

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

**Paper Title:** Month 10, 2019/20 Finance Report

**Agenda item:** 4 (Public session)

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

**Paper type:** For discussion

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### **Summary/recommendation:**

This report provides a summary of the financial position across the NHS as at month 10 2019/20.

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### **Context**

1. This report shows an aggregated financial position for both the commissioner and provider sectors based on current reporting practices. The commissioner sector figures are presented on a non-ringfenced RDEL basis and include NHS England and Improvement corporate budgets. Clinical Commissioning Group results include the Commissioning Sustainability Fund (CSF). The provider sector figures are reported using Generally Accepted Accounting Principles on an adjusted financial position basis. They include the Provider Sustainability Fund (PSF), Financial Recovery Fund (FRF) and Marginal Rate Emergency Tariff (MRET) within provider results where earned, and centrally in other cases.
2. All figures presented in this document have been shown to one decimal place and therefore may not add up precisely to the totals provided and equally percentages may not precisely reflect the absolute figures.

### **Summary of the month 10 financial position**

#### Revenue

3. Table 1 shows an aggregated position for the commissioner and provider sectors based on current reporting practices.



**Table 1**

Surplus / (Deficit) by Sector	Surplus / (Deficit) including CSF,PSF,FRF & MRET							
	Year to Date				Forecast Outturn			
	Plan £m	Actual £m	Under/(over) £m	spend %	Plan £m	FOT £m	Under/(over) £m	spend %
<b>Commissioning Sector</b>								
Clinical Commissioning Groups	(193.9)	(579.8)	(385.9)	(0.5%)	(79.7)	(483.1)	(403.4)	(0.5%)
Direct Commissioning	(55.6)	101.3	156.9	0.7%	68.9	266.0	197.1	0.8%
Central running & programme costs	(56.6)	49.3	105.9	3.0%	0.0	154.2	154.2	3.4%
Other including technical & ring-fenced adjustments	0.0	(23.8)	(23.8)	(2.1%)	292.6	718.7	426.1	11.2%
<b>Commissioner Total - non-ringfenced RDEL</b>	<b>(306.2)</b>	<b>(453.0)</b>	<b>(146.8)</b>	<b>(0.1%)</b>	<b>281.8</b>	<b>655.9</b>	<b>374.1</b>	<b>0.3%</b>
<b>Provider Sector</b>								
NHS Providers - Adjusted Financial Position	(634.8)	(1,407.4)	(772.6)	(1.0%)	(362.2)	(1,271.0)	(908.8)	(1.0%)
Technical adjustments incl. uncommitted PSF, FRF & MRET	62.1	392.9	330.8	0.0%	80.4	466.2	385.8	0.0%
<b>Provider Total - Sector Adjusted Financial Position</b>	<b>(572.7)</b>	<b>(1,014.5)</b>	<b>(441.8)</b>	<b>(0.6%)</b>	<b>(281.8)</b>	<b>(804.8)</b>	<b>(523.0)</b>	<b>(0.6%)</b>
<b>Total combined position against Plan</b>	<b>(878.9)</b>	<b>(1,467.4)</b>	<b>(588.6)</b>	<b>(0.6%)</b>	<b>0.0</b>	<b>(148.9)</b>	<b>(149.0)</b>	<b>(0.1%)</b>

- The month 10 financial position across the NHS is a year to date revenue overspend of £588.6m against plan (0.6%). We are forecasting that the NHS may end the year with an overspend of £149.0m (0.1%).
- The year to date provider deficit is £181.5m lower than at the same point last year.
- 63 trusts are forecasting a financial position worse than plan (including PSF) which compares with 111 trusts that forecast a position worse than plan at the same time last year.

### Capital

- Table 2 shows the aggregated capital position for the commissioner and provider sectors compared with the available budget for the year.

**Table 2**

Capital	Capital							
	Year to Date				Forecast Outturn			
	Budget £m	Actual £m	Under/(over) £m	spend %	Budget £m	FOT £m	Under/(over) £m	spend %
Commissioner Capital	65.3	67.4	(2.1)	(3.2%)	302.1	255.0	47.1	15.6%
Provider Capital vs Budget	3,595.5	2,785.7	809.8	22.5%	4,572.0	4,453.3	118.7	2.6%
<b>Combined Capital vs Budget</b>	<b>3,660.8</b>	<b>2,853.1</b>	<b>807.7</b>	<b>22.1%</b>	<b>4,874.1</b>	<b>4,708.4</b>	<b>165.7</b>	<b>3.4%</b>

- To month 10 the NHS has spent £2.9bn on capital, compared to £2.7bn at the same point last year. Against the Capital Departmental Expenditure Limit the NHS is currently forecasting an underspend of £166m.

