













Report to: NEL CCG Partnership Board
Date of Meeting: 12th July 2018
Subject: NEL CCG Finance Report
Presented by: Laura Whitton

STATUS OF THE REPORT:

- For Information
 For Discussion
 For Approval / Ratification

PURPOSE OF REPORT:	To provide an update on the financial position as at May 2018, 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 May 2018 - 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.				
Sub Committee Process and Assurance:	A more detailed version of this report was taken to and discussed at the Delivery Assurance Committee on the 27th June 2018.				
Implications:					
Risk Assurance Framework Implications:	The risk associated with the deliverability of the North Lincolnshire & Goole FT QIPP schemes is included on the CCGs risk register				
Legal Implications:	None				
Equality Impact Assessment implications:	None				
Finance Implications:	Key Performance Indicators (18/19)	Classification	Table	Year to Date	Outturn
	NHS Operating Position (Plan = breakeven)	Operational	1		
	Adult Social Care (ASC) Partnership Agreement (Plan = breakeven)	Operational			
	NHSE Mandated Surplus (Reported surplus = £8.147m surplus)	Statutory	1		
	Capital resource use does not exceed the amount specified in Directions	Statutory	-		
	Manage cash within 1.25% of monthly drawdown (or <£250k, whichever is the greater)	Operational	-		
BPPC – number/value paid within 30 days	Operational	3			

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 (£8,147k), 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 ;

- **Budget movements;** Following approval of the 2018/19 budgets by the Board in March 2018, an exercise was conducted to ensure all budgets reflect the latest agreed contract values. The overall net impact of the budget movements to the CCG planned breakeven position was nil. The key budget movements are detailed in Table 1 .
- **North Lincolnshire & Goole FT;** The budget of £99.4m reflects the CCGs view of what the final contract value will be, this value is £4.4m lower than the interim position agreed with the Trust at the end of April. It should be noted that in previous years there have been a number of separate contracts with the Trust, however it has been agreed that for simplicity/ease of monitoring these would all be rolled into one contract for 2018/19. Contract negotiations continue with the Trust to finalise the Contract Value for the year, with a view to reaching final agreement by the end of quarter 1. The level of financial risk associated with this has been assessed as being £2m and the CCG has been developing / finalising plans, such as additional QIPP savings schemes to mitigate the impact of this risk should it materialise.
- **Adult Social Care;** The forecast outturn assumes drawdown of £980k non recurrent funding from reserves held at the Council, which is in line with planning assumptions. At this early stage within the year no significant areas of concern have been identified.
- **Reserves;** The Planned investments figure of £4m, includes;
 - i) £2m Risk Reserve to mitigate against the assessed level of risk on the North Lincolnshire & Goole FT Contract.
 - ii) £0.5m ring fenced funding to support the roll out the integrated urgent care programme which needs to be in place in time for winter.
 - iii) The remaining £1.5m covers a number of smaller investments, e.g. market rent pressures for Primary Care premises, Cardiology pilot, reserves for known allocation reductions due to be enacted in year
- **Allocations;** In April 2018 the CCG was notified of an additional In-Year allocation of £159k in total. This allocation is ring-fenced for the following services due to be delivered in 2018/19. These funds are fully committed. ;
 - i) £78k - Paramedic Allocation
 - ii) £78k - Health & Social Care Network (NHS Digital) Programme & Running costs
 - iii) £3k - Market Rent running costs
- **QIPP**

Health; The CCG has a QIPP savings target of £5.620m, which is £1m higher than the amount identified in the budgets signed off by the Board in March. As reported at the last meeting, this increase has been necessary in order to mitigate the risk associated with finalisation of the NLAG contract. Schemes have been identified for 100% of the target.

Given the importance of delivery against the required savings target in 2018/19 to enable the CCG to achieve its planned break even position, the QIPP governance arrangements have been strengthened to ensure that (a) risks to delivery are escalated in a timely manner, so allowing mitigating actions to be put in place, and (b) streamlined reporting i.e. one set of reporting, minimise duplication & support consistency in understanding.

