

Agenda Item	2.1.3	Finance Report to Month 4 (July 2021)			
Reference	GB21-22/0012	Meeting Date	7 th September 2021	Type	Public
Lead Officer / Author	Mark Chidgey, Chief Finance Officer Louise Morris, Deputy Chief Finance Officer			Date of Report	24 th August 2021
Contributors					
Purpose; to:	Discuss <input type="checkbox"/>	Inform <input checked="" type="checkbox"/>	Assure <input checked="" type="checkbox"/>	Approve <input checked="" type="checkbox"/>	Endorse <input type="checkbox"/>
Executive Summary					
<p>This report sets out the financial position for NHS Wirral Clinical Commissioning Group (CCG). As at the end of July (Month 4) 2021/22, the main headlines are:</p> <ul style="list-style-type: none"> The forecast to the end of September (Half Year 1 (H1) 2021/22) is a breakeven position - including mitigation of £6.71m of financial risk. Financial risk at Month 3 was £6.81m. The July (Month 4) year to date position is a deficit of £1.17m. The CCG exit run rate confirms a recurrent deficit of £14.00m and an additional and continuing non-recurrent commitment of £10.90m to the Wirral system deficit. The CCG has a cumulative historic deficit brought forward of £25.20m. 					
Recommendations					
<p>The Governing Body is asked to:-</p> <ul style="list-style-type: none"> Note that achievement of the forecast breakeven position for H1 requires £4.48m of originally planned risk and an additional £2.23m of risk arising up to Month 4 (M4) requiring mitigation. Note that a full risk assessed mitigation plan has been set out in Section 5 and Table 4. Approve the amendments to budget set out in Section 3 and Table 3. 					
Risk	<p>The risks to achieving a breakeven position in H1 are due to:</p> <ul style="list-style-type: none"> Local growth and inflation for Continuing Health Care (CHC) and Prescribing exceeding the national planning guidance. Budget pressures on acceptance of delegation of the co-commissioning budget. 				
GB Assurance Framework Reference:		D1/D2		Rating	MEDIUM
Clinical engagement	No	Patient and public involvement		No	
Equality Analysis / Impact Assessment	No	Quality Impact Assessment	No		
Strategic Themes					
Working as One, Acting as One: we will work together with all partners for the benefit of the people of Wirral.					Yes
Listening to the views of local people: we are committed to working with local people to shape the health and care in Wirral.					Yes
Improving the health of local communities and people: Wirral has many diverse communities and needs. We recognise this diversity and will help people live healthier lives, wherever they live.					Yes
Caring for local people in the longer term: we will focus on having high quality and safe services, with the best staff to support the future as well as the present.					Yes
Getting the most out of what we have to spend: we will always seek to get the best value out of the money we receive.					Yes
<p><i>This section details where this paper has previously been submitted, the outcome and its development path i.e. other documents that are related to the paper under discussion. Copies of these related documents should be included in the submission to the Governing Body Meeting</i></p>					

Governance route prior to Governing Body	Meeting Date	Objective / Outcome
CCG Governing Body		
<i>Quality & Performance Committee</i>		
Finance Committee	31 st August 2021	This Governing Body report is a summarised version of the report considered by Finance Committee. Finance Committee scrutinised and endorsed the report without the need for any material changes.
Audit Committee		
Remuneration Committee		
Health and Wellbeing Board		
Business Management Group		

Finance Report to Month 4 (July 2021)

1.0. Introduction

- 1.1 This report sets out the financial position for NHS Wirral Clinical Commissioning Group (CCG) as at the 31st July 2021 (Month 4 (M4)) for Half Year 1 (H1) 2021/22.
- 1.2 As of 31st July 2021, the CCG has reported a forecast breakeven position for H1 2021/22 with an adverse year to date variance of £1.17m. The headline variances for both the year to date and forecast positions are shown in Section 4 and Table 2.
- 1.3 CCGs continue to operate within the revised NHS financial framework. Allocations are currently only confirmed for H1 i.e. up to September 2021. Confirmation on allocations and a revised framework for Half Year 2 (H2) 2021/22 will not be received before September 2021.

