

Month 7 Finance Report

Governing Body Briefing

3 December 2020

1. Executive Summary

Key Duties	Year to date	Forecast	Key Issues
Deliver a break-even position (CCG's Control Total) against Commissioning Revenue Resource Limit (RRL) + RCA combined	(£0.4m) Under Spend	(£0.0m) Break-even	The financial arrangements for 20/21 are different to a normal year, however the CCG is still required to deliver an overall break-even position against the allocations received. (The allocations will include retrospective funding for Hospital Discharge Programme [HDP] costs in M7 to M12). Whilst we are forecasting achievement of this a break-even position, we continue to manage a number of financial risks which, if not carefully managed, may impact on delivery of the control total. As a result, the RAG rating of this duty continues to be AMBER.
a) Achieve a break-even position against the Programme Allocation	(£0.6m) Under Spend	(£0.6m) Under Spend	There are a number of risks and challenges that need to be managed (see section 6). Hence a RAG rating of AMBER indicating the need for additional actions which are being progressed.
b) Remain within Running Cost Allowance (RCA) of original notified allocation £11,153k	£0.2m Over Spend	£0.6m Over Spend	The original notified allocation for RCA was £11,153k and there is a requirement not to exceed this funding level. The revised Running costs budget is £10,328. This means that despite an over-spend against CCG budgets, the Key Duty requirement continues to be achieved.
Remain within the Cash Limit (i.e. Maximum draw down set by NHS England)	£6.6m closing balance	Breakeven	The CCG's maximum draw down for 2020/21 notified in November was £1,022.3m. To remain within this limit, which requires the revenue position to be brought in on plan, cash payments will need to be managed to meet this target.

Key:

Red	Significant risk of non-delivery. Additional actions need to be urgently pursued.
Amber	Medium risk of non-delivery requires additional management effort.
Green	Low risk of non-delivery – current management effort should deliver success.

2. Introduction

The Governing Body approved a revised full year budget for 2020/21 at the previous meeting in November. The budget anticipates receipt additional allocations totalling £15.0m, a number of which are still to be confirmed, as follows:

Confirmed Revenue Resource Limit - Programme	1,013,444
Anticipated Allocations:	
Hospital Discharge Programme	7,143
Independent Sector	844
Other allocations not yet received	3,654
M6 retrospective	3,370
Anticipated Revenue Resource Limit - Programme	1,028,455

Confirmed Revenue Resource Limit - Running Cost Allowance	10,328
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Anticipated Revenue Resource Limit - Total	1,038,783
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There are a range of risks associated with the assumed allocations, which are explained further in section 6 of this report.

There are a small number of changes to the approved budget as shown in the table below. At month 7 we have received notification of new allocations which were not known previously (£226k). However, we were also notified that funding previously claimed for the Primary Care Additional Roles Reimbursement Scheme was not agreed and so we have reduced the budget accordingly (£684k). The final change is an additional expected allocation for Independent sector spend in line with our forecast.

Table 1: Reconciliation of approved budget	Full Year Budget £000
Budget Approved by Governing Body (Nov 20)	1,038,848
<u>Changes to Budget</u>	
New allocations at Month 7	226
Additional Roles Reimbursement Scheme (ARRS) retrospective M1-6 allocation not approved	(684)
Additional Expected Allocation for Independent sector spend	393
Budget at Month 7	1,038,783

3. Summary of the reported position

The year to date position for the period April – October 2020, and the year-end forecast is summarised in Table 2 below (this information is presented in more detail in Appendix A).

