

**Agenda Item 11**

Report to: Governing Body  
 Date of Meeting: 14 November 2019  
 Subject: Finance Report  
 Presented by: Laura Whitton, Chief Finance Officer

**STATUS OF THE REPORT**

- For Information   
 For Discussion   
 For Approval / Ratification   
 Report Exempt from Public Disclosure  No  Yes

<b>PURPOSE OF REPORT:</b>	To provide an update on the financial position as at September 2019 and the financial risks that need to be managed in the remainder of the year.	
	To note the: <ul style="list-style-type: none"> <li>- financial position as at September 2019, including the QIPP position</li> <li>- financial risks that need to be managed in the remainder of the year and the actions being taken to mitigate them.</li> </ul>	
<b>Committee Process and Assurance:</b>	A more detailed version of the financial position was taken to, and discussed at the Delivery Assurance Committee on the 30 <sup>th</sup> October 2019.	
<b>Implications:</b>		
<b>Risk Assurance Framework Implications:</b>	CCG-BAF.3005 Instability in partnership finances or services/costs leads to unaffordable consequences for the CCG within the current year The risk associated with the deliverability of the system wide QIPP schemes is included on the CCGs risk register	
<b>Legal Implications:</b>	None	
<b>Data Protection Impact Assessment implications (DPIA):</b>	Are you implementing a new system, data sharing arrangement, project, service redesign or changing the way you work?	<b>No</b>
	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?	<b>No</b>
	If yes to the above has a DPIA been completed and approved?	
<b>Equality Impact Assessment implications:</b>	An Equality Impact Analysis/Assessment is not required for this report <input checked="" type="checkbox"/>	
<b>Finance Implications:</b>	As at month 6 the CCG is on track to achieve both its planned operating position (Health £nil (break-even) + ASC £nil (break-even)) and its NHSE/I Mandated Surplus (£8,147k). However this is dependent on a number of risks being managed  The table below shows the CCGs performance against each of its key indicators.	

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 = £8.147m surplus)	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
Mental Health Investment Standard	Statutory	-	Green
BPPC – 95% number/value paid within 30 days	Operational	2	Green

The key points to draw to the attention of the Governing Body are:-

- **Budget Movements:** Since the last meeting, the budgets have been amended to reflect:-

- i. mapping corrections
- ii. agreed budget movements e.g. in year contract variations
- iii. in year allocation adjustments
- iv. estimates that were made as part of the year end process, with any significant differences between the estimate and actual being transferred to reserves so as to more appropriately reflect the in-year position against budget lines

- **Material Variances against Budget:** The CCG continues to see higher than planned activity across a number of acute providers, alongside a lower than planned spend in CHC. More detail on the key variances in the areas detailed below can be found in the Commissioning, Contracting and Integrated Assurance Report

- Primary Care Services – Delegated Budgets
- Prescribing
- North Lincolnshire & Goole FT (NLAG)
- Hull University Teaching Hospital
- St Hugh's
- Other - Mental Health
- Continuing Healthcare
- Adult Social Care

- **Reserves:** £1m of the £2.125m Earmarked Reserves have been released to offset the net overspend, leaving £855k "uncommitted".

- **Allocations:** The allocations the CCG has received since month 6 are noted below.

These allocations are ring-fenced for the following services due to be delivered in 2019/20, and as such are fully committed.

	£' m
CYP Green Paper Project Initiation Funds	0.040
BCF support	0.037
GPFV - Reception & Clerical - STP Funding	0.010
Diabetes funding & Glucose Monitoring	0.004
	0.091
	0.091

**-Risks & mitigations:** The CCGs total risk at month 6 is £3.97m (£2.97m health & £1.00m Adult Social Care) [At month 4 the risk totalled £4.71m].

The reduction in the level of risk since month 4 reflects :-

- the crystallisation of some of the NLAG risk
- a reduction in CHC risk, due to the activity having been consistently reducing

The key risks that the CCG needs to manage in the remainder of the year are:-

- (i) Managing demand, in particular Acute activity being higher than planned
- (ii) Delivery of the planned savings, in particular
  - The Northern Lincolnshire and Goole FT transformation schemes
  - PCN demand management (prescribing and non-elective activity)
  - Adult Social care, £1m savings via the Union arrangements

The CCG has the following mitigations :-

- £1.855m of contingency funding / earmarked reserves
- £1.616m of non-recurrent measures
- £0.499m mitigations in the process of being developed

Of the £1.616m non-recurrent measures, we have confirmed plans in place for £0.9m and outline plans have been developed for the £0.716m. In terms of the £0.499m we are reviewing our current and future QIPP schemes to see what opportunities there are to go further faster and if any future schemes can be started earlier.

