

<b>Title of Meeting:</b>	<b>NY CCG Governing Body</b>	<b>Agenda Item: 6.1</b>									
<b>Date of Meeting:</b>	<b>24 June 2021</b>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th colspan="2" style="background-color: #4F81BD; color: white;">Session (Tick)</th> </tr> <tr> <td style="width: 80%;"><b>Public</b></td> <td style="text-align: center;">X</td> </tr> <tr> <td><b>Private</b></td> <td></td> </tr> <tr> <td><b>Development Session</b></td> <td></td> </tr> </table>		Session (Tick)		<b>Public</b>	X	<b>Private</b>		<b>Development Session</b>	
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<b>Public</b>	X										
<b>Private</b>											
<b>Development Session</b>											
<b>Paper Title:</b>	<b>NYCCG Financial Report</b>										
<b>Responsible Governing Body Member Lead</b> Jane Hawkard Chief Finance Officer		<b>Report Author and Job Title</b> Alec Cowell     Alison Levin Dilani Gamble   Jane Hawkard									
<b>Purpose – this paper is for:</b>	<b>Decision</b>	<b>Discussion</b>	<b>Assurance</b>								
			X								
<b>Has the report (or variation of it) been presented to another Committee / Meeting?</b> <b>If yes, state the Committee / Meeting:</b> Yes. A version of this paper has been received by the Finance, Performance, Contracting & Commissioning Committee (FPCCC)											
<b>Executive Summary</b> The following financial report considers: 1. 2020/21 Month 12 Performance 2. 2020/21 Year-end update 3. 2021/22 Financial Planning Update.											
<b>Recommendations</b>  <b>The Governing Body is asked to:</b> <ul style="list-style-type: none"> <li>Note the financial performance for the year 2020/21</li> <li>Note the financial plan for the first 6 months of 2021/22 (H1) including the mental health investment plan which meets the mental health investment standard.</li> <li>Note the Elective Recovery fund and emerging risk share agreement across the ICS.</li> <li>Note the change in hospital discharge programme funding and rules.</li> </ul>											
<b>Monitoring</b> Regular reports will be received by FPCCC and the Governing Body.											
<b>CCG Strategic Objectives Supported by this Paper</b>											
	<b>CCG Strategic Objectives</b>		X								
<b>1</b>	<b>Strategic Commissioning:</b> <ul style="list-style-type: none"> <li>To take the lead in planning and commissioning care for the population of North Yorkshire by providing a whole system approach and to support the development of general practice.</li> <li>To make the best use of resources by bringing together other NHS organisations, local authorities and the third sector to work in partnership on improving health and care.</li> <li>To develop alliances of NHS providers that work together to deliver care through collaboration rather than competition.</li> </ul>										
<b>2</b>	<b>Acute Commissioning:</b> We will ensure access to high quality hospital-based care when needed.										
<b>3</b>	<b>Engagement with Patients and Stakeholders:</b> We will build strong and effective relationships with all our communities and partners.										
<b>4</b>	<b>Financial Sustainability:</b> We will work with partners to transform models of care to deliver affordable, quality and sustainable services.		X								
<b>5</b>	<b>Integrated / Community Care:</b> With our partners and people living in North Yorkshire we will enable healthy communities through integrated models of care.										

**CCG Strategic Objectives Supported by this Paper**

CCG Strategic Objectives		X
6	<b>Vulnerable People:</b> <ul style="list-style-type: none"> <li>We will support everyone to thrive [in the community].</li> <li>We will promote the safety and welfare of vulnerable individuals.</li> </ul>	
7	<b>Well-Governed and Adaptable Organisation:</b> In supporting our objectives we will be a well-governed and transparent organisation that promotes a supportive learning environment.	X

**CCG Values underpinned in this paper**

CCG Values		X
1	Collaboration	
2	Compassion	
3	Empowerment	
4	Inclusivity	
5	Quality	
6	Respect	

**Does this paper provide evidence of assurance against the Governing Body Assurance Framework?**

YES		NO	X
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<b>Any statutory / regulatory / legal / NHS Constitution implications</b>	The CCG has a financial statutory duty to meet agreed targets.
<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>	Not applicable.
<b>Financial / resource implications</b>	Financial and resource implications are detailed within the paper.
<b>Outcome of Impact Assessments completed</b>	Not applicable.

Jane Hawkard, Chief Finance Officer

## NY CCG Financial Report

### 1. Month 12 Performance

Table 1 below shows the final position for financial year 2020/21. The CCG exceeded its planned surplus of £1.649m by a further £118k.