2.0. Financial Performance Standards

- 2.1. Fiduciary duties and maintenance of high standards of governance and financial control remain the responsibility of NHS Wirral CCG and therefore we continue to monitor ourselves against the key national financial deliverables. Risk assessed performance against these standards is summarised in Table 1.
- 2.1. Risk is currently reported as amber as there are forecast pressures against continuing healthcare and prescribing. These are due to costs exceeding national assumptions and therefore it is expected that Cheshire and Merseyside (C&M) will support the CCG in mitigating this risk.
- 2.2. The Mental Health Investment Standard (MHIS) requires continued joint collaboration on scheme progress and delivery to ensure the plan is fully achieved.

3.0. Allocations and Budget amendment

- 3.1. The Governing Body has previously approved that amendments to budget can be actioned in the ledger in advance of notification to committee. Table 3 confirms the changes that have been actioned to update the budgets for Month 4.
- 3.2. The CCG received £3.47m of allocations in July 2021, these are detailed within Section 2 of Table 3.

4.0. Breakeven Duty (Revenue and Net risk)

- 4.1. The CCG submitted a breakeven plan position for H1 2021/22 which included £4.48m of risk, mitigated by £0.94m of additional allocation from C&M and £3.54m delivery of local Quality Innovation Productivity and Prevention (QIPP) schemes.
- 4.2. As at month 4 the forecast for the end of September (H1 2021/22) is a planned breakeven position but with additional risk of £2.23m, mainly arising from variance to the mandated national planning assumptions.
 - £1.12m Continuing Health Care (CHC)
 - £0.64m Prescribing
 - £0.37m Mental Health
 - £0.10m Other

Total financial risk is therefore £6.71m (see Table 4). Delivery of this position will require continued effort across the whole CCG and the Wirral system.

- 4.3. From 1st September 2020, all new hospital discharges are funded for a period of up to 6 weeks during which time they must be assessed for CHC eligibility. The Hospital Discharge expenditure forecast is £2.22m for H1. Additional allocations to fund this are anticipated from NHSE/I through nationally set processes. Because of this and as it meets the criteria for “out of envelope” expenditure it is not included as a financial risk.
- 4.4. The most significant variances at Month 4 are described below.
- 4.5. Allocations anticipated: This anticipated funding relates to the Elective Recovery Fund and Hospital Discharge Programme.
- 4.6. Mental Health: Growth in Section 117 and packages of care exceeds the national assumption set in plans for H1.
- 4.7. Continuing Care Services: The volume of CHC packages and price growth are in excess of the national planning assumptions.
- 4.8. Prescribing: Prescribing data is received two months in arrears and NHS Wirral CCG has now received the May 2021 actual prescribing data. The year to date position is based on a rolling average with £0.64m overspend forecast to the end of H1.
- 4.9. Delegated Commissioning: This reflects the deficit inherited from NHSEI on delegation of the budget. There is some temporary mitigation from NHSEI to cover this, which ends in 2021/22.
- 4.10. QIPP: To achieve breakeven the CCG original plan of £3.54m (£4.48m net of £0.94m system funding), now has to be exceeded by £2.21m. Table 4 shows that this will be achieved through additional balance sheet release and anticipated additional allocation from Cheshire & Mersey.

5.0. Risk Mitigation

- 5.1. Table 4 illustrates the total risk mitigation requirement for H1 of £6.71m and the plan to manage financial risk. This has been risk assessed and confirms that there is significant but not yet complete assurance that the breakeven position will be achieved. It is expected that the level of assurance will increase as we progress through H1.
- 5.2. The Governing Body will note that the plan is predominantly for non-recurrent measures and therefore a continued focus on recurrent savings will be essential. The level of financial challenge for H2 will remain unknown until allocations are announced.

6.0. Public Sector Payment Policy and Cash Management

- 6.1. Cash Management: NHS Wirral CCG’s cash book balance at the end of July 2021 was £0.05m. This is in line with current NHS England guidance that CCGs only hold cash balances up to 1.25% of the current month cash drawdown.

6.2. The Better Payment Practice Code (BPPC): This monitors public sector organisations on the timeliness of their financial payments both in terms of volume and value. Guidance recommends that 95% of payments are made within 30 days, NHS Wirral CCG performance was 98.94% for July 2021.

Table 5 shows the number of invoices paid against target.

6.3. The CCG continues to improve performance for payments made within 7 days.

7.0. Conclusion

7.1. In summary:

- The forecast at the end of September 2021 (H1) is a planned breakeven position – requiring £6.71m of risk mitigation (of which £1.76m relates to national planning assumptions).
- The Month 4 year to date deficit reported is £1.17m.
- The CCG has a risk assessed financial mitigation plan which will continue to be developed and reported to the Governing Body and to Finance Committee on a monthly basis.
- The CCG exit run rate remains a recurrent deficit of £14.0m and a non-recurrent commitment of £10.9m to the Wirral system deficit.