Further detail of the risks & mitigations can be found in table 3.

**- Northern Lincolnshire System:** The table below details the in-year and forecast position of the Northern Lincolnshire system. As at month 6 all organisations are forecasting to achieve their planned position.

	Adjusted Performance (excluding MRET, PSF, FRF)					
	Year to Date (£ms)			Annual Position (£ms)		
	Plan	Actual	Variance	Plan	Actual	Variance
NHS North East Lincolnshire CCG	-	(0.2)	(0.2)	-	-	-
NHS North Lincolnshire CCG	(0.4)	(0.4)	-	(0.9)	(0.9)	-
Northern Lincolnshire & Goole NHS Foundation Trust	(25.8)	(25.8)	-	(51.2)	(51.2)	-
<b>Northern Lincolnshire Total</b>	(26.2)	(26.4)	(0.2)	(52.1)	(52.1)	-

	<p>- <b>QIPP;</b> Savings achieved year to date are £13k behind plan (Health £13k (100%) &amp; ASC £nil (0%)) the CCG is still anticipating that the planned savings for the year will be achieved in full. Please see table 4 for further detail.</p> <p>The RAG rating for the schemes is based on the following:</p> <p style="padding-left: 40px;">Red - Scheme off track /detailed action points and milestones still being worked on Amber - Scheme action points/milestones met but savings not being fully achieved Green - Scheme expected to fully deliver savings</p> <p>The QIPP schemes currently RAG rated as red are:</p> <p><u>Demand Management (via the Alliance/PCN's):</u> A strong focus remains on primary care prescribing, and all PCNs have now had a prescribing review meeting with the CCG's Medicines Optimisation team. A local supplementary scheme, which provides an opportunity for gain share for the PCNs for going further than the current year prescribing target has also been developed and will be offered out during November. Due to the timelines around the developments of PCNs and the supplementary scheme not being offered out until November the forecast has been reduced by £750k. The high level demand management opportunities have been shared with the PCN Clinical Directors at a regular monthly meeting held between them and the CCG. Task and finish groups have been established to develop schemes.</p> <p><u>Northern Lincolnshire and Goole NHS Foundation Trust schemes:</u> Rightcare - Gastro is currently underachieving despite the implementation of agreed pathways. We are currently working with NLAG's clinical and information team to understand the reason for the increase in activity and to ascertain if there are other factors such as FIT testing affecting the data.</p> <p>- <b>Better Payment Practice;</b> As at September 2019, the CCG is meeting both of the 95% targets for the value and quantity of invoices paid within the 30 days (or by due date). Following a review of the NELC shared service information, a change has been made to the calculation for the number of days for BAC's payment from 4 to 3 days due to a change in the payments system. This has resulted in a big improvement in the number paid on time. Further checks continue to be carried out to improve the data calculation.</p> <p>- <b>Cash:</b> As at September 2019 the CCG had drawn down 50.7% of its annual cash allocation, compared to 50% (one half) of the year completed.</p>
<b>Quality Implications:</b>	<p>This report details a neutral impact on quality. <span style="float: right;"><input checked="" type="checkbox"/></span></p> <p>The report will not make any impact on experience, safety or effectiveness.</p>
<b>Procurement Decisions/Implications :</b>	None
<b>Engagement Implications:</b>	None
<b>Conflicts of Interest</b>	<p><i>Have all conflicts and potential conflicts of interest been appropriately declared and entered in registers, which are publicly available?</i></p> <p><input checked="" type="checkbox"/> Yes      <input type="checkbox"/> No</p>
<b>Links to CCG's Strategic Objectives</b>	<p><input type="checkbox"/> Sustainable services    <input type="checkbox"/> Empowering people</p> <p><input type="checkbox"/> Supporting communities    <input checked="" type="checkbox"/> Delivering a fit for purpose organisation</p>

<b>NHS Constitution:</b>	<a href="https://www.gov.uk/government/publications/the-nhs-constitution-for-england">https://www.gov.uk/government/publications/the-nhs-constitution-for-england</a> The CCG will promote good governance and proper stewardship of public resources in pursuance of its goals and in meeting its statutory duties.
<b>Appendices / attachments</b>	Table (i) – (iv) attached

