



Leicestershire Partnership
NHS Trust

Phase 3 Draft Financial Plan

Trust Board 27th October 2020



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SYSTEM FINANCIAL PLAN

Financial Gap

£36.9m

- UHL £32.4m
- LPT £1.4m
- CCGs £3.1m

Finance – System

Allocations held & managed by LLR STP:

Covid funding - £40,000k

Growth funding - £10,191k

Top up funding - £61,960k

Total LLR STP month 7-12 funding - £882,087k + income assumptions of £190,334k = **£1,072,41k**

Each system must set out plans to deliver its Phase 3 recovery and activity requirements and achieve financial balance within this envelope. Whilst systems will be expected to breakeven, organisations within them will be permitted by mutual agreement across their system to deliver surplus and deficit positions.

LPT costs summary

LPT values based on 20/21 actuals to month 5 & forecast to year end:

Expenditure forecast to month 6 - £149m

Expenditure forecast month 7 -12 - £165m (increase of £17m over m1-6 baseline)

NHSI notified value:

NHSI notified expenditure month 7 -12 - £146m*

*NHSI value based on m8-10 19/20 average

LPT income summary month 7-12

Income stratification:			
Baseline	144,580	agreed	
covid	6,258	agreed	
MHIS	4,727	agreed	
System top up	944	agreed	
Income assumption adjustment	-4,850		
	151,659		
SDF funds	1,186	provisionally agreed	
NHSE funds	868	not clear how funds will flow even though assurances given	
Provider funds transfer	1,635	agreement on funds transfer outstanding	
Total	155,348		

Finance – LPT source & application of funds

	Cost	funded	source	Status	(gap)/gain	solution/comment
Baseline	-145,195	144,580	NHSI block	confirmed	-615	
Service transfers / FYE CVs	-1,655	1,460	Notts/UHL	outstanding	-195	19/20 fye CVs - assumed in baseline funding
MH Transformation schemes re Liaison & Diversion & Core 24	-1,340	425	SDF funding	confirmed	-915	Crisis funds funded at £110k instead of £1m.
MHIS	-4,683	4,727	MHIS	confirmed	43	
Covid recovery - FYPC & LD vacancies	-4,846	6,258	System fixed	confirmed	1,412	to offset restoration/recovery etc
	-270	0			-270	allocate to covid fund
backlog/access schemes - community paed & audiology	-174	0	no funding		-174	LPT choice to fund community paed backlog & audiology backlog. Gap drives deficit
winter schemes - Hampton Suite	-175	175	UHL	outstanding	0	
Restoration - Wakerley ward	-492	0			-492	allocate to covid fund
20/21 Growth schemes	-960	354	SDF funding for LD confirmed	confirmed	-606	Costs for LD (£354K), CINNS (£198K) & LD outreach (£408k). Gap drives deficit
Ageing Well	-670	81	SDF funding	confirmed	-589	Accelerator funding outstanding - not clear what mechanism is for funds flow. Gap drives deficit
Imms and Vacs new contract	-622	622	NHSE stated funds will flow	outstanding	0	Not clear what NHSE mechanism is for funds flow
NHSE other (Liaison & Diversion)	-246	246	NHSE stated funds will flow	outstanding	0	Not clear what NHSE mechanism is for funds flow
Mental Health Support Teams	-326	326	SDF funding	confirmed	0	
LPT cost pressure/internal investment	-3,638	0			-3,638	Cost pressures highlighted separately
NHSI income assumptions (not in LPT plan)		-4,850			-4,850	
					0	
Total cost m7-12	-165,292	154,404		surplus (deficit)	-10,888	

Cost pressures in plan – above baseline funding

Scheme	Value
CAMHS Outpatients / Neurodevelopment pressure (total £2.2m 20/21)	-600
Diana - room rental for resming training	-25
Medic to address IHA backlog	-68
End of Life - c £730k (20 WTEs) - not agreed yet	-195
SCPHN Training, 0-19 (DMU Course fees)	-54
SCPHN Salary costs, 0-19 (one year) 9 x posts	-77
new CAMHS Inpatient service estates cost	-300
Estates compliance	-175
Enabling - new costs - ET	-84
Enabling - new costs - Additional posts Quality Directorate - Pats Safety, Safeguarding, Quality Accreditation Matron,	-312
Enabling - new costs - Procurement PPE team	-108
Enabling - new costs - NHSLA contributions	-160
Enabling - new costs - Consultancy and new PMO posts	-150
Enabling - new costs - Clinical Audit software	-10
Bosworth ward reopen in MH from M10	-315
Out of Area spend above baseline assumption	-400
Agency costs increase above baseline assumption	-500
Estates FM transition costs	-30
Estates FM transition costs	-75
	-3,638

