

Title of Meeting:	NY CCG Governing Body	Agenda Item: 6.1															
Date of Meeting:	24 March 2022	<table border="1"> <tr> <th colspan="2">Session (Tick)</th> </tr> <tr> <td>Public</td> <td>X</td> </tr> <tr> <td>Private</td> <td></td> </tr> <tr> <td>Development Session</td> <td></td> </tr> </table>		Session (Tick)		Public	X	Private		Development Session							
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Paper Title:	NYCCG Financial Update																
Responsible Governing Body Member Lead Jane Hawkard Chief Finance Officer		Report Author and Job Title Jane Hawkard Chief Finance Officer															
Purpose – this paper is for:	<table border="1"> <tr> <th>Decision</th> <th>Discussion</th> <th>Assurance</th> <th>Information</th> </tr> <tr> <td></td> <td></td> <td>X</td> <td>X</td> </tr> </table>			Decision	Discussion	Assurance	Information			X	X						
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		X	X														
<p>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 Executive Directors Group (EDG)</p>																	
<p>Executive Summary</p> <p>This report is in a number of sections as follows:</p> <table border="1"> <tr> <td>PART 1</td> <td>Final Performance to M10 (January 2022) and Forecast Outturn</td> </tr> <tr> <td>PART 2</td> <td>Budgetary Decisions</td> </tr> <tr> <td>PART 3</td> <td>An update on financial transition into the Integrated Care Board (ICB)</td> </tr> <tr> <td>PART 4</td> <td>Capital Update</td> </tr> <tr> <td>PART 5</td> <td>Financial Planning for 2022/23</td> </tr> <tr> <td>PART 6</td> <td>Virtual decisions made by FPCCC</td> </tr> <tr> <td>PART 7</td> <td>Hospital Discharge Programme costs</td> </tr> </table>				PART 1	Final Performance to M10 (January 2022) and Forecast Outturn	PART 2	Budgetary Decisions	PART 3	An update on financial transition into the Integrated Care Board (ICB)	PART 4	Capital Update	PART 5	Financial Planning for 2022/23	PART 6	Virtual decisions made by FPCCC	PART 7	Hospital Discharge Programme costs
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<p>Recommendations The Governing Body is to:</p> <table border="1"> <tr> <td>PART 1</td> <td>Receive the financial performance information YTD to M10 (January 2022) and the FOT</td> </tr> <tr> <td>PART 2</td> <td>Receive information on budgetary decisions and additional resource allocations received since the last Governing Body meeting</td> </tr> <tr> <td>PART 3</td> <td>Receive an update on financial transition into the Integrated Care Board (ICB)</td> </tr> <tr> <td>PART 4</td> <td>Receive a financial update on capital plans for Catterick</td> </tr> <tr> <td>PART 5</td> <td>Approve the draft plan submission and note the next steps to review the position prior to final submission at the end of April</td> </tr> <tr> <td>PART 6</td> <td>Receive virtual decisions made by FPCCC for information.</td> </tr> <tr> <td>PART 7</td> <td>Note Hospital discharge costs</td> </tr> </table>				PART 1	Receive the financial performance information YTD to M10 (January 2022) and the FOT	PART 2	Receive information on budgetary decisions and additional resource allocations received since the last Governing Body meeting	PART 3	Receive an update on financial transition into the Integrated Care Board (ICB)	PART 4	Receive a financial update on capital plans for Catterick	PART 5	Approve the draft plan submission and note the next steps to review the position prior to final submission at the end of April	PART 6	Receive virtual decisions made by FPCCC for information.	PART 7	Note Hospital discharge costs
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<p>Monitoring Where required through internal and external audit work, the Executive Directors Group and the Finance Committee FPCCC. Regular reports are received by the Governing Body.</p>																	

CCG Strategic Objectives Supported by this Paper

CCG Strategic Objectives		X
1	Strategic Commissioning: <ul style="list-style-type: none"> 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
6	Vulnerable People: <ul style="list-style-type: none"> 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	X
2	Compassion	
3	Empowerment	
4	Inclusivity	
5	Quality	X
6	Respect	

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

YES		NO	X
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Any statutory / regulatory / legal / NHS Constitution implications	The CCG has a financial statutory duty to meet agreed targets. Covid Discharge and Expenditure Guidance Section 75 Agreement with NYCC and CCG requires GB approval.
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

Part 1: Financial Performance to M10 (January 2022) & Forecast Outturn

Table 1 below shows the financial position as at Month 10 31st January 2022.

