

**Agenda Item 16**

<b><i>Governing Body</i></b>	<b>REPORT</b>
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<b>Subject</b>	<b>Finance Report as at July 2017 (Month 4)</b>
<b>Date</b>	<b>23rd August 2017</b>
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**Executive Summary**

The report provides the Governing Body with an update on the financial position of the Clinical Commissioning Group (CCG).

Based on current information the control total of £11m surplus is not likely to be achieved and hence a Financial Recovery Plan is to be agreed. At this time the control total has not been adjusted formally, so is still used in this report.

As at month 4, the CCG is forecasting to end the year with a £4.3m deficit. This forecast includes prior year adjustments, in year cost pressures of £18.2m, potential risks of £9.1m, and planned mitigations of £12m. To achieve the control total of £11m, the CCG is required to find additional cost mitigations of £15.3m by 31 March 2018.

**Recommendation**

1. To note and discuss the financial position at month 4, and to be aware of the risk to delivering the target year end financial position is now very significant.

Attention is drawn specifically to the table on page 3 of the commentary which outlines the impact of risks and mitigations on the likely outturn for the year, currently assessed as a break-even position.

2. To note the summary 'Dashboard' of financial indicators supplied to provide a quick overview of financial performance.
3. To be aware that a paper on Financial Recovery will be presented in part II of the Governing Body meeting.

**Links to the business and risks**

**Relevant Strategic Objectives 2017/18 (please mark in bold)**

1. Systematically implementing prevention, early diagnosis and early intervention
2. Commissioning services that deliver evidence-based care, in the right place and at the right time, including promoting self-care and empowering patients to manage their own conditions.
3. Making sure that care is high quality, safe and sustainable, that it improves health outcomes and wellbeing and provides a good patient experience.

4. Using the statutory framework with best practice governance and transparency principles to be fully accountable to our population in commissioning and operating as a part of the wider health system
<b>5. Ensure that the CCG commissions and operates in a financial manner consistent with the regulatory framework, long terms sustainability and best use of public money.</b>
6. We will work in close partnership with all the organisations who commission or provide care for our population, to integrate services where it makes sense and to achieve seamless transitions of care for patients where services remain separate.
7. Embedding member, public, patient, carer, staff and other stakeholders' views through meaningful engagement into decision-making processes and commissioning intentions.

<b>Links to Board Assurance Framework / Corporate Risk Register</b>	<b>The financial position is linked to both the Board Assurance Framework and Corporate Risk Register</b>
<b>Details of additional risks associated with this paper (may include NHS England Assurance Framework / NHS Constitution)</b>	<b>As outlined in the Financial Risk Register</b>
<b>Financial Implications / impact</b>	<b>The subject of the report</b>
<b>Legal Implications / impact</b>	<b>The Clinical Commissioning Group has an obligation to report its financial position in a transparent way and to be properly accountable for the spending of public money.</b>
<b>Partnership work / public engagement implications / impact</b>	<b>N/A</b>
<b>Committees / groups where this has been discussed before</b>	<b>Considered by the Executive Committee Meeting</b>
<b>Other options available and their pros and cons</b>	<b>N/A</b>
<b>Background papers</b>	<b>N/A</b>



## Financial Performance Dashboard

Measure	Month 4 performance	RAG Rating	Commentary
1 Forecast performance against plan: Overall	The CCG is currently forecasting to deliver it's planned surplus of £11.0m but with a high risk factor quantified at £16.7m. This would mean that unless remedial plans are put into place the year end position would be a deficit of £4.7m	Very High	The emerging risks to the delivery of the planned surplus; prior year adjustment £4.1m, acute over-performance £8.7m and QIPP unmitigated shortfall £11.4m equates to a high degree of risk. A Financial Recovery Plan is currently being worked up with a target completion date of 31st Aug.
2 Full year forecast QIPP Delivery	The current assessment of QIPP delivery is a Risk Adjusted Gap of £11.4m.	High	The focus is now centred on developing & delivering pipeline schemes to mitigate this risk and exploiting the scope identified within the Optum High Impact areas, the Menu of Opportunities (MoO) and the Financial Recovery Plan.
3 Year to date performance against plan: Programme Costs	£5,272k adverse variance	High	Over performance in acute contracts and QIPP schemes delivering less than originally planned.
4 Year to date performance against plan: Running Costs	£172k adverse variance	Low	Action is being taken to bring the costs back in line with plan.
5a Public Sector Payment Policy: NHS Invoices (95% target) Non-NHS Invoices (95% target)	93% by number paid within 30 days 98% by number paid within 30 days	Negligible Negligible	100% achieved by value for NHS 99.4% achieved by value for Non-NHS
5b Cashflow	Year to date position £4.9m over planned drawdown	Low	Clearance of year end creditors caused a spike in cash requirements combined with increased cost pressures in-year.
5c Capital Investment	£133k annual capital allocation received	Negligible	Evaluate capital required to fund the rolling internal IT replacement programme. Surplus to fund main IT investment programme via HBL ICT.
5d Accounts delivered to national timetable	All deadlines achieved	Negligible	Monthly timetable and key deliverables issued by NHSE
5e Un-coded invoices at month end	360 Non Purchase Order invoices un-coded	Negligible	Internal target set at 450 which represents 1 weeks average invoices
5f Invoices pending authorisation at month end	1,617 pending invoices	Low	Internal target set at 1,250 pending invoices.