Mark Chidgey
Chief Finance Officer
NHS Wirral Clinical Commissioning Group

24th August 2021

Appendix 1: Tables referenced within Finance Report at Month 4

Table 1: Statutory Duty and Performance Targets

Area	Statutory Duty / Performance Target	M4	M3
		Performance Forecast	Performance Forecast
Revenue	Not to exceed revenue resource allocation	●	●
Net Risk (links to revenue above)	All risks to be fully mitigated	●	●
Running Costs	Not to exceed running cost allocation	●	●
Capital	Not to exceed capital resource allocation (No Capital Received)	●	●
Cash	Operate within maximum draw down limit.	●	●
Business Conduct	Comply with Better Payment Practices Code	●	●
QIPP	Planning gap still unknown at present but expected to be met from a combination of balance sheet reviews, additional allocations and recurrent qipp schemes	●	●
Mental Health Financial Performance Target	Guidance received & plans prioritised, awaiting sign off.	●	●

Table 2: Allocation & Expenditure compared to budget as at 31st July 2021 (M4)

	Year to Date (Month 4)			H1 21/22 Forecast (Apr - Sept)		
	Budget	Actual	Variance	Budget	Forecast	Variance
Allocations Notified	£220.75m	£220.75m	£0.00m	£332.14m	£332.14m	-£0.00m
Allocations Anticipated	£0.00m	£0.64m	£0.64m		£1.24m	£1.24m
Total Revenue Resource Limit	£220.75m	£221.39m	£0.64m	£332.14m	£333.38m	£1.24m
Acute Services	£112.28m	£112.07m	-£0.20m	£168.20m	£168.13m	-£0.07m
Mental Health Services	£23.12m	£23.36m	£0.24m	£34.67m	£35.04m	£0.37m
Community Health Services	£16.29m	£16.26m	-£0.03m	£24.44m	£24.40m	-£0.04m
Continuing Care Services	£13.66m	£14.22m	£0.56m	£20.49m	£21.61m	£1.12m
Primary Care Services	£4.02m	£4.08m	£0.06m	£6.73m	£6.81m	£0.07m
Prescribing	£22.00m	£22.40m	£0.40m	£33.00m	£33.65m	£0.65m
Primary Care Co-commissioning	£17.94m	£18.43m	£0.49m	£26.91m	£27.34m	£0.42m
Other Programme Services	£8.45m	£8.30m	-£0.15m	£17.35m	£17.30m	-£0.05m
QIPP				-£3.54m	-£5.77m	-£2.23m
Running costs	£1.80m	£1.75m	-£0.05m	£2.70m	£2.66m	-£0.04m
Hospital Discharge Programme	£1.19m	£1.66m	£0.48m	£1.19m	£2.22m	£1.03m
Total Net Expenditure	£220.75m	£222.55m	£1.81m	£332.14m	£333.38m	£1.24m
Net Operational performance	£0.00m	£1.17m	£1.17m	£0.00m	£0.00m	-£0.00m
Planned Surplus/ (Deficit)	£0.00m	£0.00m	£0.00m	£0.00m	£0.00m	£0.00m
In Year (Underspend) Deficit			£1.17m	£0.00m	£0.00m	-£0.00m

Table 3: Budget Changes actioned within Ledger

Section 1

	Total H1 Budget (at M2 reporting) £m	M4 Allocations £m	M4 Virements £m	Total H1 Budget (at M4 reporting) £m
Acute Services	£167.77m	£0.43m		£168.19m
Mental Health Services	£34.66m			£34.66m
Community Health Services	£24.44m			£24.44m
Continuing Care Services	£20.49m	£1.20m		£21.69m
Primary Care Services	£6.66m	£0.03m	£0.04m	£6.73m
Prescribing	£33.00m			£33.00m
Primary Care Co-commissioning	£26.91m			£26.91m
Other Programme Services	£12.03m	£1.82m	-£0.04m	£13.81m
Running costs	£2.70m			£2.70m
2021/22 Total CCG Budget	£328.67m	£3.47m	£0.00m	£332.14m

