

NHS England and NHS Improvement Board meetings held in common

Paper Title: Month 6, 2019/20 Finance Report

Agenda item: 2

Report by: Julian Kelly, Chief Financial Officer

Paper type: For discussion

Summary/recommendation:

This paper provides a summary of the financial position across the NHS as a whole and the commissioner and provider sectors as at month 6 2019/20.

Context

- This report shows an aggregated financial position for both the commissioner and provider sectors based on current reporting practices. The Month 6 official forecast outturn is for the NHS to be broadly in overall financial balance. The commissioner sector figures are presented on a non-ringfenced RDEL basis and include NHS England and Improvement central and corporate budgets. Clinical Commissioning Group results include the Commissioning Sustainability Fund (CSF). The provider sector figures are reported using Generally Accepted Accounting Principles on an adjusted financial position basis. They include the Provider Sustainability Fund (PSF), Financial Recovery Fund (FRF) and Marginal Rate Emergency Tariff (MRET) within provider results where earned, and centrally in other cases.

Summary of the month 6 financial position

Revenue

- Table 1 shows an aggregated position for the commissioner and provider sectors based on current reporting practices.

Table 1

Surplus / (Deficit) by Sector	Surplus / (Deficit) including CSF,PSF,FRF & MRET							
	Year to Date				Forecast Outturn			
	Plan £m	Actual £m	Under/(over) £m	spend %	Plan £m	Forecast £m	Under/(over) £m	spend %
Commissioning Sector								
Clinical Commissioning Groups	(213.8)	(365.6)	(151.8)	(0.3%)	(79.7)	(92.6)	(12.9)	(0.0%)
Direct Commissioning	34.1	52.8	18.7	0.2%	68.9	68.9	0.0	(0.0%)
Central running & programme costs	0.0	84.3	84.3	3.9%	0.0	64.5	64.5	1.4%
Other including technical & ring-fenced adjustments	0.0	(10.6)	(10.6)	(2.1%)	292.6	210.0	(82.6)	(2.0%)
Commissioner Total - non-ringfenced RDEL	(179.7)	(239.1)	(59.4)	(0.1%)	281.8	250.8	(31.0)	0.0%
Provider Sector								
NHS Providers - Control total basis	(1,026.8)	(1,161.2)	(134.4)	(0.3%)	(362.2)	(448.9)	(86.7)	(0.1%)
Technical adjustments incl. uncommitted PSF, FRF & MRET	29.3	93.5	64.2	0.0%	80.4	128.9	48.5	0.0%
Provider Total - adjusted financial position	(997.5)	(1,067.7)	(70.2)	(0.2%)	(281.8)	(320.0)	(38.2)	(0.0%)
Total combined position against Plan	(1,177.2)	(1,306.8)	(129.6)	(0.2%)	(0.0)	(69.2)	(69.2)	(0.1%)

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4. In summary, the month 6 financial position across the NHS against plan is a year to date revenue overspend of £129.6m, a variance of 0.2%.
5. This includes a commissioning sector adverse variance to plan of £59.4m. The forecast is that all but two CCGs will recover their position to breakeven by the end of the financial year. At the same time last year, 11 CCGs were forecasting adverse variances to plan. (The adverse forecast variance of £82.6m against 'Other including technical' reflects greater pressure than expected from the movement against provisions. If the established pattern of previous years repeats itself, we anticipate that this pressure will reduce by year end.)
6. The provider sector at month 6 is £70.2m adverse to plan. This compares to £87m at the same point last year, including PSF/FRF/MRET. The year to date deficit is £161m lower than the same point last year.
7. The 33 trusts reporting a financial position that is worse than plan (including PSF) compares with 87 trusts who reported a position worse than plan at the same time last year.
8. The provider sector as a whole is forecasting to finish the year essentially on plan.
9. At month 6, commissioners are forecasting to deliver savings of £2.94bn; providers are forecasting to deliver savings of £3.1bn.

