

North Lincolnshire CCG : Finance Report

Financial Year 2017/18


Month 3 (June 2017)


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1. Executive Summary


1.1 Key Messages / Headlines

-  At Month 3 the CCG has reported a Year to Date overspend of £256k. The main areas driving this overspend are as follows:
 - * **An overtrade on Acute Services of £396k**, of which £180 k relates to increased activity at Spire and St Hughs, along with a smaller over-trade at Hull & East Yorkshire Hospitals. The increased activity at the Private hospitals is mainly due to GPs switching referrals away from NLAG.
 - * **An underspend of £110k on Primary Care Services**, primarily due to Prescribing. However it is important to note that this underspend is expected to disappear from Month 4 onwards once the QIPP savings target is factored into Budgets.

-  **The CCG's Aged Debt position** has improved significantly in Month 3 (M3: £137k, M2: £1,434k). This is mainly due to receiving payment from NLAG for £1,200k of BCF Risk Income from 2016/17.

-  **The CCG is forecasting** to achieve its planned in Year surplus of £90k. This will rely on delivery of a challenging QIPP plan, of which more detail can be found in Section 2.4. of this report. Delivery against the QIPP schemes will be a key focus for the CCG throughout 2017/18 and a detailed QIPP monitoring report will be produced to track performance and aid progression of these areas.

-  **CCG Outlook** : review of QIPP at M4 will determine a view on delivery risk. Areas of material risk include CHC and Prescribing. Targeted support for QIPP implementation has been requested from the national QIPP support team for these areas in particular.

-  **System Outlook** : A review of M2 system reporting shows a total system YTD Deficit of £5.5m against the systems annual control total (i.e. of -£23.5m). Expected system performance for Month 3 (based on Month 2), is as follows: NL CCG (£256k over), (NEL CCG breakeven) , and NLAG (circa £7m over) all figures still to be confirmed by each organisation.

2. Financial Management

2.1 Summary Financial Position

	YEAR TO DATE - JUNE 2017			FULL YEAR FORECAST 2017/18		
	LATEST BUDGET £ 000s	ACTUAL £ 000s	VARIANCE £ 000s	ANNUAL BUDGET £ 000s	ACTUAL £ 000s	VARIANCE £ 000s
Acute Services	30,342	30,738	396	116,768	116,768	0
Mental Health Services	5,469	5,496	27	21,287	21,287	0
Community Health services	6,447	6,453	6	25,787	25,787	0
Continuing Healthcare and Funded Nursing Care	4,169	4,154	(15)	14,767	14,767	0
Primary Care Services	8,763	8,653	(110)	31,753	31,753	0
Other Programme Services	2,972	2,978	6	8,227	8,227	0
Running Costs	953	923	(30)	3,312	3,312	0
Headroom (0.5%)	0	0	0	1,107	1,107	0
Planned In Year Surplus	23	0	(23)	90	0	(90)
TOTAL IN YEAR POSITION	59,138	59,394	256	223,099	223,009	(90)
Deficit B/F	(1,025)	0	1,025	(4,098)	0	4,098
TOTAL CUMULATIVE POSITION	58,113	59,394	1,281	219,001	223,009	4,008

* At Month 3, the CCG has reported a Year to Date overspend of £256k. This overspend is driven primarily by Acute Services and more detail on this can be seen in Section 2.2.

* An underspend of £110k in Primary Care Services offsets the overspend in Acute Services. Prescribing costs for May and June have been estimated based on 2016/17's average cost per prescribing day. QIPP savings within the budget have been phased from July onwards.

* At Month 3 the CCG is forecasting to achieve its planned in year surplus of £90k. Combining this with the deficit brought forward will leave the CCG with a cumulative deficit of £4,008k at the end of 2017/18.

