

<b>Meeting: Governing Body (Meeting in Public)</b>			
<b>Meeting Date</b>	27 November 2019	<b>Action</b>	Consider
<b>Item No.</b>	5b	<b>Confidential</b>	No
<b>Title</b>	Month 7 Financial Position		
<b>Presented By</b>	Mike Woodhead, Joint Chief Finance Officer		
<b>Author</b>	Finance Team		
<b>Clinical Lead</b>	-		

### Executive Summary

The month 7 position reports that the CCG will achieve its financial plan for 2019/20, i.e. delivery of the in-year breakeven control total set by NHS England (NHSE).

Key points to note:

- Acute services are forecast to overspend at year end by £3.0m. This is related to over performance in acute contracts predominantly non-elective services.
- The CCG position assumes full delivery of £12.5m QIPP. There is a high level of risk to this delivery at month 5. £8.2m of the gap is unidentified.

### Recommendations

The Governing Body is asked to:

- Note the CCG financial position at month 7, which is in line with plan;
- Note the position and risks to delivery of QIPP.
- Approve the proposal to reallocate £1m of the BCF contingency from the Council to the CCG, subject to Council approval;
- Approve the proposed approach to the use of Council leverage to spread CCG pooled budget contributions over time allowing the Bury locality to benefit from access to CCG historic surpluses, subject to Council approval.

### Links to CCG Strategic Objectives

<b>SO1 People and Place</b> To enable the people of Bury to live in a place where they can co-create their own good health and well-being and to provide good quality care when it is needed to help people return to the best possible quality of life	☒
<b>SO2 Inclusive Growth</b> To increase the productivity of Bury's economy by enabling all Bury people to contribute to and benefit from growth by accessing good jobs with good career prospects and through commissioning for social value	☒
<b>SO3 Budget</b> To deliver a balanced budget for 2019/20	☒

Links to CCG Strategic Objectives	
<b>SO4 Staff Wellbeing</b> To increase the involvement and wellbeing of all staff in scope of the OCO.	<input checked="" 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 N/A	

Implications						
Are there any quality, safeguarding or patient experience implications?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>	N/A	<input type="checkbox"/>
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"/>
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"/>
<i>If you have ticked yes provide details here. If you are unsure seek advice from Lynne Byers, Email - <a href="mailto:lynnebyers@nhs.net">lynnebyers@nhs.net</a> about the risk register.</i>						

Governance and Reporting		
Meeting	Date	Outcome

## Finance Report Month 7

### 1. Overall Financial Performance

At month 7 the CCG is reporting a balanced plan position. Within this is a year to date overspend in acute services of £1.6m, with a forecast outturn of £3.0m driven largely by overperformance within the Pennine Acute contract. There is a high level of risk underlying this position, the key risks being non-delivery of QIPP and contractual overperformance. Risks also remain on the forecast stranded costs and deficit on transfer of community services from Pennine Care to Northern Care Alliance, the sustainability of key providers of both acute and mental health services and success of locality transformation.

Financial Performance Area	£000's					
	YTD Budget	YTD Actual	YTD Variance	Annual Budget	FOT	FOT Variance
<b>Allocations</b>	<b>(186,751)</b>	<b>(186,751)</b>	<b>0</b>	<b>(309,819)</b>	<b>(309,819)</b>	<b>0</b>
Acute Services	96,124	97,692	1,568	163,093	166,067	2,974
Community Health Services	18,210	18,354	144	31,087	31,247	160
Continuing Care Services	7,735	8,019	284	13,486	13,843	357
Mental Health Services	18,083	17,276	(807)	30,756	29,670	(1,086)
Other Programme Services	4,862	4,817	(45)	7,326	7,519	193
Primary Care Services	22,343	22,988	645	38,819	38,950	130
Primary Care Co-commissioning	15,281	15,095	(186)	27,218	27,218	0
<b>Programme Costs</b>	<b>182,638</b>	<b>184,241</b>	<b>1,603</b>	<b>311,785</b>	<b>314,514</b>	<b>2,728</b>
Running Cost	2,510	2,510	0	4,303	4,303	0
<b>Total Costs</b>	<b>185,148</b>	<b>186,751</b>	<b>1,603</b>	<b>316,088</b>	<b>318,817</b>	<b>2,728</b>
Reserves	1,603	0	(1,603)	(6,269)	(8,998)	(2,728)
<b>(Surplus)/Deficit</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Financial Performance 2019-20