## Bedfordshire CCG financial summary at month 4

	£m
<b>2016/17 costs transpiring in 2017/18</b>	
Prior costs higher than estimated at year end.	(4.1) This is now a known amount and is in the current forecast. It arises from the impact of challenges and activity estimates being different than final settlements on 2016/17 contracts.
Release of reserves and redirection of investment funding	4.1 These funds have been released to offset the cost pressure shown above.
<b>Total</b>	<b>0.0</b> The prior year adjustments have been fully mitigated, but this means that the CCG will not have reserves in hand to deal with other pressures that may arise in the remainder of the year.
<b>In-year cost pressures</b>	
Unidentified schemes within the QIPP savings programme	(5.0) There is a gap in the QIPP savings programme of £4.972m between the target savings of £25.5m and the current planned savings of £20.6m. This has arisen due to commissioned external schemes not being delivered as planned.
Activity greater than planned at acute hospitals	(8.5) Activity greater than plan is concentrated at Bedford Hospital and Luton and Dunstable Hospital. In the 4 months to date, this amounts to £2.7m. By the end of the year this is forecast to increase to £8.2m. £0.3m of other overspends have also been forecast at acute hospitals. £8.5m forecast overspend on these budgets assumes that QIPP schemes deliver as planned - the risk of this not happening is shown separately below.  Actions have already been taken to review in detail the over performance at Luton and Dunstable Hospital, which was reported last month, and this is the basis for undertaking remedial action to improve the contract performance. A similar process is also now underway to review contract performance at Bedford Hospital, where this has emerged in the current month's report. This will also inform remedial action planning. The cost benefit of these actions cannot yet be quantified with confidence.
Other cost pressures identified months 1-4	(4.7) A number of non-acute cost pressures have also been identified at month 4. These: mental health placements more than planned, the dermatology service, integrated urgent care, and A&E streaming. While these cost pressures have been identified, their impact in the full year is estimated based on best current information.
<b>Total in year cost pressures</b>	<b>(18.2)</b> This means that if all cost pressures continued unabated, <u>the CCG would end the year with a £7.2m deficit.</u>
<b>Further risks identified</b>	
Further QIPP risks identified	(6.4) QIPP schemes have been reviewed and risk adjustment has been applied based on a review of the currently available performance data.
Acute risks not in the run rate	(2.7) There is a risk that acute performance continues to grow and exceed the profile used to calculate the forecast.
<b>Total risks identified</b>	<b>(9.1)</b>
<b>Total risk position and cost pressures</b>	<b>(27.3)</b> This means that if all cost pressures continue unabated and other identified risks also transpired, <u>the CCG would end the year with a £16.3m deficit.</u>
<b>Mitigations identified</b>	
Underspends identified month 1-4	4.6 A number of non-acute underspends have been identified in months 1- 4 (which are fortuitous and not due to planned QIPP schemes). These include Continuing Healthcare and Medicines Management. The full year impact of these has been estimated based on best current information.
QIPP pipeline schemes	0.8 Schemes identified and being implemented.
Other QIPP opportunities	4.0 Prospective schemes identified and being prepared to be implemented.
Increased contractual challenges in light of contract over performance	2.6 It is expected that some of the additional contract activity seen in the acute hospitals would be subject to challenge and query.
<b>Total mitigations</b>	<b>12.0</b>
<b>Net risk position</b>	<b>(15.3)</b> This is the net position taking into account known cost pressures, potential risks, and known and planned mitigations.
<b>Control total</b>	<b>11.0</b>
<b>Forecast year end position as at month 4</b>	<b>(4.3)</b> <u>The forecast year end position as at month 4 is a deficit of £4.3m.</u>  This assumes cost pressures transpire as forecast (see above). It also includes £9.1m of QIPP and acute contract risk which may or may not transpire (this estimate is under review). If these risks do not transpire as estimated, then the position would be a £4.8m surplus.

## 1. Context

- a) Surplus. The Clinical Commissioning Group has agreed with NHS England to deliver a surplus of £11.0m which comprises 1% per the business rules and 1% deficit recovery (the repayment of overspends from previous years).
- b) Business rules. The plan that was agreed was fully compliant with the national planning business rules;
- 0.5% Contingency
  - 0.5% Non-recurrent Reserve (national risk reserve guidance)
  - 0.5% Non-recurrent Reserve (committed)
  - 0.5% Commissioning for Quality and Innovation (CQUIN) Reserve

## 2. Year to date

- a) In the year to date so far, Bedfordshire Clinical Commissioning Group has overspent by £4.2m (2.3%) compared with planned expenditure of £184.1m for the period (Table 1 below, and Appendix 1).

