

Bromley Borough Based Board Meeting

12th November 2020

Month 6 Finance Report

Summary of Key Messages for SE London Financial Position as at Month 6 (Please refer to detailed report Appendix 1)

1. Introduction

- The CCG continues to operate within the temporary financial regime NHSEI put in place in response to the Covid-19 situation. This means that the NHS is seeking to ensure that funding is not an impediment to the pandemic response. It has therefore committed to funding reasonable variances on a retrospective basis to cover the costs of Covid-19 expenditure and “other” reasonable overspends.
- In month, the CCG received a retrospective allocation to cover Covid costs in Month 5 of £7.38m (taking the additional funding to £33.60m in year) plus £3.14m of retrospective funding for non-Covid overspends for Month 5 (taking the additional funding to £17.01m in year). This means that the CCG has now received all requested retrospective funding for the period Month 1 to 5 and therefore all of the variances to budget shown within this pack represent the in month movement.

2. Month 6 Financial Position

- The CCG is reporting an overspend in-month 6 of £12.18m. This represents £8.99m of Covid-19 expenditure, with a £3.18m overspend on other non-Covid budgets. Due to NHSEI’s commitment to fund reasonable variances the CCG is reporting breakeven for the Month 1-6 period, with additional funding expected to cover the Month 6 overspend to be received through the retrospective allocation process.
- Covid-19 represents the main area of overspend, with a further £8.99m of additional expenditure incurred in Month 6. This takes the total spend for the year to £42.59m against which the CCG has received £33.60m of additional allocation. The CCG’s in-month position is £1.7m higher than last month and is primarily driven by a £1.4m increase in hospital discharge programme costs from our local Councils. The £0.3m increase in the CCG’s cost base reflects the inclusion of additional costs covering PPE, and other contractual commitments incurred as part of the Covid response. Whilst the increase was slightly above the expected level, this does reflect a large element of non-recurrent expenditure. From month 7, the CCG moves to a fixed budget for Covid expenditure and costed plans are currently being developed. Hospital discharge expenditure will continue to be based on a monthly reimbursement basis.

3. Position for Month 7 Onwards

- From Month 7 we move back to a more normal fixed budget approach and the CCG now has a confirmed financial allocation for Months 7 to 12. Work has been completed to set individual budgets for the remainder of the year. The aim of the CCG is to ensure that changes from a roll forward of the Months 1-6 budget are limited, with adjustments made only where necessary due to the impact of the present environment.

Summary SE London Financial Position as at Month 6 (Please refer to detailed report Appendix 1)

Headline Financial Performance

	Bexley	Bromley	Greenwich	Lambeth	Lewisham	Southwark	South East London	Total SEL CCGs (Non Covid)	Covid-19	Total SEL CCGs
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Year to Date Expenditure Position										
YTD Total Budget	56,099	99,832	76,733	82,496	66,423	65,516	1,073,112	1,520,211	33,595	1,553,806
YTD Total Expenditure	57,040	100,019	76,862	83,784	67,478	66,871	1,071,342	1,523,396	42,589	1,565,984
YTD In Year Total Surplus/ (Deficit)	(942)	(187)	(129)	(1,287)	(1,055)	(1,354)	1,770	(3,185)	(8,994)	(12,178)
YTD Expected Retrospective Allocation										-
YTD In Year Revised Surplus/ (Deficit)										(12,178)
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	(1,384)	30	(155)	(2,126)	(356)	(547)	1,401	(3,138)	(7,382)	(10,520)

