NHS
Bedfordshire
Clinical Commissioning Group

Agenda Item: 13.0

Governing Body *held in Public*	***Report*** Date of Meeting: 5th July 2018

Report Title	**Finance Report as at 31st May 2018 (Month 2)**	
Report Author	**Presented By**	**Responsible Director**
Malcolm Miller **Acting Chief Finance Officer**	**Malcolm Miller** **Chief Finance Officer**	**Malcolm Miller** **Signature:**
Purpose for presenting report	The report provides the Committee with a routine monthly update on the financial position of the CCG.	
Action Required:	1. To note and discuss the financial position at month 2 and to note that the CCG is currently on plan to achieve the 2018/19 financial plan as agreed with NHSE. 2. To note the summary of Key Performance Indicators at the beginning of the finance report which provides a quick overview of financial performance.	
Approval Route:	Recommendation from the 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?			

<table>
<tr><td colspan="2">Has an Equality Impact Assessment been carried out?</td><td></td><td></td><td></td></tr>
<tr><td>Key Risks</td><td colspan="4">As at month 2:
Limited activity and financial data available (particularly providers) hence making any forecasting uncertain.
difficult to quantify financial risks but the general risks are considered to be manageable at this stage in the year.
The CCG retains £2.5m contingency to manage risk should they materialise.</td></tr>
<tr><td>Executive Summary</td><td colspan="4">The 2018/19 financial plan agreed with NHS England (NHSE) requires the CCG to achieve an in-year £10m surplus.

Month 2 financial return to NHSE reflects the CCG achieving its planned ytd and forecast control total.

Data for month 2 reporting is limited and a prudent approach has been adopted, particularly around provider positions. Marginal pressures emerging but are considered manageable at this stage. Full reporting processes are expected for month 3.</td></tr>
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Finance Report May 2018 (Month 2)

FINANCE

Summary of Key Performance Indicators

Indicator	Year to Date Month 2				Forecast Outturn			
	Target £'000	Actual £'000	Variance £'000	RAG Rating	Target £'000	Actual £'000	Variance £'000	RAG Rating
Running costs do not exceed allocation					9,900	9,495	405	
Total expenditure does not exceed total allocation					579,592	569,592	10,000	
Running costs spend within plan	1,587	1,517	70		9,521	9,521	0	
Programme spend within plan	92,928	92,986	(58)		560,071	560,071	0	
Actual Surplus/(Deficit) is within revised break-even target	1,376	1,388	12		10,000	10,000	0	
Risk adjusted deficit					10,000	10,000	0	
QiPP delivery (Gross)	1,711	1,499	(212)		26,062	26,062	0	
Better Payment Practice Code (Value)	95.0%	99.5%	4.5%		95.0%	95.0%	0.0%	
Better Payment Practice Code (Number)	95.0%	98.0%	3.0%		95.0%	95.0%	0.0%	
Cash drawdown does not exceed maximum cash drawdown	94,555	90,930	3,625		567,332	567,332	0	

1.0 Key messages

The annual plan agreed with NHSE is to achieve an in-year surplus position of £10m which comprises a 1% annual surplus (£5.7m as per NHSE business rules) and a £4.3m contribution towards repaying the CCG's accumulated deficit (£52.6m) from prior years.

At month 2, the CCG is reporting an £1.7m in-year surplus (marginally ahead of plan) and a forecast £10m surplus, both being consistent with the most recent 2018/19 plan submitted to NHSE.

There is limited activity data (month 1 only) upon which to substantiate any variance analysis and to consider any trends and whether these are sustained or short-term fluctuations. Consequently, provider expenditure has generally been taken to budget or close to budget. The risk in this approach (cost pressures and overspends not being identified) is mitigated by retaining the reserves and not releasing them to offset any other pressures and risks at this time. It is expected that month three reporting will be based on full set of data and monthly budgeting reporting processes.

Where there is confidence in data and other information received (e.g. corporate costs), full monthly reporting processes have been adopted. In these areas, there is early evidence of pressures emerging against community beds and the CCG's internal transformation reserve offset by underspends across other service lines.

The limited data available has also impacted upon QIPP reporting and having supporting evidence that plans are delivering. A prudent approach has been taken at this stage and schemes risk assessed against start dates and expected delivery. Some schemes were due to start in the first two months but have not done so. This is reflected in the £200k QIPP slippage to date but, given the majority of the financial year remains, these schemes will be fast tracked and expected to recover their savings target.