Table 2 : Summary Position at 31 October 2020	Year to date budget £000's	Year to date variance £000's	Year to date variance %	Annual Budget £000's	Forecast Variance Year End £000's	Forecast Variance Year End %
Acute & Community NHS Services	320,640	23	0.0%	590,724	23	0%
Other Acute & Community	4,434	17	0.4%	6,998	(25)	0%
Mental Health	56,004	(45)	-0.1%	102,172	24	0%
Other Primary & Community services	28,132	18	0.1%	44,547	(33)	0%
Primary Care Co-Commissioning	46,955	268	0.6%	81,055	656	1%
Locally Commissioned Primary Care	12,674	(80)	-0.6%	20,880	72	0%
Continuing Care	36,833	(262)	-0.7%	63,403	(36)	0%
Prescribing	59,511	(141)	-0.2%	101,655	(52)	0%
Collaborative Working	5,928	26	0.4%	12,658	(12)	0%
Reserves	407	(407)	-100.0%	4,363	(1,214)	-28%
TOTAL EXPENDITURE - COMMISSIONING	571,518	(585)	-0.1%	1,028,455	(597)	0%
Running Costs	6,138	218	3.6%	10,328	597	6%
TOTAL (UNDER)/OVER SPEND	577,656	(367)	-0.1%	1,038,783	(0)	0%

4. Further Information on key budgets

Acute & Community NHS Services:

The block arrangements outlined in previous reports will continue for the remainder of the year. However, an increase in the annual spend trigger from £200k to £500k introduced in October means that the CCG is now paying less NHS Providers for the last six months of the year. The CCG's allocation has been adjusted for this change.

During the first six months, NHS providers made claims directly to NHSE/I for their additional COVID and non-COVID costs and this process was managed centrally and payments made directly to providers. The financial arrangements in the second half of the year saw additional funding allocated on a system basis (SYB ICS). Sheffield CCG is responsible for making payments to their local providers for the entirety of their additional planned costs. Table 3 below shows the additional funding being paid to Sheffield NHS Providers (other CCGs in the system will be making the full payments to their local trusts).

Table 3 : System funding (included in Appendix A headings)	System Top-Up funding £000	System COVID funding £000	System Growth funding £000	System Growth funding £000
Sheffield Teaching Hospitals	21,705	18,770	2,270	42,745
Sheffield Children's	11,671	2,698	417	14,786
Sheffield Health & Social Care	1,923	3,147	248	5,318
	35,299	24,615	2,935	62,849

STHFT activity update :

Updated STHFT activity information has now been received and shows that whilst referrals and most activity remains low compared with pre-COVID levels, there has been some improvement between August and October.

After showing an improvement in July, referrals in August had dropped back from 20% to 27% below pre-COVID monthly averages. In September and October the picture improved again, with referrals at the end of October being 10% lower than an 'average' pre-COVID month. So, performance remains significantly better than that seen during the first wave of COVID in April to June.

There has also been notable improvement in other areas:

	Percentage of Pre-Covid Monthly Average			
	April	Aug	Sep	Oct
New Outpatients	-54%	-37%	-23%	-21%
New Outpatient Follow-Ups	-28%	-20%	-2%	-1%
Elective Spells	-65%	-31%	-21%	-17%
Non-Elective Spells	-29%	-9%	-8%	-9%

In terms of actual patient numbers, 140,530 new outpatients were seen between March and October compared with a 'reset demand' target (which takes account of the drop in referrals in the period) of 136,577. However, In September outpatient waiting numbers were, for the first month this year, higher than the Trust's pre-COVID trajectory target. This was also true in October – 34,346 compared to 27,328 (Sep 29,286 compared to 28,185). This reflects the recent increase in referrals back to nearer normal levels but the current (reduced) levels of outpatient appointments.

The overall outpatient waiting list increased in September by 1,720 from 27,566 to 29,286 and again in October by 5,060 from 29,286 to 34,346. And, it remains above the pre – covid trajectory target of 34,346.

Compared with the Trust's pre-COVID plan (which was set to meet the 'normal' demand expected for this period), new outpatient activity for the March – October period was 68,459 lower (Sep 62,397, Aug 55,989).

There continues to be an overall increase in the number of non-face to face outpatient appointments. 33,939 patients were seen in this way in October, which compares with 34,148 in September, 26,801 in August, 31,167 in July and a pre-COVID average of just 2,340 per month.