*Table 1: Bedfordshire CCG financial position for the year to July 2017*

	Budget £'000	Actual £'000	Variance £'000
Acute Commissioning	79,206	82,212	(3,006)
Other Acute	19,399	19,715	(316)
Unidentified QIPP	(2,031)	0	(2,031)
Commissioning Partnerships	26,528	27,825	(1,297)
Integrated Urgent Care	21,373	21,239	133
Continuing Health Care	9,037	8,495	542
Primary Care	20,728	20,077	651
Safeguarding	304	251	52
<b>Subtotal</b>	<b>174,543</b>	<b>179,814</b>	<b>(5,271)</b>
Reserves applied	6,276	4,988	1,288
Running costs	3,280	3,452	(172)
<b>Subtotal</b>	<b>9,556</b>	<b>8,440</b>	<b>1,116</b>
<b>Overall</b>	<b>184,099</b>	<b>188,254</b>	<b>(4,155)</b>

- b) Month 4 has continued to show a deterioration in the Clinical Commissioning Group's finances (£5.3m) in addition to that reported in month 3 (to the Finance and Performance Committee). The in-month deterioration is largely attributed to additional acute over-performance at Bedford Hospital Trust and Milton Keynes Foundation Trust. They now join Luton & Dunstable Foundation Trust who reported significant over-performance in June which means a cost pressure of £3.1m is driven by provider colleagues in the Sustainability Transformation Plan (STP) footprint.
- c) Overall the year to date deterioration is substantially driven by four factors;
- A prior year adjustment on the final acute provider settlements split between activity not captured £1.7m and contract challenges raised but not realised £2.4m which can be summarised by provider as follows (reported previously to Finance and Performance Committee).

*Table 2 - summary of prior year adjustments*

	<b>Challenges not Realised £'000</b>	<b>Activity above provision £'000</b>	<b>Total £'000</b>
Bedford Hospital Trust	623	103	726
Luton & Dunstable	112	450	562
East and North Herts NHS Trust	783	626	1,409
Milton Keynes Cambridge University Hospital	59	227	286
Buckinghamshire Healthcare	751	120	871
	91	192	283
<b>Total</b>	<b>2,419</b>	<b>1,718</b>	<b>4,137</b>

- Significant acute over performance £3.3m, per above, substantially driven by Non-elective activity over plan by £2.9m, £1.8m of which was generated by Luton & Dunstable Foundation Trust
  - Additional unplanned S117 (Mental Health) liabilities £1.1m
  - A shortfall on QIPP delivery £2.0m
- d) This adverse position was offset by;
- The accelerated release of the Contingency Reserve, £2.7m, to offset the prior year charge
  - Redirected planned investments £2.6m
  - Fortuitous savings on Continuing Health Care £0.5m
  - Savings on prescribing £0.6m

### **3. Contracts performance analysis**

- a) The overall financial performance of the Clinical Commissioning Group is significantly determined by the contracts with acute providers, of which 6 account for nearly 50% of Bedfordshire Clinical Commissioning Group budgeted expenditure. Tables below analyse the financial performance by point of delivery and provider and highlight that the cost pressures identified earlier in the report for overall acute activity are focussed in the following areas:
- Non-elective activity (forecast to be over plan by £8.96m or 10%)
  - Elective activity (forecast to be over plan by £1.96m or 6%)
  - Accident and Emergency (forecast to be over plan by £0.9m or 5%)
  - Outpatients (different performance in different Point of Delivery (PODs), but in aggregate forecast to exceed plan by £0.7m)

Table 3 - summary of acute contracts forecast position by point of delivery (based on SLAM months 1-3)

Point of Delivery	Budget	Forecast	Variance	Variance
	£'000	£'000	£'000	%
A&E	16,395	17,290	(895)	-5%
Elective/Day Case	35,679	37,644	(1,965)	-6%
Non-Elective	90,133	99,093	(8,960)	-10%
Outpatient First	13,961	15,372	(1,410)	-10%
Outpatient Follow-up	15,344	14,669	676	4%
Outpatient Procedures	10,776	11,320	(544)	-5%
Outpatient Remote	130	109	21	16%
Outpatient Diagnostics	5,456	4,911	545	10%
Direct Access Radiology	3,327	3,463	(136)	-4%
Direct Access Pathology	7,735	7,942	(207)	-3%
Direct Access Other	1,979	2,023	(44)	-2%
Maternity Pathway	20,710	20,412	298	1%
Critical Care	8,014	7,800	215	3%
Excluded Drugs	9,384	9,356	28	0%
Excluded Devices	121	172	(51)	-42%
PTS/HTS	66	85	(19)	-29%
Best Practice Tariffs	140	42	98	70%
CQUIN	5,584	5,799	(215)	-4%
Other Services	7,823	8,362	(539)	-7%
Un-allocated QIPP	(5,414)	0	(5,414)	100%
PBR Business Rules	(7,041)	(9,118)	2,077	-30%
Contractual Penalties	0	(386)	386	
SUS/SLAM Challenges realised	0	(4,641)	4,641	
<b>Total SLA</b>	<b>240,302</b>	<b>251,718</b>	<b>(11,415)</b>	<b>-5%</b>
Other Adjustments	479	(2,381)	2,860	
<b>Forecast as per Board Report</b>	<b>240,781</b>	<b>249,337</b>	<b>(8,555)</b>	<b>-4%</b>

Table 4 - summary of acute contracts forecast position by provider (based on SLAM months 1-3)