### 2. Acute Services

The overall forecast outturn position for acute services expenditure at month 7 is a £3m overspend, an increase of £0.2m from month 6. This overspend position is after the assumed delivery of QIPP (c £1.4m) and contracting arrangements to reduce in year exposure to Urgent Care growth (£1.7m).

The main driver for the increase in the forecast outturn at month 7 is elective activity at Oaklands, where activity has continued to increase and the forecast has been adjusted to take account of this activity level continuing to 31<sup>st</sup> January. The impact of this is an increase of £0.2m. Forecasts outturns across associates have remained consistent between month 6 and 7 with the exception of Manchester Foundation Trust which has increased by £0.2m because of increased elective care. The residual difference is made up across several providers and areas.

#### **Oaklands - £1.7m forecast overspend**

Activity for Oaklands continues to over perform and as a result has created further pressure in month 7. The budget for Oaklands was set using 2018/19 month 9 forecast outturn creating a budget of £0.75m. Activity has increased significantly since January 2019 which has led to the current overspend position. Referrals to

Oaklands continue to rise from 117 per month Apr – Sep 18 to 306 per month Mar – October 19. Whilst referrals to Oaklands are only 12% of the number that are made to PAHT, due to the nature of the activity at the provider and their ability to increase sessions to meet demand this cost increase in terms of overall elective expenditure is a cause for concern.



### **Pennine Acute NHS Trust - £3.4m forecast overspend**

This overspend at Pennine Acute has remained consistent with last month, the significant overspend areas remaining A&E, emergency admissions and critical care. Without the benefit of the blended payment arrangement for Emergency Care the forecast overspend would be £1.7m higher.

### **Activity, Referrals and Waiting Times**

#### **Activity**

PAHT, SRFT, MFT and Bolton FT make up more than 90% of CCG acute activity. Across these providers A&E attendances and Emergency Admissions have increased 6.6% and 7.2% year to date compared to the same period in 2018/19.

Cumulative Bury CCG A&E & NEL activity at PAHT, SRFT, MFT & BFT							
		Apr	May	Jun	Jul	Aug	Sep
A&E	2015/16	5,001	10,011	15,022	20,213	25,230	30,264
	2016/17	4,908	10,365	15,568	21,029	26,130	31,527
	2017/18	5,329	11,155	16,966	22,983	28,374	33,933
	2018/19	5,616	11,724	17,652	23,918	29,532	35,253
	2019/20	6,290	12,780	18,887	25,284	31,330	37,579
		12.0%	9.0%	7.0%	5.7%	6.1%	6.6%
		Apr	May	Jun	Jul	Aug	Sep
Em Ad	2015/16	1,444	2,876	4,354	5,769	7,119	8,491
	2016/17	1,370	2,825	4,297	5,702	7,140	8,609
	2017/18	1,429	2,975	4,448	6,056	7,537	9,070
	2018/19	1,691	3,510	5,292	7,018	8,691	10,273
	2019/20	1,827	3,754	5,541	7,460	9,241	11,011
		8.0%	7.0%	4.7%	6.3%	6.3%	7.2%

These increases in activity and the resultant costs of attendances and admissions have led to an overspend of £1.18m to September 2019 before contractual caps are applied, which is 71% of the total acute overspend.

