

NHS ENGLAND – BOARD PAPER

Title: Consolidated Month 6 2018/19 Financial Report
Lead Director: Matthew Style, Interim Chief Financial Officer
Purpose of Paper: <ul style="list-style-type: none">To update the Board on the financial position for month 6 2018/19, the forecast for the year and the associated risks of delivery.
Patient and Public Involvement: <ul style="list-style-type: none">This paper summarises the outputs of the financial reporting process to report the financial position for month 6, 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: <ul style="list-style-type: none">Note the financial position for month 6, 2018/19.

CONSOLIDATED MONTH 6 2018/19 FINANCIAL REPORT

Purpose

1. This paper summarises the year-to-date and forecast position at month 6, 2018/19.

Overall Financial Position

2. 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.
3. Table 1 summarises the year-to-date and full-year forecast expenditure position for NHS England as at month 6.

Table 1

Net Expenditure	Year-to-Date				Forecast Outturn			
	Plan £m	Actual £m	Under/(over) spend		Plan £m	FOT £m	Under/(over) spend	
			£m	%			£m	%
CCGs	41,558.9	41,633.0	(74.1)	(0.2%)	83,565.8	83,644.2	(78.4)	(0.1%)
Direct Commissioning	12,002.4	11,973.9	28.5	0.2%	24,912.1	24,902.1	10.0	0.0%
NHSE Running & central programme costs (excl. depreciation)	1,075.2	981.3	93.9	8.7%	5,109.1	4,952.4	156.7	3.1%
Other including technical and ringfenced adjustments	(24.2)	(13.4)	(10.8)		(29.0)	31.0	(60.0)	
Total non-ringfenced RDEL under/(over) spend	54,612.3	54,574.8	37.5	0.1%	113,558.0	113,529.7	28.3	0.0%

Total non-ringfenced RDEL allocation	113,823.0	113,823.0
Total non-ringfenced RDEL underspend	265.0	293.3

4. As reported to the September board, the NHS England plan has been revised as part of the joint work with NHS Improvement to close the planning gap – Table 1 now shows that the commissioning sector is planning to deliver an underspend of £265m.
5. Overall at month 6, NHS England is reporting a year-to-date underspend of £37.5m (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%).
6. There are 36 CCGs with year-to-date overspends which are offset by underspends on direct commissioning and NHS England central budgets. There are 11 CCGs forecasting that they will end the financial year with overspends, the most significant being in CCGs in Staffordshire (£34.2m), East Kent (£16.9m) and London (£17.7m). Work is ongoing with CCGs which are showing signs of financial pressure to ensure that any potential deterioration is contained as far as possible.
7. NHS England central budgets are showing a year-to-date and forecast underspend largely due to vacancies, income from GP rates rebates and counter fraud receipts not included in the operating plan, and the release of contingencies. The forecast also reflects greater pressure than expected from the impact of the technical and ringfenced adjustments relating to provision movements and depreciation.

8. Alongside the forecast, NHS England monitors financial risks and available mitigations. At month 6 there is an overall net risk of £30m. This is a reduction in the level of risk reported in previous months as although there are still a number of unplanned-for national-level pressures, actions have been taken to ensure that these costs are mitigated. Taking these risks and mitigations together gives a risk-adjusted forecast underspend in line with the plan, and based on this assessment we are confident that the planned underspend for the year can be delivered.
9. At month 6, commissioners' forecasts show delivery of 91% against their savings plans, a total of £3.1bn.
10. Further detail on the overall financial position can be found in the appendices. This includes a detailed summary of year-to-date and forecast expenditure (Appendix A), a breakdown of NHS England running costs (Appendix B) and programme costs (Appendix C) and further detail on commissioner efficiency performance (Appendix D). Detailed financial performance information is also published on the NHS England website on a quarterly basis (<https://www.england.nhs.uk/publication/financial-performance-reports/>).

