NHS
Bedfordshire
Clinical Commissioning Group

Agenda Item: 11.0

Governing Body Meeting *held in Public*	***Report*** Date of Meeting: 6th September 2018

Report Title	**Finance Report as at 31st July 2018 (Month 4)**	
Report Author	**Presented By**	**Responsible Director**
Roger Hammond & Ian Chislett, Deputy Chief Finance Officers	**Malcolm Miller** **Chief Finance Officer**	**Malcolm Miller**
Purpose for presenting report	The report provides the Governing Body with a routine monthly update on the financial position of the CCG.	
Action Required:	1. To note and discuss the financial position at month 4 and that whilst the CCG is currently reporting to achieve the 2018/19 financial plan as agreed with NHSE, there is some inherent risk to delivering that position. 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?			

<table>
<tr><td>Have any public engagement implications been signed off by the Head of Communications & Engagement?</td><td></td><td></td><td></td></tr>
<tr><td>Has an Equality Impact Assessment been carried out?</td><td></td><td></td><td></td></tr>
<tr><td>Key Risks</td><td colspan="3">As at month 4:
• Problems with data quality form Bedford hospital continue to impact upon the financial position but financial pressures are emerging around acute unplanned care.
• The CCG has needed to utilise all current contingency reserves in delivering the £10m control total</td></tr>
<tr><td>Executive Summary</td><td colspan="3">The 2018/19 financial plan agreed with NHS England (NHSE) requires the CCG to achieve an in-year £10m surplus.

Month 4 financial return to NHSE reflects the CCG achieving its planned forecast control total. YTD position is £751k adverse variance from plan

There are still problems with the quality of data form Bedford Hospital although action plans have been agreed to correct this. Pressures are continuing on acute planned and unplanned care but are considered manageable at this stage after playing in reserves and assuming that QIPP will be delivered in full.</td></tr>
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Bedfordshire
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Finance Report July 2018 (Month 4)

FINANCE

Summary of Key Performance Indicators

Indicator	Year to Date Month 4				Forecast Outturn			
	Target £'000	Actual £'000	Variance £'000	RAG Rating	Target £'000	Actual £'000	Variance £'000	RAG Rating
Running costs spend within plan	3,195	2,947	248		9,587	9,343	244	
Programme spend within plan	189,667	190,666	(999)		565,020	565,264	(244)	
Actual In-Year Surplus/(Deficit)	3,335	2,584	(751)		10,000	10,000	0	
QiPP delivery (Gross)	5,475	5,109	(366)		26,062	22,567	(3,495)	
Better Payment Practice Code (Value)	95.0%	92.1%	-2.9%		95.0%	95.0%	0.0%	
Better Payment Practice Code (Number)	95.0%	95.6%	0.6%		95.0%	95.0%	0.0%	
Cash drawdown does not exceed maximum cash drawdown	190,782	191,131	(349)		572,347	572,347	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 4, the CCG is reporting an £2.6m in-year surplus (£751k (22.5%) down on plan) and a forecast £10m surplus, consistent with the final 2018/19 plan submitted to NHSE. Given the year to date pressures emerging the forecast outturn of £10.0m has been given an amber rag rating.

Financial and activity pressures have continued to emerge since month 2 when initial activity data was received from providers. Incomplete data received from providers in previous months has now been corrected and this has resulted in financial pressures from Bedford and Cambridge University Hospitals, Luton and Dunstable Foundation Trust, and East and North Hertfordshire NHS Trust. There are still high levels of un-coded activity in information received from Bedford Hospital. A prudent approach has been taken in assessing the impact of this, but the forecasts will need to be refreshed when updated information is received. Although the distorting impact is less as the year goes on and additional months of data are received, the CCG continues to request that Bedford Hospital comply with the national reporting timetable, so that system partners can manage activity in a timely and effective way.

