Agenda Item 12

NHS
North East Lincolnshire
Clinical Commissioning Group

Report to:	NEL CCG Partnership Board
Date of Meeting:	13th July 2017
Subject:	Finance Report
Presented by:	Laura Whitton, Interim Chief Finance Officer

STATUS OF THE REPORT:

For Information	☐
For Discussion	X
For Approval / Ratification	☐

PURPOSE OF REPORT:	To provide an update on the financial position for 2017/18
Recommendations	To note the financial position for 2017/18
Sub Committee Process and Assurance:	A more detailed version of this report was taken to and discussed at the Delivery Assurance Committee on the 28th June 2017
Implications:	
Risk Assurance Framework Implications:	None
Legal Implications:	None
Equality Impact Assessment implications:	None

Finance Implications:

Key Performance Indicators	Classification	Table	Outturn
NHS Operating Position (Plan = breakeven)	Operational	1	Green
Adult Social Care (ASC) Partnership Agreement (Plan = breakeven)	Operational	1	Green
NHSE Mandated Surplus (Reported Surplus = £6.741m;	Statutory	1	Green
Capital resource use does not exceed the amount specified in Directions	Statutory	-	Green
Manage cash within 1.25% of monthly drawdown (or <£250k, whichever is the greater)	Operational	-	Green
BPPC – number/value paid within 30 days	Operational	3	Green

At this early stage in the year 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(£6,741k), however this is dependent on a number of risks / pressures being effectively managed in the remainder of the year.

In particular we would draw your attention to the following:-

- **Northern Lincolnshire & Goole**; The annual budget reflects the contract value agreed at the start of the year, but this value will increase by £5.1m as a result of :-

  i. The system response to the North Lincolnshire (NL CCG / NLAG) Capped Expenditure Programme (CEP) (awaiting final approval by NHSE), and

  ii. The move to an Aligned Incentive Contract (AIC)

- **Continuing Healthcare**; the underspend year to date reflects the continuation of the lower activity levels seen towards the end of last year

	- **QIPP** Health: As a result of the AIC discussions £1.1m of schemes previously identified to further reduce activity with NLAG i.e. that were outside the agreed contract value, have had to be replaced. A root and branch review of all budgets has been undertaken by budget holders to identify alternative savings along with areas identified as part of the CEP. Alternative schemes are now in place for not only the £1.1m but also for the £0.5m previously reported schemes to be identified. Red RAG rated scheme: Outpatient review initiative - Long standing issues with getting this project moving, however this project will now fall under the RTT/Planned Care Board's remit which should facilitate progress. ASC: Current savings requirement of £1.9m against the original plan of £3.2m. The reduction in the required savings reflects £1.3m confirmed funding from NELC. - **Risks & Mitigations**; At the start of the year (pre AIC) the CCG had £2.90m of uncommitted funds (contingency / earmarked reserves (Health £2.65m + ASC £0.25m)) available to mitigate the impact of any Health or Adult Social Care risks that materialise in the financial year. This was £0.9m less than the CCGs assessment (pre AIC) of the potential value of in year risks of £3.7m. It is anticipated that both the level of activity risk with NLAG and the level of uncommitted funds will reduce by an equivalent amount (£1m) as a result of the AIC. If all of these risks were to materialise then the CCG would look to:- 1) Further QIPP Extensions 2) Non-Recurrent Measures 3) Mitigations relying on potential funding - **Better Payment Practice**; As at May 2017, the overall performance is showing at 99% for both the value & quantity of invoices paid within 30 days. This is well above the 95% target required and reflects the monitoring & actions taken in 2016/17. - **Cash**; The CCG cash profile for the year reflects the frontloading of cash payments to NLAG to reflect the phasing of their cash releasing effect of their internal CIP programme and the quarterly payments to St Andrews Hospice & Focus. As at month 2 the CCG had drawn down 17% of it annual cash allowance against a plan of 16%.
Quality Implications:	None
Procurement Decisions/ Implications *(Care Contracting Committee):*	None
Engagement Implications:	None
Conflicts of Interest	None
Strategic Objectives (Short summary as to how the report links to the CCG's strategic objectives)	1 *Sustainable Services - To support the achievement of a sustainable care system*
	2 *Empowering People - Not Applicable*
	3 *Supporting Communities - Not Applicable*
	4 *Delivering a fit for purpose organisation - Not Applicable*
NHS Constitution:	*Does the report and its recommendations comply with the requirements of the NHS constitution? Yes, in particular:-* *- The NHS works across organisational boundaries* *- The NHS is committed to providing best value for taxpayers' money* *- The NHS is accountable to the public, communities and patients that it serves*
Report exempt from Public Disclosure	No