Recommendations

11. The Board is asked to note the financial position for month 6.

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 %
Local Net Expenditure								
North	12,465.8	12,464.5	1.3	0.0 %	25,052.9	25,062.9	(10.0)	(0.0%)
Midlands & East	12,182.1	12,205.3	(23.2)	(0.2%)	24,512.4	24,546.6	(34.2)	(0.1%)
London	6,668.1	6,688.5	(20.4)	(0.3%)	13,376.7	13,394.0	(17.3)	(0.1%)
South West	3,944.9	3,944.9	0.0	0.0 %	7,885.5	7,885.5	0.0	0.0 %
South East	6,298.0	6,329.8	(31.8)	(0.5%)	12,648.3	12,665.2	(16.9)	(0.1%)
Quality Premium ¹	0.0	0.0	0.0	0.0 %	90.0	90.0	0.0	0.0 %
Total Local Net Expenditure	41,558.9	41,633.0	(74.1)	(0.2%)	83,565.8	83,644.2	(78.4)	(0.1%)
Direct Commissioning								
Specialised Commissioning	8,412.7	8,412.7	0.0	0.0 %	17,448.6	17,448.6	0.0	0.0 %
Armed Forces	29.9	29.9	0.0	0.0 %	63.0	63.0	0.0	0.0 %
Health & Justice	285.9	285.7	0.2	0.1 %	592.8	592.8	0.0	0.0 %
Primary Care & Secondary Dental	2,810.1	2,784.0	26.1	0.9 %	5,736.9	5,726.7	10.2	0.2 %
Public Health	463.8	461.6	2.2	0.5 %	1,070.8	1,071.0	(0.2)	(0.0%)
Total Direct Commissioning Expenditure	12,002.4	11,973.9	28.5	0.2 %	24,912.1	24,902.1	10.0	0.0 %
NHS England Other (excluding depreciation & technical)								
NHS England Running Costs (excl. depreciation)	225.3	205.3	20.0	8.9 %	471.2	463.4	7.8	1.7 %
NHS England Central Programme Costs (excl. depreciation)	355.2	289.7	65.5	18.4 %	907.8	780.6	127.2	14.0 %
CSUs net margin	4.1	(4.3)	8.4	204.9 %	6.2	6.2	0.0	0.0 %
Other Central Budgets (including provider STF) ²	490.6	490.6	0.0	0.0 %	3,723.9	3,702.2	21.7	0.6 %
Total NHS England Other (excluding depreciation & technical)	1,075.2	981.3	93.9	8.7 %	5,109.1	4,952.4	156.7	3.1 %
NHS England depreciation charges	67.4	52.2	15.2		136.0	106.8	29.2	
Remove ringfenced under/(over) spend (depreciation and impairments)	(82.4)	(61.8)	(20.6)		(166.0)	(123.9)	(42.1)	
Remove AME/Technical items	(9.2)	(3.8)	(5.4)		1.0	48.1	(47.1)	
Total non-ringfenced RDEL	54,612.3	54,574.8	37.5	0.1%	113,558.0	113,529.7	28.3	0.0%

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.

Summary of Year-to-date and Forecast NHS England Running Costs Expenditure

	Year-to-Date Net Expenditure				Forecast Net Expenditure			
	Plan £m	Actual £m	Var £m	Var %	Plan £m	Forecast £m	Var £m	Var %
Medical	3.2	2.8	0.4	12.5%	6.4	6.1	0.3	4.7%
Nursing	3.9	3.6	0.3	7.7%	7.9	7.8	0.1	1.3%
Operations and Information	109.2	104.4	4.8	4.4%	223.5	220.7	2.8	1.3%
Specialised Commissioning	9.0	8.0	1.0	11.1%	18.1	17.6	0.5	2.8%
Finance	23.9	20.8	3.1	13.0%	48.5	47.4	1.1	2.3%
Strategy & Innovation	5.1	4.1	1.0	19.6%	11.2	10.1	1.1	9.8%
Transformation & Corp Operations	38.2	31.6	6.6	17.3%	74.2	73.6	0.6	0.8%
PCS	32.0	31.8	0.2	0.6%	64.6	64.3	0.3	0.5%
Chair & Chief Executive Group	0.8	0.6	0.2	25.0%	1.6	1.5	0.1	6.3%
Contingency	0.0	(2.4)	2.4	100.0%	15.2	14.3	0.9	5.9%
TOTAL excl Depreciation	225.3	205.3	20.0	8.9%	471.2	463.4	7.8	1.7%

