

**Oxfordshire Clinical Commissioning Group
Governing Body**

Date of Meeting: 26 March 2015	Paper No: 15/24
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Title of Presentation: Finance Report - Month 11 (February) 2014-15
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Is this paper for	Discussion	✓	Decision		Information	✓
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Purpose and Executive Summary (if paper longer than 3 pages): This report sets out:

- the financial performance of the CCG to 28 February 2014
- the risks identified to the financial objectives and the current mitigations
- a most likely, best case and worst case forecast outturn against plan

The full finance report has been taken to Finance and Investment Committee (17th March) where detailed scrutiny has been undertaken. The paper aims to give an overview of the financial position as at Month 11 and to provide assurance to the Governing Body that the CCG is managing its risks effectively in order to deliver its financial objectives.

Financial Implications of Paper: There are no direct financial implications as a result of this paper.

Action Required: The Governing Body is asked to review the information provided in this report, together with assurance from the Finance and Investment Committee. The Governing Body 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 that it is on track to deliver its financial objectives.

NHS Outcomes Framework Domains Supported (please tick ✓)	
	Preventing People from Dying Prematurely
	Enhancing Quality of Life for People with Long Term Conditions
	Helping People to Recover from Episodes of Ill Health or Following Injury
	Ensuring that People have a Positive Experience of Care
	Treating and Caring for People in a Safe Environment and Protecting them from Avoidable harm

Equality Analysis completed (please tick and attach)	Yes	No	Not applicable ✓
Outcome of Equality Analysis			

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CCG Finance Report for the Governing Body at 28 February 2015

Section 1: Executive Summary and Dashboard

Table 1 Key Financials

	M11 Report £'000	RAG rating	M10 £'000	Movement £'000
Plan ytd	957	DEFICIT	870	87
Actual ytd	(1,455)	SURPLUS	(1,455)	(0)
Variance	2,412	BETTER THAN PLAN	2,324	87
Plan Forecast	1,044	DEFICIT	1,044	0
Actual Outturn	(1,493)	BREAKEVEN	(1,493)	0
Variance	2,537	BETTER THAN PLAN	2,537	0

- At 28th February (Month 11), NHS Oxfordshire Clinical Commissioning Group (OCCG) is reporting a year to date surplus of £1.5m (£1.5m surplus at Month 10) and a forecast outturn surplus of £1.5m (£1.5m at Month 10).
- There has been an additional allocation of £65k for Paediatric Insulin Pumps to the CCG allocation in Month 11. This an adjustment to the Specialist Commissioning allocation of £5.2m received in Month 5.
- The mitigated risks shown in Table 2b total £1.1m (£2.7m at Month 10) and are more than offset by contingencies held. Contingencies held exceed risks currently identified and there is therefore £1.6m headroom. The best case forecast outturn has improved to £3.6m surplus (£2.9m at Month 10) and the worst case remains at £1.6m deficit (£1.6m at Month 10).
- The underlying contract activity* for the Oxford University Hospitals NHS Trust) is below the Oxford contract threshold (by £0.4m). High cost drugs and devices (HCD) expenditure continues to be above plan (£1.9m to Month 10) and is not subject to the threshold agreement so is payable in full. Activity related to RTT backlog at OUH totals £3.1m to Month 10 and has been reported separately from the main SLAM. This is in line with the funding received.
- The Prescribing forecast overspend has increased by £0.5m to £2.2m
- The Mental Health Pool is now forecasting an overspend of £0.2m (breakeven in Month 10). The main reason for the movement is the inclusion of the potential pressure on the Oxford Health contract for the section 3 transfer whereby any overactivity above a certain threshold is risk shared with the CCG paying 80% of the cost.

