

## OXFORDSHIRE CLINICAL COMMISSIONING GROUP BOARD

<b>Date of Meeting:</b> 24 September 2020	<b>Paper No:</b> 20/40
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<b>Title of Paper:</b> Finance Report - Month 05 (August 2020)
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<b>Paper is for:</b> <small>(please delete tick as appropriate)</small>	<b>Discussion</b> <input checked="" type="checkbox"/>	<b>Decision</b> <input type="checkbox"/>	<b>Information</b> <input checked="" type="checkbox"/>
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<b>Conflicts of Interest</b> <small>(please delete tick as appropriate)</small>	
No conflict identified	<input checked="" type="checkbox"/>
Conflict noted: conflicted party can participate in discussion and decision	<input type="checkbox"/>
Conflict noted, conflicted party can participate in discussion but not decision	<input type="checkbox"/>
Conflict noted, conflicted party can remain but not participate in discussion	<input type="checkbox"/>
Conflicted party is excluded from discussion	<input type="checkbox"/>

<p><b>Purpose and Executive Summary:</b> This report sets out:</p> <ul style="list-style-type: none"> <li>the financial performance of the CCG to 31 August 2020 under the temporary financial regime which now covers Months 1-6.</li> <li>the risks identified to the financial objectives and their current mitigations</li> </ul> <p>The Finance Committee have been briefed at their meeting on 15<sup>th</sup> September and the full finance report for Month 5 has been circulated to the Committee subsequently. This paper gives an overview of the financial position at Month 5.</p>
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<p><b>Engagement: clinical, stakeholder and public/patient:</b> Not required</p>
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<p><b>Financial Implications of Paper:</b> There are no direct financial implications arising from this paper.</p>
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<p><b>Action Required:</b> The Board is asked to review the information provided in this report together with the assurance from the Finance Committee. The Board is asked to consider whether sufficient assurance exists that the CCG is managing its financial performance and risks effectively and is on track to deliver the financial objectives of the temporary financial regime.</p>
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<b>OCCG Priorities Supported</b> (please delete tick as appropriate)	
✓	Operational Delivery
✓	Transforming Health and Care
✓	Devolution and Integration
✓	Empowering Patients
✓	Engaging Communities
✓	System Leadership

**Equality Analysis Outcome:**  
There are no direct Equality issues arising from this paper.

**Link to Risk:**  
Links to AF32 – Achievement of statutory financial duties

**Author:** Jenny Simpson, Deputy Director of Finance, [jenny.simpson9@nhs.net](mailto:jenny.simpson9@nhs.net)

**Clinical / Executive Lead:** Gareth Kenworthy, Director of Finance, [g.kenworthy@nhs.net](mailto:g.kenworthy@nhs.net)

**Date of Paper:** 17 September 2020

# Oxfordshire CCG Finance Report for the Board At 31 August 2020

## Section 1: Background

The CCG is currently operating under a temporary financial regime as a result of the Covid-19 pandemic. The main elements of the regime are nationally determined block contracts for NHS providers, national commissioning of Independent Sector Providers, revised allocations for CCGs and retrospective funding for reasonable Covid related costs. The temporary regime has been extended to the end of Month 6, with a revised regime to be implemented for the second half of the year (H2). The regime for H2 was issued by NHS E on 15<sup>th</sup> September and the implications are being assessed.

NHS E issued revised “prospective” allocations for the period April – September 2020. These were calculated based on expenditure in 2019-20 to Month 11 uplifted for specified growth assumptions and adjusted for a) the block NHS contracts and b) the change to procurement arrangements for the Independent Sector Providers.

The intention is that CCGs will break even over this period and NHS E have already made “retrospective” allocation adjustments to bring CCGs back into a balanced position to Month 4.

The prospective allocation for the CCG for 6 months is £477.14m. The historic surplus of £23.441m was not included in the initial budget allocation unlike in previous years.

In addition, retrospective allocations have been received for all Covid reported expenditure to Month 4 £9.3m i.e. all of the reported expenditure has been assessed as reasonable. In addition retrospective allocation of £2.2m has been received to cover the net pressures in the CCG position to Month 4 – this effectively covers overspends in Prescribing, Delegated Co-commissioning and the backdated Funded Nursing Care price increase and brings the CCG into a breakeven position overall to Month 4.

The Year to Date variance disclosed for Month 5 is after receipt of the additional retrospective allocations and is therefore driven by Covid expenditure and underlying pressure for Month 5 only. The Forecast Outturn is the outturn to Month 6 and extrapolates the Month 5 position for a further month.

## Section 2: Executive Summary and Dashboard

**Table 1a: In Year key financial targets**

Indicator	Target	Actual	RAG
Actual Year to date	Breakeven	£2.9m	X
Forecast Outturn	Breakeven	£5.8m	X
Running Cost Outturn	Breakeven	£0.03m	X
Savings Forecast Outturn	N/A		
Net Risk position	N/A		
Mental Health Investment Standard achieved	N/A	Not yet reported	
Better payment Practice code NHS by value	95%	100%	✓
Better payment Practice code Non NHS by value	95%	99%	✓
Note: Cash drawn down to date as % of Maximum Cash Drawdown	41.67%	48.20%	X

NB. The cash drawn down is in excess of that expected in usual years as NHS providers are being paid early to ensure cash flow is maintained.

