

QUALITY, FINANCE AND PERFORMANCE COMMITTEE

27TH JANUARY 2016

FINANCE REPORT MONTH 9 (DECEMBER)

Date of the meeting	27.01.2016
Author	Jason Skinner, Chief Finance Officer
Sponsoring Governing Body Member	Jason Skinner, Chief Finance Officer
Purpose of Report	To update the committee on the financial position of the CCG for Month 9 (December).
Recommendation	The Committee is asked to Note the report.
Reason for inclusion in Part II	N/A
Stakeholder Engagement	CCG Executives and budget holders, NHSE Finance colleagues.
Previous GB/Committee Dates	N/A

Monitoring and Assurance Summary

This report links to the following Assurance Domains	<ul style="list-style-type: none"> • Quality • Equality and Diversity • Engagement • Outcomes • Governance • Partnership-Working • Leadership 		
I confirm that I have considered the implications of this report on each of the matters below, as indicated:	Yes [e.g. ✓]	Any action required?	
		Yes (Detail in report)	No
All three Domains of Quality (Safety, Quality, Patient Experience)	✓		✓
Board Assurance Framework / Risk Register	✓		✓
Budgetary Impact	✓	✓	
Legal / Regulatory	✓		✓
People / Staff	✓		✓
Financial / Value for Money / Sustainability	✓	✓	
Information Management & Technology	✓		✓
Equality Impact Assessment	✓		✓
Freedom of Information	✓		✓

Initials: JS

1. Introduction

- 1.1 This paper summarises the financial position of the CCG for Month 9 (December).
- 1.2 This paper is consistent with the financial submissions made to NHS England as part of the monthly financial reporting regime.
- 1.3 The CCG has a statutory duty to achieve financial balance on a cumulative basis, as well as remain within the relevant limits for running costs and cash management.
- 1.4 The CCG approved plans at the March Governing Body meeting which were also submitted to NHS England and set out the financial management of an allocation of £233.4m, against which we plan to deliver a £1.2m surplus.
- 1.5 The in-year surplus will be used to reduce the brought forward cumulative deficit of £5.3m, thus delivering a cumulative deficit of £4.1m at the end of 2015/16.

2. Report

- 2.1 The table below summarises the year to date and full year forecast position for the CCG as at month 9:

Financial Summary - Month 9	Year to Date			Full Year		
	Budget	Actuals	Variance	Plan	Forecast	Variance
	£000s	£000s	£000s	£000s	£000s	£000s
Southend Hospital	75,169	76,097	928	100,225	101,051	826
Other acute activity	21,831	21,926	95	29,108	28,887	(221)
Continuing healthcare	18,847	19,540	693	24,758	26,277	1,519
Prescribing & medicines management	20,200	20,897	697	26,933	27,694	761
Mental health services	16,372	16,240	(132)	21,829	21,686	(143)
Community services	13,657	13,526	(132)	18,210	18,210	-
Other programme costs & reserves	6,000	4,183	(1,817)	8,877	6,401	(2,476)
Total Programme costs	172,076	172,409	333	229,940	230,205	265
Running Costs	3,139	2,807	(333)	4,186	3,921	(265)
Southend CCG position	175,215	175,216	0	234,126	234,126	0
Allocation	175,215	175,215	-	235,265	235,265	0
Net (Surplus) / Deficit	-	0	0	(1,139)	(1,139)	-
Surplus b/fwd	-	-	-	5,234	5,234	-
Net (Surplus) / Deficit	-	0	0	4,095	4,095	-

note : figures rounded to nearest £1,000

- 2.2 Overall at month 9, the year to date position is in line with plan, with expenditure of £175.2m. Key variances are:
1. Acute activity £1.0m overspend in total (Southend Hospital £0.9m overspend) [£0.4m last month]. Key movement is the increase in non-elective activity.
 2. Continuing healthcare £0.7m overspend [£0.8m last month] but with increased rate of activity driving a forecast increase for the remainder of the year.
 3. Prescribing costs £0.7m overspend [£0.5m last month]
 4. Reserves and other programme costs £1.8m underspend [£1.6m last month]

Further detail is shown in appendix 1.

