

Meeting: Governing Body			
Meeting Date	27 March 2019	Action	Consider
Item No.	13b	Confidential	No
Title	Month 11 Finance Update		
Presented By	Mike Woodhead, Chief Finance Officer		
Author	Finance Team		
Clinical Lead	-		

Executive Summary
<p>The CCG financial plan for 2018/19 delivers the control total set by NHS England (NHSE), which is a breakeven position prior to the addition of historic surpluses (£6.95m). The CCG is not able to utilise historic surpluses without approval from NHSE.</p> <p>The CCG financial position to month 11 is on plan.</p> <p>Key points in the month 11 forecast outturn position are as follows;</p> <ul style="list-style-type: none"> • Acute services forecast have increased by £0.45m in month 10 (£2.95m in M10). This is primarily as a result of increased expenditure in elective areas. While non-elective activity has increased in month 11 contract caps in place have mitigated these pressures in 2018/19. • Mental health services are forecast to be overspent by £1.0m, which largely relates to cost of additional beds required for Bury service users. • Primary care services are forecast to be overspent by £0.7m in total primarily due to prescribing costs within GP surgeries and GPIT costs. • The forecast position assumes delivery of the £8.5m QIPP (£3.5m identified schemes, £4.7m crystallised non-recurrent mitigations and £0.3m anticipated non-recurrent mitigations). <p>The underlying position reported to NHSE at month 11 is a deficit of £5.7m. This represents the position excluding benefits and pressures that are non-recurrent, therefore shows the impact to the recurrent (2019/20) financial position.</p>
Recommendations
<p>The Committee is asked to:</p> <ul style="list-style-type: none"> • Note the CCG financial position at month 11, which is on plan; • Note that the forecast outturn position is to deliver in line with plan.

Links to CCG Strategic Objectives	
To encourage people so that they want to, and do, take responsibility for their own health and well-being.	<input checked="" type="checkbox"/>
To drive and support system wide transformation.	<input type="checkbox"/>
To commission joined-up health and social care for people in Bury through a Single Commissioning Framework.	<input type="checkbox"/>
To achieve financial sustainability for the Bury health and social care economy.	<input checked="" type="checkbox"/>
To support the Locality Care Alliance to deliver high quality services in line with commissioner intentions.	<input type="checkbox"/>
To be a high-performing, well-run and respected organisation with an empowered workforce	<input type="checkbox"/>
Does this report seek to address any of the risks included on the Governing Body Assurance Framework? If yes, state which risk below:	
GBAF <i>[Insert Risk Number and Detail Here]</i>	

Implications						
Are there any quality, safeguarding or patient experience implications?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>	N/A	<input type="checkbox"/>
<i>If you have ticked yes provide details here. Delete this text if you have ticked No or N/A</i>						
Has any engagement (clinical, stakeholder or public/patient) been undertaken in relation to this report?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
<i>If you have ticked yes provide details here. Delete this text if you have ticked No or N/A</i>						
Have any departments/organisations who will be affected been consulted ?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Are there any conflicts of interest arising from the proposal or decision being requested?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>	N/A	<input type="checkbox"/>
Are there any financial Implications?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>	N/A	<input type="checkbox"/>
Has a Equality, Privacy or Quality Impact Assessment been completed?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Is a Equality, Privacy or Quality Impact Assessment required?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Are there any associated risks including Conflicts of Interest?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Are the risks on the CCG's risk register?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input type="checkbox"/>

If you have ticked yes provide details here. If you are unsure seek advice from Lynne Byers, Email - lynnebyers@nhs.net about the risk register.

Governance and Reporting		
Meeting	Date	Outcome
Finance, Contracting and Procurement Committee	21/03/2019	<ul style="list-style-type: none"> • Noted the financial position and forecast outturn position at month 11, • Noted the risk assessment and existing mitigations to manage the risks to deliver the 2018/19 financial plan, • Noted the forecast QIPP delivery position and risk assessment of that delivery at month 11, • Noted the underlying forecast financial position at month 11.

