



Cornwall and the Isles of Scilly  
Health and Care Partnership

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# **Cornwall & Isles of Scilly STP**

## **2020/21 System Finance Update**

**ICS Senate meeting 16/07/2020**

# 2020/21 NHS System Finances

## Exec Summary



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- The system submitted its initial 2020/21 plan on 5 March 2020;
- This consisted of a c£45.6m deficit which required c£79.7m savings programme to be delivered.
- The plan did not achieve the system financial trajectory of £1.2m surplus therefore non-compliant with an overall system position resulting in a c£47m gap.
- In March the planning process was suspended as a result of the Covid-19 pandemic. The 2020/21 plan therefore remains to be confirmed with NHSE/I. Budgets have been set based upon the 20/21 draft plan.
- As a result of Covid-19 a temporary financial architecture covering first four months of the year: (1st April to 31st July).
  - NHSE /re-setting the 20/21 funding for a four-month based on 19/20 forecast outturn uplifted for growth/inflation and adjusted for changes and COVID19 arrangements for CCGs:
  - Trusts will receive a nationally-set block payment, and will apply for a top-up payment to enable a breakeven position to be achieved.
- In addition organisations can claim ‘genuine’ and ‘reasonable’ marginal costs incurred due to Covid-19
- The intention of the new architecture is for the NHS system to achieve a breakeven position, assuming Covid-19 cost reimbursements are considered to be ‘genuine’ and ‘reasonable’ marginal costs by NHSE/I.
- In addition the capital regime has changed. Each health system has been set a capital allocation within which capital programmes are expected to deliver. The system has therefore jointly worked to agree a joint capital programme. The capital allocation excludes some larger schemes such as those planned under the Health Infrastructure Plan (HIP)

# 2020/21 NHS System Finance Update

## @ Month 2 reporting



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### Financial Position Overview (CIOS System)

Surplus / (Deficit)	Year-to-date (May'20)				Forecast M4 (July'20)			
	Plan (M2)	Actual (M2)	Under/(over) spend		Plan (M1-4)	FOT (M4)	Under/(over) spend	
	£m	£m	£m	%	£m	£m	£m	%
CCG - NHS Kernow	0.0	(2.6)	(2.6)	(1.6%)	0.0	(6.6)	(6.6)	(2.1%)
<b>CCG Total</b>	<b>0.0</b>	<b>(2.6)</b>	<b>(2.6)</b>	<b>(1.6%)</b>	<b>0.0</b>	<b>(6.6)</b>	<b>(6.6)</b>	<b>(2.1%)</b>
RCHT	0.0	(0.0)	(0.0)	(0.0%)	0.0	0.0	0.0	0.0%
CFT	0.0	0.0	(0.0)	0.0%	0.0	0.0	0.0	0.0%
<b>NHS Providers</b>	<b>0.0</b>	<b>(0.0)</b>	<b>(0.0)</b>	<b>0.0%</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0%</b>
Council - Adult Social Care								
Council - Public Health								
<b>Council ASC/PH Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0%</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0%</b>
<b>Combined Position</b>	<b>0.0</b>	<b>(2.6)</b>	<b>(2.6)</b>	<b>(1.6%)</b>	<b>0.0</b>	<b>(6.6)</b>	<b>(6.6)</b>	<b>(2.1%)</b>

- The report details the financial position to the 31st May 2020 and includes reference to the impact of the COVID19 pandemic and the financial consequences for the system during 2020/21.
- The year to date and FOT variances arise mainly from additional costs linked to the COVID19 pandemic (Note: the CCG variance represents 'proposed retrospective adjustment').
- Included within the reported NHS system gross expenditure of c£10.6m has been incurred as part of the COVID-19 response.
- The main risk to delivering against the temporary financial regime for the period to 31st July 2020 is the likelihood that some of the excess COVID-19 costs over an above the budget set are not funded by NHSE/I through the top up process.
- Council yet to report and release information in respect of adult social care and public health budgets.

