

Agenda Item: 15.0

<p>Governing Body <i>held in public</i></p>	<p>Report Date of Meeting: 25 January 2018</p>
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Report Title	Finance Report – November 2017		
Report Author	Presented By	Responsible Director	
Malcolm Miller, Deputy Chief Finance Officer	Malcolm Miller, Deputy Chief Finance Officer	<i>Jim Hayburn, Chief Finance Officer</i> Signature: Signed by email	
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. NHSE has given the CCG a revised Control Total of break even in year for 2017/18, but NHSE has also		

	<p>acknowledged the risks to delivering this revised Control Total.</p> <p>The forecast outturn at 30th November (month 8) is a deficit of £7,198k against the revised break-even target. This shows virtually no movement from the forecast outturn at the end of October which was a deficit of £7,215k, a token £17k improvement. Both of these forecast outturn positions include unidentified QiPP of £2,198k to be delivered against acute services. This presentation is consistent with that used for the regional updates. If this unidentified QiPP gap is not closed then the forecast deficit will increase by the corresponding amount.</p>
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Finance Report November 2017 (Month 8)

FINANCE

Summary of Key Performance Indicators (Adverse variance in Red with brackets)

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	10,062	(205)	
Total expenditure does not exceed total allocation					557,822	565,020	(7,198)	
Running costs spend within plan	6,544	6,845	(301)		9,818	10,062	(244)	
Programme spend within plan	355,287	367,986	(12,699)		537,004	554,958	(17,954)	
Actual Surplus/(Deficit) is within revised break-even target	0	(5,664)	(5,664)		0	(7,198)	(7,198)	
Risk adjusted deficit					0	(7,198)	(7,198)	
QiPP delivery	14,404	11,223	(3,181)		25,531	18,895	(6,636)	
Better Payment Practice Code (Value)	95.0%	100.0%	5.0%		95.0%	94.0%	-1.0%	
Better Payment Practice Code (Number)	95.0%	98.6%	3.6%		95.0%	94.0%	-1.0%	
Cash drawdown does not exceed maximum cash drawdown	363,339	363,752	(413)		556,000	561,000	(5,000)	

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 30th November (month 8) is a deficit of £7,198k against the revised break-even target. This shows virtually no movement from the forecast outturn at the end of October which was a deficit of £7,215k, a token £17k improvement. Both of these forecast outturn positions include unidentified QiPP of £2,198k to be delivered against acute services. This presentation is consistent with that used for the regional updates. If this unidentified QiPP gap is not closed then the forecast deficit will increase by the corresponding amount.

Since the Financial Recovery Plan presented to the region on 11th October 2017 based on the month 5 forecast outturn, a £5.5m deficit, the only material adverse movement has been the nationally driven cost pressures on prescribing of £2.6m in full year.

The main risks to the delivery of break-even target; are the over performance of Acute Contracts, Mental Health, expenditure in particular Section 117, Prescribing and risk of delivery of QiPP, see Appendix A.

The performance for the month of November was a deficit against plan of £1.9m of which £2.4m relates to Acute Service overspend. This means that for the rest of the budgets there was a net underspend of £0.5m. See Appendix B.

We have now received an email confirmation that the cash drawn will be adjusted in January in line with the revised Control Total of break even. This still leaves a cash risk of circa £5m and the CCG is in ongoing discussions with NHSE.

2.0 Month 8 movements

The key in-month movements are:

Analysis of movement	£'000 (Over) /Under
2.1 Acute Services	
Bedford Hospital	(333)
Luton & Dunstable	(688)
Guys & St Thomas's	(500)
Unaffordable contracts	(985)
Other	89
Total	(2,417)

The main reasons for the overspend is; Bedford Hospital A&E £100k over and Non-elective activity £220k over, Luton & Dunstable Non-elective activity £500k over, Guys & St Thomas's discharge of a local patient from Critical Care and the unaffordable contracts relate to main acute provide contracts which were signed in December last year.