Finance Report Month 11

1. Financial Performance

At Month 11, the CCG is reporting a year to date position and forecast outturn in line with plan.

Financial Performance		£000's				
Area	YTD Budget	YTD Actual	YTD Variance	Annual Budget	FOT	FOT Variance
Allocations	(273,806)	(273,806)	0	(301,741)	(301,741)	0
Acute Services	139,055	142,349	3,293	151,689	155,099	3,410
Community Health Services	23,003	23,202	199	25,215	25,433	218
Continuing Care Services	12,385	12,127	(258)	13,553	13,323	(230)
Mental Health Services	26,166	26,687	521	28,560	29,540	980
Other Programme Services	8,431	8,505	74	9,032	10,511	1,479
Primary Care Services	33,354	32,948	(406)	36,302	37,026	724
Primary Care Co-commissioning	24,004	24,003	0	26,473	26,340	(133)
Programme Costs	266,398	269,821	3,423	290,824	297,272	6,448
Running Cost	3,985	3,985	0	4,349	4,349	0
Total Costs	270,383	273,806	3,423	295,173	301,621	6,448
Reserves	3,423	0	(3,423)	6,568	120	(6,448)
(Surplus)/Deficit	0	(0)	0	0	0	0

Financial Performance 2018-19

Table 1: Summary Financial Performance for the Period Ending 28th February 2019

2. CCG Allocations

Net non-recurrent allocations of £1.8m were received in month 11 and the relevant budget adjustments have been made to ensure that the income is allocated to the correct area.

3. Financial Position Analysis

The CCG forecast performance shows an adverse position of £6.45m with the shortfall being met by reserves and non-recurrent mitigations. This assumes the delivery of £3.4m of planned QIPP schemes and £5m of non-recurrent mitigations. The total QIPP risk associated with the delivery of the remaining QIPP target is £2.4m.

3.1 Acute Services

The forecast acute services position is an adverse variance of £3.4m and assumes the non-delivery of £1.5m of QIPP. The risk of delivery remains high as it assumes that this QIPP is delivered in the last month of the year, mainly through the work on Procedures of Limited Clinical Value.

Acute contract performance has deteriorated by £0.5m. This is mainly as a result of increased scheduled care activity at Oaklands Hospital (£0.3m) and Pennine Acute Hospital (PAHT) (£0.1m). Due to elective capacity issues at PAHT, as has been reported in previous months, the trust has entered into a sub-contracting arrangement to support delivery of care within Referral to Treatment standards and the rise in January is above the trend of previous months. The increase at Oaklands, is also linked to reduced capacity at PAHT as patients have chosen this hospital due to shorter waiting times. This has manifested itself in an increase in activity in the last 3 months, with a spike in January and increase in the waiting list at Oaklands, which have been reflected in the forecast and in planning assumptions for 2019/20.

The remainder is due to reassessing the value of QIPP to be delivered in year (0.14m). Other adverse variances predominantly relate to pressures on individual funding requests.

Provider Name	M10 Forecast Variance £000's	M11 Forecast Variance £000's	Activity movement M10 v M11	Referral movement M10 v M11
Manchester University FT	£777	£857	↔	↔
Salford Royal FT	£712	£752	↔	↘
Bolton Royal FT	-£82	-£88	↔	↗
The Christie FT	-£118	-£96	↔	↔
Pennine Acute Trust	-£134	-£58	↔	↘
All other providers	-£259	£69	↔	↘
Total Acute Provider Contracts	£896	£1,436		

Table 2: Summary of forecast outturn variance for acute contracts as at month 11

Note: referral movement arrows depict both GP and all other referrals. Please note that PAHT have not submitted referral activity for month 11

Table 3 below analyses the forecast outturn variance by point of delivery. This shows that the cost impact of non-elective activity has increased in month 11 by £0.2m. Whilst activity for Non-elective overspends are predominantly in the capped elements of contracts where the CCG is protected from this growth in year (PAHT and Bolton FT) in 2018/19, there have been slight increases in other contracts where this cap is not in place.

