

**Agenda Item 15**

Report to: Governing Body

Date of Meeting: 28 March 2019

Subject: Finance Report

Presented by: Laura Whitton, Chief Finance Officer

**STATUS OF THE REPORT *(auto check relevant box****)*

For Information [ ]

For Discussion [x]

For Approval / Ratification [ ]

Report Exempt from Public Disclosure [x]  No [ ]  Yes

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| --- | --- |
| **PURPOSE OF REPORT:** | To provide an update on the financial position including the latest position with regard to QIPP and the financial risks that need to be managed in the remainder of the year. |
| **Recommendations:** | To note:* The financial position as at January 2019 which has been discussed at Delivery Assurance committee and to note any material changes in the February 2019 position
* The latest position with regard to QIPP
* The financial risks that need to be managed in the remainder of the year and the actions being taken to mitigate them.
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| **Committee Process and Assurance:** | A more detailed version of this report was taken to and discussed at the Delivery Assurance Committee on the 27th February 2019. |
| ***Implications:*** |  |
| **Risk Assurance Framework Implications:** | The risk associated with the deliverability of the NLAG QIPP schemes is included on the CCGs risk register |
| **Legal Implications:** | None |
| **Data Protection Impact Assessment implications (DPIA):** | Are you implementing a new system, data sharing arrangement, project, service redesign or changing the way you work? | **No** |
| If yes to the above – have the DPIA screening questions been completed? |  |
| Does this project involve the processing of personally identifiable or other high risk data? | **No** |
| If yes to the above has a DPIA been completed and approved? |  |
| **Equality Impact Assessment implications:** | An Equality Impact Analysis/Assessment is not required for this report [x]  |
| **Finance Implications:** |

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| **Key Performance Indicators (as at the end of February)** | **Classification** | **Table**  | **Year to Date** | **Outturn** |
| NHS Operating Position (Plan = breakeven) | Operational | 1 | Green | Green |   |
| Adult Social Care (ASC) Partnership Agreement (Plan = breakeven) | Operational | 1&2 | Green | Green |   |
| NHSE Mandated Surplus (Reported surplus = £8.147m surplus | Statutory | 1 | Green | Green |   |
| Capital resource use does not exceed the amount specified in Directions | Statutory | - | Green | Green |   |
| Manage cash within 1.25% of monthly drawdown (or <£250k, whichever is the greater) | Operational | - | Green | Green |   |
| BPPC – number/value paid within 30 days | Operational | 4 | Green | Green |   |

The CCG is on track to achieve both its planned operating position [Health £nil (break-even) + ASC £nil (break-even)] and its NHSE Mandated Surplus (£8,147k), the main remaining risk that needs to be managed relates to Northern Lincolnshire & Goole FT Contract. The tables attached are the same as those that went to the Delivery Assurance Committee and are based on the January 2019 position. Due to the timing of the Governing Body we now have the February 2019 position and where there has been any significant change since January this is highlighted in the narrative below.**Delegated Budgets**: Year to date underspend has increased to £431k in January. This is a result of:* The receipt of additional allocation to fund the agreed in year GP uplift (£174k). This had previously been forecast as a pressure against the PMS contract.
* With 2 months remaining of the financial year and currently no known calls on the contingency funding within ‘Other GP Services’ this commitment has been released to further increase the forecast under spend.

The FOT has been adjusted to recognise both of these.**North Lincolnshire & Goole FT (NLAG);** The substantial increase in the FOT of £1.5m since the last report (£106m cf £104.5m) is due in the main to continued high levels of non-elective activity within the following specialties; General medicine, respiratory and colorectal. A&E activity is also significantly above plan.**Leeds Teaching Hospital**; Activity for November & December has been significantly higher than planned due to patients in critical care.**Virgin - Dermatology;** Since the last report, a number of High Cost Drugs (HCD) for dermatology have been received from Lloyds Pharmacy. These costs have previously been part of the NLAG contract but are now starting to be prescribed by Virgin. The forecast now includes £80k of HCD costs for the year.**New Medical;** This contract has seen general over activity clearing NLAG backlog for Ophthalmology. However, the activity seen in November & December has been exceptionally high & is now expected this level to continue for the remainder of the year to help clear the NLAG backlog.**Continuing Healthcare**; In recent months the activity for Physical Disabilities >65 has been extremely low, we are now expecting activity levels to continue at this level for the remainder of the year and therefore the FOT has been reduced.**Non Contract Activity (NCA);** The increase in the Forecast Outturn is primarily due to £156k of costs for one Out of Area patient. These costs had previously been included as a risk.**Adult Social Care;** Key movements from the last report are (i) an decrease in Community spend and (ii) increase in Service Development spend. This in the main is due to increase in recoup in relation to direct payments and a reduction in forecast spend in relation to non-recurrent spend on Supported Living along with reduced drawdown of non-recurrent funding from the Council.**Significant changes since January 19 to bring to Governing Body Members attention;****Prescribing;** an improvement has been seen in the prescribing forecast position of £152k relating to 2 key factors:- 1. 14,000 less items prescribed in December 18 than that expected,
2. increased drug rebates to that originally forecast.

