

Month 9 Finance Report

Item 2

Governing Body Briefing

4 February 2021

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	(£1.6m) Under Spend	(£3.0m) Under Spend	<p>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).</p> <p>South Yorkshire and Bassetlaw system envelope has been increased by £3m compared to the original notified envelope to support delivery of a balanced financial position across the system. This additional resource is currently shown as a additional forecast surplus in the CCG position, but may transfer to other organisations in the system.</p> <p>Whist there remain a number of financial risks to manage, I have assessed the RAG rating of this duty to be GREEN given the expected mitigations available to manage these risks.</p>
a) Achieve a break-even position against the Programme Allocation	(£1.9m) Under Spend	(£3.6m) Under Spend	As noted above, whist there remain a number of financial risks to manage, I have assessed the RAG rating of this duty to be GREEN given the expected mitigations available to manage these risks.
b) Remain within Running Cost Allowance (RCA) of original notified allocation £11,153k	£0.3m 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)	£18.2m closing balance	Breakeven	The CCG's maximum draw down for 2020/21 notified in December was £1,040.1m. 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 of additional allocations totalling £9.5m, a number of which are still to be confirmed, as follows:

Confirmed Revenue Resource Limit - Programme	1,028,993
Anticipated Allocations:	
Hospital Discharge Programme	7,112
Independent Sector	137
Other allocations not yet received	2,346
Anticipated Revenue Resource Limit - Programme	1,038,588

Confirmed Revenue Resource Limit - Running Cost Allowance	11,153
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Anticipated Revenue Resource Limit - Total	1,049,741
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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.

3. Summary of the reported position

The year to date position for the period April – December 2020, and the year-end forecast is summarised in Table 2 below (this information is presented in more detail in Appendix A). Appendix A also provides the year-end forecast variance as reported last month and a simple visual indicator of the changes to the predicted year-end position.

Table 2 : Summary Position at 31 December 2020	Budget for M1-9 £000's	Actual Variance M1-M9 £000's	Actual Var %	Budget for Year £000's	Forecast Variance Year End £000's	Forecast Var %
Acute & Community NHS Services	428,254	3	0.0%	590,255	2	0.0%
Other Acute & Community	5,607	(15)	-0.3%	6,555	(13)	-0.2%
Mental Health	74,594	(20)	-0.0%	102,405	(13)	-0.1%
Other Primary & Community services	35,109	(302)	-0.9%	45,758	(452)	-1.0%
Primary Care Co-Commissioning	61,952	386	0.6%	82,498	514	0.6%
Locally Commissioned Primary Care	16,377	(351)	-2.1%	21,695	(11)	-0.1%
Continuing Care	46,771	296	0.6%	62,120	487	0.8%
Prescribing	76,727	(427)	-0.6%	101,655	(333)	-0.3%
Collaborative Working	10,080	(33)	-0.3%	15,932	(6)	0.0%
Reserves	1,565	(1,565)	-100.0%	10,540	(3,697)	-35.1%
TOTAL EXPENDITURE - COMMISSIONING	756,929	(1,919)	-0.3%	1,039,413	(3,598)	-0.3%
Running Costs	7,750	308	4.0%	10,328	598	5.8%
TOTAL (UNDER)/OVER SPEND	764,679	(1,611)	-0.2%	1,049,741	(3,000)	0.0%

4. Further Information on key budgets

Acute & Community NHS Services:

As outlined in previous months, the NHS Block payment arrangements continue throughout the second half of the year on a slightly different basis from the first half of the year. Local NHS providers are now being paid System wide funding totalling almost £63m for the last six months. Other providers within the ICS are receiving their system top-ups from their local CCGs.

Table 3 : System funding M7 to M12 (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: Referrals and most activity continue to be lower than pre-COVID levels. Outpatient appointments remain close to last year's levels but were down in December due to operational and workforce pressures. The same is true for elective and day cases, and for the same reasons. The Inpatient waiting list is now higher than it was in July, and there is a growing number of 52 week waiters due to reduced elective activity. The position is obviously different across specialties. STHFT are prioritising patients according to the national guidance and are managing patients based on clinical need whilst ensuring that they remain safe whilst waiting.

Mental Health: There is a slight forecast underspend as a result of low Individual Funding Request (IFR) spend. There is partly offset by small increases in spend compared to expected spend at Month 7 when the budget was set.

Primary Care Co-Commissioning and Locally Commissioned Primary Care: The position at month 9 shows an underspend of £35k; with a forecast overspend of £503k due to:

- Delegated budget has a forecast overspend of £514k 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 Services are forecast to be underspent by £11k which relates to small variances on many of the services within the budget, offset with a small overspend - £107k on the budget for COVID expenditure within primary care.