Table 3: Summary of forecast outturn variance for points of delivery as at month 10: positive figures = overspend; negative figure = underspend

Top 5 Provider POD	M10 Forecast Variance £000's	M11 Forecast Variance £000's	Activity movement M10 v M11
Non-elective admissions	£917	£1,169	↗
A&E	£25	£18	↔
Outpatients	£200	£361	↔
All other (PbR excluded, non activity services)	£895	£632	↔
Excess bed days	-£63	£76	↗
Critical care/Rehab	-£938	-£801	↘
Elective: inpatients and day cases	£119	-£88	↘
All other Provider	-£259	£69	-
Total Acute Provider Contracts	£896	£1,436	

Key points to note on individual contracts are as follows:

Pennine Acute Trust

The financial management of the increased non-elective activity is supported through the capped arrangement in the 2018/19 contract. To date, locality / transformation plans, Better Care Fund and system resilience schemes have not been shown to reduce demand and activity from the baseline. The forecast outturn reflects delivery of £0.4m QIPP linked to

Procedures of Limited Clinical Value, with the risk of delivery high.

Bolton Royal FT

The 2018/19 contract with Bolton FT is an aligned incentive contract which limits the risk of over performance for the commissioner while guaranteeing a minimum level of income to the provider. Within this contract there is a break clause where if activity is significantly different to plan for a sustained period, then the commissioner or provider can seek to adjust the contract value.

Due to the over performance on Non Elective admissions and maternity services the trust have written to the CCG and have asked to renegotiate the value of the contract to recover this over performance. The level of over performance is £0.4m at month 11 and the specific contract clauses are being checked. The CCG also currently has £0.4m of unanswered challenges with the trust as at month 11. Bury CCG and the Trust are in dialogue about these issues, with the underlying position to be adjusted in the 2019/20 contract.

Oaklands Hospital

The position at Oaklands has seen increases over the past 3 months, £295k or 58% of a year to date total of £515k, with a particular spike in January of £141k or 27% of the expenditure to date. The current waiting list position with the hospital has 500 patients more waiting at the end of January than at March 2018. This is reflected in the forecast out turn for the year and will be reflected in the 2019/20 plan agreed with Oaklands.

Waiting Lists and Referral to Treatment Times

In terms of incomplete waits, Bury CCG, has 8.7% more patients waiting at the end of January when compared to March 2018. This is a decrease of 2.4% on the December 2018 position. For Pennine Acute Trust, the total number of waits has decreased to 0.4% in January which is a reduction of 4.9% compared to December. Scheduled care referrals are showing a 1.3% increase in the number of referrals against the same period last year.

3.2 Community Health Services

The year to date position of £0.2m continues to reflect the partial non-achievement of the recurrent QIPP schemes and the non recurrent pressures previously reported.

3.3 Continuing Care Services

Continuing care activity can be volatile during the year with respect to both volume and the cost of individual packages of care. The forecast outturn, which includes an element of growth, is reporting a favorable variance of £230k which is due to a prior year benefit. The assumptions used to forecast activity and cost based on information at month 11 are quite prudent and therefore an adverse change in variance is not anticipated.

3.4 Mental Health Services

The forecast position reflects the latest position for additional bed days within Pennine Care FT and private providers such as the Priory. Much of the pressure to date has related to service users who are delayed from being discharged from hospital although good progress has been made in reducing the levels of delayed transfers. Providers have worked together over the past few months to support service users leaving the acute setting and this work will continue.

The situation will be monitored closely and if users are not able to be transferred into a more clinically appropriate setting then the CCG will have a continuing financial pressure. The extent of any recurrent pressure is being investigated with any required increases in commissioning to be incorporated into the 2019/20 financial plan.

