

<b>Date:</b>	13-10-2016
<b>Meeting:</b>	Governing Body
<b>Item Number:</b>	8.6
<b>Public/Private:</b>	Public <input checked="" type="checkbox"/> Private <input type="checkbox"/>

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<b>GB Lead:</b> (Name, Title)	Ian Holborn - CFO

<b>Report Title:</b>
FINANCE REPORT: MONTH 5 (AUGUST) 2016/17
<b>Decisions to be made:</b>
To Receive and Note the Finance report.

<b>Continue to improve the quality of services</b>	<input type="checkbox"/>	<b>Improve patient experience</b>	<input type="checkbox"/>
<b>Reduced unwarranted variations in services</b>	<input type="checkbox"/>	<b>Reduce the inequalities gap in North Lincolnshire</b>	<input type="checkbox"/>
<b>Deliver the best outcomes for every patient</b>	<input type="checkbox"/>	<b>Statutory/Regulatory</b>	<input checked="" type="checkbox"/>

<b>Executive Summary (Question, Options, Recommendations):</b>
<b>Purpose</b> To brief the Governing Body members on the finance position and achievement of duties so far for 2016/17 (as at end of August 2016).

<b>Equality Impact</b>	Yes <input type="checkbox"/> No <input type="checkbox"/>	
<b>Sustainability</b>	Yes <input type="checkbox"/> No <input type="checkbox"/>	
<b>Risk</b>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	
<b>Legal</b>	Yes <input type="checkbox"/> No <input type="checkbox"/>	
<b>Finance</b>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	

<b>Patient, Public, Clinical and Stakeholder Engagement to date</b>									
	<b>N/A</b>	<b>Y</b>	<b>N</b>	<b>Date</b>		<b>N/A</b>	<b>Y</b>	<b>N</b>	<b>Date</b>
<b>Patient:</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<b>Clinical:</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<b>Public:</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<b>Other:</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

## i. Key Messages

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- ■ At Month 5 we reported to NHS England:
  - ~ a £3.2m YTD overtrade which was mainly a result of the position with NLAG
  - and*
  - ~ that by year end we would achieve all of our financial duties, including hitting our financial surplus

### ***BUT....***

- ■ This is based on the assumption that QIPP/Recovery Plans will deliver significant savings by 31 March 2017
- ■ Analysing the YTD position using a trend analysis shows that performance has deteriorated between M4 and M5 (see next slide)

### ***SO....***

- ■ The CCG's Recovery Plan will be implemented from September, with savings phased over the remainder of the year
- ■ Over the next few months we will be having regular communication with NHS England to monitor our performance against plan

