

Meeting: Governing Body (Public Meeting)			
Meeting Date	28 November 2018	Action	Consider
Item No.	11b	Confidential	No
Title	Finance Report Month 7		
Presented By	Mike Woodhead, Chief Finance Officer		
Author	Finance Team		
Clinical Lead	-		

Executive Summary

The CCG financial plan for 2018/19 delivers the control total set by NHS England (NHSE), which is a breakeven position prior to the addition of historic surpluses (£6.95m). The CCG is not able to utilise historic surpluses without approval from NHSE.

The CCG financial position to month 7 is on plan.

Key points in the month 7 forecast outturn position are as follows;

- The Pennine Acute Hospitals Trust (PAHT) contract shows a forecast underspend of £0.8m predominantly related to reduced activity in scheduled care (previously £1.1m in M6). Although non-elective activity is above the contracted cap the forecasted over performance has reduced in month 7.
- Mental health services are forecast to be overspent by £1m, which largely relates to cost of additional beds required for Bury service users.
- Primary care services are forecast to be overspent by £243k primarily due to prescribing costs within GP surgeries.
- The forecast position assumes delivery of the £8.5m QIPP (£4.3m identified schemes, £2.2m crystalised non-recurrent mitigations and £2.4m anticipated non-recurrent mitigations). The assessed risk to the delivery of the £8.5m target is £3.4m. Work is ongoing to crystalise and identify mitigating items.
- The CCG is reporting a net risk of delivering the forecast financial position of £2m. Work is ongoing through the accelerated savings group to expedite savings plans where possible to reduce this net risk position.

The underlying position reported to NHSE at month 7 is a forecast deficit of £5.7m. This represents the position excluding benefits and pressures that are non-recurrent, therefore shows the impact to the recurrent (2019/20) financial position.

Recommendations

The Governing Body is asked to:

- Note the CCG financial position at month 7, which is on plan;
- Note that the forecast outturn position remains in line with plan subject to the net risk position;
- Take assurance from the Finance, Contract and Procurement Committee's scrutiny of the financial position.

Links to CCG Strategic Objectives	
To encourage people so that they want to, and do, take responsibility for their own health and well-being.	<input checked="" type="checkbox"/>
To drive and support system wide transformation.	<input type="checkbox"/>
To commission joined-up health and social care for people in Bury through a Single Commissioning Framework.	<input type="checkbox"/>
To achieve financial sustainability for the Bury health and social care economy.	<input checked="" type="checkbox"/>
To support the Locality Care Alliance to deliver high quality services in line with commissioner intentions.	<input type="checkbox"/>
To be a high-performing, well-run and respected organisation with an empowered workforce	<input checked="" type="checkbox"/>
Does this report seek to address any of the risks included on the Governing Body Assurance Framework? If yes, state which risk below:	
Please see GBAF for further details.	

Implications						
Are there any quality, safeguarding or patient experience implications?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Has any engagement (clinical, stakeholder or public/patient) been undertaken in relation to this report?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Have any departments/organisations who will be affected been consulted ?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Are there any conflicts of interest arising from the proposal or decision being requested?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Are there any financial Implications?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input type="checkbox"/>
Has a Equality, Privacy or Quality Impact Assessment been completed?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Is a Equality, Privacy or Quality Impact Assessment required?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Are there any associated risks including Conflicts of Interest?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Are the risks on the CCG's risk register?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input type="checkbox"/>

Governance and Reporting		
Meeting	Date	Outcome
Finance, Contracting and Procurement Committee	15/11/2018	Report considered.

Finance Report Month 7

1. Financial Performance

At Month 7, the CCG is reporting a year to date position and forecast outturn in line with plan. The CCG continues to report a net risk position of c£2.0m.