2.2 Acute Services

Providers	YEAR TO DATE - JUNE 2017			FULL YEAR FORECAST 2017/18			NOTE:
	LATEST BUDGET	ACTUAL	VARIANCE	LATEST BUDGET	ACTUAL	VARIANCE	
	£ 000s	£ 000s	£ 000s	£ 000s	£ 000s	£ 000s	
Northern Lincolnshire & Goole Hospitals NHS FT	22,745	22,745	0	86,778	86,778	0	NOTE: 1) Where applicable (i.e. for PBR contracts) actual expenditure is based on the latest contract monitoring reports extrapolated to month 3. 2) The position takes into account the value of any penalties/financial sanctions.
Hull & East Yorkshire NHS Trust	3,000	3,054	54	11,600	11,600	0	
Doncaster & Bassetlaw NHS FT	835	809	(26)	3,342	3,342	0	
Sheffield Teaching Hospitals NHS FT	357	336	(22)	1,430	1,430	0	
Sheffield Children's Hospital NHS FT	112	100	(12)	447	447	0	
United Lincolnshire Hospitals NHS Trust	224	198	(27)	897	897	0	
Leeds Teaching Hospitals NHS Trust	171	191	19	686	686	0	
East Midlands Ambulance Trust	1,477	1,478	0	5,909	5,909	0	
Main Independent Sector Providers	416	598	182	1,664	1,664	0	
Other Secondary & Tertiary Care Services	70	338	269	280	280	0	
Exclusions / Non-Contract Activity	720	720	0	2,880	2,880	0	
Resilience / RTT/ Demand Management	214	173	(41)	855	855	0	
TOTAL ACUTE SERVICES	30,342	30,738	396	116,768	116,768	0	

* The Month 3 overtrade for Acute Services is driven primarily by higher than planned activity levels with Independent Sector Providers. Of these overtrades, £181k relates specifically to Spire and St Hughs. Discussions are on-going with these Providers to ensure that activity is managed within agreed contract plans.

* The overtrade with Hull & East Yorkshire Hospitals is due to higher than planned non elective work, and in particular major trauma cases. It is anticipated that this higher level of costs will be non recurrent in nature and will slow down over the remainder of the year.

2.3 Allocations

DESCRIPTION	FUNDING STREAM	MONTH	RECURRENT BUDGET			NON RECURRENT BUDGET			TOTAL BUDGET £ 000s
			OPENING	MOVEMENT	TOTAL	OPENING	MOVEMENT	TOTAL	
			£ 000s	£ 000s	£ 000s	£ 000s	£ 000s	£ 000s	
Hep C Funding re NLAG	Programme	Month 1	(94)		(94)			0	(94)
Initial CCG Programme Allocation	Programme	Month 1	221,420		221,420			0	221,420
Initial CCG Running Cost Allocation	Running Costs	Month 1	3,758		3,758			0	3,758
IR Changes	Programme	Month 1			0	(1,021)		(1,021)	(1,021)
HRG4+ changes	Programme	Month 1			0	(1,789)		(1,789)	(1,789)
Surplus/Deficit Carry Forward	Programme	Month 2			0		(4,098)	(4,098)	(4,098)
GPFV Reception and clerical training	Programme	Month 3			0		28	28	28
GPFV Reception and clerical training - Reversed due to calculation error	Programme	Month 3					(28)	(28)	(28)
Reception and clerical training - (Training Care Navigators and Medical Assistants)	Programme	Month 3					30	30	30
NHS WiFi	Programme	Month 3					103	103	103
Market Rents - Admin adjustment	Running Costs	Month 3					54	54	54
Market rents adjustment	Programme	Month 3					444	444	444
Paramedic Rebanding Additional Funding 2017-18	Programme	Month 3					61	61	61
£113,046 - HSCN - GP funding , £19,483 - HSCN - CCG funding ,	Programme	Month 3					133	133	133
Confirmed Allocation at Month 3			225,084	0	225,084	(2,810)	(3,273)	(6,083)	219,001

ALLOCATION SPLIT	£ 000s
In-Year Allocation	223,099
Cumulative b/fwd Deficit	(4,098)
Confirmed Allocation at Month 3	219,001