Additional funding of £1,443k was received in M9 in relation to the COVID Capacity Fund, aimed to support the additional pressures faced by General Practice, both in relation to demand and capacity as a result of responding to the COVID pandemic as well as the additional requirements of implementing the COVID vaccination funding. This funding was paid directly to practices in December on the basis of £2.25 per head for those practices signing up to the COVID vaccination enhanced service.

The CCG also received additional allocations for GPFV funding of £767k. The Network Development funding of £373k was paid to networks in December.

Continuing Care: The Continuing Care position has seen a small change to the forecast variance position, this consists of a fall in the predicted FNC spend offset by an increase on Adult CHC. Good progress is being made on the review of patients discharged under the Hospital Discharge Package and the CCG is on track to complete the reviews by the national deadline of March for all patients discharged before September.

The continuing cost of patients who have not been assessed yet but were discharged under HDP arrangements is assumed within the anticipated allocation shown on Appendix A.

Prescribing: Data has now been received for April to October; expenditure for November & December is estimated. April to October spend continued at a high level, with 6% increase in average price per item but with a small percentage 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. Different scenarios have been calculated and factored into the risk assessment (Section 6). At the start of the COVID pandemic, prescribing spend varied dramatically (which could be replicated in future months) and there is additional risk of limited stock availability and price variation as a result of revised customs arrangements at the end of the EU transition period.

Running Costs: The approved budget for running costs for 2020/21, £10.3m, was set based on the nationally set funding envelope, which was lower than our published allocation for running costs. The pay, non pay and income budgets were set based on funded establishments/expected spend, with a negative reserve initially badged as QIPP. Whilst there have been savings identified to offset some of this pressure, an overspend of £0.6m. NHS England and Improvement have confirmed that performance on running costs will continue to be measured against the published allocation ie the £11.2m allocation. Table 4 below shows the breakdown of the position:

Table 4: Running Costs	Budget for M1-9 £000's	Variance M1-M9 £000's	Forecast Variance Year-end £000's
Pay	6,867	(262)	(366)
Non-Pay	2,705	(240)	(146)
Income	(991)	(21)	2
Running Cost Reserve	(831)	831	1,107
Total	7,750	308	598

5. QIPP

In summary, at month 9 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	220	(580)
Unidentified	1,487	-	(1,487)
Total	5,487	3,420	(2,067)
% Achievement		62%	

6. Overall Risk Assessment

The range of risks and potential benefits has reduced compared to last month. Our assessment, using the information available to date, identifies a risk range of -£4m upside to +£1.8m 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 risk of not received funding for Independent sector overspend has been reduced since the month 7 report as further guidance has been received confirming our planning assumption. This will have to go through the same retrospective approval process at NHSEI as HDP.
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 additional customs requirements at the end of the EU transition period.
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.
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

Governing Body approved a plan for expenditure related our Covid response in November (£23.2m; of which £14.3m related to M1-M6 and £8.9m related to M7-M12), which was slightly higher than our covid allocation. Since then, additional funding of £1.4m has been received in relation to the General Practice Covid Capacity Expansion Fund, increasing the total budget to £24.6m. Whilst we continue to adapt our response as the situation evolves (with new expenditure agreed), refining of our original expenditure estimates has meant that our forecast spend is expected to be contained within our total funding envelope. Table 6 below shows the breakdown of the £20.6m cumulative month 1 - 9 Covid related expenditure on services/equipment.

Table 6: COVID expenditure analysed as per NHS England information	Details Actual spend	Actual Expenditure M1-9 £000's
Remote management of patients	Primary care support for the hubs	578
Support for stay at home models	Primarily provision of transport service to transfer vulnerable patients to healthcare settings	477
Hospital Discharge Programme	Hospital Discharge Pool with SCC £9.2m, CHC packages £4.2m, Community beds £1.9m, smaller costs for St Lukes Hospice, food banks, Age UK	16,140
Remote working for non-patient activities	Technology solutions to support staff working at home - includes £230k for IT for which we are awaiting formal Capital approval, this value is not included in the NHSE reported expenditure	390
National Procurement Areas	PPE	478
Bank Holidays	Easter Bank Holiday work - GP Practice staff	326
Internal and external communication costs		18
Care Homes	Primary care support for care homes	193
Consumables	Practice claims for Non PPE items	319
Additional capacity (excluding care homes)	Covid expansion capacity support scheme	1398
COVID related Mental Health services	A number of schemes to support mental health needs	120
After Care and Support costs	Support from the voluntary sector	20
Backfill for higher sickness absence	Locum costs to cover sickness absence	71
Other Covid-19	GP additional premises reimbursement required due to COVID impact	52
TOTAL		20,580

8. Delivery of Cash Position

The CCG was notified of a maximum annual cash drawdown limit of £1,040.1m at month 9. The total cash used to the end of December was £854.7m against a requested cash drawdown of £762.4m, prescribing & home oxygen of £74.0m, pensions uplift to providers of £7.8m, other income of £28.5m and a brought forward balance of £0.3m. The cash balance at bank at the end of the month was £18.2m.

