

Governing Body

23 November 2016

Details	Part 1	x	Part 2		Agenda Item No.	11a
Title of Paper:	Finance Report Month 7					
Board Member:	M Woodhead, Interim Chief Finance Officer					
Author:	Finance Team					
Presenter:	M Woodhead, Interim Chief Finance Officer					
Please indicate:	For Decision		For Information		For Discussion	x

Executive Summary

Summary	<p>1. The CCG is showing a year-to-date adverse variance to plan of £0.53m – a slight improvement on month 6 (£0.63m). The position includes the recognition that £3.5m of the QIPP target will not be achieved this year. We have identified some realistic mitigations including the release of the £1.4m contingency that means we are still forecasting to achieve our 1% surplus for the year.</p> <p>2. The net risk is maintained at £nil at month 7.</p> <p>3. The main risks to achieving our forecast outturn are:</p> <ul style="list-style-type: none"> o Acute activity pressures (circa £0.3m) o GM primary care residual pressure (circa £0.1m) o Prescribing costs price increases (circa £0.3m) <p>4. We are confident that we have sufficient mitigations available to us to manage these risks, including:</p> <ul style="list-style-type: none"> o Under achievement of LES (forecast full achievement) (circa £0.2m) o Other, including additional Quality Premium Payment, contract and budget underspends (£0.5m) <p>5. The 2016/17 year end settlement with Pennine Acute Hospitals Trust has now been agreed, however the discussions to agree a way to progress securing additional funding into the economy and the associated risks are on-going to determine whether 'plan B' (which has been discussed in previous reports) will crystallise. 'Plan B' has been included within the forecast outturn.</p>					
Risk	High		Medium	X	Low	
	As identified in section 1.2					
Recommendations	Governing Body is asked to note the contents of the report and the risks identified to the delivery of the 2016/17 financial position.					

Strategic themes

To deliver improved outcomes and reduce health inequalities for patients through better preventative strategies	x
To deliver service re-design in priority areas through innovation	x
To develop primary care to become excellent and high performing commissioners	
To develop the CCG leadership to work with the Local Authority to be excellent integrated commissioners	

To develop robust and effective working relationships with all stakeholders and partners to drive integrated commissioning			
To deliver long term financial sustainability through effective commissioning and innovative investment across the wider system			x
To develop and influence the provider landscape through development of a Locality Care Organisation (LCO)			
Equality Analysis Assessed?	N/A	Supports NHS Bury CCG Governance arrangements	x

1. Overview

1.1. Financial Performance

The CCG is showing a year to date (YTD) surplus of £0.97m which is an adverse variance of £0.53m against plan (see table 1 below). This is predominantly due to under-delivery of the £5.5m Quality, Innovation, Productivity and Prevention (QIPP) target. A number of financial mitigations have been identified to support the reported forecast delivery of the planned 1% surplus for 2016/17.

Table 1: Summary Position - Financial performance for the period ending 31st October 2016