The Trust has been unable to achieve its 'reset' plan for Elective Inpatient spells. 67,223 spells took place between March and October, which was lower than the 'reset demand' target of 81,114 (Sep, 56,199 v 69,476 and Aug 45,715 v 57,939) and 43,733 below the Trust's pre- COVID plan set for 'normal' demand.

The inpatient waiting list reduced by 380 from 15,551 to 15,171 in September due to the significant increase in elective cases in September compared with August. Elective cases remained relatively high in October too and the number fell again by 156, from 15,171 to 15,015. However, there are still 2,681 more patients on the inpatient waiting list than the pre – covid trajectory target of 12,334.

Mental Health: Mental health spend is roughly in line with budgets. The annual budget includes £4.7m investment in Sheffield Health & Social Care NHSFT and Sheffield Children's NHSFT, in the last 6 months of the year, to enable expansion of services and

provision in line with the NHS Long Term Plan, and so demonstrate delivery the Mental Health Investment Standard.

Primary Care Co-Commissioning and Locally Commissioned Primary Care: More detail is available within the Finance Report presented to the Primary Care Commissioning Committee on 19 November 2020. The position at month 7 shows an overspend of £187k, with a forecast overspend of £728k due to:

- Delegated budget has a forecast overspend of £656k which is mainly due to a cost pressure on reimbursements for locum expenditure and also reflecting the reduced budget for the Additional Roles Reimbursement Scheme (ARRS).
- Locally commissioned service are forecast to be underspent by £38k which relates to small variances on many of the services within the budget, offset with a small overspend (£110k) on the budget for covid expenditure within primary care.

Continuing Care: The £0.3m variance to date shown in Table 2 relates to a small underspend against the CCG planned spend as a result of the delays in carrying out the assessments for patients discharged prior to the end of August. Until the point of assessment these patients are funded from the national HDP scheme and the cost for October is within the £2m shown as an anticipated allocation on Appendix A (and the HDP spend in Table 3). It is expected that the year end position will be around breakeven, there is risk to this position with a variety of scenarios included in the risk assessment.

Prescribing: Data has now been received for April to August with expenditure for September & October being estimated. April's to August's spend continued at a high level, with 5% increase in average price per item but with a small % increase in items prescribed compared to 2019/20 levels. Within the forecast figures is £1.4m QIPP target which at this stage is forecast to be achieved, this is possible if reduced growth in the last couple of months continues but shown at the start of the COVID pandemic prescribing spend can move by large amounts.

Running Costs: The approved budget for running costs for 2020/21 is now £10.3m which compares to the original published allocation of £11.1m. So whilst the forecast spend is higher than the approved budget, as a result of additional costs being identified after the revised financial plan was approved, spending remains within the Running Cost Allowance. The revised budget includes a QIPP target of £800k. It is expected a proportion of the QIPP will be achieved through expenditure controls but it does not look possible at this point to achieve all of the target. The table below shows the breakdown of the position:

Table 4: Running Costs	Budget for M1-7 £000's	Variance M1-M7 £000's	Forecast Variance Year-end £000's
Pay	5,355	(178)	(426)
Non-Pay	2,106	(198)	(125)
Income	(789)	60	45
Running Cost Reserve	(535)	535	1,103
Total	6,138	218	596

5. QIPP

In summary, at month 7 we are reporting a shortfall of £2m against the forecast position, as summarised in Table 5 below. This represents a forecast delivery of 62% of our QIPP programme. However, given the phasing of the overall QIPP programme there remains a level of risk to delivery of this forecast position.

Table 5: QIPP Plan by Budget Area	Annual Gross Savings Plan £000	Annual Gross Savings Forecast £000	Annual Gross Savings Forecast variance £000
Medicines Optimisation	1,400	1,400	0
Continuing Healthcare	1,200	1,200	0
Mental Health	300	300	0
Primary care	300	300	0
Running Costs	800	204	(596)
Unidentified	1,487	-	(1,487)
Total	5,487	3,404	(2,083)
% Achievement		62%	

6. Overall Risk Assessment

Whilst we are in the second half of the financial year, the range of risks and potential benefits is still relatively wide. Our assessment, using the information available to date, identifies a risk range of -£5.3m upside to +£5.9m downside, which reflects a range of issues that could impact on the delivery of the final year end position. Key risks are summarised below.