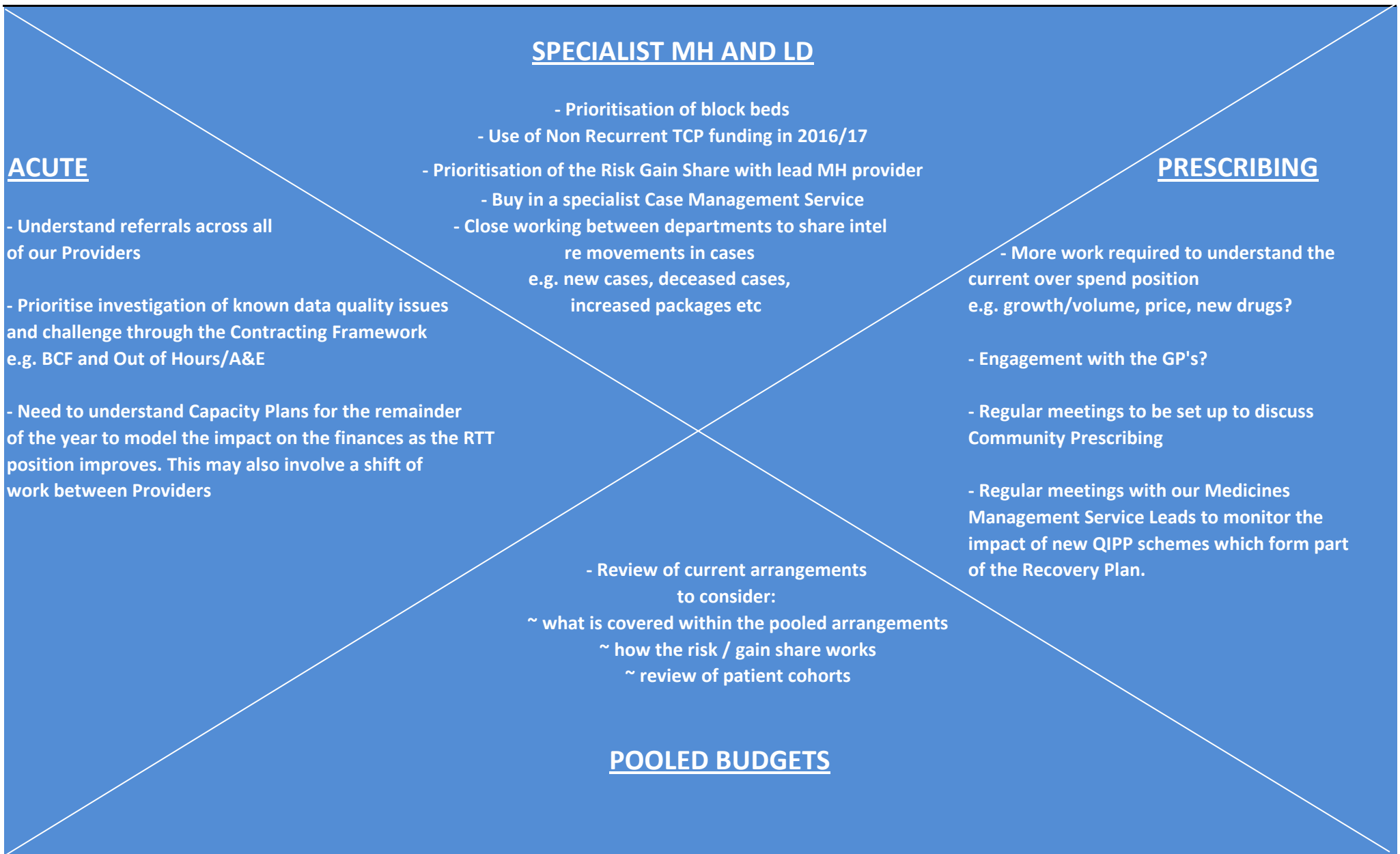
## ii. Financial Summary

	YEAR TO DATE COMPARISON			
	MONTH 5 VARIANCE	PRIOR MONTH VARIANCE	MOVEMENT	TREND
	£ 000s	£ 000s	£ 000s	
Acute Services	2,660	2,238	422	↓
Mental Health Services	0	0	0	↓
Community Health services	(24)	0	(24)	↑
Continuing Care	64	0	64	↓
Mental Health and LD Out Of Area	301	101	200	↓
Mental Health and LD Pooled Budgets	137	0	137	↓
Prescribing	85	150	(65)	↑
Primary Care Services	3	0	3	↓
Other Programme Services	0	29	(29)	↑
<b>COMMISSIONING BUDGETS</b>	<b>3,226</b>	<b>2,518</b>	<b>708</b>	
Planned Surplus	0	0	0	→
<b>TOTAL COMMISSIONING ALLOCATION</b>	<b>0</b>	<b>0</b>	<b>0</b>	
Running Costs	0	0	0	→
<b>TOTAL RUNNING COST ALLOCATION</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>TOTAL CCG ALLOCATION</b>	<b>3,226</b>	<b>2,518</b>	<b>708</b>	↓
Management Actions				
<b>TOTAL REPORTED M5 POSITION</b>	<b>3,226</b>	<b>2,518</b>	<b>708</b>	

Extrapolation of  
Current Trend +  
Soft Intelligence

FULL YEAR FORECAST 2016/17		
ANNUAL BUDGET	ACTUAL	VARIANCE
£ 000s	£ 000s	£ 000s
108,574	119,215	10,642
14,267	14,267	0
25,451	25,451	0
15,530	16,022	492
5,567	7,619	2,052
460	840	380
32,583	33,942	1,358
1,472	1,472	0
13,177	12,294	(884)
<b>217,082</b>	<b>231,122</b>	<b>14,040</b>
2,230	2230	0
<b>2,230</b>	<b>2,230</b>	<b>0</b>
3,767	3,767	0
<b>3,767</b>	<b>3,767</b>	<b>0</b>
<b>223,079</b>	<b>237,119</b>	<b>14,040</b>
	(14,040)	(14,040)
<b>223,079</b>	<b>223,079</b>	<b>0</b>

### iii. Discussion Points Raised with Executive Team



## Appendix 1 - Contents

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2.2	Acute Services
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2.4	QIPP
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3.1	Statement of Financial Position (including Aged Debtors and BPCC)
3.2	Cash

# 1. Executive Summary

## 1.1 Headlines

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- ■ At Month 5 the CCG has reported a YTD over-spend of £3.2m. It is however still forecasting to achieve all of its statutory duties for 2016/17 (see section 1.2) but this is heavily reliant on Management Action and risk mitigation.
  