The CCG reported a breakeven position on the assumption that Covid 19 related Hospital Discharge Programme (HDP) costs, Elective Recovery Funding (ERF) costs, Winter Access Funds (WAF) costs, and Additional Roles Reimbursement Scheme (ARRS) costs are fully reimbursed in line with the current NHS financial regime rules.

Table 1 YTD Position M1 to M10	Budget	Actual	Variance	COVID 19
	£'000	£'000	£'000	£'000
Acute Services	384,623	384,335	-288	0
Mental Health Services	60,215	59,818	-397	0
Community Health Services	48,390	49,958	1,567	0
Continuing Care Services	48,032	51,938	3,907	663
Primary Care Services	10,327	9,356	-971	913
Prescribing	66,062	65,150	-912	0
Primary Care Co-Commissioning	58,446	58,863	417	0
Other Programme Services	27,913	28,752	839	8,745
Total Commissioning Services	704,007	708,169	4,162	10,320
Running Costs (ISFE)	6,479	6,116	-363	0
Total CCG Net Expenditure	710,486	714,285	3,799	10,320
Resource Allocation	710,486			
Anticipated Allocation for ERF, WAF, ARRS & HDP	3,799		-3,799	
Current Reported Position (Under) Overspend	714,285	714,285	0	

The CCG is forecasting a breakeven position as at 31st March 2022, again with an assumption that HDP costs, ERF costs, WAF and ARRS costs are fully reimbursed in line with the current NHS financial regime rules.

Table 2 Forecast Outturn Position	Budget	Forecast	Variance	COVID 19
	£'000	£'000	£'000	£'000
Acute Services	462,400	462,534	133	0
Mental Health Services	73,303	72,744	-559	0
Community Health Services	62,100	63,477	1,377	0
Continuing Care Services	57,945	63,232	5,287	802
Primary Care Services	12,391	12,801	410	913
Prescribing	79,591	78,363	-1,228	0
Primary Care Co-Commissioning	70,402	71,495	1,094	0
Other Programme Services	32,331	33,808	1,478	10,428
Total Commissioning Services	850,463	858,454	7,991	12,143
Running Costs (ISFE)	7,762	7,412	-350	0
Total CCG Net Expenditure	858,225	865,866	7,641	12,143
Resource Allocation	858,225			
Anticipated Allocation for ERF, WAF, ARRS & HDP	7,641	0	-7,641	
Current Reported Position (Under) Overspend	865,866	865,866	0	

The variations in budget areas are due to the following main issues:

Acute Position: The CCG will not receive sufficient central funding to offset the full ERF expenditure, due to underperformance across the ICS. The forecast overspend on ERF is £1.9m and is offset by underspends on NCAs and resolution of historic debts with providers.

Mental Health & TCP: The forecast underspend on Mental Health is due to the release of the reserve for the pay award and other potential pressures identified during planning, this has been released to offset CCG expenditure elsewhere.

The TCP forecast has been revised in month 11, we have been advised that a number of patients have not been discharged by NHSE/I to the CCG as planned, this has improved the month 11 forecast position by £750k (see primary care).

CHC: The forecast overspend is £4.9m, as at month 10 the CCG was also forecasting additional unfunded COVID spend of £0.4m. The overspend is being driven by increasing numbers of patients discharged, increased costs in the care sector and increasing needs of the elderly population. There is also the cost of the 6% bonus to care sector staff agreed across the ICS and paid through the LA and the CCG.

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 (£679k), and the national rates review of primary care premises (£271k). The month 10 forecast outturn includes forecast expenditure on WAF £380k and ARRS £300k, which will be centrally funded.

The month 11 QOF forecast outturn has been reviewed, the position has been increased by £350k to offset any risk that may carry forward into the ICS, the outturn position will not be available until July 2022.

Prescribing: As at January 2022 the CCG has prescribing data for April to November. The NHSBSA has now published its national spend profile. The CCG is continuing to forecast spend using the 20/21 actual spend profile as this is the worst-case scenario. Analysis shows that the 20/21 outturn position increased by £970k between M10 (April to November data) and final outturn published in May 2021. Continuing to use the 20/21 actual spend profile mitigates this risk of movement.

Part 2: Budgetary Decisions

The initial investment into improved pathways of care in South Tees NHS Foundation Trust, initially estimated to be £2m, has reduced by £1m this is reflected in the Month 10 position.

Further ageing well investment from ICS ageing well funding has also been allocated to Providers to ensure delivery of the 2 hour community response service by the 31st March 2022.

