

Month 6 Finance Report

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Governing Body Meeting

4 November 2021

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Sponsor Director	Jackie Mills, Director of Finance
Purpose of Paper	
<p>This report provides information on the financial arrangements in place for the first six months of 2021/22 and the financial position at Month 6 (April to September 2021). Arrangements for the second half of the year have now been confirmed and a separate paper has been produced outlining the basis of and budgets relating to 'H2' of 2021/22.</p>	
Key Issues	
<p>Governing Body approved the financial plan for 2021/22 at its meeting on 4 March 2021, recognising that at that point information was still awaited from NHS England in terms of confirmation of financial arrangements for 2021/22 and actual allocations. Subsequent to that report, CCGs were informed that a financial regime similar to 2020/21 would continue for the first half of 2021/22. The submitted plan for April – September (Half 1 or H1) was presented to Governing Body on 6 May 2021.</p> <p>This means that the CCG only has an allocation for the first six months of 2021/22. The allocation builds on last year's nationally calculated values (using historic spend in 2019/20). It is worth noting here that at the end of September 2021 the CCG received an allocation relating to the historic surplus.</p> <p>This report provides the financial position against the agreed budgets for the first six months. It should be noted that, separate to this paper, GB will receive a report regarding the plan for the second half of the financial year, including revised budgets. These revised annual budgets are not reflected in this paper but, subject to approval of Governing Body, will be used from month 7 onwards.</p> <p>The overall year-to-date position at the end of September period shows an under-spend equivalent to the historic brought forward surplus (ie an in year breakeven position), this is on the basis that the balance of additional allocations are received from NHSE for both our Hospital Discharge Programme (HDP) expenditure and Additional Roles Reimbursement (ARRS) funding.</p>	
Is your report for Approval / Consideration / Noting	
<p>Governing Body is asked to note the following:</p> <ul style="list-style-type: none"> • CCG's year to date position to the end of September 2021. 	

- Expectation that retrospective funding will be received for Hospital Discharge Programme (HDP) and Additional Roles Reimbursement (ARRS) in H1

Recommendations / Action Required by Governing Body

Governing Body is asked to **note** the items listed above.

Governing Body Assurance Framework**Which of the CCG's objectives does this paper support?**

Strategic Objective - To ensure there is a sustainable, affordable healthcare system in Sheffield. It supports management of the CCG's principal risks 4.1 and 4.7 in the Assurance Framework.

Are there any Resource Implications (including Financial, Staffing etc)?

Not specifically

Have you carried out an Equality Impact Assessment and is it attached?

Please attach if completed. Please explain if not, why not

Not applicable

Have you involved patients, carers and the public in the preparation of the report?

Not applicable

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1. Executive Summary

Key Duties	Year to date	Key Issues
Deliver half of the historical CCG surplus of £21.861m surplus (CCG's Control Total) against Commissioning Revenue Resource Limit (RRL) + RCA combined.	(£21.9m) Under-spend	<p>The CCG received an allocation relating to the historic surplus in M6 and as such is now reporting a surplus as required.</p> <p>Allocations for the period are also expected to be adjusted to reflect the Hospital Discharge Programme [HDP] and ARRS costs which have not yet been funded.</p>
a) Achieve a surplus against the Programme Allocation	(£21.2m) Under Spend	As noted above.
b) Remain within Running Cost Allowance (RCA) of £11,154k	(£0.7m) Under Spend	The original notified allocation for RCA for the full year was £11,154k and there is a requirement not to exceed this funding level. Half of this has been allocated for months 1 to 6.
Remain within the Cash Limit (i.e., Maximum draw down set by NHS England)	£4.3m closing balance	The CCG's maximum draw down for the first six months of 2021/22, notified in September was £600.1m. 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 budget at Month 6 is confirmed as shown in the table below. An allocation was received in month 6 relating to the historic surplus of £21,861k. The month 6 position also anticipates receipt of additional allocations totalling £3.7m, several which are still to be confirmed and will now be received in H2, as follows:

	£000
Confirmed Revenue Resource Limit – Programme	617,266
Anticipated Allocations;	
Hospital Discharge Programme (HDP)	2,996
Vaccination Centres	-2
Independent Sector ERF Income	0
Additional Roles Re-imbursement Scheme (ARRS)	<u>742</u>
Anticipated Revenue Resource Limit	621,002
Confirmed Revenue Resource Limit - Running Cost Allowance	5,577
Anticipated Revenue Resource Limit – TOTAL	626,579

3. Summary of the reported position

A summary position of the overall variances are shown in Table 2 below, for the year-to-date position to the end of September based on the allocations received from NHSE (including estimates for HDP and ARRS additional funding to cover costs). More detailed analysis can be found in Appendix A.

The H2 plan is now presented within the separate report to this Governing Body meeting and as such this paper does not include a forecast for the whole year as it has in previous months. The next Finance report to Governing Body will incorporate H1 and H2 and present a full year position which brings together the two periods.

TABLE 2 - Variances against budget in thousands (£000's)	Position to the end of September 2021
Acute & Community NHS Services	1
Other Acute & Community	17
Mental Health	(168)
Other Primary & Community services	111
Primary Care Co-Commissioning	709
Locally Commissioned Primary Care	(79)
Continuing Care	2,245
Prescribing	(955)
Collaborative Working	(19)
Reserves	(22,993)
Total Programme Position	(21,133)
Running Costs	(727)
	(21,861)

4. COVID Expenditure

A budget of £766k has been allocated to the CCG as part of the system envelope and in Month 6 an additional allocation of £1.125m was transferred from the ICS for the primary care COVID support/expansion Fund. COVID forecast expenditure at M6 is more than the budget by £221k and is included in the Month 6 position. As system pressures mount, we continue to review the level of additional capacity required to support both the current covid response as well as mitigating the reduce capacity due to social distancing and staff absences.

The Month 6 position also assumes additional costs associated with the Hospital Discharge Programme (HDP). Expenditure incurred under the HDP will be funded separately, as in 20/21. Current spend for H1 is £4.8m, of which a retrospective allocation of £1.8m has been received to date covering the costs for Months 1 – 3 and a further £3.0m is assumed to cover the estimated month 4 - 6 costs. Following the successful submission of a business case to the National HDP Team at NHSE the SYB ICS allocation of HDP funding for H1 has been increased to £8.766m from the original £5.8m in H1 allocations.

5. Further Information on Key Budgets and Related Risks

Acute and Community NHS Services:

The block arrangements which were in place throughout 20/21 remain in place during the first six-month period. These blocks are predominantly underpinned by 2019/20 payments as they were last year.

The system top-ups and COVID funding arrangements continue but the values are now based on Provider plans submitted to the ICS and reflect different elements of costs / funding than they did last year. Table 3 below shows the amounts being paid to the three Sheffield NHS Providers for M1-M6.

Table 3: - M1-M6 System funding for Sheffield Providers (£000's)	Growth Funding	COVID Funding	System Top Up	Provider Income Loss	Total
Sheffield Health and Social Care	250	2,954	1,903	344	5,451
Sheffield Teaching Hospitals	2,290	17,621	21,328	1,657	42,896
Sheffield Children's	421	2,533	10,482	241	13,677
Total system funding	2,961	23,108	33,713	2,242	62,024

Other providers within the ICS are receiving their system top-ups from their local CCGs.

Sheffield Teaching Hospitals NHS Foundation Trust (STHFT) activity update:

As a result of some teething problems following national changes to contract monitoring datasets, we only have complete activity information to the end of July. As soon as these are resolved the most up to date information will be included in the next Governing Body report.

STHFT's performance headlines report informs us that, whilst the trust was hitting their internal activity targets in August, there has been a drop in September. September has

also seen more cancelled operations (111 compared with 52 in August) and whilst covid patient levels remain reasonably stable, staff absence levels are high.

Table 4a below provides a snapshot of July activity and waiting lists for 2021, 2020 and 2019. STHFT continues to achieve good levels of Outpatient activity. Although activity in July was below the levels seen in the same month in 2019, the Outpatient queue at the end of the month was only slightly higher. Within this high-level performance there is obviously a range of positions within different specialties, dependent upon their ability to transfer to virtual appointments and the nature of the work undertaken.

