

**CAMBRIDGESHIRE & PETERBOROUGH CLINICAL COMMISSIONING GROUP (CCG)
FINANCE UPDATE**

To: **Health Committee**

Meeting Date: **17TH September 2020**

Cambridgeshire & Peterborough CCG

Purpose: **Update on CCG financial regime April 2020 to September 2020 and the month 4 financial position.**

Recommendation: **The Committee is asked to note and provide comments on the current Clinical Commissioning Group (CCG) financial regime and month 4 financial position.**

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1. BACKGROUND

1.1 The finance regime for the CCG has changed from April 2020, due to the Covid-19 pandemic and changes made by NHS England (NHSE) to accommodate this. This paper outlines these changes and the impacts on the CCG.

2. MAIN ISSUES

2.1 Month 1-6 Financial Regime

2.1.1 In April 2020 NHSE/I issued financial guidance to cover the first 4 months of 20/21 to support the management of the Covid-19 emergency. In summary this guidance:

- Suspended financial planning and contracting with NHS organisations for 2020/21.
- Set monthly block payments values that CCGs are required to pay to NHS providers.
- NHSE/I took over contracting directly with acute independent sector providers, so CCG contracts and payments stopped.
- CCGs were told to continue to contract with all other non NHS providers.
- A new rapid discharge process was established that meant there were no new CHC assessments and all discharged patients, including those that would have been Local Authority funded, were funded by the NHS.
- An allocation was issued to CCGs to cover months 1 to 4 and CCGs were expected to breakeven within this allocation.
- However, NHSE/I have been reviewing CCG I&E position monthly and issuing retrospective allocations to fund all reasonable Covid-19 spend and deficits.

2.1.2 This guidance has now been extended to the first 6 months of 20/21, covering the period up to the end of September 2020.

2.2 Month 4 Financial Position

2.2.1 The CCG has now reported on its financial position at month 4.

2.2.2 An initial allocation of £441,549k was issued to the CCG to fund months one to four expenditure. This allocation was based on the first four months of the CCG's recurrent allocation but with two non recurrent adjustments; an additional £11.8m for the CCG core allocation and a £2.1m reduction to delegated commissioning; these values were determined by NHSE/I.

2.2.3 At month 4 the CCG has also received retrospective allocations to cover all Covid-19 expenditure, the free nursing care 19/20 additional payment and the deficit at month 3.

2.2.4 Table 1 over the page shows the month 4 CCG allocation.

Table 1: Month 1 to 4 allocation	CCG Core £'000	Running Costs £'000	Delegated Comm £'000	Total £'000
4 months of the CCG recurrent allocation	381,507	5,609	44,785	431,901
NHSE adjustments	11,768		(2,120)	9,648
Retrospective allocation - Covid Spend	8,455		1,287	9,742
Retrospective allocation - Free Nursing Care	824			824
Retrospective allocation - Deficit	643			643
CCG Allocation months 1 to 4	403,197	5,609	43,952	452,758

2.2.5 At the beginning of the financial year (pre Covid-19) the CCG had a draft 2020/21 financial plan with a deficit of £54.5m deficit, this equates to £18.1m for four months. Following the implementation of the financial regime described in section 2.1 of this report, the CCG is reporting an actual month 4 deficit of £6.1m. The impact of this financial regime on the month 4 position is shown below in Table 2.

Table 2: Summary of Forecast Deficit	£'000	Commentary
Four months of planned deficit	(18,161)	Four months of the £54,484k deficit planned for 2020/21
Allocation Changes		
Additional programme	11,768	
Delegated reduction	(2,120)	There is no corresponding reduction in spend as the delegated budget was not sufficient to meet the current costs
Month 1 to 3 retrospective allocations	11,209	Covid - 19 (9.7m), Free Nursing Care (£0.8m), top up (£0.6m)
Net allocation change	20,857	
Impact of national guidance		
Acute reduction in spend	3,865	Block payments to NHS providers and no independent sector contracts
CHC reduction in spend	1,602	Reduction in spend as patients enter new COVID discharge pathway
19/20 funded nursing care	(828)	Retrospective uplift for 19/20 paid in 20/21
COVID spend	(13,531)	
Net impact of national guidance	(8,892)	
Other	1,616	
GP prescribing	(1,500)	Increase in prescribing levels in April and prices due to stock shortages.
Month 4 deficit	(6,080)	

2.3 Future funding model – Months 7-12

2.3.1 Phase 3 implementation guidance has been issued but there are still some issues requiring clarification.

- CCG allocations for months 7-12 have not yet been released, we know that they will be calculated on a similar basis to months 1-6 but we do not yet know the exact value.
- Block payments to NHS providers will continue to the end of the financial year but the value of these may change.
- The system is expected to achieve a breakeven position.
- NHSE/I contracts with independent sector providers will continue to the end of March 2021.

- The Covid hospital discharge pathway will cease, continuing healthcare has returned and new guidance “Hospital discharge service: policy and operating model” was published on the 21 August.

2.3.2 The CCG is currently working with partners to produce a system financial plan for months 7-12 (phase 3) of 2020/1; the submission date for this plan is 21 September 2020.

2.4 **NHS debt write off**

2.4.1 At the beginning of April the Health Secretary announced that £13.4m of NHS debt would be written off. This debt related solely to NHS Providers and not CCGs, therefore the CCGs cumulative debt of £133m still stands.

2.4.2 The mechanism for writing off these provider loans is for Department of Health and Social Care (DHSC) to issue Public Dividend Capital (PDC). NHS providers must pay a PDC dividend to DHSC, this dividend is calculated at a rate determined by the Treasury.

Source Documents: None