Analysis of movement	£'000 (Over) /Under
2.2 Continuing Care Services	
Continuing Care	490
Mental Health Learning Disability	228
Other	(2)
Total	716

Continuing Care continues to underspend due to a combination of savings on new contracts and management of the cost of packages of care. The Mental Health Learning Disability saving is due to the correction of an over-estimation of liabilities the previous month.

Analysis of movement	£'000 (Over) /Under
2.3 Primary Care Services	
Primary Care Prescribing	(652)
Out of Hours	194
Other Primary Care	204
Other	(11)
Total	(265)

The overspend on prescribing is driven by central cost pressures as previously reported. The Out of Hours savings reflects better management of the HUC contract and the savings on Primary Care relate to savings on the £3 per head transformation funding.

2.4 Run Rate (i.e. the total expenditure planned in month)

In order to provide additional assurance and triangulation on financial reporting the CCG is now producing a monthly run rate view of financial performance. The run rate expenditure for November calculated on expenditure up to month 6, extrapolated to the end of the year profiled monthly and taking into account seasonality, challenges, cost pressures, non-recurrent items and QiPP forecast expenditure for the month of £47.7m. The actual expenditure for November, as reported in the management accounts, is £47.1m. This is an improvement of £0.6m the main reasons are:

- Early data suggests that cost pressure from BHT taking on dermatology work will be less than anticipated at month 6.
- At present, anticipated increase in CHC expenditure has not materialised. There is still a risk that we will see an increase over the winter months and as providers sign up to the NHS standard contract and fee increase.
- Latest assessment of cost pressures on Herts Urgent Care and patient transport is lower than in month 6.
- The above improvements are partially offset by increases in acute contract expenditure and prescribing costs.

3.0 Year to Date variances (Appendix B)

The year to date position is a deficit of £5.7m. This reflects the continued issues as previously reported and continued in November.

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	
Guys & St Thomas's	(500)
Cambridge University Hospital	(283)
Other	(322)
Total	(1,105)
Acute has deteriorated by £1.1m from the previous month largely made up of two factors. Firstly the Guys & St Thomas's movement relates to a single, local patient discharged from Critical Care although work continues to ensure the validity of this recharge. Secondly the position at Cambridge University has worsened by £0.3m due to a combination of Critical Care £142k and Non-elective activity £132k.	

Analysis of movement	£'000 (Over) /Under
4.2 Mental Health	
Mental Health Non NHS - BBC S117 Patient Recharges	(125)
Mental Health Non NHS - Other S117 costs and bed fees	368
Other	112
Total	355

Mental Health has improved as a more accurate view of S117 historic packages of care emerges. Ongoing validation work continues to ensure that the coding is correct between Bedford Borough and Other S117 costs.

Analysis of movement	£'000 (Over) /Under
4.3 Continuing Care Services	
Continuing Care	(264)
Mental Health Learning Disability	(201)
Other	(77)
Total	<b style="color: red;">(542)

The deterioration in the forecast outturn since last month is driven by a combination increased CHC costs and Mental Health Learning Disability which is due to new which are due to be transferred over to the CCG in the remainder of the year.

Analysis of movement	£'000 (Over) /Under
4.4 Primary Care Services	
Primary Care Prescribing	1,274
Other Primary Care	298
Other	5
Total	1,577

The improvement on prescribing is driven by the forecast relaxation in the centrally driven cost pressure caused by No Cheaper Stock Obtainable.
Other Primary Care is due to savings on the £3 per head transformation fund.

5.0 Risks & Mitigations

All risks and mitigations are included within the reported forecast outturn.

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 and therefore is still compliant with the requirement to demonstrate 'recurrent revenue balance'.