<b>Provider</b>	<b>Budget £'000</b>	<b>Forecast £'000</b>	<b>Variance £'000</b>	<b>Variance %</b>
Bedford Hospital NHS Trust	124,751	128,192	(3,441)	-3%
Luton & Dunstable NHS Foundation Trust	64,455	69,246	(4,791)	-7%
East & North Hertfordshire NHS Trust	23,097	22,284	813	4%
Cambridge University Hospitals NHS Foundation Trust	10,570	10,644	(74)	-1%
Milton Keynes Hospital NHS Foundation Trust	11,098	11,965	(867)	-8%
Buckinghamshire Hospitals NHS Trust	6,810	7,005	(195)	-3%
	<b>240,781</b>	<b>249,336</b>	<b>(8,555)</b>	<b>-4%</b>

- b) Contract activity with the providers can be challenged under the normal NHS contract rules. This enables the Clinical Commissioning Group to challenge activity where it is charged to Bedfordshire Clinical Commissioning Group in error, or is not covered within our clinical policies, amongst other reasons.
- c) The table below sets out the value of challenges raised for the year to date as £12.1m. Of these, £11m remain to be concluded. (Successful challenges raised in 2016/17 amounted to £3.5m.)

Table 5 - acute contract challenges (months 1-3)

<b>Status</b>	<b>Total at M03</b>
Agreed	357
Rejected by Trust and agreed by CCG	614
Rejected by Trust and not agreed by CCG	7,185
Challenge raised by CCG, awaiting response from Trust	3,991
In dispute	0
<b>TOTAL</b>	<b>12,147</b>

#### 4. Run Rate

- a) The 'run-rate' describes the average amount of expenditure by the Clinical Commissioning Group each month. The table below sets out the run rate for the first 4 months of the year. The average month spend is shown as £47.064m. To achieve the financial target of £11m surplus requires that the run rate is reduced to an average of £44.683m in future months, a reduction of £2.38m per month. Achieving this reduction is the objective of the financial recovery plan.

Table 6 – financial run rate

	M01	M02	M03	M04	Year to date
Budget	45,417	45,417	48,522	48,412	187,768
Actual	45,435	45,435	48,639	48,745	188,254
<b>Difference</b>	<b>(18)</b>	<b>(18)</b>	<b>(117)</b>	<b>(333)</b>	<b>(486)</b>
Run Rate YTD					47,064
Target Average run rate M05-12					44,683
<b>Target average reduction in monthly spend</b>					<b>2,380</b>
					<b>5%</b>

## 5. Quality Innovation Productivity Prevention (QIPP) delivery

- a) The QIPP programme included in the financial plan was for £25.5m of cost reductions. To accommodate the additional pressure in the budget identified in the year to date, QIPP delivery is now targeted at delivery of £30m (5.6%).
- b) The current estimated level of delivery is £20.6m. A key pressure within the delivery of the QIPP programme is the removal of the anticipated benefit arising from schemes due to be provided by Optum/the STP (£5.0m) as no clear assurance on the full in-year value of these could be obtained. However, the areas of activity that were targeted continue to be worked on by the Sustainability and Transformation Plan (STP) as they are areas of perceived poor performance and/or efficiency. Robust schemes are being actively worked on, including locally within Bedfordshire, but the timing and value of benefits is yet to be fully quantified.
- c) Further detail on the performance of different schemes is included at appendix 3.

## 6. Forecast Outturn

- a) The above factors - contract performance, the year to date position, the current run rate, and other items noted - have been included in the calculation of the year end position, which identified an £16.8m risk (Unidentified QIPP) to the delivery of the target surplus of £11.0m (assuming current conditions remain unchanged);
  - Prior year adjustment £4.1m
  - Acute over-performance £8.7m driven by Luton & Dunstable Foundation Trust £4.8m, Bedford Hospital Trust £3.4m and Milton Keynes Foundation Trust £0.9m
  - Unplanned Section 117 liabilities £2.4m
  - A risk adjusted QIPP shortfall of £11.4m of which nearly 50% is due to an expected shortfall on the STP Optum programme of work £5.0m
- b) Although the position was mitigated by the release of the Contingency Reserve and redirect of investments it was largely capped at the year to date levels due to the accelerated release at month 4. The position has also benefitted from some fortuitous savings in Continuing Healthcare and Medicines Management

Table 7: Bedfordshire CCG forecast outturn position for the year to March 2018

	Budget £'000	Actual £'000	Variance £'000
Acute Commissioning	240,781	249,336	(8,555)
Other Acute	58,197	58,381	(184)
Unidentified QIPP	(9,890)	(16,835)	6,945
Commissioning Partnerships	79,187	82,118	(2,931)
Integrated Urgent Care	64,119	64,061	(58)
Continuing Healthcare	27,111	25,396	1,715
Primary Care	61,743	61,043	700
Safeguarding	911	865	48
<b>Subtotal</b>	<b>522,159</b>	<b>524,365</b>	<b>(2,477)</b>
Reserves applied	13,721	11,499	2,222
Running costs	9,841	9,857	0
<b>Subtotal</b>	<b>23,562</b>	<b>21,356</b>	<b>2,477</b>
<b>Overall</b>	<b>545,721</b>	<b>545,721</b>	<b>0</b>

