

AGENDA ITEM NO: .....9.....

Date of Meeting: .....8<sup>th</sup> January 2021.....

<b>TITLE OF REPORT:</b>	Report of the Chief Finance Officer (Month 8).	
<b>AUTHOR:</b>	Kelly Knowles, Acting Chief Finance Officer	
<b>PRESENTED BY:</b>	Kelly Knowles, Acting Chief Finance Officer	
<b>PURPOSE OF PAPER: (Linking to Strategic Objectives)</b>	To provide the CCG Board with an update on the 2019/20 Financial Plan and Month 8 Budgets.	
<b>LINKS TO CORPORATE OBJECTIVES (tick relevant boxes):</b>	Deliver the outcomes in the Bolton Joint Health and Care Plan.	
	Ensure compliance with the NHS statutory duties and NHS Constitution.	√
	Deliver financial balance.	
	Regulatory Requirement.	
	Standing Item.	√
<b>RECOMMENDATION TO THE BOARD: (Please be clear if decision required, or for noting)</b>	<p>NHS Bolton Clinical Commissioning Group Board is asked to:-</p> <ol style="list-style-type: none"> <li>Note the update to the 2020/21 Financial Plan and associated budgets as at month 8.</li> <li>Recognise the level of risk identified and note the process in place by the Executive Team and Finance &amp; QIPP Committee to review scenarios on a monthly basis.</li> </ol>	
<b>COMMITTEES/GROUPS PREVIOUSLY CONSULTED:</b>	<p>The CCG Executive has discussed and supports the recommendations to the Board.</p> <p>The Finance &amp; QIPP Committee has reviewed and discussed the reports at the meeting prior to the Board.</p> <p>The Board will be kept up to date on financial plans and QIPP delivery.</p>	
<b>REVIEW OF CONFLICTS OF INTEREST:</b>	N/A	
<b>VIEW OF THE PATIENTS, CARERS OR THE PUBLIC, AND THE EXTENT OF THEIR INVOLVEMENT:</b>	Views of stakeholders will be obtained as part of the CCG commissioning plans.	
<b>EQUALITY IMPACT ASSESSMENT (EIA) COMPLETED &amp; OUTCOME OF ASSESSMENT:</b>	An EIA assessment is not required necessary for the report.	

# Report of the Chief Finance Officer Month 8 - November 2020

Kelly Knowles  
Acting Chief Finance Officer

# Contents

## 1. Executive Summary

- 1.1 Headlines
- 1.2 Financial Duties

## 2. Finance and Contract Management

- 2.1 Allocation
- 2.2 Financial Position as at Month 8
- 2.3 Hospital Discharge Programme
- 2.4 Delegated Primary Care
- 2.5 Running Costs
- 2.6 CCG Risk Management

## 3. Efficiencies

- 3.1 QIPP Performance

## 4. Financial Control

- 4.1 Statement of Financial Position
- 4.2 Cash Limit Drawdown & Better Payment Code
- 4.3 Capital

## 5. Actions Requested

# 1.1 Headlines

## Financial Regime

The temporary financial regime put in place in response to COVID-19 for the period 1 April 2020 to 31 July 2020 was extended to cover August and September. The final retrospective allocation adjustment for April to September has now been received which brings the CCG to a breakeven position for the first half of the financial year.

A system wide financial envelope was allocated to Greater Manchester for the period 1 October 2020 to 31 March 2021. This is comprised of initial allocations for both CCGs and Providers, COVID funding, growth funding and system top up. It is expected that GM will manage the system wide financial position within this envelope for all areas of spend, the only exception to this will be those areas where national funding is still available.

Any expenditure relating directly to COVID-19 has been captured and reported separately within the monthly Non ISFE submissions to NHSE. Under the current guidance, only the Hospital Discharge Programme will continue to be reported under COVID-19 funding from October onwards.

The Month 8 reported position is an overall balanced position, once the expected allocation for the Hospital Discharge Programme is received for Month 7 and 8. The value of this is £0.790m. This is an improvement in the reported position when compared to the GM approved planned deficit of £1.091m.