Appendices / attachments	Tables 1 - 4 (attached)

NORTH EAST LINCOLNSHIRE CCG **TABLE 1**
Financial Performance - May 2017

	ANNUAL BUDGET	YTD VARIANCE MAY 2017	FOT VARIANCE MAY 2017
	£'000	£'000	£'000
Primary Care			
LES	1,324	88	-
Prescribing	27,961	8	-
Secondary Care			
North Lincolnshire & Goole FT	93,895	183	-
Hull & East Yorkshire Hospitals	7,481	-	-
Leeds Teaching Hospitals	502	22	-
Sheffield Teaching Hospitals FT	876	-	-
Sheffield Children's Hospitals FT	465	(16)	-
United Lincolnshire	375	25	-
East Midlands Ambulance Service	5,608	4	-
Spire Healthcare	301	-	-
Virgin Care - Dermatology	1,085	(95)	-
Service Improvement plans	3,045	(2)	-
Continuing Healthcare	10,020	(209)	-
Navigo*	23,927	12	-
Care Plus*	19,043	-	-
Focus*	4,718	1	-
St Hughes	7,998	(106)	-
Core Care	1,986	(9)	-
Yarborough & Clee	1,222	-	-
Children's Trust	3,293	-	-
Other - Acute	2,401	5	-
Other - Non Acute	2,479	(132)	-
Other - mental health	1,871	13	-
NCA	2,058	6	-
Patient Transport	1,889	6	-
Adult Social Care	32,463	-	-
CCG Running Costs	5,027	(60)	-
Reserves			
1% Headroom			
- 0.5% system risk reserve	1,127	-	-
- 0.5% remaining headroom	1,127	-	-
Planned Investment	948	-	-
Earmarked Reserves		-	
- Continuing Healthcare	250	-	-
- Activity	1,000	-	-
- Prescribing	250	-	-
QIPP schemes			
- Investments	691	(36)	
- Savings plans in place	(2,542)	-	-
Contingency	1,147	-	-
TOTAL PLANNED EXPENDITURE	**267,310**	**(292)**	**-**
CURRENT YEAR RESOURCE LIMIT			
HEALTH - PROGRAMME ALLOCATION	223,446	-	-
HEALTH - ADMIN ALLOCATION	3,614	-	-
PARTNERSHIP AGREEMENT - NELC	40,250	-	-
TOTAL RESOURCES AVAILABLE	**267,310**	**-**	**-**
PLANNED OPERATING SURPLUS	**0**	**292**	**-**
MEMO NOTE:-			
CUMULATIVE PRIOR YEARS SURPLUS B/FWD	*6,741*	-	-
IN YEAR OPERATING POSITION (PLANNED BREAKEVEN)	-	*292*	-
NHSE MANDATED SURPLUS (PLAN = £6.74M SURPLUS)	*6,741*	-	-

** Health & Adult Social Care*

Table 2 - 2017/18 - QIPP SCHEMES

	Original Plan £000's	Current Schemes £000's	YTD Variance £000's	FOT Variance £000's	RAG rating*
HEALTH					
SAVINGS - ALREADY FACTORED INTO BUDGETS / CONTRACTS					
Prescribing	750	750	-	-	
Outpatient review initiative	595	595	(10)	-	
Schemes re Non Elective Activity Management	1,269	1,269	-	-	
- Support to Care Homes					
- Falls Prevention					
- UEC					
- Long Term Conditions					
Cardiology Initiative	299	299	-	-	
NLAG Contract technical Adjustments					
- Service shift to other CCGs ****	98	98	-	-	
- Paeds comm nursing	92	92	-	-	
- Lucentis	134	134	-	-	
- Planned Procedures not Carried out	210	210	-	-	
- Consultant to consultant referrals transfer	46	46	-	-	
Baseline budget review (completed as part of budget setting)	1,339	1,339	223	-	
	4,832	4,832	213	-	
SAVINGS - STILL HELD IN RESERVES					
Rightcare (Areas identified - plans being finalised) **	475				
CCG Running Costs	200	200	-	-	
Community Pharmacy / Dietetic Support	500	500	-	-	
IBS Pathway **	50				
	1,225	700	-	-	
Move further faster on existing schemes eg support to care homes **	350				
Other potential schemes eg community diagnostics **	200				
Continuing Health Care		250	127	-	
System wide savings linked to accountable care system		500	-	-	
Root & branch budget review (completed in June 17)		821	137	-	
SCHEMES TO BE IDENTIFIED	**496**				
	2,271	2,271	264	-	
TOTAL QIPP GROSS SAVINGS REQUIREMENT	**7,103**	**7,103**	**477**	**-**	
ADULT SOCIAL CARE					
SAVINGS - ALREADY FACTORED INTO BUDGETS / CONTRACTS					
Managing Demand	450	828	-	-	
Market Reshaping	200	182	-	-	
Raising Income	115	100	-	-	
Working smarter	1,170	635	-	-	
	1,935	1,745	-	-	
SAVINGS - STILL HELD IN RESERVES (PENDING CONFIRMATION OF FUNDING)					
NELC s31 grant re Better Care Fund ***	500				
Partnership Agreement variations ***	792				
Independent Living Fund - Release of funding from NELC		190	32	190	
	1,292	190	32	190	
TOTAL	**3,227**	**1,935**	**32**	**190**	