Since the last Governing Body report, which highlighted the month 7 & 8 in-year resource allocations, the CCG has received further in year allocations in months 9 & 10 totalling £14.1m.

Table 3 Month 9 and 10 Allocations:

Q3 Elective Recovery Funding (ERF)	9,119
Q3 Hospital Discharge Funding (HDP)	3,403
Q3 & Q4 Aging Well Funding	1,214
Q3 & Q4 CMHT Team Funding	703
Other Funding / Place Transfers (as lead entity)	- 362
TOTAL	14,077

Part 3: An update on financial transition into the Integrated Care Board (ICB)

The following table provides an update from the Northern Region Finance Transition Group on the current ratings against the key objectives of the group which are to ensure a safe transition of financial functions to ICBs and close down of CCGs. This assurance group meets monthly across the CCGs in the north of England with representation from NHS England. At present all of the key objectives are rated either amber or green.

Objectives	Products agreed	Timescale	Rating	Outputs
Maintaining BAU including producing 2020/21 and 2021/22 final accounts & impact of any advanced shadow arrangements	Assurance on staff capacity available in Finance depts to undertake final accounts for 21/22 and Q122/23	Q4 March 2022 & July 2022	Amber	Final accounts timetables in place for 21/22 accounts production. Final accounts for Q1 22/23 – timetable may be longer than usual year end as Audits expected to happen in 23/24. All local CCGs considering capacity and mutual aid provision in first instance as well as possibility of agency and temporary appointments being considered and made.
Understand the clarity on ownership of legacy information and who is responsible for it	Full understanding of legacy issues and handover processes	July 2022	Amber	Local ICB transition groups working through due diligence checklists. Scrutiny and tidy up of balance sheets part of SBS project in local ICB areas. Contract registers complete. Working paper templates agreed in ICBs. Risk register review as part of the overall ICB governance checklist process. Digital information is part of information management transition processes to ICB managed by governance workstreams.
How to ensure we move to shadow arrangements safely in 21/22 - for CCGs and Direct Commissioning	Set up of 4*ICS Learning Groups making sure that nothing gets forgotten	April/May 2021	Green	Each ICS has a finance transition group (HCV, SY, WY, NE&C)
	A checklist for organisations to work through across the transition with checkpoint group for assistance, group learning and assurance	June-Sep 2021)	Green	Detailed national finance transition template agreed and distributed to all ICS. Being used in each of the 4 local ICB transition groups
	Running Cost review and ensure understanding and ICB consistency of approach in 22/23	Q4 March 2022	Amber	Each local ICB is progressing work to baseline running costs. Some issues re double running costs in Q1. ICB structures still in development.
Establishing new organisation ledger, balance sheet liabilities and assets, reporting hierarchies, cumulative debt/surpluses, reserves	Programme plan for ICSs to enable transition to happen	June-Sep 2021	Green	Each of the 4 local ICB transition groups have agreed finance transition plans based on and checked to the national checklist/plan. Local ICB finance groups now include SBS lead to ensure ledger transition tasks are undertaken collectively
	•Master checklists/flowcharts, list of 3 rd party/external inputs/impacts	June-Sep 2021	Green	Checklist produced and dovetails transition finance plans
	•Link between the national thinking and workstreams and ICSs for ledgers		Green	National ledger leads attend the Northern Finance Transition Group. Work on ledger hierarchies undertaken jointly.
Understand costs of change e.g. ledger mergers, IT, legacy capacity etc			Green	Risk areas highlighted and worked through locally and learning shared. Specifically CHC, IFRS 16, Contract ledgers, approach to Internal & External auditor contracts, payroll.
Working with third party organisations efficiently through change – IBM etc	Links between national 3 rd party suppliers back to ICS – SBS (ledger set up), IBM provider of ESR system (payroll merge), HMRC (VAT No's), Capita (primary care systems), Pensions Agency	National timelines	Green	Included in ICB transition finance transition plans. Specific national guidance has been issued on actions required re the pensions agency, HMRC and IFRS 16

Part 4: Capital Update

Catterick Integrated care Campus Scheme

The capital funding requirement for the NHS element is shown in the table below and has been broken down into the 'Develop the Preferred Option' (DPO) including enabling works phase, and the 'Construction' phase of the project.

	NHS Capital Funding Requirement 22%					
	Prior Year £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	Total £000
DPO phase	106	659	415			1,180
Construction Phase			650	7,920	5,461	14,031
Full Project	106	659	1,065	7,920	5,461	15,211

The CCG has confirmed availability of the funding for the DPO phase, following confirmation with NHSEI regional finance. The transfer is expected to be done as a revenue transfer for the prior year and 2021/22 element.

