, the overspend against the original plan has been calculated to be £7.6m.

If the £7.6m figure for months 1-7 is scaled up for a full year the shortfall this highlights remains in line with the £13m reported last month. This shortfall is deemed to be due to the inability to deliver efficiency and savings projects this year. The original savings plan was £20.6m.

As the CCG is not showing an underlying shortfall of 20.6m this suggests that the CCG is continuing to make some savings in areas such as prescribing, running costs and continuing health care. It should be noted that this is an exceptional year in many ways and that it is difficult to draw a conclusion from this calculation other than it does appear that the CCG has not increased its underlying costs compared to the original plan.

2. Efficiency and Savings Planning for 2021/22

CCG Directorate teams identified a 'long-list' of 93 potential schemes which Directors have reviewed with the CCG's Chief Finance Officer and key personnel from the project management office, business Intelligence and Contract Management teams.

The long-list has now been refined to short-list of 45 schemes which range from small, specific ideas to larger programmes of change aligned to CCG's strategy. The preparation of the detail behind each of the opportunities is ongoing and will include information on estimated benefits (financial and non-financial), key

risks, outline implementation plan and resourcing requirements.

Progress on development of the proposals is monitored through the Transformation and Financial Recovery Group (TFRG). A number of the proposals are likely to be implemented jointly with Vale of York (VOY) CCG and the VOYCCG CFO has been invited to be a member of the TFRG to support this. The latest update of the high level plan for the QIPP programme is shown below.

Step	Date	Status
Complete idea review workshops with Directors	27/11/20	Complete
Preparation of draft proposals	04/12/20	Ongoing
Feedback from TFRG on proposals	11/12/20	Complete
Sign-off by Directors of proposals	21/12/20	Open

These timelines apply to the initial batch of schemes which are being developed. New ideas and opportunities will continuously emerge and the development and approval of these will be managed through the Transformation and Financial Recovery Group on an ongoing basis. Detail on the proposed programme will be submitted to the Finance Committee in February 2021.

3. Financial Planning for 2021/22

Planning guidance for 2021/22 is now expected in January.

The finance team are currently working on an analysis to inform the plan in terms of a likely 'run rate' for next year which is transparent on changes to budgets from this year. This analysis will include:

- known recurrent allocations
- known 'new' recurrent costs as agreed in 2020/21
- Known reductions in planned budgets for 2020/21

In tandem the work on an efficiency programme for next year continues as set out in the section above.

This work will be presented back to the Governing Body in February.

4. Covid19 Expenditure Update

Costs of managing Covid for the first 7 months of this financial year now stands at £19m, split into:

1. £12.6m indirectly incurred through NYCC for the discharge scheme 1 which ended on the 1st of September. Costs are now expected to reduce month on month as patients are assessed for care needs and discharged from the scheme to be funded in the usual way either by the local authority, CCG or patient depending on their assessed care needs and their financial circumstances in terms of social care assessments.
2. £1.4m relating to patients discharged from the 1st of September. The first six weeks of cost after discharge are met by the national scheme to continue to enable discharge first before assessments take place to ensure that the assessment process does not delay discharge.
3. £1.7m for primary care expenses relating to Covid
4. £1.5m related to end of life patients. Funding for these costs is also met through discharge schemes 1 and 2.
5. £1.8m other costs.

Covid19 costs below £50,000 are approved by the Executive Director Group, costs over £50,000 are agreed through urgent action with the Accountable Officer, Clinical Chair and Chief Finance Officer and reported to the Finance Committee.

5. New Allocations

Under the new financial regime for months 7-12 additional funding allocations will now start to flow again as the CCG commits to new or non-recurrent programmes. At Month 7 the following new allocations were received:

- £280k for Children & Young People MH green paper
- £241k for community/CETR programme
- £42k for the LD mortality review programme

We have also been informed that the NY CCG share of the expected primary care allocation of £150m nationally is circa £1.1m. The funding is to assist primary care continue to manage Covid through winter, deliver the Covid vaccination programme and continue to deliver appointments in line with previous year's levels. Further payments have been agreed through a primary care contract to deliver the Flu and Vaccination programmes.

**Jane Hawcard, Chief Finance Officer
NHS North Yorkshire CCG**