

Governing Body

25 January 2017

Details	Part 1	✓	Part 2		Agenda Item No.	10
Title of Paper:	Finance and Procurement Committee Report					
Board Member:	Mike Woodhead, Interim Chief Finance Officer					
Author:	Finance Team					
Presenter:	Mike Woodhead, Interim Chief Finance Officer					
Please indicate:	For Decision		For Information		For Discussion	✓

Executive Summary

Summary	<ol style="list-style-type: none"> The CCG is reporting a year-to-date on plan position at month 9. The position includes the recognition that £3.8m of the QIPP target will not be achieved this year. QIPP under-achievement has been mitigated non-recurrently, as previously reported, allowing the CCG to forecast achievement of our 1% planned surplus for the year. The net risk is maintained at £nil at month 9. The main risks to achieving our forecast outturn are: <ul style="list-style-type: none"> Further acute activity pressures (circa £0.15m) Prescribing costs price increases (circa £0.15m) We are confident that we have sufficient mitigations available to us to manage these risks. 					
Risk	High		Medium		Low	✓
	Please indicate above the overall level of risk associated with the paper then state here what the risks are and how this paper aims to address them. If the above summary itself is around managing risk etc. state "Included in Summary". NB Risks can include failure to act and lost opportunities.					
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	
To deliver service re-design in priority areas through innovation	✓
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			
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	✓

Finance Report Month 9

1. Overview

1.1. Financial Performance

The CCG is showing a year to date (YTD) surplus of £1.92m and a forecast outturn of £2.6m, which is in line with plan (see table 1 below).

Table 1: Summary Financial Performance for the Period Ending 31st December 2016

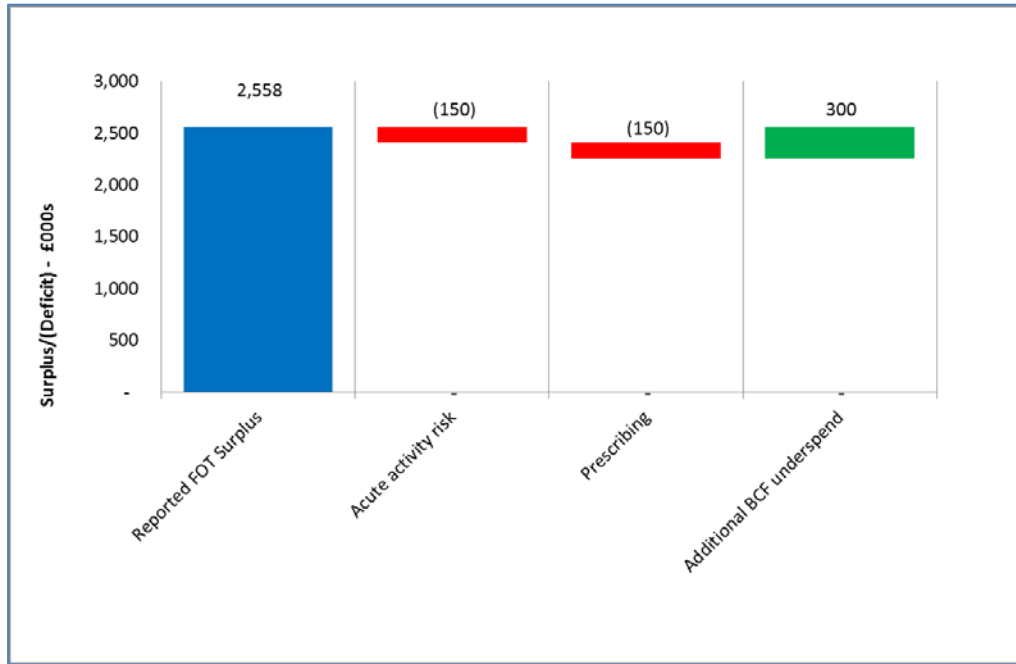
	YTD Budget	YTD Actual	YTD Variance	Annual Budget	Forecast Outturn	Forecast Variance
	£000s	£000s	£000s	£000s	£000s	£000s
Allocation	(205,819)	(205,819)	-	(281,797)	(281,797)	-
Programme						
Acute	101,911	102,683	771	137,254	138,519	1,265
CHC	8,705	8,957	252	11,599	11,953	354
Community	18,876	18,086	(790)	25,210	24,212	(997)
Mental Health	18,670	18,748	78	25,131	25,310	179
Other	7,413	6,411	(1,002)	9,857	8,529	(1,329)
Primary	46,342	45,905	(438)	61,785	61,360	(425)
Unallocated QIPP	(1,989)	-	1,989	(2,935)	(2,935)	-
Total Programme	199,929	200,790	861	267,901	266,948	(954)
Running costs	3,111	3,111	-	4,189	4,189	-
Total Expenditure	203,040	203,901	861	272,090	271,137	(954)
Reserves	861	-	(861)	7,149	8,102	953
(Surplus)/Deficit	(1,918)	(1,918)	-	(2,558)	(2,558)	-

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. The level of the QIPP target not delivered at month 9 is circa £3.8m. Mitigating balances have been confirmed to manage this risk, including the recognition of underspends on CCG BCF schemes.