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 standard of information received from providers 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. QIPP plans are showing slippage of £366k against plan. It should be noted that the original QiPP plan submitted to NHSE in March 2018 has been refreshed to reflect the final phasing of schemes. It is against this revised profile that the CCG's position is being reported. The re-phased QiPP plan is now split approximately 40% first half delivery and 60% in the second half. The forecast slippage at the year-end amounts to £3.5m. Pipeline QIPP schemes are being worked up to recover this shortfall and at the time of writing the QiPP pipeline is currently valued at £1.8m for implementation in the second half of the year

The cash and debtor positions are not giving any cause for concern at present. Debtors have reduced by £1.3m in-month and continue to be closely monitored. Debtors > 121 days have halved from month 3. Aged debts are known and are being pursued.

Risks to achieving the CCG's financial plan are considered the usual generic risks i.e. acute over-performance and QiPP under delivery. The CCG's contingency has already been released against the year to date (pro-rata) and forecast outturn positions to offset current over performance and financial pressures. Other opportunities are being pursued 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 Month 4 movements

Summary ytd and forecast positions are shown at Appendix 1a and 2a.
The key in month movements are;

2.1 Acute

Analysis of movement	**£'000 (Over) /Under**
2.1 Acute Services	
Bedford Hospital	(530)
Luton & Dunstable	(207)
East & North Hertfordshire NHS Trust	(271)
Cambridge University Hospital	234
Other Top 6 Providers	(46)
Acute Non NHS Providers	(237)
Qipp provider challenges	(487)
Other	209
Total	**(1,335)**

The overall year to date position on acute has deteriorated since the month 3 report.

Bedford Hospital, Luton and Dunstable FT and East and North Herts contracts have all experienced a deterioration in their position.

Non elective remains the main driver of the overspend for the year to date, Although u codes remain a problem for the current month, there are underlying pressures in non-elective particularly around respiratory, cardiac and stroke which are contributing to the problem as well as an increasing level of A&E attendances.

Elective and day case continue to overspend. Further analysis is being undertaken with commissioners and Trusts to understand the reasons for this and how this relates to waiting times performance

High cost drugs also remain an area of continued overspend across all providers, and further analysis is being undertaken in conjunction with the medicines management department

2.2 Continuing Care

A detailed review of the CHC patient database has revealed reduced activity on CHC, the benefits of all patient assessments being fully up to date and a more accurate split of care between health and social care which has resulted in a year to date underspend of £1.3m, a significant contribution to offsetting the financial pressures being seen elsewhere.

2.3 Other Areas

Analysis of movement - Other areas	£'000 (Over) /Under
Mental Health	(2)
Community Health	98
CHC	410
Primary Care	(131)
Other program services	(90)
Total	**287**

There are small underspends on the budget areas set out in the above table.

- Community Services: Overall small underspend ytd and forecast. Acquired Brain Injury and local community services underspent through reduced activity offset by pressures in end of life due to activity being higher than plan to month 3.
- Primary Care is primarily due to prescribing and anticipated category M price increase following recent notification from NHSE.
- Pressures on property services and funding requests are offset by reduced expenditure on safeguarding and expected support from NHSE against turnaround costs.

Running cost allowance continues to be within plan and shows a small ytd underspend of £249k

3.0 Forecast Outturn variances

A more detailed breakout of the forecast position by service area is set out in appendix 2a with an expectation that, overall, the outturn planned position will be achieved. The key in month movements are set out below;

3.1 Acute

Analysis of movement	£'000 (Over) /Under
4.1 Acute Services	
Bedford Hospital Trust	(870)
Luton & Dunstable FT	(199)
East & North Hertfordshire NHS Trust	(502)
Cambridge University Hospitals	815
Other top six providers	(156)
Other Acute nhs providers	541
Acute non NHS providers	(351)
Non contracted	301
Other	60
Total	**(361)**

The overall position on acute service is a deterioration of the forecast position by £361k. The forecast outturn on acute services is an overspend of £7.75m. In line with the forecasting methodology set out last month, the following adjustments have been made to the month 4 ytd overspend of £4.4m in forecasting through to the position at the end of the year.

- Adjustments for QIPP not in year to date run rate
- Adjustment in elective spend to reflect one off elective catch up following reductions in elective activity at the end of the previous financial year. The current trend in elective is not expected to continue at the current level.