Area	Key Risks
Assumed Allocations	Expenditure on hospital discharge programme is anticipated to be funded in full. However, the funding is limited at national level and consequently there is a risk that if the national budget is oversubscribed claims will not be reimbursed in full. The budget for Independent Sector is based on average spend in M1-M4, in line with how CCG allocations were calculated, with any spending above this expected to be funded from a national budget. There is a risk that additional funding will be restricted to national call off contracts, which would leave a large proportion of forecast spend unfunded.
Non NHS Acute/MH/Community	Variability in IFR spend
Primary Care	Potential slippage on list size changes, pressures on locum spend.
Continuing Care	Variability of assumptions on run rate for adult CHC, children's CHC and Funded Nursing Care
Prescribing	Variability of assumptions on cost and item growth, impact of supply shortages and implications of a no deal EU exit.
COVID costs	Additional spending required in excess of plan, in particular re Hospital Discharge Programme, from both delay in assessing scheme 1 cases and additional discharges re scheme 2.
Non Activity Related	Potential contribution to ICS costs due to funding for ICS costs not being allocated under revised financial arrangements
Running Costs	Possible slippage on budgets including corporate costs and legal fees.
Reserves	Potential slippage on agreed investments

This level of financial risk requires careful management and we will continue to prioritise actions to ensure that we have sufficient mitigations to manage the in year position.

7. COVID Expenditure

Table 6 below shows the breakdown of the £16.7m cumulative month 1 - 7 Covid related expenditure on services/equipment. An £11.0m retrospective allocation has been received to date covering the costs for Months 1 – 5 and a further £3.5m is anticipated to cover the M6 costs. The expenditure for month 7 only is £2.2m of which £2m relates to the Hospital Discharge Programme, this element is funded separately via full re-imburement and therefore an anticipated budget has been assumed of the same value in the M7 position.

Table 6: COVID expenditure	Details Actual spend	Actual Expenditure M1-7 £000
Remote management of patients	Primary care support for the hubs	411
Support for stay at home models	Provision of taxi service to transfer vulnerable patients to healthcare settings	326
Hospital Discharge Programme	Hospital Discharge Pool with SCC; CHC packages; Community beds; St Lukes Hospice, voluntary sector support	13,909
Remote working for non-patient activities	Technology solutions to support staff working at home	372
National Procurement Areas	PPE	435
Bank Holidays	Easter Bank Holiday work - GP Practice staff	326
Communication costs		15
Care Homes	Primary care support for care homes	218
Consumables	Practice claims for Non PPE items	388
Additional capacity (excluding care homes)	A number of small grants to support mental health service organisations	45
COVID related Mental Health services	A number of schemes to support mental health needs	179
After Care and Support costs		18
Other Covid-19	GP additional premises reimbursement required due to COVID impact	49
TOTAL		16,691

8. Delivery of Cash Position

The CCG was notified of a maximum annual cash drawdown limit of £1,022.3m at month 7. The total cash used to the end of October was £669.0m against a requested cash drawdown of £600.8m, prescribing & home oxygen of £57.4m, pensions uplift to providers of £7.8m, other income of £9.3m and a brought forward balance of £0.3m. The cash balance at bank at the end of the month was £6.6m.

9. Better Payment Practice Code

The Better Payment Practice Code requires the CCG to pay all valid invoices by the due date or within 30 days of receipt of a valid invoice, whichever is later. A summary of the position for the 12 month period to the end of October is reported in Table 7 below:

Table 7: Measure of compliance	12 months to October 2020 (Number)	12 months to October 2020 £000's
Non-NHS Payables		
Total Non-NHS Trade invoices paid in the year	16,802	225,868
Total Non-NHS Trade Invoices paid within target	16,568	224,982
Percentage of Non-NHS Trade invoices paid within target	98.61%	99.61%
NHS Payables		
Total NHS Trade invoices paid in the year	3,196	769,115
Total NHS Trade invoices paid within target	3,173	768,140
Percentage of NHS Trade invoices paid within target	99.28%	99.87%

In addition to the Better Payment Practice Code, the latest Procurement Policy Note guidance states that Suppliers should be paid within 7 days where possible. The finance team continue to ensure that payments are processed as speedily as possible.