In addition to the pressure around acute beds, the CCG has also experienced increased financial pressures as a result of an increased complexity of patients within individual tailored packages of care and increase in supported living patients.

3.5 Other Programme Services

The CCG has received on behalf of the locality £4.3m to date from the Transformation Fund in 2018/19 and is working with the Northern Care Alliance on the management of the funds. The CCG contributes to the assurance and oversight through the Transformation Board, where business cases are approved and subsequently monitored to ensure delivery of objectives.

3.6 Primary Care Services

The adverse position at month 11 predominantly relates to GP prescribing costs and use of price concessions which have increased the forecast outturn for prescribing. This pressure has been prudently reviewed and reflected in the forecast to assume that price concessions will continue to increase for the foreseeable future. Other continuing pressures relate to central drugs costs which has been reported previously. In addition the CCG is reporting a pressure on primary care IT costs relating to GM Shared Services (GMSS) GPIT Projects.

3.7 Running Cost

The CCG's running cost spend is in line with its allocation, although this is after a recharge of £0.3m to programme costs.

4. QIPP Delivery

Table 4 below summarises the forecast QIPP delivery against target at month 11. The table reflects the delivery of non-recurrent mitigations brought into the YTD financial position which largely relate to the release of contingency balances. The recurrent impact of schemes is also noted in the table.

Area	£000's			
	QIPP Target	YTD	Total	Recurrent
Acute	2,150	412	490	2,100
Community	170	119	132	158
Intermediate Care	1,500	1,531	1,670	0
Mental Health	170	94	102	27
Prescribing	500	223	223	500
Primary Care	810	555	608	558
Running cost	300	183	200	200
Unidentified	2,890	0	0	0
Non-recurrent Mitigations - (Known)	0	4,720	4,720	0
Non-recurrent Mitigations - (Anticipated)	0	0	345	0
Total	8,490	7,836	8,490	3,543

QIPP Tracker 2018/19

Table 4: Summary of forecast QIPP delivery as at month 11

A further review of anticipated scheme financial delivery has taken place at month 11. Figure 1 below assesses the delivery risk of the forecast QIPP schemes

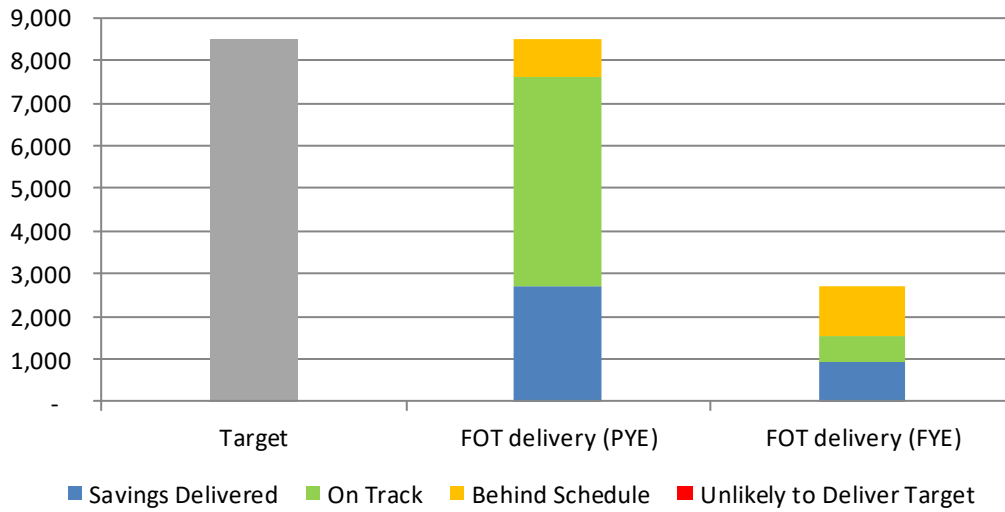


Figure 1: Financial risk to delivery assessment of forecast QIPP delivery at month 11

Figure 2 has been amended to reflect the inclusion of the delivery of non-recurrent mitigations YTD. There remains an unidentified gap of £2.9m.

