

# **Bromley Borough Based Board Meeting**

**Month 4 Finance Report**

**8<sup>th</sup> September 2020**

# Summary of Key Messages for SE London Financial Position as at Month 4 (Please refer to detailed report Appendix 1)

## 1. Introduction

- As you will be aware, as part of the national NHS Covid response NHSEI has worked to ensure that funding is not an impediment to the pandemic response effort and as such has put in place a temporary financial framework to ensure that organisations receive the funds needed to respond to the crisis and reduce the administrative burden as much as possible.
- As part of this framework, CCG financial allocations for month 1 to month 4 have been adjusted and reissued. The revised allocations reflect national arrangements for the funding of NHS providers and independent sector providers.

## 2. Month 4 Financial Position

- The actual financial position being reported at month 4 is consistent overall with the assessment made as to the impact of the revised allocation.
- As at month 4, the CCG is reporting an £11.57m overspend against its financial allocation. This position reflects the following elements:
  - An overspend of £5.15m as a result of the impact of the revised allocation.
  - A prescribing overspend of £2.8m. The prescribing run rate has been adversely impact by price and activity changes during the Covid-19 period (the CCG is presently forecasting a 6.3% increase on the 2019/20 outturn)
  - Covid related overspend of £8.5m. The total year to date spend is £26.13m and costs relating to Month 1-3 have been funded in full by NHSE.
  - There are also overspends in other areas including CHC, running costs and mental health and the CCG received £10.8m of retrospective funding in Month 4 in relation to the Month 1-3 overspend.
- As highlighted above, and in line with the temporary budget guidance, the CCG is assuming an additional allocation of £11.57m to fund this overspend and is therefore reporting a break-even position.

## 3. Position for Month 5 Onwards

- The current financial arrangements will continue for Months 5 and 6, with further guidance on Months 7 to 12 awaited. However, given the uncertainty that this creates, this highlights the need for the CCG to assure itself of its expenditure commitments and to identify appropriate strategies to reduce its cost base where appropriate.

# Summary SE London Financial Position as at Month 4 (Please refer to detailed report Appendix 1)

Please note that all COVID spend has been attributed to Covid-19 rather than be shown at Borough Level

Headline Financial Performance									
	Bexley	Bromley	Greenwich	Lambeth	Lewisham	Southwark	Covid-19	South East London	Total SEL CCGs
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
<i>Year to Date Expenditure Position</i>									
YTD Total Budget	27,554	51,899	38,600	35,281	29,840	28,281	17,708	801,492	1,030,655
YTD Total Expenditure	28,350	52,001	39,210	37,142	30,266	28,785	26,212	800,253	1,042,220
YTD In Year Total Surplus/ (Deficit)	(797)	(102)	(610)	(1,861)	(426)	(504)	(8,504)	1,239	(11,565)
YTD Expected Retrospective Allocation									11,565
YTD In Year Revised Surplus/ (Deficit)									-
YTD Planned In Year Surplus									-
YTD Variance against planned in year Surplus/ Control Total									-
YTD Variance against planned in year Surplus/ Control Total %									0.0%
Previous Month YTD Variance before adjustment	(216)	544	(712)	(2,129)	33	221	(6,207)	(8,859)	(17,325)

# Summary of Key Messages for Bromley Borough Financial Position as at Month 4 (Please refer to detailed report Appendix 1)

- **1. Month 4 Bromley Borough Financial Position**

- The actual financial position being reported at month 4 is consistent overall with the assessment made as to the impact of the revised allocation. The Bromley Borough element of the allocation is £51,899k.
- As at month 4, Bromley Borough is reporting a £102k overspend against its financial allocation. This position reflects the following elements:
  - An overspend of £511k arising from the non delivery of QIPP projects on the Prescribing budget and increases in prescribing prices due to the COVID-19 pandemic;
  - An overspend of £150k in Mental Health Services in relation to external complex care placements. The previous years budget overspend and the position represents a continuation of the trend;
  - An underspend of £521k relating to Continuing Healthcare services. This is primarily due to new clients being charged to the central covid-19 cost centre.
  - A table setting out the financial position by function is set out on the next page.
- Bromley Borough has incurred year to date, £2,744k of Covid related expenditure which includes the amount incurred by LB Bromley in respect of the Hospital Discharge Scheme and which the CCG will reimburse the council for when an allocation adjustment is received from NHS England. This breakdown of the £2,744k is as follows;
  - £626k of direct CCG additional expenditure (medical equipment, hot hubs);
  - £1,750k of claims relating to Hospital Discharge Scheme consisting of CCG £949k and LBB £801k;
  - £368k of expenditure by GP practices on items such as PPE, staff backfill and bank holiday cover costs and work in practices to make them safe for staff and patients .
- If NHS England deem the reported overspend position to be reasonable, then an additional allocation will be received which would bring both the CCG and Bromley Borough to a breakeven position at the end of month 4.

