

Meeting: Governing Body			
Meeting Date	22 January 2020	Action	Consider
Item No.	7b	Confidential	No
Title	Month 9 Financial Position		
Presented By	Mike Woodhead, Chief Finance Officer		
Author	Finance Team		
Clinical Lead	-		

Executive Summary
<p>The month 9 position reports that the CCG will achieve its financial plan for 2019/20, i.e. delivery of the in-year breakeven control total set by NHS England (NHSE).</p> <p>Key points to note:</p> <ul style="list-style-type: none"> Acute services are forecast to overspend at year end by £2.9m. This is related to over performance in acute contracts predominantly non-elective services. The CCG position assumes full delivery of £12.5m QIPP. There is a high level of risk to this delivery at month 9, with £8.3m of the gap is unidentified. The CCG and Local Authority are working to mitigate this through the pooled budget arrangement.
Recommendations
<p>The Governing Body is asked to:</p> <ul style="list-style-type: none"> Note the CCG financial position at month 9, which is in line with plan; Note the position and risks to delivery of QIPP.

Links to CCG Strategic Objectives	
<p>SO1 People and Place To enable the people of Bury to live in a place where they can co-create their own good health and well-being and to provide good quality care when it is needed to help people return to the best possible quality of life</p>	☒
<p>SO2 Inclusive Growth To increase the productivity of Bury's economy by enabling all Bury people to contribute to and benefit from growth by accessing good jobs with good career prospects and through commissioning for social value</p>	☒
<p>SO3 Budget To deliver a balanced budget for 2019/20</p>	☒
<p>SO4 Staff Wellbeing To increase the involvement and wellbeing of all staff in scope of the OCO.</p>	☒
<p>Does this report seek to address any of the risks included on the Governing Body Assurance Framework? If yes, state which risk below:</p>	

Links to CCG Strategic Objectives
GBAF N/A

Implications						
Are there any quality, safeguarding or patient experience implications?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>	N/A	<input 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 checked="" type="checkbox"/>	N/A	<input type="checkbox"/>
Are there any financial Implications?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>	N/A	<input type="checkbox"/>
Has an Equality, Privacy or Quality Impact Assessment been completed?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Is an 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. Overall Financial Performance

At month 9 the CCG is reporting a balanced plan position. Within this is a year to date overspend in acute services of £2.2m, with a forecast outturn of £2.9m driven largely by overperformance within the Pennine Acute contract. There is a high level of risk underlying this position, the key risks being non-delivery of QIPP and contractual overperformance. Risks also remain on the forecast stranded costs and deficit on transfer of community services from Pennine Care to Northern Care Alliance, the sustainability of key providers of both acute and mental health services and success of locality transformation.

Financial Performance	£000's					
Area	YTD Budget	YTD Actual	YTD Variance	Annual Budget	FOT	FOT Variance
Allocations	(242,488)	(242,488)	0	(313,164)	(313,164)	0
Acute Services	123,017	125,242	2,224	163,824	166,753	2,930
Community Health Services	23,772	23,834	62	31,692	30,790	(902)
Continuing Care Services	10,796	11,025	229	14,385	14,561	176
Mental Health Services	23,415	22,791	(625)	30,923	30,124	(799)
Other Programme Services	7,137	7,089	(46)	8,188	8,337	149
Primary Care Services	29,088	29,572	484	38,909	39,275	366
Primary Care Co-commissioning	19,714	19,714	0	27,218	27,218	0
Programme Costs	236,939	239,267	2,328	315,139	317,058	1,920
Running Cost	3,221	3,221	0	4,303	4,303	0
Total Costs	240,160	242,488	2,328	319,442	321,361	1,920
Reserves	2,328	0	(2,328)	(6,278)	(8,197)	(1,920)
(Surplus)/Deficit	0	0	0	0	0	0