- c) Detailed analysis of factors not included in the plan (forecast) position which may impact on the outturn indicates a range of possible outcomes between a 'best case' surplus of £7.0m (compared with a plan of £11.0m), and a 'worst case' loss of £11.9m, an overall range of -£4.0m to -£22.9m against plan.
- d) This analysis shows that if likely risks of up to £20.5m were to fully materialise less identified mitigations of £4.7m, then the Clinical Commissioning Group would still have to identify an additional £15.7m of potential mitigating actions in order to deliver the agreed financial plan surplus of £11.0m.
- e) The main financial risks relate to the following, namely;
- Delivery of the QIPP programme in full during 2017/18;
  - Managing Acute over-performance on the top 6 provider contracts, both in terms of activity and the potential cost implications of the introduction of (ICD) 10 and HRG4+
- f) The specific risks identified are:
- The non-realisation of acute challenges included in the forecast outturn
  - Additional acute over-performance
  - Shortfall in the delivery of QIPP
- g) Key mitigations to counter the risks identified are:
- Develop QIPP pipeline opportunities
  - Exploit potential in NHS England initiatives, Deloitte Menu of Opportunities and the QIPP Opportunity Guide

## 7. Financial Recovery Plan

- a) As a consequence of the deteriorating financial position the Clinical Commissioning Group has commissioned external support to lead on the preparation of a Financial Recovery Plan. This is due to be completed by the end of August 2017 with active implementation during September.
- b) Subject to sign off of Part 2 of the Governing Body meeting and NHS England on the 8<sup>th</sup> September 2017.

## 8. Financial/Technical Accounting

- a) There are also a number of other useful financial indicators of performance that can be derived from sources within the financial ledger, in order to both help manage performance and also track improvements, namely;

- **Public Sector Payment Policy**

This shows that for Month 4, 98% (number) and 99% (value) of Non NHS invoices were paid within 30 days of being approved (against the 95% target). It also shows that for Month 4, 93% (number) and 100% (value) of NHS invoices were paid within 30 days of being approved (against the 95% target).

- **Invoices awaiting authorisation**

The analysis shows that, at Thursday 10<sup>th</sup> August 2017, there were 1,617 invoices (previously 1,557 at 12<sup>th</sup> July 2017) within the financial ledger, awaiting processing (either coding, and/or approval, and/or formally in dispute).

- **Cash Flow**

Using the agreed annual budget of £545m, (subject to finalisation when the budget has been adjusted for the cumulative historic deficit) as a proxy indicator for available cash, it is possible to gauge whether, or not, cash expenditure is in line with the plan.

Accordingly, the forecast cash “drawdown” for Months 01 to 4 circa £181.3m, with an actual drawdown occurring of £186.3m.

Hence, as at 31<sup>st</sup> July 2017 the over drawn of cash, against the plan, is £5.0m, which is caused by a spike in expenditure as a result of clearing year end creditors which will reverse out by the year end combined with mounting in-year pressures.

Whilst it is a relatively crude analysis, it does help triangulate financial performance, and provide another indicator of financial control.

- **Aged Debtors**


The total outstanding debtors balance (i.e. monies owed to the CCG) as at 31st July 2017 is £3.7m (previously £10.0m), £0.9m 121 days or more overdue (previously £2.4m).

The comparative period in 2016/17 had total debtors outstanding of £3.8m of which £1.47m had been outstanding for 121 days or more.

	Mth 03 £	Mth 04 £	No.	%age
30days or less	2,160,237	582,788	46	15.9%
31to 60 days	2,881,759	27,299	10	0.7%
61 to 90 days	2,476,582	6,025	2	0.1%
91 to 120 days	52,795	2,190,664	7	59.8%
121 days or more	2,436,080	859,469	33	23.5%
	<b>10,007,453</b>	<b>3,666,245</b>	<b>98</b>	<b>100.0%</b>



