

BNSSG CCG Governing Body Meeting

Date: Tuesday 7th July 2020

Time: 1:30pm

In light of the recent Government advice regarding social distancing, the Governing Body will meet virtually until further notice. The meeting will be accessible to members of the public. Please see our website for more details.

Agenda Number :	8.2
Title:	BNSSG CCG Finance Report – Month 2
Purpose: Information Only	
Key Points for Discussion: The financial position, the key risks, issues and mitigations reported at Month 2.	
<p><u>Significant changes to the NHS financial framework M1-4</u> The financial framework for the first four months of 20/21 has been changed allow the NHS to respond to COVID. The regime means our initial allocation has been changed but with the expectation that our actual costs will be met by further allocation adjustments. The key changes are:</p> <ul style="list-style-type: none"> • the CCG allocation has been set for Apr-Jul only • the revised allocations broadly represent run rate expenditure from 19/20 continuing in 20/21 ie. there is no investment funded, but equally no requirement to recover underlying overspends • funding for ISTC contracts commissioned nationally has been clawed back. Funding has been reset for NHS providers to represent the value of nationally calculated block payments <p>To note the reported overspend against the revised allocation of £8.2m, and the expectation that this will be reimbursed retrospectively by NHS England in Month 3.</p>	
Recommendations:	To note the temporary changes to the NHS financial framework To note the financial position at the end of Month 2 To note the COVID costs incurred to date
Previously Considered By and feedback :	Strategic Finance Committee – 26 June 2020

Management of Declared Interest:	Declarations of interest stated in meeting and recorded in Committee minutes.
Risk and Assurance:	A range of specific risks that have arisen due to the Covid financial regime are monitored via the FICS Directorate Risk Register and Corporate Risk Register where appropriate. There are no particularly risks to draw to the attention of the Governing Body at his time.
Financial / Resource Implications:	This paper presents the financial position of the Bristol, North Somerset and South Gloucestershire CCG.
Legal, Policy and Regulatory Requirements:	<p>Section 223H of the Health and Social Care Act 2012 sets out the duty for CCGs to break even on their commissioning budget for both revenue and capital. BNSSG is required not to exceed the cash limit set by NHS England, which restricts the amount of cash drawings that the CCG can make in the financial year. The CCG must also comply with relevant accounting standards.</p> <p>The CCG is operating against a temporary financial regime, due to national incident. The CCG has had it's notified allocation adjusted accordingly. The aim of the regime is that the CCG will report a breakeven financial position against revised NHS allocation for Month 1-4 and whilst investment is expected to be reduced, reasonable additional costs, including those incurred due to Covid will be reimbursed.</p>
How does this reduce Health Inequalities:	No health inequalities issues arise directly as a result of this report
How does this impact on Equality & diversity	There is no direct impact upon people with protected characteristics.
Patient and Public Involvement:	No direct involvement in the reporting of the financial position.
Communications and Engagement:	The financial position of the CCG is subject to regular reporting and review by the Strategic Finance Committee and public Governing Body. In addition, the CCG has regular meetings with NHSE to review performance throughout the year.
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Sponsoring Director / Clinical Lead / Lay Member:	Sarah Truelove, Deputy Chief Executive and Chief Finance Officer



**Bristol, North Somerset
and South Gloucestershire**
Clinical Commissioning Group

Finance Report

May 2020

Report on financial performance for May 2020

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1.1 Headlines

The financial framework for the first four months of 20/21 has been changed allow the NHS to respond to COVID. The regime means our initial allocation has been changed but with the expectation that our actual costs will be met by further allocation adjustments.

The key changes are –

the CCG allocation has been set for Apr-Jul only

the revised allocations broadly represent run rate expenditure from 19/20 continuing in 20/21 ie. there is no investment funded, but equally no requirement to recover underlying overspends

Funding for ISTC contracts commissioned nationally has been clawed back. Funding has been reset for NHS providers to represent the value of nationally calculated block payments

	Month 2 position £m	Month 4 Forecast £m	Comments
Overall CCG position (deficit)	8.2	13.0	
Main Drivers:			
Direct COVID costs	5.3	9.0	See section 2.11
Prescribing	2.3	3.6	£0.5m Cat M from Jun. £1.6m prior year
Technical & Accounting issues	2.1	3.0	£1.9m FNC prior year; Service Transfers not accounted in allocation
Other in-year variances	(1.7)	(2.6)	Planned Care activity

1.2 Financial Duties

Financial Duties	Target	Plan	Forecast Variance RAG	Explanation
Maintain expenditure within the revenue resource limit	Outturn is better than or equal to plan	Under new NHS financial regime break-even is required		The CCG is currently forecasting a £13m deficit at M4.
Maintain expenditure within the allocated cash limit	Cash drawdown is less than or equal to MCD	CCG will manage within Cash Limit		Cash drawings are in line with expectations
Maintain capital expenditure within the delegated limit	Expenditure less than or equal to plan	CCG will manage within Capital resource limit		The CCG is forecasting that it will not breach its capital resource limit for 2020-21.
Ensure running costs are within the running cost resource limit	Expenditure less than or equal to plan	CCG will contain spend within Running Costs Allocation		The financial budget for running costs is within the Running Cost Allocation (£18.3m).
Ensure compliance with the better payment practice code	Greater than or equal to 95% by number & value	CCG will achieve payment target throughout year		Current performance is above the target for both value and number of invoices paid and performance has improved in month.