### Referrals and Waiting Lists

Total GP Referrals have increased by 1.4% from previous year. Day Case and Elective activity at NHS providers has reduced by 3%, whilst Oaklands has increased significantly for both inpatient and outpatient activity, with referrals to Oaklands increased from 707 Apr – September 2018 to 1,896 Apr – September 2019 (168%).

The increase in referrals and the reduction in activity has led to a 24% (3,212) increase in waiting lists, with the largest being at PAHT 1308 (16%), SRFT 829 (33%), MFT 383 (18%) and Oaklands 226 (864%). In order to achieve its statutory duty regarding waiting lists, the CCG needs to have no more waiters at March 2020 than March 2018 and therefore complying with this will be a significant challenge as we enter the winter months. The financial cost to clear the back log is estimated to be £1.6m. It should be noted that Pennine acute NHS Trust are reviewing the waiting lists from December onwards. The trust has so far not conducted cleansing exercises this year due to a role out of a new system which begins in December. We expect the waiting lists to drop substantially, reducing the financial risk significantly.

## 3. Non-Acute Services

### 3.1 Community Services

Community services continues to report an overspend of £0.1m due to the overspend on AQP contracts for echocardiograms as a result of the new pathway. The financial risk surrounding the transfer of community services from Pennine Care NHSFT to Salford Royal NHSFT in terms of deficit on transfer and stranded costs is not currently reflected in the community services position but continues to be monitored and reported in the risk's analysis.

### **3.2 Continuing Healthcare Care Services**

CHC at month 7 has a year to date overspend of £0.3m, with a forecast outturn of £0.4m. The overspend is being driven by an increase in the amount of fast track patients hitting the service. This is predominantly due to the increased non-elective activity at.

### **3.3 Mental Health Services**

The CCG is reporting a year to date underspend of £0.8m at month 7. This reflects an underspend in MH placements for complex cases following a drop in the number of very high cost patients compared to 18/19. Activity and bed information continues to be monitored to understand any trends e.g. in out of area placements and delayed discharges and these will be reported to the committee where relevant to the reported position. Within the mental health budget the CCG has set aside investment for mental health services in line with the Mental Health Investment Standard (MHIS). Spend continues to be monitored in line with NHSE requirements, the CCG currently forecast to achieve the standard.

### **3.4 Primary Care and Primary Care Delegated Services**

At month 7 the CCG is reporting a year to date overspend of £0.5m and forecast outturn of £0.1m. This is as a result of a prescribing overspend year to date of £0.6m driven by £0.2m non-delivery of QIPP and £0.4m spend in excess of plan offset by underspends in primary medical service spend. The forecast outturn of £0.1m relies on the full delivery of the prescribing QIPP in the second half of the year and further underspends in primary care medical services.

### **3.5 Other Programme Services**

The budgets within other programme services include transformation funding, safeguarding, estates and NHS 11. At month 7 the CCG is forecasting an overspend of £0.2m as a result of unbudgeted non-recurrent expenditure. Transformation accounts for £4m of the total £7.3m budget and is forecast to spend in line with allocation while small underspends are forecast in other areas.

### **3.6 Corporate Services and Reserves**

At month 7 the CCG is spending in line with its running cost allocation and is forecast to continue to do so to the end of the year. Reserves are currently forecasting a negative spend reflecting the forecast level of savings attributable to unidentified QIPP schemes.