Unfortunately, the Inpatient Waiting List remains significantly higher than July 2019. Providers are all managing their waiting lists by reviewing and treating based on clinical priority and length of wait.

Table 4a	Jul 21 as % of Jul 19	Current Jul-21	COVID Jul-20	PRE-COVID Jul-19
OP Firsts	84%	10,086	8,103	12,066
OP F/Ups	90%	27,986	25,411	31,041
OP Waiters	105%	20,010	14,286	19,132
IP - Non-Elective	95%	4,185	4,001	4,427
IP - Elective	89%	5,000	3,226	5,589
IP Waiters	146%	11,472	10,001	7,843

The Trust generated £11.7m of Elective Recovery Fund (ERF) income in the first quarter of the year. However, NHSE&I has increased the targets in Quarter 2 (from 85% to 95%) and as a result no further ERF funding has flowed to the trust.

Table 4b (below) shows the activity and queue information month by month, alongside activity per working day as this can sometimes provide a clearer view. August data is included but may change because of uncoded activity which is subsequently coded, particularly in relation to Elective and Non-Elective Inpatients.

Table 4b	Aug-21	Jul-21	Jun-21	May-21	Apr-21	Mar-21	Feb-21	Jan-21	Trend line
OP Firsts	9,382	10,086	10,602	9,994	9,839	11,495	9,304	9,685	
OP F/Ups	25,847	27,986	30,193	27,500	28,583	32,130	26,354	27,001	
OP Waiters	20,504	20,010	19,005	17,562	17,044	16,116	16,330	16,575	
Working Days	21	22	22	19	20	23	20	20	
OP Firsts per day	447	458	482	526	492	500	465	484	
OP F/Ups Per day	1,231	1,272	1,372	1,447	1,429	1,397	1,318	1,350	
IP - Non Elective	4,091	4,185	4,084	4,162	4,101	4,135	3,711	3,895	
IP - Elective	4,623	5,000	5,403	4,929	4,810	4,802	3,908	3,810	
IP Waiters	11,633	11,472	11,407	11,443	11,625	11,588	11,085	10,709	
Working Days	21	22	22	19	20	23	20	20	
IP Non-Electives per day	195	190	186	219	205	180	186	195	
IP Electives per day	220	227	246	259	241	209	195	191	

Mental Health: The under-spend to date relates predominantly to the Individual Funding Request (IFR) budget as no patients have yet been referred to panel for Mental Health IFR needs, this is partly offset by additional independent sector costs where patient choice has meant greater referrals for ADHD services.

Continuing Health Care (CHC) and Funded Nursing Care (FNC): The over-spend to date reflects cost pressures arising from growth in the number and cost of approved packages in addition to QIPP targets which have not been achievable due to focus on hospital discharge. CHC packages, both in terms of adults and childrens, remain the greatest financial pressure to the CCG. It should be noted that the reported position includes the offset of non-recurrent funding from the Hospital Discharge Programme, funding for which has been confirmed will end in March 2022. The recurrent financial pressure is therefore greater than the in year variance (by approximately £3m).

Primary Care Co-Commissioning and Locally Commissioned Primary Care: The position at month 6 shows an overspend of £628k. This is primarily on delegated budgets which, within H1 budgets, has a shortfall of £1m between estimated expenditure and the allocation received. £0.5m is brought-forward from 20/21, other cost pressures include VAT and locum expenditure increases. Work is ongoing to identify how the shortfall can be managed and PCCC reports have outlined possible mitigations.

Prescribing: Data for the period April – August 2021 has now been received. The average price per item continues to reduce slightly from £7.22 to £7.18 for Non-Flu items. As reported last month, the change in price is expected due to the reduction in Category M prices nationally for the period July – September 2021. The average daily items prescribed compared to last financial year shows an increase of 1.3% (this has reduced from the 2.3% increase reported last month). The impact of both the price and volume changes has resulted in an increased underspend of £565k compared to last month. We are now reporting a forecast underspend of £852k against H1 Budget.