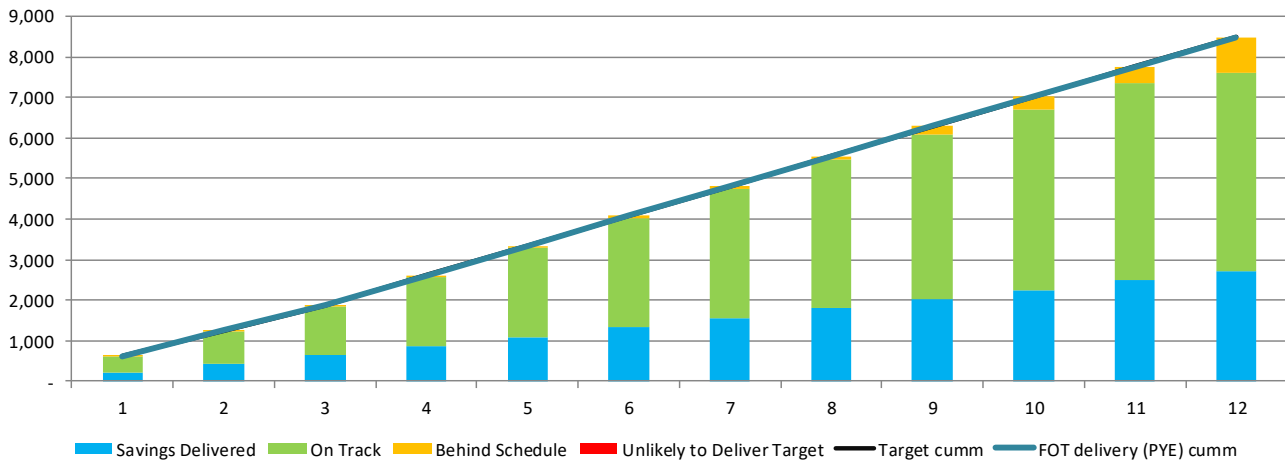


Figure 2: Phasing of QIPP target and forecast delivery at month 11

5. Underlying position

As reported to NHSE at month 11 the underlying position is a deficit of £5.7m.

The underlying position is largely driven by the amount of non-recurrent QIPP in 2018/19, along with the recurrent impact of the 2018/19 contracting arrangements with PAHT and BFT.

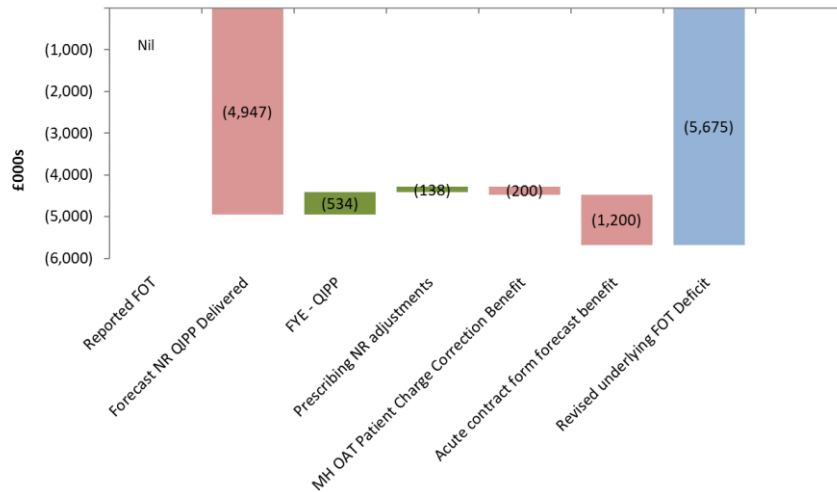


Figure 3: Underlying position as at month 11

6. Risk adjusted forecast outturn

The risk adjusted forecast outturn is zero at month 11. This assumes the delivery of £2.4m of planned QIPP schemes, £2m of non-recurrent mitigations and £0.4m of non recurrent measures, giving total mitigations of £2.4m.

