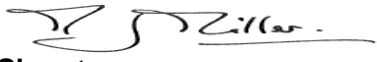


Agenda Item: 16.0

<p><i>Governing Body</i> <i>held in public</i></p>	<p><i>Finance Report</i> Date of Meeting: 18th July 2019</p>
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Report Title	Finance Report as at 31st May 2019 (Month 2)		
Report Author	Presented By	Responsible Director	
Malcolm Miller, Roger Hammond and Mark Lisher, Deputy Chief Finance Officers	Chris Ford Chief Finance Officer	Chris Ford  Signature: pp	
Purpose for presenting report	The report provides the Governing Body with a routine monthly update on the financial position of the CCG.		
Action Required:	<ol style="list-style-type: none"> To note and discuss the financial position at month 2 and to note that the CCG is forecasting achieving the 2019/20 financial control target as agreed with NHSE. 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 Finance & Performance 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?			
Has an Equality Impact Assessment been carried out?			
Key Risks	As at month 2:		

	<ul style="list-style-type: none"> • Limited activity and financial data is available (particularly regarding main hospital providers) hence making any forecasting uncertain. • It is difficult to quantify financial risks this early in the year but the general risks are considered to be manageable at this stage in the year. • Delivery of £9m as yet unidentified savings plans (£4m system affordability and £5m ICS stretch target) is a specific risk • The CCG set aside £3.1m contingency to manage risks as they materialise.
<p>Executive Summary</p>	<p>The 2019/20 financial plan agreed with NHS England (NHSE) requires the CCG to achieve an in-year £11.1m surplus.</p> <p>Month 2 financial return to NHSE reflects the CCG achieving its planned forecast control total.</p> <p>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.</p>

Finance Report May 2019 (Month 2)

FINANCE

Summary of Key Performance Indicators

Indicator	Year to Date Month 2				Forecast Outcome			
	Target £'000	Actual £'000	Variance £'000	RAG Rating	Target £'000	Forecast £'000	Variance £'000	RAG Rating
Running costs do not exceed allocation					9,908	9,308	600	Green
Total expenditure does not exceed total allocation					679,342	668,242	11,100	Green
Running costs spend within plan	1,638	1,669	(31)	Yellow	9,308	9,308	0	Green
Programme spend within plan	109,563	111,043	(1,480)	Red	658,934	658,934	0	Yellow
Actual In-Year Surplus/(Deficit)	1,850	340	(1,510)	Red	11,100	11,100	0	Yellow
Risk adjusted In-Year Surplus/(Deficit)					11,100	11,100	0	Yellow
QiPP delivery (Gross)	4,489	3,853	(636)	Red	35,259	26,572	(8,687)	Red
Better Payment Practice Code (Value)	95.0%	98.0%	3.0%	Green	95.0%	96.0%	1.0%	Green
Better Payment Practice Code (Number)	95.0%	98.0%	3.0%	Green	95.0%	96.0%	1.0%	Green
Cash drawdown does not exceed maximum cash drawdown	111,200	103,506	7,694	Green	667,198	667,198	0	Green

1.0 Key messages

The annual plan agreed with NHSE is to achieve an in-year surplus position of £11.1m which comprises a 1% annual surplus (£6.1m as per NHSE business rules) together with a further £5m stretch target. The additional £5m savings target was notified in May 2019 and whilst this is an Integrated Care System requirement, the £5m is reflected in Bedfordshire CCG's control total. Plans are being developed to ensure that the £5m is secured and delivered across all ICS partner organisations.

At month 2, the CCG is reporting a £0.3m in-year surplus (£1.5m behind plan) and a forecast £11.1m surplus. The £1.5m year-to date variance is primarily driven by acute services overspend (£2.4m including £0.7m slippage on system affordability savings), offset by slippage on investments and release of contingency. Delivery against the £5m ICS saving requirement is not profiled until month 3 given the late notification and need to establish clear plans across ICS partners.

