

Meeting: Governing Body			
Meeting Date	23 January 2019	Action	Consider
Item No.	14b	Confidential	No
Title	Finance Report Month 9		
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 9 is on plan.

Key points in the month 9 forecast outturn position are as follows;

- Acute services forecast have increased by £0.3m in month 9 (£2.5m in M8). This is primarily as a result of increased expenditure in elective areas. While non-elective activity has increased in month 9 the contracted cap has mitigated these pressures.
- Mental health services are forecast to be overspent by £1.7m, which largely relates to cost of additional beds required for Bury service users.
- Primary care services are forecast to be overspent by £1.0m in total primarily due to prescribing costs within GP surgeries and GPIT costs.
- The forecast position assumes delivery of the £8.5m QIPP (£3.6m identified schemes, £3.8m crystallised non-recurrent mitigations and £1.1m anticipated non-recurrent mitigations). The assessed risk to the delivery of the £8.5m target is £3.4m. Work is ongoing to crystallise and identify mitigating items.
- The CCG is reporting a net risk of delivering the forecast financial position of £1.5m. 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 9 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 9, 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 Report Month 9

1. Financial Performance

At Month 9, 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£1.5m.

Financial Performance		£000's				
Area	YTD Budget	YTD Actual	YTD Variance	Annual Budget	FOT	FOT Variance
Allocations	(222,968)	(222,968)	0	(299,789)	(299,789)	0
Acute Services	113,206	115,566	2,360	150,920	153,748	2,828
Community Health Services	18,806	19,088	281	25,184	25,432	248
Continuing Care Services	10,159	9,769	(390)	13,553	13,602	49
Mental Health Services	21,323	21,914	591	28,281	29,955	1,674
Other Programme Services	6,912	6,902	(10)	8,686	8,849	163
Primary Care Services	27,615	27,803	188	36,243	37,265	1,023
Primary Care Co-commissioning	19,340	18,668	(671)	26,473	26,469	(4)
Programme Costs	217,361	219,710	2,349	289,340	295,320	5,981
Running Cost	3,258	3,258	0	4,349	4,349	0
Total Costs	220,619	222,968	2,349	293,689	299,669	5,981
Reserves	2,349	0	(2,349)	6,100	120	(5,981)
(Surplus)/Deficit	0	(0)	0	0	0	0

Financial Performance 2018-19

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

2. CCG Allocations

Net non recurrent allocations of £1.6m were received in month 9 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 £5.98m with the shortfall being met by reserves and non-recurrent mitigations. This assumes the delivery of £3.6m of planned QIPP schemes and £4.8m 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 £2.8m 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 3 months of the year, mainly through the work on reducing Procedures of Limited Clinical Value.

Acute contract performance has deteriorated by £0.1m. This is mainly as a result of scheduled care activity catching up at our main provider Pennine Acute Trust.

The performance of Salford Royal FT has improved this month by £0.2m due to some high cost critical care patients being removed. The under spend on the Pennine Acute Trust contract has reduced (£0.5m). Other adverse variances predominantly relate to pressures on individual funding requests.

Provider Name	M8 Forecast Variance £000's	M9 Forecast Variance £000's	Activity movement M8 v M9	Referral movement M8 v M9
Manchester University FT	£970	£957	↔	↗
Salford Royal FT	£843	£662	↘	↔
Bolton Royal FT	-£71	-£77	↔	↘
The Christie FT	-£123	-£127	↔	↔
Pennine Acute Trust	-£808	-£328	↔	↘
All other providers	-£159	-£313	↔	↘
Total Acute Provider Contracts	£652	£774		

Table 2: Summary of forecast outturn variance for acute contracts as at month 9

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 while there continues to be a pressure from non-elective activity, the cost impact of this has reduced in month 9 by £0.1m. While activity for Non-elective has increased, these increases are predominantly in contracts where we are 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. Other contracts which are not capped have seen a Non-elective activity reduction providing us with the cost reduction in month.

Further analysis of other points of delivery has shown a deterioration of scheduled care related activity from previous months. The funding held in reserves for achievement of waiting list targets (£0.5m) has been reduced at month 9 by £0.25 as a result of increased scheduled care activity in month 9. 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.

