


Agenda Item: 13.0

<p style="font-size: 1.2em; font-weight: bold;"><i>Governing Body</i></p> <p style="font-size: 1.2em; font-weight: bold;"><i>held in public</i></p>	<p style="font-size: 1.5em; font-weight: bold;"><i>Report</i></p> <p>Date of Meeting:</p> <p>3 May 2018</p>
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Report Title	Finance Report as at 31st March 2018 (Month 12)		
Report Author	Presented By	Responsible Director	
Malcolm Miller Chief Finance Officer	Malcolm Miller Chief Finance Officer	Malcolm Miller, CFO 	
Purpose for presenting report	The report provides the Governing Body with a routine monthly update on the financial position of the CCG.		
Action Required:	For approval		
Approval Route:	Recommendation from the Finance & Performance Committee to the Governing Body		
Further Assurance:	N/A		
Which Strategic Objectives does this report provide evidence for?	Please Tick ✓		
We will commission high quality, safe and sustainable models of care that deliver effective clinical outcomes and patient experience using evidence based decisions and best practice			
We will ensure that there is a financially sustainable and affordable healthcare system in Bedfordshire.	✓		
We will lead, engage and operate as an effective place based and STP wide system partner to achieve greater integration of care delivery.			
We will support local people and stakeholders to have an influence on services we commission to ensure our decisions are informed and shaped by local views and insights.			
We will operate and manage our Governing Body to the highest standards of accountability and transparency.	✓		
Implications/Assessments	Yes	No	N/A
Have any financial implications been signed off by the Chief Finance Officer?	✓		
Have any quality implications been signed off by the Director of Nursing & Quality?			
Have any privacy implications been signed off by the Head of Information Governance?			
Have any conflicts of interest implications been signed off by the Corporate Office?			
Have any public engagement implications been signed off by the Head of Communications & Engagement?			
Has an Equality Impact Assessment been carried out?			
Key Risks	There are no residual risks to the delivery of the agreed deficit position.		

Executive Summary

NHS England (NHSE) had given the CCG a revised Control Total of break-even in year for 2017/18, but NHSE has also acknowledged the risks to delivering this revised Control Total.

The actual outturn for the year at 31st March 2018 (month 12) is a deficit of £3.9m which is the agreed position with NHSE and represents the original £7.2m deficit subject to national, planned year-end adjustments. This is explained in more detail in the commentary to the month 12 accounts. The performance for the month of March was a surplus against the plan of £3.3m after overspends on Acute Services of £1.0m. This means that for the rest of the budgets there was a net underspend of £4.3m.

Finance Report March 2018 (Month 12)

FINANCE

Summary of Key Performance Indicators

Indicator	Year to Date				Actual Outturn			
	Target £'000	Actual £'000	Variance £'000	RAG Rating	Target £'000	Actual £'000	Variance £'000	RAG Rating
Running costs do not exceed allocation					9,857	9,495	362	
Total expenditure does not exceed total allocation					562,460	566,357	(3,897)	
Running costs spend within plan	9,815	9,495	320		9,815	9,495	320	
Programme spend within plan	541,645	556,862	(15,217)		541,645	556,862	(15,217)	
Actual Surplus/(Deficit) is within revised break-even target	0	(3,897)	(3,897)		0	(3,897)	(3,897)	
Risk adjusted deficit					0	(3,897)	(3,897)	
QiPP delivery	25,531	19,514	(6,017)		25,531	19,514	(6,017)	
Better Payment Practice Code (Value)	95.0%	97.0%	2.0%		95.0%	97.0%	2.0%	
Better Payment Practice Code (Number)	95.0%	96.0%	1.0%		95.0%	96.0%	1.0%	
Cash drawdown does not exceed maximum cash drawdown	561,040	561,040	0		561,040	561,040	0	

1.0 Key messages

NHS England (NHSE) had given the CCG a revised Control Total of break-even in year for 2017/18, but NHSE has also acknowledged the risks to delivering this revised Control Total.

The actual outturn at 31st March (month 12) is a deficit of £3.9m against the revised target of a break-even position. The final year end result has been subject to several NHSE adjustments which have been imposed at a national level. The table below reconciles the position.