November 2020	YTD			Forecast		
	Plan £000's	Actual £000's	Variance £000's	Plan £000's	Actual £000's	Variance £000's
Allocation	(336,813)	(336,813)	0	(504,283)	(504,283)	0
Expenditure	337,176	337,602	(426)	505,374	505,073	301
<b>Surplus/(Deficit)</b>	<b>(364)</b>	<b>(790)</b>	<b>(426)</b>	<b>(1,091)</b>	<b>(790)</b>	<b>301</b>
Hospital Discharge Programme	0	(790)	790	0	(790)	790
<b>Expected Allocation</b>	<b>0</b>	<b>(790)</b>	<b>790</b>	<b>0</b>	<b>(790)</b>	<b>790</b>
<b>Final Reported Position</b>	<b>(364)</b>	<b>0</b>	<b>364</b>	<b>(1,091)</b>	<b>0</b>	<b>1,091</b>

# 1.2 Financial Duties

## Statutory Financial Duties and Performance Targets

The CCG's statutory financial duties and performance targets are a requirement of NHS England. More detailed updates on these duties are provided throughout the report.

Description	Financial Performance Targets	Expected Performance	Explanation of the Expected Performance
Revenue Position	Operate within approved revenue resource allocation in each and every year.	Amber	From October the CCG is working under system wide financial arrangements. The CCG has a planned deficit of £1.091m but mitigating actions have enabled the CCG to reduce this to breakeven through the M8 reported position.
Running Costs	Not to exceed the Running Cost Allowance	Green	The financial budget for running costs is in line with the operational plan and is within the allowance.
Cash	Operate within its approved annual cash draw-down limit (ACDR) in each and every year.	Green	The CCG has a cash flow plan that meets this target. Processes are in place to monitor and report performance.
Business Conduct	Comply with the Better Payments Practices Code of paying 95% of invoices within 30 days.	Green	The CCG aims to pay supplier invoices within 7 days as per Procurement Policy Notices 02/20 and 04/20.
Statement of Financial Position	Net Current Assets matches Taxpayers Equity.	Green	The CCG monitors taxpayers equity reflecting the timing of cash flows compared to expenditure incurred over time.
Quality, Innovation, Productivity & Prevention (QIPP)	Deliver an efficiency across the CCG's expenditure baseline in order to meet the QIPP challenge.	Amber	Through the operational plan submitted in October 2020, the CCG has a QIPP plan of 1% of the CCG run rate M7-M12. This equates to £2.6m for this period and planned to deliver £3.3m FYE.
Financial Risk	Report the financial risks through the Board Assurance Framework	Amber	A number of financial risks have been identified and a separate table provides the detail in Section 2.7

## 2.1 Allocation

Allocation 2020-21	National Model Allocation	Retro Allocations Received	Confirmed M1-M6 Allocation	Baseline M7-M12 Allocations	Total M1-M12 Allocation	Received M8							Total Confirmed Allocation	M7 & M8 HDP	Total Expected Allocation
						M6 Retrospective	Digital 1st - Primary Care	Flash Glucous Offer	Impact and Investment Fund	Care Homes Premium	Increase in Practice Funding	Children & Young Persons Palliative Care			
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Programme	221,440	8,900	230,340	223,241	453,580	696	233	4				19	454,532	790	455,322
Delegated Primary Care	21,027	0	21,027	21,961	42,988	919			127	80	53		44,167		44,167
<b>Total Commissioning</b>	<b>242,467</b>	<b>8,900</b>	<b>251,367</b>	<b>245,202</b>	<b>496,568</b>	<b>1,615</b>	<b>233</b>	<b>4</b>	<b>127</b>	<b>80</b>	<b>53</b>	<b>19</b>	<b>498,699</b>	<b>790</b>	<b>499,489</b>
Running Cost	2,572	113	2,685	2,789	5,474	111							5,585		5,585
<b>Total Allocation 2020-21</b>	<b>245,038</b>	<b>9,013</b>	<b>254,051</b>	<b>247,991</b>	<b>502,041</b>	<b>1,726</b>	<b>233</b>	<b>4</b>	<b>127</b>	<b>80</b>	<b>53</b>	<b>19</b>	<b>504,283</b>	<b>790</b>	<b>505,073</b>

### Allocation adjustments

The CCG submitted an operational plan on October 22nd. This CCG plan was submitted in line with the GM wide system plan, that had been approved through GM governance.

