

Oxfordshire Clinical Commissioning Group Board Meeting

Date of Meeting: 27 July 2017	Paper No: 17/48
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Title of Paper: Finance Report - Month 03 (June) 2017-18

Paper is for: (please delete tick as appropriate)	Discussion	<input checked="" type="checkbox"/>	Decision	<input type="checkbox"/>	Information	<input checked="" type="checkbox"/>
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<p>Purpose and Executive Summary:</p> <p>This report sets out:</p> <ul style="list-style-type: none"> the financial performance of the CCG to 30 June 2017 the risks identified to the financial objectives and the current mitigations <p>The full finance report has been taken to Finance Committee (25th July) where detailed scrutiny has been undertaken. The paper aims to give an overview of the financial position as at Month 3.</p>
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<p>Financial Implications of Paper:</p> <p>There are no direct financial implications as a result of this paper.</p>

<p>Action Required:</p> <p>The Board is asked to review the information provided in this report, together with assurance from the Finance Committee. The Board is asked to consider whether sufficient assurance exists that the CCG is managing its financial performance and risks effectively, that it can mitigate any risks identified and is on track to deliver its financial objectives.</p>

OCCG Priorities Supported (please delete tick as appropriate)	
<input checked="" type="checkbox"/>	Operational Delivery
<input checked="" type="checkbox"/>	Transforming Health and Care
<input checked="" type="checkbox"/>	Devolution and Integration
<input checked="" type="checkbox"/>	Empowering Patients
<input checked="" type="checkbox"/>	Engaging Communities
<input checked="" type="checkbox"/>	System Leadership

<p>Equality Analysis Outcome:</p> <p>There are no direct Equality issues arising from this paper.</p>
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Link to Risk:

AF25 Achievement of statutory financial duties

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Date of Paper: 17 July 2017

Finance Report for Oxfordshire CCG Board at 30th June 2017

Section 1: Executive Summary and Dashboard

Table 1a: In Year key financials

IN YEAR POSITION	Month 3 £'000	RAG rating	Month 2 £'000	Movement £'000
Plan ytd	0	BREAKEVEN	0	0
Actual ytd	0	BREAKEVEN	0	0
Variance	0	AS PLANNED	0	0
Plan Outturn	0	BREAKEVEN	0	0
Forecast Outturn	0	BREAKEVEN	0	0
Variance	0	AS PLANNED	0	0

- NHS E have amended the reporting requirements this year so that the historic surplus is separately reported from the in-year position. At 30th June NHS Oxfordshire Clinical Commissioning Group (OCCG) reported year to date and forecast outturn on plan ie a forecast in year breakeven position.
- The CCG brought forward a historic surplus of £21.129m from 2016-17. A drawdown of £1.142m was agreed with NHS E leaving a cumulative surplus of £19.987m as the planned carry forward into 2018-19 as per Table 1b below.

Table 1b: In Year and Historic surplus

	Annual Budget £'000	Budget year to date Month 3 £'000	Actual year to date Month 3 £'000	Variance year to date Month 3 £'000	Most Likely Forecast Outturn @Month 3 £'000	Most Likely Forecast Variance @Month 3 £'000
Total CCG after contributions to/from reserves	863,909	212,066	212,066	0	863,909	(0)
Historic surplus 1% b fwd	21,129					
Drawdown in 2017-18	(1,142)					
Planned surplus c fwd	19,987	4,997	0	(4,997)	0	(19,987)
Total in year and historic	883,896	217,063	212,066	(4,997)	863,909	(19,987)

- The allocation for the CCG for 2017/18 is now £863.9m (£883.9m including the historic surplus). Sixteen funding allocations totalling £3.3m were received in Month 3.
- The mitigated risks total £12.1m (£12.6m at Month 2) and are only partly offset by contingencies held of £7.2m (£6.7m at Month 2) leaving a net risk of £4.9m. The largest risks relate to the System risk agreement and the RTT backlog at the OUH. The best case forecast outturn is £1.2m surplus (£0.4m at Month 2) and the worst case is £15.9m deficit (£16.4m at Month 2).

The underlying plan activity (*before adjustment for marginal rate, re-admissions credit and penalties and CQUIN*) for the Oxford University Hospitals Foundation Trust is £552k above plan at Month 2.

A risk share is applied to this activity under the system risk agreement (as well as the usual financial adjustments for MRET, penalties and CQUIN), the precise methodology for calculating this is still under discussion and the impact is not yet reflected in the forecast outturn position. RTT work planned for Quarter 2, at an estimated cost of £0.7m to the CCG, has been included within the forecast and has been offset by release of contingency.

- Overspends have been reported for Ramsey and Buckinghamshire Hospitals, for SCAS Emergency services and AQP Podiatry. These are offset by forecast underspends for Prescribing and Primary Care Investment.