Clinical Commissioning Group

- 2.3 The full year forecast remains static at £1.1m surplus in-year and a cumulative deficit of £4.1m. Key variances are:
1. Acute activity £0.6m overspend in total (Southend Hospital £0.8m). [£0.1m last month]
 2. Continuing healthcare £1.5m overspend [£1.5m last month]
 3. Prescribing costs £0.8m overspend [£0.8m last month]
 4. Reserves and other programme costs £2.5m underspend [£2.3m last month]

Further detail is shown in appendix 1.

- 2.4 The overall programme remains dependant on the delivery of QIPP savings, now forecast at £6.0m against the original plan of £7.3m and the previous forecast of £6.4m and is affected by the rise in CHC costs. At month 9, delivery is £4.0m which is £0.2m below forecast and £0.5m below the previous forecast profile. Further detail can be found in appendix 2.

- 2.5 Potential risks to the financial forecast of the CCG against which mitigating actions are, or will be, undertaken are set out in appendix 5. At month 9, key risks relate to the following areas of activity:

1. Continuing healthcare forecast remains volatile. The current risk is £2.0m, albeit lower than last month, of which £1.5m (75%) is funded within the current forecast therefore leaving a £0.5m risk
2. Prescribing costs are showing significant growth nationally and while Southend CCG is managing this area, there is still a potential overspend against plan of £1.0m of which £0.8m (75%) is funded within the forecast. This is in line with the position reported last month.
3. Acute activity. Current forecast modelling suggests an overall position now £0.6m above plan, and thus a further increase from the previous forecast. As always, acute activity accounts for 55% of the CCG's expenditure, and therefore even a small increase in activity will have a significant impact on our forecast position against which no contingency reserves now remain.
4. Under-delivery of the QIPP programme. This is largely impacted by the risks above, but members should note that the forecast has now reduced by a further £0.35m as no allowance for initiatives not currently fully worked up is included in the forecast.

- 2.6 In light of the risks noted above and in appendix 5, and as reported last month, there is a potential 'risk-adjusted' forecast which is £1.3m below our current reported likely-case forecast which would mean an in-year position of a £0.1m deficit rather than a £1.2m forecast surplus as planned.

NHS England have advised that any reduction in our £1.2m surplus plan would require a financial recovery plan to identify any mitigating actions. The CCG have now developed an internal business sustainability plan following reviews with executives, budget holders and clinicians, including formal reviews at the Executive Operational Group meetings, at the Governing Body Seminar in January and the Clinical Executive Committee. This plan will be reported separately to the QFP Committee and to Governing Body at the next available meetings, and includes a range of high level actions including:

- Freeze on all staff recruitment until April 2016.

Clinical Commissioning Group

- Review of all budgets across the CCG, to identify all non-pay opportunities over the remaining period of the financial year.
- Discussions with key CCG partners to explore opportunities for financial support.
- All new expenditure commitments to be authorised by the Chief Officer and/or Chief Finance Officer for the remainder of the financial year in addition to existing scheme of delegation controls.

The business sustainability agenda is now the focus of the Weekly Operational Executive meetings to ensure strong financial focus and achievement of the 2015/16 forecast position. Specific focus is being given to CHC assessments and resultant impact on the financial forecast as this is currently the key driver of our risks to achievement of the financial forecast.

- 2.7 The CCG have submitted the first draft of the 2016/16 financial plans to NHS England on 15th January in line with the published timetables. The plan shows that the CCG continues to make an in-year surplus in the next financial year, repaying down the cumulative deficit from prior years. The detail of the financial planning will be reported separately, with headlines being:
- Funding growth of 3.99%, albeit against a revised funding target that identifies the CCG as being 1.02% below target in 2015/16 rather than the 4.08% which has previously been reported (i.e. a movement of 3.06% or circa £7m reduction in target funding)
 - 0.5% in-year surplus (planning guidance requirement 1.0%)
 - 1.0% non-recurrent contingency created for the first time for Southend CCG and a contingency reserve of 0.3% (planning guidance requirement 1.0% and 0.5% respectively)
 - A QIPP challenge of £10.0m, representing 4.1% of our resource allocation.