The allocation received in Month 8 included the Month 6 retrospective allocation of £1.726m, which was received in full.

Allocations are expected to cover the additional expenditure incurred under the Hospital Discharge Programme, which equates to £0.790m for Month 7 and Month 8. This is anticipated to be received in Month 9.

Further allocation is also expected for the Additional Roles Reimbursement Scheme to cover any expenditure that is above the 60% of funding within the Delegated baseline allocation.

## 2.2 Financial Position at Month 8

November 2020	Year to Date			Forecast		
	Plan £000's	Actual £000's	Variance £000's	Plan £000's	Actual £000's	Variance £000's
<b>Allocation</b>	<b>(336,813)</b>	<b>(336,813)</b>	<b>0</b>	<b>(504,283)</b>	<b>(504,283)</b>	<b>0</b>
Acute Services	153,338	153,551	(213)	230,413	231,232	(819)
Mental Health	35,742	35,727	15	54,439	54,469	(30)
Community	31,515	31,424	91	47,099	47,030	69
Other Commissioning	24,164	23,947	217	34,571	34,270	301
Primary Care	71,940	71,837	104	108,194	108,407	(213)
Continuing Care	16,627	17,391	(764)	23,058	23,822	(764)
Running Costs	3,726	3,726	(0)	5,585	5,585	0
Reserves	124	0	124	2,016	258	1,758
<b>Expenditure</b>	<b>337,176</b>	<b>337,602</b>	<b>(426)</b>	<b>505,374</b>	<b>505,073</b>	<b>301</b>
<b>Surplus/(Deficit)</b>	<b>(364)</b>	<b>(790)</b>	<b>(426)</b>	<b>(1,091)</b>	<b>(790)</b>	<b>301</b>

### Headlines & Actions

- The reported overspend relates to the expenditure incurred under the Hospital Discharge Programme in Month 7 and Month 8.
- NHS Block contracts have been amended and accounted for as agreed with the Providers and GM. The forecast over spend within Acute Services relates to the expected expenditure incurred for AQP services.
- Mental Health spend has increased in line with the MHIS plans agreed with GM. NHS block contracts have been adjusted in line with agreed investments.
- Continuing Care overspends are in direct response to COVID-19 and in particular actions taken, in collaboration with Bolton Council, under the Hospital Discharge Programmes (schemes 1 and 2).
- The overspend forecast within Primary Care includes mandated PCN schemes that have not been included in the CCG allocations. The ARRS scheme is reported at 100% of the available allocation; as is the BQC to ensure that all financial commitments are reflected in the year to date and forecast positions.

## 2.3 Hospital Discharge Programme

November 2020	Year to Date £000's
Hospital Discharge Scheme 1	6,951
Hospital Discharge Scheme 2	187
CHC Deferred Assessment	44
<b>Total</b>	<b>7,182</b>

