

Date:	8 December 2016
Meeting:	CCG Governing Body
Item Number:	8.7
Public/Private:	Public <input checked="" type="checkbox"/> Private <input type="checkbox"/>

Author: <i>(Name, Title)</i>	Louise Tilley – Senior Finance Manager
GB Lead: <i>(Name, Title)</i>	Ian Holborn - CFO
Director approval <i>(Name)</i>	Ian Holborn - CFO

Report Title:	FINANCE REPORT: MONTH 7 (OCTOBER) 2016/17
Decisions to be made:	To receive and note the Finance Report.

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

Executive Summary (Question, Options, Recommendations):
Purpose To brief the Governing Body members on the finance position so far for 2016/17 (as at end of October 2016).

Equality Impact	Yes <input type="checkbox"/> No <input type="checkbox"/>	
Sustainability	Yes <input type="checkbox"/> No <input type="checkbox"/>	
Risk	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Risk of non-achievement of financial objectives, resulting in missing expectation of our regulatory and possible intervention
Legal	Yes <input type="checkbox"/> No <input type="checkbox"/>	
Finance	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Finance sustainability tested if performance not met.

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

i. Key Messages

- At Month 7 we reported to NHS
 - ~ a £2.637m YTD overtrade (which equates to a net deficit of £2,307k).
 - and*
 - ~ that by year end we expected to overspend by £4m against planned targets which represents delivery of the headroom but failure to deliver the surplus of £2,230k, hence a net deficit of £1,770k (i.e. £4,000k - £2,230k = £1,770k).

BUT....

- This is based on the assumption that QIPP/Recovery Plans will deliver in line with phased plans up to 31 March 2017
- Analysing the YTD position using a trend analysis shows that performance has deteriorate between M6 and M7 (see next slide)

SO....

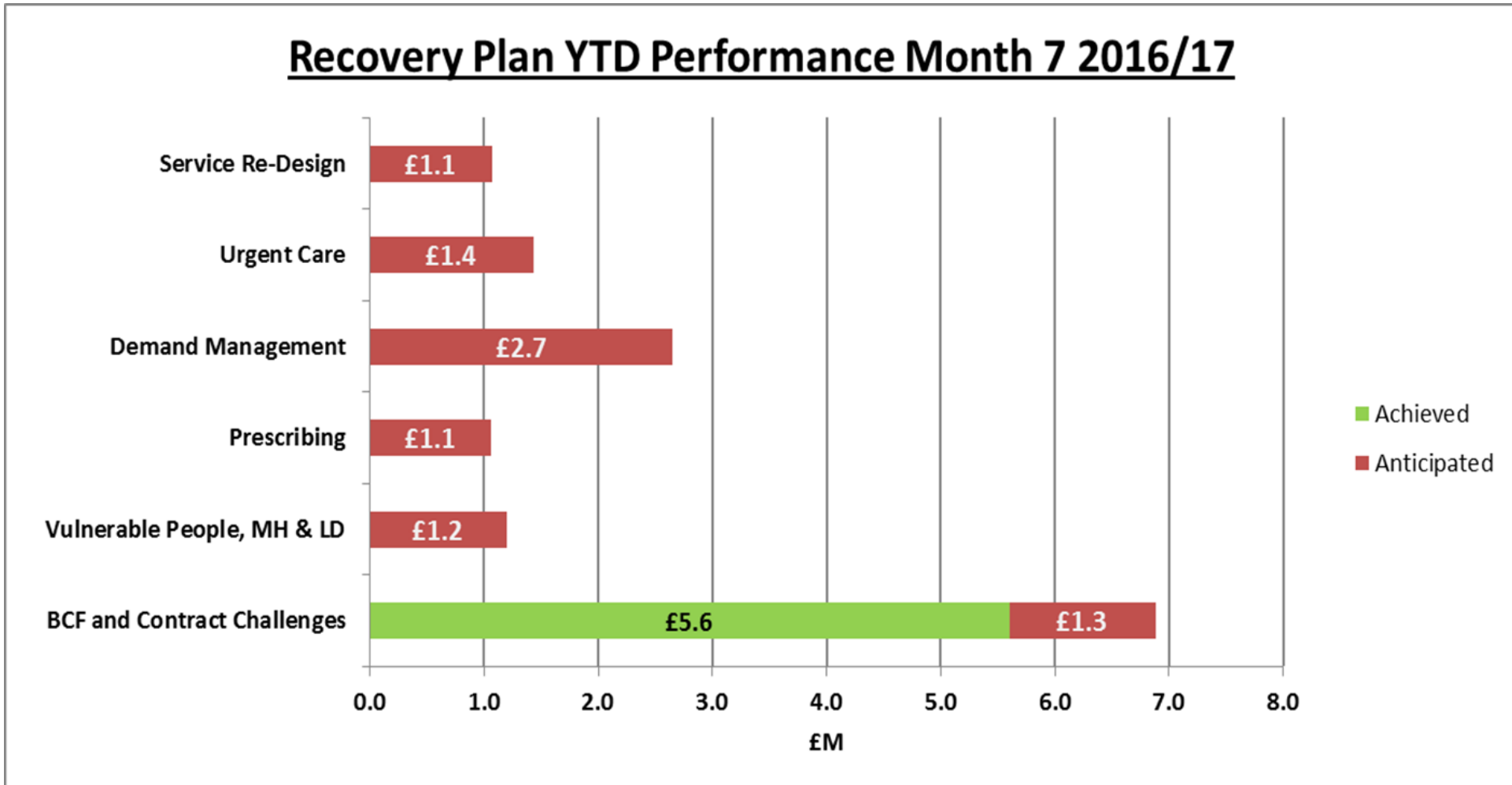
- The CCG's Recovery Plan has been developed with some technical recovery plan savings contributing to the lower YTD position of £2.637m reported for October, and the remaining savings phased over the remainder of the year
- Over the next few months we will be having regular communication with NHS England to monitor our performance against plan