Financial Performance 2019-20

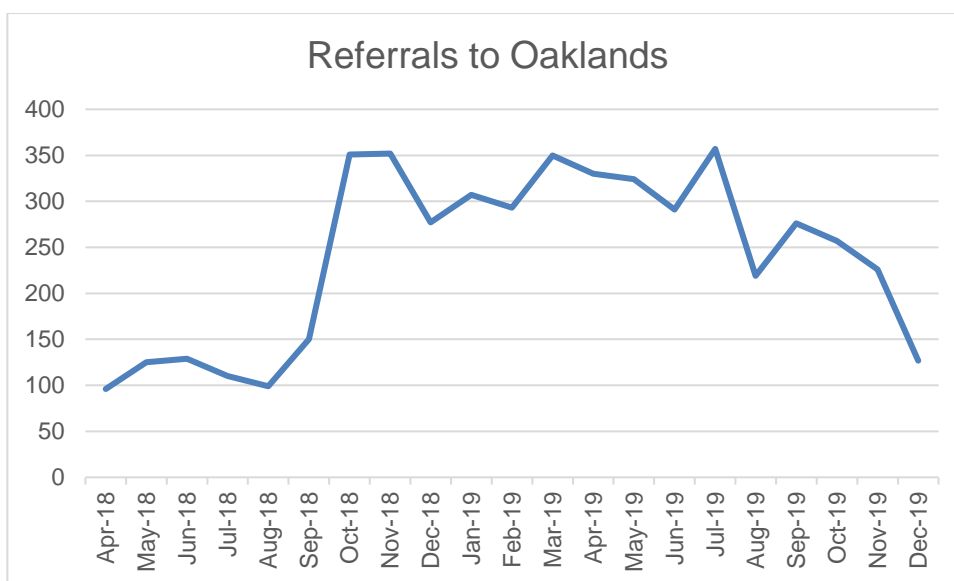
2. Acute Services

The overall forecast outturn for acute services at month 9 is a £2.9m overspend, an increase of £0.25m from month 8. This overspend position is after the assumed delivery of QIPP (c £1.4m). It also accounts for Pennine Acute contracting arrangements which reduce in-year exposure to Urgent Care growth (£1.9m).

The main driver for the increase in the forecast outturn at month 9 is elective activity at Oaklands, where activity has continued to increase.

2.1 Oaklands - £1.8m forecast overspend

Activity for Oaklands continues to overperform. However, referrals to Oaklands have reduced for the third month in succession (October – December 2019), which suggests that the peak of referrals has passed.