3. Conclusion

- 3.1 The CCG continues to report a financial position generally in line with the agreed plan, albeit focus must now be given to the delivery of a number of key actions as part of the Business Sustainability Plan in order to achieve this position.
- 3.2 The Governing Body members are asked to note the financial position for month 8.

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APPENDICES

Appendix 1	Year to date and forecast financial position
Appendix 2	QIPP programme
Appendix 3	Cash-flow analysis
Appendix 4	Debtor and Creditor analysis
Appendix 5	Risk analysis

Appendix 1: Year to date and forecast position by area of expenditure

Month 9	YTD Budget	YTD Actual	YTD Variance	Annual Budget	Forecast	Forecast	QIPP included in Annual Budget	% of Plan	QIPP included in Forecast	% of F/cast	Prior Month Forecast Outturn	Prior Month Forecast Variance
	£000	£000	£000	£000	£000	£000						
Southend University Hospital Foundation Trust	71,870	73,240	1,370	95,826	97,305	1,479	3,663	3.8%	3,142	3.2%	96,793	512
Other Contracted Activity	6,485	6,728	243	8,647	8,721	74	64	0.7%	62	0.7%	8,738	(17)
Ambulance Services	4,878	4,900	22	6,504	6,612	108	0	0.0%	0	0.0%	6,612	0
SUHFT Drugs & Devices	3,299	2,857	(442)	4,399	3,746	(653)	0	0.0%	0	0.0%	3,684	62
Spire	2,710	2,621	(90)	3,614	3,477	(137)	0	0.0%	0	0.0%	3,576	(36)
MJ Essex Hospital NHS Trust	2,392	2,441	49	3,189	3,249	60	0	0.0%	0	0.0%	3,292	20
Basildon & Thurrock University NHS Foundation	2,770	2,627	(142)	3,693	3,503	(190)	0	0.0%	0	0.0%	3,503	0
Non Contracted Activity	932	984	53	1,242	1,242	0	64	5.2%	62	5.0%	1,242	0
Community based acute services	1,006	1,164	158	1,341	1,341	0	0	0.0%	0	0.0%	1,341	0
Non NHS Acute Services Other Providers	508	401	(107)	678	542	(136)	0	0.0%	0	0.0%	536	6
ASD Assessment Service	150	50	(90)	200	200	0	0	0.0%	0	0.0%	200	0
Acute Services	97,000	98,023	1,023	129,333	129,938	605	3,791	2.9%	3,266	2.5%	129,389	549
Adult Continuing Healthcare Packages	17,559	18,488	930	23,040	24,535	1,495	1,080	4.7%	535	2.2%	24,535	0
IFT Placement	0	0	0	0	0	0	0	0.0%	0	0.0%	0	0
Reablement	0	5	5	0	0	0	0	0.0%	0	0.0%	0	0
Child Continuing Healthcare Packages	262	127	(135)	349	349	0	0	0.0%	0	0.0%	349	0
Funded Nursing Care (FNC)	256	197	(59)	341	341	0	0	0.0%	0	0.0%	341	0
Personal Health Budget	0	0	0	0	0	0	0	0.0%	0	0.0%	0	0
Palliative Care	0	0	0	0	0	0	0	0.0%	0	0.0%	0	0
CHC Assessment Teams	771	724	(47)	1,028	1,052	24	0	0.0%	0	0.0%	1,052	0