The NHS capital funding requirement for the construction phase of the scheme is still to be confirmed and work is ongoing with CCG, MoD, ICS, NHSE/I regional finance, NHSE/I estates team and NHSEI Armed forces team to identify potential funding source/s.

It is likely that for the financial years 2023/24 and 2024/25 a combination of funding sources will need to be identified to support the overall scheme. A proposal of what this looks like is currently being worked through with NHSEI and HC&V ICB colleagues.

Part 5: Financial Planning for 2022/23

NYCCGs allocation for 2022/23 is shown in the schedule below. The allocation includes some elements that are being held as host CCG on behalf of the overall ICB allocation.

2022/23 NY&Y Allocation/Funding Schedule		
Calculation of H2*2 baseline	£'000	
H2 system envelope funding	415,116	Same basis as H2 allocation split
Exclude:		
Covid funding	(21,253)	Removed as per H2
CCG allocations - delegated primary care	(34,290)	Removed as per H2
CCG allocations - running costs	(3,932)	Removed as per H2
Support for NHS provider other income loss	(653)	Removed as per H2
Funding for H1 backpay	(5,740)	Removed as per H2
Adjusted H2 envelope	349,249	
Adjusted H2*2	698,497	
Adjustments, Allocation Growth, Efficiency		
Removal of funding for LVA from provider system (inc. ODC)	19,313	ICB level/host CCG - £899k from NL additional to allocation
Add back funding for NCA/LVA to ICB commissioner system	(10,515)	Based on Trust level analysis
Removal of mental health SDF from baseline	(198)	Based on CCG split
V2 ODC/Spec Comm Adjustment	657	Split as per NHSEI detail provided
V2 ODC/Spec Comm Adjustment Growth	13	
Net Growth	27,605	Net 1.7% Inflation to contracts
Convergence Adjustment	(3,629)	0.5% Adjustment, may need further review
ICB Contingency - 0.5% reduction in allocation	(3,655)	Contingency top slice
Total Recurrent Allocation	728,088	
Ockenden funding	955	Fair share splits to providers
Primary Medical Care Services	73,701	As per allocation info
Running costs	9,437	As per refreshed ICB allocation (£2m adj for ICB held as host)
Total Recurrent Allocation	812,182	
Non-Recurrent Allocation:		
COVID funding	18,291	Split based on H2 ICB and NY&Y split
Service Development Fund (SDF)	TBC	TBC
Total Non-Recurrent Allocation	18,291	
Total 2022/23 Allocation	830,473	

NYCCGs initial draft plan against this allocation gives a deficit position of £3.679m. It should be noted that within NYCCGs allocation is £5.898m of Capacity Funding for the NY&Y system. In the CCG's draft plan, 50% of this has been released to support the deficit position, with the real CCG deficit being £6.628m.

A consistent set of planning assumptions across the ICS have been agreed and used for the CCGs draft plan and the key assumptions are as below:

- All acute, community and MH providers have been uplifted by the net tariff inflationary uplift of 1.7% (2.8% inflation net of 1.1% efficiency) as per planning guidance.
- Additional growth uplift of 2.3% to all acute and community providers
- Additional efficiency (convergence adjustment) of 0.5% have been applied to all Intra (within system) contracts.
- MHIS uplift of 4.53% applied in line with planning guidance
- An allowance made for 5.3% BCF uplift
- Overall, 4% uplift for CHC and Prescribing

A summary of the draft plan is shown below:

	2022/23 Plan £'000
Allocations	830,473
Expenditure:	
Acute Service Expenditure	(448,343)
Mental Health Service Expenditure	(70,309)
Community Health Service Expenditure	(58,498)
Continuing Care Service Expenditure	(61,300)
Primary Care Service Expenditure	(88,821)
Other Programme Service Expenditure	(17,003)
Delegated Primary Care Commissioning Expenditure	(75,777)
Running Costs	(9,486)
Reserves / Contingencies	(4,615)
Total Surplus/ (Deficit)	(3,679)

The summary schedule below explains and analyses the makeup of the CCG deficit:

