in good health
The Norfolk and Waveney Health and Care Partnership

Subject:	**Norfolk and Waveney System Finance Report**
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Purpose of paper:	Discussion and information

1. Executive Summary

Month 5 Financial Position

- The financial position for the Norfolk and Waveney health system at month 5, excluding PSF, FRF, MRET & CSF, is £47.3m deficit against a plan of £44.7m deficit, a £2.6m adverse position.

- All organisations are formally forecasting delivery of their financial plans and control totals for 2019/20.

Capital Expenditure and N&W CDEL (Capital Delegated Expenditure Limit)

- Draft month 5 forecasts indicate that Norfolk and Waveney NHS organisations are planning capital expenditure that will deliver the original 2019/20 CDEL estimate of £72.9m.

- Current CDEL forecasts indicate that there may be some additional capital flexibility within the Norfolk and Waveney system for 2019/20.

Five Year Financial Trajectories (2019/20 to 2023/24)

- Five year financial recovery trajectories have been issued by NHSE/I. The trajectories indicate the requirement of a £47m phased financial improvement by 2023/24 (£72m deficit in 2019/20 to £25m deficit by 2023/24).

- Organisations have undertaken a rapid review of their individual proposed recovery trajectories. The overall improvement by 2023/24 is considered challenging but appropriate. The level of financial improvement required between 2019/20 and 2020/21 is significant.

- Feedback has been provided as per NHSE/I deadline highlighting the specific challenges and requesting further dialogue, especially with regard to the phasing of the trajectories.

LTP Financial Projections

- Updated assumptions of organisational financial projections are being incorporated into the next version of our five year plan consolidated financial position. A finance workshop planned for the 17th September will consider and review the latest draft and assess against the financial trajectories.

- Next steps will be to incorporate financial recovery actions and prepare a final draft to enable appropriate review and consideration in advance of the draft submission on the 27th September.

2. Financial Position: Month 5

The month 5 financial position is based on the day four "heads up" call that organisations have with the regulator. The reported position to NHSE/I, at organisational level, is as follows:

Norfolk & Waveney STP
2019/20 Month 5 YTD Financial Performance

Adjusted financial performance surplus/(deficit) **excluding** PSF, FRF, MRET, CSF

	Month 5			FOT			CT		
	Actual	Plan	Variance	FOT	Plan	Variance	FOT	CT	Variance
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
NNUH	(28,717)	(25,800)	(2,917)	(54,339)	(54,339)	0	(54,339)	(55,340)	1,001
QEH	(13,808)	(13,946)	138	(25,589)	(25,589)	0	(25,589)	(25,898)	309
JPUH	(5,340)	(5,340)	0	(6,081)	(6,081)	0	(6,081)	(6,381)	300
NCH&C	(1,379)	(1,491)	112	(2,475)	(2,475)	0	(2,475)	(2,775)	300
NSFT	(1,251)	(1,253)	2	(3,317)	(3,317)	0	(3,317)	(3,517)	200
Subtotal Providers	(50,495)	(47,830)	(2,665)	(91,801)	(91,801)	0	(91,801)	(93,911)	2,110
North Norfolk CCG	258	250	8	600	600	0	600	0	600
Norwich CCG	321	291	30	700	700	0	700	0	700
South Norfolk CCG	1,008	1,008	0	2,420	2,420	0	2,420	2,120	300
GY&W CCG	981	950	31	2,880	2,880	0	2,880	2,200	680
West Norfolk	642	642	0	1,640	1,640	0	1,640	1,040	600
Subtotal CCGs	3,210	3,141	69	8,240	8,240	0	8,240	5,360	2,880
TOTAL STP	(47,285)	(44,689)	(2,596)	(83,561)	(83,561)	0	(83,561)	(88,551)	4,990

Plan figures as per regulatory submissions.

Month 5 actuals/FOT from Trust & CCG Draft "Heads Up" regulatory call

The table above shows that at the end of month 5, excluding PSF, FRF MRET & CSF, Norfolk and Waveney STP has under delivered against plan by £2.6m (month 4 £0.9m adverse), a £1.7m adverse movement in the month. The material deterioration between month 4 and month 5 has occurred in the financial position of NNUH, £2.9m.