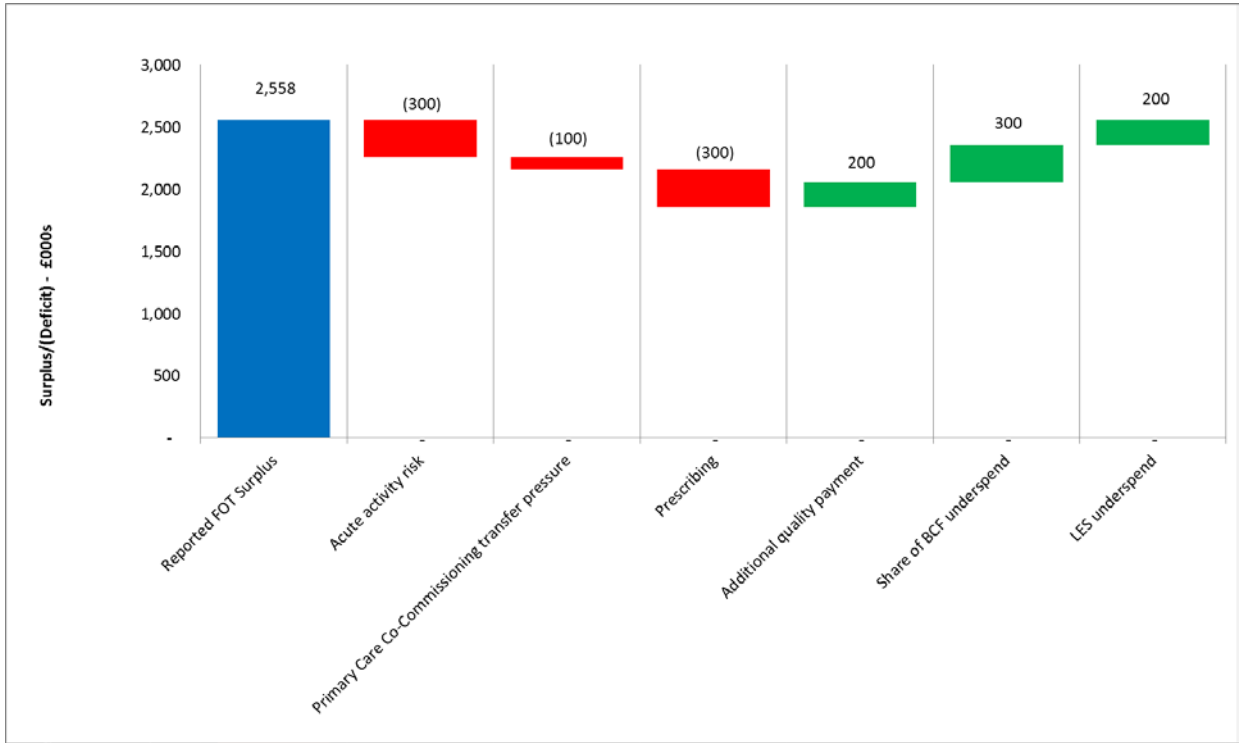
	YTD Budget	YTD Actual	YTD Variance	Annual Budget	Forecast Outturn	Forecast Variance
	£000s	£000s	£000s	£000s	£000s	£000s
Allocation	(159,239)	(159,239)	-	(278,974)	(278,974)	-
Programme						
Acute	79,070	79,687	617	135,388	137,084	1,696
CHC	6,576	6,600	24	11,399	11,668	269
Community	14,714	14,727	13	25,255	25,303	49
Mental Health	14,453	14,364	(88)	25,036	24,817	(219)
Other	4,857	4,920	63	8,350	8,451	101
Primary	35,856	35,582	(274)	61,785	61,520	(265)
Unallocated QIPP	(1,358)	-	1,358	(2,935)	0	2,935
Total Programme	154,168	155,881	1,712	264,278	268,842	4,564
Running costs	2,393	2,393	0	4,189	4,189	0
Total Expenditure	156,562	158,274	1,712	268,467	273,031	4,564
Reserves	1,185	-	(1,185)	7,949	3,385	(4,564)
(Surplus)/Deficit	(1,492)	(965)	527	(2,558)	(2,558)	0

1.2. Financial Risk

The CCG is required to assess and report financial risk and mitigations to NHS England (NHSE) on a monthly basis. The key risk for the CCG was the under-delivery of the QIPP target in year. Further QIPP balances have been confirmed in month leaving a residual shortfall of circa £3.5m.

No further significant risks have emerged since those reported at month 6. Work is on-going to ensure that identified mitigations are crystallised. A summary of this reported assessment is outlined in figure 1 below.

Figure 1: Reported risks and mitigations to the forecast planned surplus (1%)



1.3. Quality, Innovation, Productivity and Prevention (QIPP)

At month 7 a significant level of the QIPP target remains unidentified or high risk (see figure 2 and 3 below). See section 1.2 above.