- ■ Current trend analysis highlights that if no action is taken the CCG will miss its target surplus for 2016/17 by circa £14m (see section 2.1). At Month 5 this figure has been reported to NHS England as a risk.
  
- ■ Areas of emerging financial risk include:
  - Acute Services
  - Prescribing
  - Specialist Mental Health and Learning Disability Services
  - Mental Health and Learning Disability Pooled Budgets

## 1.2 Financial Duties

Financial Duties	Target	Outturn RAG	RAG Explanation
1 Maintain expenditure within the revenue resource limit and deliver a 1% surplus	Planned surplus or greater achieved	✓	At month 5 the CCG is forecasting to achieve its target surplus (£2,230k). This is however subject to the achievement of the Recovery Plan which has been implemented in September.
2 Maintain expenditure within the allocated cash limit	Cash drawdown less than cash limit	✓	At month 5 the CCG is forecasting to maintain its cash spend within the allocated cash limit.
3 Maintain capital expenditure within the delegated limit from the Area Team	N/A		The CCG do not currently have any delegated capital funds from the Area Team.
4 Ensure running costs do not exceed our agreed admin allocation	Expenditure less than or equal to allocation	✓	At month 5 the CCG is forecasting that running costs will be within its allocated budget.
5 Ensure the 1% headroom remains uncommitted	1%	✓	The 1% headroom currently remains uncommitted
6 Ensure compliance with the better payment practice code (BPPC)	Greater than or equal to 95% by Number/Value	✓	BPPC was achieved in month and YTD for both NHS and Non NHS suppliers, for both number and value of invoices

Please Note: Achievement of the Financial Duties is reported on the "Do Something" Position.



## 2. Financial Management

## 2.1 Summary Financial Position

	YEAR TO DATE - AUGUST 2016			FULL YEAR FORECAST 2016/17		
	LATEST BUDGET	ACTUAL	VARIANCE	ANNUAL BUDGET	ACTUAL	VARIANCE
	£ 000s	£ 000s	£ 000s	£ 000s	£ 000s	£ 000s
Acute Services	45,239	47,899	2,660	108,574	119,215	10,642
Mental Health Services	5,760	5,760	0	14,267	14,267	0
Community Health services	10,605	10,580	(24)	25,451	25,451	0
Continuing Care	6,794	6,858	64	15,530	16,022	492
Mental Health and LD Out Of Area	2,335	2,636	301	5,567	7,619	2,052
Mental Health and LD Pooled Budgets	192	328	137	460	840	380
Prescribing	13,576	13,661	85	32,583	33,942	1,358
Primary Care Services	613	617	3	1,472	1,472	0
Other Programme Services	3,441	3,441	0	13,177	12,294	(884)
<b>COMMISSIONING BUDGETS</b>	<b>88,554</b>	<b>91,780</b>	<b>3,226</b>	<b>217,082</b>	<b>231,122</b>	<b>14,040</b>
Planned Surplus	0	0	0	2,230	2,230	0
<b>TOTAL COMMISSIONING ALLOCATION</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,230</b>	<b>2,230</b>	<b>0</b>
Running Costs	1,570	1,570	0	3,767	3,767	0
<b>TOTAL RUNNING COST ALLOCATION</b>	<b>1,570</b>	<b>1,570</b>	<b>0</b>	<b>3,767</b>	<b>3,767</b>	<b>0</b>
<b>TOTAL CCG ALLOCATION</b>	<b>90,124</b>	<b>93,349</b>	<b>3,226</b>	<b>223,079</b>	<b>237,119</b>	<b>14,040</b>
Management Actions					(14,040)	(14,040)
<b>TOTAL REPORTED M5 POSITION</b>	<b>71,818</b>	<b>74,335</b>	<b>3,226</b>	<b>223,079</b>	<b>223,079</b>	<b>0</b>

*Note:  
The CCG has reported a break even forecast position to NHS England, however this section highlights the "unmanaged" position which shows a £14.040m "gap" that the Recovery Plan must address.*

~ The CCG has reported a £3.2m over spend at Month 5 which is mainly due to overtrades in Acute Services. More detail on this is shown in section 2.2.

~ The forecast position based on a "do nothing" scenario shows a £14m over spend by 31 March 2017. The Recovery Plan has been implemented in September and improvements will be measured against its trajectory over the remainder of the year.

