

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

**Paper Title:** Financial position month 10 2020/21

**Agenda item:** 5 (Public session)

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

**Paper type:** For discussion

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### Organisation Objective:

NHS Mandate from Government	<input checked="" type="checkbox"/>	Statutory item	<input type="checkbox"/>
NHS Long Term Plan	<input type="checkbox"/>	Governance	<input type="checkbox"/>
NHS People Plan	<input type="checkbox"/>		

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### Action required:

The Boards are asked to note the month 10 2020/21 financial performance of the NHS, covering the period April 2020 -January 2021 inclusive.

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### Executive summary:

This paper sets out the financial position for month 10 of the financial year. Up to 31 January, the NHS has spent an additional £12.0bn of revenue expenditure compared to the original mandate. If we receive the additional 2020/21 mandate funding anticipated, we forecast to deliver a breakeven position by year-end.

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### Month 1-10 Financial Position and Forecast

1. Table 1 sets out the expenditure position to the end of January and shows net expenditure of £117.8bn. This equates to an additional year to date funding requirement of £12.0bn over and above the original mandate. Month 10's expenditure is slightly higher than the average run-rate for the first 9 months of the year with the increase in expenditure largely driven by the COVID vaccination programme.
2. The full year forecast at month 10 is for additional expenditure against the original mandate of £19bn before accounting for funding in relation to vaccines and testing. This additional expenditure relates directly to expenditure incurred in response to the COVID pandemic, including the likely full year impact of an increased level of annual leave to be accrued by NHS employers and other one-off impacts from 2021/21



Table 1: Month 10 2020/21 Revenue Position

Net Expenditure Basis	Year to Date			
	Plan £m	Actual £m	Difference £m	%
<b>Commissioning Sector</b>				
Clinical Commissioning Groups	83,595.8	83,358.2	237.6	0.3%
<b>CCG Total</b>	<b>83,595.8</b>	<b>83,358.2</b>	<b>237.6</b>	<b>0.3%</b>
Direct Commissioning	22,649.0	22,335.5	313.5	1.4%
DC Retrospective top up & COVID-19 Reimbursement				
Central running & programme costs	3,980.1	3,882.2	97.9	2.5%
NHSE Other	(10,969.8)	2,163.0	(13,132.8)	(119.7%)
Provider Top Up	5,972.4	5,972.4	-	0.0%
Technical & ringfenced adjustments	(55.7)	(60.3)	4.6	8.2%
<b>Commissioner Total - non-ringfenced RDEL</b>	<b>105,171.7</b>	<b>117,651.0</b>	<b>(12,479.3)</b>	<b>(11.9%)</b>
<b>Provider Sector</b>				
Income Excl Top Up	(77,209.6)	(77,553.1)	343.5	0.4%
Pay	53,014.7	53,085.2	(70.4)	(0.1%)
Non Pay	29,089.4	29,194.2	(104.9)	(0.4%)
Non Operating Items	1,515.1	1,463.6	51.5	3.4%
Block Top Up	(2,474.1)	(2,474.1)	0.0	0.0%
Retrospective Top Up / COVID-19 reimbursement	(3,279.2)	(3,519.6)	240.3	7.3%
<b>Providers Total - Adjusted Financial Position</b>	<b>656.2</b>	<b>196.2</b>	<b>460.0</b>	<b>70.1%</b>
Technical adjustments		(9.0)	9.0	
<b>Providers Total - Adjusted Financial Position</b>	<b>656.2</b>	<b>187.2</b>	<b>469.1</b>	<b>71.5%</b>
<b>Total combined position against Plan</b>	<b>105,827.9</b>	<b>117,838.1</b>	<b>(12,010.2)</b>	<b>(11.3%)</b>

- The financial impact of COVID on the provider sector to month 10 totals £6.3bn, including an estimated £2.1bn of lost income, £2.1bn of additional pay costs, and £2.0bn of other COVID costs, which have been offset by reductions in expenditure in other areas of around £1.0bn in the first half of the year.
- CCGs have incurred year to date additional COVID costs of £2.5bn to month 10 relating to Hospital Discharge programme and other COVID costs.
- NHS England & Improvement admin and programme costs report a year to date net underspend of £98m. 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 were directly funded as a responsibility of the Department of Health and Social Care.

### Provider capital expenditure

- The month 10 capital position for the provider sector is shown in the table below:

Table 2: Capital by Sector

Capital	Year to Date			
	Plan	Actual	Under(over) spend	
	£m	£m	£m	%
<b>Commissioning Sector</b>				
GPIT	39.8	51.5	(11.7)	(29.4%)
Main Capital	18.3	33.4	(18.9)	(103.4%)
ETTP	27.6	29.8	(2.2)	(7.8%)
LD Transformation Fund	5.8	6.4	(0.7)	(11.9%)
CSU Capital	4.7	1.9	2.8	58.9%
<b>Total Commissioner Capital Plan</b>	<b>96.1</b>	<b>123.1</b>	<b>(30.7)</b>	<b>(31.9%)</b>
Commissioner Capital Resource Limit (Inc TDA/Monitor CRL)				
<b>Under(over)</b>				
<b>Provider Sector</b>				
Acute	2,165.5	1,442.2	723.2	33.4%
Ambulance	100.3	70.3	30.0	29.9%
Community	77.2	48.1	29.0	37.6%
Mental Health	387.0	224.2	162.9	42.1%
Specialist	193.6	125.9	67.7	35.0%
Provider operational capital (STP controls)	2,923.6	1,910.8	1,012.8	34.6%
Other Provider operational capital	0.0	106.5	(106.5)	
National allocations plus other items charged to CDEL	2,165.7	1,864.9	300.8	13.9%
<b>Total Provider Capital Plan</b>	<b>5,089.3</b>	<b>3,882.3</b>	<b>1,207.0</b>	<b>23.7%</b>
<b>Combined Capital position</b>	<b>5,185.4</b>	<b>4,005.4</b>	<b>1,176.3</b>	<b>22.7%</b>

8. Providers have spent £3.9bn on capital schemes to month 10 including COVID capital. Capital expenditure was inevitably slower at the beginning of the year as providers diverted resources to manage the COVID-19 response. Forecasts from providers currently indicate that provider capital spend will be broadly in line with total annual plans of £7.2bn.
9. Within the commissioning sector, capital expenditure of £123.1m has been incurred to date which is £30.7m ahead of plan. This relates entirely to phasing and expenditure is forecast to be in line with annual planned expenditure of £292m.