- At 31 August 2020 NHS Oxfordshire Clinical Commissioning Group (OCCG) reported a year to date overspend of £2.9m and forecast outturn overspend (for the first six months only) of £5.8m.
- The CCG has received retrospective allocation of £9.3m to cover reported Covid 19 related costs to Month 4 and £2.2m allocation to cover other pressures in the CCG position to the end of Month 4. The total CCG allocation to Month 6 is now £488.7m.
- The CCG reported overspend for Month 5 (£2.9m) is primarily driven by Covid 19 additional costs reported for Month 5 of £2.4m. These costs relate mainly to the Hospital Discharge Programme £2.0m and expenditure to support Primary Care £0.3m. The forecast overspend of £5.8m is to Month 6 only and assumes that costs will continue at a similar level as in Month 5.
- The Better Care Fund Pool is forecast to overspend by £2.4m of which £2.0m relates to the Hospital Discharge Programme. Allocation has been received to cover the previously reported overspend of £4.3m to Month 4.
- The Prescribing budget is overspent by £0.7m in Month 5. Allocation has been received to cover the previously reported overspend of £2.9m to Month 4.
- The Delegated Primary care budget is overspent by £0.3m. Allocation has been received to cover the previously reported overspend of £0.9m to Month 4.

## Section 2: Overview

Table 2a: Summary Table

	Budget M1 to M6 £'000	Budget Month 05 £'000	Actual Month 05 £'000	Variance Month 05 £'000	Forecast Outturn M1 to M6 £'000	Forecast Outturn Variance £'000
Acute	229,485	191,100	191,005	(95)	229,211	(273)
Community Health	39,184	32,917	32,995	78	39,594	410
Continuing Care	49,878	43,023	45,436	2,413	54,523	4,646
Mental Health and Learning Disability	45,572	38,042	38,214	171	45,856	284
Delegated Co-Commissioning	50,082	41,900	42,154	254	50,584	502
Primary care	59,492	50,213	50,980	768	61,176	1,684
Other Programme	8,063	6,310	5,891	(419)	7,070	(993)
<b>Sub Total Programme costs</b>	<b>481,755</b>	<b>403,504</b>	<b>406,675</b>	<b>3,171</b>	<b>488,016</b>	<b>6,260</b>
Running costs	6,222	5,313	5,417	105	6,501	279
<b>Sub Total CCG</b>	<b>487,977</b>	<b>408,817</b>	<b>412,092</b>	<b>3,275</b>	<b>494,517</b>	<b>6,540</b>
Risk Reserve	0	0	0	0	0	0
0.5% Contingency reserve	725	363	0	(363)	0	(725)
<b>Total CCG after contributions to/from reserve</b>	<b>488,702</b>	<b>409,180</b>	<b>412,092</b>	<b>2,913</b>	<b>494,517</b>	<b>5,815</b>
Planned Surplus c fwd	0	0	0	0	0	0
<b>Total</b>	<b>488,702</b>	<b>409,180</b>	<b>412,092</b>	<b>2,913</b>	<b>494,517</b>	<b>5,815</b>

- All NHS acute contracts are reported as breakeven for the 6 months i.e. the providers are paid in accordance with the block contracts advised by NHS E. There is no expenditure with Independent sector acute providers as they are on national contracts. The reported underspend relates to other non NHS independent providers that are not on national contracts.
- The Continuing care reported overspend is mainly explained by significant costs for the Hospital Discharge Programme £2.0m. These are expected to be covered by additional allocation for Covid related costs.
- The Delegated budget is forecast to overspend due to previously reported funding issues and continued pressure related to the GP retention scheme. The pressures have been funded to Month 4 and it is expected that allocation will be received to cover the costs to Month 6.
- Month 3 data indicates that the Prescribing budget will continue to overspend against budget. The Medicines Management team have highlighted pressures due to Cat M (generic drugs), NCSOs and DOACs of approx. £1.0m per month.
- The Running cost budget is forecast to overspend partly due to Covid-19 expenditure but mainly due to the methodology adopted for setting the budget. The pressure caused by this has now been funded to Month 4 and is expected to be funded to Month 6.
- The historic surplus of £23.441m (£23.422m carried forward plus £0.019m surplus for 2020-19) is not included in the budget allocation for the first half year.

## Risks and Mitigations

The usual risks the CCG faces are currently met by the operation of the temporary financial regime to Month 6:

Continuing healthcare – Hospital Discharge programme is mitigated by retrospective funding from NHS E.

Prescribing – already reflected in FOT and for Month 1-6 this is mitigated by retrospective funding from NHS E.

Savings plan non- delivery – not relevant for the first 6 months of the year as savings plans are on hold.

Volume/activity risk - The usual risk of contract activity for the main PbR contracts is now mitigated by the national block contract arrangement and the fact that ISPs are contracted nationally for the first half year.

