


<p><b><i>Governing Body Meeting</i></b> <i>held in public</i></p>	<p><b><i>Report</i></b> Date of Meeting: 16<sup>th</sup> May 2019</p>
---	---

<b>Report Title</b>	<b>Finance Report as at 31<sup>st</sup> March 2019 (Month 12)</b>		
<b>Report Author</b>	<b>Presented By</b>	<b>Responsible Director</b>	
Roger Hammond, Malcolm Miller, Mark Lisher, Deputy Chief Finance Officers	Chris Ford Chief Finance Officer	Chris Ford  Signature: PP 	
<b>Purpose for presenting report</b>	The report provides the Governing Body with a routine monthly update on the financial position of the CCG.		
<b>Action Required:</b>	<ol style="list-style-type: none"> <li>1. To note and discuss the pre-audit outturn financial position for 2018/19.</li> <li>2. The CCG is reporting achievement of the 2018/19 financial plan control total £10m in-year surplus.</li> <li>3. To note the summary of Key Performance Indicators at the beginning of the finance report which provides a quick overview of financial performance.</li> </ol>		
<b>Approval Route:</b>	Recommendation from the Finance & Performance Committee to the Governing Body		
<b>Further Assurance:</b>	N/A		
<b>Which Strategic Objectives does this report provide evidence for?</b>	<b>Please Tick ✓</b>		
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.	✓		
<b>Implications/Assessments</b>	<b>Yes</b>	<b>No</b>	<b>N/A</b>
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?			
<b>Key Risks</b>	There are no residual risks to the delivery of the agreed in-year control total.		
<b>Executive Summary</b>	<p>The 2018/19 financial plan agreed with NHS England (NHSE) requires the CCG to achieve an in-year £10m surplus.</p> <p>Previous monthly reports have reflected the changing financial pressures and risks as they emerged. The overall year-end position has been achieved against:</p> <ul style="list-style-type: none"> <li>• Significant financial over performance in acute sector. This is primarily due to significant increase seen in acute activity predominantly in Non Elective, A&amp;E and increased activity to meet RTT over the past couple of months;</li> <li>• reduced expectation of QiPP delivery; and</li> <li>• national cost pressures (e.g. NCSO).</li> </ul> <p>These pressures have been offset by</p> <ul style="list-style-type: none"> <li>• significant underspend of continuing healthcare services;</li> <li>• underspend on community health services</li> <li>• underspend on running costs</li> <li>• use of contingency and reserves</li> </ul>		

# Finance Report March 2019 (Month 12)

## FINANCE

### Summary of Key Performance Indicators

Indicator	Outturn			
	Target £'000	Forecast £'000	Variance £'000	RAG Rating
Running costs do not exceed allocation	9,995	9,040	955	
Total expenditure does not exceed total allocation	599,717	589,589	10,128	
Running costs spend within plan	9,676	9,040	636	
Programme spend within plan	580,041	580,549	(508)	
Actual In-Year Surplus/(Deficit)	10,000	10,128	128	
Risk adjusted In-Year Surplus/(Deficit)	10,000	10,128	128	
QjPP delivery (Gross)	26,062	22,055	(4,007)	
Better Payment Practice Code (Value)	95.0%	98.0%	3.0%	
Better Payment Practice Code (Number)	95.0%	97.0%	2.0%	
Cash drawdown does not exceed maximum cash drawdown	579,995	579,995	0	

### 1.0 Key messages

The annual plan agreed with NHSE was 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.

The draft outturn position, subject to audit, reflects marginally over achieving against the control total. An in-year surplus of £10,128k has been posted.

The CCG has seen continuous activity and financial pressures throughout the year on acute sector provision. Despite support centrally for risk share arrangements, a £13.6m overspend, 4% of budget, was incurred. Smaller pressures were seen on mental health, primary care and other program services offset by underspends on continuing healthcare and community health services. The CCG released £9.6m from contingency and reserves.

Included within the overall position is the cost of a nationally driven prescribing cost pressure which is outside of the control of the CCG. At month 12 the cost of the national prescribing pressure or No Cheaper Stock Option (NCSO) is £2.2m.

Financial and activity pressures continue from acute providers. Bedford Hospital accounts for the largest financial variance, with both Luton & Dunstable and East and North Herts NHS Trust reporting large financial variances. Non elective and A&E are the main drivers of the acute over performance for the year to date (top 6 providers). Elective activity is also over plan and is due to trusts driving through activity to meet RTT.

Reduced activity and costs in continuing healthcare and corporate services are contributed to offsetting the financial pressures seen elsewhere. The CCG also released all contingency and reserves.

