NHS
North Yorkshire
Clinical Commissioning Group

Title of Meeting:	**NY CCG Governing Body**	**Agenda Item: 6.1**
Date of Meeting:	**7 October 2021**	
Paper Title:	**NYCCG Financial Report**	

Session (Tick)	
Public	X
Private	
Development Session	

Responsible Governing Body Member Lead	**Report Author and Job Title**
Jane Hawkard Chief Finance Officer	Alec Cowell Alison Levin Dilani Gamble Jane Hawkard

Purpose – this paper is for:

Decision	Discussion	Assurance	Information
		X	

Has the report (or variation of it) been presented to another Committee / Meeting?

If yes, state the Committee / Meeting: Yes. A version of this paper has been received by the Finance, Performance, Contracting & Commissioning Committee (FPCCC)

Executive Summary

This paper sets out a summary of the financial position at Month 4 and updates the Governing Body on risks, budget management, planning for H2, capital schemes and saving and efficiency programmes.

Recommendations

The Governing Body is to note the following:

- Month 4 breakeven financial position, subject to expected additional resource allocations, and the underlying over and under spending areas.
- Forecast breakeven position for the first half of the year (H1).
- Financial risks and mitigating actions being taken.
- Planning timetable for October 2021 – March 2022 (H2)
- Capital Business Case Update
- Savings Opportunities Update

Monitoring

Where required through internal and external audit work, the Executive Directors Group and the Finance Committee FPCCC.

CCG Strategic Objectives Supported by this Paper

	CCG Strategic Objectives	X
1	**Strategic Commissioning:** • 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. • 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. • To develop alliances of NHS providers that work together to deliver care through collaboration rather than competition.	
2	**Acute Commissioning:** We will ensure access to high quality hospital-based care when needed.	
3	**Engagement with Patients and Stakeholders:** We will build strong and effective relationships with all our communities and partners.	
4	**Financial Sustainability:** We will work with partners to transform models of care to deliver affordable, quality and sustainable services.	**X**
5	**Integrated / Community Care:** With our partners and people living in North Yorkshire we will enable healthy communities through integrated models of care.	**X**

CCG Strategic Objectives Supported by this Paper

	CCG Strategic Objectives	X
6	**Vulnerable People:** • We will support everyone to thrive [in the community]. • We will promote the safety and welfare of vulnerable individuals.	
7	**Well-Governed and Adaptable Organisation:** 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

Any statutory / regulatory / legal / NHS Constitution implications	The CCG has a financial statutory duty to meet agreed targets.
Management of Conflicts of Interest	No conflicts of interest have been identified prior to the meeting.
Communication / Public & Patient Engagement	Not applicable.
Financial / resource implications	Financial and resource implications are detailed within the paper.
Outcome of Impact Assessments completed	Not applicable.

Jane Hawkard, Chief Finance Officer

NY CCG Financial Report

1. Month 4 Year to Date Financial Position

Table 1 below shows the 2021/22 year to date position at 31st July 2021.

In month 4 the CCG received allocations for both

i. COVID 19 related Hospital Discharge Programme (HDP) costs (£3.1m) and
ii. Elective Recovery Fund (ERF) funding for spend with the Independent Sector (IS) providers (£0.8m).

The CCG is currently reporting a breakeven position on the assumption that M4 COVID 19 related HDP costs (£1.0m) and spend with the Independent Sector (IS) providers (£0.4m) will be fully reimbursed.

Within this position the CCG is still holding:

i. A contingency of £1.2 million (£1.8million for the first half of the year)), and
ii. A COVID reserve £1 million for the first half of the year of which £117k has been committed to date on void charges for the Care Home block booked beds.

	YTD - Months 1 to 4			Covid19 Costs	ERF
Table 1 – YTD Position	**Bud £000s**	**Actual £000s**	**Var £000s**	**£000s**	**£000s**
Acute Services	151,151	151,044	-107		384
Mental Health Services	23,811	24,426	614		
Community Health Services	18,549	18,456	-93		
Continuing Care Services	18,596	18,994	397	75	
Primary Care Services	4,228	3,567	-661		
Prescribing	26,016	26,315	299		
Primary Care Co-Commissioning	22,576	23,834	1,258		
Other Programme Services	13,069	12,764	-305	943	
Total Commissioning Services	**277,997**	**279,399**	**1,402**	**1,018**	**384**
Running Costs (ISFE)	2,288	2,288	0		
CCG Net Expenditure reported at M4	**280,285**	**281,687**	**1,402**		
Resource allocation at M4	**280,285**				
Anticipated Allocations for ERF & HDP	1,402		-1,402		
Current Reported M4 Position (Under)/Over spend	**281,687**	**281,687**	**0**		

The main areas of variance are explained as follows:

Acute Position

The £107k YTD underspend includes £384k of estimated spend with the Independent Sector providers which is expected to be funded from the ERF. Within this position there is a

significant underspend on Non Contracted Activity (NCAs) £400k, which is helping to offset in year pressures elsewhere.

Mental Health
The current overspend variance is made up of a forecast on complex patient discharges and pressure emerging in out of area placements.

Continuing HealthCare (CHC)
The YTD position has worsened in M4, this is due to a number of new packages incurring backdated costs (backdated packages: 7 to April, 8 to May, 11 to June).

Primary Care and Co-Commissioning
The recurrent allocation shortfall in Co-commissioning is currently being partially mitigated by non-recurrent actions including prior year benefits, and the national rates review of primary care premises.