### Hospital Discharge Programme Expenditure Detail

- The Hospital Discharge Programme was an element of the COVID-19 response that aimed to prevent and reduce admissions into the acute sector and promoted swift discharge into the community/ social care.
- The Hospital Discharge Programme Scheme 1 ceased to accept new patients/packages from 1<sup>st</sup> September 2020 as CHC transition into recovery, with a new discharge to assess model being implemented from this date. Funding relating to the first six weeks of care following discharge can be claimed by the CCG.
- The CCG Funded Care Team will be responsible for assessing all patients discharged into this model within the six week time frame, which will then see patients transferred to the most appropriate onward funding stream.
- To aid CCGs and LAs to undertake the deferred assessments from 1st September, funding has been made available to support any additional staffing requirements. The total funding available for Bolton is £0.276m, of which £0.044m has been spent up to Month 8.
- The process to access these funding streams is through the NHSEI Non ISFE submissions, which details the schemes paid for by both CCG and the LA.
- Funding under Scheme 2 is available for individuals who either do not have a previously agreed care package; or who require enhanced / additional support due to changes in needs. This funding may also be used for step up and step down of packages of care via:
  - rehabilitation and reablement services.
  - urgent community response provided within 2 hours to prevent an acute admission.



## 2.4 Delegated Primary Care

November 2020	Year to Date			Forecast		
	Plan £000's	Actual £000's	Variance £000's	Plan £000's	Actual £000's	Variance £000's
Primary Care Co-Commissioning	28,703	28,703	0	43,708	44,167	(459)
<b>Expenditure</b>	<b>28,703</b>	<b>28,703</b>	<b>0</b>	<b>43,708</b>	<b>44,167</b>	<b>(459)</b>

### Delegated Primary Care

- The budget for Delegated Primary Care has been set in line with the mandated national model from Month 1 – Month 6 and in line with the published allocations for Delegated Primary Care from Month 7 – Month 12. The budgets have been set appropriately across the reporting categories and variance analysis and reporting will now re-commence under the GM Delegated Primary Care Team.
- Costs associated with the Bolton Quality Contract have continued to be reported through Primary Care Co-Commissioning this month in line with previous years reporting. The retrospective budgets have been fully received and the CCG has confirmed the transfer of budget into the Co-Commissioning area to cover any Month 1 – 6 overspends which were as a result of the mandated regime.
- The forecast position includes the protection of income for QOF and BQC KPI's for GP Practices as well as the expected spend for 100% of the Additional Roles Reimbursement Scheme (ARRS). It is expected that the CCG will receive the proportion of the required 40% of the ARRS funding which is currently held nationally (£0.459m) and is the remaining overspend within the forecast position.

## 2.5 Running Costs

November 2020	Year to Date			Forecast		
	Plan £000's	Actual £000's	Variance £000's	Plan £000's	Actual £000's	Variance £000's
Running Costs	3,726	3,726	(0)	5,585	5,585	0
Expenditure	3,726	3,726	(0)	5,585	5,585	0

### Running Costs

- The CCG has a plan in place to ensure that the Running Costs budget is not over spent for 2020/21, through the QIPP schemes in place.

## 2.6 CCG Risk Management

### CCG Financial Risks Identified

A number of financial risks have been identified and are detailed in the table below. The most significant risks are those associated with the increased response to COVID and national issues relating to CAT M prices. A significant amount of funding is expected to be received from outside of the system financial envelopes that have been allocated, which if not received will cause a financial pressure.

Risk	Risk detail and mitigating actions
Increased expenditure due to Second Wave/ COVID spikes	No further expenditure is included in the CCG run rate for support to Primary Care in the response to COVID. Additional allocation or national funding would be expected.
MH/LD pressures on local capacity	Service redesign continued from 18/19, with additional local placement provision sought for complex patients. Continued joint working with GMMH to reduce high cost OOA placements and to understand and fully utilise local capacity.
Failure to control prescribing spend and deliver efficiency	Bolton Quality Contract continues and the medicines management QIPP programme is well established. Full suite of monitoring in place, with reports regularly presented to the CCG Executive.
Risk of funding expected from outside of the system does not materialise	Additional expenditure for AQP and Independent Sector activity is expected to be funded from outside of the system financial envelope. Additional MH funding is also expected from outside the system envelope.
Elective Incentive Scheme (EIS)	Further implementation guidance due which would enable the CCG to assess any financial risk to the Bolton System.