ii. Financial Summary

	YEAR TO DATE COMPARISON					FULL YEAR FORECAST 2016/17		
	MONTH 7 VARIANCE	PRIOR MONTH VARIANCE	MOVEMENT	TREND		ANNUAL BUDGET	ACTUAL	VARIANCE
	£ 000s	£ 000s	£ 000s			£ 000s	£ 000s	£ 000s
Acute Services	1,623	1,069	553	↓	108,574	120,234	11,660	
Mental Health Services	0	0	(0)	→	14,248	14,248	0	
Community Health services	(83)	(73)	(10)	↑	25,451	25,407	(44)	
Continuing Care	339	248	91	↓	15,591	15,797	206	
Mental Health and LD Out Of Area	685	441	244	↓	5,586	7,463	1,877	
Mental Health and LD Pooled Budgets	322	276	46	↓	460	1,017	557	
Prescribing	173	135	38	↓	32,583	33,212	628	
Primary Care Services	(157)	(144)	(13)	↑	1,472	1,472	0	
Other Programme Services	(264)	(216)	(49)	↑	13,155	12,271	(884)	
Running Costs	0	0	0	→	3,767	3,767	(0)	
COMMISSIONING BUDGETS	2,637	1,736	901		220,887	234,888	14,001	
Management Actions						(10,001)	(10,001)	

Extrapolation of
Current Trend +
Soft Intelligence

iii. Recovery Plan Performance





Appendix 1 - Contents


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1. Executive Summary

1.1 Headlines

-  At Month 7 the CCG has reported a YTD over-spend of £2.637m and is now forecasting a year end overspend of £4m against planned targets which represents delivery of the headroom but failure to deliver the surplus of £2,230k, hence a net deficit of £1,770k (i.e. £4,000k - £2,230k = £1,770k).

-  The CCG's Recovery Plan is now fully implemented, however slippage has been highlighted against some of the schemes which has led to a deteriorated year end forecast position being reported in M7.