APPENDIX A

COMMISSIONER FINANCIAL PERFORMANCE  
Summary of Expenditure by Area of Commissioning

Net Expenditure	Year to Date Net Expenditure				Forecast Net Expenditure			
	Plan	Actual	Under/(over) spend		Plan	Actual	Under/(over) spend	
	£m	£m	£m	%	£m	£m	£m	%
<b>Clinical Commissioning Groups</b>								
London	11,902.5	11,913.8	(11.3)	(0.1)%	14,360.6	14,365.1	(4.4)	(0.0)%
Midlands	13,577.1	13,729.2	(152.0)	(1.1)%	16,386.0	16,522.9	(137.0)	(0.8)%
East of England	8,141.7	8,134.9	6.8	0.1%	9,837.8	9,823.7	14.1	0.1%
North West	10,253.8	10,358.6	(104.7)	(1.0)%	12,315.7	12,421.1	(105.4)	(0.9)%
North East and Yorkshire	11,971.8	11,962.3	9.5	0.1%	14,489.8	14,482.3	7.5	0.1%
South East	11,181.9	11,248.8	(66.9)	(0.6)%	13,496.0	13,585.8	(89.7)	(0.7)%
South West	7,156.7	7,223.9	(67.2)	(0.9)%	8,591.0	8,676.0	(85.1)	(1.0)%
Commissioner Sustainability Fund	0.0	0.0	0.0	0.0%	0.0	0.0	0.0	0.0%
Quality Premium / Other Central CCG	0.0	0.0	0.0	0.0%	2.3	5.6	(3.3)	(147.6)%
<b>Total Local</b>	<b>74,185.7</b>	<b>74,571.5</b>	<b>(385.9)</b>	<b>(0.5)%</b>	<b>89,479.2</b>	<b>89,882.6</b>	<b>(403.4)</b>	<b>(0.5)%</b>
<b>Direct Commissioning</b>								
Specialised Commissioning	15,357.9	15,256.5	101.4	0.7%	18,878.2	18,757.3	120.9	0.6%
Armed Forces	57.1	57.1	0.0	0.0%	76.9	76.9	0.0	0.0%
Health and Justice	514.3	511.6	2.8	0.5%	628.5	623.5	5.0	0.8%
Primary Care & Secondary Dental	4,308.9	4,266.2	42.6	1.0%	5,268.5	5,209.4	59.2	1.1%
Public Health	948.6	938.5	10.1	1.1%	1,165.8	1,153.8	12.0	1.0%
<b>Total Direct Commissioning</b>	<b>21,186.7</b>	<b>21,029.8</b>	<b>156.9</b>	<b>0.7%</b>	<b>26,017.9</b>	<b>25,820.8</b>	<b>197.1</b>	<b>0.8%</b>
<b>Other (excluding Technical)</b>								
NHS England Running Costs	492.8	453.3	39.6	8.0%	613.9	566.3	47.6	7.8%
NHS England Central Programme Costs	4,327.3	4,245.7	81.6	1.9%	6,786.3	6,661.7	124.6	1.8%
CSUs	16.2	8.9	7.3	45.1%	16.2	16.2	(0.0)	(0.0)%
Legacy	0.0	(0.1)	0.1	100.0%	15.0	11.1	3.9	26.1%
Other	1.3	(0.0)	1.3	101.2%	811.6	335.5	476.1	58.7%
Movement on Central Cumulative underspend / (deficit)	0.0	0.0	0.0	0.0%	0.0	0.0	0.0	0.0%
<b>Total Other (excluding Technical)</b>	<b>4,837.7</b>	<b>4,707.8</b>	<b>129.8</b>	<b>2.7%</b>	<b>8,243.1</b>	<b>7,590.8</b>	<b>652.2</b>	<b>7.9%</b>
<b>Sub Total (Excluding Central Technical &amp; AME)</b>	<b>100,210.1</b>	<b>100,309.2</b>	<b>(99.1)</b>	<b>(0.1)%</b>	<b>123,740.2</b>	<b>123,294.2</b>	<b>445.9</b>	<b>0.4%</b>
<b>Other (including Technical)</b>								
AME	83.3	3.1	80.2	96.2%	100.0	2.5	97.5	97.5%
Technical	(3.3)	(4.6)	1.3	39.2%	151.3	45.6	105.7	69.8%
<b>Total Other (including Technical)</b>	<b>80.0</b>	<b>(1.5)</b>	<b>81.5</b>	<b>101.9%</b>	<b>251.3</b>	<b>48.1</b>	<b>203.2</b>	<b>80.9%</b>
<b>Executive Summary Total Net Expenditure</b>	<b>100,290.1</b>	<b>100,307.7</b>	<b>(17.6)</b>	<b>(0.0)%</b>	<b>123,991.5</b>	<b>123,342.3</b>	<b>649.2</b>	<b>0.5%</b>
Remove AME/ Technical items	(25.5)	5.8	(31.2)		(48.7)	2.5	(51.1)	
<b>Total RDEL spend</b>	<b>100,184.6</b>	<b>100,314.9</b>	<b>(130.3)</b>	<b>(0.1)%</b>	<b>123,691.5</b>	<b>123,296.7</b>	<b>394.8</b>	<b>0.3%</b>
Remove ring-fenced (under)/over spend	(142.5)	(126.0)	(16.5)		(171.0)	(150.3)	(20.8)	
<b>Total non-ring-fenced RDEL spend</b>	<b>100,042.1</b>	<b>100,188.9</b>	<b>(146.8)</b>	<b>(0.1)%</b>	<b>123,520.5</b>	<b>123,146.4</b>	<b>374.1</b>	<b>0.3%</b>

