



Cornwall and the Isles of Scilly
Health and Care Partnership

Partnership Senate Meeting
October 2020
Agenda Item 10

Cornwall & Isles of Scilly STP

2020/21 System Finance Update

2020/21 System Finances Exec Summary



- The NHS system submitted its initial 2020/21 plan on 5 March 2020 which consisted of a c£45.6m deficit which required c£79.7m savings programme.
- As a result of Covid-19 a temporary financial architecture covering first four months of the year 1st April to 31st July, confirmed extension to 30th September.
- System funding envelope for months October'20 to March'21 issued on 15th September to deliver Phase 3 recovery and activity requirements and achieve financial balance (expectations set out in Phase 3 recovery letter), which comprises:
 - CCG allocations and, at system level, sufficient top-up funding to bring the system to a breakeven position, using an updated version of the methodology applied in the month 1-6 financial framework;
 - Additional growth funding based on 20/21 anticipated CCG anticipated CCG allocation growth rates;
 - Additional non-recurrent funding for the additional costs of Covid-19, distributed on a fair share basis.
- 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 single capital programme. The capital allocation excludes some larger schemes such as those planned under the Health Infrastructure Plan (HIP).

2020/21 System Finance Update



Financial Position Overview (CIOS System)

| Surplus / (Deficit) | Year-to-date (Aug'20) | | | | Memorandum note | | Forecast | | | | Memorandum note | |
|-----------------------------|-----------------------|-------------------|--------------------|-------------|---|--------------------------|-----------------------|--------------------------|--------------------|-------------|---|----------------------|
| | Approved Budget £m | Actual (M5) £m | Under/(over) spend | | Adj Excl. Top-Up /True-Up funding £m | YTD Covid-19 costs £m | Approved Budget £m | Forecast (Note **) £m | Under/(over) spend | | Adj Excl. Top-Up /True-Up funding £m | Covid-19 costs £m |
| | | | £m | % | £m | £m | | | £m | % | £m | £m |
| CCG - NHS Kernow | 0.0 | (0.2) | (0.2) | 0.0% | | (18.3) | 0.0 | 0.0 | 0.0 | 0.0% | | (35.3) |
| CCG Total | 0.0 | (0.2) | (0.2) | 0.0% | 0.0 | (18.3) | 0.0 | 0.0 | 0.0 | 0.0% | | (35.3) |
| RCHT | 0.0 | 0.0 | 0.0 | 0.0% | (18.5) | (10.0) | 0.0 | 0.0 | 0.0 | 0.0% | (43.1) | (20.8) |
| CFT | 0.0 | 0.0 | (0.0) | 0.0% | (10.3) | (5.2) | 0.0 | 0.0 | 0.0 | 0.0% | (18.2) | (9.0) |
| NHS Providers | 0.0 | 0.0 | (0.0) | 0.0% | (28.8) | (15.1) | 0.0 | 0.0 | 0.0 | 0.0% | (61.3) | (29.8) |
| Council - Adult Social Care | 0.0 | 0.0 | 0.0 | | | (5.2) | 191.8 | 203.6 | (11.8) | (1.9%) | | |
| Council - Public Health | 0.0 | 0.0 | 0.0 | | | | 26.1 | 26.1 | 0.0 | 0.0% | | |
| Council - Children's | 0.0 | 0.0 | 0.0 | | | | 74.3 | 77.5 | (3.2) | 0.0% | | |
| Council ASC/PH Total | 0.0 | 0.0 | 0.0 | 0.0% | 0.0 | (5.2) | 292.2 | 307.2 | (15.0) | 0.0% | 0.0 | 0.0 |
| Combined Position | 0.0 | (0.2) | (0.2) | | | (28.8) | 292.2 | 307.2 | (15.0) | | (61.3) | (65.1) |

- The report details the financial position to the 31st August 2020 and includes reference to the financial impact of the COVID19 pandemic for the system during 2020/21.
- As at 31st August additional expenditure of c£38.6m has been incurred as part of the Covid-19 response, increased from c£33.5m (31st July 2020).
- The main risk to delivering against the temporary financial regime for the period to 30th September 2020, is the potential that some of the excess COVID-19 costs are not reimbursed by NHSE/I through the top up process.
- Funding regime for remainder of the year consisting mainly of system fixed envelope issued 15th September which finance teams are working through construct and queries with NHSEI (and await further information and clarity on some elements) with requirement to return Phase 3 system financial plans to revised deadline. (**Note **** - forecast position to required financial balance – in development at date of report)
- Council yet to report actuals to date (available soon), therefore only latest forecast position reported.

2020/21 NHS System finances by organisation



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System Summary – Key messages:-

- YTD cumulative deficit £0.2m after 5 months within interim financial framework .
 - CCG (c£0.2m), this variance represents 'proposed retrospective adjustment;
 - RCHT and CFT In month & Cumulative break even;
- Cumulative top up and true up of £28.2m (true up in Month 5 c£3.8m, cumulative £14.7m)
- True up expected to increase based on increased levels of activity.
- Cumulative Covid revenue expenditure recovered c£30m
- Determination of underlying position going forward key determinant of sustainability in month 7-12 financial planning and system financial envelope

RCHT

- In month & Cumulative break even after 5 months within interim financial framework
- Cumulative top up and true up of £18.5m (true up in Month 5 c£2.8m, cumulative £7.7m)
- True up expected to increase based on increased levels of activity
- Cumulative Covid revenue expenditure recovered c£10m

CFT

- In month & Cumulative break even after 5 months within interim financial framework
- Cumulative top up and true up of £10.3m (true up in Month 5 c£1.0m, cumulative £7.0m)
- Cumulative Covid revenue expenditure recovered c£5.2m

CCG

- YTD cumulative deficit c£0.2m after 5 months within interim financial framework (Note: the CCG variance represents 'proposed retrospective adjustment');
- Cumulative Covid revenue expenditure incurred c£18.3m (recovered c£15.6m)

2020/21 NHS System Finances

Update on Financial Framework



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- The Phase 3 planning letter from Simon Stevens and Amanda Pritchard was issued on 31 July 2020 which set out from a financial perspective principles and expectations for the revised financial arrangements, are set out below:-
- The key principles of the revised financial framework from October 2020 are:
 - Retained simplified arrangements for payment and contracting
 - Greater focus on system partnership and restoration of elective services
 - Fixed funding envelopes for the majority of services and removal of the retrospective payment mechanism
 - A sub-set of high cost drugs and devices will be funded on a pass-through basis outside of the fixed funding envelopes
 - Funding will flex meaningfully to reflect delivery (or otherwise) against elective activity performance expectations
 - Expectation of financial balance at a system level.
- System funding envelope for months October'20 to March'21 issued on 15th September to deliver Phase 3 recovery and activity requirements and achieve financial balance which comprises:
 - CCG allocations and, at system level, sufficient top-up funding to bring the system to a breakeven position, using an updated version of the methodology applied in the month 1-6 financial framework;
 - Additional growth funding based on 20/21 anticipated CCG anticipated CCG allocation growth rates;
 - Additional non-recurrent funding for the additional costs of Covid-19, distributed on a fair share basis.
- Requirement for final system-level financial plans with a resubmission deadline of 20th October, with individual organisation-level plans by 22nd October.