QIPP delivery is showing £4m under achievement against plan and is a £3.6m deterioration on the forecast reflected last month. This reflects a more prudent approach to contract claims and coding and counting challenges. These will be finalised as 2018/19 contract positions are closed down in 2019/20.

The cash and debtor positions are not giving any cause for concern. Debtors > 121 days are lower than last year and continue to be pursued.

## 2.0 Month 12 movements

Summary outturn positions is shown at Appendix 1a.

The key in month movements are;

### 2.1 Acute

Analysis of movement	£'000 (Over) /Under
<b>2.1 Acute Services</b>	
Bedford Hospital	(1,189)
Luton & Dunstable	(2,335)
Other Top 6 Providers	13
Other Acute NHS Providers	53
Acute Non NHS Providers	(568)
East of England Ambulance Service	(44)
MSK - circle	632
QIPP provider challenges	0
Other	237
Reserves Transfer MRET Riskshare & Investments	5,317
<b>Total</b>	<b>2,116</b>

The overall position on Acute has improved by £2.1m since the previous month's report. The movements on Bedford and Luton & Dunstable reflect the prudent approach to coding and counting and contract challenges offset by non-recurrent measures in releasing reserves, including MRET and risk share allocations.

The CCG continues to see an increase in the complexity and therefore price of non-elective spells for a range of specialties, these are respiratory, stroke, gastroenterology and cardiology.

Elective and day case activity and cost remains above plan across the top six providers relating to RTT (waiting times) catch up.

Other Acute NHS Providers reflects the cancer allocations received by the CCG and the agreement made for Bedford hospital to invoice in month 12 against those funds.

MSK – Circle is a year-end update for pre-payment for work in progress now that latest information has been received.

### 2.2 Continuing Care

The CHC patient database continues to show reduced activity from last year together with the benefits of all patient assessments being fully up to date and a more accurate split of care between health and social care. This has resulted in an underspend of £3.9m, a significant contribution to offsetting the financial pressures seen elsewhere.

## 2.3 Other Non-Acute Areas

Analysis of movement - Other areas	£'000 (Over) /Under
Mental Health	(545)
Community Health	384
Primary Care	(607)
Other program services	422
Running Cost Allowance	(182)
<b>Total</b>	<b>(528)</b>

As set out above, non-acute areas overall are showing a deterioration of £528k (0.2%) from last month's position on £244m spend.

- Mental Health – year end invoices received and primarily S117 packages which can fluctuate from month to month and vary in cost.
- Community Health Services: expected reduced community contract achievement against targets
- Primary Care: New national prescribing model suggests increased year to date costs and NCSO. Higher levels of achievement now anticipated for Q4 primary care enhanced services and extended access scheme.
- Other Programme Costs: patient transport credit note received and additional allocations against transformation costs.
- Running cost allowance continues to be within plan and shows an underspend of £636k,

## 3.0 Debtors

	2017/18 Month 12 £	2018/19			
		Month 11 £	Month 12 £	No.	% (Value)
30 days or less	4,937,298	1,879,932	5,285,607	229	76%
31 to 60 days	1,378,317	77,026	448,757	24	6%
61 to 90 days	52,563	115,433	13,137	14	0%
91 to 120 days	22,061	47,939	450,538	28	6%
121 days or more	1,126,650	825,534	763,632	40	11%
<b>Total</b>	<b>7,516,889</b>	<b>2,945,864</b>	<b>6,961,671</b>	<b>335</b>	<b>100.0%</b>

Overall debtors have increased from month 11 primarily due to quarter 4 invoices now becoming due and raised in March. Level of debt is still below that shown for 2017/18.

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

## 4.0 Contracting & Activity

The key Top 6 acute providers show a financial overspend at M11 of £16.5m against plan with activity 21,383 (2.1%) over plan

The main drivers of over-performance are discussed in more detail below:

## A&E

The main overspend is at Bedford Hospital which accounts for 82% of the over-performance - £1.6m and is due to non-delivery of QIPP

## Elective and Day case

Over-performance is mainly a result of provider efforts to manage planned procedures on the waiting lists. This has resulted in an over-performance at 4 of the top 6 of £5m – Bedford, ENHT, Addenbrookes and Milton Keynes. Digestive continues to be the major contributor and further analysis needs to be undertaken to understand this trend.