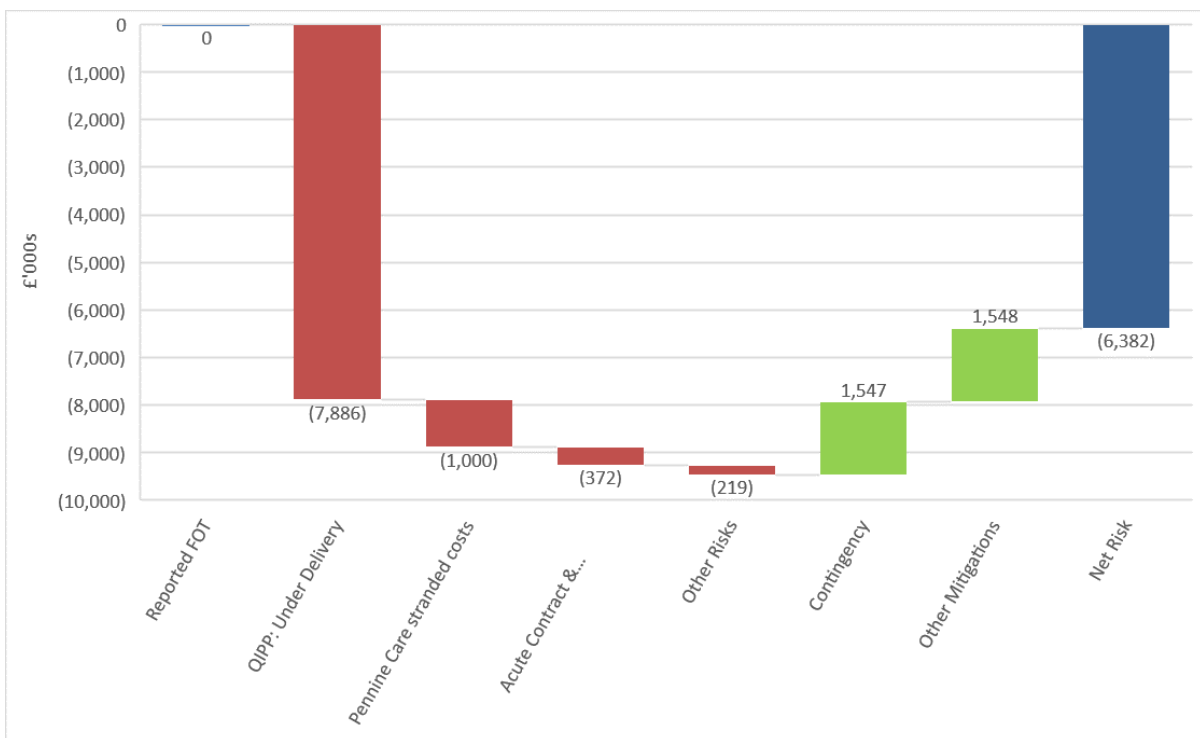
## **4. QIPP Delivery**

The table below summarises the latest QIPP delivery against target for the CCG. Unidentified target with high and medium risk schemes totals £0.9m. The CCG's ability to achieve its financial plan for 19/20 is reliant on the identification and delivery of schemes to meet the full QIPP target by the end of the year. Options to support the delivery of the target non-recurrently are being explored with the Council.

£'000	
Delivered	783
Low Risk	2,451
Medium Risk	551
High Risk	472
Unidentified	8,243
<b>Total</b>	<b>12,500</b>