-  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 7 the CCG is forecasting to overspend by £4m against planned targets, resulting in failure to achieve its 1% surplus.
2 Maintain expenditure within the allocated cash limit	Cash drawdown less than cash limit	✘	At month 7 the CCG is forecasting to overspend against its agreed 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 7 the CCG is forecasting that running costs will be within its allocated budget.
5 Ensure the 1% headroom remains uncommitted	1%	✔	At month 7 the CCG is forecasting to maintain a 1% headroom.
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

2. Financial Management

2.1 Summary Financial Position

	YEAR TO DATE - October 2016			FULL YEAR FORECAST 2016/17		
	LATEST BUDGET	ACTUAL	VARIANCE	ANNUAL BUDGET	ACTUAL	VARIANCE
	£ 000s	£ 000s	£ 000s	£ 000s	£ 000s	£ 000s
TOTAL CCG ALLOCATION	126,618		-126,618	223,117		-223,117
TOTAL PLANNED SPEND		126,288	126,288		220,887	220,887
PLANNED SURPLUS	126,618	126,288	(330)	223,117	220,887	(2,230)
Acute Services	63,324	64,947	1,623	108,574	120,234	11,660
Mental Health Services	8,165	8,165	0	14,248	14,248	0
Community Health services	14,847	14,763	(83)	25,451	25,407	(44)
Continuing Care	9,325	9,664	339	15,591	15,797	206
Mental Health and LD Out Of Area	3,284	3,968	685	5,586	7,463	1,877
Mental Health and LD Pooled Budgets	268	590	322	460	1,017	557
Prescribing	19,007	19,180	173	32,583	33,212	628
Primary Care Services	858	702	(157)	1,472	1,472	0
Other Programme Services	5,012	4,748	(264)	10,984	10,100	(884)
1% Headroom	0	0	0	2,171	2,171	0
Running Costs	2,197	2,197	0	3,767	3,767	(0)
TOTAL EXPENDITURE	126,288	128,925	2,637	220,887	234,888	14,001
Management Actions	0	0	0	0	(10,001)	(10,001)
TOTAL NET EXPENDITURE	126,288	128,925	2,637	220,887	224,887	4,000
SURPLUS / (DEFICIT)	330	(2,637)	(2,307)	2,230	(4,000)	(1,770)

*Note:
The CCG has reported a £4m forecast overspend to NHS England, which is the net position after £10m of savings are achieved. This represents a reported deficit of £1,770k.*

~ The CCG has reported a £2.637m over spend at Month 7 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 £14.001m over spend by 31 March 2017. Due to slippage in some schemes within the Recovery Plan it is assumed that the savings realised by 31 March 2017 will be £10.001m, resulting in the CCG missing its targets by £4m.

2.2 Acute Services

Providers	YEAR TO DATE - OCTOBER 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	46,283	47,976	1,693	79,342	89,954	10,612
Hull & East Yorkshire NHS Trust	6,708	6,623	(85)	11,500	11,500	0
Doncaster & Bassetlaw NHS FT	2,093	1,935	(158)	3,588	3,588	0
Sheffield Teaching Hospitals NHS FT	734	977	243	1,258	1,258	0
Sheffield Children's Hospital NHS FT	336	313	(22)	576	576	0
United Lincolnshire Hospitals NHS Trust	499	497	(2)	855	855	0
Leeds Teaching Hospitals NHS Trust	452	442	(11)	776	776	0
East Midlands Ambulance Trust	3,033	3,055	22	5,200	5,246	46
Other Secondary & Tertiary Care Services	1,100	1,206	106	1,885	2,309	424
Exclusions / Non-Contract Activity	1,439	1,514	75	2,485	2,741	256
Resilience	648	408	(239)	1,110	690	(420)
Referral to Treatment (RTT catch up)	0	0	0		742	742
TOTAL ACUTE SERVICES	63,324	64,947	1,623	108,574	120,234	11,660

NOTE:
1) Actual expenditure is based on the latest contract monitoring reports extrapolated to month 7.
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 £10.612m overspent. This comprises £9.236m to take us up to the contract cap and £1.175m of unresolved prior year issues.

~ An estimate of the financial impact of the RTT backlog at NLAG is currently included within the £11.660m overspend. As work on this progresses the report will be updated 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 are being 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 Third Party			£0		£19	£19	£19
GP Development Programme - reception and clerical training			£0		£15	£15	£15
CYP Local Transformation Mental Health M7					£38	£38	£38
CONFIRMED ALLOCATIONS AT MONTH 7	220,745	0	220,745	2,210	162	2,372	223,117

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 - OCTOBER 2016			FULL YEAR FORECAST 2016/17		
	PLAN £ 000s	ACTUAL £ 000s	VARIANCE £ 000s	PLAN £ 000s	ACTUAL £ 000s	VARIANCE £ 000s
Continuing Care	180	100	(80)	300	300	0
Prescribing	380	0	(380)	650	650	0
Acute Services	4,520	0	(4,520)	7,760	3,760	(4,000)
TOTAL	5,080	100	(4,980)	8,710	4,710	(4,000)

~ 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 £4m under achievement by the end of the year in the Acute Services schemes.