Financial Performance		£000's				
Area	YTD Budget	YTD Actual	YTD Variance	Annual Budget	FOT	FOT Variance
Allocations	(172,850)	(172,850)	0	(297,391)	(297,391)	0
Acute Services	87,500	89,300	1,800	150,909	153,266	2,357
Community Health Services	14,618	14,753	135	25,162	25,309	146
Continuing Care Services	7,860	7,732	(128)	13,553	13,512	(41)
Mental Health Services	16,635	17,167	532	28,256	29,326	1,070
Other Programme Services	4,939	4,612	(327)	7,894	7,565	(329)
Primary Care Services	21,510	21,716	206	36,228	36,471	244
Primary Care Co-commissioning	15,040	15,040	0	26,473	26,473	0
Programme Costs	168,102	170,320	2,218	288,475	291,922	3,447
Running Cost	2,530	2,530	0	4,349	4,349	0
Total Costs	170,632	172,850	2,218	292,824	296,271	3,447
Reserves	2,218	0	(2,218)	4,567	1,120	(3,447)
(Surplus)/Deficit	0	(0)	0	0	0	0

Financial Performance 2018-19

Table 1: Summary Financial Performance for the Period Ending 31st October 2018

2. CCG Allocations

Net allocations of £4k were received in month 7 and the relevant budget adjustments have been made to ensure that the income is allocated to the correct area.

3. Financial Position Analysis

The CCG forecast performance shows an adverse position of £3.4m with the shortfall being met by reserves and non-recurrent mitigations. This assumes the delivery of £3.9m of planned QIPP schemes and £4.6m of non-recurrent mitigations. The total QIPP risk associated with the delivery of the remaining QIPP target is £3.4m.

3.1 Acute Services

The forecast acute services position is an adverse variance of £2.4m and assumes the non-delivery of £0.8m of QIPP. The risk of delivery remains high as it assumes that this is delivered in the last 5 months of the year, mainly through the work on reducing Procedures of Limited Clinical Value.

Acute contract performance has deteriorated by £0.4m. Table 2 outlines the forecast variance for top 5 acute providers.

The performance of Manchester University FT has deteriorated this month by £0.25m due to a high cost critical care patient. The underspend on the PAHT contract has deteriorated by £0.25m as a result of increased scheduled care activity although this continues to remain under plan. Other adverse variances predominantly relate to pressures on individual funding requests.

Provider Name	M6 Forecast Variance £000's	M7 Forecast Variance £000's	Activity movement M6 v M7	Referral movement M6 v M7
Manchester University FT	£1,103	£1,348	↔	↗
Salford Royal FT	£636	£567	↔	↘
Bolton Royal FT	-£81	-£85	↘	↗
The Christie FT	-£185	-£187	↔	↔
Pennine Acute Trust	-£1,078	-£816	↔	↘
All other providers	-£100	-£113	↔	↗
Total Acute Provider Contracts	£295	£714		

Table 2: Summary of forecast outturn variance for acute contracts as at month 7

Note: referral movement arrows depict both GP and all other referrals.

Table 3 below analyses the forecast outturn variance by point of delivery. This shows that there continues to be a pressure from non-elective activity although activity has reduced in month 7. The CCG is somewhat protected from this growth as a result of the capped elements of the contracts with Pennine Acute Trust and Bolton Royal FT in 2018/19.

Further analysis of other points of delivery has shown a stabilising of the activity trend to levels consistent within previous months. Waiting list levels across most providers have increased from July to August. The funding held in reserves for achievement of waiting list targets (£477k) has been maintained at month 7 however it is unclear if providers will be able to achieve RTT targets by the end of the year. Finance continues to monitor RTT activity along with performance colleagues.

Top 5 Provider POD	M6 Forecast Variance £000's	M7 Forecast Variance £000's	Activity movement M6 v M7
Non-elective admissions	£1,736	£1,399	↘
A&E	£298	£256	↔
Outpatients	-£71	-£129	↔
All other (PbR excluded, non activity services)	-£153	£470	↔
Excess bed days	-£226	-£39	↘
Critical care/Rehab	-£583	-£639	↔
Elective: inpatients and day cases	-£606	-£492	↔
All other Provider	-£100	-£113	-
Total Acute Provider Contracts	£295	£713	

Table 3: Summary of forecast outturn variance for points of delivery as at month 7: positive figures = overspend; negative figure = underspend

Key points to note on individual contracts are as follows:

Pennine Acute Trust

- The financial management of the increased non-elective activity is supported through the capped arrangement in the 2018/19 contract.
- To date, locality/transformation plans, Better Care Fund and system resilience schemes have not been shown to reduce demand and activity.
- The forecast outturn for PAHT reflects delivery of £1.1m QIPP. The risk of delivery remains high as it assumes that this is delivered in the last 5 months of the year, mainly through the work on reducing Procedures of Limited Clinical Value
- RTT shows a 1.9% increase of total waits has been reported from the previous month.(6% increase from end of March 2018 until August-18)
- Scheduled care has seen a £250k increase in the forecast. This is predominantly as a result of increased activity in T&O (150K), Clinical hematology (£50k) & Gastro (£40k) specialties
- Scheduled care referrals are showing a 1% reduction (units) against the same period last year.