Continuing Healthcare/Individual Packages, EMC and Reablement	18,847	19,540	693	24,758	26,277	1,519	1,080	4.4%	535	2.0%	26,277	0
GP Prescribing	19,368	20,109	741	25,824	26,585	761	1,675	6.5%	1,725	6.5%	26,585	0
Out of Hours & 111	1,475	1,521	46	1,967	1,967	0	0	0.0%	0	0.0%	1,967	0
Other Drugs Charges	539	598	59	719	719	0	0	0.0%	0	0.0%	719	0
Referral Management	81	42	(39)	108	108	0	0	0.0%	0	0.0%	108	0
Medicines Management - Clinical	293	190	(102)	390	390	0	0	0.0%	0	0.0%	390	0
Oxvaen	235	252	17	313	313	0	0	0.0%	0	0.0%	313	0
Primary Commissioned Services	164	172	8	219	219	0	0	0.0%	0	0.0%	219	0
Prescribing Incentives	113	113	0	150	150	0	0	0.0%	0	0.0%	150	0
Primary Care	22,267	22,996	729	29,690	30,457	767	1,675	5.6%	1,725	5.7%	30,457	0
Mental Health Services South Essex Pship Trust	15,114	14,939	(175)	20,152	20,009	(143)	57	0.3%	57	0.3%	20,152	(143)
Mental Health Services Voluntary Sector	532	504	(29)	710	710	0	0	0.0%	0	0.0%	710	0
Mental Health Services Non Contracted Activity	42	108	66	56	56	0	0	0.0%	0	0.0%	56	0
Child & Adolescent Mental Health Services	683	689	6	911	911	0	0	0.0%	0	0.0%	911	0
Mental Health Services	16,372	16,240	(132)	21,829	21,686	(143)	57	0.3%	57	0.3%	21,629	(143)
SEPT	4,261	4,244	(17)	5,681	5,681	0	0	0.0%	0	0.0%	5,681	0
BCF	8,714	8,714	0	11,619	11,619	0	0	0.0%	0	0.0%	11,619	0
Non Urgent Patient Transport Services	598	525	(71)	797	797	0	0	0.0%	0	0.0%	797	0
Other Community Services	85	41	(43)	113	113	0	0	0.0%	0	0.0%	113	0
Community Services	13,657	13,526	(132)	18,210	18,210	0	0	0.0%	0	0.0%	18,210	0
Contingency	362	0	(362)	1,359	573	(786)	0	0.0%	0	0.0%	573	0
Community Estates Charges	1,050	402	(648)	1,400	1,010	(390)	0	0.0%	0	0.0%	1,010	0
Resilience Funding	864	832	(32)	1,152	1,152	0	0	0.0%	0	0.0%	1,152	0
Hospice Services	7	49	42	10	10	0	0	0.0%	0	0.0%	10	0
Other Community based care	16	63	47	21	21	0	0	0.0%	0	0.0%	21	0
GPIT	439	499	60	585	585	0	0	0.0%	0	0.0%	585	0
Programme Cost Other	0	0	0	0	0	0	0	0.0%	0	0.0%	0	0
Commissioning Other	1,195	239	(956)	1,593	293	(1,300)	604	37.9%	390	64.7%	293	0
Other Programme Service & Contingency	3,933	2,084	(1,848)	6,120	3,644	(2,476)	604	9.9%	390	10.7%	3,644	0
Total Running Cost Allocation	3,139	2,807	(332)	4,186	3,921	(265)	90	2.2%	90	2.3%	3,921	0
Total Position	175,215	175,216	0	234,126	234,126	0	7,297	3.1%	6,063	2.6%	233,720	406
Resource allocation	175,215	175,215	0	230,031	230,031	0					229,625	406
Net (Surplus) / Deficit	0	0	0	4,095	4,095	(0)					4,095	(0)