## Appendix 2 – detailed financial analysis month 4

									
<b>Analysis of Programme Costs at 31 July 2017 (Month 4)</b>									
<b>Acute Commissioning - under/(over) spent</b>									
	2016/17 Outturn £'000	Annual Budget £'000	Forecast Outturn £'000	Variance Full Year £'000	Variance Year to date £'000	Actual YTD £'000	Variance Year to date £'000		
				%	%		%		
Bedford Hospital NHS Trust	123,944	124,751	128,192	(3,441)	-2.76%	41,147	(1,246)	-3.03%	
Luton & Dunstable NHS Foundation Trust	64,072	64,455	69,246	(4,791)	-7.43%	21,218	(1,506)	-7.10%	
East & North Hertfordshire NHS Trust	20,960	23,097	22,284	813	3.52%	7,349	196	2.60%	
Cambridge University Hospitals NHS Foundation Trust	10,367	10,570	10,644	(74)	-0.70%	3,453	(49)	-1.41%	
Milton Keynes Hospital NHS Foundation Trust	11,359	11,098	11,965	(867)	-7.81%	3,618	(317)	-8.76%	
Buckinghamshire Hospitals NHS Trust	6,923	6,810	7,005	(195)	-2.86%	2,224	(86)	-3.88%	
<b>Sub-total for top 6 Acute providers</b>	<b>237,623</b>	<b>240,781</b>	<b>249,336</b>	<b>(8,555)</b>	<b>-3.55%</b>	<b>79,206</b>	<b>(3,007)</b>	<b>-3.80%</b>	
MSK Services - CIRCLE	29,123	31,089	31,209	(120)	-0.39%	10,363	(120)	-1.16%	
Other Acute NHS Providers	14,938	15,138	14,810	0	0.00%	5,046	109	2.17%	
Acute Non NHS Providers	5,005	4,630	5,251	(261)	-5.64%	1,543	(382)	-24.75%	
Non Contracted	5,852	6,040	6,260	0	0.01%	2,013	(73)	-3.64%	
Winter Resilience	1,763	1,300	850	450	34.62%	433	150	0.00%	
<b>Sub-total for other Acute</b>	<b>56,681</b>	<b>58,197</b>	<b>58,381</b>	<b>69</b>	<b>0.12%</b>	<b>19,399</b>	<b>(316)</b>	<b>-1.63%</b>	
<b>Unidentified QIPP Target</b>	<b>0</b>	<b>(9,890)</b>	<b>(16,835)</b>	<b>6,945</b>	<b>-70.22%</b>	<b>(2,031)</b>	<b>(2,031)</b>	<b>100.00%</b>	
<b>Total Acute Commissioning</b>	<b>294,304</b>	<b>289,088</b>	<b>290,882</b>	<b>(1,541)</b>	<b>-0.53%</b>	<b>96,574</b>	<b>(5,354)</b>	<b>-5.64%</b>	
<b>Commissioning Partnerships</b>									
Mental Health NHS - ELFT Main Block	38,918	45,523	45,523	0	0.00%	15,174	1	0.00%	
Mental Health NHS - Other	768	842	924	(81)	-9.65%	281	(27)	-9.66%	
Mental Health Non NHS - BBC S117 Patient Recharges	1,200	1,217	2,017	(800)	-65.80%	406	(591)	-145.74%	
Mental Health Non NHS - Other S117 costs and bed fees	6,068	5,795	6,988	(1,203)	-20.77%	1,932	(541)	-28.03%	
Mental Health Non NHS - Other	2,486	2,099	2,820	(721)	-34.36%	700	(448)	-63.99%	
Learning Disabilities Continuing Healthcare	9,744	10,374	10,435	(61)	-0.58%	3,416	42	1.22%	
Better Care Fund	8,561	11,119	11,119	(0)	-0.00%	3,706	(0)	-0.00%	
Children's Services	7,877	2,218	2,282	(64)	-2.88%	872	267	30.64%	
<b>Total Partnership Commissioning</b>	<b>75,621</b>	<b>79,187</b>	<b>82,118</b>	<b>(2,931)</b>	<b>-3.70%</b>	<b>26,528</b>	<b>(1,297)</b>	<b>-4.89%</b>	
<b>Out of Hospital</b>									
East of England Ambulance Services	13,942	13,924	13,981	(57)	-0.41%	4,641	(30)	-0.65%	
Other Ambulance and Patient Transport Services	2,621	2,253	2,666	(413)	-18.34%	751	(138)	-18.34%	
Community Services - EPUT	28,609	29,851	29,851	0	0.00%	9,912	38	0.39%	
Out of Hours	6,505	5,732	5,711	21	0.37%	1,911	(70)	-3.64%	
End of Life Services	1,717	1,763	1,701	62	3.52%	588	(31)	-5.24%	
Local Enhanced Services & Locality Based Services	2,560	3,381	3,058	323	9.55%	804	323	28.67%	
Other Out of Hospital Services	5,901	7,215	7,095	121	1.67%	2,405	40	1.67%	
<b>Total Out of Hospital</b>	<b>61,854</b>	<b>64,119</b>	<b>64,061</b>	<b>58</b>	<b>0.09%</b>	<b>21,373</b>	<b>133</b>	<b>0.62%</b>	

## **Appendix 3 – Quality Innovation Productivity Prevention (QIPP) detailed update as at month 4**

The following summarises the current QIPP month 4 position in relation to savings, investments, risks, mitigations and governance. The detail of the savings, movement and risks are contained within the QIPP Flash Report.

### **1. Savings**

The QIPP Programme 2017/18 contains 10 sub-programmes and 42 schemes. The forecast outturn at month 4 is £20.6m. This is £9.4m short of our revised £30m QIPP target. Delivery in month 4 is £1.3m. This is £103k short of our revised plan.

Movement in month 4 includes 7 schemes over-performing and 10 schemes under-performing. The net benefit was £19k. The most significant movement followed a decision at QIPP Board on 09/08/2017 to remove the Optum schemes (£5m) from the QIPP programme due to a lack of assurance and credibility. As a result the amount of unidentified QIPP has increased, however the level of risk in the programme has decreased.

### **2. Investments**

The QIPP Programme 2017/18 contains 21 schemes that require investment. The total investment amount for QIPP schemes in the plan was £4.775m. As a result of premature closure, scope revision and slippage, the amount of investment currently required is £4.020m. Therefore currently there is £755k planned investment that is unallocated. The PMO ensure the Finance team are updated monthly on unallocated investments.

### **3. Risk**

The level of risk in the QIPP programme has reduced from £11.4m in month 3 to £6.4m in month 4. As mentioned before, this is mainly due to the removal of the Optum schemes from the programme. The £6.4m of risk is calculated by the Finance Team using the PMO RAG ratings and is more prudent than previous PMO risk assessments used in QIPP Board.