Covid costs incurred are shown as a memo column. The main costs of Covid are attributed to the mandated hospital discharge scheme. The scheme pays the costs for patients who need a package of care upon discharge for up to 6 weeks from the national scheme.

Table 1 – YTD Position	YTD - Months 1 to 12			Covid19 Costs £000s
	Bud £000s	Actual £000s	Var £000s	
Acute Services	394,802	395,121	319	-
Mental Health Services	65,204	63,433	(1,771)	-
Community Health Services	56,017	56,273	256	22
Continuing Care Services	60,653	62,216	1,564	3,112
Primary Care Services	18,949	18,884	-65	1,617
Prescribing	75,311	75,728	418	-
Primary Care Co- Commissioning	67,596	67,276	(320)	77
Other Programme Services	45,328	43,553	(1,775)	22,673
<b>Total Commissioning Services</b>	<b>783,860</b>	<b>782,485</b>	<b>(1,375)</b>	<b>27,501</b>
Running Costs (ISFE)	8,306	7,915	(391)	
<b>CCG Net Expenditure reported at M11</b>	<b>792,167</b>	<b>790,400</b>	<b>(1,767)</b>	
Resource allocation at M12	790,518			
Planned surplus including conditional allocations	1,649		(1,649)	
Current Month 12 Position (Under)/Over spend				<b>(118)</b>

## **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.

### **Acute Services**

This overspend arises from increased non-contracted expenditure both with NHS providers and the independent sector.

### **Mental Health Services**

This underspend arises from delayed discharges/reduced package costs from the Transforming Care Partnership (TCP) programme.

### **Continuing Care Services**

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

### **Prescribing**

Overspend arising as the CCG accounts for the annual pricing adjustment arising from the impact of category M drugs.

### **Primary Care Commissioning**

Slight underspend arises from underspends linked to the Primary Care Network (PCN) new roles.

### **Other Programme Services**

Underspend now reported mainly arises from reduced costs within patient transport (PTS), specialist rehabilitation for brain injury (SRBI), and acute referral support services (RSS). All covid19 re-imburement funding allocations have been received.

## **2. Final Accounts**

The final accounts have been submitted and will be submitted to the Audit Committee on the 8 June 2021. The Head of Internal Opinion has been received which give good assurance. The External Audit will shortly be completed and no issues of materiality have been raised with either the final accounts or the value for money audit.

## **3. 2021/22 Financial Plan for months 1-6**

The allocation for months 1-6 has been received into the North Yorkshire and York geographic partnership and agreement reached on allocations between the four main partner organisations, North Yorkshire and Vale of York CCGs and York and Harrogate Foundation Trusts.

North Yorkshire CCGs Financial Plan is summarised in the table below:

Financial Plan Summary 2021/22 - Month 1 to 6					
	NYCCG Plan £000	Provider Pass through £000	Total NYCCG Plan pre QIPP £000	QIPP/Savings Requirement £000	Total NYCCG Plan post QIPP £000
<b>CCG Allocation</b>					
CCG Allocation	360,028		360,028		360,028
CCG Top-up (Includes efficiency requirement)	0	21,366	21,366		21,366
CCG Covid allocation	1,977	22,255	24,232		24,232
CCG Growth funding	2,043		2,043		2,043
CCG Mental health (SDF and SR)	2,288		2,288		2,288
CCG SDF allocation (excl MH)	471		471		471
<b>Total CCG allocations</b>	<b>366,807</b>	<b>43,621</b>	<b>410,428</b>	<b>0</b>	<b>410,428</b>
<b>CCG Expenditure</b>					
Acute Services	182,081	43,621	225,702		225,702
Mental Health Services	34,798		34,798		34,798
Community Services	28,191		28,191	(329)	27,862
Continuing care services	28,818		28,818	(1,000)	27,818
Primary care services (excluding prescribing)	7,966		7,966	(280)	7,686
Primary care prescribing	39,095		39,095	(1,100)	37,995
Primary care co-commissioning	34,290		34,290		34,290
Other programme services	9,613		9,613	(576)	9,037
Running costs	3,932		3,932	(500)	3,432
Contingency	1,808		1,808		1,808
<b>Total CCG Expenditure</b>	<b>370,592</b>	<b>43,621</b>	<b>414,213</b>	<b>(3,785)</b>	<b>410,428</b>
<b>CCG Deficit before QIPP/Efficiency</b>	<b>(3,785)</b>	<b>0</b>	<b>(3,785)</b>	<b>3,785</b>	<b>0</b>

Delivery of the CCG financial plan requires delivery of a savings and efficiency plan of circa £3.8m above. This financial gap is driven by expected rates of inflation and growth higher than average national assumptions in the areas of prescribing and CHC.

