

Oxfordshire Clinical Commissioning Group Board Meeting

Date of Meeting: 25 January 2018	Paper No: 18/07
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Title of Paper: Finance Report - Month 09 (December) 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 31st December 2017 the risks identified to the financial objectives and the current mitigations <p>The full finance report has been taken to Finance Committee (23rd January) where detailed scrutiny has been undertaken. The paper aims to give an overview of the financial position as at Month 9.</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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Finance Report for Oxfordshire CCG Board at 31 December 2017

Section 1: Executive Summary and Dashboard

Table 1a: In Year key financial targets

	Month 9 £'000	RAG rating	Month 8 £'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
Actual Outturn	0	BREAKEVEN	0	0
Variance	0	AS PLANNED	0	0

- At 31 December NHS Oxfordshire Clinical Commissioning Group (OCCG) reported year to date and forecast outturn on plan i.e. a forecast in year breakeven position.
- The CCG brought forward a historic surplus of £21.129m from 2016-17. A drawdown of £1.140m was agreed with NHS E leaving a cumulative surplus of £19.989m 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 9 £'000	Actual year to date Month 9 £'000	Variance year to date Month 9 £'000	Most Likely Forecast Outturn @Month 9 £'000	Most Likely Forecast Variance @Month 9 £'000
Total CCG after contributions to/from reserves	871,207	643,897	643,897	(0)	871,207	(0)
Historic surplus 1% b fwd Drawdown in 2017-18	21,129 (1,140)					
Planned surplus c fwd	19,989	14,992	0	(14,992)	0	(19,989)
Total in year and historic	891,196	658,890	643,897	(14,992)	871,207	(19,989)

- Six funding allocations totalling £1.2m were received in Month 9; the largest of these were £0.6m for minor improvement grants for Primary care and £0.5m for winter pressures earmarked for various organisations.
- The mitigated risks total £5.1m (£5.1m at Month 8) and are offset by contingencies held i.e. no net risk. The largest risk remains as the System Risk Agreement. The best case forecast outturn is breakeven and the worst case is £3.6m deficit (£5.9m at Month 8).
- The underlying activity (before adjustment for marginal rate, re-admissions credit and penalties and CQUIN) for the Oxford University Hospitals Foundation Trust is £2.5m above plan at Month 8 (£0.85m at Month 7). After applying the usual financial adjustments for MRET, penalties and CQUIN), the Trust shows a pre-risk share over performance of £5.0m. After adjusting for the OUH element of the risk share, the over performance impact reduces to £2.0m year to date.

- The CCG is in discussion with OUH and Oxford Health in relation to the in year risk share as well as risk sharing arrangements for 2018-19.
- Material overspends continue to be reported for Royal Berkshire FT, Buckinghamshire and Ramsey Hospitals and for SCAS Emergency services.
- The forecast for the BCF pool has deteriorated in the last two months. Work is ongoing to understand this increase and a detailed paper has been presented to Finance Committee.
- These overspends are offset by release of the contingency and by forecast underspends for Prescribing, Primary Care Investment, Other acute and NHS property recharges. All of the 0.5% contingency funding has been released into the forecast (excluding the delegated primary care contingency).
- The most likely forecast is breakeven and the worst case is £3.6m deficit.

Section 2: Overview

Table 2a: Summary Table

	Annual Budget £'000	Budget Month 9 £'000	Actual Month 9 £'000	Variance Month 9 £'000	Forecast Outturn £'000	Forecast Outturn Variance £'000
Acute	415,860	311,892	316,807	4,915	422,603	6,743
Community Health	71,804	54,193	54,205	13	71,798	(6)
Continuing Care	64,203	48,122	48,122	(0)	64,203	(0)
Mental Health and Learning Disability	73,508	55,224	55,225	0	73,509	0
Delegated Co-Commissioning	92,368	67,402	67,402	0	92,368	(0)
Primary care	108,420	81,503	79,281	(2,222)	107,348	(1,072)
Other Programme	17,508	13,169	12,641	(528)	17,022	(486)
Sub Total Programme costs	843,670	631,505	633,683	2,177	848,849	5,180
Running costs	14,627	10,971	10,215	(756)	14,627	0
Sub Total CCG	858,297	642,476	643,897	1,421	863,476	5,180
Risk Reserve	5,352	0	0	0	4,014	(1,338)
1% Non recurrent reserve (50% require	3,717	0	0	0	3,717	0
0.5% Contingency reserve	3,842	1,421	0	(1,421)	0	(3,842)
Total CCG after contributions to/from r	871,207	643,897	643,897	(0)	871,207	(0)
Planned Surplus c fwd	19,989	14,992	0	(14,992)	0	(19,989)
Total	891,196	658,890	643,897	(14,992)	871,207	(19,989)