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On behalf of: Jackie Mills, Director of Finance

November 2020

NHS Sheffield Clinical Commissioning Group
Finance Report 2020/21 - Financial Position for Period Ending 31 October 2020

	Year to Date: October				Forecast Out-turn for year			
	Budget	Expenditure	Variance Over (+)/ Under(-)		Budget	Forecast	Variance Over (+)/ Under(-)	
	£'000	£'000	£'000	%	£'000	£'000	£'000	%
PROGRAMME COSTS BY PROVIDER/ SERVICE								
Revenue Resource Limit	565,421	565,421	0	0.0%	1,013,444	1,013,444	0	0.0%
Anticipated Allocations								
Hospital Discharge Programme	2,043	2,043	0		7,143	7,143	0	
Independent Sector	75	75	0		844	844	0	
Other allocations not yet received	609	609	0		3,654	3,654	0	
M6 retrospective	3,370	3,370	0		3,370	3,370	0	
Revised Budget	571,518	571,518	0		1,028,455	1,028,455	0	
EXPENDITURE								
Sheffield Teaching Hospitals	268,704	268,704	0	0.0%	491,140	491,140	0	0.0%
Sheffield Children's Hospital	26,458	26,458	0	0.0%	56,460	56,460	0	0.0%
Yorkshire Ambulance Service	16,812	16,812	0	0.0%	28,845	28,845	0	0.0%
Other NHS Trusts	8,666	8,689	23	0.3%	14,280	14,302	23	0.2%
Acute & Community NHS Services	320,640	320,663	23	0.0%	590,724	590,747	23	0.0%
ISTC & Extended Choice	712	712	0	0.1%	1,999	1,999	(0)	0.0%
Ambulance Services	936	926	(9)	-1.0%	1,553	1,527	(26)	-1.7%
Non Contract Activity	533	510	(23)	-4.3%	940	903	(37)	-3.9%
Other Community	1,916	1,917	1		1,916	1,917	1	
Individual Funding Requests	338	386	48	14.2%	590	627	37	6.4%
Other Acute & Community	4,434	4,452	17	0.4%	6,998	6,974	(25)	-0.4%
Sheffield Health & Social Care	51,134	51,134	0	0.0%	94,986	94,986	(0)	0.0%
Other Mental Health	2,944	2,903	(41)	-1.4%	3,684	3,702	18	0.5%
Sheffield Local Authority (MH)	837	840	3	0.4%	1,429	1,440	11	0.8%
Voluntary Sector (MH)	1,040	1,082	43	4.1%	1,776	1,820	44	2.5%
Individual Funding Requests (MH)	50	0	(50)	-100.0%	298	249	(50)	-16.7%
Mental Health	56,004	55,959	(45)	-0.1%	102,172	102,196	24	0.0%
Sheffield Local Authority	23,141	23,169	28	0.1%	36,122	36,143	20	0.1%
St Lukes Hospice	1,986	1,982	(4)	-0.2%	3,370	3,414	44	1.3%
Voluntary Sector	405	403	(2)	-0.4%	675	673	(2)	-0.3%
Other Commissioning	2,320	2,342	22	0.9%	3,869	3,826	(43)	-1.1%
Development Nurses (Directly Employed)	279	253	(27)	-9.5%	511	459	(52)	-10.2%
Other Primary & Community services	28,132	28,149	18	0.1%	44,547	44,515	(33)	-0.1%
Core Contract	31,310	31,289	(21)	-0.1%	53,555	53,776	222	0.4%
Premises	6,235	6,229	(7)	-0.1%	10,718	10,718	(0)	0.0%