	<b>BUDGET July 19 £'000</b>	<b>BUDGET Sept 19 £'000</b>	<b>YTD Variance £'000</b>	<b>FOT Variance £'000</b>	<b>FOT Variance July 19 £'000</b>
<b><u>Primary Care Services</u></b>					
Locally Commissioned schemes	4,515	4,515	(17)	(31)	(40)
Local Quality Scheme	300	300	-	-	
Primary care IT	710	710	12	21	24
Other Primary Care Expenditure	1,718	1,728	(3)	(3)	1
GP OOH	1,443	1,443	5	9	10
Delegated Budgets	26,634	26,634	(187)	(277)	(56)
Prescribing	28,159	26,927	321	778	-
<b><u>Acute Services</u></b>					
North Lincolnshire & Goole FT	111,125	111,125	773	1,545	-
Hull University Teaching Hospitals	8,766	8,766	36	100	200
East Midlands Ambulance Service	6,312	6,312	-	-	-
Sheffield Teaching Hospitals FT	1,044	1,044	(2)	-	-
Sheffield Children's Hospitals FT	485	485	(19)	-	-
Leeds Teaching Hospitals	557	557	(3)	-	-
United Lincolnshire	420	420	(6)	-	-
St Hughes	7,276	7,276	468	800	650
Virgin Care - Dermatology	1,426	1,426	43	87	-
New Medica - Ophthalmology	935	935	94	100	100
Spire Healthcare	548	548	(55)	(75)	(20)
Core Care -A&E Front ending	545	545	(31)	(31)	-
Other - Acute	24	179	(12)	(6)	-
Non Contract Activity	1,811	1,811	55	117	47
<b><u>Mental Health &amp; Community Services</u></b>					
Navigo*	27,722	27,722	-	-	-
Care Plus Group*	20,462	20,462	-	-	-
Focus*	5,308	5,308	-	-	-
Children's Trust	3,580	3,580	-	-	-
Freshney Pelham Care Ltd	1,312	1,312	-	-	-
Patient Transport	1,968	1,968	(1)	(3)	-
Other - Non Acute	3,099	2,710	(89)	(86)	(110)
Other - mental health	1,737	1,737	(66)	300	129
Continuing Healthcare	9,406	9,311	(517)	(741)	(575)
Adult Social Care	32,852	32,969	-	-	-
CCG Running Costs	5,196	5,080	(114)	(200)	(167)
<b><u>Reserves</u></b>					
Planned Investment	1,082	1,338	(549)	(1,133)	57
QIPP held in reserves					
- Demand management Acute	(1,000)	(1,000)	99	-	-
- Demand management prescribing	(1,250)	-	-	-	-
- Primary care premises	(326)	(158)	-	-	-
- Primary Care	(125)	(125)	-	-	-
- CCG Running Costs	(167)	(200)	-	-	-
Earmarked Reserves					
- Contingency	1,375	1,375	-	(520)	-
- Continuing Healthcare	250	250	-	(250)	-
- Activity	250	250	-	(250)	(250)
- Prescribing	250	250	-	(250)	-
<b>TOTAL PLANNED EXPENDITURE</b>	<b>317,733</b>	<b>317,824</b>	<b>235</b>	<b>-</b>	<b>-</b>
<b><u>CURRENT YEAR RESOURCE LIMIT</u></b>					
HEALTH - PROGRAMME ALLOCATION	245,448	245,539	-	-	-
HEALTH - ADMIN ALLOCATION	3,598	3,598	-	-	-
HEALTH - DELEGATED PRIMARY CARE ALLOCATION	26,778	26,778	-	-	-
PARTNERSHIP AGREEMENT - NELC	41,909	41,909	-	-	-
<b>TOTAL RESOURCES AVAILABLE</b>	<b>317,733</b>	<b>317,824</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>IN-YEAR OPERATING SURPLUS</b>	<b>-</b>	<b>-</b>	<b>(235)</b>	<b>-</b>	<b>-</b>
<b>MEMO NOTE:-</b>					
Cumulative Prior Years Surplus B/Fwd	8,147	8,147	-	-	-
In Year Operating Position (Planned Break even)	-	-	(235)	-	-
NHSE Mandated Surplus (plan= £8.147m Surplus)	8,147	8,147	-	-	-

\* Health & Adult Social Care

**NORTH EAST LINCOLNSHIRE CCG  
BETTER PAYMENT PRACTICE - September 2019**

**TABLE 2**

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

**SBS Shared Services**

Better Payment Practice Code - Measure of Compliance	Number	£000s
<b>Non-NHS Payables</b>		
Total Non-NHS Trade Invoices Paid in the Year	4,886	62,415
Total Non-NHS Trade Invoices Paid Within Target	4,871	62,318
<b>Percentage of Non-NHS Trade Invoices Paid Within Target</b>	<b>99.7%</b>	<b>99.8%</b>
<b>NHS Payables</b>		
Total NHS Trade Invoices Paid in the Year	1,072	69,544
Total NHS Trade Invoices Paid Within Target	1,065	69,524
<b>Percentage of NHS Trade Invoices Paid Within Target</b>	<b>99.3%</b>	<b>100.0%</b>