Manchester University FT

- Manchester University FT is reporting a long length of stay critical care patient which have spent over 90 days in hospital. The increase of £250k in month is largely as a result of this one patient.
- RTT shows a 6.5% increase of total waits has been reported from the previous month. (12% increase from end of March 2018 until August-18).
- Scheduled care referrals are showing a 12.5% increase (units) against the same period last year.

3.2 Community Health Services

The year to date position reflects the partial non-achievement of the recurrent QIPP schemes to date. The forecast also reflects an underspend against “Any Qualified Provider” (AQP) services offset by an unfunded non recurrent pressure for the discharge to assess scheme incurred in previous quarters. This pressure will not continue as this will be mitigated from quarter 2 onwards as the scheme will be funded by System Resilience Group (SRG) monies.

3.3 Continuing Care Services

Continuing care activity can be volatile during the year with respect to both volume and the cost of individual packages of care. The forecast outturn is reporting a favorable variance of £41k. The assumptions used to forecast activity and cost based on information at month 7 are reasonably risk averse.

3.4 Mental Health Services

The forecast position reflects a pressure for additional bed days within Pennine Care FT and private providers. Much of the pressure to date has related to service users who are delayed from being discharged from hospital. Providers have worked together over the past few months to support service users leaving the acute setting and this work will continue.

The situation will be monitored closely and if users are not able to be transferred into a more clinically appropriate setting then the CCG will have a continuing financial pressure. The extent of any recurrent pressure is being investigated with any required increases in commissioning to be incorporated into the 2019/20 contracting round.

In addition to the pressure around acute beds, the CCG has also experienced some financial

pressures as a result of an increased complexity of patients within individual tailored packages of care and increase in supported living patients.

3.5 Other Programme Services

The CCG has received on behalf of the locality £3.2m to date from the Transformation Fund in 2018/19 and is working with the Northern Care Alliance to transfer the hosting arrangements. The CCG contributes to the assurance and oversight through the Transformation Board, where business cases are approved and subsequently monitored to ensure delivery of objectives.

3.6 Primary Care Services

The adverse position at month 7 predominantly relates to GP prescribing costs. Other pressures relate central drugs costs £59k (costs that are not directly attributable to specific GP practices and which are allocated by NHSE to CCGs at national level). This is an issue across GM and is being reviewed by the GM Medicines Management Group (GMMG). In addition the CCG is reporting a pressure on primary care IT costs relating to GM Shared Services (GMSS) GPIT Projects.

3.7 Running Cost

The CCG's running cost spend is in line with its allocation, although this is after a recharge of £316k to programme costs.

4. QIPP Delivery

Table 4 below summarises the forecast QIPP delivery against target at month 7. The recurrent impact of schemes is also noted in the table.

Area	£000's			
	QIPP Target	YTD	Total	Recurrent
Acute	2,150	59	623	2,100
Community	170	66	132	0
Intermediate Care	1,500	974	1,670	480
Mental Health	170	60	102	27
Prescribing	500	292	500	500
Primary Care	810	344	608	234
Running cost	300	117	200	200
Unidentified	2,890	0	0	0
Non recurrent mitigations - known	0	2,218	2,218	0
non recurrent mitigations - anticipated	0	0	2,438	0
Total	8,490	4,129	8,490	3,541

QIPP Tracker 2108/20

Table 4: Summary of forecast QIPP delivery as at month 7

The total risk to the delivery of the £8.5m target is £3.4m which largely relates to the unidentified gap.

A thorough review of anticipated scheme financial delivery has taken place at month 7. The above table also reflects the delivery of non-recurrent mitigations brought into the YTD

financial position. This largely relates to the release of contingency balances.