Deliverability of the QIPP schemes linked to the contract with North Lincolnshire & Goole FT remains a risk. Weekly meetings are taking place with the Trust and progress is being made with regard to agreeing plans to operationalise the changes. The schemes fall into 2 main categories : (1) pricing / transactional changes; (2) transformational change e.g. pathway re-design.

Adult Social Care; The CCG is on track to achieve the planned target with any shortfall in achievement of savings against budget currently being offset by reduction in permanent residential care placements.

Risks & Mitigations; The CCG has identified a potential in year risk value of a total £5.3m (detailed below)

Risk Area

£'m

	<p>North Lincolnshire & Goole FT contract settlement risk 2.0</p> <p>Activity levels higher than planned, across Acute contracts, continuing healthcare, prescribing and Adult Social Care 2.0</p> <p>Agenda for change pay award - Risk that no central funding is made available for Social Enterprises & also that any funding awarded will not cover the full cost of the pay award 0.7</p> <p>Saving plans do not achieve as planned 0.4</p> <p>The MH Learning Disability Transforming care programme will not have a net nil cost impact 0.2</p> <p>Total 5.3</p> <p>The CCG has access to £4.6m contingency funding / earmarked reserves to mitigate against the risks, should they materialise.</p> <p>Discussions are ongoing with NHS England with regards to funding of the Agenda for Change pay settlement for Social Enterprises. In the event that funding from NHS England is not confirmed, then the CCG would look to put further mitigations in place such as slip planned investments and or initiate further savings</p> <ul style="list-style-type: none"> - Better Payment Practice; As at May 2018, the overall performance continues to be well over the 95% target for both the value & quantity of invoices paid within 30 days, and is expected to achieve this target by the end of the financial year - Cash: As at May 2018 the CCG had withdrawn 17% of its allocation, which is 0.6% (£73k) more than its planned allocation.
Quality Implications:	None to date
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 <i>Sustainable Services - To support the achievement of a sustainable care system</i>
	2 <i>Empowering People - Not Applicable</i>
	3 <i>Supporting Communities - Not Applicable</i>
	4 <i>Delivering a fit for purpose organisation - Not Applicable</i>
NHS Constitution:	<p>Does the report and its recommendations comply with the requirements of the NHS constitution? Yes, in particular:-</p> <ul style="list-style-type: none"> - 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	None
Appendices / attachments	Tables 1 - 4

