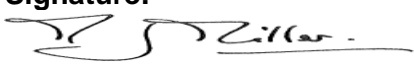


Agenda Item: 14.0

<p>Governing Body <i>held in public</i></p>	<p>Report</p> <p>Date of Meeting: 5 April 2018</p>
---	--

Report Title	Finance Report – January 2018		
Report Author	Presented By	Responsible Director	
Malcolm Miller, Acting Chief Finance Officer	Malcolm Miller, Acting Chief Finance Officer	<i>Malcolm Miller, Acting Chief Finance Officer</i> Signature: 	
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 decision /For approval /For discussion /To give assurance /For information only		
Approval Route:	<i>Finance and Performance Committee</i>		
Further Assurance:			
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	As outlined in the Financial Risk Register		
Executive Summary	The report provides the Governing Body with a routine update on the financial position of the CCG.		

	<p>NHSE has 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.</p> <p>The forecast outturn at 31st January (month 10) is a deficit of £7.1m against the revised break-even target. This is an improvement of £0.4m on the forecast outturn position reported at the end of December which was a deficit of £7.5m. The forecast position at the end of December included unidentified QiPP of £391k but the forecast outturn at the end of January did not include any such unidentified QiPP so effectively the risk of any shortfall has been absorbed into the position. This presentation is consistent with that used for the regional updates.</p>
--	--

Finance Report January 2018 (Month 10)

FINANCE

Summary of Key Performance Indicators

Indicator	Year to Date				Forecast Outturn			
	Target £'000	Actual £'000	Variance £'000	RAG Rating	Target £'000	FOT £'000	Variance £'000	RAG Rating
Running costs do not exceed allocation					9,857	10,021	(164)	
Total expenditure does not exceed total allocation					560,753	567,874	(7,121)	
Running costs spend within plan	8,196	8,151	45		9,867	10,021	(154)	
Programme spend within plan	446,668	462,587	(15,919)		539,886	557,853	(17,967)	
Actual Surplus/(Deficit) is within revised break-even target	0	(6,703)	(6,703)		0	(7,121)	(7,121)	
Risk adjusted deficit					0	(7,121)	(7,121)	
QiPP delivery	19,909	14,894	(5,015)		25,531	18,695	(6,836)	
Better Payment Practice Code (Value)	95.0%	91.0%	-4.0%		95.0%	94.0%	-1.0%	
Better Payment Practice Code (Number)	95.0%	89.0%	-6.0%		95.0%	94.0%	-1.0%	
Cash drawdown does not exceed maximum cash drawdown	465,672	463,234	2,438		556,000	563,200	(7,200)	

1.0 Key messages

NHSE has 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 forecast outturn at 31st January (month 10) is a deficit of £7.1m against the revised target of a break-even position. This is an improvement of £0.4m on the forecast outturn position reported at the end of December which was a deficit of £7.5m. The forecast position at the end of December included unidentified QiPP of £391k but the forecast outturn at the end of January did not include any such unidentified QiPP so effectively the risk of any shortfall has been absorbed into the position. This presentation is consistent with that used for the regional updates.

It is important to remember that included in the overall result is the cost of nationally driven prescribing cost pressures (NCSO) which is outside of the control of the CCG. At 31st January the cost of these prescribing cost pressures (included in the £7.1m deficit) was £2.7m which means that the underlying deficit is £4.5m. 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:

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

The main risks are the over performance of Acute Contracts, landing £3.6m contract challenges included in the Acute forecast position and £1.7m QiPP not yet in the run-rate, Mental Health expenditure, in particular out of hospital aftercare (Section 117), Prescribing (national cost pressures NCSO) and risk of delivery of QiPP, see Appendix A.

It should be noted that we are undergoing a triangulation exercise with our key providers with the intention of reconciling the commissioners and providers views of the year end outturn position. If this exercise reveals any gaps that are not capable of resolution then this may impact on our current forecast position. The negotiations are on-going.

The performance for the month of January was a deficit against the plan of £0.5m of which £0.9m relates to Acute Service overspend. This means that for the rest of the budgets there was a net underspend of £0.4m. See Appendix B.

We have now received an email confirmation that the cash drawn down will be adjusted in February in line with the previously revised Control Total of break even. This still leaves a cash risk of circa £7.2m and the CCG is in ongoing discussions with NHS England with the intention of drawing down an additional amount to cover the final agreed Control Total, a deficit of £7.2m.