Primary Care Networks (PCNs) have been asked to submit workforce planning returns providing details of their 2021/22 recruitment plans for additional roles by 31 August 2021. An assessment of slippage against this budget will therefore be made in September.

Prescribing
As at July 2021 the CCG has prescribing data for April and May. Until the NHSBSA publish their national spend profile the CCG will continue to forecast spend using the 20/21 actual spend profile. The forecast will be reassessed once the NHSBSA publishes its annual forecast trend in Sept/Oct.
There are benefits also included in the forecast from the community provider dressing savings schemes and over achievement of income against rebates schemes bringing the overall prescribing variance in table 1 to £299k overspend.

2. Forecast H1

The CCG has reviewed the forecast for the first half of the year in the context of actual costs incurred against year and accruals and cost pressures emerging in year. The CCG expects to breakeven at the end of month 6.

The table below sets out the cost pressures agreed to be funded by the Finance, Performance, Commissioning and Contracting Committee (FPCCC) following the review of year end accruals.

	(Surplus)/Cost - £m
Balanced position on overall budgets at Month 4 (M4)	**0.0**
Net benefit of accrual review at M4	(2.2)
Budget slippage requirements to meet expenditure budgets agreed in the plan	1.2
Agreed Investments in year:	
- Funding to support Mental Health services required recurrently due to reduction in non-recurrent allocations receivable and inpatient staffing	0.5
- NHS 111 Clinical Advisory Service expansion	0.1
- Mental Health waiting list initiatives for patients waiting for ADHD and ASD diagnosis	0.4

In this forecast position the contingency still remains to manage risks across the whole year.

3. Financial Risk & Mitigation

At the end of month 4 the following key financial risks remain with mitigations in place to manage the overall position to breakeven in the first half of the year.

Area	Risk	Mitigations
Prescribing	Current forecasts are based on two month's actual data only profiled against the BSA profile of 20/21. The 21/22 BSA profile is not expected until Sept time	• Accelerating prescribing savings programme through procurement of expertise and capacity. • Self-care programme to be relaunched in July with primary acre and the public. • Rebates scheme to be pursued.
Continuing Healthcare	£1.0m savings/cost reduction required to balance across 6 months	• Project team set up. • Choice Policy agreed to go live in September. • Hospital Discharge programme still in place until September providing for 6 and 4 weeks of funded care on all discharges. • Joint procurement of consultancy work on future pricing and provision strategy • £0.7m savings identified to date • Optum Accelerate programme agreed and expected to generate full year savings for £600k which will start to be recognised from Jan-March 2022
Mental Health (MH) spend on inpatient staffing, recurrent cost pressures, planning guidance for pay contingency	Recurrent expenditure pressure above funding across the next 3 years.	• Funding above Mental Health Investment Standard (MHIS) required agreed by FPCC as part of a 3-year financial plan with the MH Partnership. • Reprioritisation of MH Partnership spending plans • Use of transformation funding non recurrently to smooth the impact. • MH project beginning to review savings opportunities in terms of out of area services.
Hospital Discharge Programme	Costs exceed national budget	• Risk share agreement across HCV ICS on financial risks. • There is a national process to access extra resources above indicative budgets which HCV are sighted on.
ICS revenue and capital developments	National Community Diagnostic Capacity Programme. Local Clinically Advisory Service Business Case (separate FPCC paper)	• Rigorous review of business cases • Application of CCG governance regime on business cases and investment asks. • HCV ICS have submitted the business cases only under the proviso that revenue funding can be identified.
Elective Recovery Funding (ERF)	Where individual organisational activity achieved is below the required NHSE baseline activity. The gateway criteria must also be met in full to receive all of ERF. **Q2 baselines have been changed to be at 95% of last years activity which has resulted in non receipt of ERF in months 5 and 6.**	• Risk Share agreement with HCV organisations in place which includes each strategic partnership managing issues if possible. North Yorkshire CCG has agreed with Provider Partners that they will fund a shortfall in allocation to pay for Independent sector activity above the baseline of circa £600k in the first half of the year.

4. Planning timetable for October 2021 – March 2022 (H2)

H2 planning guidance expected around the 30th of September for workforce, finance and activity.

Plans are expected to be finalised by the 11th November.

The Hospital Discharge Programme is to continue to be funded for packages of 4 weeks upon discharge and the elective recovery fund is also expected to continue with an allocation specifically made available for Independent Sector activity.

5. Capital Business Case Update

i. **Friarage Outline Business Case (OBC) update**

The OBC has been received with an increased assessment of capital required of £4m. The Trust has agreed to fund this from Trust capital and Donations and to pick up the revenue consequences of the extra capital from the Trusts efficiency programme.

Revenue costs to the commissioners have not changed since the Strategic Outline Case of £300k recurrently. A third of the costs relates to North Yorkshire. Virtual Governing Body approval of the OBC has been pursued.

ii. **Scarborough Full Business Care (FBC) Update**

This business case is expected to be received in September.

6. Savings Opportunities Update

Progress continues to be made in terms of improving value for money and reducing waste. The current forecast outturn for the year is estimated at £3.8m against an indicative plan for 6.7m. The shortfall is predominantly due to the impact of the Covid Pandemic on acute services and increasing waiting lists. However, been significant efficiency improvements across all care sectors in terms of the use of virtual consultations and outpatient appointments and the use of NHS111 and the Clinical Advisory Service.

The first half year slippage on savings programmes has been included in the forecasts above.