	ANNUAL BUDGET		YTD Variance £'000	FOT Variance £'000	Budget Movement £'000
	@ Mar 18 £'000	@ May 18 £'000			
Primary Care					
LES	3,038	3,062	(8)	-	24
Primary care IT	661	661	1	-	-
Primary care	626	626	(26)	-	-
Primary care (Delegated Budgets)	27,603	27,603	-	-	-
Prescribing	28,323	27,719	-	-	(604)
Secondary Care					
North Lincolnshire & Goole FT	97,400	99,400	-	-	2,000
Hull & East Yorkshire Hospitals	7,925	8,053	-	-	128
Leeds Teaching Hospitals	426	426	14	-	-
Sheffield Teaching Hospitals FT	1,050	1,050	(8)	-	-
Sheffield Children's Hospitals FT	441	441	8	-	-
United Lincolnshire	404	404	(11)	-	-
East Midlands Ambulance Service	5,666	6,016	(11)	-	350
Spire Healthcare	301	301	20	-	-
Virgin Care - Dermatology	1,600	1,000	33	-	(600)
Service Improvement plans	610	610	2	-	-
Continuing Healthcare	9,059	9,059	(31)	-	-
Navigo*	25,201	25,486	-	-	285
Care Plus*	19,265	19,201	-	-	(64)
Focus*	4,821	4,766	-	-	(55)
St Hughes	6,991	6,708	(7)	-	(283)
Core Care	1,978	1,978	(10)	-	-
Yarborough & Cleve	1,283	1,283	(1)	-	-
Children's Trust	3,398	3,384	(1)	-	(14)
Other - Acute	2,931	1,771	(28)	-	(1,160)
Other - Non Acute	2,033	1,916	(6)	-	(117)
Other - mental health	1,612	1,612	4	-	-
NCA	1,800	1,728	(2)	-	(72)
Patient Transport	1,907	1,907	13	-	-
Adult Social Care	31,979	31,987	-	-	8
CCG Running Costs	5,047	5,070	(35)	-	23
Reserves					
Planned Investments	3,761	4,052	-	-	291
Earmarked Reserves					
- Contingency	1,149	1,169	-	-	20
- Continuing Healthcare	250	250	-	-	-
- Activity	500	500	-	-	-
- Prescribing	250	250	-	-	-
TOTAL PLANNED EXPENDITURE	301,288	301,447	(90)	-	159
CURRENT YEAR RESOURCE LIMIT					
HEALTH - PROGRAMME ALLOCATION	229,988	230,124	-	-	136
HEALTH - ADMIN ALLOCATION	3,594	3,617	-	-	23
HEALTH - DELEGATED PRIMARY CARE ALLOCATION	27,603	27,603	-	-	-
PARTNERSHIP AGREEMENT - NELC	40,103	40,103	-	-	-
TOTAL RESOURCES AVAILABLE	301,288	301,447	-	-	159
IN-YEAR OPERATING SURPLUS	(0)	-	(90)	-	0
MEMO NOTE:-					
Cumulative Prior Years Surplus B/Fwd		8,147	-	-	
In Year Operating Position (Planned Breakeven)		-	(90)	-	
NHSE Mandated Surplus (plan= £8.147m Surplus)		8,147	-	-	

* Health & Adult Social Care

	Current Schemes £000's	YTD Variance* £000's	FOT Variance* £000's	RAG rating**	
HEALTH					
Prescribing	1,150	(35)	-		
Baseline budget review (completed as part of budget setting)	150	150	-		
Community Pharmacy / Dietetic Support	250	(42)	-		
High Cost Drugs	100	-	-		
Northern Lincolnshire & Goole NHS Trust					Note 1
- Outpatient 1st Follow Up	1,401	-	(176)		
- Non Elective Demand Management	817	(136)	-		
- Daycase to Outpatient	1,255	33	-		
- Pathology	204	29	176		
- Rightcare	293	(49)	-		
	<u>5,620</u>	<u>(50)</u>	<u>-</u>		
SCHEMES TO BE IDENTIFIED	-	-	-		
TOTAL QIPP GROSS SAVINGS REQUIREMENT	<u>5,620</u>	<u>(50)</u>	<u>-</u>		

Note 1: Deliverability of the NLAG QIPP schemes remain a risk. Weekly meetings are taking place with the Trust to finalise plans to deliver these schemes.

ADULT SOCIAL CARE ***

SAVINGS - ALREADY FACTORED INTO BUDGETS / CONTRACTS

Managing Demand	1,000	0	0	
Market Reshaping	475	(37)	0	
Raising Income	125	0	0	
Working smarter	92	(6)	0	
TOTAL	<u>1,692</u>	<u>(43)</u>	<u>0</u>	

Note :-

* variance - (under-achievement) / over-achievement

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

*** shortfall in achievement of savings against budget currently being offset by reduction in permanent residential care placements.

BETTER PAYMENT PRACTICE - May 2018

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

Measure of Compliance	Total Invoices Paid	Percentage within target	
		Number	£000s
SBS	2,132	99.1%	99.7%
NELC Shared Service	4,651	94.9%	96.2%
Total	6,783	96.2%	99.3%

CUMULATIVE CASH VARIANCE TO PLAN - MAY 2018

TABLE 4