- The risk shares and contributions to the two new pooled budgets (i.e. the Better Care Fund Pool and the Adults with Care and Support Needs Pool) were agreed in Month 6 and are reflected in the current reporting. CHC Care Home expenditure has increased significantly in the last two months and is forecast to overspend by £4.0m (£2.7m at Month 7, £0.9m at Month 6). After risk sharing the impact on the CCG is £1.1m.
- The forecast outturn for the prescribing budget assumes the “No Cheaper Stock Obtainable” pressure continues at the current level for the remainder of the year.
- All of the 0.5% contingency has been released into the forecast outturn position to cover performance pressures at Month 9. £1.3m of the CCG risk reserve has been released in to the forecast outturn leaving £4.0m remaining and available to mitigate risks arising in the rest of the year.

Risks and Mitigations

Table 2c sets out the key risks identified that are not reflected in the most likely forecast outturn above. The residual risk is £5.1m (£5.1m at Month 8) and is offset by contingencies held of £5.1m (£5.1m at Month 8) i.e. a balanced net risk position.

The largest risk is the System risk share agreement including the RTT backlog at the OUH.

The £5.1m contingency is made up of:

- 0.5% contingency in Delegated Co-commissioning budget £0.5m.
- The CCG risk reserve - £4.0m remaining to offset risks.
- A small contingency in running costs of £0.6m.

The best case forecast outturn is breakeven (breakeven at Month 6) and the worst case is £3.6m deficit (£5.9m at Month 8).

Table 2c:

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	-19.0		98%	-18.7		Risk share with OUH and OH	20%		-3.8	
Continuing Care	-3.0		80%	-2.4		Pooled budget joint management arrangements - significant pressure in CHC Care Homes budget	45%		-1.1	
Primary care	-1.0		75%	-0.8		Prescribing risk re "No cheaper stock obtainable"	30%		-0.2	
Sub-total	-23.0			-21.9					-5.1	
Mitigations	1.4		0%	0.0		Charge Exempt Overseas Visitors allocation and Quality Premium achievement less than expected.			0.0	
Total	-21.6			-21.9					-5.1	
CCG Contingency/Reserves										
	Programme contingency - £0.462m remaining in Delegated Co-commissioning budget								0.5	
	Risk management reserve								4.0	
	Running cost contingency								0.6	
									5.1	
	Headroom /(Net risk)								0.0	
	Worst case			Assumes 40% of potential risks materialise and are unmitigated except for reserves					-3.6	
	Best case			Assumes 100% of mitigated risks materialise and are met by reserves					0.0	
							Range		3.6	0.40%
NB. The detailed risks have been considered at Finance Committee along with the management actions and mitigations										