Section 2: Overview

Table 2a: Summary Table

	Annual Budget £'000	Budget Month 3 £'000	Actual Month 3 £'000	Variance Month 3 £'000	Forecast Outturn £'000	Forecast Outturn Variance £'000
Acute	416,339	104,085	104,555	470	417,605	1,267
Community Health	71,678	17,652	17,717	65	71,936	258
Continuing Care	65,623	16,406	16,406	(0)	65,623	0
Mental Health and Learning Disability	71,206	17,592	17,593	1	71,206	0
Delegated Co-Commissioning	92,368	22,140	22,123	(17)	92,368	0
Primary care	104,158	26,045	25,837	(209)	103,306	(852)
Other Programme	16,921	4,337	4,230	(108)	16,921	0
Sub Total Programme costs	838,292	208,256	208,460	204	838,965	673
Running costs	14,627	3,661	3,606	(55)	14,609	(18)
Sub Total CCG	852,919	211,917	212,066	149	853,574	655
Risk Reserve	3,429	0	0	0	3,429	0
1% Non recurrent reserve (50% required)	3,717	0	0	0	3,717	0
0.5% Contingency reserve	3,844	149	0	(149)	3,189	(655)
Total CCG after contributions to/from reserves	863,909	212,066	212,066	0	863,909	(0)
Planned Surplus c fwd	19,987	4,997	0	(4,997)	0	(19,987)
Total	883,896	217,063	212,066	(4,997)	863,909	(19,987)

- The most significant areas of over-performance to date are Ramsey, Oxford University and Buckinghamshire Hospitals, SCAS and AQP podiatry (Oxford Health).
- The Pooled Budgets are undergoing significant review and the services included in the two proposed pools, as well as the risk shares, have not been agreed between the CCG and the County Council.
- The forecast outturn for the prescribing budget is currently an underspend but only one month of data is available and the Business Services Authority (BSA) profile has not yet been updated.
- £0.7m of the contingency has been released into the forecast outturn position to cover the Quarter 2 RTT activity at the OUH. The remainder of the contingency (7.2m) is available to mitigate risks in the rest of the year.
- It is expected that the 0.5% NR contingency held by the CCG (£3.7m) will be subject to the same NHS E requirements as last year and will therefore be released to the bottom line later in the year. This is part of NHS E national risk management for 2017-18.
- The reported surplus will therefore expect to increase by £3.7m from £19.8m to £23.5m in Month 12.

Risks and Mitigations

Table 2b sets out the key risks identified that are not reflected in the most likely forecast outturn above. The residual risk is £12.1m (£12.6m at Month 2) and is offset by contingencies held of £7.2m (£6.7m at Month 2).

The largest risk is the System risk share agreement including the RTT backlog at the OUH. The current position for the risk share is shown below but excludes Quarter 3 and 4 RTT activity which has not yet been agreed. The risk will be shared by the parties to the agreement.

2017-18 Risk Share Agreement							
	Risk Share Agreement £m	Month 3 YTD based on Agreement £m	Month 3 Actual YTD * £m	Year end Forecast** £m			
Oxford University Hospitals FT	16.00	4.00	1.49	7.57			
Oxford Health FT	2.00	0.50	0.00	0.50			
	18.00	4.50	1.49	8.07			
* Overperformance calculation for Month 2/3 is still subject to final agreement of methodology							
** Includes RTT activity for Quarter 2 estimated at £1.632m BUT excludes RTT activity for Quarters 3 and 4 which have not yet been agreed							

The £7.2m contingency is made up of:

- 0.5% CCG contingency of £3.7m less £0.7m released to offset the CCG element of the planned Quarter 2 RTT activity at the OUH
- 0.5% contingency in the Delegated Co-commissioning budget £0.5m,
- The risk reserve created from contract savings relative to the plan in Month 2 has increased from £0.8m to £3.4m due to return of the funds lodged with NHS E in 2016-17 and £1m moved from the Prescribing budget in Month 3.
- There is also a small contingency in running costs of £0.2m.

The best case forecast outturn is £1.2m surplus (£0.4m at Month 2) and the worst case is £15.9m deficit (£16.4m at Month 2).

Table 2b:

Risks	Risk value £m	Probability of risk being realised %	Potential risk £m	Description/Mitigation	Reduced risk due to mitigating actions %	Residual Risk after expected mitigation £m	Call on Contingency Reserve? Y/N?
Acute	-40.4	73%	-29.3	Risk share with OUH/ RTT risk. A&E streaming impact not yet quantified.	42%	-12.3	
Savings Plan	-4.0	50%	-2.0	Most risk re savings plan non-delivery has been mitigated by contract agreement and budget reduction. Risk is then about whether savings initiatives can prevent activity increasing above planned levels and is closely linked to Risk share reflected above.	20%	-0.4	
Continuing Care	-1.0	80%	-0.8		90%	-0.7	
Learning Disability	-0.1	50%	-0.1	LD Big plan and implementation - risk re Stepdown service	75%	-0.0	
Sub-total	-45.5		-32.2			-13.5	
Mitigations	1.4	100%	1.4	CEOV and Quality Premium	100%	1.4	
Total	-44.1		-30.8			-12.1	
CCG Contingency Reserves							
	Programme contingency (0.5% = £4.3m) less £0.6m released at Month 3					3.6	
	Risk management reserve					3.4	
	Running cost contingency					0.2	
	Total					7.2	
	Headroom /(Net risk)					-4.9	
	Worst case			Assumes 75% of potential risks materialise and are unmitigated except for reserves - £15.9m worse than planned forecast outturn of breakeven		-15.9	
	Best case			Assumes 50% of mitigated risks materialise and are met by reserves -£1.2m better than planned outturn of breakeven		1.2	
					Range	17.0	1.93%
NB. The detailed risks have been considered at Finance Committee along with the management actions and mitigations							

Section 3: Savings Programme

A summary of the 2017-18 savings programme and achievement year to date is shown below.

Table 3a

		Initial value of opportunity £'000	Targetted savings value £'000	YTD Actual Savings £'000	Forecast outturn	Project RAG
System Contract Risk Mitigations						
Planned Care	Primary Care Referral Demand	5,991	2,996	0	899	Amber
	Internal Demand	7,081	3,541	250	1,062	Amber
	RightCare	5,262	1,583	0	849	Amber
	Service/Pathway Redesign	3,918	1,959	0	612	Amber
	Other	1,378	345	0	103	Amber
	Decomissioning	0	0	0	0	Red
Urgent Care	Long Term Conditions	5,549	2,775	0	832	Red
	Urgent care	1,996	998	0	299	Red
Joint Commissioning	Joint Commissioning	0	0	0	0	Amber
Gainshare	Gainshare	0	0	0	0	Amber
Subtotal		31,175	14,195	250	4,657	
CCG Savings Initiatives						
Medicines Optimisation	Prescribing	2,213	643	443	900	Green
Other	Commissioning Statements	400	200	0	200	Green
	Other	TBC	TBC	TBC	TBC	Amber
Primary Care Capacity	Primary Care Capacity	N/A	N/A	N/A	N/A	Green
Subtotal		2,613	843	443	1,100	
TOTAL:		33,788	15,038	693	5,757	
Note: it has been assumed that risk mitigations will deliver planned impact from Quarter 2 onwards.						

Section 4: Provider Performance

- The Oxford University Hospital Trust shows unadjusted over performance of £0.552m above activity plan at Month 2, 1.0% above planned cost (£0.384m under plan at Month 2). The impact of the risk share arrangement on this additional activity remains under discussion, and no variance has been reflected in the OUH forecast for this at this stage. RTT work planned for Quarter 2, at an estimated cost of £0.653m to the CCG has been included within the forecast.
- The most significant areas of over-performance to date are Ramsey, OUH and Buckinghamshire Hospitals, SCAS Emergency services and AQP Podiatry.

Table 4: Acute Commissioning Breakdown

	Annual Budget £'000	Budget Month 3 £'000	Actual Month 3 £'000	Variance Month 3 £'000	Forecast Outturn £'000	Forecast Outturn Variance £'000
Oxford University Hospitals NHS FT	331,000	82,750	82,750	(0)	331,653	653
Royal Berkshire FT	20,097	5,024	5,189	165	20,097	0
Buckinghamshire Hospitals NHS Trust	2,640	660	833	173	2,986	346
Frimley Health NHS Foundation Trust (HWP)	417	104	90	(14)	362	(56)
South Warwickshire FT	1,083	271	261	(10)	1,084	1
Gloucester Hospitals NHS Trust	440	110	72	(38)	286	(153)
Great Western NHS Foundation Trust	3,478	870	841	(28)	3,365	(113)
Ramsay Health care	7,637	1,909	2,148	238	8,590	953
Nuffield Health	1,544	386	425	39	1,700	156
Foscote	903	226	225	(1)	900	(3)
Spire Healthcare	496	124	187	63	748	251
Berkshire Independent	576	144	101	(43)	405	(170)
BMI Ridgeway	313	78	74	(4)	296	(16)
Circle	1,561	390	415	25	1,660	98
London Providers	3,949	987	960	(27)	3,949	0
Other Acute	10,055	2,514	2,415	(99)	9,117	(938)
Non Contract Activity	7,840	1,960	1,960	0	7,740	(100)
SCAS Emergency Patient Transport	22,309	5,577	5,608	30	22,668	359
Total	416,339	104,085	104,555	470	417,605	1,267

Section 5: Conclusion

- The most likely forecast outturn reported at Month 3 is for the CCG to achieve its financial plan of in year breakeven. Risks identified at Month 3 exceed contingencies held by £4.9m.
- The Month 3 reported position and the identified risks and mitigations were reviewed by Finance Committee at the meeting on 25 July 2017.