**NELC Shared Service**

Better Payment Practice Code - Measure of Compliance	Number	£000s
<b>Non-NHS Payables</b>		
Total Non-NHS Trade Invoices Paid in the Year	14,411	18,758
Total Non-NHS Trade Invoices Paid Within Target	13,706	17,694
<b>Percentage of Non-NHS Trade Invoices Paid Within Target</b>	<b>95.1%</b>	<b>94.3%</b>

<b>Percentage of Trade Invoices Paid Within Target YTD</b>	<b>96.4%</b>	<b>99.2%</b>
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<b>Percentage of Trade Invoices Paid Within Target - July 19</b>	<b>93.0%</b>	<b>98.3%</b>
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<b>Movement</b>	<b>3.5%</b>	<b>0.9%</b>
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**NORTH EAST LINCOLNSHIRE CCG  
Risks and mitigations**

**TABLE 3**

Risks		
<u>QIPP risk</u>	<b>£'m</b>	<b>£'m</b>
- Northern Lincolnshire & Goole FT	0.40	
- Demand Management	1.00	
- Primary care premises	0.10	
- Prescribing	0.07	
- Northern Lincolnshire System risk	0.30	
- ASC Non Recurrent reserve	1.00	
		2.87
<u>Other risk</u>		
- Acute activity	0.89	
- Continuing Healthcare	-0.15	
- Mental Health	0.05	
- Prescribing	0.32	
		1.11
Total Risks		<b>3.971</b>
Mitigations		
- Contingency	0.86	
- Further QIPP extensions	0.50	
- Non Recurrent Measures	1.62	
- ASC Non Recurrent reserve	1.00	
Total Mitigations		<b>3.971</b>

## QIPP - September 2019

The table below provides a summary of the savings position for each scheme.

	Plan £ '000s	Position as at September 19			RAG rating*
		YTD Budget £ '000s	YTD Variance £000's	FOT Variance £000's	
<b>HEALTH</b>					
<b><u>CCG SAVINGS</u></b>					
Prescribing	650	274	(51)	-	●
Nurse prescribing	50	7	(7)	-	●
CHC	250	124	(73)	(60)	●
Primary care premises	326	108	(8)	-	●
Admin budgets	-	-	114	200	●
Shared care	-	-	67	135	●
Quality scheme - risk & reward	-	-	175	350	●
Primary care efficiencies	-	-	-	115	●
Baseline budget review	-	-	185	1,136	●
<b><u>System impact multi-agency QIPP delivery</u></b>					
Demand management linked to PCN alliance	2,250	382	(94)	(750)	●
<b>Total CCG Saving</b>	<b>3,526</b>	<b>895</b>	<b>308</b>	<b>1,126</b>	
<b><u>NLAG SCHEMES</u></b>					
High cost drugs	466	232	2	-	●
Advice & guidance	629	90	(90)	(329)	●
Day Case to outpatient procedure	350	50	(7)	-	●
RightCare - Gastro	456	150	(150)	(30)	●
<b>Total NLAG schemes</b>	<b>1,901</b>	<b>522</b>	<b>(245)</b>	<b>(359)</b>	
Unidentified	767	50	(50)	(767)	●
<b>Total Health Schemes</b>	<b>6,194</b>	<b>1,467</b>	<b>13</b>	<b>-</b>	
<b>ADULT SOCIAL CARE</b>					
	<b>Original Plan £ '000s</b>	<b>YTD Budget £ '000s</b>	<b>YTD Variance £ '000s</b>	<b>FOT Variance* £000's</b>	<b>RAG rating**</b>
Negotiate via the Union Arrangements the NHS Contribution to Adult Social Care Services	1,000	-	-	-	●
Use of earmarked reserves	500	-	-	-	●
Collaborative working within the ICP	200	98	-	-	●
Reduction of high cost residential care placements	100	5	-	-	●
<b>Total ASC Schemes</b>	<b>1,800</b>	<b>103</b>	<b>-</b>	<b>-</b>	
<b>Total FY1920 QIPP Schemes</b>	<b>7,994</b>	<b>1,570</b>	<b>13</b>	<b>-</b>	

All QIPP savings are included within the 2019/20 Operational budgets

\* RAG rating - current risk assessment re delivery of savings