The position on Cambridge on Cambridge University Hospitals has improved due to more accurate information being received for musculoskeletal services

3.2 Continuing Care

The year to date trend on Continuing Care services is anticipated to continue until the year end resulting in an forecast underspend of £3.7m

3.3 Other Areas

Analysis of movement in forecast outturn variance- Other areas	£'000 (Over) /Under
Mental Health	290
Community Health	347
Primary Care	(763)
Other program services	134
Sub Total	**8**

- Mental health improvement is through reduced expenditure on S117 following joint patient reviews with local authorities.
- Community Health follows from reduced activity for Acquired Brain Injury and community beds, offset in part on Other Out of Hospital Services
- Primary Care is primarily due to prescribing and anticipated category M price increase following recent notification from NHSE.
- Pressures on property services and funding requests are offset by reduced expenditure on safeguarding and expected support from NHSE against turnaround costs.

4.0 Risks and Opportunities

Month 4 ytd and forecast reflect the emerging activity pressures and anticipated QiPP delivery along with the potential for continuing underspends elsewhere. There does continue to be a risk that expenditure patterns do subsequently deviate from expectations and if so are not captured in the current forecast position.

Risks and opportunities that become certain will be included in the financial position and forecast going forward. Potential emerging risks and opportunities are not 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. The table below attempts to summarise those main risks and opportunities not yet reflected in the reported forecast.

Risks	£m
Acute: Run rates on contracts outstrip current assumptions. Volatility across some high cost areas e.g. critical care, winter etc.	£2.0
Non-Acute: activity may increase above current levels	£0.4
Prescribing – as yet no PPA forecast available. Impact of category M pricing is unclear.	£0.4
QIPP – levels anticipated and in provider contracts not realised and/or slippage on schemes	£0.5
General: unanticipated expenditure across various lines e.g. high cost placements, high complex continuing care placements, agency etc.	£0.3
Total	**£3.6**

Opportunities	£m
Reserves held against activity pressures and unforeseen expenditure. Reserves already released.	£0.0
Prior Year: reconciling prior year outturn positions below estimates in year-end accounts.	£0.2
General underspends and slippage across various areas, close monitoring of budget lines.	£1.1
QIPP – development of pipeline schemes currently evaluation	£1.5
Total	**£2.8**

The risk is currently assessed as a net adverse position. It should be noted that reserves have been fully released to support the forecast position and thus limit the opportunities to manage further risks should they materialise. Focus is being given to identifying other mitigations such as any further benefits from reconciling 2017/18 outturn positions, bring forward QIPP pipeline schemes and endeavouring to maintain underspending areas without a detrimental impact on patients and service delivery.

5.0 Debtors

	2017/18	2018/19			
	Month 4 £	Month 3 £	Month 4 £	No.	% (Value)
30 days or less	582,787	3,581,784	2,330,678	41	45%
31 to 60 days	27,299	1,985,789	(-48,593)	6	-1%
61 to 90 days	6,025	279,382	1,978,948	10	39%
91 to 120 days	2,190,664	67,145	278,895	2	5%
121 days or more	859,469	550,644	589,467	30	11%
Total	**3,666,245**	**6,464,744**	**5,129,395**	**89**	**100.0%**

Aged debtors > 121 days are below last year's position. Aged debts continue to be pursued.

6.0 Underlying Position

The table below sets out the underlying position for the CCG. This adjusts the forecast surplus for the year for non-recurring items. It can be seen that after making these adjustments that the CCG is able to deliver its current control total of £10m surplus on a recurrent basis.

Underlying Position 31 July 2018 (month 4)

Description	£'000
Forecast Surplus 2018/19	**10,000**
Adjustments:	
Prior year items	55
MRET Risk shares	2,600
Primary Care Transformation Funding	1,000
Non Recurrent QIPP	(4,891)
Full year effect of QIPP	1,920
Full year effect of investments	(620)
Underlying Financial Position	**10,064**

7.0 Contracting & Activity

The table below sets out the main areas where activity is varying from plan at month 3. across the six main providers. Further details can be found in the integrated performance and contract highlight report.