	Mth 12 £m
Analysis of final reported deficit	
Original reported deficit	(7.2)
Release national risk reserve	2.8
Reimbursement of Cat M drugs rebate held by NHSE	0.5
Final reported deficit	(3.9)

It is important to remember that included in the overall result is the cost of nationally driven prescribing cost pressure which is outside of the control of the CCG. At 31st March the cost of these prescribing cost pressures or NCSO (included in the unadjusted £7.2m deficit) was £2.5m which means that the underlying deficit is £4.7m, excluding the year-end adjustments above. Since the Financial Recovery Plan presented to the region on 11th October 2017, which was based on the month 5 forecast outturn, the underlying deficit has remained broadly the same. This is more clearly illustrated in tabular form below which excludes the final NHSE year-end adjustments above (national risk reserve and Cat M drugs rebate) for consistency purposes:

Analysis of reported deficit (excluding NHSE adjustments)	Month 5 £'000	Month 6 £'000	Month 7 £'000	Month 8 £'000	Month 9 £'000	Month 10 £'000	Month 11 £'000	Month 12 £'000
Deficit ex-prescribing NCSO	(4,456)	(3,942)	(5,146)	(4,610)	(4,449)	(4,449)	(4,695)	(4,667)
National prescribing cost pressure	(1,007)	(1,474)	(2,069)	(2,588)	(3,015)	(2,672)	(2,503)	(2,519)
Total Deficit	(5,463)	(5,416)	(7,215)	(7,198)	(7,464)	(7,121)	(7,198)	(7,186)

If the final reported deficit of £3.9m is adjusted for the nationally driven prescribing cost pressure of £2.5m, then the CCG element of the final deficit is £1.4m, close to a break-even position.

The year end has gone smoothly with no unplanned liabilities emerging and no anticipated hang-overs for the following year (2018/19) other than business as usual adjustments where estimates have been used in the absence of actual figures. The main acute contracts final position has been de-risked as far as possible with a full and final settlement agreed with Luton & Dunstable FT and a conservative view taken of outstanding challenges, all of which have been shared with the providers prior to inclusion.

The performance for the month of March was a surplus against the plan of £3.3m after overspends on Acute Services of £1.0m. This means that for the rest of the budgets there was a net underspend of £4.3m. This favourable position was substantially driven by the release of reserves £3.2m, £2.7m of which related to the national risk reserve. See Appendix A.

The cash draw down facilities were extended in February to cover the previously revised Control Total of break even. This still left a cash risk of circa £7.2m as the deficit was not cash backed at the end of February but, following discussions with NHS England, we received an additional drawdown in March to cover the residual gap.

2.0 Forecast Outturn variances

The main movements in the forecast position since last month are:

Analysis of movement	£'000 (Over) /Under
2.1 Acute Services	
Luton & Dunstable FT	(217)
Milton Keynes FT	(293)
Buckinghamshire Hospitals Trust	(385)
Circle	(242)
Acute Non NHS Providers	665
Other	(490)
Total	(962)

The movement on Luton & Dunstable FT reflects the final movement to a year end settlement position. The movement on Milton Keynes reflects a reduction in the anticipated level of challenges to be realised and likewise for Buckinghamshire although their position also reflects the inclusion of partially completed spells. The adverse movement on Circle is driven by a technical accounting adjustment to the level of prepayment carried in the balance sheet.

The favourable variance on Acute Non NHS Providers relates to the surplus provision carried against the settlement on the Dermatology which ended earlier this year.

Analysis of movement	£'000 (Over) /Under
2.2 Mental Health Services	
Mental Health Non NHS - Other S117 Patient Recharges	(346)
Other	(11)
Total	(357)

In the final forecast position we have taken a prudent view of all potential S117 (Mental Health out of hospital care) liabilities. In reality we do not expect they all will crystallise but based on recent history the CCG has assumed a prudent position.

Analysis of movement	£'000 (Over) /Under
2.3 Primary Care Services	
Primary Care Prescribing	130
Primary Care IM&T	262
Other Primary Care	872
Other	30
Total	1,294

The movement on prescribing reflect the continued easing of the national NCSO (No Cheaper Stock Obtainable) cost pressure. The Primary Care IM&T underspend reflects additional funding received from NHS England in respect of the N3 network connection work. The Other Primary Care favourable variance is due to underspends on the ETTF (Estates & Technology Transformation Fund) project.