2.0 Month 10 movements

The key in-month movements are:

Analysis of movement	£'000 (Over) /Under
2.1 Acute Services	
Bedford Hospital	(1,047)
Luton & Dunstable	(1,306)
Other Top 6 Providers	581
Acute Non NHS Providers	649
Unaffordable contracts	(1,002)
Other	(196)
Total	(2,321)

Bedford Hospital and Luton & Dunstable FT substantially driven by revised level of contract challenges included in their position. This was adjusted in the forecast outturn at month 9 but not the year to date due to the information not being finalised on time.

Acute Non NHS Providers improved due to an updated position on the impact of transferring Dermatology services into Bedford Hospital.

Unaffordable contracts relate to the main acute contracts which were signed outside of the financially affordable envelopes in December last year .

Analysis of movement	£'000 (Over) /Under
2.2 Community Services	
Community Services - Essex Partnership University Trust (EPUT)	217
Locality Community Services	158
Other	17
Total	392

The movement on EPUT relates to the review of forecast expenditure on new services which show savings due to slippage on the phasing of implementation. The forecast for locality based services has been reviewed based on latest available data.

Analysis of movement	£'000 (Over) /Under
2.3 Continuing Care Services	
Continuing Care	551
Mental Health Learning Disability	445
Other	(1)
Total	994

Year to date position for Continuing Care includes £755k of recharges to local authorities for former Mental Health out of hospital patients. The forecast position for these recharges has been risk adjusted to reflect the significant risk that these recharges will not be recovered in full. The Mental Health Learning Disability favourable variance is due to changes in packages of care.

Analysis of movement	£'000 (Over) /Under
2.4 Primary Care Services	
Primary Care Prescribing	(80)
Out of Hours	(350)
Primary Care IM&T	(131)
Other	(2)
Total	(563)

In month movement on prescribing reflects the easing of the national cost pressures. The out of hours movement is largely due to the agreement to guarantee quality payments to the provider which was not previously included in the year to date position for months 4-9. Increased expenditure on GP IM&T reflects anticipated back-ended profile of expenditure.

3.0 Year to Date variances (Appendix B)

The year to date position is a deficit of £6.7m. This reflects the continued issues as previously reported and continued in January.

4.0 Forecast Outturn variances

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

Analysis of movement	£'000 (Over) /Under
4.1 Acute Services	
Bedford Hospital Trust	(150)
Luton & Dunstable FT	(175)
Acute Non NHS Providers	576
Non Contracted Activity (NCA)	(618)
Unidentified QIPP Target	(391)
Other	(265)
Total	(1,023)

The forecast based on latest provider data for Bedford Hospital is a reduction from the forecast at month 9 but this is more than offset by a reduction in the anticipated future QiPP savings hence a small increase to the overall forecast position. The £175k adverse movement in Luton & Dunstable's forecast is due to an additional £400k provision against mediation costs offset by an improvement in the underlying trust's position in month 10. The favourable movement of non NHS providers is due to a reworking of the Dermatology cost pressure based on latest data. The movement on NCA's is due to increased activity which began to surface in month 9 and seems to be genuine growth rather than a spike brought about by a month 9 invoicing surge. The movement in unidentified QiPP is due to all schemes now being allocated against specific cost centres.

Analysis of movement	£'000 (Over) /Under
4.2 Community Health Services	
Locality Community Services	348
Locality Community Services	134
Other	69
Total	551

The movement on EPUT relates to the review of forecast expenditure on new services all of which are covered within the overall budget envelope. The forecast for locality based services has been reviewed based on latest available data.

Analysis of movement	£'000 (Over) /Under
4.3 Continuing Care Services (CHC)	
Continuing Care	(243)
Mental Health Learning Disability	269
Other	1
Total	27

The adverse movement on CHC is due to a £576k risk adjustment to the QIPP scheme "CHC Invoices", this is consistent with the position reported by the PMO. This is offset by an improvement to the CHC forecast based on patient level data. The favourable movement on Learning Disabilities CHC is also based on latest patient level data.

Analysis of movement	£'000 (Over) /Under
4.4 Primary Care Services	
Primary Care Prescribing	640
Other	(151)
Total	489

The favourable movement on prescribing reflects the easing of the nationally driven cost pressure caused by No Cheaper Stock Obtainable which now stands at £2.6m in the forecast outturn position.

Analysis of movement	£'000 (Over) /Under
4.5 Other Programme Services	
Non Recurrent 0.5% Reserve	520
Other	0
Total	520

The Non Recurrent 0.5% reserve forecast has improved due to costs now being offset by STP investment funds.