No further significant risks have emerged since those reported at month 8. Work is ongoing to agree forecast outturn positions with providers and to ensure that any residual financial risk is identified and managed appropriately. A summary of this reported assessment is outlined in figure 1 below. The risk to the CCG of delivering the 2016/17 financial position is low.

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



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

At month 9 a significant level of the QIPP target remains unidentified (see figure 2 and 3 below), however the CCG has now mitigated this with a combination of reserves, contingency balances together with fortuitous non recurrent mitigations.

Figure 2: QIPP target financial delivery at month 9

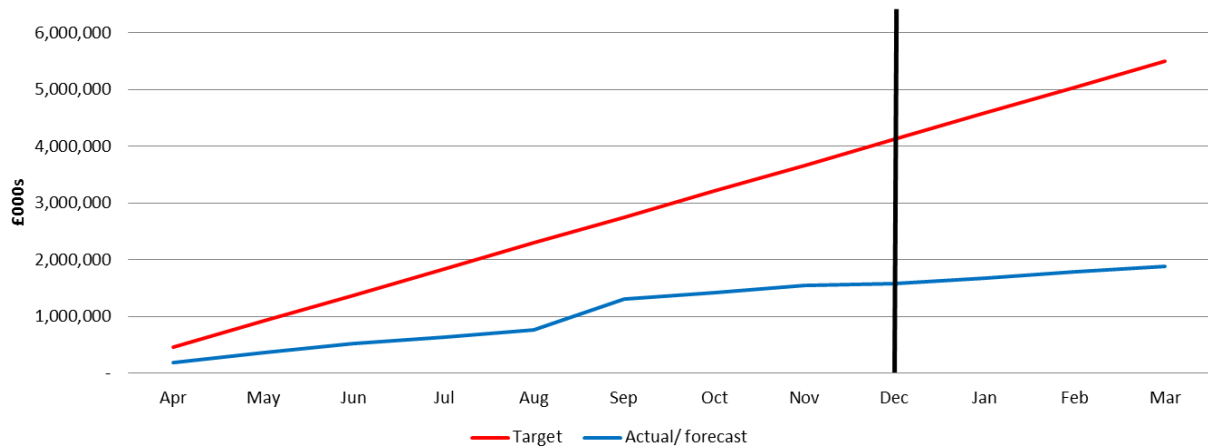
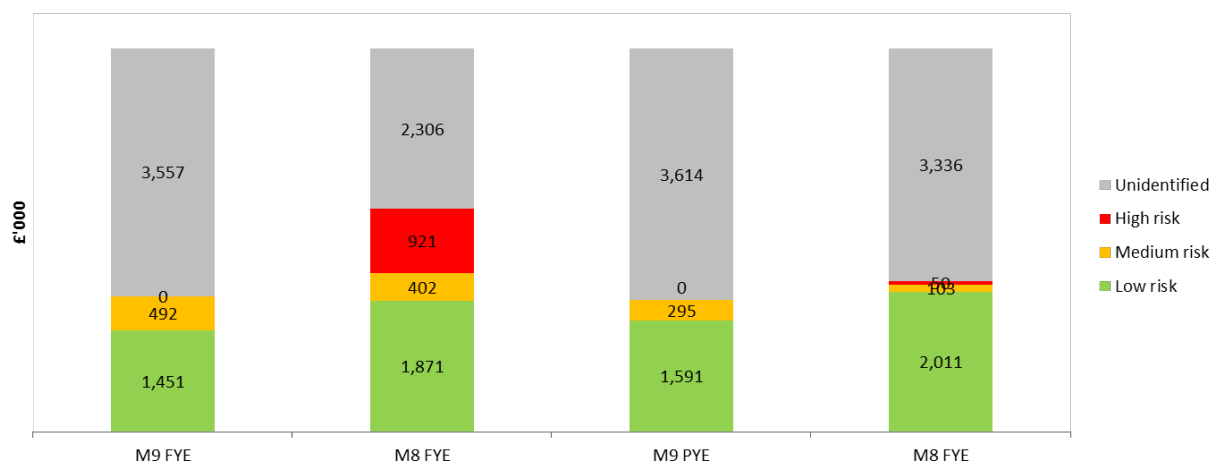


Figure 3: QIPP target financial delivery breakdown at month 9



The month 9 QIPP position is likely to remain static for the remainder of the year.