	£'000
Additional funding above H2 - Growth less Convergence Adj and Contingency topslice	20,321
Expenditure Assumptions aganst this:	
Contracts 1.7% less convergence	(6,732)
Contracts 2.3%	(9,917)
CHC @4%	(2,446)
Prescribing @4%	(3,103)
Other Areas 1.7% inflation	(1,258)
PC Del (req above PC Del alloc)	(2,077)
MHIS @ 4.53% (excl TEVV 1.7% above)	(1,682)
BCF 5.3%	(1,043)
Cost pressures/Precommitments offset by Exp reductions	(1,691)
CCG Deficit position before QIPP	(9,628)
QIPP/Savings:	
- CHC savings	1,238
- Prescribing savings	1,262
- Non Recurrent Other	500
CCG Deficit position after QIPP	(6,628)
Release of 50% of Capacity Fund	2,949
Revised CCG Deficit for Initial Draft plan	(3,679)

Initial draft plan submission at system level is due on 17 March 2022. The system level position is a deficit of £140m at this initial draft plan stage. Further work is required to reduce the overall deficit position across all organisations for the final financial plan submissions that are due 28 April 2022.

Next steps include:

- Peer review of CCG financial bridges
- Check and Challenge meetings with Providers re 'new development initiatives' in plans
- Further review of CCG plans including potential for slippage in plans

Part 6: Virtual Decisions made by FPCCC

The following decision were made virtually by the Finance, Performance Contracting and Commissioning Committee, since the Governing Body met on 21st December 2021.

Date Approved	Quorate	Decision Outline	Decision Made	Any COI
Various	Yes	A number of Prescribing Rebate Schemes have been agreed	Approved	No
01/02/22	Yes	Bad Debts & Claims Abandoned Abandon recovery of a £6,336 credit note refund from a care home that has been liquidated as a company. Agreement to a 50/50 deal on a £13,944 disputed care home rate. Lost recovery of overpayment therefore £6,972 Abandon recovery of a £2,015 PHB balance remaining when the funding ended but recovery fruitless.	Approved	No
15/03/22	Yes	Incorrectly Invoiced Responsible Commissioner to Liverpool CCG for £366,000 After review of the case file, and in light of previous information from Hempson Solicitors, the recharge of care by one of the legacy CCGs was incorrect and a credit note has now been raised accordingly.	Approved	No

Part 7: Hospital Discharge Programme (HDP) Costs

The appendices below shows the anticipated costs of HDP up to the year end. All costs are reimbursed by government. The reduction in costs in the second half of the year is due to a change in the reimbursable period from 6 weeks to 4 weeks. The scheme ends at the end of March.

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

Hospital Discharge Programme - H1 & H2 2021/22 Summary Position

	H1								H2						
	April £000	May £000	June £000	July £000	August £000	September £000	Sept Tail £000	Total £000	October £000	November £000	December £000	January £000	February £000	March £000	Total £000
	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	FOT	FOT
Total Scheme 1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Scheme 2															
Pathway 1	191	27	0	0	0	0	0	218	0	0	0	0	0	0	0
Pathway 2	160	39	0	0	0	0	0	199	0	0	0	0	0	0	0
Pathway 3	147	31	0	0	0	0	0	178	0	0	0	0	0	0	0
Total Scheme 2	498	97	0	0	0	0	0	595	0	0	0	0	0	0	0
Scheme 3															
Pathway 1	327	529	599	515	531	414	284	3,200	286	507	428	435	569	532	2,757
Pathway 2	180	371	375	337	332	237	84	1,915	165	175	99	154	264	188	1,045
Pathway 3	148	280	307	328	361	160	106	1,690	90	314	476	330	207	305	1,721
Other - Transport	17	17	17	17	17	17	0	102	17	17	17	17	17	17	102
Total Scheme 3	672	1,197	1,298	1,196	1,241	828	474	6,907	559	1,013	1,020	936	1,057	1,042	5,626
Less LA Contribution	(270)	(270)	(270)	(270)	(270)	(270)		(1,620)	(270)	(270)	(270)	(270)	(270)	(270)	(1,620)
Net Total Scheme 3	402	927	1,028	926	971	558	474	5,287	289	743	750	666	787	772	4,006
CCG Costs															
CCG Commissioned (Fast track)	52	47	51	75	121	92		438	29	51	73	71	54	70	348
Additional Discharge Costs to support system pressures										80	30	40	22	31	203
BBB Void Charges & Other costs						177		177	10	13	39	10	20	20	112
Total on CCG non ISFE	952	1,071	1,080	1,001	1,092	827	474	6,497	328	887	892	786	883	893	4,669
								6,453							
Indicative ICS Budget Allocation								6,499							6,118
Variance								2							1,449