Running Costs: The H1 allocation is unchanged at £5,577k, being half of the previously reported allocation of £11.154m. Within the budgeted spend, £250k QIPP in H1 is expected to be delivered due to vacancies. The year-to-date position is an underspend of £727k, an improvement against the previous forecast for the six months. A mix of staffing vacancies and non-recurrent non-pay savings have contributed to the under-spend seen in the first six months.

Table 5: Running Costs	Budget for M1-6 £000's	Variance M1-M6 £000's
PAY	5,469	-574
NON-PAY	1,397	-414
INCOME	-1,161	-117
Running Cost Reserve	-378	378
	5,327	-727

6. Overall Risk Assessment

As this report presents the position to M6 against specific funding arrangements in place for H1, we are reporting delivery of the position for this reporting period, and so no significant further risks are highlighted. There remain some small risks around the level of

HDP funding as the total system expenditure is higher than the funding envelope at ICS level.

7. Delivery of Cash Position

The CCG was notified of a maximum 6-month cash drawdown limit of £600.1m at month 6. The CCG is able to use this cash and income received, whilst some expenditure items listed are outside the cash limit. The total cash used to the end of September was £578.9m against a requested cash drawdown of £525.1m, prescribing and home oxygen (including PCSE errors & vaccination adjustments) of £50.1m, other income of £7.2m and a brought forward balance of £0.8m. The cash balance at bank at the end of the month was £4.3m. A minimal cash balance at bank is planned for the period end, which will have to be closely managed.

8. 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 September is reported in Table 6 below:

Table 6: Measure of compliance	12 months to September 2021 (Number)	12 months to September 2021 (£000's)
Non-NHS Payables		
Total Non-NHS Trade invoices paid in the year	18,249	243,121
Total Non-NHS Trade Invoices paid within target	18,080	241,624
Percentage of Non-NHS Trade invoices paid within target	99.07%	99.38%
NHS Payables		
Total NHS Trade invoices paid in the year	949	752,568
Total NHS Trade invoices paid within target	937	752,329
Percentage of NHS Trade invoices paid within target	98.74%	99.97%

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

9. Recommendation

Governing Body is asked to **note** the following:

- CCG's year to date spend against the confirmed allocation for the first 6 months of the financial year.
- Expectation that retrospective funding will be received for Hospital Discharge Programme (HDP) and Additional Roles Reimbursement (ARRS) in H1

Paper prepared by Chris Cotton, Deputy Director of Finance, Diane Mason, Jayne Taylor and Pat Lunness, Senior Finance Managers

On behalf of Jackie Mills, Director of Finance
October 2021

NHS Sheffield Clinical Commissioning Group
Finance Report 2021/22 - Financial Position for Period Ending 30th September 2021