Appendix 2: Year to date and forecast QIPP delivery by scheme

Work Stream	no.	Scheme	Data to (Month)	Opening Plan	Current Forecast				Current Achievement		
				2015/16 Plan QIPP	Target - Green	Target - Amber	2015/16 Revised Forecast (Amber + Green)	Variance to original plan	YTD Reported Delivery	Variance YTD (Actuals vs f/cast)	Variance YTD (Actuals vs Plan)
Planned Care	1	SUHFT Productivity	9	1,209	830	0	830	(380)	622	0	(284)
	1a	SUHFT Productivity - Stretch	3	0	0	0	0	0	0	(285)	0
	2	Stroke	0	0	0	0	0	0	0	0	0
	3	MSK	0	150	50	50	100	(50)	50	(25)	(35)
	4	Ophthalmology	0	100	0	42	42	(58)	31	(31)	(25)
	4a	Ophthalmology Phase 1 - Shared Care Glaucoma	3	0	6	0	6	6	2	0	2
	4b	Ophthalmology Phase 2 - Glaucoma Referral Refiner	3	0	10	0	10	10	6	0	6
	5	Diabetes	12	7	0	0	0	(7)	0	0	(4)
	6	Clinical Variation	0	200	100	50	150	(50)	67	(0)	(46)
25	Patient repatriation	0	0	0	37	37	37	25	(30)	25	
	Total		1,667	996	179	1,175	(492)	804	(371)	(363)	
Unplanned Care	7	Intermediate and Ambulatory Care	0	200	200	0	200	0	100	(0)	(50)
	8	Primary Care Provision	4	550	100	450	550	0	344	54	(69)
	9	Urgent Care Re-Design	0	75	0	0	0	(75)	0	(38)	(56)
	24	Enhanced Clinical Review in NHS 111	4	0	147	0	147	147	109	(1)	109
	Total		825	447	450	897	72	553	5	(66)	
Medicines Management	10	Central Nervous System	6	700	700	0	700	0	514	(9)	0
	11	Endocrine Prescribing	6	250	200	50	250	0	84	(96)	(100)
	12	Respiratory Prescribing	6	150	150	0	150	0	107	(1)	(3)
	13	Nutrition and Blood	6	130	180	0	180	50	194	98	99
	14	Cardiovascular	6	120	120	0	120	0	88	(2)	(0)
	15	Generics / branded generics / cost effective formula	6	115	115	0	115	0	79	(7)	(6)
	16	Care Home Review Project	0	100	100	0	100	0	60	(0)	(13)
	17	Traffic Lights	6	60	60	0	60	0	40	(5)	(4)
	18	Appliances (Stoma/Incontinence) Prescribing	6	50	50	0	50	0	36	(36)	(1)
	Total		1,675	1,675	50	1,725	50	1,201	(58)	(28)	
MH & LD	19	Mental Health - contract changes	9	57	57	0	57	0	44	0	1
	Total		57	57	0	57	0	44	0	1	
CHC	20	Management of Growth	8	1,080	535	0	535	(545)	135	(665)	(644)
	Total		1,080	535	0	535	(545)	135	(665)	(644)	
Others	21	SUHFT CQUIN	9	1,300	1,195	0	1,195	(105)	896	0	(79)
	21a	SUHFT CQUIN	0	0	0	0	0	0	0	(79)	0
	22	Corporate QIPP & HQ Savings	8	90	0	90	90	0	52	7	7
	23	Ref Managt (contract)	9	360	390	0	390	30	282	30	12
		Total		1,750	1,585	90	1,675	(75)	1,230	(42)	(60)
	Total Confirmed Schemes		7,054	5,294	769	6,063	(990)	3,967	(1,130)	(1,160)	
	Other schemes/requirements	0	244	0	0	0	(244)	0	0	(140)	
	Total		244	0	0	0	(244)	0	0	(140)	
	Other schemes	0	0	0	0	0	0	0	911	0	
	Total QIPP requirement		7,298	5,294	769	6,063	(1,234)	3,967	(219)	(1,300)	