The greatest level of risk comes from the Unplanned Care sub-programme, which is mainly due to the uncertainty of the Herts Urgent Care (HUC) contract efficiency savings (£597k). Other significant risks include the Children's AQP scheme (£397k), which will unlikely deliver savings based on its current scope. Right Care schemes continue to be a risk due to slippage in timeframes. It is also worth noting the risk in the scheme Managing Transfers of Care (£2.2m), which has yet to be agreed within the Clinical Commissioning Group. The full details of the risk in the QIPP programme is discussed at QIPP Board weekly, with remedial actions being agreed to recover schemes.

### **4. Mitigations**

As mentioned in previous reports our mitigations can be grouped into (1) stretching the current QIPP programme and reducing further slippage and (2) identifying and delivering new opportunities.

To prevent further slippage the governance of the QIPP programme has been strengthened; this is explained in the next section of the report. To stretch the QIPP programme and continue identifying and delivering new opportunities the Project Management Office (PMO) are continuing to populate a pipeline and seek support from NHS England, Deloitte and now Clarity Consulting Associates Ltd.

Pipeline – there are currently 8 schemes being scoped for inclusion in month 5. These include Liaison Psychiatry, Primary Care Liaison Worker, Leighton Buzzard Ophthalmology Pilot, Care Home Pharmacy Stretch, Virtual Follow-ups and Online Pre-Operative Assessments. The Project Management Office (PMO) are seeking to share the size of the opportunities at QIPP Board on 23/08/2017 following initial scoping. The Project Management Office are seeking a target of £0.8m from the Pipeline.

NHS England & Deloitte - NHS England (led by Kate Schroder – Turnaround Lead) have created a number of Project Initiation Document (PIDs) to support Clinical Commissioning Groups in strengthening their QIPP programmes. NHS England have identified 84 opportunities; of these 31 have been articulated in a PID and agreed at the Central Midland DCO expert panel. The remaining 53 PIDs are due shortly. The PMO have reviewed the 31 PIDs and have made comments where schemes have already been commissioned, not currently commissioned or the potential to stretch or strengthen. The PMO analysis has been shared with commissioners and leads who have been asked to add additional comments. All comments are due back to the PMO by 16/08/2017 for discussion at QIPP Board on 23/08/2017. Kate Schroder is also visiting on 15/08/2017 to discuss these PIDs in greater detail and to focus us on those believed to yield the greatest opportunity for BCCG. The outcomes will be discussed at QIPP Board on 16/08/2017. The PMO are seeking £4m of opportunities from the NHS England & Deloitte work.

Clarity Consulting Associates Ltd – Andrew Moore and his team have been tasked with the creation of a Financial Recovery Plan (FRP) which will support the strengthening of QIPP. Andrew and the PMO have already discussed the possibility of supporting the facilitation of workshops or protected time for QIPP generation which could be guided by the opportunities being shared by NHSE. Andrew will be discussing his initial ideas at QIPP Board on 16/08/2017.

## **5. Governance**

The governance of QIPP has been strengthened with the aim of preventing further slippage and embedding better accountability for the delivery of scheme savings.

The focus of the revised QIPP Board will be the scrutiny and challenge of existing schemes to test both financial and clinical robustness. Priority will be given to those schemes at the greatest risk as per the risk section of this report.

The Terms of Reference for QIPP Board has been revised. Amendments include a new Chair (Sarah Thompson), new Deputy Chair (Alvin Low) and a more focused membership. The Board has revised reporting lines (including investment approval at Finance and Performance) and greater focus on individual scheme appraisal. It is now weekly and not fortnightly to better drive delivery.

Two new Senior Responsible Officers (SROs) have been introduced to support delivery, Sarah Thompson, Accountable Officer and Jane Meggitt, Director of Communications and Corporate Affairs. These new SROs will be accountable for the sub-programmes Mental Health and Learning Disabilities and Primary Care and Demand Management respectively.

Finally QIPP schemes have been reallocated across SROs to better balance accountabilities and the Project Management Office have created a revised Senior Responsible Officer Assurance Pack which shows the levels of assurance for all QIPP schemes.

# QIPP Flash Report 2017/2018

Month:

Date of Previous Position:  Date of Current Position:

## Summary

The QIPP Programme 2017/18 contains 10 sub-programmes and 42 schemes.

The forecast outcome at month 4 is £20.6m. This is £9.4m short of our revised £30m QIPP target.

Delivery in month 4 is £1.3m. This is £103k short of our revised plan.

Movement in month 4 includes 7 schemes over-performing and 10 schemes under-performing. The net benefit was £19k. The most significant movement followed a decision at QIPP Board on 09/08/2017 to remove the Optum schemes (£5m) from the QIPP programme due to a lack of assurance and credibility. As a result the amount of unidentified QIPP has increased, however the level of risk in the programme has decreased.

