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Lead Officer:	Joanne Sarsby, Head of Financial Management
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Purpose:
To provide an update to members on the financial position as at 31 July 2021, also referred to as month 4.
Background:
The CCG's month 1 to 6 (this period now being referenced nationally as Half 1 or H1) financial plan was approved at Governing body meeting on the 5 May 2021. This paper provides Governing Body members a financial summary against the key categories of expenditure for the year to date position at 31 July 2021 and the forecast outturn position April to Sept 2021 (H1).
Analysis of key issues and of risks
Included in the report
Patient, Public and Stakeholder Involvement:
N/A
Equality Impact:
N/A
Financial Implications:
Included in the report.
Human Resource Implications:
N/A
Procurement Advice:
N/A
Data Protection Impact Assessment:
N/A
Approval history:
N/A
Recommendations:
Governing Body is asked to note the current position and the additional commentary to support the operating cost statement.
Paper is for Approval / Noting / Discussion / Advice

1. Revenue Resource Allocation

The CCG's revenue resource allocation at month 4 for H1 (April to Sept 2021) is £252.599m. Further detail is provided at Appendix 1.

2. Cash

	Apr-21	May-21	Jun-21	Jul-21
	£'m	£'m	£'m	£'m
Monthly Cash drawings	45.0	36.0	37.5	36.0
Ledger Cash Balance	5.1	6.1	4.4	6.6
Cash Balance as a %	11.2%	16.9%	11.7%	18.3%

CCGs are allocated an Annual Cash Drawdown (ACD) figure from the NHS England's Cash Management Team. The CCGs notified ACD for H1 2021-22 at month 4 is £252.26m.

3. Better Payment Practice Code

NHS Rotherham CCG has signed up to the Prompt Payment Code administered by the Institute of Credit Management which 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. Performance to the end of July was:

	Number of Invoices	Value of Invoices
April 21 - July 21		
Percentage of Non-NHS Trade invoices paid within target	100.00%	100.00%
Percentage of NHS Trade invoices paid within target.	100.00%	100.00%

Whilst the target for paying suppliers within 30 days remains, the temporary financial regime continues to require NHS bodies to also comply with the Cabinet Office procurement policy note PPN04/20 (Updated July 2020) which amongst other things seeks to accelerate payment of valid, undisputed invoices to within 7 days, alongside shortening timelines for resolving disputed invoices.

4. Reporting of Historical Control Total

NHSE require CCGs to report a historical control total. Currently no drawdown has been agreed for 2021/22 and therefore the CCG has a brought forward historical drawdown of £14.5m.