# 3.1 QIPP Performance

## Headlines

- Under the guidance of the temporary financial regime that was in place for Months 1 - 6, formal reporting of provider CIP and CCG QIPP plans was paused.
- As part of the revised operational plan for Month 7 – Month 12 submitted in October, the GM CCG’s and Providers were required to submit efficiency plans that would achieve at least 1% of the proposed position during this period.
- The CCG QIPP plan is £2.633m, and the CCG is currently forecasting to deliver this in full.

November 2020	Year to Date			Forecast		
	Plan £000's	Actual £000's	Variance £000's	Plan £000's	Actual £000's	Variance £000's
QIPP achieved	974	974	-	2,633	2,633	-

## System Recovery

- A System Finance Group has been established and has oversight of the financial challenge faced by Bolton Health and Care organisations.
- The group is focussed on driving financial improvement across the system, monitoring progress and impact against the agreed work programme.
- Priority areas include; workforce, estates, prescribing and appraisal of system spend.

## 4.1 Statement of Financial Position

Statement of Financial Position	March 2020	Nov 2020	Commentary
	£000	£000	
Non current assets	246	167	Property Plant and Equipment
Trade & other receivables	1,026	2,368	Monies owing to CCG by other organisations
Prepayments and accrued income	1,592	29,019	Expenditure paid in advance /income not yet invoiced
Cash & cash equivalents	4	429	Cash at bank/in hand
<b>Total current assets</b>	<b>2,622</b>	<b>31,816</b>	<b>Total monies owed to CCG plus cash /bank</b>
Trade & other payables	(9,260)	(5,887)	Invoices received from providers/suppliers but not yet paid
Accruals & deferred income	(24,009)	(30,500)	Expenditure for services received not yet invoiced by provider/supplier
Provisions	(1,390)	(1,390)	Liabilities relating to past event
<b>Total current liabilities</b>	<b>(34,659)</b>	<b>(37,777)</b>	<b>Total monies owed by CCG</b>
<b>Net assets/(liabilities) employed</b>	<b>(31,791)</b>	<b>(5,794)</b>	<b>Total monies owed by CCG net of total monies owing to the CCG</b>
Taxpayers equity			
General fund	(31,791)	(5,794)	Total Investment by Taxpayers

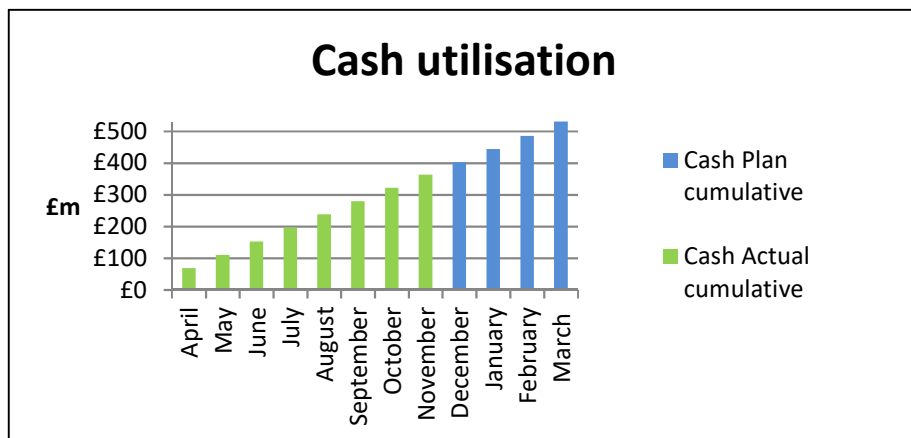
### Headlines

The November 2020 Statement of Financial Position (SoFP) is summarised in the table above and compared to the position at the end of March 2020.

The COVID-19 temporary financial regime requires that nationally mandated NHS Provider block contracts are paid 1 month in advance. This has resulted in the following significant variances

- Prepayments and accrued income has increased by £27.5m.
- The CCG has negative taxpayers equity which reflects the timing of cash flows compared to expenditure incurred over time. This value has significantly reduced as a result of the additional cash received in advance.