## Non elective

The position is now £16.4m adverse with MRET of £3.9m. The overspend in non-electives has continued to increase in M11 with 'winter' admissions increase e.g. respiratory cases at L&D, have contributed mainly to the M11 increase followed closely by nervous system, with Bedford Hospital accounting for a large portion of the remaining over-performance

## 5.0 QiPP 2018/19

The CCG delivered £22.1m of QiPP savings for the year ended 31<sup>st</sup> March 2019 against a plan of £26.1m, a £4.0m shortfall. This represented delivery of 85% of the QiPP target against a 76% delivery against plan in 2017/18.

This is a £2.6m decrease from the previous month's forecast of £24.7m and reflects a more prudent approach taken to contract challenges especially in relation to counting and coding challenges.

## 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.

### Underlying Position 31<sup>st</sup> March 2019 (Month 12)

Description	£'000
<b>Forecast Surplus 2018/19</b>	<b>10,000</b>
Adjustments:	
Prior year items	375
Primary Care Transformation Funding	1,000
NCSO Drugs	0
Non Recurrent QIPP	0
Transformation funds	(1,217)
Non Recurrent Allocations	(13,953)
Other Non Recurrent spend	2,545
Full year effect of investments	(1,271)
<b>Underlying Financial Position</b>	<b>(2,521)</b>

Based on the outturn position, the CCG's underlying position and moved to £2.5m deficit to reflect the prudent approach to contract challenges at year-end and use of non-recurrent measures to then achieve the financial control total.

--oo0oo--

## Summary Forecast Position at 31st March 2019 (Month 12)

	Current Month - March			Previous Month - February			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
<b>Income</b>									
Recurrent Resource Allocation	(579,086)	(579,086)	0	(576,178)	(576,178)	0	(2,908)	(2,908)	0
Running Cost Allowance	(9,995)	(9,995)	0	(9,995)	(9,995)	0	0	0	0
Deficit brought forward	52,622	52,622	0	52,622	52,622	0	0	0	0
Others	(10,636)	(10,636)	0	(10,636)	(10,636)	0	0	0	0
<b>Total Income</b>	<b>(547,095)</b>	<b>(547,095)</b>	<b>0</b>	<b>(544,187)</b>	<b>(544,187)</b>	<b>0</b>	<b>(2,908)</b>	<b>(2,908)</b>	<b>0</b>
<b>Expenditure</b>									
Acute Services	338,432	352,031	(13,599)	333,057	348,772	(15,715)	5,375	3,259	2,116
Mental Health Services	58,853	59,450	(597)	58,832	58,884	(52)	21	566	(545)
Community Health Services	42,345	40,805	1,539	42,216	41,643	572	129	(838)	967
Continuing Care Services	39,555	35,696	3,859	39,555	35,345	4,210	0	351	(351)
Primary Care Services	73,992	74,752	(760)	73,545	73,698	(153)	447	1,054	(607)
Other Program Services	20,032	20,549	(517)	19,792	20,731	(939)	240	(182)	422
<b>TOTAL EXPENDITURE BEFORE APPLICATION OF RESERVES</b>	<b>573,209</b>	<b>583,284</b>	<b>(10,074)</b>	<b>566,997</b>	<b>579,073</b>	<b>(12,077)</b>	<b>6,213</b>	<b>4,210</b>	<b>2,002</b>
<b>Reserves</b>									
Contingency Reserve	2,897	0	2,897	2,897	0	2,897	0	0	0
Other Reserves	3,935	(2,735)	6,670	7,239	(1,123)	8,362	(3,304)	(1,612)	(1,692)
Sub Total	6,832	(2,735)	9,567	10,136	(1,123)	11,259	(3,304)	(1,612)	(1,692)
<b>TOTAL PROGRAMME EXPENDITURE AFTER APPLICATION OF RESERVES</b>	<b>580,041</b>	<b>580,549</b>	<b>(508)</b>	<b>577,132</b>	<b>577,950</b>	<b>(818)</b>	<b>2,909</b>	<b>2,598</b>	<b>310</b>
Running Costs	9,676	9,041	636	9,676	8,859	818	0	182	(182)
<b>SURPLUS/(DEFICIT)</b>	<b>(42,622)</b>	<b>(42,494)</b>	<b>128</b>	<b>(42,622)</b>	<b>(42,622)</b>	<b>(0)</b>	<b>(1)</b>	<b>128</b>	<b>128</b>
<b>IN YEAR SURPLUS/(DEFICIT)</b>	<b>10,000</b>	<b>10,128</b>	<b>128</b>	<b>10,000</b>	<b>10,000</b>	<b>(0)</b>	<b>(1)</b>	<b>128</b>	<b>128</b>