5. Operating Cost Statement

	Year to date					Forecast Outturn (H1)					Month 2 Position £'000	Movement from Month 2 £'000
	Month 4 Position			***	Adjusted Position	Reported Position			***	Adjusted Position		
	Budget £'000	Actual £'000	Variance £'000	Expected Alloc'ns £'000	YTD Variance £'000	Budget £'000	Spend £'000	Variance £'000	Expected Alloc'ns £'000	FOT Variance £'000		
Acute Services												
Rotherham NHS Foundation Trust - Acute	68,775	68,775	0	0	0	103,277	103,277	(0)	0	(0)	0	(0)
Sheffield Teaching Hospitals NHS FT	8,935	8,935	0	0	0	13,402	13,402	0	0	0	0	0
Doncaster & Bassetlaw Hospitals NHS FT	3,386	3,386	0	0	0	5,079	5,079	0	0	0	0	0
Other NHS Contracts	1,513	1,513	0	0	0	2,270	2,270	0	0	0	0	0
Ambulance Services (including PTS and 111)	4,448	4,448	0	0	0	6,679	6,679	0	0	0	0	0
Other Non NHS Acute Services	1,378	1,459	81	0	81	2,133	2,222	89	0	89	0	89
Other Non Contract (including NCA's)	411	351	(60)	0	(60)	572	482	(90)	0	(90)	(104)	14
Sub total Acute Services	88,846	88,867	21	0	21	133,412	133,411	(1)	0	(1)	(104)	103
Mental Health & Learning Disability												
Rotherham, Doncaster & South Humber FT	11,744	11,744	0	0	0	17,615	17,615	0	0	0	0	0
Other Providers (Mental Health & LD)	4,261	4,853	593	0	593	6,391	7,326	934	0	934	199	735
Sub total Mental Health & LD	16,004	16,597	593	0	593	24,007	24,941	934	0	934	199	735
Community Services												
Rotherham NHS Foundation Trust - Community	10,183	10,198	15	15	0	15,247	15,292	45	45	(0)	0	(0)
Rotherham Hospice	1,134	1,134	0	0	0	1,712	1,712	0	0	0	0	0
Other Providers (Community)	697	733	36	0	36	1,061	1,108	47	0	47	0	47
Sub total Community Services	12,014	12,065	51	15	36	18,019	18,112	93	45	47	0	47
Primary Care												
Prescribing	17,349	17,024	(324)	0	(324)	26,068	25,765	(303)	0	(303)	(93)	(209)
Commissioned Primary Care Services(Delegated)	14,078	14,078	0	0	0	21,117	21,117	(0)	0	(0)	0	(0)
Commissioned Primary Care Services(Other)	2,288	2,298	10	9	1	3,203	3,213	10	9	1	0	1
GP Information Technology	468	468	0	0	0	718	718	(0)	0	(0)	0	(0)
Sub total Primary Care Services	34,183	33,868	(315)	9	(324)	51,107	50,814	(293)	9	(302)	(93)	(209)
Other Programme Services												
Local Authority / Joint Services	3,286	3,286	(0)	0	(0)	4,928	4,928	0	0	0	0	0
Continuing Care & Funded Nursing Care	10,046	10,429	383	193	189	14,833	15,687	853	558	296	(101)	396
Voluntary Sector Grants / Services	535	535	(0)	0	(0)	802	802	0	0	0	0	0
Sub total Other Programme Services	13,867	14,250	383	193	189	20,564	21,417	853	558	296	(101)	396
Corporate												
Corporate : Running Costs	1,537	1,510	(27)	0	(27)	2,305	2,271	(34)	0	(34)	(43)	9
Corporate : Non-Running Costs	856	820	(36)	(9)	(27)	1,284	1,261	(22)	(9)	(13)	(12)	(2)
Sub total Corporate	2,392	2,330	(63)	(9)	(54)	3,589	3,532	(56)	(9)	(47)	(55)	7
Sub total - all areas	167,306	167,976	670	209	462	250,697	252,227	1,530	603	927	(154)	1,080
Central												
Centrally held Budgets	979	608	(371)	91	(462)	1,902	1,066	(836)	91	(927)	154	(1,080)
Sub total Central	979	608	(371)	91	(462)	1,902	1,066	(836)	91	(927)	154	(1,080)
TOTAL (Surplus)/ Deficit	168,285	168,584	299	299	(0)	252,599	253,293	693	693	0	(0)	0

*** Expected allocations – the CCG expects to receive additional allocations in future months for expenditure outside the fixed funding envelopes for Hospital Discharges and EFR funding. The adjusted year to date and forecast outturn position reported in the table above is the position after the CCG receives these allocations.

6. Acute Services

6.1. NHS Providers

During H1 NHS Providers continue to be paid under the block payment regime introduced in 2020/21, and therefore unlikely to show any variance throughout this period.

6.2. Non-NHS Providers

Month 3 actual data is showing the Acute Independent Sector providers are slightly over plan, this is being offset by a small underperformance on Other Non-Contract (NCA's). However, this is still flex data and could change when freeze data is available.

7. Mental Health & Learning Disabilities

7.1. Rotherham, Doncaster and South Humber FT (RDaSH)

As an NHS provider RDaSH continues to be paid under the block payment regime in H1 and is therefore unlikely to show any variance throughout this period.

7.2. Other Providers - Mental Health and Learning Disabilities (LD)

As signalled at month 2 the forecast overspend on this line has now increased by £0.7m to £0.9m, reflecting rising patient demand and services pressures at play. The forecast has been increased in specific service areas as follows (a) Section 117 and learning disabilities(+£286k) (b) Mental health Out Of Area Psychiatric ICU (+£450k).

Re (a) The Section 117 increase is a consequence of additional patients requiring care.