Description	£'000
Forecast Deficit at month 8 *	(7,198)
Adjust for non-recurrent items in plan:	
Prior year & other non-recurrent items	5,736
No Cheaper Stock Concession	2,588
Full year effect of QiPP	2,823
Full year effect of investments	(1,203)
Underlying Financial Position	2,746

* The above assumes full delivery of the unidentified QiPP.

7.0 Debtors

Age	2016/17 Month 8 £	2017/18 Month 7 £	2017/18 Month 8 £	No.	%
30 days or less	2,247,100	4,009,542	1,631,383	16	32
31 to 60 days	398,996	1,285,664	1,205,326	24	24
61 to 90 days	319,407	(-4,990)	215,703	10	4
91 to 120 days	1,557,423	68,202	0	0	0
121 days or more	2,104,489	2,176,183	2,062,511	45	40
Total	6,627,415	7,534,601	5,114,924	95	100

The CCG continues to actively manage its debtor position and that the majority of debtors lie within the public sector.

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	72,973	72,987	(14)	-0.02%
Elective/Day Case	25,687	27,178	(1,491)	-5.80%
Non-Elective	29,204	32,265	(3,061)	-10.48%
Outpatient First	54,129	56,544	(2,415)	-4.46%
Outpatient Follow-up	126,342	124,471	1,870	1.48%
Outpatient Procedures	47,853	45,176	2,677	5.59%
Outpatient Diagnostics	34,813	39,192	(4,379)	-12.58%
Total	391,000	397,813	(6,813)	-1.74%

Elective/ Day case over performance in mainly BHT and specifically Urology
 Non Elective over performance is at BHT and L&D. Mainly general medicine at BHT 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

The table below demonstrates a steady improvement in the QIPP position. There remains £862k unidentified QIPP at the end of month 8, which is an improvement in month of £432k.

Source	Savings £'000				Comments
	M6	M7	M8	In Month Variance	
QIPP In Forecast (Run-Rate)	16,800	16,264	18,895	2,631	More core QIPP schemes added
Riskier QIPP (Back End)	2,200	3,642	1,168	-2,474	Less Risk due to 2 x riskier schemes removed
QIPP in UQP (Pipeline)	1,200	1,200	1,475	275	More opportunity identified
Sub Total	20,200	21,106	21,538	432	Overall Improved position
Unidentified QIPP (to be found from TBCs in UQP)	2,200	1,294	862	-432	Less unidentified QIPP
Grand Total	22,400	22,400	22,400		

There remains a £1,168k risk of delivery of identified schemes.

This £1.2m has not been included in the financial forecast outturn. The only QIPP assumed in the financial forecast outturn is £18.9m.

The main mitigation for QIPP is the continued progression of the Unidentified QIPP Plan (UQP). The Financial Recovery Board continues to provide weekly overall direction for the QIPP programme, Financial Recovery Plan, Operational Recovery Plan and UQP while the PMO will continue to drive the UQP forward.



Bedfordshire
Clinical Commissioning Group

Summary of Forecast position at 30 November 2017 (Month 8)