2.2 Pennine Acute NHS Trust - £3.4m forecast overspend

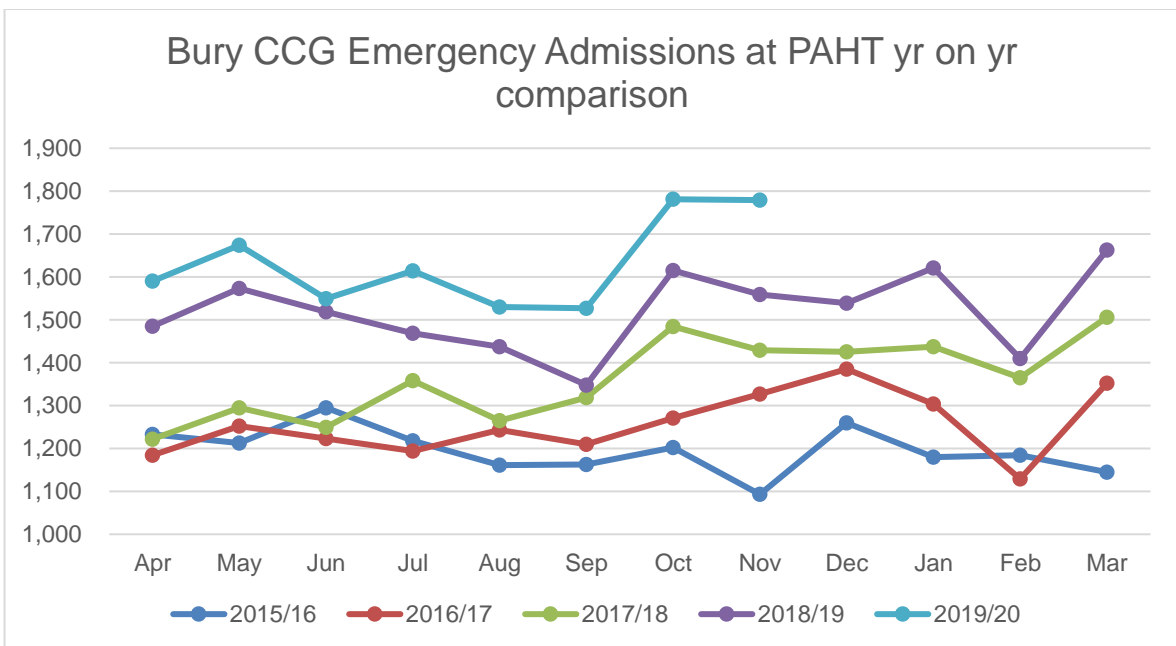
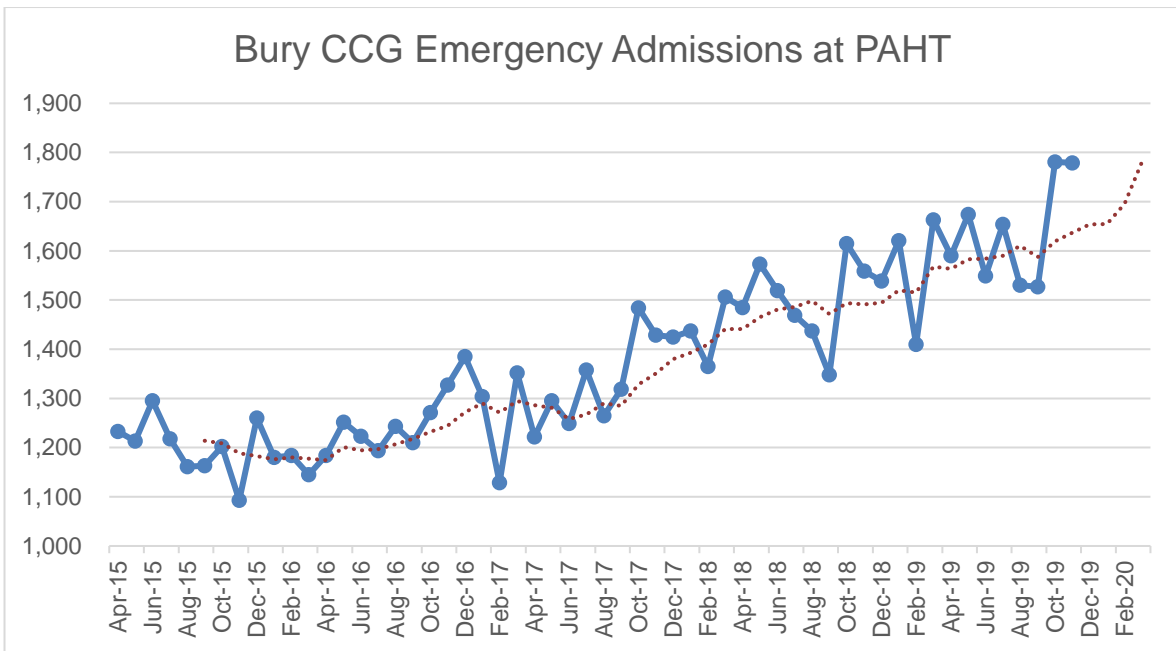
The overspend at Pennine Acute has remained consistent with last month, the significant overspend areas remaining A&E, emergency admissions and critical care. Without the benefit of the blended payment arrangement for Urgent Care, the forecast overspend would be £1.9m higher. Whilst the blended payment mechanism has reduced the pressure in 2019/20, the total over performance will form part of the baseline for 2020/21 and therefore is driving £1.9m of the QIPP requirement for 2020/21.

2.3 Activity, Referrals and Waiting Times

Activity at PAHT

PAHT is the largest acute contract and is 70% of the total acute expenditure. A&E attendances and emergency admissions have increased by 8% and 8.7% year to date compared to the same period in 2018/19, with the actual increases being 3,217 attendances or 1,039 admissions. The increases over the past 3 months (September – November) have been particularly worrying in terms of emergency admissions. The increase compared to the same months in 2018/19 have been 13.3%, 10.1% and 14.1% respectively – these are unsustainable increases in terms of cost to the CCG, and pressure on the acute system.

The actual number of emergency admissions in October and November was 1,781 and 1,779, previously the highest number of emergency admissions was 1,674 (in May 2019). October and November also saw the highest number of A&E attendances, 5,577 and 5,840 respectively, which were increases of 8.5% and 13.7% on the previous year. The increases in emergency admissions are shown in the 2 graphs below:



This worsening position for both A&E attendances and emergency admissions means that phases 1 and 2 of the Urgent Care Review become even more important in terms of both the 2020/21 CCG financial position and the overall Bury system financial position.