** after adjustment for marginal rate and re-admissions credit, after removal of RTT backlog and excluding high cost drugs and devices*

Section 2 Overview

Table 2a: Summary Table

	Annual Budget	Budget ytd	Actual ytd	Variance	FOT	Variance
	£'000	M11 £'000	M11 £'000	M11 £'000	£'000	£'000
Acute	356,485	326,753	329,158	2,405	359,363	2,878
Community Health	62,520	57,193	57,193	(0)	63,020	500
Continuing Care	35,436	32,483	32,589	106	35,551	116
Mental Health and Learning Disability	62,177	56,995	57,707	712	63,038	861
Primary care	88,735	81,382	83,564	2,182	91,161	2,426
Other	24,285	22,253	18,490	(3,763)	19,869	(4,415)
Sub Total Programme costs	629,637	577,059	578,702	1,643	632,003	2,366
Running costs	16,159	14,617	14,617	0	16,159	0
Sub Total	645,796	591,676	593,319	1,643	648,162	2,366
Contingency	6,211	4,055	0	(4,055)	1,309	(4,902)
Deficit	(1,044)	(957)	0	957	0	1,044
Total	650,964	594,774	593,319	(1,455)	649,471	(1,493)

- The majority of the £2.9m forecast outturn overspend for Acute services relates to high cost drugs and devices at the OUH. The remainder relates to over performance for Other Acute (mainly AQP Audiology) £0.5m, Great Western NHS Foundation Trust £0.5m, BMI Foscote £0.1m and London Providers £0.1m and is offset by underperformance on Nuffield Manor (£0.6m), Non Contract Activity (£0.3m), Ramsey Healthcare £0.2m) and Berkshire Independent £0.2m).
- The Pooled Budgets for Older People, Learning Disability and Physical Disability, after risk sharing where applicable, show a projected over spend at year end of £0.75m (£0.92m at Month 10). The majority of this relates to the Learning Disability pool (£0.63m).
- The Mental Health Pool is now also forecasting an overspend of £0.2m (breakeven in Month 10). The main reason for the movement is the inclusion of the potential pressure on the Oxford Health contract for the section 3 transfer whereby any over-activity above a certain threshold is risk shared with the CCG paying 80% of the cost.
- The primary care forecast outturn overspend reflects £2.2m for prescribing based on latest information from the Business Services Authority and £0.2m for Out of Hours services.
- The proposed charges from Property services and Community Health Partnerships (CHP) have not yet been finalised. The forecast remains at £0.2m overspend and the risk to the CCG shown in Table 2b remains at £0.2m (£0.2m at Month 10) to reflect on-going negotiations.
- Under spends on CHC Risk pool contribution, Health Informatics and the NICE reserve within QIPP investment account for the majority of the underspend forecast in other programme costs.

- Running costs remain on plan at Month 11 and are anticipated to be on plan at year end as the running cost contingency is anticipated to be utilised against other risks (see Table 2b).
- £4.9m of the contingency has been released to offset pressures in the forecast outturn and it is anticipated that the majority of the remaining £1.3m of the contingency will be required to offset risks as per Table 2b.

Table 2b: Risks and Mitigations

Risks	Risk value £m	Probability of risk being realised %	Potential risk £m	Approach to Management and/or Mitigation	Reduced risk due to mitigating actions %	Residual Risk after expected mitigation £m	Call on Contingency Reserve? Y/N?
Acute	-7.6	79%	-6.0	QIPP delivery, robust contract management and challenge. Challenge via dispute resolution procedure.	7%	-0.4	
Community Health	-0.5	100%	-0.5	Now reflected in forecast	0%	0.0	
Continuing Care	-3.6	25%	-0.9	QIPP scheme at feasibility study stage. Section 75 Risk share agreement	45%	-0.4	
Mental Health and Learning Disability	-0.5	50%	-0.3	None identified currently	0%	0.0	
Primary care	-2.5	34%	-0.9	Robust QIPP monitoring and delivery. Alternative savings schemes to be scoped as in-year mitigation.	0%	0.0	
Other programme	-4.9	43%	-2.1	Manage down through challenge of the NHSPS charges/ contract challenges. RTT clawback reduced.	15%	-0.3	
Running costs	0.0		0.0			0.0	
Total	-19.6		-10.7			-1.1	
CCG Contingency Reserves @ 30/06/14							
				Programme contingency		1.3	
				Running Costs		1.4	
				Headroom		2.7	
						1.6	
	Worst case			Assumes 100% of potential risks materialise and are unmitigated (except for winter pressures) - £3.1m worse than forecast outturn of £1.5m surplus (£0.6m worse than plan)		-1.6	
	Best case			Assumes 50% of mitigated risks materialise -£2.1m better than forecast outturn of £1.5m surplus (£4.6m better than plan)		3.6	
				Range		5.2	0.80%

- Table 2b sets out the key risks identified that are not reflected in the most likely forecast outturn. These risks currently total £1.1m and are more than offset by the remaining contingency reserves held. If no further risks materialise there is headroom of £1.6m.
- The risk related to RTT national clawback has been reduced from £1m to £0.1m this month.
- The best case forecast outturn is £3.6m surplus and the worst case is £1.6m deficit.