Capital

10. To month 6 the NHS has spent £1.5bn capital, compared to £1.2bn at the same point last year.
11. Further detail on the commissioner financial position can be found in appendix A, and on the provider financial position in appendix B. As is always the case, full quarterly reporting will be published in due course. More detailed financial information can be found on the NHS England and Improvement website.
<https://www.england.nhs.uk/publication/financial-performance-reports/>

APPENDIX A

COMMISSIONER FINANCIAL PERFORMANCE
Summary of Expenditure by Area of Commissioning

Net Expenditure	Year to Date Net Expenditure				Forecast Net Expenditure			
	Plan	Actual	Under/(over) spend		Plan	Actual	Under/(over) spend	
	£m	£m	£m	%	£m	£m	£m	%
Clinical Commissioning Groups								
London	7,059.3	7,068.3	(9.0)	(0.1%)	14,234.8	14,234.8	0.0	0.0%
Midlands	8,096.3	8,162.5	(66.2)	(0.8%)	16,273.1	16,273.1	0.0	0.0%
East of England	4,849.5	4,860.7	(11.2)	(0.2%)	9,777.3	9,777.3	0.0	0.0%
North West	6,136.8	6,172.5	(35.7)	(0.6%)	12,210.5	12,210.5	0.0	0.0%
North East and Yorkshire	7,105.3	7,101.5	3.8	0.1%	14,402.9	14,402.9	0.0	0.0%
South East	6,666.8	6,691.3	(24.5)	(0.4%)	13,420.1	13,420.1	0.0	0.0%
South West	4,289.4	4,298.4	(9.0)	(0.2%)	8,557.3	8,570.2	(12.9)	(0.2%)
Commissioner Sustainability Fund	0.0	0.0	0.0	0.0%	0.0	0.0	0.0	0.0%
Quality Premium / Other Central CCG	0.0	0.0	0.0	0.0%	50.0	50.0	0.0	0.0%
Total Local	44,203.4	44,355.2	(151.8)	(0.3%)	88,926.0	88,938.9	(12.9)	(0.0%)
Direct Commissioning								
Specialised Commissioning	8,982.0	8,982.0	0.0	0.0%	19,035.2	19,035.2	0.0	0.0%
Armed Forces	33.9	33.9	0.0	0.0%	78.4	78.4	0.0	0.0%
Health and Justice	306.7	306.7	0.0	0.0%	630.2	630.4	(0.2)	(0.0%)
Primary Care & Secondary Dental	2,571.7	2,556.6	15.1	0.6%	5,261.9	5,260.8	1.1	0.0%
Public Health	502.3	498.7	3.6	0.7%	1,161.0	1,161.9	(0.9)	(0.1%)
Total Direct Commissioning	12,396.6	12,377.9	18.7	0.2%	26,166.7	26,166.7	0.0	0.0%
Other (excluding Technical)								
NHS England Running Costs	303.7	282.7	21.0	6.9%	628.1	611.6	16.5	2.6%
NHS England Central Programme Costs	2,452.0	2,379.2	72.8	3.0%	6,874.9	6,808.5	66.4	1.0%
CSUs	2.0	(3.6)	5.6	280.0%	2.0	2.0	0.0	0.0%
Legacy	0.0	(0.1)	0.1	100.0%	15.0	18.8	(3.8)	(25.3%)
Other	5.4	0.0	5.4	100.0%	1,104.0	1,102.8	1.2	0.1%
Movement on Central Cumulative underspend / (deficit)	0.0	0.0	0.0	0.0%	0.0	0.0	0.0	0.0%
Total Other (excluding Technical)	2,763.1	2,658.2	104.9	3.8%	8,624.0	8,543.7	80.3	0.9%
Sub Total (Excluding Central Technical & AME)	59,363.1	59,391.3	(28.2)	(0.0%)	123,716.7	123,649.3	67.4	0.1%
Other (including Technical)								
AME	50.0	2.9	47.1	94.2%	100.0	2.9	97.1	97.1%
Technical	(2.4)	(4.5)	2.1	87.5%	174.6	107.0	67.6	38.7%
Total Other (including Technical)	47.6	(1.6)	49.2	103.4%	274.6	109.9	164.7	60.0%
Executive Summary Total Net Expenditure	59,410.8	59,389.9	20.9	0.0%	123,991.4	123,759.2	232.2	0.2%
Remove AME/ Technical items	(11.8)	8.4	(20.2)		(25.4)	52.1	(77.5)	
Total RDEL spend	59,351.3	59,399.7	(48.4)	(0.1%)	123,691.3	123,701.4	(10.1)	(0.0%)
Remove ring-fenced (under)/over spend	(85.7)	(74.7)	(11.0)		(171.0)	(150.1)	(20.9)	
Total non-ring-fenced RDEL spend	59,265.6	59,325.0	(59.4)	(0.1%)	123,520.3	123,551.3	(31.0)	(0.0%)

