

Cambridgeshire and Peterborough Integrated Care System

Meeting	System Partnership Board in Public		
Date	31 March 2021		
Agenda item:	3		
Title:	C&P Finance Update		
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Report purpose <i>(Please mark one in bold)</i>			
APPROVAL	DECISION	ASSURE	INFORM
Committees/groups where this has been presented to before <i>(including date)</i>			
<ul style="list-style-type: none"> • Finance Planning and Performance Group (FPPG) 12 March 2021 • System Leaders 16 March 2021 			

Purpose of the paper
<p>To update System Partnership Board in respect to:</p> <ul style="list-style-type: none"> • 20/21 forecast position; • NHSE Run-rate exercise; • Planning 21/22; • Local Authority financial landscape; and • Capital planning.
Recommendations
<p>The System Partnership Board is asked to note and discuss the contents of this report.</p>

1. Introduction

1 System Partnership Board members will be aware of the unique financial arrangements in 20/21 and the emerging approach to planning for 21/22; this paper sets out some key developments as we end the financial year 20/21 and plan for the new financial year.

2. Phase 3 Submission

2.1 2020/21 financial position

2.1.1 The funding arrangements for 20/21 have been adapted in-year to reflect the changing nature of the pandemic. During 20/21, the understanding of the position nationally has also evolved, often at pace, and Systems have been asked to provide early heads-up information on the likely year end position each month.

2.2.2 Cambridgeshire & Peterborough System (C&P) submitted a deficit to plan for the period October 20 to March 21; the key risks to this were articulated at the time of submission, not least that the plans for a recovery of service were constructed assuming a continued low covid prevalence (per national guidance). The C&P System plan was for a deficit of £46m in 20/21. With the assumption that we will receive further support for Lost Income in Month 12, and due to funding for specific areas such as untaken Annual Leave accrual increases and a reduction in planned spend from the delay in restoration of services across the System, we are currently projecting a break-even position to system envelope. The Finance Planning and Performance Group (FPPG) continues to work collectively to support cross-System delivery.

2.2 NHSE Run-rate Exercise

2.2.1 Nationally, it is recognised that the delivery of care and the approach to funding within the NHS has changed to such an extent that we do not fully understand our current 'baseline' operating positions across Systems. Recently, all Systems have been asked to undertake a benchmarking exercise to begin to map out the potential changes in underlying positions from the exit in 19/20 to 20/21; in C&P, we have used our existing System underlying analysis from December 20 as a base for this work.

2.2.2 Partner organisations across the Region were asked to submit a detailed analysis of current spending and a projection of the recurrent underlying position for 20/21; whilst this exercise inevitable requires a significant level of judgement, it is useful as a starting point to understand how baseline financial positions may look ahead of 21/22 planning.

2.2.3 The C&P submission was made in early March 2021, following individual partner submissions and a review with FPPG prior to submission. There were a number of caveats in our submission to draw out:

- Judgements around the nature of additional income received to mitigate the loss of income through normal operations.
- A level of judgement regarding the continuation of costs incurred in 20/21 relating to covid is required; for C&P, we have made it clear that we have taken a prudent approach and will review as we understand our position more clearly.

2.2.4 The next steps will be to continue to develop our understanding of the submission with NHSE colleagues. We are also working with other Systems across the Region to review consistency and key assumptions in each position.

2.3 2021/22 Planning Development

2.3.1 Board members will be aware that we anticipate receiving planning guidance at the end of March, together with System allocations and relevant planning templates. We understand there are ongoing discussions nationally over a number of key aspects before final guidance can be released:

- Duration of the financial framework for the first part of the year.
- Focus on improving data quality.
- Review of capacity to support restoration of service.

2.3.2 We will need to provide a lot of information at pace once the process commences; we are mindful of course that finance teams also need to produce annual accounts and support the external audit process during this period.

2.3.3 System Leaders are working through FPPG to revisit the original Long Term Plan (LTP) trajectory and transformation opportunities. Prior to the Covid-19 pandemic, the System had collectively signed up to delivery of major System-wide transformation; we are working to understand how this commitment sits in the post-covid operating environment with a significant amount of recovery work to be undertaken.

2.3.4 Progress to date can be summarised as follows:

- Review underway of the existing 'do-nothing' position for the System across the LTP and update to do-nothing projection as required; this work has commenced but will pause briefly whilst we await the national planning guidance.
- Continued work on the recurrent underlying baseline position in 20/21 and underpinning assumptions, including the scale of backlog across the System.
- Established System workshops to develop the refresh of the System transformation priorities; these are scheduled for mid-April onwards to allow time to incorporate national planning guidance.

2.4 Local Authority Financial Landscape

2.4.1 Whilst the focus of this paper is naturally on the financial position of health sector partners it is important that we do not lose sight of the position of our local authority colleagues when considering the financial stability of the sector as a whole.

2.4.2 Covid-19 has obviously had a significant impact on social care costs in the current year. Whilst the immediate impact on the health system will be driven by pressures in the care system other long term potential drivers could impact on various council services; this includes public health, debt support, economic support, homelessness, housing provision, public transport etc.

2.5 Capital Planning

2.5.1 As for 20/21, NHS capital funding is being allocated to Systems for internal distribution across partner organisations. 21/22 allocations (for NHS Providers) have been received and we are working through the prioritisation process across our System Providers; we are including System Directors of Strategy and Estates in our prioritisation discussion.

2.5.2 We understand that 21/22 will be treated as a one-year national spending round; the longer-term capital plan will continue to be developed with key System networks including clinical, operational and estates leaders.

3. Recommendations

The System Partnership Board is asked to note and discuss the content of this report.