

## NHS England and NHS Improvement Board meetings held in common

**Paper Title:** Financial position month 8 2020/21

**Agenda item:** 3 (Public session)

**Report by:** Julian Kelly, Chief Financial Officer

**Paper type:** For discussion

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### Summary/recommendation:

The Boards are asked to note the month 8 2020/21 financial position of the NHS, covering the period April-November 2020 inclusive.

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### Background

1. This paper sets out the financial position for month 8 of the financial year. Up to 30 November, the NHS has spent an additional £9.7bn of revenue expenditure compared to the original mandate. This expenditure is in line with the Ministerial Direction authorising additional spending needed to respond to the Covid pandemic.

### Month 1-8 Financial Position and Forecast

2. Table 1 sets out the expenditure position to the end of November and shows net expenditure of £93.9bn. This equates to an additional year to date funding requirement of £9.7bn over and above the original mandate. Month 8's expenditure is consistent with the average run-rate for the first 7 months of the year.
3. The full-year forecast at month 8 is for a difference compared to the original mandate of £19.1bn. This difference relates directly to additional expenditure incurred in response to the COVID pandemic.



Table 1: Month 8 2020/21 Revenue Position

Net expenditure basis	Net expenditure basis			
	Year to Date			
	Plan	Actual	Difference	
	£m	£m	£m	%
<b>Commissioning Sector</b>				
Clinical Commissioning Groups	65,631.3	65,565.4	65.9	0.1%
<b>CCG Total</b>	<b>65,631.3</b>	<b>65,565.4</b>	<b>65.9</b>	<b>0.1%</b>
Direct Commissioning	17,844.8	17,860.7	(15.9)	(0.1%)
Central running & programme costs	3,095.8	3,026.1	69.7	2.3%
NHSE Other	(8,380.2)	1,634.3	(10,014.5)	(119.5%)
Provider Top Up	5,816.3	5,816.3	-	0.0%
Technical & ringfenced adjustments	(47.8)	(39.3)	(8.5)	(17.8%)
<b>Commissioner Total - non-ringfenced RDEL</b>	<b>83,960.3</b>	<b>93,863.5</b>	<b>(9,903.2)</b>	<b>(11.8%)</b>
<b>Provider Sector</b>				
Income Excl Top Up	(60,436.9)	(60,512.6)	75.7	0.1%
Pay	42,144.2	42,048.0	96.2	0.2%
Non Pay	23,109.5	23,173.1	(63.6)	(0.3%)
Non Operating Items	1,218.8	1,203.6	15.2	1.3%
Block Top Up	(2,474.1)	(2,474.1)	(0.0)	(0.0%)
Retrospective Top Up / COVID-19 reimbursement	(3,279.2)	(3,366.4)	87.2	2.7%
<b>Providers Total - Adjusted Financial Position</b>	<b>282.3</b>	<b>71.5</b>	<b>210.8</b>	<b>74.7%</b>
<b>Total combined position against Plan</b>	<b>84,242.6</b>	<b>93,935.1</b>	<b>(9,692.5)</b>	<b>(11.5%)</b>
Additional mandate funding anticipated				
<b>Revised total combined position against plan</b>	<b>84,242.6</b>	<b>93,935.1</b>	<b>(9,692.5)</b>	<b>(11.5%)</b>

- The financial impact of COVID on the provider sector to month 8 totals £5.1bn, including £1,773m of lost income, £1,646m of additional pay costs, and £1,727m of other COVID costs, which have been offset by reductions in expenditure in other areas of around £1.0bn.
- The CCG position shows a year to date favourable difference to plan (spend up to the end of M8 including £2.7bn of retrospective claims and H2 system budgets) of £66m.
- NHS England & Improvement admin and programme costs report a year to date net underspend of £70m. There are underspends driven by vacancies, deferrals on programmes and costs being met from other budgets as part of the interim financial regime. These underspends are balanced against additional expenditure resulting from centrally-incurred COVID costs.
- These numbers do not include the vast majority of additional costs of PPE and the Test and Trace programme which are managed and funded directly by the Department of Health and Social Care.

### Provider capital expenditure

- The month 8 capital position for the provider sector is shown in the table below:

Table 5: Capital by Sector

Capital	Capital			
	Plan	Year to Date		
	£m	£m	£m	%
<b>Commissioning Sector</b>				
GPIT	11.9	38.0	(26.2)	(220.8%)
Main Capital	9.3	24.5	(15.2)	(163.1%)
ETTP	25.4	26.3	(0.8)	(3.3%)
LD Transformation Fund	3.1	4.8	(1.8)	(56.6%)
CSU Capital	2.4	0.6	1.7	73.1%
<b>Total Commissioner Capital Plan</b>	<b>52.1</b>	<b>94.3</b>	<b>(42.2)</b>	<b>(81.1%)</b>
<b>Commissioner Capital Resource Limit</b>				
<b>Under/(over)</b>				
<b>Provider Sector</b>				
Acute	1,592.8	1,048.7	544.1	34.2%
Ambulance	76.1	53.6	22.4	29.5%
Community	54.8	35.5	19.3	35.2%
Mental Health	273.0	184.7	88.3	32.3%
Specialist	141.5	99.2	42.3	29.9%
Provider operational capital (STP controls)	2,138.1	1,421.7	716.4	33.5%
Other Provider operational capital	0.0	57.0	(57.0)	
National allocations plus other items charged to CDEL	1,635.4	1,322.2	313.1	19.1%
<b>Total Provider Capital Plan</b>	<b>3,773.5</b>	<b>2,800.8</b>	<b>972.6</b>	<b>25.8%</b>
<b>Combined Capital position</b>	<b>3,825.5</b>	<b>2,895.1</b>	<b>930.4</b>	<b>24.3%</b>

9. Providers have spent £2.8bn on capital schemes to month 8 including COVID capital. Forecast indicate that provider capital spend will be in line with total annual plans.
10. Within the commissioning sector, capital expenditure of £94.3m has been incurred to date which is £42.2m ahead of plan. This relates entirely to phasing and expenditure is forecast to be in line with annual planned expenditure of £305m.