## 5. Risk adjusted forecast outturn

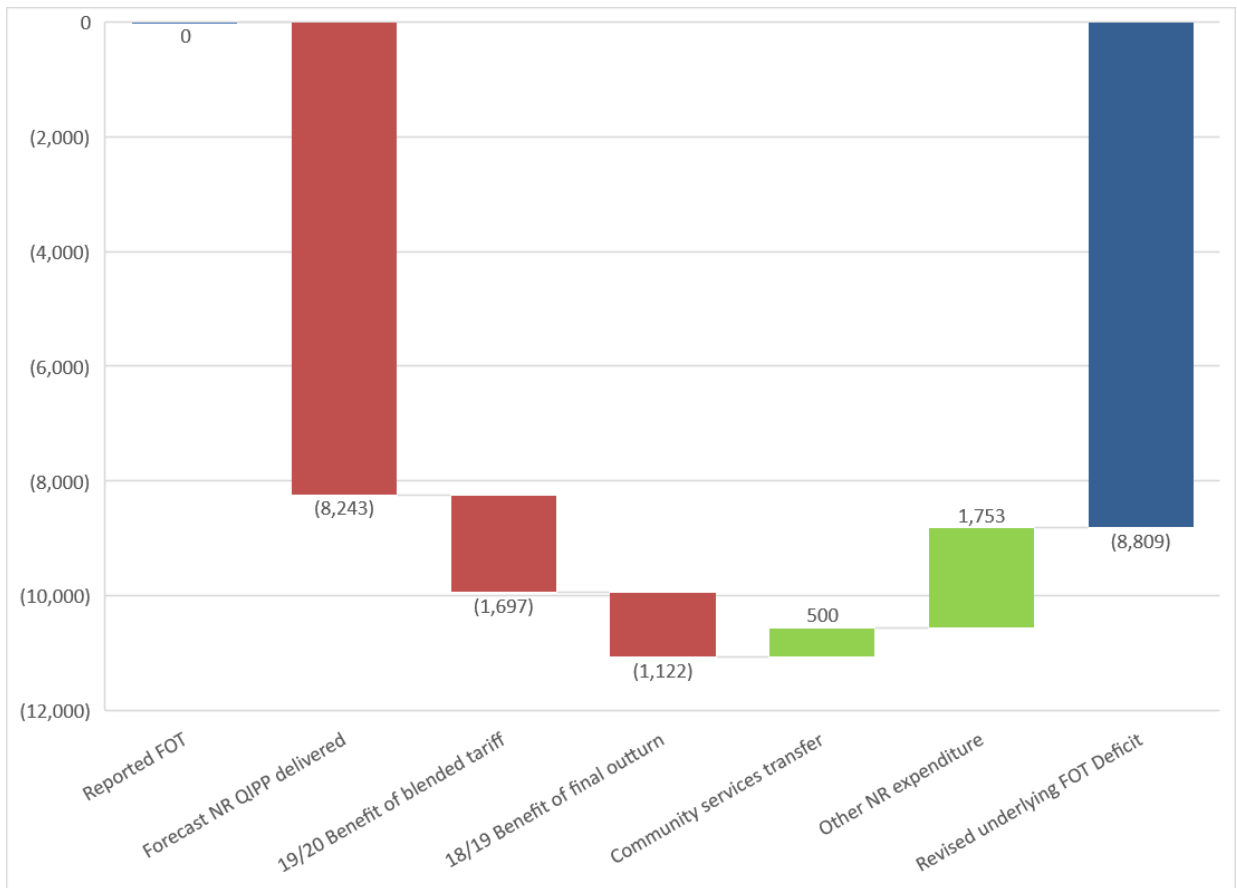
The risk adjusted forecast outturn as shown in the graph below is £6.4m. This is predominantly due to the net undelivered QIPP risk of £7.9m. Mitigations relate predominantly to possible underspends against budget (reductions in the forecast outturn). The position has improved compare to previous months as risks and mitigations have been realized and reflected in the forecast outturn. For month 7 this includes the agreement with Manchester CCG to defer repayment of £0.5m GM risk share into 20/21.



## 6. Underlying position

As reported to NHSE at month 7 the underlying position remains a deficit of £8.8m.

The underlying position is largely driven by the net amount of non-recurrent QIPP in 2019-20 and benefit in 2019-20 of the blended tariff contract arrangement with PAHT, which will be rebased in 2020-21.



The underlying position has deteriorated from the beginning of the year due to the level of unplanned activity and low levels of QIPP delivery.