Note :-

* RAG rating - current risk assessment re delivery of savings

** Removed due to development of AIC

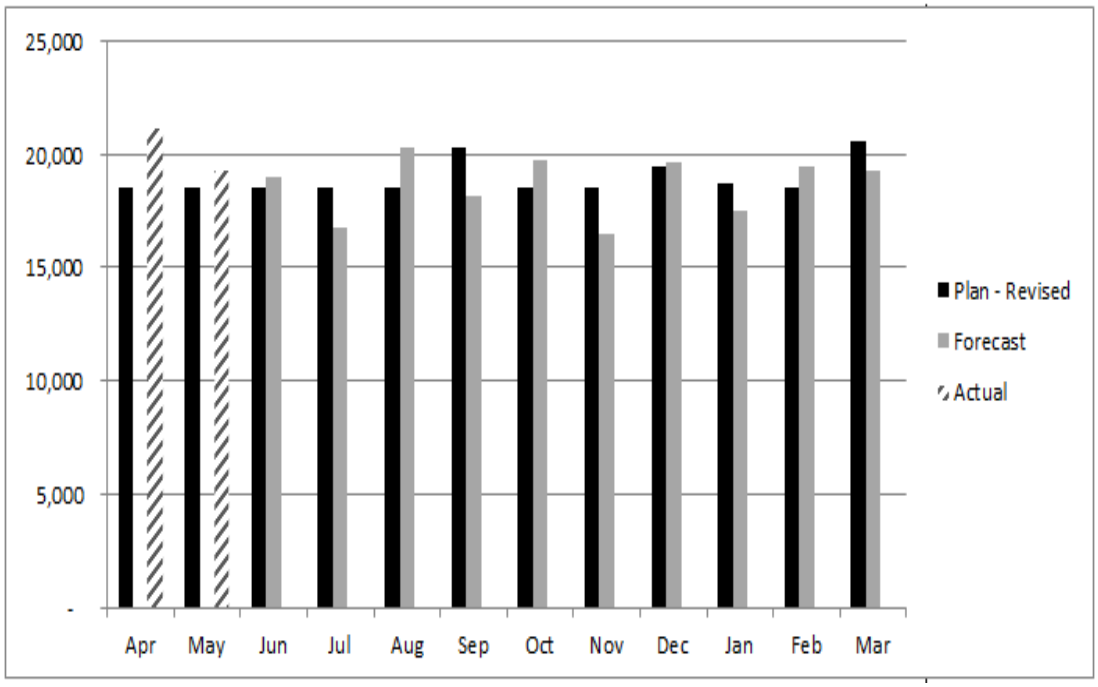
*** Funding now confirmed, therefore no longer a required saving.

**** Where other commissioners are benefiting from our service

NORTH EAST LINCOLNSHIRE CCG

Table 3 - BETTER PAYMENT PRACTICE - May 2017 **TABLE 3**

TARGET: TO PAY 95% BY VALUE & NUMBER WITHIN 30 DAYS

Measure of Compliance	Total Invoices Paid	Percentage within target	
		Number	£000s
SBS	2,004	99.90%	100.00%
NELC Shared Service	4,309	98.50%	98.20%
Total	6,313	99.00%	99.80%

CASH DRAWDOWN - MAY 2017 **TABLE 4**