

Date:	09/02/2017
Meeting:	Governing Body
Item Number:	8.4
Public/Private:	Public <input type="checkbox"/> Private <input type="checkbox"/>

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GB Lead: (Name, Title)	Ian Holborn - CFO
Director approval (Name)	Ian Holborn - CFO

Report Title:
FINANCE REPORT: MONTH 9 (DECEMBER) 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):
<p>Purpose</p> <p>To brief the Governing Body members on the finance position so far for 2016/17 (as at end of December 2016).</p>

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"/>	
Legal	Yes <input type="checkbox"/> No <input type="checkbox"/>	
Finance	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	

Patient, Public, Clinical and Stakeholder Engagement to date									
	N/A	Y	N	Date		N/A	Y	N	Date
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 : MONTH 9



At Month 9 we reported to NHS England:

~ a £6.688m YTD overtrade (which equates to a net deficit of £6,079k).

and

~ that by year end we expected to overspend by £8.5m against planned targets of £2,230k positive
, hence a net deficit of £6,270k

BUT....



This is based on the assumption that QIPP/Recovery Plans will deliver savings by 31 March 2017



Analysing the YTD position using a trend analysis shows that performance has deteriorate between M8 and M9 largely resulting from the recognition of 50% arbitration settlement of £2.2m for BCF/Acute delivery (see next slide)



We continue to test the provider contract positions with a view to delivery below Cap (update in period 10), are challenging contract penalties Year to date and pushing down primary care and CCG running costs.
Significant upward pressure on Case Management areas including CHC, out of area Mental health and MH pooling with North lincs council.QIPP programmes expecting progress in Q4 include prescribing, MH OOA , Care Home elective reductions.

SO....



Over the next few months we will be having regular communication with NHS England to monitor our performance through Q4



The CCG remains in the lower quartile of Financial performance compared to Yorks and Humber region.

ii. Financial Summary

	YEAR TO DATE COMPARISON			
	MONTH 9 VARIANCE	PRIOR MONTH VARIANCE	MOVEMENT	TREND
	£ 000s	£ 000s	£ 000s	
Acute Services	5,673	1,993	3,680	↓
Mental Health Services	(105)	0	(105)	↑
Community Health services	(232)	(120)	(113)	↑
Continuing Care	789	727	61	↓
Mental Health and LD Out Of Area	931	908	24	↓
Mental Health and LD Pooled Budgets	568	368	200	↓
Prescribing	406	352	55	↓
Primary Care Services	(307)	(168)	(139)	↑
Other Programme Services	(603)	(191)	(412)	↑
Running Costs	(431)	(5)	426	↑
Commissioning Budgets	6,688	3,864	3,676	
Management Actions				
TOTAL REPORTED M9 POSITION	6,688	3,864	3,676	

Extrapolation of
Current Trend +
Soft Intelligence

FULL YEAR FORECAST 2016/17		
ANNUAL BUDGET	ACTUAL	VARIANCE
£ 000s	£ 000s	£ 000s
107,582	121,346	13,764
14,267	14,267	0
27,855	25,288	(2,567)
15,741	16,331	590
6,159	7,579	1,420
460	1,217	757
32,583	33,580	997
1,472	1,347	(125)
11,543	11,274	(269)
3,767	3,182	(585)
221,429	235,411	13,982
	(5,482)	(5,482)
221,429	229,929	8,500

Appendix 1 - Contents

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1. Executive Summary

1.1 Headlines : MONTH 9



At Month 9 the CCG has reported a YTD over-spend of £6.688m and is forecasting a year end overspend (FOT) of £8.5m against planned targets which represents delivery of the headroom but failure to deliver the surplus of £2,230k, hence a net deficit of £6,270k (i.e. £8,500k - £2,230k = £6,270k).



Areas of financial risk include:

Acute Services - though activity is moving closer to Cap than in first half forecasting giving some opportunities






Prescribing - CCG challenging NECS performance, NECs are offering some Q4 initiatives to improve year end performance.