2.4 Referrals and Waiting Lists

The position across all providers is an increase of 2% in compared to the same period in 2018/19. Whilst the increases at Oaklands are still significant at 43% year to date, referrals are reducing with the last quarter being 38% or 370 less than the same time period (October to December) last year.

The increase in referrals and the reduction in day case and elective activity has led to

a 25% (3,182) increase in waiting lists, with the largest being at PAHT 1,605 (22%), SRFT 742 (32%) and MFT 471 (28%). The CCG is challenged by NHS England to have no more waiters at March 2020 than March 2018 and the current size of the increase in waiting lists means that this is highly unlikely to be achieved. Pennine Acute are currently validating and cleansing their waiting lists, but initial feedback suggest that this is not reducing the size of the waiting list as it has done in previous years.

The financial cost to clear the current back log is estimated to be around £1.6m and if this is to be delivered the vast majority of the impact will be in 2020/21. Given the size of the current financial challenges in 2020/21, the delivery of this waiting list activity would add significant additional pressure to the anticipated 2020/21 position.

3 Non-Acute Services

3.1 Community Service

Community services continues to report an overspend to date of £0.06m due to the overspend on AQP contracts for echocardiograms as a result of the new pathway and audiology. The forecast outturn underspend of £0.9m reflects the release of the £1m Better Care Fund (BCF) contingency to offset non elective overspends. This follows the recommendation at Governing Body to redirect some of the BCF contingency originally planned to support adult social care to support acute non elective pressures. This recommendation is subject to agreement by the Council.

The full financial risk following the transfer of community services from Pennine Care NHSFT to Salford Royal NHSFT in terms of stranded costs is not currently reflected in the community services position but continues to be monitored and reported in the risk analysis.

3.2 Continuing Healthcare Care Services

CHC at month 9 has a year to date overspend of £0.23m, with a forecast outturn of £0.17m. The overspend is being driven by an increase in the amount of fast track patients being referred into CHC mainly due to the increased non-elective activity at PAHT. The reduction in the forecast out-turn is due to the impact of QIPP schemes taking effect in the second half of the financial year.

3.3 Mental Health Services

The CCG is reporting a year to date underspend of £0.6m at month 9 and forecast underspend of £0.8m. This reflects an underspend in MH placements for complex cases following a drop in the number of very high cost patients compared to 18/19 offset. Within the mental health budget the CCG has set aside investment for mental health services in line with the Mental Health Investment Standard (MHIS). Spend continues to be monitored in line with NHSE requirements, the CCG currently forecast to achieve the standard in 19/20.

3.4 Primary Care and Primary Care Delegated Services

At month 9 the CCG is reporting a year to date overspend of £0.5m and forecast outturn of £0.4m. This is as a result of a prescribing overspend year to date of £0.7m against plan driven by increased unit cost based on prescribing data to October. This is offset by underspends in primary medical service spend. The forecast outturn relies on increased delivery of prescribing QIPP in the second half of the year and further

underspends in primary care medical services.

3.5 Other Programme Services

The budgets within other programme services include transformation funding, safeguarding, estates and NHS 111. At month 9 the CCG is forecasting an overspend of £0.15m as a result of unbudgeted non-recurrent expenditure. Transformation accounts for £6.0m of the total £6.3m budget and is forecast to spend in line with allocation while small underspends are forecast in other areas.

3.6 Corporate Services and Reserves

At month 9 the CCG is spending in line with its running cost allocation and is forecast to continue to do so to the end of the year. Reserves are currently forecasting a negative spend reflecting the forecast level of savings attributable to unidentified QIPP schemes.