Figure 1 below assesses the delivery risk of the forecast QIPP schemes

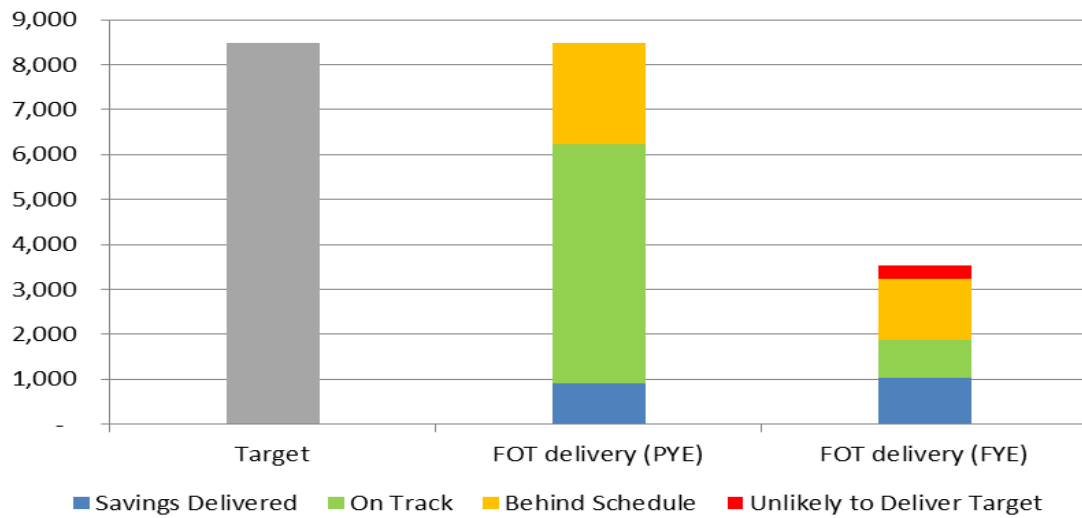


Figure 1: Financial risk to delivery assessment of forecast QIPP delivery at month 7

Figure 2 has been amended to reflect the inclusion of the delivery of non-recurrent mitigations YTD. There remains an unidentified gap of £2.4 and an additional risk of delivery of planned schemes of £1.0m as the majority of delivery of planned schemes is planned within the latter half of the year.

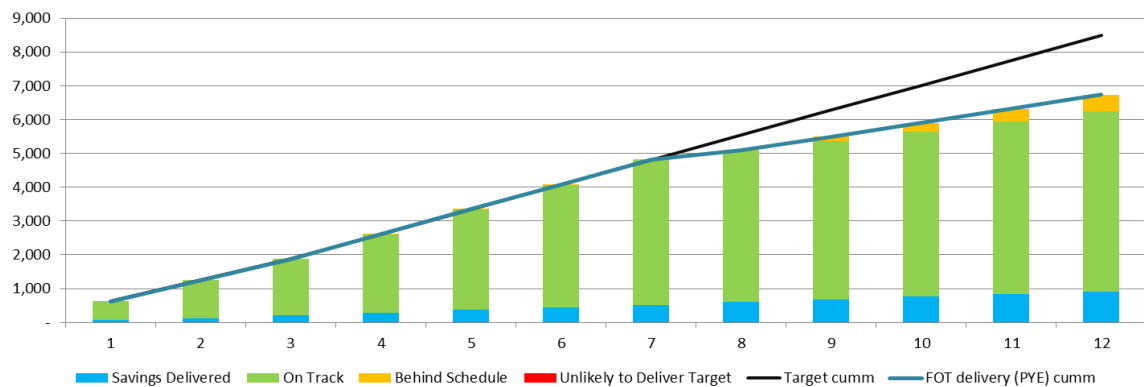


Figure 2: Phasing of QIPP target and forecast delivery at month 7

5. Underlying position

As reported to NHSE at month 7 the underlying position is a deficit of £5.7m.

The underlying position is largely driven by the amount of non-recurrent QIPP in 2018/19, along with the recurrent impact of the 2018/19 contracting arrangements with PAHT and BFT.