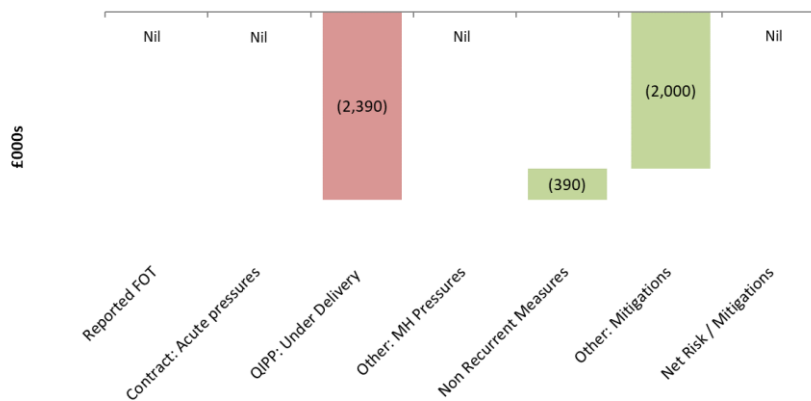


Figure 4: Risk adjusted forecast outturn at month 11

7. Balance sheet

The CCG has delivered its balance sheet targets including the Better Payment Practice Code (BPPC) which measures the timeliness of payments to suppliers. The CCG has achieved this target (95%) year to date, with 99.31% of suppliers being paid within the timeframe. The CCG has also delivered its cash balance target which is to have no more than 1.25% of its maximum monthly cash drawdown remaining at the end of the month.

8. Recommendation

The Committee is asked to;

- Note the financial position and forecast outturn position at month 11,
- Note the risk assessment and existing mitigations to manage the risks to deliver the 2018/19 financial plan,
- Note the forecast QIPP delivery position and risk assessment of that delivery at month 11,
- Note the underlying forecast financial position at month 11.

Appendix A – Contract performance

Contract Performance		£000's				Notes
Providers	YTD Contract Plan	YTD Actual	YTD Variance	FOT	FOT Variance	
Pennine Acute Trust	86,888	87,393	504	95,074	-58	Cost and volume scheduled care & cap and collar unscheduled care
Salford Royal FT	12,602	13,291	688	14,501	752	Cost and Volume
Bolton Royal FT	9,442	9,363	-79	10,215	-88	Cap and Collar Arrangement
Manchester University FT	11,272	12,055	784	13,183	857	Cost and Volume
The Christie FT	1,471	1,383	-88	1,510	-96	Cost and Volume
Wrightington Wigan & Leigh FT	1,338	1,634	296	1,785	326	Cost and Volume
Pennine Care NHS FT: Mental Health	19,412	19,635	223	21,462	259	Block contract
Salford Royal NHSFT: Community	145	146	0	159	0	Block contract
Pennine Care: Community	17,113	17,114	1	18,776	-9	Block contract
Contract Performance	159,683	162,013	2,330	176,664	1,942	
Acute Services: NCAs	2,271	2,096	-175	2,359	-130	Based on Seasonal Trends
Mental Health: NCAs	0	-110	-110	-47	-47	High cost patient at Lancashire Care
NCAs Total	2,271	1,986	-285	2,312	-177	
Other	26,269	28,239	1,969	31,096	2,842	
Other Total	26,269	28,239	1,969	31,096	2,842	
TOTAL	188,224	192,238	4,014	210,072	4,608	

Contract Performance Analysis 2018-19

Note: This total agrees to Acute, Community and Mental Health in Table 1