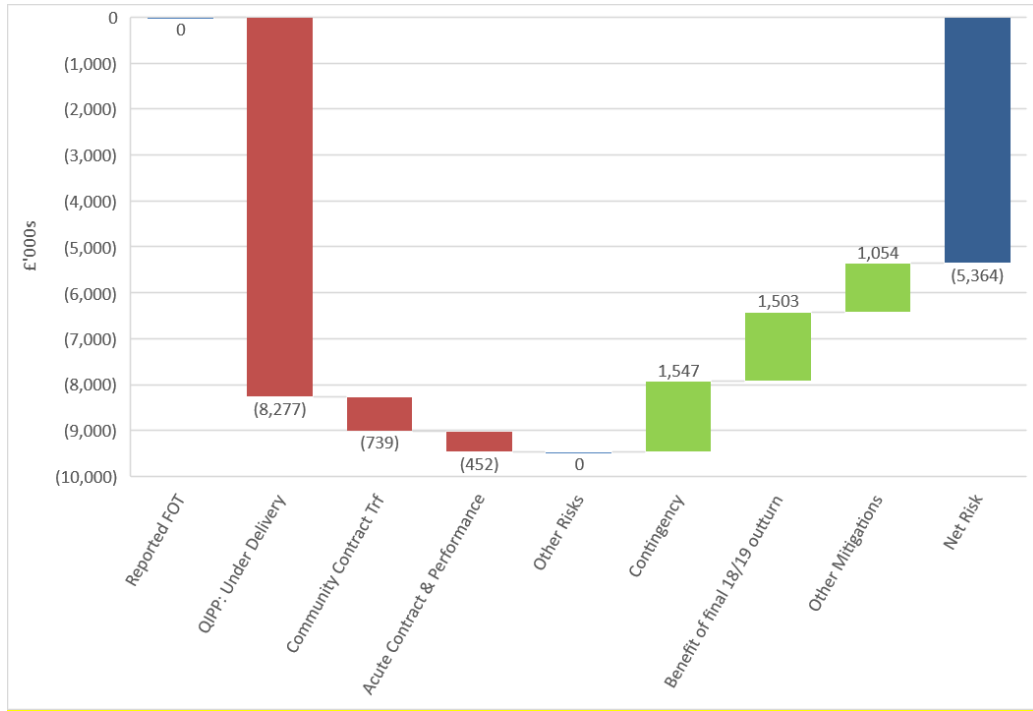
4. QIPP Delivery

The table below summarises the latest QIPP delivery against target for the CCG. Unidentified target with high and medium risk schemes totals £1m. The CCG's ability to achieve its financial plan for 2019/20 is reliant on the identification and delivery of schemes to meet the full QIPP target by the end of the year. Options to support the delivery of the target non-recurrently are being explored via the pooled budget arrangements with the Local Authority.

	£'000
Delivered	783
Low Risk	2,451
Medium Risk	517
High Risk	472
Unidentified	8,277
Total	12,500

5. Risk adjusted forecast outturn

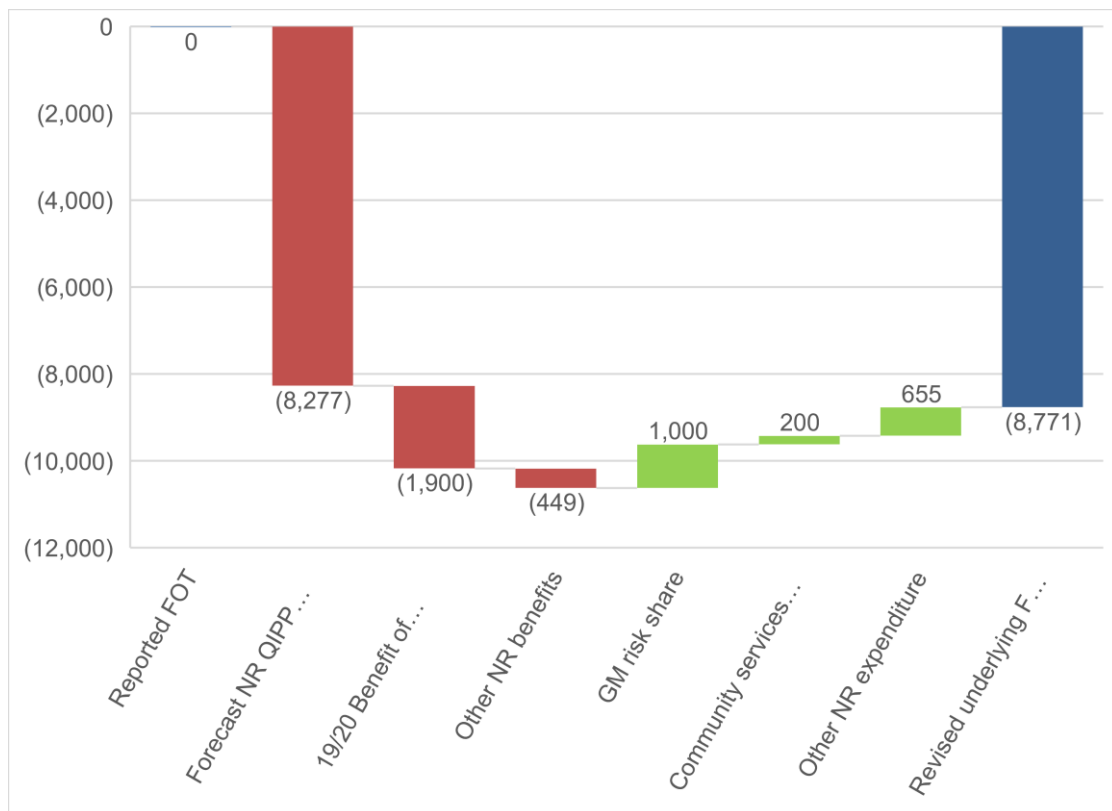
The risk adjusted forecast outturn as shown in the graph below is £5.4m. This is predominantly due to the net undelivered QIPP risk of £8.3m. Mitigations relate predominantly to possible underspends against budget (reductions in the forecast outturn). The position has improved compare to previous months as risks and mitigations have been realised and reflected in the forecast outturn.