QIPP Programme Summary	Number of Schemes				Savings (£'000)			
	Previous Position	Current Position	Variance	Trend	Previous Position	Current Position	Variance	Trend
Initiation	15	7	-8	↓	£10,952	£3,965	£-6,987	↓
Implementation	7	7	0	→	£1,434	£1,712	£278	↑
Delivery	23	28	5	↑	£13,145	£14,882	£1,737	↑
<b>Total</b>	<b>45</b>	<b>42</b>	<b>-3</b>	<b>↓</b>	<b>£25,531</b>	<b>£20,558</b>	<b>£-4,973</b>	<b>↓</b>
<b>Risk</b>					<b>£11,387</b>	<b>£6,395</b>	<b>£-4,992</b>	<b>↓</b>
<b>Risk-Adjusted Total</b>					<b>£14,144</b>	<b>£14,163</b>	<b>£19</b>	<b>↑</b>

## QIPP Savings Movement (£'000)

### Previous Position

£25,531

### Total Movement by SRO

Anne Murray	218
Ben Jay	0
Jane Meggitt	38
Sarah Thompson	0
Donna Derby	-237
STP	-4,992
<b>Total</b>	<b>-4,973</b>

### Movement since previous position

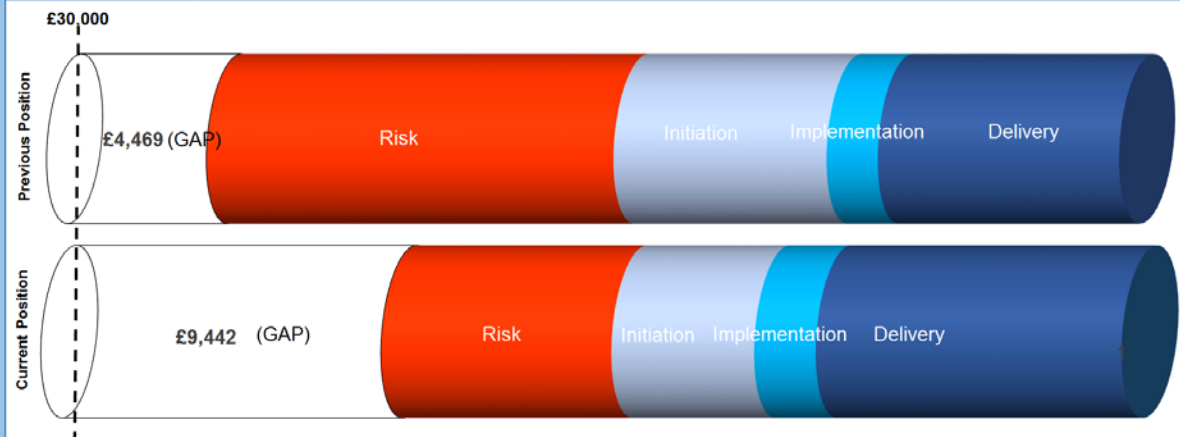
Movement	SRO	Description of Movement
247	AM	Increase to forecast for 'CHC Optimisation'
43	AM	Increase to forecast for 'Medicines Optimisation'
41	JM	Increase to forecast for 'VBEC 1 (IFR Service / PA - Declined Cases)'
2	DD	Increase to forecast for 'EoL EEAAT Avoided Admissions to Acute'
147	DD	Increase to forecast for 'GP Referral Pathway into BHT'
2	DD	Increase to forecast for 'Ambulance Hear & Treat Enhancement'
4	DD	Increase to forecast for 'Urgent Connect - L&D'
-72	AM	Decrease to forecast for 'Medicines Management Additional Stretch'
-10	DD	Decrease to forecast for 'End of life pathway redesign'
-3	JM	Decrease to forecast for 'Advice and Guidance'
-40	DD	Decrease to forecast for 'RC: Respiratory'
-40	DD	Decrease to forecast for 'RC: Cardiovascular Disease'
-32	DD	Decrease to forecast for 'RC: Cancer'
-30	DD	Decrease to forecast for 'RC: Mental Health'
-52	DD	Decrease to forecast for 'Improving Discharge and Patient Flow at BHT'
-25	DD	Decrease to forecast for 'Falls Pathway Development'
-163	DD	Decrease to forecast for 'Developing an Integrated A&E Front Door Model at BHT'
-2,944	STP	Decrease to forecast for 'OPTUM High Impact Area: Complex Care'
-1,882	STP	Decrease to forecast for 'OPTUM High Impact Area: Paediatrics'
-166	STP	Decrease to forecast for 'OPTUM High Impact Area: Transitions of Care'
<b>Total</b>		<b>-4,973</b>

### Current Position

£20,558

Total movement since previous position: **-£4,973**

## Cylinder Chart to show Progress since the Previous Position (£'000)



## Risk Assessment

SRO	Sub-Programme	Savings (£'000)			RAG Rating
		Forecast	Risk-Adjusted Forecast	Size of Risk	
Anne Murray	CHC	347	347	0	Green
Anne Murray	Children, Young People & Maternity	397	0	397	Red
Anne Murray	Medicines Management	3,587	3,587	0	Green
Ben Jay	Finance & Contracting	4,480	3,480	1,000	Amber
Jane Meggitt	Primary Care	846	698	148	Amber
Jane Meggitt	Demand Management	2,293	1,478	815	Amber
Sarah Thompson	Mental Health & Learning Disability	365	80	285	Amber
Donna Derby	BCF	4,366	2,477	1,889	Amber
Donna Derby	Planned Care	2,142	701	1,441	Amber
Donna Derby	Unplanned Care	1,736	1,315	421	Amber
		<b>20,558</b>	<b>14,163</b>	<b>6,395</b>	