	Year to Date: September				Forecast Out-turn for M1-6				Variance	M1-6 Forecast Variance as at M5
	Budget	Expenditure	Variance		Budget	Forecast	Variance		Change from prev month	
	£'000	£'000	Over (+)	Under (-)	£'000	£'000	Over (+)	Under (-)		
PROGRAMME COSTS BY PROVIDER/ SERVICE										
Revenue Resource Limit	617,266	617,266	0	0.0%	617,266	617,266	0	0.0%	→	0
Anticipated Allocations										
Hospital Discharge Programme	2,996	2,996	0		2,996	2,996	0		→	0
Independent Sector ERF income	0	0	0		0	0	0		→	0
Other allocations not yet received - mainly ARRS	740	742	2		742	742	0		→	0
Revised Budget	621,002	621,004	2		621,004	621,004	0		→	0
EXPENDITURE										
Sheffield Teaching Hospitals	270,307	270,307	(0)	0.0%	270,307	270,307	(0)	0.0%	→	(0)
Sheffield Children's Hospital	35,885	35,885	0	0.0%	35,885	35,885	0	0.0%	→	0
Yorkshire Ambulance Service	14,625	14,625	(0)	0.0%	14,625	14,625	(0)	0.0%	→	(0)
Other NHS Trusts	6,659	6,660	1	0.0%	6,659	6,660	1	0.0%	↑	(0)
Acute & Community NHS Services	327,477	327,477	1	0.0%	327,477	327,477	1	0.0%	↑	0
ISTC & Extended Choice	2,140	2,140	(0)	0.0%	2,140	2,140	(0)	0.0%	→	0
Ambulance Services	919	933	14	1.5%	919	933	14	1.5%	↑	4
Non Contract Activity	443	443	0	0.0%	443	443	0	0.0%	→	0
Other Community	849	849	1	0.1%	849	849	1	0.1%	↑	(0)
Individual Funding Requests	291	293	2	0.8%	291	293	2	0.8%	↓	35
Other Acute & Community	4,641	4,659	17	0.4%	4,641	4,659	17	0.4%	↓	39
Sheffield Health & Social Care	53,392	53,392	(0)	0.0%	53,392	53,392	(0)	0.0%	→	(0)
Other Mental Health	3,086	3,180	94	3.0%	3,086	3,180	94	3.0%	↑	86
Sheffield Local Authority (MH)	706	677	(30)	-4.2%	706	677	(30)	-4.2%	→	(30)
Voluntary Sector (MH)	863	931	67	7.8%	863	931	67	7.8%	↑	(17)
Individual Funding Requests (MH)	300	0	(300)	-100.0%	300	0	(300)	-100.0%	↓	(250)
Mental Health	58,348	58,180	(168)	-0.3%	58,348	58,180	(168)	-0.3%	↑	(211)
Sheffield Local Authority	14,784	14,932	147	1.0%	14,784	14,932	147	1.0%	↑	54
St Lukes Hospice	1,662	1,771	110	6.6%	1,662	1,771	110	6.6%	↑	85
Voluntary Sector	146	146	0	0.0%	146	146	0	0.0%	→	0
Other Commissioning	2,005	1,875	(130)	-6.5%	2,005	1,875	(130)	-6.5%	↓	(83)
Development Nurses (Directly Employed)	239	223	(17)	-6.9%	239	223	(17)	-6.9%	↑	(18)
Other Primary & Community services	18,837	18,947	111	0.6%	18,837	18,947	111	0.6%	↑	37
Core Contract	28,004	28,004	(0)	0.0%	28,004	28,004	0	0.0%	→	0
Premises	5,483	5,465	(18)	-0.3%	5,483	5,465	(18)	-0.3%	↓	0
QoF	4,369	4,369	(0)	0.0%	4,369	4,369	0	0.0%	→	0
Enhanced Services	5,212	5,189	(22)	-0.4%	5,212	5,189	(22)	-0.4%	↓	0
Primary Care Other Services	1,377	2,126	749	54.4%	1,377	2,126	749	54.4%	↓	758
Primary Care Co-Commissioning	44,444	45,154	709	1.6%	44,444	45,154	709	1.6%	↓	758
Locally Commissioned Services	8,486	8,467	(18)	-0.2%	8,486	8,467	(18)	-0.2%	↓	(17)
GP IT	1,432	1,371	(61)	-4.2%	1,432	1,371	(61)	-4.2%	↑	(68)
Locally Commissioned Primary Care	9,917	9,839	(79)	-0.8%	9,917	9,839	(79)	-0.8%	↑	(85)
Adults Continuing Care	25,536	27,750	2,214	8.7%	25,536	27,750	2,214	8.7%	↑	2,064
Children's Continuing Care	1,894	1,946	52	2.8%	1,894	1,946	52	2.8%	↓	191
Continuing Healthcare Assessments	1,300	1,168	(132)	-10.1%	1,300	1,168	(132)	-10.1%	↑	(155)
Funded Nursing Care	2,715	2,825	110	4.1%	2,715	2,825	110	4.1%	↑	106
Continuing Care	31,445	33,690	2,245	7.1%	31,445	33,690	2,245	7.1%	↑	2,206
Prescribing	49,556	48,704	(852)	-1.7%	49,556	48,704	(852)	-1.7%	↓	(287)
Medicines Optimisation	960	857	(103)	-10.8%	960	857	(103)	-10.8%	↓	(63)
Prescribing	50,517	49,561	(955)	-1.9%	50,517	49,561	(955)	-1.9%	↓	(350)
Accountable Care Partnership	65	66	2	2.9%	65	66	2	2.9%	→	2
Better Care Fund	96	75	(21)	-21.4%	96	75	(21)	-21.4%	→	(21)
Integrated Care System	52,429	52,429	(0)	0.0%	52,429	52,429	(0)	0.0%	→	(0)
Other Collaborative Working	43	43	(0)	0.0%	43	43	(0)	0.0%	→	0
Collaborative Working	52,632	52,614	(19)	0.0%	52,632	52,614	(19)	0.0%	→	(19)
Sub total Programme before reserves	598,259	600,121	1,862	0.3%	598,259	600,121	1,862	0.3%	↓	2,374
Reserves										
Commissioning reserves	935	0	(935)	-100.0%	937	0	(937)	-100.0%	↑	(1,723)
General Contingency	197	0	(197)	-100.0%	197	0	(197)	-100.0%	→	(197)
ICS Reserve	0	0	0	#DIV/0!	0	0	0	#DIV/0!	→	0
Reserves	22,993	0	(22,993)	-100.0%	22,995	0	(22,995)	-100.0%	↓	(1,920)
TOTAL EXPENDITURE - COMMISSIONING	621,252	600,121	(21,131)	-3.4%	621,254	600,121	(21,133)	-3.4%	↓	455

