

## NHS ENGLAND – BOARD PAPER

**Title:**

Consolidated Month 2 2018/19 Financial Report

**Lead Director:**

Paul Baumann, Chief Financial Officer

**Purpose of Paper:**

- To update the Board on the financial position for month 2, 2018/19, the forecast for the year and the associated risks of delivery.

**Patient and Public Involvement:**

- This paper summarises the outputs of the financial reporting process to report the financial position for month 2, 2018/19. Full information on the financial position will be available to patients and the public on a quarterly basis on the NHS England website.

**The Board is invited to:**

- Note the financial position for month 2, 2018/19.

# CONSOLIDATED MONTH 2 2018/19 FINANCIAL REPORT

## Purpose

1. This paper summarises the year to date and forecast position at month 2, 2018/19.

## Plan Summary

2. The commissioning sector has a balanced set of financial plans for 2018/19. Table 1 presents planned expenditure across the commissioning system in line with a total allocation of £114bn, which includes £400m of commissioner sustainability funding which will be directed to CCGs. The summary is presented on an in-year basis, so excludes any historical underspends that are not available to be spent in 2018/19, and any historic deficits. The plan summary is presented on an RDEL basis and so includes depreciation charges, whereas these are excluded from the monthly reporting shown in table 2.

**Table 1**

£'m	In-year allocation/ planned expenditure
CCGs, including commissioner sustainability fund	83,079.5
Specialised Commissioning	17,684.6
Health and Justice	595.8
Armed Forces	66.0
Public Health	1,043.9
Primary Care	5,803.0
<b>Commissioning Total</b>	<b>108,272.8</b>
NHS England central budgets	1,756.5
Provider Sustainability Fund	2,450.0
Directly allocated funding	1,489.0
<b>Total</b>	<b>113,968.3</b>

3. These figures are supported by the individual financial plans of each CCG and direct commissioning unit, the assurance process for which has now been concluded.

## Overall Financial Position

4. The figures in this report are derived from the consolidated financial reports of clinical commissioning groups (CCGs) and direct commissioning units, which have been reviewed and assured by local offices and the regional teams, and from the monthly financial reports on central budgets. The information is presented on a non-ringfenced RDEL basis.
5. Table 2 summarises the year to date and full year forecast expenditure position for NHS England as at month 2.

Table 2

Net Expenditure	Year to Date				Forecast Outturn			
	Plan £m	Actual £m	Under/(over) spend		Plan £m	FOT £m	Under/(over) spend	
			£m	%			£m	%
CCGs	13,747.2	13,745.5	1.7	0.0%	83,079.5	83,079.5	0.0	0.0%
Direct Commissioning	3,971.1	3,970.6	0.5	0.0%	25,193.3	25,193.3	0.0	0.0%
NHSE Running & central programme costs (excl. depreciation)	210.6	182.1	28.5	13.5%	5,513.5	5,483.4	30.1	0.5%
Other including technical and ringfenced adjustments	(4.8)	4.4	(9.2)		10.0	56.4	(46.4)	
<b>Total non-ringfenced RDEL under/(over) spend</b>	<b>17,924.1</b>	<b>17,902.6</b>	<b>21.5</b>	<b>0.1%</b>	<b>113,796.3</b>	<b>113,812.6</b>	<b>(16.3)</b>	<b>(0.0%)</b>

6. Overall at month 2, NHS England is reporting a year to date underspend of £22m (0.1%). The full year forecast shows a bottom line position that is broadly in line with plan (an overspend of less than 0.1%).
7. At month 2, commissioners are forecasting to deliver 95% of their savings plans, a total of £3.1bn.
8. Alongside the forecast, NHS England monitors financial risks and available mitigations. CCGs are reporting net risk of £325m at month 2, which relates principally to contract over-performance and shortfalls on efficiency schemes. This compares with £443m at month 2 last year. Further risks and mitigations have been identified centrally which result in an overall net risk of £424m.
9. Further detail of the year to date and forecast expenditure position can be found in Appendix A. Detailed financial performance information is also published on the NHS England website on a quarterly basis (<https://www.england.nhs.uk/publications/financial-performance-reports/>).