Appendix 3: Year to date and forecast Cash-flow

Cashflow Summary	April £000s	May £000s	June £000s	July £000s	August £000s	September £000s	October £000s	November £000s	December £000s	January £000s	February £000s	March £000s	2015/16 £000s
Total spend (as per plan)	19,779	19,640	19,343	19,931	18,808	18,976	19,450	18,759	18,955	19,515	18,650	20,454	232,262
Allocations in year	-	-	-	592	105	-	498	263	306	-	-	-	1,764
Resource Limit as at M6	19,779	19,640	19,343	20,523	18,913	18,976	19,948	19,022	19,261	19,515	18,650	20,454	234,026
Less non-cash items	(2,123)	(2,276)	(2,328)	(2,199)	(2,312)	(2,342)	(2,218)	(2,336)	(2,330)	(2,307)	(2,307)	(2,198)	(27,275)
Total cash requirements	17,656	17,365	17,015	18,324	16,601	16,634	17,730	16,687	16,932	17,209	16,344	18,256	206,751
Receipts													
CCG cash drawdown	19,000	19,000	16,500	20,500	19,000	18,500	18,500	18,200	18,000	18,100	7,700	13,751	206,751
Other receipts	19	193	2,306	628	76	864	605	637	967	427	427	1,151	8,300
Payments													
NHS creditors	(15,340)	(14,090)	(16,015)	(15,115)	(15,189)	(14,392)	(15,117)	(14,752)	(16,482)	(14,927)	(4,512)	(9,586)	(165,516)
Non-NHS trade creditors	(361)	(2,648)	(347)	(1,220)	(1,198)	(2,073)	(545)	(1,225)	(328)	(1,210)	(1,210)	(3,334)	(15,700)
Salary (inc pension & NI)	(265)	(288)	(271)	(267)	(274)	(248)	(240)	(243)	(248)	(242)	(242)	(242)	(3,070)
Other payments	(1,849)	(2,832)	(2,695)	(4,472)	(2,540)	(2,569)	(3,247)	(2,617)	(1,894)	(2,100)	(2,200)	(1,801)	(30,817)
Net cash movements in the period	1,204	(665)	(522)	54	(124)	82	(44)	1	15	47	(38)	(61)	(52)
Opening Bank & Cash balance	152	1,356	691	169	223	98	180	136	137	152	199	161	152
Closing Bank & Cash balance	1,356	691	169	223	98	180	136	137	152	199	161	100	100

Appendix 4: Debtor and Creditor analysis as at period end date.

<u>Aged Debtors and Creditors Summary</u>	<u>Total Amount</u> £s	<u>Current</u> £s	<u>1-30 days</u> £s	<u>31-60 days</u> £s	<u>61-90 days</u> £s	<u>over 90 days</u> £s
Aged Debtors						
NHS	287,412	0	15,461	0	150,949	121,001
Other	426,960	0	426,960	0	0	0
Total Debtors	714,372	0	442,421	0	150,949	121,001
Aged Creditors						
NHS	516,160	62,136	427,810	102,801	99,542	(176,128)
Other	130,829	558	130,612	(13,600)	13,600	(341)
Total Creditors	646,989	62,694	558,422	89,201	113,142	(176,470)

Appendix 5: Risk analysis

<u>Risk</u>	<u>Potential Value</u> £k	<u>Included in forecast</u> £k	<u>Mitigations</u>
Acute activity exceeds contracted levels. Estimate based on potential areas identified at M4.	740	-	SUHFT contract signed and additional activity funded. Contractual negotiations still on-going for some associate contracts. QIPP schemes and other initiatives to manage activity.
Outstanding 2014/15 final acute position with SUHFT (risk based on 50% of the worse case scenario as per current contract assessment)	742	-	CCG provided for 2014/15 activity based on a likely case scenario which does not include the best case position which could improve the position.
Non-achievement of QIPP (based on 50% of schemes currently reported as Red or Amber rather than Green rated in the programme)	1,074	564	Current schemes have 111% cover. Review of other CCG QIPP programmes to identify opportunities. Increased clinical engagement.
Non-demographic growth levels exceed plan : CHC	1,995	1,495	CHC planned at 10% in addition to demographic growth. QIPP plans for these areas targeted to address levels of growth. Current forecasting models suggest a potential growth of approximately £2.5m, of which £1.0m is currently included in our f/cast.
Non-demographic growth levels exceed plan : Prescribing	991	761	Current forecasting models, in conjunction with the PPA, suggest a potential growth of approximately £1.0m, of which £0.8m is currently included in our f/cast.
CHC national risk-share for legacy claims - potential spend of £1,426k	1,115	1,115	CHC forecast for 2014/15 was £823k and actual year-end spend was £311k, on which the 2015/16 plan was based. Final position to be identified later in the financial year.
Running costs do not achieve 10% reduction	-	-	Balanced plan for running costs. Recruitment to structures will mean a reduced reliance on interim staffing. Running costs are currently underspending and so this is no longer considered a risk.
Contingency	(726)	(726)	0.3% contingency currently held, now allocated.
Other Mitigations		(754)	Other budget underspends banked, including restriction on new investments
Business Sustainability Programme initiatives	(1,340)	(1,340)	In-year business sustainability programme to cover potential risks identified above