2.4 QIPP

	17/18 Target		Forecast			
	£m	% of Allocation	Actual £m	Var £m	% of Plan	RAG
Transactional QIPP						
Acute services	0.00	0.0%		0.00		
Mental Health Services	0.34	0.2%	0.34	0.00	100.0%	G
Community Health Services	0.00	0.0%		0.00		
Continuing Care Services	1.66	0.7%	1.66	0.00	100.0%	G
Primary Care services	3.30	1.5%	3.30	0.00	100.0%	G
Other Programme Services	0.00	0.0%		0.00		
Primary Care Co-Commissioning	0.00	0.0%		0.00		
Commissioning Services Total	5.30	2.4%	5.30	0.00	100.0%	G
Running Costs	0.00	0.0%		0.00		
Transactional QIPP TOTAL	5.30	2.4%	5.30	0.00	100.0%	G
Transformational QIPP						
Acute services	4.15	1.9%	4.15	0.00	110.7%	G
Mental Health Services	.25	0.1%	0.25	0.00		
Community Health Services	0.00	0.0%		0.00		
Continuing Care Services	.25	0.1%	0.25	0.00		
Primary Care services	.87	0.4%	0.87	0.00		
Other Programme Services	4.90	2.2%	4.90	0.00	303.4%	G
Primary Care Co-Commissioning	0.00	0.0%		0.00		
Commissioning services Total	10.41	4.7%	10.41	0.00	208.2%	G
Running Costs	.50	0.2%	0.50	0.00		
Transformational QIPP TOTAL	10.91	4.9%	10.91	0.00	217.5%	G
Unidentified QIPP	0.00	0.0%		0.00	0.0%	
TOTAL QIPP	16.21	7.3%	16.21	0.00	159.9%	G

* The table to the left is an extract from the Month 3 Non ISFE submission to NHS England.

* The total QIPP target of £16.21m has been updated to reflect the plan resubmission in June.

* The anticipated savings from the QIPP schemes are phased from July onwards.

2.4a QIPP Objective / Risk

	LATEST PLAN			EXPECTED DRAFT FORECAST OUT-TURN SAVINGS RANGE : AT MONTH 3 2017/18			COMMENT
	Plan QIPP	CEP Savings	Total	£000s		£000s	
	£000s	£000s	£000s				
1) Cost Avoidance HEY	0	400	400	200	To	400	Agreed in contractual terms- requires close monitoring
2) BCF Review	1,660	2,000	3,660	1,830	To	3,660	Subject to review of schemes and Health impacts
3) MH Right Care Stretch		250	250	100	To	250	Schemes tested for phasing of impact
4) LD Right Care Stretch		250	250	100	To	250	Schemes tested for phasing of impact
5) Specialist MH & LD Placements	340		340	100	To	340	Formal challenge responses awaited
6) CHC Cases	1,660		1,660	1,000	To	1,660	Process improvements in place - progress reviews needed
7) Prescribing	2,000	1,300	3,300	1,250	To	2,000	Only 1 month PPA data - GP engagement plans moving forward
8) Primary care		590	590	0	To	590	
9) Risk Management:	451	-340	111	111	To	111	Budget controls
a) Other Programme Pay							
b) Use of Contingency		1,125	1,125	1,125	To	1,125	NHSE Guidance required
c) Practice Transformation Fund		279	279	279	To	279	Contingent on Board approval
10) NLAG - Extra Growth Removed	3,750		3,750	3,750	To	3,750	Part of risk share contract - risk share unknown quantity
11) RCA Savings		500	500	200	To	350	Identified and budget controls
12) TOTAL	9,861	6,354	16,215	10,045	To	14,765	