## 7. 2-4-1 Opportunity

The CCG currently has £6.9m of historic surplus lodged with NHS England. For a number of years and for the foreseeable future the CCG has been unable to access these funds. This year NHS England have offered CCGs the opportunity to access these funds in return for achieving a breakeven position (after agreed allocation reduction) in 2019/20. For every £1 reduction in allocation the CCG is able to manage in 2019/20 £1 will be returned in 2020/21 and matched by the return of an additional £1 from the CCG historic surplus up to a ceiling of £3.9m. In order to take advantage of this opportunity the committee is asked to consider two recommendations:

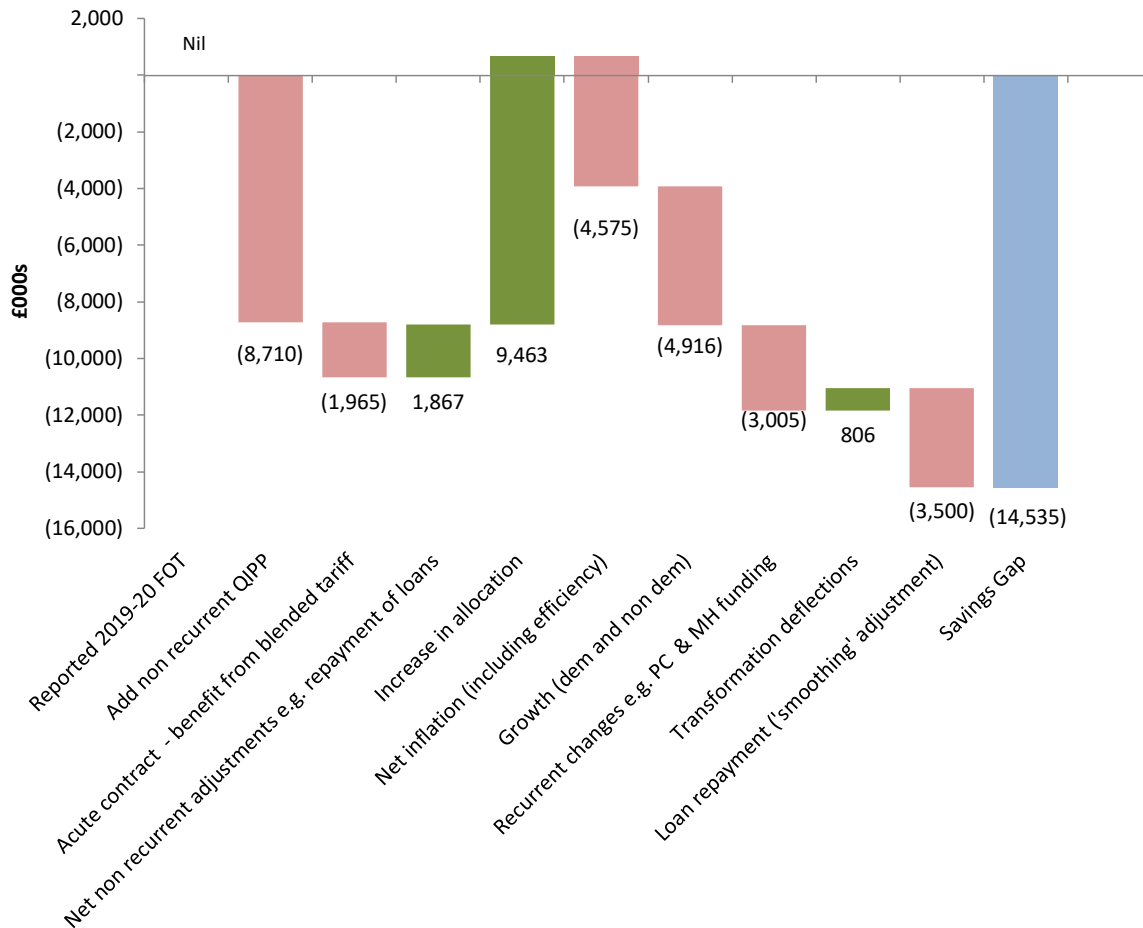
- 1) In January given the comparative financial outlook of the CCG and Council the CCG agreed that the Council should have full benefit of the BCF contingency. This contingency has, in recent years, been exclusively to the benefit of the CCG to reflect the continued pressure on non-elective hospital admissions. At month 7 the CCG financial position is comparatively worse and so it is proposed that £1m of the BCF contingency be used to address non elective overspends in the CCG instead. This will reduce the CCG risk position by £1m. This will require Council approval.