Section 3: Savings Programme

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

Table 3a

Savings Plan Summary FY17/18

			System Risk Mitigation				OCCG Initiatives				
	Specialty Indicated Opportunity (Total) £'000	Status	Planned FYE £'000	Planned FOT £'000	YTD Actual £'000	FOT Actual £'000	Planned FYE £'000	Planned FOT £'000	YTD Actual £'000	FOT Actual £'000	Delivery RAG
Planned Care	£ 15,147	Live	1,832	(56)	578	1,132	84	91	83	13	Amber
		FY17/18 - Planning	250	-	-	-	184	29	13	23	Red
		FY18/19	-	-	-	-	-	-	-	-	Red
Urgent Care	£ 9,585	Live	-	-	-	-	90	53	32	54	Red
		FY17/18 - Planning	-	-	-	-	-	-	-	-	Red
		FY18/19	5,020	-	-	-	-	-	-	-	Amber
Primary Care	£ -	Live	-	-	-	-	-	-	-	-	Green
		FY17/18 - Planning	-	-	-	-	-	-	-	-	Red
		FY18/19	-	-	-	-	-	-	-	-	Red
Medicine Mgt.	£ 2,213	Live	-	-	-	-	3,071	3,071	3,194	3,886	Green
		FY17/18 - Planning	-	-	-	-	-	-	-	-	Red
		FY18/19	-	-	-	-	-	-	-	-	Red
Quality	£ 1,114	Live	557	557	526	665	-	-	-	-	Green
		FY17/18 - Planning	-	-	-	-	-	-	-	-	Red
		FY18/19	-	-	-	-	-	-	-	-	Red
Long Term Conditions	£ 2,598	Live	-	-	-	-	2,041	2,041	-	2,041	Amber
		FY17/18 - Planning	-	-	-	-	-	-	-	-	Red
		FY18/19	-	-	-	-	-	-	-	-	Red
Mental Health	£ -	Live	-	-	-	-	-	-	-	-	Red
		FY17/18 - Planning	-	-	-	-	-	-	-	-	Red
		FY18/19	-	-	-	-	-	-	-	-	Red
Subtotal			7,659	501	1,104	1,797	5,469	5,285	3,322	6,017	

	Specialty Indicated Opportunity (Total) £'000	Total Planned £'000	Total FYE FY17/18	FOT Plan £'000	YTD Actual £'000	FOT Actual £'000
Total	30,657	13,129	8,109	5,785	4,426	7,814

Section 4: Provider Performance

- An unadjusted over performance of £2.5m (£0.85m at Month 7) against the Oxford University Hospitals (OUH) contract is reported. The CCG element of this over performance has been included in the forecast as well as the part year impact of A&E streaming at the John Radcliffe. Potential Quarter 3 and 4 RTT activity is included in the risks in Table 2c.
- The most significant areas of over-performance to date are OUH, Royal Berkshire FT, Buckinghamshire Hospitals, Ramsey and SCAS Emergency services.

Table 4: Acute Commissioning Breakdown

	Annual Budget £'000	Budget Month 9 £'000	Actual Month 9 £'000	Variance Month 9 £'000	Forecast Outturn £'000	Forecast Outturn Variance £'000
Oxford University Hospitals NHS FT	331,315	248,484	251,706	3,222	335,615	4,300
Royal Berkshire FT	20,097	15,073	15,813	741	21,176	1,079
Buckinghamshire Hospitals NHS Trust	2,640	1,980	2,421	441	3,351	711
Frimley Health NHS Foundation Trust (HWP)	417	313	288	(24)	385	(33)
South Warwickshire FT	1,083	812	938	126	1,251	168
Gloucester Hospitals NHS Trust	440	330	370	40	431	(9)
Great Western NHS Foundation Trust	3,478	2,609	2,678	70	3,571	93
Ramsay Health care	8,049	6,037	6,611	574	8,815	766
Nuffield Health	1,544	1,158	1,278	120	1,704	160
Foscote	903	677	768	91	993	91
Spire Healthcare	496	372	510	138	681	184
Berkshire Independent	576	432	411	(21)	547	(28)
BMI Ridgeway	313	234	307	73	410	97
Circle	1,561	1,171	1,395	224	1,860	299
London Providers	3,949	2,962	3,121	159	4,112	163
Other Acute	8,878	6,658	5,275	(1,383)	7,262	(1,615)
Non Contract Activity	7,900	5,925	5,783	(143)	7,710	(190)
SCAS Emergency Patient Transport	22,220	16,665	17,132	467	22,727	507
Total	415,860	311,892	316,807	4,915	422,603	6,743

Section 5: Conclusion

- The most likely forecast outturn reported at Month 9 is for the CCG to achieve its financial plan of in-year breakeven. Risks identified at Month 9 are covered by contingencies held.
- The Month 9 reported position and the identified risks and mitigations were reviewed by Finance Committee at the meeting on 23 January 2018.