6. Underlying position

As reported to NHSE at month 9 the underlying position remains a deficit of £8.8m.

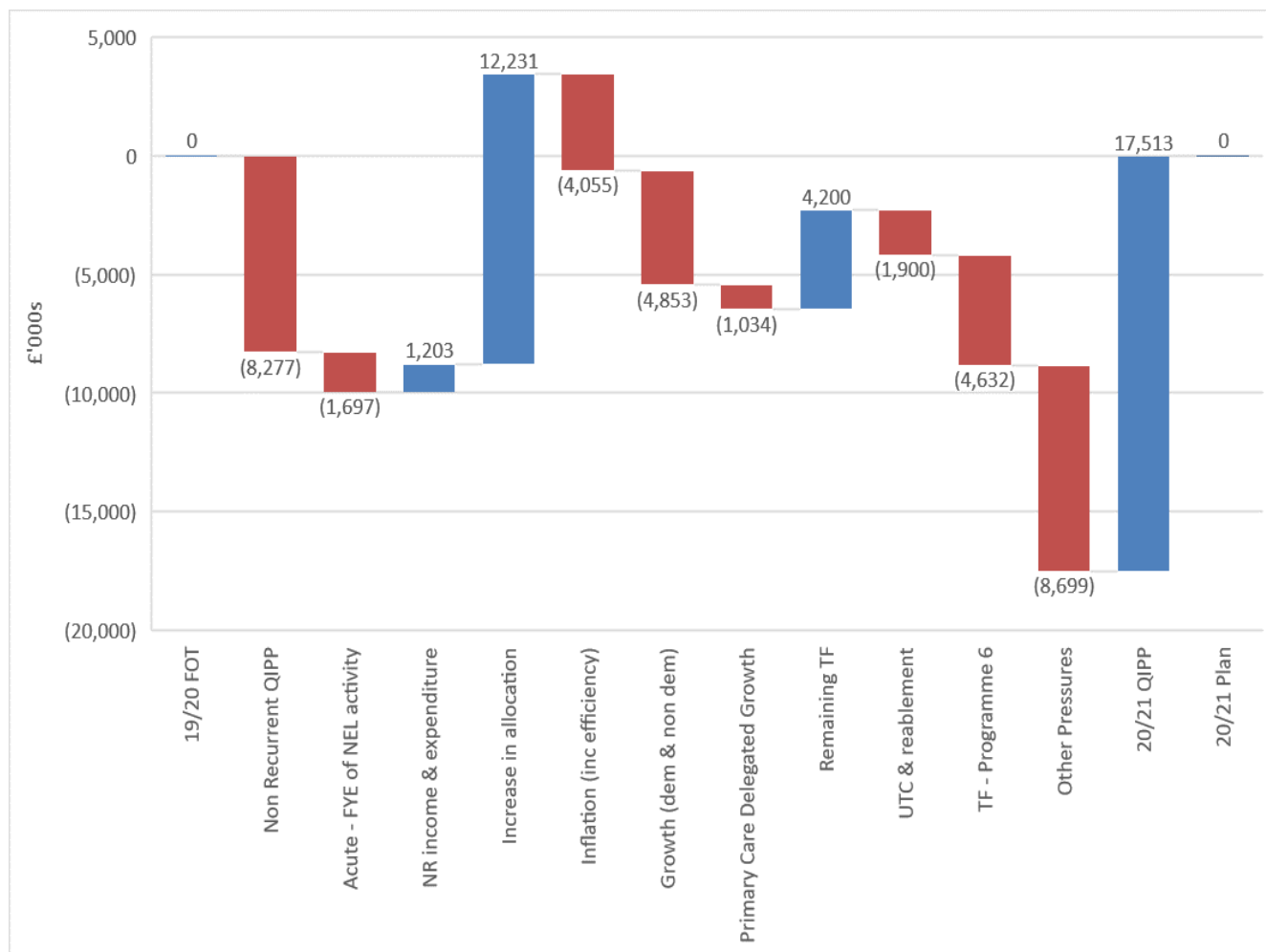
The underlying position is largely driven by the net amount of non-recurrent QIPP in 2019-20 and benefit in 2019-20 of the blended tariff contract arrangement with PAHT, which will be rebased in 2020-21.



