

ICS System Board

27 January 2021

## Finance Update

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<b>Executive Lead/Sponsor(s):</b>	<i>Karen McDowell, ICS Director of Finance</i>
<b>Action required:</b>	To Note
<b>Attached:</b>	N/A

### EXECUTIVE SUMMARY

This summary provides an update on a number of key finance issues including:

- **Strategic Finance & Assurance Board (December 2020)**
- **Transformation Funds for 2020/21**
- **Month 8 Reporting**
- **Planning 2021/22**
  
- **Strategic Finance & Assurance Board (December 2020)**

Key headlines from the meeting held on 18<sup>th</sup> December 2020 were as follows:

- Risk development – Risk Register brought for approval - Approved
- Financial Planning 2021/22
  - Noted that the NHSE/I financial planning letter was due to be received before Christmas with detailed guidance to be issued in January 2021.
  - ICS submission will then be made in March 2021.
  - Financial Planning 2021/22 added as regular agenda item.
- COVID-19 reimbursement report presented.
  - Position on the system wide reserve was noted as committed but requiring review in Q4 for release if unused and potential impact on financial position.
  - Costs relating to the Mass vaccinations programme to be reported.

National audit on transactional level covid-19 costs in the first 6 months underway by Deloittes.

- Month 7 CCG finance report to be shared once completed – Due to timescales for the meeting in the pre-Christmas period, the report was not available for the meeting.
- System wide Finance report was presented. Forecast for the year in line with the resubmission of financial plans. More detail on risks to be shared in the report next month.
- Current challenges discussed and a system update provided by partners. A number of areas were discussed including: ICS population first presentation, ICS Strategy update, Good Governance Institute update, Mental Health Strategy discussion.
- ICP Development – Architecture for ICP development presented. Further work ongoing with regards the scope, scheme of delegation, assurance framework and further approval noted as a requirement by SOAG.
- Update on the Regional finance calls was provided.
- Key messages to SOAG were agreed.
- **Transformation Funds for 2020/21**

Position remains as previously reported to the Board.

In summary, 2020/21 is the final year of the Transformation funding for the system and has been confirmed and agreed for 2020/21.

ICP directors have all been notified of their local allocation and process for approval of expenditure and the Surrey wide services governance process has now been confirmed and allocation of funding to be sent to Surrey wide services leads.

Detailed reporting of the position and information on each scheme to be reported monthly.

A couple of the National schemes are still subject to conditional funding where specific criteria are set.

- **Month 8 Reporting**

- The System financial position for Months 1-8 is reported under the revised financial regime up to the end of the financial year.
- The CCG submitted its plan for month 7 to month 12 to NHS E / I on 22<sup>nd</sup> October with a deficit of £8.4m. A re submission was made on 18<sup>th</sup> November reducing the CCG deficit to £3.2m.
- The system position is a deficit of £15.6m inclusive of 2 allowable adjustments in relation to annual leave accruals and loss of income.
- The system is reporting delivery of the forecast deficit in line with the plan.

- A review of system risk is being undertaken with further reporting expected within the system report at Month 9 reporting.
- **Planning for the remainder of 2020/21**
- As previously reported on Planning for the remainder of the year, a plan has now been agreed with NHSE / I following resubmission of the system position on 18<sup>th</sup> November.
- The agreed position is a system deficit of £15.6m (inclusive of 2 “allowable” adjustments in relation to Annual leave accruals and loss of income).
- System partners are reviewing the level of risk within the forecast for the year and additional risk and mitigation reporting will be provided in the next month’s system report to highlight any issues with delivering the planned position for 2020/21.
- The system hold the covid-19 reserve of c.£8m which is currently forecast to be spent but detail of the commitments are to be discussed at the next Director of Finance meeting at the end of January.
- Other pressures on organisational positions will be noted in the January report to SFAB and SOAG.
- **Planning for 2021/22**
- Financial Planning discussions underway with Regional team on 2021/22
- Run rate modelling on expenditure across the system has started with weekly finance calls across the system now in place
- Financial Planning Guidance 2021/22 expected at the end of January and financial envelopes in March.
- Discussion regarding the timelines and Quarter 1 are underway.

**The Board is asked to note the contents of the finance summary.**

<b>Date of paper</b>	13 <sup>th</sup> January 2021
<b>For further information contact:</b>	<i>Karen McDowell – ICS Director of Finance Vicki Taylor – Deputy CFO – System Finance</i>

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