## Recommendation

10. The Board is asked to note the financial position for month 2.

**Author**      **Paul Baumann, Chief Financial Officer**

### Summary of Year to Date and Forecast Expenditure by Area of Commissioning

	Year to Date Net Expenditure				Forecast Net Expenditure			
	Plan £m	Actual £m	Var £m	Var %	Plan £m	Forecast £m	Var £m	Var %
<b>Local Net Expenditure</b>								
North	4,138.1	4,140.1	(2.0)	(0.0)%	24,936.1	24,936.1	0.0	0.0 %
Midlands & East	4,013.2	4,007.2	6.0	0.1 %	24,360.6	24,360.6	0.0	0.0 %
London	2,203.5	2,204.2	(0.7)	(0.0)%	13,274.0	13,274.0	0.0	0.0 %
South West	1,311.7	1,312.5	(0.8)	(0.1)%	7,841.6	7,841.6	0.0	0.0 %
South East	2,080.7	2,081.5	(0.8)	(0.0)%	12,577.2	12,577.2	0.0	0.0 %
Quality Premium <sup>1</sup>	0.0	0.0	0.0	0.0 %	90.0	90.0	0.0	0.0 %
<b>Total Local Net Expenditure</b>	<b>13,747.2</b>	<b>13,745.5</b>	<b>1.7</b>	<b>0.0 %</b>	<b>83,079.5</b>	<b>83,079.5</b>	<b>0.0</b>	<b>0.0 %</b>
<b>Direct Commissioning</b>								
Specialised Commissioning	2,763.4	2,763.5	(0.1)	(0.0)%	17,684.6	17,684.6	0.0	0.0 %
Armed Forces	10.5	10.5	0.0	0.0 %	66.0	66.0	0.0	0.0 %
Health & Justice	95.8	95.6	0.2	0.2 %	595.8	595.8	0.0	0.0 %
Primary Care & Secondary Dental	943.0	942.8	0.2	0.0 %	5,803.0	5,803.0	0.0	0.0 %
Public Health	158.4	158.2	0.2	0.1 %	1,043.9	1,043.9	0.0	0.0 %
<b>Total Direct Commissioning Expenditure</b>	<b>3,971.1</b>	<b>3,970.6</b>	<b>0.5</b>	<b>0.0 %</b>	<b>25,193.3</b>	<b>25,193.3</b>	<b>0.0</b>	<b>0.0 %</b>
<b>NHS England Other (excluding depreciation &amp; technical)</b>								
NHS England Running Costs (excl. depreciation)	68.1	63.7	4.4	6.5 %	462.6	462.6	0.0	0.0 %
NHS England Central Programme Costs (excl. depreciation)	140.6	118.3	22.3	15.9 %	843.0	812.9	30.1	3.6 %
CSUs net margin	1.9	0.1	1.8	94.7 %	2.0	2.0	0.0	0.0 %
Other Central Budgets (including provider STF) <sup>2</sup>	0.0	0.0	0.0	0.0 %	4,205.9	4,205.9	0.0	0.0 %
<b>Total NHS England Other (excluding depreciation &amp; technical)</b>	<b>210.6</b>	<b>182.1</b>	<b>28.5</b>	<b>13.5 %</b>	<b>5,513.5</b>	<b>5,483.4</b>	<b>30.1</b>	<b>0.5 %</b>
NHS England depreciation charges	20.3	14.4	5.9		136.0	105.9	30.1	
Remove ringfenced under/(over) spend (depreciation and impairments)	(25.2)	(17.2)	(8.0)		(166.0)	(120.3)	(45.7)	
Remove AME/Technical items	0.1	7.2	(7.1)		40.0	70.8	(30.8)	
<b>Total non-ringfenced RDEL under/(over) spend</b>	<b>17,924.1</b>	<b>17,902.6</b>	<b>21.5</b>	<b>0.1%</b>	<b>113,796.3</b>	<b>113,812.6</b>	<b>(16.3)</b>	<b>(0.0%)</b>

Note 1 - Quality Premium is added to the planned expenditure (and income) of CCGs in the lines above when earned. This line shows the element of annual quality premium budget which has not yet been earned.

Note 2 - Expenditure relating to awards under the provider element of the Sustainability Fund (PSF) is assumed to be in line with the full allocation of £2.45bn. The related income for trusts is fully accounted for in the provider position reported by NHS Improvement - either within individual organisations' results and forecasts or as a separate line to the extent that it is either not yet allocated or not earned under the relevant award criteria.