Norfolk & Waveney STP
2019/20 Month 5 YTD Financial Performance

Adjusted financial performance surplus/(deficit) **including** PSF, FRF, MRET, CSF

	Month 5			FOT			CT		
	Actual	Plan	Variance	FOT	Plan	Variance	FOT	CT	Variance
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
NNUH	(17,972)	(15,055)	(2,917)	(20,690)	(20,690)	0	(20,690)	(21,691)	1,001
QEH	(6,736)	(6,874)	138	(2,287)	(2,287)	0	(2,287)	(2,596)	309
JPUH	(2,566)	(2,566)	0	1,859	1,859	0	1,859	1,559	300
NCH&C	(593)	(705)	112	300	300	0	300	0	300
NSFT	(255)	(257)	2	200	200	0	200	0	200
Subtotal Providers	(28,122)	(25,457)	(2,665)	(20,618)	(20,618)	0	(20,618)	(22,728)	2,110
North Norfolk CCG	258	250	8	600	600	0	600	0	600
Norwich CCG	321	291	30	700	700	0	700	0	700
South Norfolk CCG	1,008	1,008	0	2,420	2,420	0	2,420	2,120	300
GY&W CCG	981	950	31	2,880	2,880	0	2,880	2,200	680
West Norfolk	642	642	0	1,640	1,640	0	1,640	1,040	600
Subtotal CCGs	3,210	3,141	69	8,240	8,240	0	8,240	5,360	2,880
TOTAL STP	(24,912)	(22,316)	(2,596)	(12,378)	(12,378)	0	(12,378)	(17,368)	4,990

Plan figures as per regulatory submissions.

Month 5 actuals/FOT from Trust & CCG Draft "Heads Up" regulatory call

The table above shows the month 5 financial performance including PSF, FRF, MRET & CSF. The tables show that all organisations at the end of month 5 are forecasting delivery of their financial plans and control totals and hence receipt of full PSF, FRF, MRET & CSF. Also that the organisations in the Norfolk and Waveney system are still forecasting to overachieve and provide the financial support to the Cambridgeshire and Peterborough system.

Whilst formally reporting that NNUH will deliver the forecast outturn, the year to date position indicates a level of risk associated with this delivery. In addition, NSFT are currently reviewing their risks with regard to delivery of their control total. Whilst not quantified at the time of writing, these issues indicate a level of risk to overall Norfolk and Waveney STP 2019/20 financial performance.

3. CIPs & QIPPs Month 5

The month 5 Cost Improvement Programme (CIP) and Quality, Innovation, Productivity and Prevention (QIPP) delivery as reported to NHSE/I is shown in the table below.

Norfolk & Waveney STP
2019/20 Month 5 YTD Financial Performance

CIP & QIPP delivery

	Month 5			FOT		
	Actual	Plan	Variance	FOT	Plan	Variance
	£000s	£000s	£000s	£000s	£000s	£000s
NNUH	7,694	7,694	0	28,558	28,558	0
QEH	1,220	1,088	132	6,015	6,015	0
JPUH	2,185	1,633	552	9,298	9,298	0
NCH&C	1,541	1,541	0	4,017	4,500	(483)
NSFT	3,380	4,023	(643)	10,862	10,862	(0)
Subtotal Providers	16,020	15,979	41	58,750	59,233	(483)
North Norfolk CCG	2,237	3,517	(1,280)	8,192	9,100	(908)
Norwich CCG	5,011	4,135	876	11,911	10,100	1,811
South Norfolk CCG	3,256	5,657	(2,401)	10,681	15,025	(4,344)
GY&W CCG	6,371	6,714	(342)	16,538	16,136	402
West Norfolk	4,874	5,102	(229)	12,173	12,461	(288)
Subtotal CCGs	21,749	25,125	(3,376)	59,495	62,822	(3,327)
TOTAL STP	37,769	41,104	(3,335)	118,245	122,055	(3,810)

Plan figures as per regulatory submissions.