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 December is reported in Table 7 below:

Table 7: Measure of compliance	12 months to December 2020 (Number)	12 months to December 2020 £000's
Non-NHS Payables		
Total Non-NHS Trade invoices paid in the year	17,431	232,552
Total Non-NHS Trade Invoices paid within target	17,218	231,684
Percentage of Non-NHS Trade invoices paid within target	98.78%	99.63%
NHS Payables		
Total NHS Trade invoices paid in the year	2,575	796,991
Total NHS Trade invoices paid within target	2,557	796,018
Percentage of NHS Trade invoices paid within target	99.30%	99.88%

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

January 2021

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

	Year to Date: December				Forecast Out-turn for year				Variance Change from prev month*	Forecast Variance as at M8
	Budget	Expenditure	Variance		Budget	Forecast	Variance			
	£'000	£'000	Over (+) Under(-)	%	£'000	£'000	Over (+) Under(-)	%		
PROGRAMME COSTS BY PROVIDER/ SERVICE										
Revenue Resource Limit	750,745	750,745	0	0.0%	1,028,993	1,028,993	-	0.0%	J	0
Anticipated Allocations										
Hospital Discharge Programme	4,274	4,274	0	0.0%	7,112	7,112	-	0.0%	J	0
Independent Sector	232	232	0	0.0%	137	137	-	0.0%	J	0
Other allocations not yet received	1,173	1,173	0	0.0%	2,346	2,346	-	0.0%	J	0
Revised Budget	756,424	756,424	0	0.0%	1,038,588	1,038,588	-	0.0%	J	0
EXPENDITURE										
Sheffield Teaching Hospitals	357,678	357,678	0	0.0%	491,140	491,140	0	0.0%	J	0
Sheffield Children's Hospital	38,459	38,460	2	0.0%	56,460	56,460	0	0.0%	J	0
Yorkshire Ambulance Service	21,625	21,627	1	0.0%	28,845	28,846	1	0.0%	K	0
Other NHS Trusts	10,492	10,493	0	0.0%	13,811	13,811	0	0.0%	K	0
Acute & Community NHS Services	428,254	428,258	3	0.0%	590,255	590,257	2	0.0%	K	0
ISTC & Extended Choice	1,055	1,055	0	0.0%	1,395	1,395	0	0.0%	J	0
Ambulance Services	1,182	1,169	-13	-1.1%	1,553	1,531	-22	-1.4%	K	0
Non Contract Activity	782	812	30	3.8%	903	916	13	1.4%	L	24
Other Community	2,149	2,149	0	0.0%	2,115	2,116	1	0.0%	J	1
Individual Funding Requests	439	407	-32	-7.2%	590	584	-6	-0.9%	K	0
Other Acute & Community	5,807	5,592	-215	-3.7%	6,555	6,542	-13	-0.2%	K	0
Sheffield Health & Social Care	68,674	68,674	0	0.0%	94,986	94,986	0	0.0%	J	0
Other Mental Health	3,363	3,456	93	2.8%	3,892	3,913	21	0.5%	K	8
Sheffield Local Authority (MH)	1,074	1,083	10	0.9%	1,429	1,440	11	0.8%	J	11
Voluntary Sector (MH)	1,334	1,360	26	2.0%	1,801	1,830	30	1.6%	L	92
Individual Funding Requests (MH)	149	0	-149	-100.0%	298	149	-149	-50.0%	L	0
Mental Health	74,594	74,574	-20	-0.03%	102,405	102,317	-88	-0.1%	L	11
Sheffield Local Authority	28,781	28,646	-135	-0.5%	37,374	36,981	-393	-1.1%	L	0
St Lukes Hospice	2,540	2,572	32	1.3%	3,370	3,458	88	2.6%	J	88
Voluntary Sector	513	448	-65	-12.7%	675	616	-59	-8.8%	J	0
Other Commissioning	2,904	2,803	-101	-3.5%	3,828	3,775	-53	-1.4%	L	0
Development Nurses (Directly Employed)	372	338	-34	-9.3%	511	476	-35	-6.8%	K	0