Proposed solutions to gap

Net position	
surplus/(deficit)	-10,888
Remove additional agency assumption	500
Remove additional OOA assumption	400
Fund CAMHS from MHS slippage/Reduce spend	600
EOL - only proceed if funded	200
Increase non NHS income assumption closer to NHSI assumption	1,000
Bosworth - reduce costs s/be in baseline	315
System top up funding	944
Reduce m7-12 baseline spend by 2%	3,432
utilise baseline reserves	2,128
Revised net position	-1,369

Causes of revised deficit position

scheme	value	Rationale for inclusion in plan
Growth Bid (20/21) CINNS	-198	Trust strategic priority re wait times
County Community Paeds backlog	-140	CCG agreed, funding needs to flow
Growth Bid (20/21) LD Outreach	-408	Trust strategic priority
Audiology - addressing backlog	-34	Trust strategic priority re wait times
Ageing well shortfall	-589	Scheme agreed, funding needs to flow
Total	-1,369	

Outstanding schemes not in plan

Scheme	Value
Growth Bid (20/21) - Continence service	-90
Growth Bid (20/21) - Therapy backlog	-90
Growth Bid (20/21) LD Rehab beds	-192
SLT - address backlog due to COVID	-55
Physio - address backlog due to COVID	-20
Total	-447

Statutory Duty delivery

- In year Income & Expenditure break even X
- Cumulative Income & Expenditure break even¹ ✓
- Remain within Capital Resource Limit (CRL) ✓
- Achieve the Capital Cost Absorption duty ✓
- Remain with the External Financing Limit (EFL) ✓

¹ Paragraph 2(1) of Schedule 5 to the National Health Service Act 2006 states:

"Each NHS trust must ensure that its revenue is not less than sufficient, taking one financial year with another, to meet outgoings properly chargeable to [the] revenue account."

This is known as the breakeven duty.

The Department of Health and Social Care has agreed with HM Treasury that the breakeven duty will be assumed to have been met if expenditure is covered by income over a three year period. The Department of Health and Social Care, HM Treasury and the National Audit Office previously agreed that the breakeven duty will be assumed to have been met if the breakeven cumulative net deficit is less than or equal to 0.5% of the turnover of the reporting year.

The LPT 20/21 forecast deficit is 0.45% of 20/21 planned turnover, and the 3 year position from 2018/19 is still a surplus.

The key for LPT will be to plan for recovery of the deficit in 21/22 & 22/23's plans.

Risks & mitigations

Risks	Mitigation
MH SDF funds don't flow as expected	Don't start schemes until firm funding agreed
Ageing well SDF funds don't flow as expected	Agree mitigation with system - service being delivered as agreed
Non NHS income assumption doesn't materialise	agree mitigation with NHSI (per guidance)
Provider funds transfer don't flow as expected	Agree mitigation with system - services being delivered as agreed
NHSE funds don't flow as expected	Agree mitigation with system - services being delivered as agreed
Covid costs exceed allocation	Phase 3 covid cost approval process
Run rate exceeds forecast	Monthly monitoring & management against revised budgets
MHIS material slippage	Agree plans for non recurrent investment in MH specific initiatives
Recruitment impacts on ability to deliver financial & activity plans	Likely to remain as risk, bank/agency use can mitigate to some extent
Winter/covid/EU exit impacts on delivery greater than planned	Agree mitigations with system, manage via ICC utilising existing LPT plans
NHSI acceptance of system plan	Manage approach as a system; define clarity re LPT risk appetite
Recurrent position into 21/22 not modelled	Start modelling costs now, factor in income when contracting environment known

Mental Health Investment Standard

- LPT MHIS additional schemes value 20/21 - £6.4m
- CCG total spend on MHIS – £163m – achieved target (overshoot by £643k)
- CCG provided reconciliation of 19/20 to 20/21 spend by provider to ensure clarity over total MHIS delivery & check back to LPT's list of investment in specific schemes.
- LPT MH year on year CCG income increased by 7% (including MHF transfers)
- Monthly reconciliation meeting will monitor delivery

Finance guidance

Phase 3 NHSI Guidance includes:

Block contract remains in place

Contractual penalties remain suspended

Non Contract Activity invoicing remains suspended

Assumes Non NHS invoicing resumed & delivered at 19/20 levels

PDC is not payable on COVID-19 capital

PDC rate under review (currently 3.5%)

Cash continues to flow a month in advance, but is being reviewed

Continued push on prompt payment of invoices

Block payment includes CQUIN funding

PPE will continue to be procured nationally, funded and overseen by DHSC. NHS organisations should continue to utilise national reserves