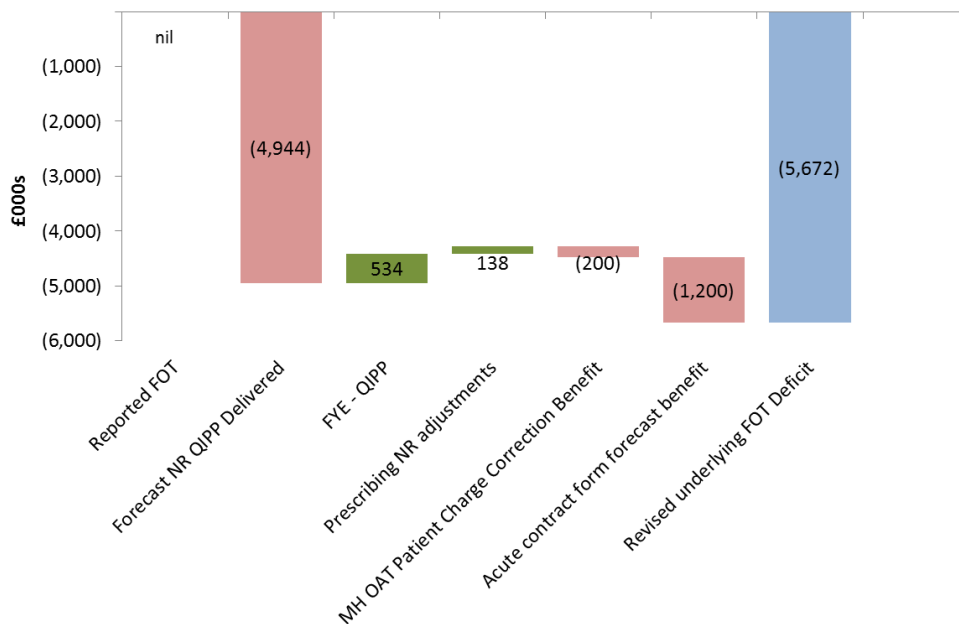


Figure 3: Underlying position as at month 7

6. Risk adjusted forecast outturn

The risk adjusted forecast outturn is £2.0m at month 7. Work continues to identify and manage further risks together with the identification of mitigations.

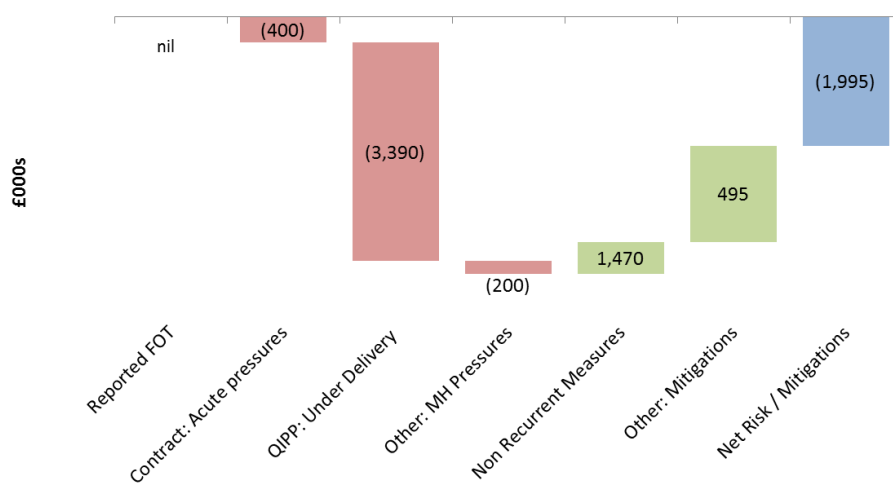


Figure 4: Risk adjusted forecast outturn at month 7

7. Balance sheet

The CCG has delivered its balance sheet targets including the Better Payment Practice Code (BPPC) which measures the timeliness of payments to suppliers. The CCG has achieved this target (95%) year to date, with 99%+ of suppliers being paid within the timeframe. The CCG has also delivered its cash balance target which is to have no more than 1.25% of its maximum monthly cash drawdown remaining at the end of the month.

8. Recommendation

The Governing Body is asked to:

- Note the CCG financial position at month 7, which is on plan;
- Note that the forecast outturn position remains in line with plan subject to the net risk position;
- Take assurance from the Finance, Contract and Procurement Committee's scrutiny of the financial position.