# 2020/21 NHS System Finances

## Month 5 – 12 Proposal



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- The financial architecture for months 5 to 12 is expected to change. A draft proposal has been discussed which would have the consequence of:
  - Reintroducing the risk of organisations over-spending against their allocations
  - Re-establishing a system envelope, with the expectation every organisation breaks even
  - Removing the retrospective top-up
  - Establishing a system-level Covid-19 reimbursement
- Potential risks for months 5+ to 12 regime:-
  - A system-level Covid-19 reimbursement allocation to be set nationally
- The consequence of changes to the financial architecture for months 5 to 12 introduce the following funding risks:
  - Contracts below de-minimis level excluded;
  - Based upon 19-20 month 9 spend, so investments and full year effects on 19/20 investments excluded;
  - Consolidates non-recurrent benefits (incl. budget underspends) into the ‘top-up payment’;
  - Retrospective top-up – any expenditure in month 1-4 risks not included in block or top-up calc for month 5-12.
- National CFO webinar scheduled for 14 July to update on position regarding the financial arrangements for the remainder of 2020/21.

# NHS System 2020/21 Draft Plan

## 5<sup>th</sup> March 2020 Submission



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### System Summary:

Non-compliant submission with notified control total, resulting in c£45.6m deficit system bottom line I&E (pre-FRF), resulting in c£20.4m gap to system deficit financial trajectory of £25.2m (pre-MRET/FRF) and overall system position results in a c£47m gap compared to required trajectory of £1.2m surplus control total. Savings incorporated in plan of £79.7m.

2020/21 Financial Plan Summary	NHS Kernow	RCHT	CFT	Cornwall STP
	£000s	£000s	£000s	£000s
I&E Surplus / (Deficit) Pre-Support	(20,370)	(24,337)	(882)	(45,589)
Trans Support funds (e.g. PSF, FRF)	-	-	-	-
I&E Surplus / (Deficit) Post-Support	(20,370)	(24,337)	(882)	(45,589)
NHS Control Totals	-	-	1,226	1,226
<b>DFT from Control Totals</b>	<b>(20,370)</b>	<b>(24,337)</b>	<b>(2,108)</b>	<b>(46,815)</b>

### By Organisation:

- NHS Kernow – ‘non-compliant’ submission resulting in net c£20.4m deficit, distance from control total (pre-FRF) of c£13.6m deficit excluding FRF funding results in distance from control total of break-even is £20.4m requiring c£42m QIPP savings plan;
- RCHT – ‘non-compliant’ submission resulting in net c£24.3m deficit, distance from control total of (pre-FRF) of c£8.3m deficit is c£11.6m excluding MRT/FRF funding results in distance from control total of break-even is £24.4m requiring c£27m savings;
- CFT plan – ‘non-compliant’ submission resulting in net £0.9m deficit, distance from control total of £1.2m surplus is £2.1m requiring £10.6m savings.



# What are the level of savings we assuming in 2020/21? (5/3/20 return)



- Financial efficiency plans of gross c£80m savings plans (net cost reductions of c£63m) included in 5/3 submission which is beyond reasonable levels at circa 6% of CIOS net expenditure and very high risk from a deliverability perspective;
- Current levels of 20/21 savings in 5 March 2020 draft submission set out in table below;
- The % delivery indicator changes dependant on method of calculation which differs based upon organisation positions and NHSE/I system aggregations tool;
- Total QIPP savings include c£17m of financial flow adjustments. Minimum delivery is therefore c£25m.

2020/21 Savings	NHS Kernow	RCHT	CFT	Cornwall STP
	£000s	£000s	£000s	£000s
Pay CIP	-	13,839	7,314	<b>21,153</b>
Non-Pay CIP	-	12,531	2,840	<b>15,371</b>
Income CIP	-	600	500	<b>1,100</b>
Total CIP	-	26,970	10,654	<b>37,624</b>
QIPP	25,064	-	-	<b>25,064</b>
Total Net Savings	25,064	26,970	10,654	<b>62,688</b>
CCG fin/framework	17,043	-	-	<b>17,043</b>
<b>Total Savings</b>	<b>42,107</b>	<b>26,970</b>	<b>10,654</b>	<b>79,731</b>
TOTAL efficiency %	4.4%	6.0%	5.1%	