Specialist Mental Health and Learning Disability Services - particularly out of area cases

Mental Health and Learning Disability Pooled Budgets - in discussion with NLC re risk share

CHC upward pressure - Case management process improvements are revealing additional liability cases

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 9 the CCG is forecasting to overspend by £8.5m 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 9 the CCG is forecasting to spend within 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 9 the CCG is forecasting that running costs will be within its allocated budget.
5 Ensure the 1% headroom remains uncommitted	1%		At month 9 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 : MONTH 9

	YEAR TO DATE - December 2016			FULL YEAR FORECAST 2016/17		
	LATEST BUDGET	ACTUAL	VARIANCE	ANNUAL BUDGET	ACTUAL	VARIANCE
	£ 000s	£ 000s	£ 000s	£ 000s	£ 000s	£ 000s
TOTAL CCG ALLOCATION	165,091		165,091	223,659		223,659
TOTAL PLANNED SPEND		164,482	(164,482)		221,429	(221,429)
PLANNED SURPLUS	165,091	164,482	609	223,659	221,429	2,230
Acute Services	80,562	86,235	5,673	107,582	121,346	13,764
Mental Health Services	10,615	10,510	(105)	14,267	14,267	0
Community Health services	20,892	20,659	(232)	27,855	25,288	(2,567)
Continuing Care	11,944	12,732	789	15,741	16,331	590
Mental Health and LD Out Of Area	4,626	5,557	931	6,159	7,579	1,420
Mental Health and LD Pooled Budgets	345	913	568	460	1,217	757
Prescribing	24,437	24,844	406	32,583	33,580	997
Primary Care Services	1,104	797	(307)	1,472	1,347	(125)
Other Programme Services	6,834	6,230	(603)	9,372	9,103	(269)
1% Headroom	0	0	0	2,171	2,171	0
Running Costs	2,825	2,394	(431)	3,767	3,182	(585)
TOTAL EXPENDITURE	164,183	170,871	6,688	221,429	235,411	13,982
Management Actions	0	0	0	0	(5,482)	(5,482)
TOTAL NET EXPENDITURE	164,183	170,871	6,688	221,429	229,929	8,500
SURPLUS / (DEFICIT)	908	(6,389)	(6,079)	2,230	(8,500)	(6,270)

*Note:
The CCG has reported a £8.5m forecast overspend to NHS England, which is the net position after £5.4m of savings are achieved. This represents a reported deficit of £6,270k.*

~ The CCG has reported a £6.688m over spend at Month 9 which is mainly due to some overtrades in Acute Services, and the accounting for Arbitration BCF outcome. More detail on this is shown in section 2.2.

~ The worsening YTD position has been reflected in the full year forecast which has weakened by circa £1.5m in addition to BCF arbitration outcomes

~ The forecast position based on a "do nothing" scenario shows a £13.982m 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 £5.482m, resulting in the CCG missing its targets by £8.5m.

2.2 Acute Services

Providers	YEAR TO DATE - DECEMBER 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	58,652	63,815	5,163	78,368	90,615	12,248
Hull & East Yorkshire NHS Trust	8,625	8,712	87	11,500	11,500	0
Doncaster & Bassetlaw NHS FT	2,691	2,476	(214)	3,588	3,388	(200)
Sheffield Teaching Hospitals NHS FT	944	1,220	276	1,258	1,658	400
Sheffield Children's Hospital NHS FT	432	445	13	576	576	0
United Lincolnshire Hospitals NHS Trust	641	645	4	855	855	0
Leeds Teaching Hospitals NHS Trust	582	592	11	776	776	0
East Midlands Ambulance Trust	3,900	3,944	44	5,200	5,245	45
Other Secondary & Tertiary Care Services	1,414	1,641	227	1,885	2,311	426
Exclusions / Non-Contract Activity	1,850	2,227	377	2,467	2,991	524
Resilience	833	518	(315)	1,110	690	(420)
Referral to Treatment (RTT catch up)	0	0	0	0	742	742
TOTAL ACUTE SERVICES	80,562	86,235	5,673	107,582	121,346	13,764

NOTE:

1) Actual expenditure is based on the latest contract monitoring reports extrapolated to month 9.

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

~ The YTD overspend on Acute services mainly relates to our over delivery at NLAG. Without Management Actions, the full year variance is currently forecast to be £12.248m overspent. This reflects the arbitration outcome for BCF and £587.5k of unresolved prior year issues (based on a 50:50 split between the CCG and NLAG which is still to be agreed).

~ An estimate of the financial impact of the RTT backlog at NLAG is currently included within the £13.764m overspend. As work on this progresses the report will be updated to reflect where the recovery activity will be carried out. Some additional support funding for recovery has been bid for.