Activity variance summary at POD level

POD	Total Budget Activity	Actual Activity	Variance Activity	Variance %
A&E	26,176	31,501	(5,325)	-20.3%
Elective/Day Case	10,210	11,309	(1,099)	-10.8%
Non Elective	12,207	13,821	(1,614)	-13.2%
Outpatient First	22,770	23,092	(322)	-1.4%
Outpatient Follow-up	46,865	47,287	(422)	-0.9%
Outpatient Procedures	20,655	18,006	2,649	12.8%
Outpatient Diagnostics	16,786	16,612	174	1.0%

A&E over performance remains high and is mainly driven by Bedford Hospital which is 28% above plan. However L&D, Milton Keynes and E&N Herts are more than 10% over plan on A&E.
Elective and day case activity is now 11% above plan compared with 6.5% last month. This has been explained by providers as a catch up on activity following lower activity last year. However activity has not reverted to plan in the last month and is on an upward trajectory compared with plan.

Non elective activity is over performing by 13% overall. Although high levels of u codes are still distorting the picture, pressures have clearly emerged on non-elective activity at Bedford Hospital, L&D, East and North Herts and Cambridge. Respiratory admissions, stroke and cardiac are driving the increase

The variance on outpatient procedures mainly relates to Bedford which is 20% below plan. A high level of U codes accounts for the majority of the variance on this line.

8.0 QiPP 2018/19

Below are the headlines for the Month 4 QIPP Position:

- The QIPP target for 2018/19 is **£26.1m**
- The full year QIPP forecast has increased to **£22.6m** (£64k increase in-month)
- We remain **£3.5m** short of our £26.1m QIPP target
- The year to date QIPP delivery is **£5.1m**
- Year to date we are **£336k** short of our Revised Plan (June 2018).
- There are currently 16 Pipeline opportunities being worked up in August / September for inclusion in the QIPP Programme for Month 5.

The table below shows the QIPP position described in the headlines above grouped by SRO. The 'Variance' column shows variance between forecast and plan, and the '%' column shows that variance as a percentage of their plan. The largest outliers are Children, Young People and Maternity, Unplanned Care and Primary / Planned Care. The PMO and QIPP Control Group (QCG) will be focusing on these 3 sub-programmes as a matter of urgency.

SRO	Sub-Programme	Savings M1	M2	M3	M4	Total	Plan	Variance	%
Anne Murray	Children, Young People & Maternity	0	3	(3)	0	233	1,010	(777)	-77%
	Continuing Healthcare	41	41	41	41	497	497	0	0%
	Medicines Management	262	275	278	357	3,790	4,159	(370)	-9%
Anne Murray Total		**303**	**319**	**317**	**398**	**4,519**	**5,666**	**(1,147)**	**-20%**
Jane Meggitt	Corporate	29	29	29	36	636	507	129	25%
	Primary & Planned Care	144	168	206	368	4,564	7,361	(2,797)	-38%
	Unplanned Care	90	71	40	77	917	2,202	(1,285)	-58%
Jane Meggitt Total		**263**	**268**	**275**	**481**	**6,117**	**10,070**	**(3,953)**	**-39%**
Malcolm Miller	Finance & Contracting	0	0	750	487	4,641	4,641	0	0%
Malcolm Miller Total		**0**	**0**	**750**	**487**	**4,641**	**4,641**	**0**	**0%**
Sally Adams	Mental Health & Learning Disability	86	96	291	248	2,424	1,501	924	62%
	Out-of-Hospital	82	82	174	189	4,866	4,185	681	16%
Sally Adams Total		**168**	**178**	**464**	**437**	**7,290**	**5,685**	**1,605**	**28%**
Grand Total		**734**	**765**	**1,807**	**1,803**	**22,567**	**26,062**	**(3,495)**	**-13%**
Revised Plan @ M3		**804**	**872**	**1,872**	**1,927**	**26,062**			
Variance		**(70)**	**(107)**	**(65)**	**(124)**	**(3,495)**			