Appendix A

	Current Month - November			Previous Month - October			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	296	296	0	227	227	0	69	69	0
Total Income	(509,097)	(509,097)	0	(509,166)	(509,166)	0	69	69	0
Expenditure									
Acute Services	301,127	318,478	(17,351)	301,075	317,321	(16,246)	52	1,157	(1,105)
Mental Health Services	55,555	58,085	(2,530)	55,555	58,440	(2,885)	0	(355)	355
Community Health Services	38,697	37,599	1,098	38,486	37,457	1,028	211	142	70
Continuing Care Services	39,395	37,999	1,396	39,395	37,457	1,937	0	542	(542)
Primary Care Services	71,632	73,289	(1,656)	71,360	74,594	(3,233)	272	(1,305)	1,577
Other Program Services	19,116	19,612	(496)	18,827	19,182	(355)	289	430	(142)
TOTAL EXPENDITURE BEFORE APPLICATION OF RESERVES	525,522	545,062	(19,539)	524,698	544,452	(19,754)	824	610	214
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	1,545	1,545	0	1,545	1,545	0	0	0	0
Investment Reserves (Held until PID Approved)	3,941	738	3,203	4,772	1,266	3,506	(832)	(528)	(304)
Allocations held in reserves	514	735	(221)	578	970	(392)	(64)	(235)	171
Prior Year - Top 6 Acutes	0	4,137	(4,137)	0	4,137	(4,137)	0	0	0
Sub Total	11,482	9,896	1,586	12,377	10,659	1,718	(896)	(763)	(133)
TOTAL PROGRAMME EXPENDITURE AFTER APPLICATION OF RESERVES	537,004	554,958	(17,954)	537,075	555,111	(18,035)	(72)	(153)	81
Running Costs	9,818	10,062	(244)	9,815	9,995	(180)	3	67	(64)
SURPLUS/(DEFICIT)	(37,725)	(55,923)	(18,198)	(37,725)	(55,940)	(18,215)	(0)	17	17
IN YEAR SURPLUS/(DEFICIT)	11,000	(7,198)	(18,198)	11,000	(7,215)	(18,215)	(0)	17	17

Summary of in-month & YTD financial position at 30 November 2017 (Month 8)

Appendix B

	Current Month - November			Previous Month - October			Movement - (in month position)		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
	YTD £'000	YTD £'000	YTD £'000	YTD £'000	YTD £'000	YTD £'000	YTD £'000	YTD £'000	YTD £'000
Income									
Recurrent Resource Allocation	(362,793)	(362,793)	0	(317,515)	(317,515)	0	(45,278)	(45,278)	0
Running Cost Allowance	(6,571)	(6,571)	0	(5,750)	(5,750)	0	(821)	(821)	0
Deficit brought forward	32,483	32,483	0	28,423	28,423	0	4,060	4,060	0
Others	197	197	0	132	132	0	65	65	0
Total Income	(336,684)	(336,684)	0	(294,709)	(294,709)	0	(41,974)	(41,974)	0
Expenditure									
Acute Services	200,549	213,028	(12,479)	175,257	185,320	(10,062)	25,292	27,709	(2,417)
Mental Health Services	37,037	39,239	(2,203)	32,407	34,593	(2,186)	4,630	4,647	(17)
Community Health Services	25,761	24,952	809	22,404	21,712	692	3,357	3,240	117
Continuing Care Services	26,358	24,693	1,665	23,099	22,149	949	3,259	2,543	716
Primary Care Services	47,816	49,122	(1,306)	41,818	42,859	(1,041)	5,998	6,262	(265)
Other Program Services	12,744	12,746	(2)	10,983	10,904	79	1,761	1,842	(81)
TOTAL EXPENDITURE BEFORE APPLICATION OF RESERVES	350,265	363,781	(13,516)	305,968	317,538	(11,570)	44,297	46,243	(1,946)
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)	2,280	68	2,212	2,280	236	2,044	1	(168)	169
Allocations held in reserves	0	0	0	0	0	0	0	0	0
Prior Year - Top 6 Acutes	0	4,137	(4,137)	0	4,137	(4,137)	0	0	0
Sub Total	5,021	4,205	816	5,021	4,373	648	1	(168)	169
TOTAL PROGRAMME EXPENDITURE AFTER APPLICATION OF RESERVES	355,287	367,986	(12,699)	310,989	321,911	(10,922)	44,298	46,075	(1,777)
Running Costs	6,544	6,845	(302)	5,724	5,858	(134)	820	988	(168)
SURPLUS/(DEFICIT)	(25,147)	(38,148)	(13,001)	(22,004)	(33,059)	(11,056)	(3,143)	(5,089)	(1,946)
IN YEAR SURPLUS/(DEFICIT)	7,337	(5,664)	(13,001)	6,419	(4,636)	(11,056)	917	(1,028)	(1,946)