There is limited and poor quality data (month 1 freeze only, one provider did not submit data, higher level than expected un-coded activity etc.) from providers upon which to substantiate any variance analysis and to consider whether variances are sustained or short-term fluctuations. Consequently, provider expenditure reflected at month 2 has a higher degree of estimation than usual. The CCG is working with providers to ensure that the quality of future months' information shows a marked improvement. The outcome from the CCG's estimation is that there are early signs that activity and costs in the acute sector are ahead of plan and providing a cost pressure. This is mainly through non-elective activity.

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. For month 2, overall, planned QiPP schemes are generally assumed to be in place. Work continues to identify schemes to deliver the £4m system affordability contracts gap and the £5m ICS stretch target.

The cash and debtor positions are not giving any cause for concern at present. Debtors have reduced from month 1 and are significantly lower than at the same period last year. Reasons for debtors > 121 days are known and are being pursued.

With the exception of the £9m QiPP risk, other risks to achieving the CCG's financial plan are, so early in the financial year, considered to be the usual generic aspects. The CCG set aside 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 Year to Date and Forecast Outturn variances

Summary ytd and forecast positions are shown at Appendix 1.

Acute services: Following the CCG's review and estimation of the data received, acute services is showing a £2.4m (4%) overspend mainly around non-elective activity. The CCG is working with providers to improve data quality and understand the activity flows.

The Acute position also reflects the £4m system affordability (QiPP) gap included in Bedford and Luton and Dunstable 2019/20 contracts. This is a joint responsibility between commissioners and providers and Joint Programme Boards have been established with Chief Executive/Accountable Officer sponsorship to identify plans to deliver the £4m. The first meetings were held in May.

The £5m ICS stretch target is also reflected against the acute budgets. Plans across the ICS partners to secure support to deliver this element is on-going.

Mental Health: overspend arises from section 117 placements which can fluctuate month on month. The extent of on-going commitments and risk to further overspends is being investigated.

Community Services: The majority of spend is within a block contract arrangement. Small early pressure is emerging on Acquired Brain Injury due to activity being higher than plan to month 2. This is high cost but low activity and can fluctuate significantly between months.

Delegated Primary Care Budget: the CCG was approved to manage the £62.8m primary care (GMS) budget for 2019/20. This is now incorporated into the financial reports. This is currently forecast to spend to budget.

Other Primary Care and Other Programme Services: small pressure emerging on patient transport as additional costs are being incurred to support EEAST service,

Running Cost Allowance: minor fluctuations year to date but forecast to be 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 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 2018/19 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.

Although work is on-going, delivery of the £4m affordability gap and £5m stretch target are seen as specific risks at this stage of the financial year. The forecast assumes a £1m slippage against these values by year end but further slippage remains a risk.

4.0 Debtors

	2018/19 Month 2 £	2019/20			
		Month 1 £	Month 2 £	No.	% (Value)
30 days or less	3,562,794	2,402,919	638,415	106	23%
31 to 60 days	273,857	391,722	937,795	63	33%
61 to 90 days	72,380	448,697	64,775	25	2%
91 to 120 days	518,040	5,493	413,766	15	15%
121 days or more	1,044,524	829,169	779,559	68	28%
Total	5,471,595	4,077,999	2,834,310	277	100.0%

Overall debtors has decreased from month 1 and are significantly below last year's position.

Aged debtors > 121 days continue to reduce. Aged debts continue to be pursued.

5.0 QiPP 2019/20

Summary QiPP position as at month 2.