	Year to Date: September				Forecast Out-turn for M1-6				Variance	M1-6 Forecast Variance as at M5
	Budget	Expenditure	Variance Over (+)/ Under(-)		Budget	Forecast	Variance Over (+)/ Under(-)		Change from prev month	
	£'000	£'000	£'000	%	£'000	£'000	£'000	%		
PROGRAMME COSTS BY PROVIDER/ SERVICE										
(UNDER)/OVER SPEND - COMMISSIONING	250	(20,883)	(21,133)		250	(20,883)	(21,133)		↓	455

NHS Sheffield Clinical Commissioning Group
 Finance Report 2021/22 - Financial Position for Period Ending 30th September 2021

	Year to Date: September				Forecast Out-turn for M1-6				Variance	M1-6 Forecast Variance as at M5
	Budget	Expenditure	Variance Over (+)/ Under(-)		Budget	Forecast	Variance Over (+)/ Under(-)		Change from prev month	
	£'000	£'000	£'000	%	£'000	£'000	£'000	%		
PROGRAMME COSTS BY PROVIDER/ SERVICE										
RUNNING COSTS ALLOWANCE										
Allocation	5,577	5,577	0	0%	5,577	5,577	0	0%	→	0
Accountable Officer (incl Deputy Accountable Officer)	1,430	1,310	(120)	-8.4%	1,430	1,310	(120)	-8.4%	↑	(143)
Commissioning Development	1,068	797	(271)	-25.4%	1,068	797	(271)	-25.4%	↓	(242)
Medical Directorate	242	240	(2)	-0.8%	242	240	(2)	-0.8%	↑	(9)
Corporate Services	1,425	1,033	(392)	-27.5%	1,425	1,033	(392)	-27.5%	↓	(211)
Finance & Corporate Services	991	820	(171)	-17.3%	991	820	(171)	-17.3%	↓	(70)
Nursing & Quality	549	400	(149)	-27.2%	549	400	(149)	-27.2%	↑	(158)
Running Cost Reserve	(378)	0	378	-100.0%	(378)	0	378	-100.0%	→	378
Running Costs	5,327	4,600	(727)	-14%	5,327	4,600	(727)	-13.7%	↓	(455)
(UNDER)/OVER SPEND - Running Costs	(250)	(977)	(727)		(250)	(977)	(727)		↓	(455)
TOTAL (UNDER)/OVER SPEND	0	(21,861)	(21,861)	0%	0	(21,861)	(21,861)	0.0%	↓	(0)