Month 5 actuals/FOT from Trust & CCG Draft "Heads Up" regulatory call

At month 5 Norfolk and Waveney NHS organisations achieved £37.8m of CIPs and QIPPs against a plan of £41.1m, £3.3m adverse to their plans (Month 4 £1.4m adverse). Overall CCGs are forecast to under deliver £3.3m of QIPPs and providers (NCH&C) are forecasting to under deliver their CIPs by £0.5m, a total of £3.8m (3.1%) adverse to plan (Month 4 £7.9m adverse).

At the end of month 5 all Norfolk and Waveney NHS organisations are forecasting achievement of their control totals, therefore other mitigating factors are generating favourable variances that offset the £3.8m forecast under delivery of CIPs and QIPPs.

4. Capital

Norfolk and Waveney NHS organisations have provided revised forecasts for capital expenditure to enable system wide management of CDEL (Capital Delegated Expenditure Limit). Original financial plans submitted in May 2019 indicated a combined Norfolk and Waveney system CDEL of £72.9m.

Subsequently in July a prioritisation process was undertaken, as requested by NHSE/I, and Norfolk and Waveney NHS organisations prioritised capital expenditure down to the revised CDEL target of £63.1m. The revised CDEL target was relaxed and Norfolk and Waveney NHS organisations are working to the original CDEL target.

Current (draft) projections show that Norfolk and Waveney health organisations are planning expenditure within 2019/20 CDEL as per the table below:

	Forecast Cap Prog 1st Sep £m	Less: Donated Cont. £m	Add: PFI residual Interest £m	Revised CDEL (DRAFT) £m
JPUH	9.7	(0.5)		9.2
NNUH	27.3	(2.3)	0.3	25.3
NSFT	8.7	0.0	1.3	10.0
NCH&C	5.0	(0.2)		4.8
QEH	16.2	(0.5)		15.7
CCGs				0.0
	66.9	(3.5)	1.6	65.0
Original CDEL (15th May)				72.9
Capital Slippage (DRAFT)				7.9

On the basis of the draft figures it would indicate that Norfolk and Waveney NHS organisations will deliver capital expenditure within CDEL. Whilst these are draft forecasts at month 5, they indicate that some additional capital flexibility may be possible in 2019/20.

5. Five Year Financial Plans

Five Year Financial Trajectories (previously referred to as Control Totals)

NHSE/I have issued financial trajectories for each organisation within the Norfolk and Waveney STP. The table below shows these trajectories and the required improvement by organisation over the five year period 2019/20 to 2023/24.

The current combined Norfolk and Waveney health system deficit (including MRET funding, but excluding PSF/FRF) for 2019/20 is £72m. By the end of the five year period the trajectories require the Norfolk and Waveney health system to improve from a £72m deficit to a £25m deficit by 2023/24, a £47m improvement.

Organisation	Financial Recovery Trajectory Pre Central Funding				
	2019/20	2020/21	2021/22	2022/23	2023/24
James Paget University Hospitals NHS Foundation Trust	(2.4)	0.2	1.1	1.1	1.1
Norfolk And Norwich University Hospitals NHS Foundation Trust	(46.2)	(37.3)	(32.1)	(27.5)	(22.9)
Norfolk And Suffolk NHS Foundation Trust	(3.5)	(1.2)	(0.1)	1.3	1.4
Norfolk Community Health and Care NHS Trust	(2.8)	(1.5)	(1.0)	(0.3)	0.4
Queen Elizabeth Hospital King's Lynn NHS Foundation Trust	(22.4)	(19.4)	(17.4)	(15.4)	(13.6)
NHS Great Yarmouth and Waveney CCG	2.2	1.8	1.9	2.0	2.1
NHS North Norfolk CCG	-	1.3	1.3	1.4	1.4
NHS Norwich CCG	-	1.5	1.5	1.6	1.6
NHS South Norfolk CCG	2.1	1.5	1.5	1.7	1.8
NHS West Norfolk CCG	1.0	1.4	1.4	1.5	1.6
SYSTEM TOTAL	**(72.0)**	**(51.8)**	**(41.9)**	**(32.7)**	**(25.0)**

As can be seen in the table below the proposed trajectories are weighted toward significant improvement by 31st March 2020/21, a total improvement across Trusts & CCGs of £20.3m. In subsequent years the requirement to improve year on year is reduced to £9.8m for 2021/22, similar improvement, £9.3m for 2022/23 and then £7.6m improvement between 2022/23 and 2023/24.