2) Agreement to be sought with the Council to leverage Council financial flexibilities to spread CCG contributions to the Integrated Commissioning Fund Pooled Budget over 2 years allowing the CCG to breakeven in principle in 2019/20. This proposal will allow Bury to benefit from access to historic surpluses it would otherwise be unable to access. It is being encapsulated in the section 75 agreement overseen by the Strategic Commissioning Board. Again, this will be subject to Council governance and approval as well as CCG.

## 8. 2020-21 Planning

Planning for 2020 - 21 has continued with the financial gap for 2020-21 continuing to be estimated at c£14.5m. The graph below outlines how the gap is made up. The initial work to develop schemes for 2020-21 noted in section 4 address only about half of the gap therefore there is a significant level of work to ensure that a plan is put in place by the beginning of the year to deliver the financial position.



## 9. Medium Term Financial Plan & Long-Term Plan submission

In addition to the development of the 2020-21 plan, the CCG with the LA is developing a 5-year plan (medium term) to ensure that plans are being developed at the earliest opportunity to deliver locality wide financial sustainability.

Greater Manchester is also developing a 5-year plan on a sustainability and transformation partnership (STP) footprint for submission to NHS England. The plan includes finance, activity and workforce plans. The first submission was made on 16<sup>th</sup> September, with a further submission made on 13<sup>th</sup> November. This finance and activity information will provide the basis of those included within the Locality Plan.

## **10. Balance Sheet**

The CCG has met its better payment code of practice (BPPC) compliance and its cash target cumulatively.

## **11. Recommendations**

The Committee is asked to:

- Approve the alternate use of the BCF contingency, subject to Council approval;
- Approve the use of council flexibilities in 2019/20 to support accessing an element of the CCG historic surplus in 2020/21, subject to Council approval;
- Note the CCG financial position at month 7, which is in line with plan;
- Note the delivery of QIPP and the requirement upon non-recurrent mitigations.

## Appendix 1

### Contract performance

Contract Performance		£000's				Notes
Providers	YTD Contract Plan	YTD Actual	YTD Variance	FOT	FOT Variance	
Pennine Acute Trust	57,768	59,728	1,960	102,315	3,387	Cost and volume scheduled care & cap and collar unscheduled care
Salford Royal FT	8,494	8,650	155	14,684	199	Cost and Volume
Bolton Royal FT	6,400	6,230	-170	10,655	-281	Cap and Collar Arrangement
Manchester University FT	7,972	7,925	-47	13,252	-255	Cost and Volume
The Christie FT	923	788	-134	1,328	-248	Cost and Volume
Wrightington Wigan & Leigh FT	1,163	856	-307	1,445	-523	Cost and Volume
Pennine Care NHSFT: Mental Health	13,298	12,849	-449	21,992	-448	Block contract
Salford Royal NHSFT: Community	6,608	6,652	44	14,867	44	Block contract
Pennine Care NHSFT: Community	4,992	4,981	-10	5,011	0	Block contract
<b>Contract Performance</b>	<b>107,618</b>	<b>108,659</b>	<b>1,041</b>	<b>185,549</b>	<b>1,875</b>	
Acute Services: NCAs	1,275	1,275	0	2,258	0	Based on Seasonal Trends
Mental Health: NCAs	32	99	67	100	45	High cost patient at Lancashire Care
<b>NCAs Total</b>	<b>1,308</b>	<b>1,374</b>	<b>67</b>	<b>2,358</b>	<b>45</b>	
Other	23,491	23,290	-202	39,077	128	
<b>Other Total</b>	<b>23,491</b>	<b>23,290</b>	<b>-202</b>	<b>39,077</b>	<b>128</b>	
<b>TOTAL</b>	<b>132,417</b>	<b>133,323</b>	<b>906</b>	<b>226,984</b>	<b>2,048</b>	

Contracts Performance 2019-20