Summary of Key Messages for Bromley Borough Financial Position as at Month 6

1. Month 6 Bromley Borough Financial Position

- The actual financial position being reported at month 6 is consistent overall with the assessment made as to the impact of the revised allocation. The Bromley Borough element of the allocation is £99,832k.
- As at month 6, Bromley Borough is reporting a £187k overspend against its financial allocation. This position reflects the following elements:
 - An overspend of £601k in prescribing due to the continuation of the price pressure as seen in previous months. This is primarily driven by the impact of Covid-19 on the supply chain and since June 2020 by the impact of Category M price changes. This position is being partially offset by an in year reduction in activity which, at least in part, is believed to be linked to the activity spike in March 2020. This position is being closely monitored but the CCG presently expects the activity to “normalise” from October 2020.
 - An overspend of £260k in Mental Health Services in relation to external complex care placements. The previous years budget overspent and the position represents a continuation of the trend;
 - An underspend of £616k relating to Continuing Healthcare services. This is primarily due to new clients being charged to the central covid-19 cost centre. The backlog in assessments caused by the covid pandemic is now being addressed which will result in a reduction in the level of underspend in the latter part of the year.
 - A table setting out the financial position by function is set out on the next page.
- Bromley Borough has incurred year to date, £5,177k 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. The breakdown is as follows;
 - £1,951k of direct CCG additional expenditure (Bromley Healthcare Community provider, medical equipment, hot hubs);
 - £2,749k of claims relating to Hospital Discharge Scheme consisting of CCG £1,523k and LBB £1,226k;
 - £477k 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 .

2. Month 7 – 12 Update

- From Month 7 to Month 12 the CCG reverts back to a cash limited allocation to fund its business as usual activities. The budgets have been set based upon a starting point of roll forward of the Month 1 to 6 budgets with specific adjustments such as Better Care Fund commitments. The CCGs allocation is consistent with Month 1 to 6 actual expenditure, therefore based upon current run rate the overall position is deliverable.

Summary Bromley Borough Financial Position as at Month 6 by function

	Budget M6	Actual M6	Variance M6
<u>Function</u>	£'000	£'000	£'000
Local Acute Services	965	926	39
Community Health Services	25,152	25,132	20
Mental Health Services	4,295	4,556	(260)
Continuing Care Services	10,846	10,229	616
Prescribing	21,637	22,238	(601)
Other Primary Care Services	1,333	1,333	-
Other Programme Services	9,914	9,882	32
Delegated Primary Care Services	23,535	23,747	(212)
Corporate Budgets Non Running Cost	1,066	887	178
Corporate Budgets	1,090	1,089	1
Total	99,832	100,019	(187)

Summary Bromley Borough Financial Position as at Month 6 re: COVID-19 Spend

As previously mentioned in this report, Bromley Borough has incurred £5,177k of Covid related expenditure to date 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 the allocation adjustments are received from NHS England. The expenditure breakdown is as follows:

£1,951k of direct CCG additional expenditure. £932k of the total relates to claims from our local community provider, Bromley Healthcare, as they are not able to make these claims direct to NHSEI. Other claims relate to medical equipment, IT and telephony, patient care, hot hubs etc.

£2,749k of claims relating to Hospital Discharge Scheme. £1,523k are direct CCG costs and £1,226k relates to LBB costs;

£477k of expenditure by GP practices on items such as PPE, staff backfill costs, overtime and work in practices to make them safe for staff and patients.

The table opposite provides a summary of this spend.

Bromley Covid-19 expenditure summary		M1-M5	M6	Total
		£'000	£'000	£'000
CCG Revenue		1,655	297	1,951
Primary Care		422	54	477
Hospital Discharge	LA	941	286	1,226
	CCG	1,267	256	1,523
Grand Total		4,285	892	5,177

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 6, 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;
 - CCG Financial Regime - The CCG has received a fixed financial allocation for Months 7- 12 and will be required to deliver against this budget moving forward. This means that the CCG no longer has the option of retrospective top ups, so the pressures around CHC and prescribing budgets will need to be mitigated.
 - Impact of Covid on 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 the expenditure will need to be reviewed against the available funding envelope.

Balance Sheet / Financial Services Issues

- For Bromley Borough the reported value of outstanding debt at the end of Month 6 was £4.1m. This value has reduced significantly during October and the current debt is £1.3m. CCG and LBB finance leads are meeting regularly to ensure that progress continues to be made.
- 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 6 position and meetings are booked for the rest of the year with the central finance team. The monthly reporting process is an iterative process with improvements being made as time goes on and the team have more intelligence from local budget holders.