3.0 Underlying Position

The CCG is required to be able to demonstrate that the underpinning 'recurrent' position is in balance. (There is a risk that one-off benefits could be used to support a financial position, disguising an underlying deficit position.) As per below the CCG ended the year in recurrent surplus, albeit a small one, and therefore is still compliant with the requirement to demonstrate 'recurrent revenue balance'.

Description	£'000
Forecast Deficit at month 12	(3,897)
Adjust for non-recurrent items in plan:	
Prior year items	5,959
No Cheaper Stock Concession	2,519
Cat M Benefit	(548)
Non Recurrent 0.5% Reserve	(2,741)
Other adjustments	523
Non Recurrent QiPP	(777)
Full year effect of investments	(885)
Underlying Financial Position	153

4.0 Debtors

	2016/17 Month 12	2017/18 Month 11	2017/18 Month 12		
	£	£	£	No.	%
30 days or less	991,412	6,978,695	4,937,298	79	58.0%
31 to 60 days	21,906	2,895,053	1,378,317	18	13.0%
61 to 90 days	914,581	52,525	52,563	5	4.0%
91 to 120 days	105,846	0	22,061	4	3.0%
121 days or more	2,325,382	1,550,295	989,650	31	22.0%
Total	4,359,127	11,476,568	7,379,889	137	100.0%

5.0 Contracting & Activity

The main reasons for the movements in activity on contracts year to date are identified below:

POD	Total Budget Activity	Actual Activity	Variance Activity	Variance %
A&E	114,011	114,010	1	0.00%
Elective/Day Case	40,350	41,855	(1,505)	-3.73%
Non-Elective	46,902	50,865	(3,963)	-8.45%
Outpatient First	84,729	87,758	(3,029)	-3.57%
Outpatient Follow-up	197,770	193,050	4,720	2.39%
Outpatient Procedures	74,892	70,243	4,649	6.21%
Outpatient Diagnostics	54,482	60,789	(6,307)	-11.58%
Total	613,136	618,570	(5,434)	-0.89%

Elective/ Day case over performance is mainly at BHT and specifically Urology.

Non Elective over performance is at BHT and L&D. Mainly general medicine at BHT and and General medicine, Geriatric medicine and General surgery at L&D.

Outpatient First over performance at BHT and L&D is partly offset by under-performance at

other providers with Gynaecology and Paediatrics' being the largest specialties. Outpatient diagnostics over performance is showing an increase across all providers and is being investigated for a change to counting and coding practise.

6.0 QiPP

QiPP 2017/18

The table below demonstrates that the closing QiPP position in 2017/18 was **£19.514m**. This was £515k less than forecasted in M11, and £6.017m short of our original £25.531m QiPP target. Although short of the original target, this is a notable achievement in a challenging financial year, resulting in a final QiPP position £4.5m higher than the previous year.

QiPP 2017/18	Gross Savings £'000							
Source	Plan	M6	M7	M8	M9	M10	M11	M12
QiPP in Forecast	11,731	15,081	16,264	18,895	19,064	18,695	19,298	19,514
Riskier QiPP	13,800	3,956	3,642	1,168	1,807	1,590	731	0
Sub Total	25,531	19,036	19,907	20,063	20,871	20,284	20,029	19,514

We started 2017/18 aiming to achieve £25.5m in QiPP. £20.5m was to be delivered through BCCG identified schemes and £5m was to be delivered through an STP led programme called the Collaborative Investment Savings Programme (CISP), led by Optum. As the year progressed it became clear that CISP would not deliver to the scale and pace originally anticipated, therefore £5m of the £25m plan was unachievable. Taking this into account, this left BCCG to identify and deliver £20.5m, of which we achieved 95% of this value via 40 schemes across 12 programmes.

The table below summarises the in-month movement, detailing the less favourable -£515k position:

QiPP ID	Scheme Name	Movement	Reason
QIPP095	Sepsis: National change in the coding guidance	-577	Did not Materialise
QIPP027	Contract Challenges	-262	Less than estimated
QIPP097	CHC Invoices (1 x Herts, 1 x CBC, 2 x BBC)	-179	Did not Materialise
QIPP093	Reduced Corporate Spend	-161	Did not Materialise
QIPP012	GP Referral Pathway into BHT (Ambulatory Care)	-38	Under performance
QIPP017	Minor Eye Conditions - LOCSU	-1	Under performance
QIPP043	Ambulance Hear & Treat and See & Treat	1	Over performance
QIPP055	RC: Cardiovascular Disease	2	Over performance
QIPP053	RC: Gastro-Intestinal	6	Over performance
QIPP042	Urgent Connect - L&D	7	Over performance
QIPP011	Integrated A&E Front Door Model at BHT	11	Over performance
QIPP060	Improving Discharge and Patient Flow at BHT	13	Over performance
QIPP008	Street Triage	20	Over performance
QIPP003	Medicines Optimisation	45	Over performance
QIPP023	Stroke - Early Supported Discharge	141	Over performance
QIPP058	RC: Respiratory	179	Over performance
QIPP007	CHC Optimisation	278	Over performance
	Grand Total	-515	

The committee's attention is drawn to the 3 large non-recurrent QIPP schemes that did not materialise in the last month, QIPP095, QIPP097 and QIPP093. I believe there are lessons to be learnt from including high-risk non-recurrent opportunities in the QIPP Programme, as more often than not, they do not materialise. This results in unwelcomed and unnecessary negative attention on the QIPP Programme that can overshadow the over-performance from well-established transformation QIPP schemes. This will feature in a Lessons Learnt report that will be going to Financial Recovery Board on 18th April 2018.

Summary of Forecast position at 31 March 2018 (Month 12)

Appendix A

	Current Month - March			Previous Month - February			Movement		
	Annual Budget £'000	Forecast Outturn £'000	Variance FY £'000	Annual Budget £'000	Forecast Outturn £'000	Variance FY £'000	Annual Budget £'000	Forecast Outturn £'000	Variance FY £'000
Income									
Recurrent Resource Allocation	(548,261)	(548,261)	0	(548,261)	(548,261)	0	0	0	0
Running Cost Allowance	(9,857)	(9,857)	0	(9,857)	(9,857)	0	0	0	0
Deficit brought forward	48,725	48,725	0	48,725	48,725	0	0	0	0
Others	(4,342)	(4,342)	0	(2,631)	(2,631)	0	(1,711)	(1,711)	0
Total Income	(513,735)	(513,735)	0	(512,024)	(512,024)	0	(1,711)	(1,711)	0
Expenditure									
Acute Services	304,384	328,177	(23,793)	303,852	326,683	(22,830)	532	1,494	(962)
Mental Health Services	56,065	58,769	(2,704)	55,836	58,183	(2,347)	229	586	(357)
Community Health Services	38,974	37,866	1,108	38,974	37,742	1,232	0	124	(124)
Continuing Care Services	39,395	36,950	2,445	39,395	36,865	2,530	0	85	(85)
Primary Care Services	71,618	71,965	(346)	71,618	73,259	(1,641)	0	(1,294)	1,294
Other Program Services	19,152	18,462	690	19,152	18,508	644	0	(46)	46
TOTAL EXPENDITURE BEFORE APPLICATION OF RESERVES	529,589	552,189	(22,600)	528,828	551,240	(22,412)	760	948	(188)
Reserves									
Non Recurrent Headroom (must be held as uncommitted)	2,741	0	2,741	2,741	2,741	0	0	(2,741)	2,741
Contingency Reserve	2,741	0	2,741	2,741	0	2,741	0	0	0
CQUIN Reserve	4	0	4	435	435	0	(431)	(435)	4
Investment Reserves (Held until PID Approved)	3,826	536	3,290	3,827	401	3,426	(1)	135	(136)
Allocations held in reserves	2,744	0	2,744	1,361	(822)	2,183	1,383	822	561
Prior Year - Top 6 Acutes	0	4,137	(4,137)	0	4,137	(4,137)	0	0	0
Sub Total	12,056	4,673	7,383	11,105	6,892	4,213	951	(2,219)	3,170
TOTAL PROGRAMME EXPENDITURE AFTER APPLICATION OF RESERVES	541,645	556,862	(15,217)	539,934	558,132	(18,199)	1,711	(1,271)	2,982
Running Costs	9,815	9,495	320	9,815	9,815	0	0	(320)	320
SURPLUS/(DEFICIT)	(37,725)	(52,622)	(14,897)	(37,725)	(55,923)	(18,198)	(0)	3,301	3,302
IN YEAR SURPLUS/(DEFICIT)	11,000	(3,897)	(14,897)	11,000	(7,198)	(18,198)	(0)	3,301	3,302