The underlying position has deteriorated from the beginning of the year due to the level of unplanned activity and low levels of QIPP delivery.

7. 2020-21 Planning

Planning for 2020-21 has continued with the financial gap for 2020-21 standing at £17.5m. The graph below outlines how the gap is made up. The work to develop schemes for 2020-21 noted in section 8 address only £5.1m of the £17.5m gap and therefore there is a significant level of work required to support closing this gap further alongside other mitigations.



The Other pressures bar is made up as follows:

- £8.0m 2 – for – 1 Non Recurrent Allocations
- -£12.0m Increase in CCG Pooled Budget contributions
- -£1.8m GM system support
- -£1.0m Community transfer risk
- -£0.9m Mental Health Investment Standard increase
- -£0.4m BCF increase
- -£0.6m Other

8. Medium Term Financial Plan & QIPP

In addition to the development of the 2020-21 plan, the CCG and Council are developing a joint rolling 5-year financial plan. The CCG through the Operational Management Group have identified recurrent QIPP opportunities of £18.8m, with £13.8m of this worked up to a reasonable level (but still with risk attached). Of this £13.8m, £5.1m is forecast to be delivered in 2020/21 and as noted in section 7, further work is required to support the delivery of a balanced financial plan.

9. Balance Sheet

The CCG has met its better payment code of practice (BPPC) compliance and its cash target cumulatively.

10. Recommendations

The Governing Body is asked to:

- Note the CCG financial position at month 9, which is in line with plan;
- Note the delivery of QIPP and the requirement upon non-recurrent mitigations.

Appendix 1

Contract performance

Contract Performance		£000's				Notes
Providers	YTD Contract Plan	YTD Actual	YTD Variance	FOT	FOT Variance	
Pennine Acute Trust	74,069	76,730	2,661	102,323	3,375	Cost and volume scheduled care & cap and collar unscheduled care
Salford Royal FT	10,910	11,096	186	14,777	196	Cost and Volume
Bolton Royal FT	8,205	8,066	(139)	10,760	(176)	Cap and Collar Arrangement
Manchester University FT	10,114	9,883	(231)	13,114	(392)	Cost and Volume
The Christie FT	1,181	1,047	(134)	1,383	(192)	Cost and Volume
Wrightington Wigan & Leigh FT	1,479	1,200	(279)	1,595	(373)	Cost and Volume
Pennine Care NHSFT: Mental Health	17,197	16,872	(325)	22,101	(478)	Block contract
Salford Royal NHSFT: Community	10,209	10,281	72	15,350	107	Block contract
Pennine Care NHSFT: Community	4,953	5,512	559	4,961	(11)	Block contract
Contract Performance	138,318	140,687	2,369	186,365	2,055	
Acute Services: NCAs	1,658	1,590	(69)	2,162	(98)	Based on Seasonal Trends
Mental Health: NCAs	41	143	102	180	125	High cost patient at Lancashire Care
NCAs Total	1,700	1,733	33	2,342	27	
Other	30,187	29,447	(741)	38,960	(853)	
Other Total	30,187	29,447	(741)	38,960	(853)	
TOTAL	170,205	171,866	1,662	227,667	1,228	

Contracts Performance 2019-20