Your attention is also drawn to the following, which has been taken from the 22/08/2018 Financial Recovery Board (FRB) QIPP Report:

- The engagement from BHT for a number of schemes is not progressing at the pace BCCG needs to achieve a £26.1m QIPP Programme.
- The first L&D QIPP / CIP Board meeting took place in August which highlighted that BCCG needs to work closer with the L&D to address emerging pressures in activity / cost.
- Month 3 flex Civica SLAM is data showing pressures in HRG / Sub-Chapters that QIPP is influencing. This will be investigated before month 5.
- Category M drugs and NCSO are issues that are being investigated.
- A Planned Care QIPP Week is scheduled for the week commencing 20/08/2018. This week will focus on strengthening current schemes and identifying new schemes to address pressures in Elective / Day Case and Outpatient.

The table below shows the in-month movement of £64k:

In-Month Movement SRO	Sub-Programme	Scheme Name	Total	Reason
Anne Murray	Children, Young People & Maternity	Primary Care High Volume Pathways & CAKES Training	(23)	Revised PID
		Redesign of Paediatric Urgent Care Pathway	155	New PID
	Medicines Management	Medicines Optimisation (Stretch)	(73)	Reduced to not exceed total
		Medicines Optimisation	73	Over performing
Anne Murray Total			**132**	
Jane Meggitt	Corporate	Corporate Effciencies	(87)	Revised Brief
	Primary & Planned Care	POLCV and Prior Approval	(839)	Revised PID
		Outpatient Effectiveness	(443)	Revised PID
		Circle MSK - Prior Approval	(127)	Slippage
	Unplanned Care	Directly Bookable GP Appointments	(55)	Slippage
		BHT Streaming to HUC (out of hours)	(36)	Slippage
		Ambulance Hear & Treat and See & Treat	(28)	Under performing
Jane Meggitt Total			**(1,615)**	
Sally Adams	Mental Health & Learning Disability	Primary Liaison	(7)	Under performing
		Liaison Psychiatry	56	Over performing
		Dementia Intensive Support Service (ISS)	334	New PID
	Out-of-Hospital	Community Geriatricians: Cease funding current arrangement	(308)	Decommissioning
		Early Intervention Vehicle (EIV) Service	(167)	Slippage
		Bedford Borough Historical Invoice	40	New Brief
		Hospital @ Home: Cease funding current arrangement	100	Decommissioning
		High Intensity Users (HIU)	1,500	New PID
Sally Adams Total			**1,547**	
Grand Total			**64**	

Bedfordshire
Clinical Commissioning Group

Addressing the unidentified QIPP and mitigation of the risks within the QIPP Programme will be driven by the QIPP Control Group (QCG), Financial Recovery Board (FRB) and the Programme Management Office (PMO). The focus is to reduce the risk in the existing £22.6m programme whilst maintaining the momentum on building a larger Pipeline to address the unidentified QIPP. The following table shows the Pipeline schemes being scoped in preparation for inclusion in the QIPP position for Month 5:

SRO	Sub-Programme	Scheme Name
Anne Murray	**Children, Young People & Maternity**	LAC Recharge
	Continuing Healthcare	(Pipeline) CHC Stretch
	Medicines Management	(Pipeline) Opioid: Complex Cases
Jane Meggitt	**Corporate**	[Pipeline] IT Efficiencies
	Primary & Planned Care	(Pipeline) Alive Core
		(Pipeline) GP Extended Access
		(Pipeline) Neurology (RightCare Opportunity)
		(Pipeline) WiC: Non-Bedfordshire Patients
		Ophthalmology
		Pain Management for non MSK
		Spinal Rehab
	Unplanned Care	(Pipeline) BHT AECU: Agree a Tariff
		(Pipeline) BHT AECU: Extended Hours
Sally Adams	**Mental Health & Learning Disability**	LD Out of Area Recharge
	Out-of-Hospital	(Pipeline) Care Home Clinical Support Model
		(Pipeline) Fracture Liaison Service @ L&D