**Hull & East Yorkshire Hospital;** an improvement of £75k in the forecast position due to elective continuing to be under plan.**East Midlands Ambulanc**e; an improvement in the forecast position of £88k has been seen, due to the non achievement of performance trajectories.**Allocations;** New allocation received between November & January of £1.354m. This is for the following areas:

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|  |  |  | £' m |
| Perinatal Community Services Development Fund Wave 2 |  | 0.448 |
| Estates & Technology Transformation Fund (ETTF) Revenue | 0.350 |
| Development of Primary Care networks |  |  | 0.171 |
| GP Uplift |  |  | 0.174 |
| DWP Employment Advisors in IAPT |  |  | 0.069 |
| Mental Health Winter Pressures |  |  | 0.056 |
| Green Paper Waiting Time Initiatives |  |  | 0.042 |
| Other |  |  | 0.044 |
|  |  |  | 1.354 |

**Risks & Mitigations;**

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| --- | --- | --- | --- | --- |
|  | £'m | £'m | RAG rating |  |
| Total Risks |  | 1.29m |  |  |
| Less: Mitigations |  |  |  |  |
|  - Contract Reserves | 0.20m |  |  |  |
|  - Non Recurrent Measures | 0.86m |  |  |  |
|  - Delay / Reduce Investment Plans | 0.23m |  |  |  |
|  |  | 1.29m |  |  |

The January 2019 total risks figure has reduced by £0.71m from £2.0m since the last report due in the main to the net impact of the crystallisation of the NLAG activity risk, the high cost NCA patient and a reduction in risk around adult social care savings plans.The key risks that the CCG needs to manage in the remainder of the year relate to NLAG and are:-* High levels of activity
* Day case to outpatient QIPP savings
* Non elective coding changes / case mix adjustment

**Better Payment Practice; As at January 2019**, the payment performance continues to be over 95% target for both the value & quantity of invoices paid within 30 days. An improvement has been seen in the percentage number of invoices paid by NELC since last reported. If this continues the BPPC target will achieved at the end of the financial year.**Cash:** As at January 2018 the CCG had drawn down 81% of its annual cash allocation, which is 2.1% (£3.07m) less than planned.**QIPP as at February 2019;** Savings achieved year to date are £21k ahead of plan with a forecast over achievement of £91k. The key points to draw to the committees attention are:-* **Outpatient Follow-up Scheme;** The savings originally planned to be achieved during the year are now forecast to be significantly lower than planned, this in the main reflects the increase in the outpatient referrals which has seen an increase in the first appointments during the year.
* **Non-elective demand management scheme**; A & E and emergency admissions from Care Homes are higher than anticipated, with the main conditions seeing a pressure in demand being; cardiac conditions, vascular conditions, urological conditions and lacerations.
* **Support to care home scheme**; The underperformance on this scheme is being mitigated by the agreement of a local Ambulatory Care tariff.
* **Day case to outpatient procedure scheme:** This scheme is significantly under plan with delays in Trust roll out and agreement of procedures.
* **Rightcare - Gastro;** There has been a reduction in the FOT due to delays in the pathway implementation. This was due to be rolled out in January but has not happened. We have also seen increased activity within daycase endoscopy.
* **Budget Baseline Review scheme;** A Finance led process to establish further QIPP (savings) opportunities from the existing budgets was conducted with all Service Leads during the month of October '18. This process yielded significant in-year financials savings which contribute towards the CCG achieving its QIPP Target for the Year. Key areas of savings were mainly due to slippage on primary care initiatives which yielded non-recurrent savings.
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| **Quality Implications:** | This report details a neutral impact on quality. [x] The report will not make any impact on experience, safety or effectiveness.  |
| **Procurement Decisions/Implications *(Care Contracting Committee):*** | None |
| **Engagement Implications:** | None |
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| **Conflicts of Interest**  | *Have all conflicts and potential conflicts of interest been appropriately declared and entered in registers which are publicly available?* [x]  Yes [ ]  No |
| **Links to CCG’s Strategic Objectives** | [ ]  Sustainable services [ ]  Empowering people[ ]  Supporting communities [x]  Delivering a fit for purpose organisation |
| **NHS Constitution:** | <https://www.gov.uk/government/publications/the-nhs-constitution-for-england>The CCG will promote good governance and proper stewardship of public resources in pursuance of its goals and in meeting its statutory duties. |
| **Appendices / attachments** |  |