Figure 2: QIPP target financial delivery at month 7

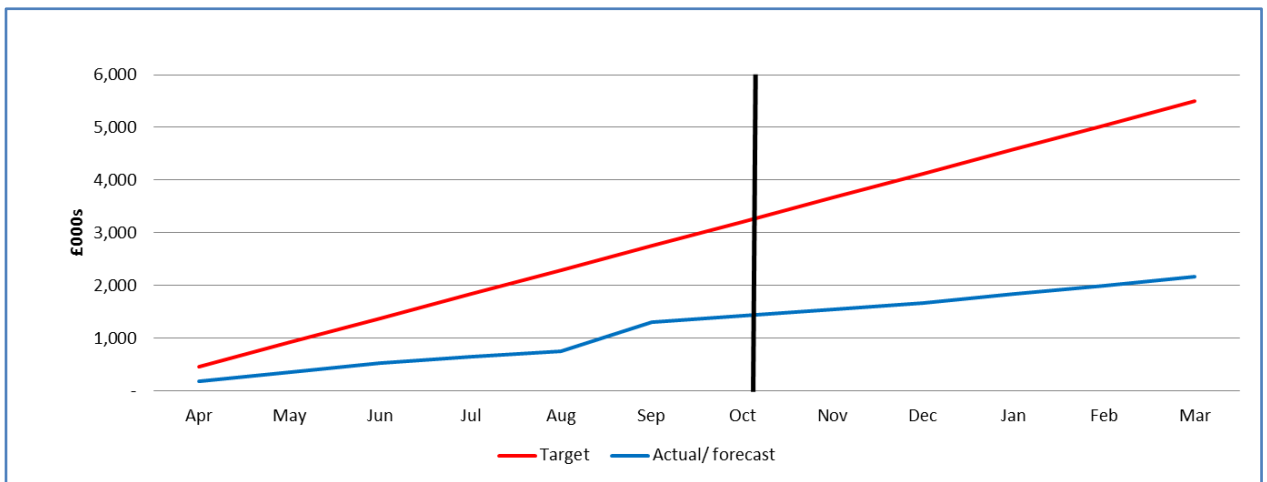
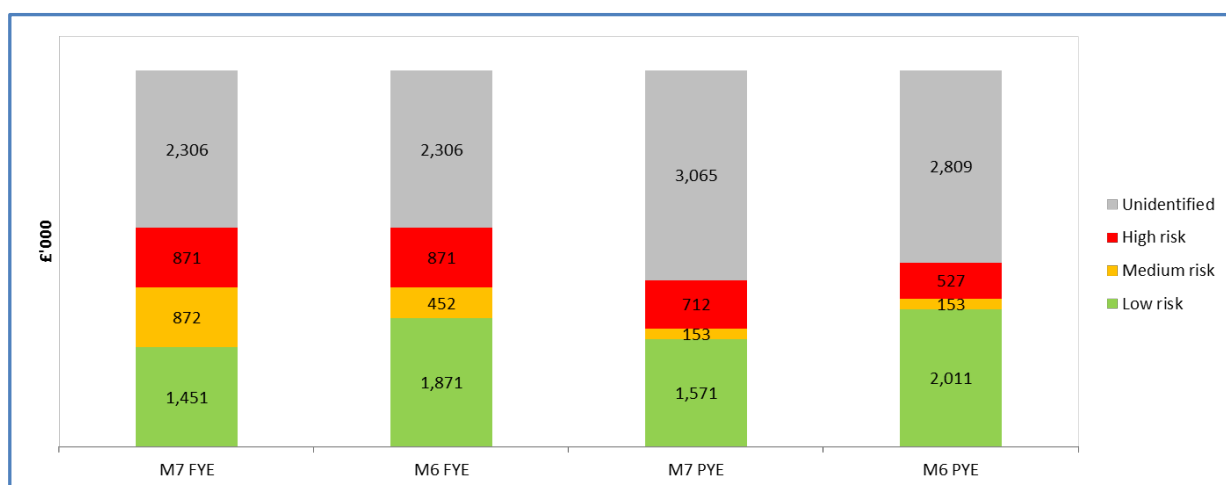


Figure 3: QIPP target financial delivery breakdown at month 7



2. Financial position analysis

2.1 Acute contracts

The YTD adverse variance across all acute contracts is £0.62m. The adverse YTD performance issues relate to continued increases in activity at Central Manchester Foundation Trust (CMFT) and Salford Royal Foundation Trust (SRFT). There has also been an increase in the level of non-contracted activity (NCA's).

Table 2 below outlines key variances across summary points of delivery based on Month 6 SLAM data pro rata to month 7, with highlights noted in the commentary below.

Table 2: Variance analysis (all NHS Acute providers) by summary point of delivery

	Variance (Favorable)/ Adverse £000's
A&E	175
Critical care	540
Elective (Including excess bed days)	(896)
Non-elective (Including excess bed days)	614
Other	(344)
Outpatient	100
Grand Total	189

(Note: Table 2 represents the YTD variance with all acute contracts. Table 1 shows a total variance of £617k which includes the YTD variance for all acute sections including planned care, ambulance services, NCA, QIPP and CATs. The key element contributing to the gap between variances is the under delivery of QIPP (£545k)

Scheduled care activity (day cases, elective and outpatients) continues to under spend at month 7. Part of the year end settlement agreement letter stipulates that the Provider is expected to deliver RTT and other constitutional standards within the agreed financial settlement which is being monitored through contract meetings.

Non elective & A&E activity is over spending at month 7. NWAS are reporting a 7% increase in emergency services activity, which is contributing to increases in A&E and non-elective activity together with a small number of one off high cost patients.

Critical care activity is over spending at month 7. This is an area which requires a high level of estimation. The first 4 months have seen a particularly high level of critical care patients at PAHT with three patients being above £50k in expenditure. Over performance on critical care has significantly reduced in the last 2 months coming in line with CCG forecasts.