2.1 Agreed Revenue Allocation and temporary financial regime

Programme Area	Baseline Allocation at 01-Apr-20 £000	Adjustments in Months 1 & 2		Total adjustments Months 1 & 2 £000	Revised allocation 31-May-20 £000
		Transfer 8 Month Programme allocation £000	Prospective 4 Month adjustment £000		
Acute Contracts	701,679			0	701,679
Mental Health	145,546			0	145,546
Continuing Care	78,178			0	78,178
Community Services	214,062			0	214,062
Primary Care	151,066	-89,475	-436	-89,911	61,155
Medicines Optimisation	133,875			0	133,875
Other Programmes	7,590			0	7,590
Reserves	5,411			0	5,411
Programme Adj		-866,872	928	-865,944	-865,944
Deficit	-2,887			0	-2,887
Commissioning Budget	1,434,520	-956,347	492	-955,855	478,665
Running Costs	18,291	-12,194		-12,194	6,097
Total Allocation 2019-20	1,452,811	-968,541	492	-968,049	484,762

The opening allocation of £1,452,811k is as per the published allocations as part of the NHS planning process for 2020-21. The subsequent change to the NHS financial regime have led to adjustments for the period August to March reflecting the initial opening four months of the financial year. In key changes are –

- the CCG allocation has been set for Apr-Jul only
- the revised allocations broadly represent run rate expenditure from 19/20 continuing in 20/21 ie. there is no investment funded, but equally no requirement to recover underlying overspends
- Funding for ISTC contracts commissioned nationally has been clawed back. Funding has been reset for NHS providers to represent the value of nationally calculated block payments

2.2 Financial Position as at May 2020 (Month 02)

May 2020 - Month 02	2020/21 Annual Budget	Year to Date Budget	Year to date Expenditure	Year to Date Variance		Month 1-4 Budget	Month 1-4 Forecast outturn	Month 1-4 forecast outturn Variance		Report Ref
Area of Spend	£000s	£000s	£000s	£000s		£000s	£000s	£000s		
CCG Programme Expenditure: NHS Trusts & FTs	805,227	133,763	133,981	(218)	●	267,526	268,130	(604)	●	2.3
CCG Programme Expenditure: Other Providers										
- Acute Care	10,282	1,714	970	743	●	3,427	2,436	991	●	2.3
- Mental Health & Learning Disabilities	50,420	8,403	8,457	(54)	●	16,807	16,882	(75)	●	2.5
- Non-Acute Contracts	159,021	26,504	28,807	(2,303)	●	53,007	58,385	(5,378)	●	2.6
- Children's Services	19,659	3,277	3,314	(37)	●	6,553	6,592	(39)	●	2.9
Continuing Healthcare	78,178	13,030	16,682	(3,652)	●	26,059	30,126	(4,067)	●	2.8
Primary Care	17,719	2,953	2,719	235	●	5,906	5,381	525	●	2.7
Medicines Management	131,604	22,264	24,957	(2,693)	●	44,528	48,981	(4,453)	●	2.7
Primary Care Co-Commissioning	133,319	22,151	24,054	(1,904)	●	44,302	46,924	(2,622)	●	2.7
HQ Programme Costs & Other Support Costs	7,650	1,768	2,003	(235)	●	3,535	3,564	(28)	●	2.10
HQ Running Costs	18,121	3,048	3,047	2	●	6,097	6,097	0	●	2.10
Reserves	21,612	3,507	1,614	1,894	●	7,015	4,265	2,750	●	2.11
BNSSG CCG Total Variance	1,452,811	242,382	250,604	(8,223)		484,763	497,763	(13,000)		

- The monthly management accounts have been split between NHS provider expenditure (subject to nationally fixed allocation and block payments) and Non-NHS expenditure, subject to a new allocation but against existing contract payment regime.
- The monthly management accounts have been prepared against internal budgets, with the 'Reserves' line holding the balance to the NHS assumed expenditure which has set the allocation. This line is favourable variance of £1.8m because the NHSE allocation requirement is based on run rate from 19/20, whereas the CCG internal plan assumed a recovery of the deficit from £34m to £2.9m in 20/21

2.3 Covid cost collection

Cost Type	Apr	GP B/H	19/20	May	YTD	M4 FOT	
Prime redeployment	167			167	333	500	slow as actuals pick up
Care Home and Dom care fees	336			416	752	1,168	only committed to end of Q1
NHS 111	155			95	250	440	slow down
Hospital Discharge Programme	1,042			1,042	2,084	4168	trend
Sirona cost increases and CIP slippage	129			191	320	640	trend
Easter Bank Holiday & Spring Bank Holiday		699			699	699	one off
GP Practise Costs	225			225	449	674	slow down
Staffing Costs	51			51	102	204	trend
One Care	38			38	75	150	trend
Other	82			82	164	328	trend
	2,224	699	0	2,306	5,228	8,970	
Prescribing							
NCSO price increases	370		370	370	1,110	1,850	trend less prior year
Inhalers in March			550		550	550	one off
Warfarin switching	40		40	40	121	202	trend less prior year
Other prescribing growth in March			529		529	529	one off
	410	0	1,489	410	2,310	3,131	
	2,634	699	1,489	2,716	7,538	12,101	

- This table captures additional costs directly attributable to Covid. In line with agreed Governance processes, expenditure is approved via the CCG Finance & Contracts cell reporting into CCG Executive Team via BCRC; and for Hospital Discharge Programme via System Incident Response Silver & Gold Command Cells.
- This excludes additional Covid costs incurred in NHS Providers Trusts (including NHS Nightingale), as well as nationally procured costs such as most PPE, Testing, and Independent Sector beds.
- It is important to note that the cost collection includes direct additional costs, but not unintended underspends such as reduced planned care activity or reduced temporary staffing spend or reduced CHC assessments.
- It also excludes the redeployment of existing resources such as CCG management time