2. Financial position analysis

2.1 Acute contracts

The YTD adverse variance across all acute contracts is £0.77m. The adverse YTD variance has increased from month 8 (£0.26m). This is in part due to expected over performance within our associate contracts and unachieved QIPP (£0.17m).

Table 2 below outlines key variances across summary points of delivery based on Month 8 SLAM data pro rata to month 9, with highlights noted in the commentary below.

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

	Variance (Favourable) / Adverse £000's
A&E	211
Critical care	340
Elective (Including excess bed days)	(1,121)
Non-elective (Including excess bed days)	1,051
Other	(342)
Outpatient	(53)
Unachieved QIPP	677
Pennine Acute MRI & Gastro service	(176)
Grand Total	587

(Note: Table 2 represents the YTD variance with all acute contracts. Table 1 shows a total variance of £0.77m 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 (£0.68m)

2.1.1 Winter Resilience

An additional non-recurrent allocation of £1.5m was received in December on behalf of all North East Sector CCGs to extend some of the existing schemes in place to support system winter resilience, together with some additional support for the recent reduction in urgent care performance.

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 (favourable variance of £1.79m).

Table 3: Summary of non-acute contracts financial position at month 9

	YTD Budget £000s	YTD Actual £000s	YTD Variance £000s	Annual Budget £000s	Forecast Outturn £000s	Forecast Variance £000s
CHC	8,705	8,957	252	11,599	11,953	354-
Community	18,876	18,086	(790)	25,210	24,212	(997)
Mental Health	18,670	18,748	78	25,131	25,310	179
Other	7,413	6,411	(1,002)	9,857	8,529	(1,329)
Total Other He	53,664	52,203	(1,461)	71,797	70,004	(1,794)

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

The YTD adverse variance of £0.25m reflects an increase in activity levels, mainly re Fully Funded and Funded Nursing Care patients and also due to the payment of a back-dated claim. This has significantly impacted delivery of QIPP in this area, which has reduced from £420k to £66k (PYE).

2.2.2 Better Care Fund

At month 9 the potential scheme underspends are reflected in the CCG position (YTD £0.80m, forecasted outturn £1.0m). Further discussion is required with the Local Authority to agree the total level of scheme forecast underspend. This release of cost is predominantly shown within the Community cost centres.

2.2.3 Other

The YTD underspend of £1.0m at month 9 and a favourable forecast outturn variance of £1.3m is mainly due to the receipt of income from the Prime Ministers Challenge Fund and the additional quality premium allocation that the CCG has received in December of £0.5m. There are no key issues or risks to report at month 9. This additional income supports costs which are already planned and reflected in the financial position and forecast outturn.

2.3 Summary of Commissioning Primary Care Financial Position

The YTD favourable variance across all primary care commissioning of £0.44m is summarised in table 4 below together with the under spend anticipated at forecast outturn (favourable variance of £0.43m).

Table 4: Summary of Primary Care Commissioning financial position at month 9

	YTD Budget £000s	YTD Actual £000s	YTD Variance £000s	Annual Budget £000s	Forecast Outturn £000s	Forecast Variance £000s
Central Drugs	693	634	(59)	926	853	(73)
Local Enhanced Services	1,603	1,473	(130)	2,231	2,099	(132)
Medicines Management - Clinical	267	247	(20)	355	329	(26)
Out of Hours	1,239	1,208	(31)	1,652	1,598	(54)
Home Oxygen	167	195	29	222	259	37
Prescribing	23,122	22,949	(172)	30,747	30,569	(179)
Primary Care Co-commissioning	19,253	19,199	(54)	25,651	25,653	2
Primary Care Total	46,342	45,905	(438)	61,785	61,360	(425)

There are no key issues or risks to note.

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.

Appendix 1 Acute contracts further performance analysis at month 9

Table 5: Summary of Acute financial performance

Area	YTD Budget £000s	YTD Actual £000s	YTD Variance £000s	Annual Budget £000s	Forecast Outturn £000s	Forecast Variance £000s
Acute Commissioning - Trusts	90,512	90,743	231	120,583	121,067	484
Acute Commissioning - Other	2,940	3,267	326	3,920	4,289	369
Acute Commissioning - QIPP	(701)	(23)	677	(934)	(23)	911
Ambulance Services	5,302	5,291	(10)	7,069	7,099	30
CATs	648	271	(377)	814	378	(436)
High Cost Drugs	164	175	12	219	234	15
Maternity Services	247	251	4	330	333	4
NCAS/OATS	2,131	2,055	(76)	2,841	2,749	(93)
Planned Care	240	226	(15)	320	300	(20)
Winter Resilience	428	428	(0)	2,092	2,092	0
Total	101,911	102,683	771	137,254	138,519	1,265