Volume/Activity risk at independent providers who are not on national arrangements – generally activity has been low due to social distancing due to Covid-19

The risks in the second half of the year from the new financial regime for Phase 3 are being assessed now that the guidance has been released on 16<sup>th</sup> September 2020.

## Section 3: Covid related costs reported to Month 5

Table 3a

CCG Expenditure Analysis	03ACT37
	COVID-19 SPEND YTD TOTAL  Actual 31/08/2020 YTD  £'000
Acute Services	143
Mental Health Services	0
Community Health Services	1,132
Continuing Care Services	7,898
Primary Care Services	2,276
Primary Care Co-Commissioning	0
Other Programme Services	9
<b>TOTAL COMMISSIONING SERVICES</b>	<b>11,458</b>
Running Costs	279
<b>Total CCG Net Expenditure</b>	<b>11,737</b>

£9.3m has been received to cover costs to Month 4. Allocations are expected in Month 6 and 7 to cover the costs incurred in Months 5 and 6 respectively.

## Section 4: Provider Performance

**Table 4: Acute Commissioning Breakdown**

	Budget	Budget	Actual	Variance	Forecast	Forecast
	M1 to M6 £'000	Month 05 £'000	Month 05 £'000	Month 05 £'000	Outturn M1 to M6 £'000	Outturn Variance £'000
Oxford University Hospitals NHS FT	192,205	160,171	160,171	0	192,205	0
Royal Berkshire FT	12,318	10,265	10,265	0	12,318	0
Buckinghamshire Hospitals NHS Trust	1,820	1,517	1,517	(0)	1,820	(0)
Frimley Health NHS Foundation Trust (HWP)	251	210	209	(0)	251	0
South Warwickshire FT	789	658	658	0	789	0
Gloucester Hospitals NHS Trust	334	278	278	0	334	0
Great Western NHS Foundation Trust	2,308	1,924	1,924	0	2,308	0
University Hosp Coventry Warwickshire Trust	172	144	144	0	172	0
University Hospital Birmingham Foundation Trust	107	90	90	0	107	0
Milton Keynes Hospital Foundation Trust	137	114	114	0	137	0
Hampshire Hospital Foundation Trust	124	104	104	0	124	0
Ramsay Health care	0	0	(0)	(0)	0	0
Nuffield Health	0	0	0	0	0	0
Foscote	0	0	(0)	(0)	(0)	(0)
Spire Healthcare	0	0	(0)	(0)	0	0
Berkshire Independent	0	0	(0)	(0)	0	0
BMI Ridgeway	0	0	(0)	(0)	0	0
Circle	0	0	(0)	(0)	0	0
London Providers	716	597	597	(0)	716	(0)
Other Acute	4,699	3,777	3,682	(95)	4,419	(280)
Non Contract Activity	7	7	7	(0)	14	7
SCAS Emergency Patient Transport	13,496	11,247	11,247	0	13,496	0
<b>Total</b>	<b>229,485</b>	<b>191,100</b>	<b>191,005</b>	<b>(95)</b>	<b>229,211</b>	<b>(273)</b>

- All NHS acute contracts (including London providers) are reported as breakeven for the 4 months i.e. the providers are paid in accordance with the block contracts advised by NHS E. There are four providers on block contracts now that were previously shown as Non contracted activity - Coventry/Warwickshire, Birmingham, Milton Keynes and Hampshire.
- There is no expenditure with Independent sector acute providers that are on national contracts.
- Oxford University Hospitals NHS FT (OUH) continues to report its performance on a monthly basis against the value reflected in the March submission of the CCG financial plans for 2020/21 which does not reflect any impact of Covid 19. Month 4 is under-spent against the plan by £30.3m (23%) before financial adjustments and continues significantly below normal levels as a result of the cancellation and suspension of routine work due to Covid 19. Overall activity levels were 40% below the same point last year. However, Critical Care (72% over plan), non-face to face appointments and some outpatient follow ups are areas are running over plan, which is a result of the impact of Covid at the Trust. Operational and national standards are still operating, but with no financial consequences where breached. July has seen a small increase in total incompletes of 1316 in month, now up to 43,676 patients. This is the first increase in patients since January 2020 following the suspension of the Electronic Referral System and reduced referral levels. The number of patients waiting over 18 weeks has increased by 13,164 since February.

- Activity at other NHS providers remains low across most areas, most significantly within planned care, with a deteriorating waiting list position.
- The Acute variance shown above relates to Non NHS independent providers that are not covered by national contracts and are mainly seeing reduced activity as a result of constraints due to the pandemic.

## **Section 5: Conclusion**

- The CCG has reported a year to date overspend of £2.9m in Month 5 and a forecast overspend of £5.8m to Month 6. It is expected that allocations will be provided over the next 2 months, as per national guidance, to bring the position back to breakeven for the half year.
- A new financial regime will be implemented for the second 6 months of the year.
- The Month 5 reported position and the identified risks were reviewed by Finance Committee at the meeting on 15 September 2020.