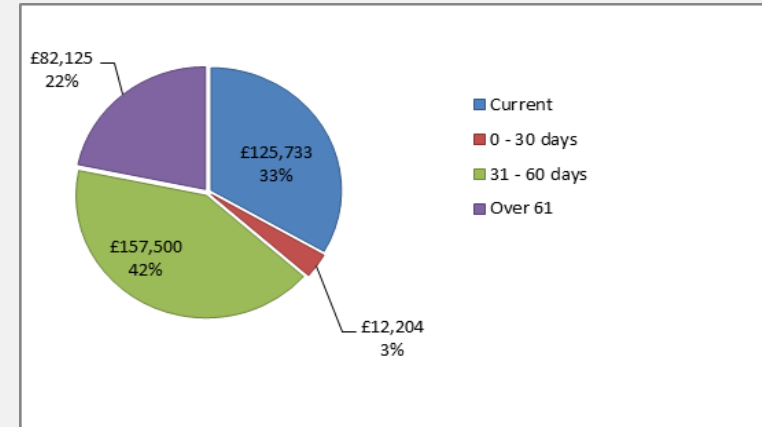
3. Financial Control

3.1 Statement of Financial Position

	OPENING POSITION	YTD POSITION	FORECAST POSITION
	£000s	£000s	£000s
Plant, Property & Equipment (PPE)	14	11	10
Total Non-Current Assets	14	11	10
Cash	71	628	(4,000)
Accounts Receivable	1,911	394	1,706
Accrued Income	301	63	1,098
Prepayments *	592	767	0
Inventory	0	0	0
Other Current Assets	17	36	17
Total Current Assets	2,892	1,888	(1,179)
Total Assets	2,906	1,900	(1,169)
Accounts Payable	(2,739)	(7,658)	(3,767)
Accrued Liabilities	(9,422)	(8,063)	(8,616)
Other - Payables	(221)	(593)	0
Current Liabilities	(12,382)	(16,314)	(12,383)
Total Liabilities	(12,382)	(16,314)	(12,383)
Assets less Liabilities	(9,476)	(14,414)	(13,552)
Financed by Taxpayers' Equity			
General Fund	9,476	14,414	13,552
Total Taxpayers' Equity	9,476	14,414	13,552

* 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 7 the CCG has seen an increase in debts outstanding for over 61 Days (9 invoices, totalling £82k). For 6 of these (£45k) the CCG is considering further measures to recover the debt after initial debt recovery procedures have failed.

BPPC

	Target %	Actual % (Volume)	Actual % (Value)
In Month			
NHS	95.00%	✓ 99.48%	✓ 99.97%
Non NHS	95.00%	✓ 97.03%	✓ 98.35%
YTD			
NHS	95.00%	✓ 98.99%	✓ 99.87%
Non NHS	95.00%	✓ 98.02%	✓ 98.47%

3.2 Cash

In Month Performance	Oct-16 £000s	Sep-16 £000s
Cash Drawdown Amount	15,900	16,450
Cash Balance at Month End	178	174
%	1.12%	1.06%
Performance against target - <i>balance held is less than £250k or 1.25% of drawdown value</i>	✔	✔

Full Year Performance	OPENING MCD £000s	MOVEMENT £000s	CLOSING MCD £000s
Opening Cash Limit (MCD)	220,307		220,307
Month 3 Allocations		90	90
Month 4 Allocations		19	19
Month 5 Allocations		15	15
Month 7 Allocations		37.5	37.5
Total Agreed Cash Limit at Month 7	220,307	162	220,469
Forecast Cash Spend			224,469
Forecast Cash Balance at Year End			4,000
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. The graph below shows the difference between the MCD and unmanaged I&E position (£14.001m)

~ At M7 the CCG is forecasting to exceed its agreed cash limit by £4m.