Other Primary & Community services	35,109	34,807	-302	-0.9%	45,758	45,306	-452	-1.0%	L	0
Core Contract	40,342	40,324	-18	0.0%	53,776	53,751	-25	0.0%	J	0
Premises	8,029	7,962	-67	-0.8%	10,718	10,622	-96	-0.9%	L	0
QoF	5,841	5,841	0	0.0%	7,788	7,788	0	0.0%	J	0
Enhanced Services	4,984	5,326	342	6.9%	6,943	7,399	456	6.6%	J	456
Primary Care Other Services	2,756	2,885	129	4.7%	3,272	3,450	178	5.5%	K	79
Primary Care Co-Commissioning	61,952	62,338	386	0.6%	82,498	83,012	514	0.6%	K	427
Locally Commissioned Services	15,106	14,824	-282	-1.9%	19,928	19,964	37	0.2%	L	66
GP IT	1,271	1,202	-69	-5.4%	1,767	1,719	-48	-2.7%	L	0
Locally Commissioned Primary Care	16,377	16,026	-351	-2.1%	21,695	21,684	-11	-0.1%	L	54
Adults Continuing Care	37,889	38,371	482	1.3%	50,142	50,996	855	1.7%	K	485
Children's Continuing Care	2,460	2,522	62	2.5%	3,379	3,412	33	1.0%	L	113
Continuing Healthcare Assessments	1,904	1,837	-67	-3.5%	2,579	2,483	-96	-3.7%	L	0
Funded Nursing Care	4,538	4,337	-201	-4.4%	6,020	5,716	-304	-5.0%	L	0
Continuing Care	46,771	47,067	296	0.6%	62,120	62,607	487	0.8%	K	470
Prescribing	75,198	74,894	-304	-0.4%	99,630	99,427	-203	-0.2%	L	0
Medicines Optimisation	1,529	1,407	-122	-8.0%	2,025	1,894	-131	-6.5%	K	0
Prescribing	76,727	76,300	-427	-0.6%	101,655	101,321	-334	-0.3%	L	0
Accountable Care Partnership	239	234	-5	-2.3%	320	376	56	17.4%	K	50
Better Care Fund	144	104	-40	-27.7%	203	141	-62	-30.5%	J	0
Integrated Care System	9,633	9,645	12	0.1%	15,323	15,323	0	0.0%	J	0
Other Collaborative Working	64	64	0	0.0%	86	86	0	0.0%	J	0
Collaborative Working	10,080	10,048	-32	-0.3%	15,932	15,926	-6	0.0%	K	0
Sub total Programme before reserves	755,473	755,010	-463	-0.1%	1,028,873	1,028,972	99	0.0%	L	621
Reserves										
Allocation Adjustment	0	0	0	#DIV/0!	0	0	0	#DIV/0!	J	0
Commissioning reserves	0	0	0	-100.0%	3,781	3,149	-632	-16.7%	K	0
COVID Retrospective Funding	65	0	-65	-100.0%	65	0	-65	-100.0%	J	0
ICS Reserve	1,500	0	-1,500	-100.0%	6,694	3,694	-3,000	-44.8%	J	0
Planned Surplus/(Deficit)	0	0	0	0.0%	0	0	0	0.0%	J	0
Reserves	1,565	0	-1,565	-100.0%	10,540	6,843	-3,697	-35.1%	K	0
TOTAL EXPENDITURE - COMMISSIONING	757,038	755,010	-2,028	-0.3%	1,039,413	1,035,815	-3,598	-0.3%	L	0
(UNDER)OVER SPEND - COMMISSIONING	615				825				L	
RUNNING COSTS ALLOWANCE										
Allocation	8,365	8,365	0	0%	11,153	11,153	0	0%	J	0
Accountable Officer (incl Deputy Accountable Officer)	1,976	2,040	64	3.2%	2,637	2,703	66	2.5%	K	46
Commissioning Development	1,458	1,327	-131	-9.0%	1,966	1,819	-147	-7.5%	L	0
Medical Directorate	403	338	-65	-16.1%	538	474	-64	-11.9%	L	0
Corporate Services	2,310	2,339	29	1.2%	3,035	3,068	33	1.1%	K	23
Finance & Corporate Services	1,452	1,280	-172	-11.9%	1,960	1,868	-92	-4.7%	K	0
Nursing & Quality	981	734	-247	-25.2%	1,300	994	-306	-23.5%	L	0
Running Cost Reserve	0	0	0	-100.0%	0	0	0	-100.0%	J	1,107
Running Costs	7,750	8,058	308	4%	10,328	10,926	598	5.8%	K	580
(UNDER)OVER SPEND - Running Costs			308				598		K	580
TOTAL (UNDER)OVER SPEND	0		0%				0.0%		J	