## 4.2 Cash Utilisation & BPPC



YTD Cash flow Statement	March 2020	Nov 2020
	£000	£000
YTD Expenditure	493,506	337,602
Increase/(decrease) in trade & other receivables	(296)	28,770
(Increase)/decrease in trade & other payables	(3,522)	(3,090)
(Increase)/decrease in Provisions	(433)	0
Provisions utilised	0	0
Depreciation and Amortisation	(109)	(79)
Increase/(decrease) in capital payables	63	(28)
Increase/(decrease) in cash	(23)	425
<b>YTD Cash drawn</b>	<b>489,186</b>	<b>363,600</b>

Performance of month end cash position	Target	Actual	Trend
Cleared bank balance	£250k	£429.4k	
% of monthly draw down	<1.25%	0.04%	

% of invoices paid within payment terms	Target	Actual	Trend
By Value	95.00%	99.70%	
By Volume	95.00%	98.23%	

### Cash

- The CCG's Annual Cash Drawdown Requirement (ACDR) for 2020-21 is calculated based on the allocation notified prior to the COVID-19 financial regime updated for COVID allocation adjustments. The CCG has an annual ACDR of £503.6m and has received £363.6m cash to the end of November 2020, representing 72.19% of the ACDR. This is greater than the profiled requirement of 66.67% to enable the nationally mandated NHS Provider block contract payments 1 month in advance.
- Performance of the cleared bank balance target is lower of £250k or less than 1.25% of the monthly cash draw down is shown in the table above. NHSE/I has confirmed that should this be breached penalties will not be levied under the current financial regime to enable CCGs to have sufficient cash to pay suppliers.

### Business Conduct – Better Payment Practice Code (BPPC)

- The CCG achieved the Better Payment Practice Code (BPPC) target paying over 95% of valid invoices by volume and value within 30 days. The performance is shown in the table above.
- During the COVID-19 response, the CCG is aiming to pay supplier invoices within 7 days in accordance with NHSE/I guidance and Cabinet Office PPN Notices 02/20 and 04/20 which expire at the end of October.

## 4.3 Capital Programme

### Capital Programme

Details of the capital projects in progress are detailed below. Building designs in progress have been reviewed in the context of operating in COVID compliant manner and amended where appropriate.

Scheme	Project	Status	Commentary
Lever Chambers Centre for Health - Phase 2	CCG Relocation	Complete	COVID compliance work paused following Government guidance advising work from home if you can.
Lever Chambers Centre for Health - Phase 3	Ground floor reconfiguration	Out to tender	Reconfiguration to accommodate GMMH and homeless services, improved reception and social prescribing area. This has paused whilst space is being proposed for use as a PCN vaccination site.
Little Lever Health Centre and Library	Relocation of 3 GP practices to be co-located with the library	In progress	Building work commenced on site.
Primary Care improvement Grants	2 Estates and Technology Transformation Fund (ETTF) PIDs	Pending GM approval	Schemes approved in 2019-20 with queries. 1 approval letter received and 1 pending approval to go ahead.
Horwich Health and Wellbeing Hub	Relocation of 2 GP practices	Awaiting OBC	Scheme reassessed for COVID, design adjusted accordingly. Outline Business Case received and in review.
NHS Digital	N365 funding	In progress	Roll out Office 365 Project, implementation stage for primary care and CCG.
Digital First Funding	Primary Care digital transformation	GM Approved	Share of GM £2,66m. GM MoU signed. Implementation in progress
COVID Capital	Primary Care premises improvements	PIDs submitted - pending approval	Share of GM £1.2m capital funding allocated for improving primary care premises to enable COVID compliant working practices.

# 5.0 Actions Requested

## Actions Requested

The CCG Finance and QIPP Committee are asked to note:

- The financial position at Month 8, which currently excludes the Month 7 and Month 8 allocation for expenditure incurred under the Hospital Discharge Programme.
- The Month 8 position is reporting an improved position compared to the financial plan approved via CCG Board and GM Partnership Executive Board. Discussions are ongoing, at GM level, around resubmitting the financial plans to reflect the improved locality positions.