5.0 Risks & Mitigations

All quantifiable risks and mitigations are included within the reported forecast outturn. The main risks which remain to delivering the forecast outturn of are:

- Continued over-performance by the main acute trusts
- Failure to land the acute contract challenges included in position
- Non delivery of QiPP
- Nationally driven prescribing cost pressures

- Mental Health cost pressures particularly in relation to S117 costs

6.0 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 is still forecasting to deliver a recurrent surplus, albeit a small one, and therefore is still compliant with the requirement to demonstrate 'recurrent revenue balance'. Given the small surplus the situation needs to be closely monitored as the tolerance for any further deterioration is very limited.

Description	£'000
Forecast Deficit at month 10	(7,121)
Adjust for non-recurrent items in plan:	
Prior year items	5,589
No Cheaper Stock Concession	2,849
Other adjustments	486
Non Recurrent QiPP	(777)
Full year effect of investments	(885)
Underlying Financial Position	141

7.0 Debtors

	2016/17 Month 10	2017/18 Month 9	2017/18 Month 10	No.	%
	£	£	£		
30 days or less	2,873,374	6,411,971	8,468,601	61	82.7%
31 to 60 days	106,884	328,408	57,525	8	0.6%
61 to 90 days	416,004	1,184,256	(2,357)	1	0.0%
91 to 120 days	319,407	166,098	9,848	6	0.0%
121 days or more	3,086,594	1,909,996	1,701,319	42	16.7%
Total	6,802,263	10,000,729	10,234,936	118	100.0%

The year on year increase in current debtors (30 days or less) is primarily driven by a catch up in Better Care Fund invoicing £3.4m and increased Circle & NHS England invoicing £1.9m and £1.2m respectively.

8.0 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	91,563	91,300	263	0.29%
Elective/Day Case	30,306	31,654	(1,348)	-4.45%
Non-Elective	37,354	40,800	(3,446)	-9.23%
Outpatient First	66,154	68,100	(1,946)	-2.94%
Outpatient Follow-up	152,363	145,502	6,861	4.50%
Outpatient Procedures	59,067	56,509	2,558	4.33%
Outpatient Diagnostics	42,242	45,483	(3,241)	-7.67%
Total	479,049	479,348	(299)	-0.06%

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.

9.0 QiPP

QIPP 2017/18

The table below demonstrates that the QIPP position has worsened by £586k in-month.

Source	Savings £'000					Variance (M9-M10)
	M6	M7	M8	M9	M10	
QIPP In Forecast	15,081	16,264	18,895	19,064	18,695	-369
Riskier QIPP	3,956	3,642	1,168	1,807	1,590	-217
Sub Total	19,036	19,907	20,063	20,871	20,284	-586

It was unfortunate in month 10 that the 14 schemes that over-performed based on their KPIs, were offset by a small number of large non-recurrent savings lines not materialising.

The only in-year mitigations that remain in the Pipeline are any year-end deals with our acutes. Everything else has been scoped and included in the QIPP programme, or scoped and closed due to the opportunity being unviable or undesirable.



Bedfordshire
Clinical Commissioning Group

The Financial Recovery Board continues to provide weekly overall direction for the QIPP programme, while the PMO continues to drive the QIPP Programme forward, however the window of opportunity to identify, scope and deliver new schemes has almost closed. The focus will be to minimise any further risks materialising, with the overall aim of achieving a £20m QIPP programme in 2017/18.

Summary of Forecast position at 31 January 2018 (Month 10)