The CCG will focus on savings programmes in three main areas, Prescribing, CHC and Running costs. Due to the standing start of the savings programme due to focus on managing Covid and the vaccination programme remaining £1.2m of savings required is expected to come from slippage on expected expenditure and in particular the ability to spend transformation funding within the first 6 months of the year.

A risk and mitigation analysis is provided below in support of the achievement of the finance plan.

### NY&Y Financial Risk Summary

Financial Risk Analysis for H1	NY CCG £000
Independent Sector activity above CCG baseline funding - 10% risk assumed	632
Delegated Primary Care allocations pressures	1,232
QIPP and Efficiency/Productivity Savings - higher risk	1,500
Unidentified QIPP/ Efficiency plans	1,185
Other possible budget pressures (SDF, COVID etc)	100
Hospital Discharge Programme - Allocation compared to planned spend	1,746
<b>Total Risks</b>	<b>6,395</b>
<b>Planned Mitigations</b>	<b>NY CCG £000</b>
Expected Elective Recovery Fund contribution	632
Release of CCG Contingency	1,808
Slippage on transformation funding	977
Primary Care Delegated Contingency & Slippage	1,232
Hospital Discharge Programme -working with LA partners to contain costs	1,746
<b>Total Mitigations</b>	<b>6,395</b>
<b>Balanced Risk and mitigations</b>	<b>0</b>

### **3.1 Elective Recovery Fund (ERF)**

The government have set a budget of £1 billion to aid recovery of waiting times in the next 6 months. The funding is allocated where ICSs achieve levels of costed activity that go beyond 2019/20 baseline costed activity.

The CCG, together with system partners, has made an assessment of activity to be undertaken in the first six months of 2021/22 to support Elective Recovery above 2019/20 baseline activity. For the CCG, the expectation is that activity with Independent Sector (IS) providers above 2019/20 baselines will be paid in full through the Elective Recovery Fund. The NY and VOY CCGs expect to spend circa £6.3m above baselines with the IS which should be paid for through receipt of ERF.

A risk management strategy is being developed at HCV level regarding ERF as funding is dependent upon all Providers meeting the baseline activity as a minimum. The risk share is expected to consider the following:

1. The cost of additional activity which is likely to be below 100% of tariff
2. The full tariff price required to be paid to the IS
3. Additional in year risks across the system that may emerge other than ERF

The strategy is expected to be based on all Providers and commissioners receiving a proportional share of ERF received without penalising providers who are unable to meet the baseline.

### **3.2 Hospital Discharge Programme Funding (HDP)**

NHS England has now issued allocation for the hospital discharge scheme for the first 6 months of the year. The scheme will change from 1<sup>st</sup> July to enable 4 weeks of care packages to be funded from the HDP funding. The allocation for North Yorkshire is £8.2m based on a proportionate share of the ICS allocation, based on planned expenditure. The plan submission includes expenditure above this allocation of £1.7m which are being reviewed in terms of scope to reduce costs. We will work with the local authority to manage the totality of this risk.

### **3.3 Mental Health Investment Standard (MHIS)**

The CCG has submitted a MHIS compliant plan for 2021/22. NY and VoY CCGs have developed plans for additional investment of £4.8m for MH services. For both CCGs this is in line with or above the CCG overall allocation growth in percentage terms for 2021/22. A significant proportion of this additional funding is being utilised to support inflationary and growth pressures with limited recurrent funding available for Long Term Plan (LTP) commitments. Work is ongoing through the Mental Health Partnership Board to support the delivery of LTP Mental Health objectives by maximising use of investment across Mental Health Investment Standard (MHIS) areas, bolstered by spending review and service development fund (SDF) monies.

The Government has allocated £500 million for recovery of mental health services of which North Yorkshire CCG is likely to receive circa £2 million. Plans will be required to meet a further number of expectations and more information will follow on the use of this funding.

## **4.0 Recommendations**

### **The Governing Body is asked to:**

- Note the financial performance for the year 2020/21
- Note the financial plan for the first 6 months of 2021/22 (H1) including the mental health investment plan which meets the mental health investment standard.
- Note the Elective Recovery fund and emerging risk share agreement across the ICS.
- Note the change in hospital discharge programme funding and rules.

**Jane Hawkard, Chief Finance Officer**