

Meeting Title	Board of Directors Open Meeting		
Date	27.05.2020	Agenda item	Bo.5.20.34

Finance Report (Month 1)

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Purpose of the paper	To update the Board on the interim financial regime introduced by the regulators in 2020/21 and to inform the Board of the Trust's performance in Month 1.		
Key control	Identify if the paper is a key control for the Board Assurance Framework		
Action required	To note		
Previously discussed at/ informed by	N/a		
Previously approved at:	Committee/Group	Date	

Key Options, Issues and Risks

This paper provides a summarised explanation of the interim financial regime introduced by NHSE/I for 2020/21.

Analysis

Interim NHS Financial Framework during COVID19 Pandemic

To facilitate the NHS's response to the COVID19 pandemic, NHS England / NHS Improvement (NHSE/I, the regulators) has introduced an interim financial framework for providers and commissioners.

The established financial regime has been suspended and replaced with a simplified framework which is designed to ensure providers receive sufficient cash to facilitate the required response to the pandemic while delivering a breakeven position.

Providers have not been issued with formal control totals and the Financial Recovery Fund / Provider Sustainability Fund mechanism has been removed.

Normal contractual arrangements with commissioners have been suspended and replaced with a centrally defined block funding mechanism from each commissioner which is not linked to activity levels.

NHSE/I have made a high level assessment of each provider's expected monthly revenue expenditure based on historic trends uplifted this for inflation to provide each provider with a high level expenditure plan.

The block funding mechanism is supplemented by a series of prospective and retrospective top up payments to offset any legitimate deviations from NHSE/I's high level revenue expenditure assumptions and to reimburse providers for any legitimate exceptional revenue costs of their response

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to the pandemic.

Until 19 May 2020, providers were able to approve capital expenditure for their COVID19 response up to a limit of £0.25m without seeking prior approval from the regulators and reclaim the costs via a monthly submission. From 19 May onwards, providers must seek prior approval from the regulators for all COVID19 related capital expenditure.

Integrated Care Systems have been allocated capital control totals for non-COVID19 related capital expenditure in their constituent NHS organisations, which is consistent with the business as usual approach introduced in 2019/20.

The interim framework does not place any CIP or efficiency requirements upon providers. However, organisations are expected to work collaboratively within the spirit of the framework and to maintain an appropriate level of rigour and financial governance and to be able to justify all expenditure.

Providers' reported financial positions will be subject to the normal degree of scrutiny and audit and the expectation is that organisations will maintain control of expenditure run rates and will not make unreasonable claims for retrospective top ups for inappropriate non-COVID19 related expenditure.

Month 1 Financial Performance

BTHFT has broadly delivered the level of deficit before top up and COVID19 costs for Month 1 that NHSE/I projected. The Trust can therefore be seen to have delivered NHSE/I's financial plan for April 2020.

A total of £1.4m of COVID19 costs were recorded for Month 1 and an associated retrospective top up has been accrued into the I&E position to result in a breakeven position.

Until NHSE/I have concluded their audit and scrutiny of the Trust's claim for reimbursement of the £1.4m costs, there remains a degree of risk in the reported position. The risk is not considered significant however as appropriate governance and record keeping processes have been followed.

The Trust is querying aspects of NHSE/I's baseline projection methodology to ensure the issues identified are recognised by the regulators and potentially adjusted if increased activity levels in future months mean the mitigating non-pay underspends recorded in April begin to reduce.

The Trust's closing cash position on 30 April 2020 was £66.3m. This includes the top up payment on account and the advance block payment from CCGs for May. The Trust's cash position is therefore strong and is expected to remain so for the duration of the financial year.

The non-COVID19 capital budget and plan for 2020/21 is £20.6m. Capital expenditure in April 2020 was £0.7m.

Recommendation

The Board of Directors are asked to note the content of this report.

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Risk assessment						
Strategic Objective	Appetite (G)					
	Avoid	Minimal	Cautious	Open	Seek	Mature
To provide outstanding care for patients			g			
To deliver our financial plan and key performance targets			g			
To be in the top 20% of NHS employers					g	
To be a continually learning organisation				g		
To collaborate effectively with local and regional partners					g	
The level of risk against each objective should be indicated. Where more than one option is available the level of risk of each option against each element should be indicated by numbering each option and showing numbers in the boxes.	Low		Moderate	High	Significant	
	Risk (*)					
Explanation of variance from Board of Directors Agreed General risk appetite (G)						

Benchmarking implications (see section 4 for details)	Yes	No	N/A
Is there Model Hospital data relevant to the content of this paper?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Is there any other national benchmarking data relevant to the content of this paper?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Is the Trust an outlier (positive or negative) for any benchmarking data relevant to the content of this paper?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Risk Implications (see section 5 for details)	Yes	No
Corporate Risk register and/or Board Assurance Framework Amendments	<input type="checkbox"/>	<input type="checkbox"/>
Quality implications	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Resource implications	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Legal/regulatory implications	<input type="checkbox"/>	<input type="checkbox"/>
Diversity and Inclusion implications	<input type="checkbox"/>	<input type="checkbox"/>
Performance Implications	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Regulation, Legislation and Compliance relevance
NHS Improvement: (please tick those that are relevant) <input checked="" type="checkbox"/> Risk Assessment Framework <input type="checkbox"/> Quality Governance Framework <input checked="" type="checkbox"/> Code of Governance <input checked="" type="checkbox"/> Annual Reporting Manual
Care Quality Commission Domain: Well Led
Care Quality Commission Fundamental Standard: Good Governance
NHS Improvement Effective Use of Resources: Finance
Other (please state):

Relevance to other Board of Director's Committee:
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(please select all that apply)					
Workforce	Quality	Finance & Performance	Partnerships	Major Projects	Other (please state)
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>