~ 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
	OPENING	MOVEMENT	TOTAL	OPENING	MOVEMENT	TOTAL	
	£ 000s	£ 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					£38	£38	£38
Mth08 CEOV adjustment					£353	£353	£353
Mth 9 Maternity – Maternal Smoking					£75	£75	£75
Mth 9 Quality Premium Awards 2015/16					£114	£114	£114
CONFIRMED ALLOCATIONS AT MONTH 9	220,745	0	220,745	2,210	704	2,914	223,659

2.4 QIPP : MONTH 9

	£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 - DECEMBER 2016			FULL YEAR FORECAST 2016/17		
	PLAN £ 000s	ACTUAL £ 000s	VARIANCE £ 000s	PLAN £ 000s	ACTUAL £ 000s	VARIANCE £ 000s
Continuing Care	230	0	(230)	300	0	(300)
Prescribing	480	0	(480)	650	0	(650)
Acute Services	5,810	3,480	(2,330)	7,760	4,080	(3,680)
TOTAL	6,520	3,480	(3,040)	8,710	4,080	(4,630)

~ 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.

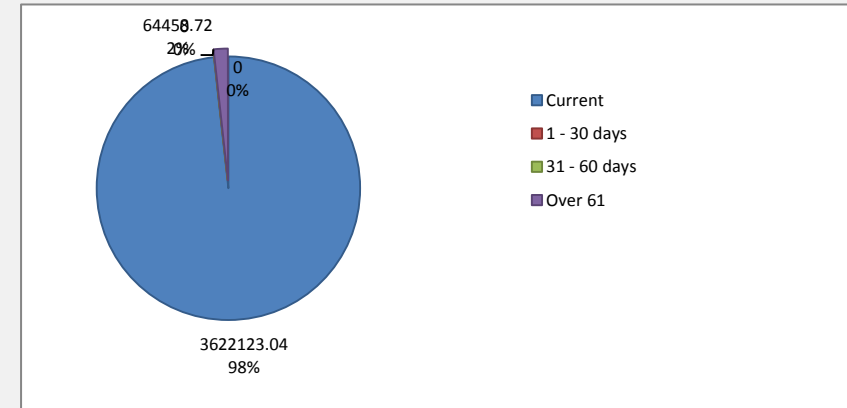
3. Financial Control

3.1 Statement of Financial Position : MONTH 9

	OPENING POSITION	YTD POSITION	FORECAST POSITION
	£000s	£000s	£000s
Plant, Property & Equipment (PPE)	14	10	10
Total Non-Current Assets	14	10	10
Cash	71	415	70
Accounts Receivable	1,911	3,794	1,706
Accrued Income	301	85	1,098
Prepayments *	592	613	0
Inventory	0	0	0
Other Current Assets	17	25	17
Total Current Assets	2,892	4,932	2,891
Total Assets	2,906	4,943	2,901
Accounts Payable	(2,739)	(5,286)	(3,767)
Accrued Liabilities	(9,422)	(16,674)	(8,616)
Other - Payables	(221)	(311)	0
Current Liabilities	(12,382)	(22,272)	(12,383)
Total Liabilities	(12,382)	(22,272)	(12,383)
Assets less Liabilities	(9,476)	(17,329)	(9,482)
Financed by Taxpayers' Equity			
General Fund	9,476	17,329	9,482
Total Taxpayers' Equity	9,476	17,329	9,482

* 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 9 the CCG has seen a decrease in debts outstanding for over 61 Days (6 invoices, totalling £40k). For these 6 invoices, 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%	✓ 96.86%	✓ 99.94%
Non NHS	95.00%	✓ 98.91%	✓ 97.99%
YTD			
NHS	95.00%	✓ 98.83%	✓ 99.89%
Non NHS	95.00%	✓ 98.21%	✓ 98.45%

3.2 Cash : MONTH 9

In Month Performance	Dec-16 £000s	Nov-16 £000s
Cash Drawdown Amount	17,950	16,450
Cash Balance at Month End	414.7676	0.25519
%	2.31%	0.00%
Performance against target - <i>balance held is less than 1.25% or £250K of drawdown value</i>	✗	✓

Full Year Performance	OPENING MCD £000s	MOVEMENT £000s	CLOSING MCD £000s
Opening Cash Limit (MCD)	224,720		224,720
Month 3 Allocations		90	90
Month 4 Allocations		19	19
Month 5 Allocations		15	15
Month 7 Allocations		37.5	37.5
Month 8 Allocations		353	353
Month 9 Allocations		75	75
Month 9 Allocations		114	114
Total Agreed Cash Limit at Month 9	224,720	704	225,423
Forecast Cash Spend			225,353
Forecast Cash Balance at Year End			70
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.

~ In Month 9 the in month cash target was breached. This was a result of an unexpected receipt being received late in the month. There has been a review of the breach and where necessary steps have been taken to mitigate against a similar situation in the future.

~ In Month 8 the CCG received a £4m increase to its MCD. The cash forecast is therefore now showing achievement of the year end cash target based on the M9 I&E forecast of £4m overspend. - hence we have a cash risk in FOT of circa £3m to manage