	GROSS £'000			
	Plan	M1	M2	In-Month Movement
Original QiPP Target	26,189	26,189	26,189	0
BHT Affordability Gap	2,900	2,900	2,900	0
L&D Affordability Gap	1,170	1,170	1,170	0
Camb / Peter Gap	5,000	5,000	5,000	0
Revised QiPP Target	35,259	35,259	35,259	0
QiPP Programme - Assured Forecast	(18,703)	(21,625)	(22,321)	(696)
QiPP Programme - Riskier Forecast	(7,486)	(5,239)	(4,251)	988
QiPP Programme Total	(26,189)	(26,864)	(26,572)	292
BHT / BCCG Programme Board Contribution	0	0	0	0
L&D / BCCG Programme Board Contribution	0	0	0	0
Unidentified QiPP	9,070	8,395	8,687	292

Headlines:

- Pre-Acute Contract negotiations, the QiPP Target was **£26.2m**
- Post-Acute Contract negotiations, the revised QiPP Target is **£30.3m** due to agreeing unaffordable contracts with BHT & L&D (**£3.1m** and **£1.0m** respectively)
- In M2 BCCG agreed to show the **£5m NHSE/I** stretch surplus target in their accounts; this has been passed onto QiPP increasing the target to **£35.3m**
- At Month 2 the QiPP Programme (made up of 55 schemes) is forecasted to achieve £26.6m

- Of this £26.6m forecast, **£22.3m** is assured and **£4.3m** is riskier
- The amount of risk continues to decrease month on month (from £7.5m to £5.2m to £4.3m) due to increased assurance from PIDs, Highlight Reports and Plans.
- There is currently **£8.7m** of unidentified QIPP which is the responsibility of both commissioner (BCCG) and provider (BHT / L&D) to mitigate
- Acute forecasts are not yet underpinned by SUS/SLAM data for M1 due to the poor quality of SLAM submissions and late timetables
- The second Joint Programme Board with BHT took place on 17/06/2019, which identified a number of actions to address the continuing pressures at BHT. Mitigations with the L&D are being pursued via the Contract Review Meeting (CRM) and Provider Alliance meetings

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Summary of YTD financial position at 31st May 2019 (Month 2)

	Year to Date (May '19)			Forecast		
	Budget YTD £'000	Actual YTD £'000	Variance YTD £'000	Annual Budget £'000	Forecast Outturn £'000	Variance YTD £'000
Income						
Recurrent Resource Allocation	(101,721)	(101,721)	0	(606,642)	(606,642)	0
Running Cost Allowance	(1,739)	(1,739)	0	(9,908)	(9,908)	0
Delegated Primary Care Allocation	(9,592)	(9,592)	0	(62,792)	(62,792)	0
Deficit brought forward	7,082	7,082	0	42,490	42,490	0
Others	0	0	0	0	0	0
Total Income	(105,971)	(105,971)	0	(636,852)	(636,852)	0
Expenditure - CCG Program Allocation						
Acute Services	60,070	62,515	(2,445)	355,300	359,262	(3,962)
Mental Health Services	10,002	10,334	(333)	60,445	60,775	(330)
Community Health Services	7,287	7,424	(137)	43,059	43,225	(166)
Continuing Care Services	6,073	6,005	67	36,941	36,566	375
Primary Care Services	12,296	12,281	15	73,774	73,774	0
Other Program Services	3,261	3,389	(128)	19,569	19,711	(142)
TOTAL EXPENDITURE BEFORE APPLICATION OF RESERVES	98,988	101,949	(2,960)	589,089	593,314	(4,225)
Reserves						
Contingency Reserve	515	0	515	3,083	0	3,083
Investment Reserves (Held until PID Approved)	468	0	468	3,970	3,502	468
Allocations held in reserves	0	0	0	0	0	0
Prior Year	0	(487)	487	0	(674)	674
Sub Total	983	(487)	1,470	7,053	2,828	4,225
TOTAL PROGRAMME EXPENDITURE AFTER APPLICATION OF RESERVES	99,971	101,461	(1,490)	596,142	596,142	0
Delegated Primary Care Budget	9,592	9,582	10	62,792	62,792	0
Running Costs	1,638	1,669	(30)	9,308	9,308	0
SURPLUS/(DEFICIT)	(5,232)	(6,742)	(1,510)	(31,390)	(31,390)	(0)
IN YEAR SURPLUS/(DEFICIT)	1,850	340	(1,510)	11,100	11,100	(0)



Bedfordshire
Clinical Commissioning Group