Other activity is under spending at month 7 which is predominantly related to rehabilitation services following a clinical review in the latter part of 2015/16.

Unachieved QIPP has been recognised within the Table two to show the difference in contractual performance and reported financial variances within table 1. This has been added to show the growing differences between QIPP and contractual position

2.2 Summary of Non-Acute Contracts Financial Position

The YTD position across all non-acute contracts is summarised in table 3 below together with the under spend anticipated at forecast outturn (adverse variance of £0.2m).

Table 3: Summary of non-acute contracts financial position at month 7

	YTD Budget £000s	YTD Actual £000s	YTD Variance £000s	Annual Budget £000s	Forecast Outturn £000s	Forecast Variance £000s
CHC	6,576	6,600	24	11,399	11,668	269
Community	14,714	14,727	13	25,255	25,303	49
Mental Health	14,453	14,364	(88)	25,036	24,817	(219)
Other	4,857	4,920	63	8,350	8,451	101
Total Other Healthcare	40,600	40,612	12	70,040	70,239	199

2.2.1 Continuing Health Care and Funded Nursing Care (CHC and FNC)

During month 7 a full review of the CHC and FNC database has been conducted. A complex case review of a child has had a significant adverse impact on year to date costs, and the impact of a new PHB patient starting in November has adversely affected the forecast outturn. The child is being reviewed again in month 8 which will provide a more reliable estimate of future cost.

The adverse forecast outturn suggests that QIPP balances will not be achieved. Further work will be completed in month to determine a reduction in QIPP delivery is required.

2.2.2 Community Services

Budgets are broadly in balance at month 7 although a minor adverse overspend of £0.05m is currently forecast. There remain no key issues or risks to report at month 7.

2.2.3 Better Care Fund

The YTD position and forecast outturn for the Better Care Fund in the reported position currently reflects the full planned CCG contribution (£12.188m) to be paid to the Local Authority as host of the pooled fund. At this stage any potential scheme underspends are not reflected in the CCG position. Replacement

schemes are currently being developed by the CCG which could utilise the current pooled fund underspends relating to integrated locality team schemes.

2.2.4 Mental Health

There is a minor YTD underspend at month 7 and a forecast outturn variance of £0.2m underspend at year end largely as a result of underspends on mental health out of area placements and s117 costs. There are no key issues or risks to report at month 7, although members should note the volatility of this budget.

2.2.5 Other

There are no key issues or risks to report at month 7.

2.3 Summary of Commissioning Primary Care Financial Position

The YTD favourable variance across all primary care commissioning of £0.274m is summarised in table 4 below together with the under spend anticipated at forecast outturn (favourable variance of £0.265m).

Table 4: Summary of Primary Care Commissioning financial position at month 7

	YTD Budget £000s	YTD Actual £000s	YTD Variance £000s	Annual Budget £000s	Forecast Outturn £000s	Forecast Variance £000s
Central Drugs	537	489	(48)	926	848	(78)
Local Enhanced Services	1,200	1,162	(38)	2,231	2,171	(60)
Medicines Management - Clinical	207	195	(13)	355	329	(26)
Out of Hours	964	924	(39)	1,652	1,588	(64)
Home Oxygen	130	155	25	222	265	43
Prescribing	17,845	17,714	(131)	30,747	30,569	(179)
Primary Care Co-commissioning	14,975	14,943	(32)	25,651	25,750	99
Primary Care Total	35,856	35,582	(274)	61,785	61,520	(265)

2.3.1 Prescribing

The YTD position for Prescribing is based on 5 months confirmed activity and 2 months estimate based on PPA forecasted profiled spend. The forecast position is based on PPA forecasted spend and includes an additional expected cost to reflect the uptake of a Heart Failure Drug which costs are expected to materialise starting from next month. The revised QIPP target of £1.35m to be delivered across prescribing is being achieved at month 7.

2.3.2 Primary Care Co-Commissioning

There is currently an aggregated forecast overspend across primary care delegated co-commissioning budgets of £0.1m. The CCG has received an additional allocation of £0.51m which mitigates the majority of the current year pressure arising when budgets were delegated. The recurrent position will be assessed during the planning process with the NHS England central team.

3 Balance sheet

Two key targets that are monitored relating to the balance sheet as follows;

Better Payment Practice Code (BPPC) – monitoring of the timeliness of payments to suppliers. YTD the CCG has achieved this target (95%).

Cash held – YTD the CCG has achieved this target (maximum balance less than 1.25% of the monthly drawdown).

4 Recommendation

Finance Committee is asked to note the contents of the report and the risks identified to the delivery of the financial position.