## 2.2 Acute Services

Providers	YEAR TO DATE - AUGUST 2016			FULL YEAR FORECAST 2016/17 (Do Nothing Position)		
	LATEST BUDGET	ACTUAL	VARIANCE	LATEST BUDGET	ACTUAL	VARIANCE
	£ 000s	£ 000s	£ 000s	£ 000s	£ 000s	£ 000s
Northern Lincolnshire & Goole Hospitals NHS FT	33,059	35,827	2,768	79,342	89,832	10,490
Hull & East Yorkshire NHS Trust	4,792	4,850	58	11,500	11,500	0
Doncaster & Bassetlaw NHS FT	1,495	1,365	(130)	3,588	3,588	0
Sheffield Teaching Hospitals NHS FT	524	609	84	1,258	1,258	0
Sheffield Children's Hospital NHS FT	240	227	(13)	576	576	0
United Lincolnshire Hospitals NHS Trust	356	348	(9)	855	855	0
Leeds Teaching Hospitals NHS Trust	323	316	(7)	776	776	0
East Midlands Ambulance Trust	2,167	2,182	15	5,200	5,200	0
Other Secondary & Tertiary Care Services	785	854	68	1,885	2,285	400
Exclusions / Non-Contract Activity	1,035	1,035	0	2,485	2,656	171
Resilience	463	288	(175)	1,110	690	(420)
<b>TOTAL ACUTE SERVICES</b>	<b>45,239</b>	<b>47,899</b>	<b>2,660</b>	<b>108,574</b>	<b>119,215</b>	<b>10,642</b>

NOTE:

1) Actual expenditure is based on month 4 contract monitoring reports extrapolated to month 5.

2) The position takes into account the value of any penalties/financial sanctions.

~ The YTD overspend on Acute services mainly relates to our over performance at NLAG. Without Management Actions, the full year variance is currently forecast to be £10.490m over spent. This comprises £9.15m to take us up to the contract cap, £1.175m of unresolved prior year issues and a new cost pressure at M5 of £164k for Overseas Visitors.

~ An estimate of the financial impact of the RTT backlog at NLAG is currently included within the £10.490m overspend. As work on this progresses we will update the report to reflect where the activity will be carried out.

~ There are emerging cost pressures within Exclusions and Non Contract Activity, particularly for the Goole Neuro Rehabilitation Service. These will continue to be monitored closely.

## 2.3 Allocations

	RECURRENT BUDGET			NON RECURRENT BUDGET			TOTAL BUDGET £ 000s
	OPENING	MOVEMENT	TOTAL	OPENING	MOVEMENT	TOTAL	
	£ 000s	£ 000s	£ 000s	£ 000s	£ 000s	£ 000s	
Initial CCG Programme Allocation	217,072		217,072			0	217,072
Initial CCG Running Cost Allocation	3,767		3,767			0	3,767
Return of Surplus (2015/16)				2,210		2,210	2,210
2015-16 recurrent transfers post allocation setting	-94		-94			0	-94
Q1 Eating Disorder Service			0		90	90	90
Transfer of NHSE Support re Embed and Thirad Party			0		19	19	19
03K - GP Development Programme - reception and clerical training			0		15	15	15
<b>CONFIRMED ALLOCATIONS AT MONTH 5</b>	<b>220,745</b>	<b>0</b>	<b>220,745</b>	<b>2,210</b>	<b>124</b>	<b>2,334</b>	<b>223,079</b>

## 2.4 QIPP

	£000's
Planned Savings Requirement from QIPP <i>(net of investment)</i>	£8,710
QIPP schemes with plans to deliver savings <i>(net of investment)</i>	£8,710
Shortfall of Schemes from Plan	£0

QIPP SCHEMES - PERFORMANCE	YEAR TO DATE - AUGUST 2016			FULL YEAR FORECAST 2016/17		
	PLAN £ 000s	ACTUAL £ 000s	VARIANCE £ 000s	PLAN £ 000s	ACTUAL £ 000s	VARIANCE £ 000s
Continuing Care	130	100	(30)	300	300	0
Prescribing	270	0	(270)	650	650	0
Acute Services	3,220	0	(3,220)	7,760	7,760	0
<b>TOTAL</b>	<b>3,620</b>	<b>100</b>	<b>(3,520)</b>	<b>8,710</b>	<b>8,710</b>	<b>0</b>

~ The CCG's QIPP target required to deliver a balanced financial position for 2016/17 was £8.71m at planning stage. The split of this by area is shown in the table above and this is reported to NHS England each month.

~ The current forecast assumes full delivery by the end of the year. Although the YTD position is not fully achieved, we anticipate a catch up over the latter stages of the year which will be driven by the Recovery Plan and revised QIPP Schemes.