The cash and debtor position are not giving any cause for concern at present. Debtors have reduced from month1 and are significantly lower than at the same period last year. Reasons for debtors > 121 days are known and are being pursued.

Risks to achieving the CCG's financial plan are, so early in the financial year, considered the usual generic risks. The CCG holds a contingency against those risks but is also pursuing other opportunities to ensure that any financial benefits from, for example, closing last year's contract positions, are identified and secured as soon as possible.

2.0 Forecast Outturn variances

Summary ytd and forecast positions are shown at Appendix 1 reflecting small variations at month 2 but with an expectation that, with limited data to date, budgeted spend will be achieved.

Comments on year-to date:

Acute services are showing some small activity and price variations reflecting changes in activity complexity compared to plan. (East & North Herts Trust activity is marginally below plan but at a higher average cost whereas Milton Keynes hospital is the reverse.

Mental Health: overspend arises from overseas patients.

Community Services: Acquired Brain Injury underspent through reduced activity, community beds is overspent due to activity being higher than plan to month 2.

Primary Care and Other Programme Services: variations due to tidying up of prior year position. Commitments against Turnaround Reserve currently exceed plan due to short term extensions of interim staff.

Running Cost Allowance is within plan.

3.0 Risks and Opportunities

Given the limited activity data and trends from providers, it is difficult to quantify risks and opportunities this early in the reporting year. Generic risks will include increasing activity and price variances at providers, slippage on QiPP delivery, non-stock prescribing pricing continue into the current year and any other unexpected expenditure. These possible emerging risks will be managed through reserves in the first instance. Focus is also being given to identifying other mitigations such as any benefits from reconciling 2017/18 outturn positions over the next couple of months. Risks and opportunities that become certain will be included in the financial position and forecast going forward. Potential emerging risks and opportunities will not be reflected in the financial position until they become certain but will be quantified and reported going forward so that the CCG is fully aware of the factors that may subsequently influence achieving its financial plan.

4.0 Debtors

	2017/18 Month 2 (£) £	2018/19 Month 1 (£) £	Month 2 (£) £	No.	% (Value)
30 days or less	3,294,260	4,144,803	3,562,794	31	65%
31 to 60 days	3,323,493	803,492	273,857	11	5%
61 to 90 days	56,195	745,393	72,380	13	1%
91 to 120 days	408,263	21,749	518,040	5	9%
> 121 days	2,040,333	870,950	1,044,524	18	19%
Total	**9,122,544**	**6,586,387**	**5,471,595**	**78**	**100.0%**

5.0 Contracting & Activity

Acute services are currently showing a small underspend of £306,000 (0.5%) for the year to date.

The overall position is consistent with contract phasing although it should be noted that only one month's flex data is available from providers and hence caution should be used when interpreting the data. In addition the information from Bedford Hospital NHS Trust is first cut and will be subject to further revisions for uncoded and cleansing of data.

The forecast outturn for the year on acute services is break even

A number of improvements have been to the systems and processes for contract finance reporting in 2018/19. The new Civica SLAM reporting system has been introduced at the main providers. This will lead to more integrated and consistent reporting between the CCG and providers. More detailed information will also be available to enable a greater understanding of variances and data trends. The CCG is also working with Bedford Hospital NHS Trust to obtain more accurate data earlier and ensure that the Trust complies with the national reporting timetable.

Civica SLAM is also being rolled out across smaller providers over the next three months to strengthen monitoring of these contracts.

6.0 QiPP 2018/19

The CCG financial plan requires £26.1m (4.5%) QIPP savings to be realised. The NHSE submitted plan showed £26.1m gross with an assessed £2.9m risk of achievement. Since then further work has been underway to scrutinise initial bids and ensure their robustness and ability to deliver the originally estimated levels of savings. This work has been overseen by the QIPP Control Group reporting into the Financial Recovery Board.

This has inevitably led to some schemes being revised. As at 18th June, some 40 out of 45 Project Initiation Documents (PIDs) had been approved by the Financial Recovery Board and have or are being implemented. A total of £22.3m has been identified leaving a current shortfall of £3.7m.

For internal planning purposes, schemes are rated and risk assessed on anticipated savings that will be realised. The current position is shown below and demonstrates that the 'realisable' value has increased since the Assurance meeting with NHSE.