**PROVIDER FINANCIAL PERFORMANCE**  
**Financial performance overview by sector**

Adjusted Financial Position - Surplus / (Deficit) - by Sector	No of Providers	Surplus / (Deficit) including PSF,FRF & MRET					
		Year to Date Net Expenditure			Forecast Outturn		
		Plan £m	Actual £m	Variance £m	Plan £m	Actual £m	Variance £m
Acute	130	(767.7)	(1,458.0)	(690.2)	(560.7)	(1,376.1)	(815.3)
Ambulance	10	11.7	6.6	(5.1)	11.2	5.5	(5.7)
Community	16	20.6	26.0	5.4	28.6	32.8	4.2
Mental Health	53	78.3	9.3	(69.0)	125.2	48.0	(77.3)
Specialist	17	22.3	8.7	(13.6)	33.6	18.8	(14.7)
<b>Adjusted Financial Position - Surplus / (Deficit)</b>	<b>226</b>	<b>(634.8)</b>	<b>(1,407.4)</b>	<b>(772.6)</b>	<b>(362.2)</b>	<b>(1,271.0)</b>	<b>(908.8)</b>
Technical adjustments incl. uncommitted PSF, FRF & MRET		62.1	392.9	330.8	80.4	466.2	385.8
<b>Sector Adjusted Financial Position - Surplus / (Deficit)</b>		<b>(572.7)</b>	<b>(1,014.5)</b>	<b>(441.8)</b>	<b>(281.8)</b>	<b>(804.8)</b>	<b>(523.0)</b>

**PROVIDER FINANCIAL PERFORMANCE**  
**Financial performance overview - income and expenditure**

Financial Performance by Income and Expenditure	Year to Date Net Expenditure			Forecast Outturn		
	Plan	Actual	Under / (over) spend	Plan	Actual	Under / (over) spend
	£m	£m	£m	£m	£m	£m
Patient Care Income from CCGS & NHSE	62,174.9	62,781.2	606.3	74,569.7	75,168.2	598.5
Other Patient Care Income	3,488.3	3,647.0	158.6	4,208.2	4,513.1	304.8
Other Operating Income excluding PSF, FRF & MRET	6,690.4	6,973.6	283.3	8,091.4	8,370.7	279.3
<b>Total Income (excluding PSF, FRF &amp; MRET)</b>	<b>72,353.6</b>	<b>73,401.8</b>	<b>1,048.2</b>	<b>86,869.3</b>	<b>88,051.9</b>	<b>1,182.6</b>
Agency	(1,745.1)	(1,969.0)	(223.9)	(2,077.1)	(2,365.8)	(288.6)
Pay excluding Agency	(45,804.9)	(46,430.2)	(625.3)	(54,930.5)	(55,629.5)	(699.0)
<b>Total Pay</b>	<b>(47,550.0)</b>	<b>(48,399.2)</b>	<b>(849.2)</b>	<b>(57,007.6)</b>	<b>(57,995.2)</b>	<b>(987.7)</b>
Non Pay	(26,031.3)	(26,732.2)	(700.9)	(31,107.4)	(31,915.2)	(807.8)
Gains on disposals of assets	68.2	30.1	(38.1)	72.2	43.1	(29.1)
Other non operating items	(1,543.5)	(1,467.1)	76.4	(1,848.5)	(1,751.4)	97.1
<b>Total Expenditure</b>	<b>(75,056.6)</b>	<b>(76,568.4)</b>	<b>(1,511.8)</b>	<b>(89,891.3)</b>	<b>(91,618.8)</b>	<b>(1,727.5)</b>
<b>Adjusted financial performance excluding PSF, FRF &amp; MRET</b>	<b>(2,703.0)</b>	<b>(3,166.6)</b>	<b>(463.7)</b>	<b>(3,022.0)</b>	<b>(3,566.9)</b>	<b>(544.9)</b>
PSF, FRF & MRET in Providers position	2,068.2	1,759.2	(309.0)	2,659.8	2,295.9	(363.9)
<b>Adjusted financial performance including PSF, FRF &amp; MRET in Providers</b>	<b>(634.8)</b>	<b>(1,407.4)</b>	<b>(772.6)</b>	<b>(362.2)</b>	<b>(1,271.0)</b>	<b>(908.8)</b>
Technical adjustments incl. uncommitted PSF, FRF & MRET	62.1	392.9	330.8	80.4	466.2	385.8
<b>Sector Adjusted Financial Position</b>	<b>(572.7)</b>	<b>(1,014.5)</b>	<b>(441.8)</b>	<b>(281.8)</b>	<b>(804.8)</b>	<b>(523.0)</b>