Table 3: Summary of forecast outturn variance for points of delivery as at month 9: positive figures = overspend; negative figure = underspend

Top 5 Provider POD	M8 Forecast Variance £000's	M9 Forecast Variance £000's	Activity movement M8 v M9
Non-elective admissions	£1,121	£974	↔
A&E	£32	£32	↔
Outpatients	-£35	£102	↔
All other (PbR excluded, non activity services)	£807	£66	↘
Excess bed days	-£60	-£55	↔
Critical care/Rehab	-£768	£49	↘
Elective: inpatients and day cases	-£285	-£81	↔
All other Provider	-£160	-£313	-
Total Acute Provider Contracts	£652	£774	

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 from the baseline.
- The forecast outturn reflects delivery of £1.1m QIPP. The risk of delivery remains high as it assumes that this is delivered in the last 3 months of the year, mainly through the work on reducing Procedures of Limited Clinical Value
- In terms of incomplete waits for Bury CCG, data shows 10.8% more patients waiting at the end of November when compared to March 2018. This is an increase of 0.2% in October. For Pennine Acute trust, the total number of waits has decreased to 5.5% in November which is a reduction of 2.9% compared to October.
- Scheduled care has seen a £0.5m increase in month 9. This is as a result of increased expenditure in T&O (£0.1m), Colorectal surgery (£0.1m) Adhoc division (£0.1m) & General surgery (£0.1m)
- Scheduled care referrals are showing a 2.1% increase (units) against the same period last year.

3.2 Community Health Services

The year to date position of £0.3m continues to reflect the partial non-achievement of the recurrent QIPP schemes. The year to date and forecast also reflects revised activity 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 an adverse variance of £49k. The forecast outturn includes an element of growth. The assumptions used to forecast activity and cost based on information at month 9 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 such as the Priory. Much of the pressure to date has related to service users who are delayed from being discharged from hospital although good progress has been made in reducing the levels of delayed transfers. 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 increased 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 £3.9m 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 9 predominantly relates to GP prescribing costs and increases in price concessions materializing which has increased the forecast outturn for prescribing by £0.280m. This pressure has been prudently reflected in the forecast to assume that it will continue for the foreseeable future. Other continuing pressures relate to central drugs costs which has been reported previously. 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 £0.3m to programme costs.

4. QIPP Delivery

Table 4 below summarises the forecast QIPP delivery against target at month 9. The recurrent impact of schemes is also noted in the table.

Area	£000's			
	QIPP Target	YTD	Total	Recurrent
Acute	2,150	197	623	2,100
Community	170	92	132	158
Intermediate Care	1,500	1,253	1,670	0
Mental Health	170	77	102	27
Prescribing	500	350	350	500
Primary Care	810	450	608	558
Running cost	300	150	200	200
Unidentified	2,890	0	0	0
Non-recurrent Mitigations - (Known)	0	3,716	3,716	0
Non-recurrent Mitigations - (Anticipated)	0	0	1,090	0
Total	8,490	6,284	8,490	3,543

QIPP Tracker 2018/19

Table 4: Summary of forecast QIPP delivery as at month 9

The total risk to the delivery of the £8.5m target is £1.0m which largely relates to the unidentified gap.

A thorough review of anticipated scheme financial delivery has taken place at month 9. 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

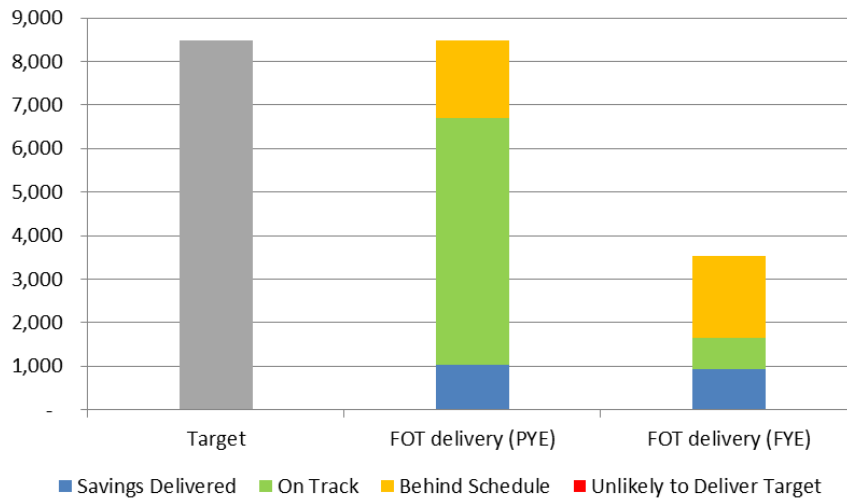


Figure 1: Financial risk to delivery assessment of forecast QIPP delivery at month 9

Figure 2 has been amended to reflect the inclusion of the delivery of non-recurrent mitigations YTD. There remains an unidentified gap of £2.9m and an additional risk of delivery of planned schemes of £1.1m as the majority of delivery of planned schemes is planned within the latter half of the year.