Re (b) Out of Area placements. Significant factors appear to be demand, availability of beds and increasing patient complexity. Whilst RCGG officers are working with RDaSH colleagues to ensure appropriate patient flows to/from local facilities and ensure the appropriate repatriation of those placed out of area, the finance team continue to work together with commissioning, contract and provider teams to be able to fully describe the reasons for the increase and the financial impact.

8. Prescribing

The H1 budget has been set to include a 3.4% year on year increase in overall cost. Month 1 data came in showing a 2.37% year on year decrease. The cumulative position to date (based on April to June) shows a 0.51% year on year decrease. The forecast has been adjusted for the actual performance in the month of April but has been held at 3.4% for the months May to Sept period for prudence at this stage.

9. Primary Care

Funding consists of £21.1m allocation delegated from NHSE plus a further £3.9m from CCG core allocation. The current reporting assumption is of a balanced year to date and forecast outturn position for H1.

10. Continuing Healthcare Care (CHC) and Funded Nursing Care (FNC)

In line with national guidance the adjusted financial position reflects an expectation of additional allocations being received via the Hospital Discharge Programme. The forecast position has increased by £396k since month 2 reporting reflecting pressures being seen across the whole system due to an unseasonal surge in patients and complexity of patients being discharged from hospital. During summer the number of commissioned community beds are planned to be reduced to reflect ordinary seasonal demand; therefore, the unseasonal surge is increasing the number of assessment beds the CCG is having to spot purchase. Whilst the cost of these packages are currently reclaimable through the Hospital Discharge Programme, there are time limits to the reimbursement* and due to the increased pressures/demands for assessments, the time-to-assessment is now breaching the 4/6 weeks max cut off. Once the 4/6 weeks period is breached the cost falls to the CCG CHC budget. In order to seek to mitigate the financial impact of this emerging breach position moving forwards, the CCG has supported recruitment of 2 temporary nurses to address this. The forecast includes an estimate, based on advice from service managers, of the recovery trajectory dealing with the backlog.

* for discharges up to the 30 June and 4 weeks for discharges from the 1 July to the 30 Sept 2021.

	Year to date					Forecast Outturn (H1)				
	Month 4 position			***	Adjusted Position	Reported position			***	Adjusted position
	Budget £'000	Actual £'000	Variance £'000	Expected Alloc'ns £'000	YTD Variance £'000	Budget £'000	Spend £'000	Variance £'000	Expected Alloc'ns £'000	FOT variance £'000
Continuing Care and Funded Nursing Care										
CHC Fully Funded - Adult	6,899	7,143	244	0	244	10,393	10,789	396	0	396
CHC Joint Funded - Adult	1,181	1,155	(26)	0	(26)	1,771	1,702	(69)	0	(69)
Funded Nursing Care	675	650	(25)	0	(25)	1,012	975	(38)	0	(38)
Children's continuing care	314	330	16	0	16	471	496	25	0	25
Staff & Non Pay	422	402	(20)	0	(20)	629	612	(18)	0	(18)
Hospital Discharges (HDP)										
CCG	301	428	127	127	0	301	605	304	304	0
Social Care	256	322	66	66	0	256	509	253	253	0
Total CHC & FNC including HDP	10,047	10,430	383	193	190	14,833	15,687	853	557	296

11. Centrally held budgets

Centrally budgets include the following:

	£'000
Contingency (net of unidentified QIPP)	883
QUIT business case reserve	94
EFR (Elective Recovery Fund)	281
Ageing Well Allocation	644
Total Centrally Held Budgets	1,902

Note: The whole amount of the contingency is fully committed due to the overspends on MH, LD and CHC.

12. Quality, Innovation, Productivity and Prevention (QIPP) Position

QIPP schemes were put on hold during 2020/21. Work has commenced to review the 2020/21 schemes and identify potential schemes for 2021/22.