QoF	4,543	4,543	0	0.0%	7,788	7,788	0	0.0%
Enhanced Services	3,678	4,023	345	9.4%	6,943	7,499	556	8.0%
Primary Care Other Services	1,189	1,139	(50)	-4.2%	2,050	1,929	(122)	-5.9%
Primary Care Co-Commissioning	46,955	47,223	268	0.6%	81,055	81,711	656	0.8%
Locally Commissioned Services	11,782	11,680	(102)	-0.9%	19,161	19,291	130	0.7%
GP IT	892	914	22	2.5%	1,720	1,662	(58)	-3.4%
Locally Commissioned Primary Care	12,674	12,593	(80)	-0.6%	20,880	20,953	72	0.3%
Adults Continuing Care	29,871	29,739	(132)	-0.4%	51,413	51,460	48	0.1%
Children's Continuing Care	1,935	1,866	(69)	-3.6%	3,379	3,363	(17)	-0.5%
Continuing Healthcare Assessments	1,456	1,426	(30)	-2.0%	2,591	2,554	(37)	-1.4%
Funded Nursing Care	3,572	3,541	(31)	-0.9%	6,020	5,989	(31)	-0.5%
Continuing Care	36,833	36,571	(262)	-0.7%	63,403	63,366	(36)	-0.1%
Prescribing	58,321	58,255	(66)	-0.1%	99,630	99,714	84	0.1%
Medicines Optimisation	1,189	1,114	(75)	-6.3%	2,025	1,889	(136)	-6.7%
Prescribing	59,511	59,369	(141)	-0.2%	101,655	101,603	(52)	-0.1%
Accountable Care Partnership	149	197	47	31.7%	320	370	50	15.5%
Better Care Fund	105	83	(22)	-20.8%	203	141	(62)	-30.5%
Integrated Care System	5,624	5,624	0	0.0%	12,049	12,049	0	0.0%
Other Collaborative Working	50	50	(0)	0.0%	86	86	0	0.0%
Collaborative Working	5,928	5,954	26	0.4%	12,658	12,646	(12)	-0.1%
Sub total Programme before reserves	571,111	570,933	(177)	0.0%	1,024,092	1,024,710	617	0.1%
Reserves								
Commissioning reserves	342	0	(342)	-100.0%	4,079	2,930	(1,149)	-28.2%
COVID Retrospective Funding	65	0	(65)	-100.0%	65	0	(65)	-100.0%
ICS Reserve	0	0	0		219	219	0	0.0%
Reserves	407	0	(407)	-100.0%	4,363	3,149	(1,214)	-27.8%
TOTAL EXPENDITURE - COMMISSIONING	571,518	570,933	(585)	-0.1%	1,028,455	1,027,859	(597)	-0.1%
(UNDER)/OVER SPEND - COMMISSIONING	0	(585)	(585)		0	(596)	(597)	
RUNNING COSTS ALLOWANCE								
Funding net of £1.5m transfer to commissioning budgets	6,138	6,138	0	0%	10,328	10,328	0	0%
Accountable Officer	1,320	1,329	9	0.7%	2,165	2,163	(2)	-0.1%
Commissioning & Performance	1,892	1,974	82	4.3%	3,336	3,258	(78)	-2.3%
Delivery (Care Outside of Hospital)	734	653	(81)	-11.0%	1,263	1,146	(117)	-9.2%
Finance & Corporate Services	1,646	1,531	(115)	-7.0%	2,828	2,804	(24)	-0.9%
Nursing & Quality	1,081	870	(211)	-19.6%	1,838	1,553	(286)	-15.5%
Running Cost Reserve	(535)	0	535	-100.0%	(1,103)	0	1,103	-100.0%
Running Costs	6,138	6,356	218	4%	10,328	10,924	596	5.8%
(UNDER)/OVER SPEND - Running Costs	0	218	218		0	596	596	
TOTAL (UNDER)/OVER SPEND	0	(367)	(367)	0%	0	0	0	0.0%