	Financial Trajectory 2019/20	Financial Trajectory 2020/21	Year on Year Improvment	Financial Trajectory 2021/22	Year on Year Improvment	Financial Trajectory 2022/23	Year on Year Improvment	Financial Trajectory 2023/24	Year on Year Improvment
PROVIDERS	£m	£m	£m	£m	£m	£m	£m	£m	£m
NNUH	(46.2)	(37.3)	8.9	(32.1)	5.2	(27.5)	4.6	(22.9)	4.6
QEH	(22.4)	(19.4)	3.0	(17.4)	2.0	(15.4)	2.0	(13.4)	2.0
JPUH	(2.4)	0.2	2.6	1.1	0.9	1.1	0.0	1.1	0.0
NCH&C	(2.8)	(1.5)	1.3	(1.0)	0.5	(0.3)	0.7	0.4	0.7
NSFT	(3.5)	(1.2)	2.3	(0.1)	1.1	1.3	1.4	1.3	0.0
Subtotal Providers (inc. MRET only)	**(77.3)**	**(59.2)**	**18.1**	**(49.5)**	**9.7**	**(40.8)**	**8.7**	**(33.5)**	**7.3**
COMMISSIONERS									
North	0.0	1.3	1.3	1.3	0.0	1.4	0.1	1.4	0.0
Norwich	0.0	1.5	1.5	1.5	0.0	1.6	0.1	1.6	0.0
South Norfolk	2.1	1.5	(0.6)	1.5	0.0	1.7	0.2	1.8	0.1
GY&W	2.2	1.8	(0.4)	1.9	0.1	2.0	0.1	2.1	0.1
West	1.0	1.4	0.4	1.4	0.0	1.5	0.1	1.6	0.1
Subtotal Commissioners	**5.3**	**7.5**	**2.2**	**7.6**	**0.1**	**8.2**	**0.6**	**8.5**	**0.3**
N&W System Wide Financial Improvement	**(72.0)**	**(51.7)**	**20.3**	**(41.9)**	**9.8**	**(32.6)**	**9.3**	**(25.0)**	**7.6**
(Including MRET but excluding all PSF & FRF)									

LTP Five Year Financial Plan - Progress Towards 27th September Submission

Progress continues with the development of the Norfolk and Waveney STP five year financial projections. By the 13th September N&W NHS organisations are required to return the next draft of their five year financial projections. The main areas of update are:

- Triangulate demand, activity, specific investment and contract expenditure between CCGs and individual organisations. The objective being to identify and resolve any significant mismatches between CCG and Trust expectations of expenditure and income respectively.
- Update clinical income projections with demand, activity and current tariff assumptions.
- Update organisational cost increases and inflation assumptions as per latest NHS guidance.
- Consider the use of non-recurrent issues in 2019/20 and how these will impact on the 2019/20 to 202/21 expenditure run-rate.

Once the revisions have been received they will be consolidated into the latest NHSE/I formal template and presented to the Directors of Finance and Chief Finance Officers in a finance workshop on 17th September.

The main focus of the workshop will be to:

- Identify and quantify risks to 2019/20 financial performance
- Consider the latest draft consolidated financial projections and the impact of the NHSE/I financial trajectories.
- Ensure alignment between organisations with regard to demand, activity, capacity and CCG expenditure compared to Trusts' clinical income expectations.
- Identify and quantify specific financial recovery schemes to incorporate into the next version of draft organisational plans.

The next steps will be agreed in the workshop on the 17th September with the expectation of final draft organisation plans being prepared by the 20th September.

These organisational plan updates will be consolidated into the final draft version on the 23rd September for incorporation into the draft LTP documentation. The week of the 23rd will be used for appropriate review and consideration prior to the submission deadline for the draft LTP on the 27th September.