Section 2

Month 4 allocation adjustments	£m
Allocation transfers in:	
Ageing Well	£0.94
Hosted Allocations - Transforming Community Care	£0.07
Other - Pass through Hope Funding	£1.03
Topslice Adjustment	-£0.84
Primary Care GPIT	£0.02
Crisis SDF Allocation Corrections	£0.63
Out of envelope (HDP/ ERF)	£1.63
Total Month 4 allocations	£3.47

Table 4: Financial Risk Mitigation Plan (including QIPP) 2021/22

H1 - Scenarios	Financial Risk	H1	Mitigations
Best Case	£6.71m		£4.87m
Likely	£6.71m		£1.84m
Worst Case	£9.21m		£0.00m
Selected Scenario	£6.71m		£6.71m

H2 - Scenarios	Financial Risk	H1	Mitigations
Best Case			£2.10m
Likely			
Worst Case			
Selected Scenario			£2.10m

Total 2021/22			£8.81m
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WCCG Detail Financial Risk and Mitigation Plan

Level of Challenge / Drivers of Deficit	Plan	M2	M3	M4	M5	M6	H1
Exit Run Rate	£3.46m						£3.46m
21/22 Planning Assumptions	£1.02m						£1.02m
National Planning (Prescribing)	£0.00m	£0.15m	£0.49m	£0.00m			£0.64m
National Planning (CHC)	£0.00m	£1.04m	£0.06m	£0.02m			£1.12m
Forecast -(Other) Variances	£0.00m	£0.27m	£0.32m	-£0.12m			£0.47m
Total Financial Risk to be Mitigated	£4.48m	£1.46m	£0.87m	-£0.10m	£0.00m	£0.00m	£6.71m

Category	Schemes to Mitigate Risks Above	Plan	M2	M3	M4	M5	M6	H1	Risk	H2	Risk
B/S	Balance Sheet Review	£2.84m		£0.59m				£3.43m		£2.10m	
B/S	20/21 Prescribing Benefit	£0.10m						£0.10m			
Allocation	Charge Exempt Overseas Visitors	£0.40m						£0.40m			
Allocation	C&M ICS System Funding (share of £37.0m)	£0.94m						£0.94m			
Allocation	C&M Additional Allocation re National Planning		£1.19m	£0.55m	£0.10m			£1.84m			
QIPP	Slippage on C&M topslice		£0.20m		-£0.20m			£0.00m			
QIPP	Prescribing inc Stoma							£0.00m			
QIPP	Continuing Healthcare							£0.00m			
QIPP	Discharge to Assess							£0.00m			
QIPP	To be identified	£0.20m	£0.07m	-£0.27m				£0.00m			
	Total Mitigations	£4.48m	£1.46m	£0.87m	-£0.10m	£0.00m	£0.00m	£6.71m		£2.10m	
	Cumulative Total as % of controllable Spend	3.9%	5.2%	5.9%	5.8%	5.8%	5.8%	5.8%			
	Residual Deficit	£0.00m	£0.00m	£0.00m	£0.00m	£0.00m	£0.00m	£0.00m			

Table 5: Performance against BPPC as at 31th July 2021- Month 4

Performance Against Better Payment Practice Code (BPPC) ALL							
Month	Period Number	Total Number of Invoices Paid	Total Paid Within Target No.	%age	Total Value of Invoices Paid £	Value paid within Target £	%age
APRIL	01	1052	1047	99.52%	50,751,388.68	50,750,684.53	100.00%
MAY	02	1506	1493	99.14%	46,095,965.33	46,087,893.14	99.98%
JUNE	03	1089	1085	99.63%	50,432,666.52	50,423,100.26	99.98%
JULY	04	1226	1213	98.94%	54,429,645.56	54,428,226.77	100.00%
		4873	4838	99.28%	201,709,666.09	201,689,904.70	99.99%

Table 6: MHIS expenditure summary plan for 2021/22

	Target MHIS Spend 2021/22	FOT 2021/22	Excess/Shortfall in 2021/22 MHIS Delivery %	Excess/Shortfall in 2021/22 MHIS Delivery	MHIS Achieved in 2021/22?
	Forecast 31/03/2021 Year Ending £'000	FOT 31/03/2021 £'000	Actual 31/03/2021 FOT %	Actual 31/03/2021 FOT £'000	Actual 31/03/2021 FOT TEXT
MHIS Achievement	65,166	65,775	0.94%	609	Y