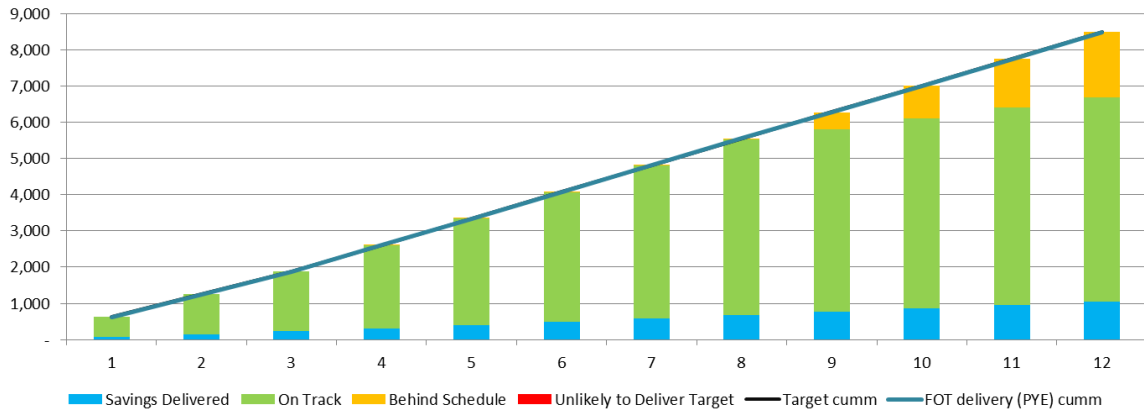


Figure 2: Phasing of QIPP target and forecast delivery at month 9

5. Underlying position

As reported to NHSE at month 9 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.

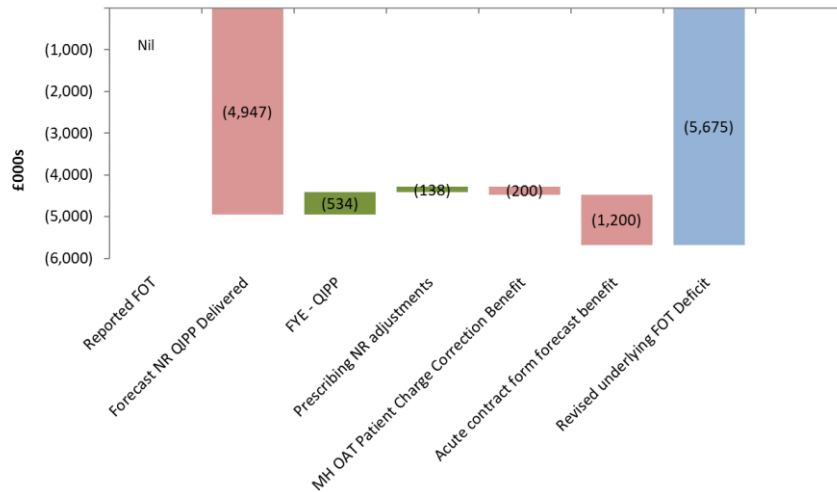


Figure 3: Underlying position as at month 9

6. Risk adjusted forecast outturn

The risk adjusted forecast outturn is £1.5m at month 9. Work continues to identify and manage further risks together with the identification of mitigations.

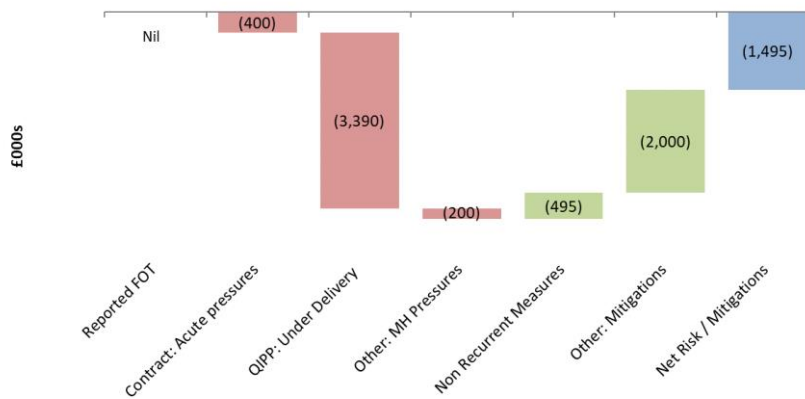


Figure 4: Risk adjusted forecast outturn at month 9

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 99.31% 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

8. Recommendation

The Governing Body is asked to:

- Note the CCG financial position at month 9, 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.