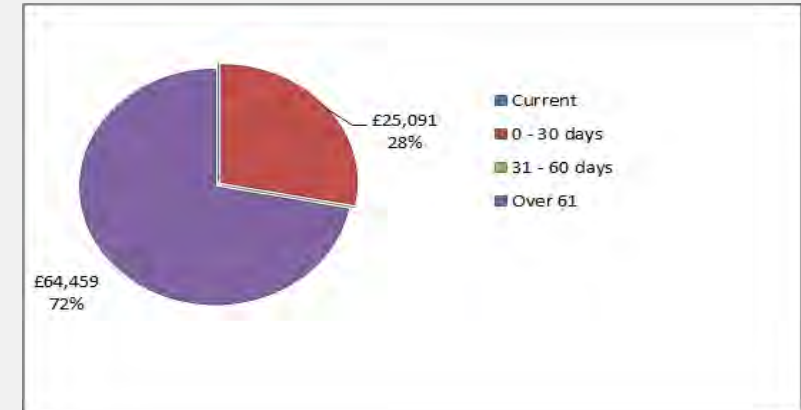
## 3. Financial Control

## 3.1 Statement of Financial Position

	OPENING POSITION	YTD POSITION	FORECAST POSITION
	£000s	£000s	£000s
Plant, Property & Equipment (PPE)	14	12	10
<b>Total Non-Current Assets</b>	<b>14</b>	<b>12</b>	<b>10</b>
Cash	71	9	71
Accounts Receivable	1,911	115	1,706
Accrued Income	301	138	1,098
Prepayments *	592	644	0
Inventory	0	0	0
Other Current Assets	17	19	17
<b>Total Current Assets</b>	<b>2,892</b>	<b>925</b>	<b>2,892</b>
<b>Total Assets</b>	<b>2,906</b>	<b>937</b>	<b>2,902</b>
Accounts Payable	(2,739)	(6,879)	(3,767)
Accrued Liabilities	(9,422)	(9,400)	(8,616)
Other - Payables	(221)	(354)	0
<b>Current Liabilities</b>	<b>(12,382)</b>	<b>(16,633)</b>	<b>(12,383)</b>
<b>Total Liabilities</b>	<b>(12,382)</b>	<b>(16,633)</b>	<b>(12,383)</b>
<b>Assets less Liabilities</b>	<b>(9,476)</b>	<b>(15,696)</b>	<b>(9,481)</b>
<b>Financed by Taxpayers' Equity</b>			
General Fund	9,476	15,696	9,481
<b>Total Taxpayers' Equity</b>	<b>9,476</b>	<b>15,696</b>	<b>9,481</b>

\* Opening prepayments are the maternity pathway balances, notified as part of the agreement of balances exercise. Movements in year relate to faster payments, which are coded here until the invoice and payment are matched, but which are not genuine prepayments.

### AGED DEBT



- In Month 5 the CCG has seen an increase in debts outstanding for over 61 Days (7 invoices, totalling £64,459). EMBED continue to chase these debts on our behalf and to date we have not been informed that any of these items are being disputed.

### BPPC

	Target %	Actual % (Volume)	Actual % (Value)
<b>In Month</b>			
NHS	95.00%	✓ 97.95%	✓ 99.19%
Non NHS	95.00%	✓ 98.17%	✓ 99.03%
<b>YTD</b>			
NHS	95.00%	✓ 98.78%	✓ 99.82%
Non NHS	95.00%	✓ 97.90%	✓ 98.42%

## 3.2 Cash

In Month Performance	Aug-16 £000s	Jul-16 £000s
Cash Drawdown Amount	15,000	14,900
Cash Balance at Month End	8	38
%	0.05%	0.26%
Performance against target - <i>balance held is less than 1.25% of drawdown value</i>	✓	✓

Full Year Performance	OPENING MCD £000s	MOVEMENT £000s	CLOSING MCD £000s
Opening Cash Limit (MCD)	220,307		<b>220,307</b>
Month 3 Allocations		90	<b>90</b>
Month 4 Allocations		19	<b>19</b>
Month 5 Allocations		15	<b>15</b>
Total Agreed Cash Limit at Month 5	220,307	124	<b>220,431</b>
Forecast Cash Spend			<b>220,360</b>
Forecast Cash Balance at Year End			<b>71</b>
Performance against target - <i>expenditure within agreed cash limit</i>			✓

### Notes:

~ The forecast cash spend includes cash which is top sliced for drugs and home oxygen.

~ Achievement of the Cash Target is linked to the I&E Position, so failure to recover the £14m deficit will result in failed achievement of the cash target also.

~ This is illustrated in the graph below which shows the difference between the MCD and unmanaged I&E position

