

**Agenda Item 11**

Report to: Governing Body

Date of Meeting: 12 September 2019

Subject: Finance Report

Presented by: Laura Whitton, Chief Finance Officer

**STATUS OF THE REPORT**

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 as at July 2019 and the financial risks that need to be managed in the remainder of the year. |
| **Recommendations:** | To note the:* The financial position as at July 2019, including the QIPP position
* 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 the financial position was taken to and discussed at the Delivery Assurance Committee on the 4th September 2019.  |
| ***Implications:*** |  |
| **Risk Assurance Framework Implications:** | 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 |
| **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:** | As at month 4 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). The table below shows the CCGs performance against each of its key indicators.

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| **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 StandardBPPC – 95% number/value paid within 30 days | StatutoryOperational | -2 | GreenGreen |   |

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) agreed contract values (ii) allocations notified to the CCG (iii) transfers to reflect agreed QIPP schemes e.g. Primary care efficiencies(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 :** * **Hull University Teaching Hospital;** In month 3 there was a significant overtrade in non-elective activity within the following specialities; neurosurgery, vascular, urology & clinical haematology.
* **St Hugh's;** Activity has continued to be considerably higher than planned leading to a significant over trade year to date. This is primarily due to the transfer of long wait patients from NLAG. We are expecting to see further activity overtrades but not at the high levels seen at the start of the year.
* **New Medica - Ophthalmology;** The activity overtrade in the first few months of the year was due to a backlog of cataracts as a result of premises issues in quarter four of 18/19. In month 3 we have seen an increase in complex procedures. It is expected that activity will fall back to normal levels going forward, but it is being closely monitored and regular meetings have been set up with the provider.
* **Other Non Acute;** Recharge for occupancy by providers at the Cromwell Road Premises has now started, this income was not built into the budget but forms part of the CCGs Primary Care Premises QIPP plans.
* **Other Mental Health;** From June an additional individual is now funded from the older peoples mental health budget resulting in an increase in forecast costs of £185k. This has been offset year to date by reduced activity within mental health S117.
* **Continuing Healthcare;** Activity levels have continued to fall lower than plan. This trend has continued from the end of last year and relates mainly to those over 65 with a Physical Disability.
* **Running Costs;** As part of our planning and preparation to achieve the required 20% running cost savings next year. It has been agreed that where a post has been vacant for over 12 months that it is removed from the establishment.
* **Adult Social Care;** There is no significant overall variance in activity from planned activity, however variances within care at home services and long term care are evident.
* **Allocations;** The key allocation movements the CCG has received in-year are noted below. This allocation is ring-fenced for the following services due to be delivered in 2019/20. These funds are fully committed.

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|  | **£’m** | **Per Table 1** |
| ETTF Revenue | 0.434 | Primary care |
| Excess Treatment Costs | (0.010) | Reserves |
| DWP Employment Advisors in IAPT | 0.092 | Navigo |
| Improving Access Allocations 19/20 from National Programme | 1.057 | Primary care |
|  | 1.573 |  |

* **Risks & mitigations:**

The CCG has a number of significant risks that need to be managed in the remainder of the year, the key ones being:-

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| (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 & non-elective activity)
* Adult Social Care; £1m savings via the Union arrangements
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The CCGs total risk at month 4 is £4.71m (£3.71m Health & Adult Social Care £1.0m). The CCG has the following mitigations in place:-* £3.29m of contingency funding / earmarked reserves
* £0.71m of non-recurrent measures

If all the risks were to materialise then the CCG would have to look to further actions such as additional QIPP schemes.Further detail of the risks & mitigations can be found in table 3* **Northern Lincolnshire System**
* Financial Position: As part of the Northern Lincolnshire system working a monthly finance report is produced, this includes the system finance position, individual QIPP schemes as well as the system QIPP position with RAG ratings. As at month 4 the year to date system position is £0.1m behind plan (at month 3 - £0.2m ahead of plan). System forecast outturn at month 4 is to achieve control total (at month 3 - achieve control total).
* As part of securing a £10m increase in the aggregate system control total the system signed up to reduce total spend in 2019/20 by £2 million. The actions agreed were:-
1. Pressure damage training and targeted approach in care homes - £1m (net of investment)
2. Further and faster approach to delivering savings in medicines management through the APC - £0.5m (net of investment)
3. Further and faster approach to reducing the cost of high cost pass through drugs - £0.5m (net of investment)

£0.5m QIPP risk has been built into the risk figure above in relation to delivery of the planned cost reductions linked to the Northern Lincolnshire system schemes.* **QIPP**; Whilst savings achieved year to date are £88k behind plan (Health £88k (100%) & 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. The CCG no longer has any unidentified QIPP but this still shows as part of the original plan.

The RAG rating for the schemes is based on the following: Red - Scheme off track /detailed action points and milestones still being worked onAmber - Scheme action points/milestones met but savings not being fully achievedGreen - Scheme expected to fully deliver savingsThe QIPP schemes currently RAG rated as red are:**Demand Management (via the Alliance/PCN’s):** This scheme was planned to make savings both within Northern Lincolnshire and Goole FT (NLAG) via non elective demand management and Primary Care Prescribing. The CCG is organising training sessions with PCNs to share the benchmarking data so PCNs can review and identify opportunities. We are also working with NECs (North East Commissioning Support) to look at data where NLAG initiate dispensing to identify further potential savings across the system.**Northern Lincolnshire and Goole NHS Foundation Trust schemes:** Rightcare - Gastro is currently underachieving despite the implementation of agreed pathways. We are currently working with them to understand the reason for this. * **Better Payment Practice;** As at July 2019, the CCG continue to meet the 95% target for the value of invoices paid within the 30 days (or by due date). However, the target is not being met for the number of invoices paid, which is specifically due to invoices paid by Focus on the CCG's behalf, via the NELC shared service. Staffing issues have now been resolved and we expect to see an improvement in the figures reported at the next DAC meeting. The CCG have also performed some data validation checks and are currently awaiting responses.
* **Cash:** As at July 2019 the CCG had drawn down 33.6% of its annual cash allocation, compared to 33.3% (one third) of months completed in year.
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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** |  |