PROVIDER FINANCIAL PERFORMANCE
Financial performance overview by sector

Adjusted Financial Position - Surplus / (Deficit) - By Sector including PSF, FRF & MRET	No of Providers	Surplus / (Deficit) including CSF,PSF,FRF & MRET					
		Year to Date Net Expenditure			Forecast Outturn		
		Plan £m	Actual £m	Variance £m	Plan £m	Forecast £m	Variance £m
Acute	130	(1,054.2)	(1,143.6)	(89.4)	(568.6)	(671.9)	(103.3)
Ambulance	10	1.3	3.9	2.6	11.2	11.4	0.2
Community	16	8.3	11.6	3.3	29.9	30.8	0.9
Mental Health	53	22.2	(20.9)	(43.1)	131.7	134.8	3.1
Specialist	17	(4.4)	(12.2)	(7.8)	33.6	46.0	12.4
Total - Control total basis Surplus / (Deficit)	226	(1,026.8)	(1,161.2)	(134.4)	(362.2)	(448.9)	(86.7)
Technical adjustments including uncommitted PSF, FRF & MRET		29.3	93.5	64.2	80.4	128.9	48.5
Grand Total - Adjusted Financial Position - Surplus / (Deficit)		(997.5)	(1,067.7)	(70.2)	(281.8)	(320.0)	(38.2)

PROVIDER FINANCIAL PERFORMANCE
Financial performance overview - income and expenditure

Financial Performance by Income and Expenditure	Year to Date Net Expenditure			Forecast Outturn		
	Plan	Actual	Variance	Plan	Forecast	Variance
	£m	£m	£m	£m	£m	£m
Patient Care Income from CCGS & NHSE	37,096.3	37,286.2	189.9	74,603.5	74,928.5	325.0
Other Patient Care Income	2,072.2	2,138.1	65.9	4,208.2	4,386.0	177.8
Other Operating Income excluding PSF, FRF & MRET	3,988.7	4,060.1	71.4	8,091.5	8,104.5	13.0
Total Income (excluding PSF, FRF & MRET)	43,157.2	43,484.4	327.2	86,903.2	87,419.0	515.8
Agency	(1,070.3)	(1,194.0)	(123.7)	(2,078.4)	(2,178.5)	(100.1)
Pay excluding Agency	(27,546.3)	(27,701.3)	(155.0)	(54,956.4)	(55,330.5)	(374.1)
Total Pay	(28,616.6)	(28,895.3)	(278.7)	(57,034.8)	(57,509.0)	(474.2)
Non Pay	(15,692.4)	(15,790.7)	(98.3)	(31,112.6)	(31,242.5)	(129.9)
Gains on disposals of assets	56.4	7.6	(48.8)	72.2	78.1	5.9
Other non operating items	(927.5)	(899.1)	28.4	(1,850.0)	(1,805.8)	44.2
Total Expenditure	(45,180.1)	(45,577.5)	(397.4)	(89,925.2)	(90,479.2)	(554.0)
Control total basis excluding PSF, FRF & MRET	(2,022.9)	(2,093.1)	(70.2)	(3,022.0)	(3,060.2)	(38.2)
PSF, FRF & MRET in Providers position	996.1	931.9	(64.2)	2,659.8	2,611.3	(48.5)
Control total basis including PSF, FRF & MRET in Providers	(1,026.8)	(1,161.2)	(134.4)	(362.2)	(448.9)	(86.7)
Uncommitted PSF, FRF & MRET & Technical Adjustments	29.3	93.5	64.2	80.4	128.9	48.5
Sector Adjusted Financial Position	(997.5)	(1,067.7)	(70.2)	(281.8)	(320.0)	(38.2)