13. Key risks to the reported position

- (i) **Primary Care Services:** That Additional Roles Reimbursement Scheme (ARRS) funding is not received as per the planning expectation. Further guidance on how this can be accessed is expected by the end of August. Until we are in receipt of this funding, it remains a risk for the CCG as spend has already been committed. Considered to be low risk.
- (ii) **Mental Health and Learning Disabilities:** That the rate of increase in Section 117 and Out Of Area mental health activity continues to accelerate beyond revised predictions, causing unmanageable variances from plan which impact the overall financial position.
- (iii) **Prescribing:** That actual growth rates come in significantly higher or lower than modelled and cause unmanageable variances from plan which impact the overall financial position.
- (iv) **Continuing Health Care (CHC):** That actual growth rates come in significantly higher than the revised forecast based on updated information and cause unmanageable variances from plan which impact the overall financial position. There is an added risk that the additional nursing support fails to be able to reduce the assessment backlog. A further general risk to the CCG is of the HDP programme being monitored at system level under H1 rules. NHSE have set a maximum HDP allocation available to each ICS and will only reimburse CCGs for their actual spend, capped at the level of the ICS allocation. The mechanism for enacting this cap is yet unclear. At month 4 the SYB ICS is forecasting a £1.7m overspend against its indicative budget. NHSE has recently published a procedure for systems to request additional indicative budget through a business case application. Regional finance colleagues are currently supporting SYB ICS to submit a business case on the 20 August 2021. Financially this remains a risk until the result of the business case application is known.
- (v) **Identifying efficiencies and run rate reductions:** There is a general financial risk concerning the extent to which internal QIPP processes can be put back in place and adequately resourced, if and when required. This risk includes that of not being able to identify QIPP schemes to the financial value required, schemes not being practically deliverable given competing priorities and pressures (both internally and in the wider system), and of availability of staffing resource to focus on this work. Failure to identify sufficient recurrent solutions may magnify the financial challenge in H2 and into future years.
- (vi) **Contingency.** Based on the forecast at month 4, the full extent of the 0.5% H1 contingency has been utilised to fund overspends in the areas highlighted. Any further increases in run rates or other significant cost pressures beyond current forecast will require the CCG to look for other solutions.

Appendix 1 – Allocations

Allocation Type	Recurrent £'000	Non Recurrent £'000	Total £'000
H1 Running Costs	2,419		2,419
H1 Delegated Co-commissioning	21,117		21,117
H1 Core Allocation	201,234		201,234
System Top-up - From H1 Plans		15,182	15,182
CCG Covid allocation (including provider passthrough) - From H1 Plans		6,595	6,595
CCG Growth funding (including provider passthrough)- From H1 Plans		1,458	1,458
Primary Care: GP IT Infrastructure and Resilience		15	15
Primary Care: Improving Access		408	408
Mental Health: SDF: CYP community and crisis		153	153
Mental Health: SDF: 18-25 young adults (18-25)		46	46
Mental Health: SDF: MHST 18/10009 Trailblazers		383	383
Mental Health: SDF: Adult Mental Health Community		225	225
Mental Health: SR: Children & Young People's Eating Disorders		27	27
Mental Health: SR: CYP community and crisis		102	102
Mental Health: SR: Adult Mental Health Community		132	132
Mental Health: SR: Adult Mental Health Crisis		30	30
Mental Health: SR: Improving Access to Psychological Therapies - adult and older adult (IAPT)		73	73
Mental Health: SR: 18-25 young adults (18-25)		30	30
Mental Health: SR: Memory assessment services and recovery of the dementia diagnosis rate		39	39
Mental Health: SR: Discharge		198	198
Mental Health: SR: Physical health outreach and remote delivery of checks		28	28
Maternity: LTP - SBL Pre-term Birth		23	23
Primary Care: Improving Access		408	408
	224,770	25,552	250,322
<i>In year allocations</i>			
Primary Care: GP IT Infrastructure and Resilience		15	15
Diabetes Programme Transformation Fund H1		22	22
Primary Care Covid Support/Expansion Fund (£120m)		543	543
Online consultation software systems		18	18
Ageing Well - additional community services		644	644
Post Covid Assessment Clinic Funding 21/22		108	108
LMS Continuity of Carer & Equity		16	16
LMS Enhanced Continuity of Carer		6	6
PEoLC Match Funding - 1st tranche payment - 2021/22		11	11
ERF Transfer From Lead - Non-NHS Related ERF July Payment (April and 90% May)		281	281
Hospital Discharge Programme		613	613
			0
Total Allocation	224,770	27,829	252,599