Appendix A

	Current Month - January			Previous Month - December			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	(2,635)	(2,635)	0	(2,477)	(2,477)	0	(158)	(158)	0
Total Income	(512,028)	(512,028)	0	(511,870)	(511,870)	0	(158)	(158)	0
Expenditure									
Acute Services	305,105	326,649	(21,543)	301,126	321,646	(20,520)	3,979	5,002	(1,023)
Mental Health Services	55,836	58,252	(2,415)	55,555	58,020	(2,465)	281	232	50
Community Health Services	38,874	37,498	1,375	38,697	37,873	824	177	(374)	551
Continuing Care Services	39,395	36,790	2,605	39,395	36,817	2,578	0	(27)	27
Primary Care Services	71,496	73,103	(1,606)	71,496	73,592	(2,095)	0	(489)	489
Other Program Services	19,152	18,593	559	19,116	19,077	39	36	(484)	520
TOTAL EXPENDITURE BEFORE APPLICATION OF RESERVES	529,859	550,885	(21,026)	525,386	547,024	(21,639)	4,473	3,860	613
Reserves									
Non Recurrent Headroom (must be held as uncommitted)	2,741	2,741	0	2,741	2,741	0	0	0	0
Contingency Reserve	2,741	0	2,741	2,741	0	2,741	0	0	0
CQUIN Reserve	435	435	0	1,545	1,545	0	(1,110)	(1,110)	0
Investment Reserves (Held until PID Approved)	3,827	401	3,426	4,077	738	3,339	(250)	(337)	87
Allocations held in reserves	283	(746)	1,029	3,287	2,258	1,029	(3,004)	(3,004)	0
Prior Year - Top 6 Acutes	0	4,137	(4,137)	0	4,137	(4,137)	0	0	0
Sub Total	10,027	6,968	3,059	14,391	11,419	2,972	(4,364)	(4,451)	87
TOTAL PROGRAMME EXPENDITURE AFTER APPLICATION OF RESERVES	539,886	557,853	(17,966)	539,777	558,443	(18,666)	109	(590)	700
Running Costs	9,867	10,021	(154)	9,818	9,616	202	49	405	(356)
SURPLUS/(DEFICIT)	(37,725)	(55,846)	(18,121)	(37,725)	(56,189)	(18,464)	(0)	343	343
IN YEAR SURPLUS/(DEFICIT)	11,000	(7,121)	(18,121)	11,000	(7,464)	(18,464)	(0)	343	343

Summary of in-month & YTD financial position at 31 January 2018 (Month 10)

	Current Month - January			Previous Month - December			Movement - (in month position)		
	Budget YTD £'000	Actual YTD £'000	Variance YTD £'000	Budget YTD £'000	Actual YTD £'000	Variance YTD £'000	Budget YTD £'000	Actual YTD £'000	Variance YTD £'000
Income									
Recurrent Resource Allocation	(453,625)	(453,625)	0	(405,431)	(405,431)	0	(48,194)	(48,194)	0
Running Cost Allowance	(8,214)	(8,214)	0	(7,393)	(7,393)	0	(821)	(821)	0
Deficit brought forward	40,604	40,604	0	36,544	36,544	0	4,060	4,060	0
Others	(2,196)	(2,196)	0	(1,858)	(1,858)	0	(338)	(338)	0
Total Income	(423,431)	(423,431)	0	(378,138)	(378,138)	0	(45,293)	(45,293)	0
Expenditure									
Acute Services	253,756	271,493	(17,737)	225,134	240,549	(15,415)	28,622	30,943	(2,321)
Mental Health Services	46,530	48,942	(2,412)	41,666	44,117	(2,450)	4,864	4,826	38
Community Health Services	32,361	31,326	1,035	28,995	28,352	643	3,366	2,974	392
Continuing Care Services	32,877	30,078	2,799	29,618	27,813	1,805	3,259	2,265	994
Primary Care Services	59,657	61,624	(1,967)	53,737	55,141	(1,404)	5,920	6,483	(563)
Other Program Services	15,930	15,392	538	14,109	14,135	(26)	1,821	1,257	564
TOTAL EXPENDITURE BEFORE APPLICATION OF RESERVES	441,112	458,855	(17,744)	393,258	410,106	(16,848)	47,854	48,749	(896)
Reserves									
Non Recurrent Headroom (must be held as uncommitted)	(0)	0	(0)	(0)	0	(0)	(0)	0	(0)
Contingency Reserve	2,741	0	2,741	2,741	0	2,741	0	0	0
CQUIN Reserve	0	0	0	0	0	0	0	0	0
Investment Reserves (Held until PID Approved)	2,816	345	2,471	3,068	68	3,000	(252)	277	(528)
Allocations held in reserves	0	(750)	750	0	0	0	0	(750)	750
Prior Year - Top 6 Acutes	0	4,137	(4,137)	0	4,137	(4,137)	0	0	0
Sub Total	5,557	3,732	1,825	5,809	4,205	1,604	(252)	(473)	222
TOTAL PROGRAMME EXPENDITURE AFTER APPLICATION OF RESERVES	446,668	462,587	(15,918)	399,066	414,311	(15,244)	47,602	48,276	(674)
Running Costs	8,196	8,151	44	7,362	7,501	(139)	834	650	184
SURPLUS/(DEFICIT)	(31,433)	(47,307)	(15,874)	(28,290)	(43,674)	(15,384)	(3,143)	(3,634)	(490)
IN YEAR SURPLUS/(DEFICIT)	9,171	(6,703)	(15,874)	8,254	(7,130)	(15,384)	917	427	(490)