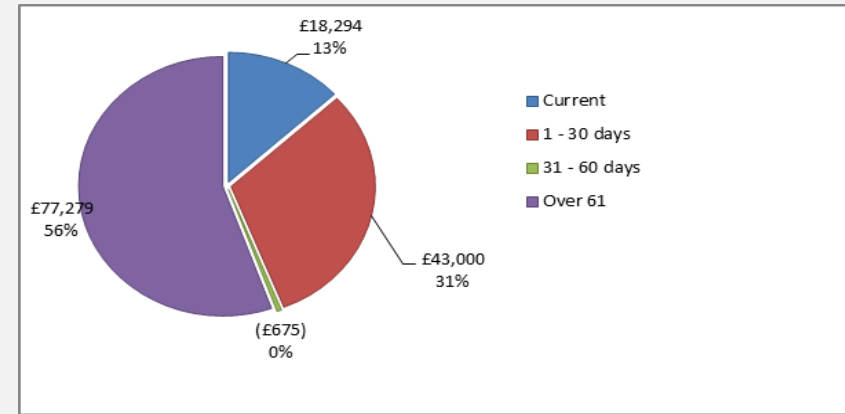
3. Financial Control

3.1 Statement of Financial Position

	OPENING POSITION	CLOSING POSITION	FORECAST POSITION
	£000s	£000s	£000s
Plant, Property & Equipment (PPE)	9	0	0
Total Non-Current Assets	9	0	0
Cash	70	77	70
Accounts Receivable	2,839	139	1,706
Accrued Income	481	241	450
Prepayments *	603	733	0
Inventory	0	0	0
Other Current Assets	17	13	17
Total Current Assets	4,010	1,202	2,243
Total Assets	4,019	1,202	2,243
Accounts Payable	(5,214)	(2,664)	(5,214)
Accrued Liabilities	(10,747)	(14,849)	(8,616)
Other - Payables	(387)	(163)	0
Current Liabilities	(16,348)	(17,676)	(13,830)
Total Liabilities	(16,348)	(17,676)	(13,830)
Assets less Liabilities	(12,329)	(16,473)	(11,587)
Financed by Taxpayers' Equity			
General Fund	12,329	16,473	11,587
Total Taxpayers' Equity	12,329	16,473	11,587

* 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



~ Total debts outstanding at Month 3 were £137k. Of this, £77k (13 invoices) were overdue by over 61 days. £25k of this has been paid in July.

BPPC

	Target %	Actual % (Volume)	Actual % (Value)
In Month			
NHS	95.00%	✓ 100.00%	✓ 100.00%
Non NHS	95.00%	✓ 99.00%	✓ 99.20%
YTD			
NHS	95.00%	✓ 99.27%	✓ 99.92%
Non NHS	95.00%	✓ 98.19%	✓ 98.69%

3.2 Cash

In Month Performance	JUNE 2017 £000s	MAY 2017 £000s
Cash Drawdown Amount	14,875	15,300
Cash Balance at Month End	76.3	42.69
%	0.51%	0.28%
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)	224,021		224,021
Month 3 Allocations		825	825
Total Agreed Cash Limit at Month 3	224,021	825	224,846
Forecast Cash Spend			224,776
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.

~ The CCG hit its month end cash target for June 2017.

4. System Position

4.1 Systems : Financial Position

PROVISIONAL SYSTEM SAVINGS & YTD SYSTEM POSITION @ M2 2017 - 18

ORGANISATION	ANNUAL PLAN	YTD MONTH 2
	GROSS SYSTEM SAVINGS	Current Variance To Plan
	£000s	£000s
NLAG NHS FT	27,000	4,900
NL CCG	5,660	600
NEL CCG	6,335	0
Less - QIPP Re-alignment by Organisation	-1,095	0
TOTAL	37,900	5,500

NOTE:

- 1)** The figures above are Draft Month 2 figures.
- 2)** Plan savings include the **£5.1m** of expenditure switch from other Hospital Providers to NLAG which NEL CCG are committed to undertake.
- 3)** Straight Line Projections of the YTD System variance - are of very limited value, as most schemes have not commenced yet.