QIPP Summary as at 18th June 2018

PID/Evaluated Schemes		Gross	BRAG	Realiseable	Last NHSE Assurance Realisable
		£000	%	£000	£000
Rated:	Blue	£4,481	100%	£4,481	£5,668
	Green	£8,119	80%	£6,495	£2,434
	Amber	£9,442	50%	£4,721	£5,198
	Red	£290	0%	£0	£0
		£22,332		£15,697	£13,300
Unidentified QIPP		£3,730			
Total		£26,062		£15,697	£13,300

BRAG	*Rating Assessment Criteria*
Blue	Scheme is fully planned, approved and delivering
Green	Scheme is planned and approved but not yet delivering
Amber	Scheme has been developed and costed and is planned
Red	Scheme is not developed beyond 'idea' stage. A high level concept, or pipeline scheme, with very limited or no assessment of potential impact.

Work is focused on ensuring delivery of current schemes but also to identify further opportunities via:

- Validating Acute schemes by HRG level through Civica. In some instances, by accurately mapping to HRG. This has highlighted increased QIPP values
- Reworking where appropriate the schemes adjusted by the SRO review into SMARTer Projects which can be delivered and monitored more easily.
- Reviewing existing schemes to ensure that they maximise delivery and opportunity
- Reviewing other CCG's schemes, particularly BLMK, to identify opportunities for common or new schemes
- Reviewing opportunities which will be highlighted by the new Community Provider
- Reviewing the new Rightcare data provided, which includes a potential c£2m opportunity in Neurology.
- Planning a full review of secondary contracts.
- Reviewing back office opportunities around IT, Estates and Business Support, including Pan-BLMK opportunities
- Using QIPP Control Group to support ideas and innovation, encouraging and developing a culture of wider staff engagement in QIPP.
- Developing Commissioning Intentions across the STP

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NHS Bedfordshire Clinical Commissioning Group

Appendix 1

Summary of Financial Position at 31st May 2018 (Month 2)

	Year to Date Month 2 (May '18)			Forecast		
	Budget ytd £'000	Actual ytd £'000	Variance ytd £'000	Annual Budget £'000	Forecast Outturn £'000	Variance FY £'000
Income						
Recurrent Resource Allocation	(94,204)	(94,204)	0	(569,469)	(569,469)	0
Running Cost Allowance	(1,650)	(1,650)	0	(9,900)	(9,900)	0
Deficit brought forward	8,770	8,770	0	52,622	52,622	0
Others	(37)	(37)	0	(223)	(223)	0
Total Income	**(87,121)**	**(87,121)**	**0**	**(526,970)**	**(526,970)**	**0**
Expenditure						
Acute Services	54,816	54,510	306	327,327	327,327	0
Mental Health Services	9,665	9,712	(47)	57,990	57,990	0
Community Health Services	6,950	7,005	(55)	41,497	41,600	(103)
Continuing Care Services	6,588	6,579	9	39,528	39,528	0
Primary Care Services	11,701	11,760	(59)	70,206	70,206	0
Other Program Services	3,208	3,420	(212)	18,812	19,112	(300)
TOTAL EXPENDITURE BEFORE APPLICATION OF RESERVES	**92,928**	**92,986**	**(58)**	**555,360**	**555,763**	**(403)**
Reserves						
Non Recurrent Headroom (must be held as uncommitted)	0	0	0	0	0	0
Contingency Reserve	0	0	0	2,897	2,494	403
CQUIN Reserve	0	0	0	0	0	0
Investment Reserves (Held until PID Approved)	0	0	0	1,818	1,818	0
Allocations held in reserves	0	0	0	(4)	(4)	0
Prior Year - Top 6 Acutes	0	0	0	0	0	0
Sub Total	0	0	0	4,711	4,308	403
TOTAL PROGRAMME EXPENDITURE AFTER APPLICATION OF RESERVES	**92,928**	**92,986**	**(58)**	**560,071**	**560,071**	**0**
Running Costs	1,587	1,517	70	9,521	9,521	0
SURPLUS/(DEFICIT)	**(7,394)**	**(7,382)**	**12**	**(42,622)**	**(42,622)**	**0**
IN YEAR SURPLUS/(DEFICIT)	**1,376**	**1,388**	**12**	**10,000**	**10,000**	**0**