- **2. Delegated Budgets – Update for Borough Boards**

- As part of the budget setting process for 2020/21, all relevant budgets were shared and signed off with the local Borough teams. This was completed prior to the start of the new financial year.
- In response to the COVID pandemic, NHSEI issued temporary revised financial allocations and budget setting guidance for months 1 to 4. The impact of this is set out in the Month 4 Finance Report but essentially has meant that all budgets (including those previously shared and agreed with the Borough teams) have had to be re-calculated so that they are consistent with the CCG's revised overall financial allocation for this period.
- All CCGs have confirmed allocations and guidance for Months 1-4. The current financial arrangements will continue for Months 5 and 6, with further guidance on Months 7 to 12 awaited.

## Summary Bromley Borough Financial Position as at Month 4 by function

	<b>Budget M4</b>	<b>Actual M4</b>	<b>Variance M4</b>
<b>Function</b>	£'000	£'000	£'000
Local Acute Services	643	629	15
Community Health Services	16,768	16,791	(23)
Mental Health Services	2,864	3,013	(150)
Continuing Care Services	7,230	6,709	521
Prescribing	14,425	14,936	(511)
Other Primary Care Services	888	888	0
Other Programme Services	6,609	6,614	(4)
Delegated Primary Care Services	1,035	1,034	0
Corporate Budgets Non Running Cost	710	588	122
Corporate Budgets	726	799	(72)
<b>Total</b>	<b>51,899</b>	<b>52,001</b>	<b>(102)</b>

# Summary Bromley Borough Financial Position as at Month 4 re: COVID-19 Spend (Please refer to detailed report Appendix 1)

As previously mentioned in this report, Bromley Borough has incurred year to date, £2,744k of Covid related expenditure which includes the amount incurred by LB Bromley in respect of the Hospital Discharge Scheme and which the CCG will reimburse the council for when an allocation adjustment is received from NHS England. This breakdown of the £2,744k is as follows;

£626k of direct CCG additional expenditure (medical equipment, IT and telephony, patient care, hot hubs etc.);

£1,750k of claims relating to Hospital Discharge Scheme;

£368k of expenditure by GP practices on items such as PPE, staff backfill costs and work in practices to make them safe for staff and patients.

The table opposite shows the main components of this spend.

	<b>Bromley</b>
	<b>£'000s</b>
<b>Total Covid-19 spend</b>	2,744
<b>CCG Revenue</b>	626
of which	
Medical Equipment	60
IT & Telephony	292
Patient Care	100
Other (inc Hot Hubs)	174
<b>Hospital Discharge</b>	1,750
of which	
Local Authority	801
CCG	949
<b>GP Spend</b>	368
of which	
60p a head	205
Bank holiday cover	163

# Summary Bromley Borough Financial Position Other Issues (Please refer to detailed report Appendix 1)

There are a number of other issues which need to be considered at month 4, namely;

## **Risk Position**

- There are 2 main risks which need to be considered both at SE London CCG level but also at Bromley Borough level which are;
  - The CCG is operating at a £3m overspend each month against its confirmed allocation. Whilst there is reasonable certainty about the Months 1-6 position, the approach from Month 7 in particular remains unconfirmed. If there is any risk to funding the CCG will need to make decisions about addressing its cost base.
  - During the Covid-19 response the CCG committed the equivalent of 2.3% of its expected allocation to meet the demands placed on the system. As the NHS moves on to the next stage of the Covid-19 response, appropriate exit strategies and/or funding sources will need to be identified.

## **Governance Arrangements**

- NHS SE London has a Schedule of Matters in place which sets out limits of delegation for staff, in addition there is a separate “emergency” Schedule of Matters in place for the approval of COVID-19 spend. All staff have been made aware of these arrangements and the documents are available on the intranet.

## **Balance Sheet / Financial Services Issues**

- For Bromley Borough in the highest value debtors, there are amounts due from LB Bromley totalling circa £6.3m, these relate primarily to the Better Care Fund, section 106 and section 75 recharges. The two largest outstanding debts relate to the quarter 4 Better Care Fund recharge and 19/20 section 106 contributions which have a combined value of £2.8m. These debts are not believed to be at risk and the overall value of debtors at the end of August has reduced to £4.5m.
- As part of the financial regime and to try to assist providers with cash flow, all invoices are currently paid within 7 days of approval.

## **Financial Management Arrangements**

- Budget holder meetings have been held to discuss the month 4 position and meetings are booked for the rest of the year with the central finance team. The monthly reporting process will be an iterative process with improvements being made as time goes on and the team have more intelligence from local budget holders.