Summary of Year-to-date and Forecast NHS England Programme Costs Expenditure

	Year-to-Date Net Expenditure				Forecast Net Expenditure			
	Plan £m	Actual £m	Var £m	Var %	Plan £m	Forecast £m	Var £m	Var %
Medical	13.0	11.6	1.4	10.8%	41.7	41.6	0.1	0.2%
Nursing	11.3	9.4	1.9	16.8%	31.9	31.0	0.9	2.8%
Operations and Information	125.0	102.4	22.6	18.1%	334.9	329.1	5.8	1.7%
Specialised Commissioning	15.5	12.6	2.9	18.7%	31.6	28.7	2.9	9.2%
Finance	9.4	9.2	0.2	2.1%	21.6	16.0	5.6	25.9%
Strategy & Innovation	46.6	42.0	4.6	9.9%	104.8	99.4	5.4	5.2%
Transformation & Corp Operations	9.0	8.5	0.5	5.6%	24.0	23.5	0.5	2.1%
Clinical Excellence Awards	38.8	38.8	0.0	0.0%	135.5	129.3	6.2	4.6%
Provider Support	76.2	72.7	3.5	4.6%	125.3	118.3	7.0	5.6%
Other Programmes	15.5	19.9	(4.4)	(28.3%)	31.9	31.6	0.3	0.9%
Rates and fraud recovery income	(5.1)	(25.7)	20.6	(402.8%)	(15.0)	(49.6)	34.6	(230.7%)
Contingency	0.0	(11.7)	11.7	100.0%	39.6	(18.3)	57.9	146.2%
TOTAL excl Depreciation	355.2	289.7	65.5	18.4%	907.8	780.6	127.2	14.0%

Summary of Year-to-date and Forecast Commissioner Efficiency Performance by Area of Commissioning

	Year-to-Date Commissioner Efficiency				Forecast Commissioner Efficiency						2017/18		Percentage Increase	
	Plan £m	Actual £m	Var £m	Achieved %	Plan £m	As % of Allocation	Forecast £m	As % of Allocation	Var £m	Achieved %	Outturn £m	As % of Allocation	Planned %	Forecast %
Local														
North	280.3	270.8	(9.5)	96.6 %	675.6	2.7%	623.5	2.5%	(52.1)	92.3 %	630.1	2.6%	7.2%	(1.1%)
Midlands and East	380.7	357.0	(23.7)	93.8 %	903.7	3.7%	826.5	3.4%	(77.2)	91.5 %	855.6	3.6%	5.6%	(3.4%)
London	211.8	176.2	(35.6)	83.2 %	522.5	3.9%	431.4	3.2%	(91.1)	82.6 %	410.8	3.2%	27.2%	5.0%
South West	110.3	108.1	(2.2)	98.0 %	253.7	3.2%	238.0	3.0%	(15.7)	93.8 %	589.1	3.0%	(56.9%)	(59.6%)
South East	160.0	140.8	(19.2)	88.0 %	384.2	3.1%	329.5	2.6%	(54.7)	85.8 %				
Total Local	1,143.1	1,052.9	(90.2)	92.1 %	2,739.7	3.3%	2,448.9	2.9%	(290.8)	89.4 %	2,485.6	3.1%	10.2%	(1.5%)
Direct Commissioning														
Specialised	234.8	236.3	1.5	100.6 %	523.9	3.0%	520.4	3.0%	(3.5)	99.3 %	413.9	2.5%	26.6%	25.7%
Armed Forces	0.0	0.0	0.0	100.0 %	0.0	0.0%	0.0	0.0%	0.0	100.0 %	0.0	0.0%	0.0%	0.0%
Health & Justice	1.8	1.8	0.0	100.0 %	3.7	0.6%	3.7	0.6%	0.0	100.0 %	3.5	0.6%	0.0%	0.0%
Primary Care and Secondary Dental	26.8	27.0	0.2	100.7 %	77.1	1.2%	77.1	1.2%	0.0	100.0 %	110.9	1.7%	(30.5%)	(30.5%)
Public Health	1.8	1.8	0.0	100.0 %	3.6	0.3%	3.6	0.3%	0.0	100.0 %	7.5	0.8%	(51.7%)	(51.7%)
Total Direct Commissioning	265.2	266.9	1.7	100.6 %	608.3	2.3%	604.8	2.3%	(3.5)	99.4 %	535.8	2.2%	13.5%	12.9%
Total Commissioner Efficiency	1,408.3	1,319.8	(88.5)	93.7 %	3,348.0	3.1%	3,053.7	2.8%	(294.3)	91.2 %	3,021.4	2.9%	10.8%	1.1%
Of which transformational	631.3	518.8	(112.5)	82.2 %	1,531.3	1.4%	1,319.5	1.2%	(211.8)	86.2 %	1,208.0	1.2%	26.8%	9.2%