Section 3 QIPP Savings Programme

- As a result of CSU data quality and reporting issues, the QIPP report has not been produced this month
- As reported in February report, approximately £2.6m of the expected QIPP £10.5m savings (YTD) has been delivered
- Year end savings are currently forecast to be £4.4m against the target of £15.74m
- QIPP programme for 2015/16 has been developed
- Mobilisation for delivery of the 2015/16 programme

- Business Cases modelling is under way
- A suite of project tools, templates and guidance is in place (and available via PMO intranet site)
- Project Owners and managers have been assigned
- Projects are being planned and teams appointed

The Table below shows forecast QIPP outturn for the full year. This is based on CSCSU activity reports as well as PMO assessment of future delivery

Table 3a

ID	Programme	Project	ACTUAL	PLAN	FORECAST	PLAN	Status
			Savings 14-15 £ 000s	14-15	Actual Savings 14-15 £ 000s	14-15	
			YTD	YTD	Year End	Year End	
1	Medicines Management	01. Medicines Waste		23		42	G
2	Medicines Management	02. Primary Care Prescribing Behaviour	815	1,800	1,600	2,400	A
3	Medicines Management	03. Procuring Medicines & Services	0.0	17.5	0	25	R
4	Planned Care	04. Improving Diagnostics	200	149	280	221	G
5	Planned Care	05. First Outpatient	0	1,270	0	900	R
6	Planned Care	06. Transactional Analysis	0	1,693	0	2,820	R
20	Planned Care	20. PoLCV Procedures of Limited Clinical Value	0	2,922	0	4,380	R
8	Urgent Care	08. Out of Hours & 111	135	360	120	515	A
9	Urgent Care	09. Patient Transport Service	95	118	200	325	A
10	Urgent Care	10. Minor / A&E	0	12	0	223	R
11	Urgent Care	11. End of Life	0	63	0	82	A
12	Urgent Care	12. Improving Quality in Care Homes					G
13	Urgent Care	13. Unplanned Admissions DES	236	420	500	704	A
17	Urgent Care	17. Older People OBC					
19	Urgent Care	19. Ambulatory Emergency Care Pathway	73	101	253	253	G
21	Urgent Care	21. Funded Nursing Care					
	Urgent Care	Unidentified			0	636	
14	Mental Health	14. Integrating Psychological Services	28	601	28	801	Closed
16	Mental Health	16. Dementia					
22	Mental Health	22. Mental Health OBC					
18	Primary Care	18. Going Further Faster	0	16	0	43	R
7	Efficiencies	07. Secondary Care Prescribing	504	504	664	664	G
23	Efficiencies	23. CSU SLA	473	473	630	630	
24	Efficiencies	24. EoL Contract	56	56	75	75	
			2,615	10,599	4,350	15,739	

Section 4 Provider Performance

- Activity related to OUH RTT backlog £3.1m to Month 10 (£3.1m to Month 9) has been reported separately.
- An unadjusted over performance of £4.2m against the OUH contract at Month 10 has been reported (£3.8m at Month 9).
- After deducting nationally agreed adjustments for marginal rates and re-admission credits there is a net over performance of £1.5m (£1.7m at Month 9). Included in this is over performance on high cost drugs and devices (which is not covered by the Oxford marginal rate agreement) and totals £1.9m at Month 10 (£1.9m at Month 9).
- The underlying contract activity (excluding drugs and devices) is therefore now below the Oxford contract threshold (£0.4m).
- The forecast outturn overspend for Other acute has reduced due to the receipt of credit notes from Oxford University re Clinical Excellence awards incorrectly invoiced to the CCG.
- The forecast outturn underspend for non-contracted activity has decreased due to a spike in invoicing from providers above the levels seen earlier in the year.

Table 4a: Acute Commissioning Breakdown

	Annual Budget	Budget ytd	Actual ytd	Variance ytd	Forecast	
	M11	M11	M11	M11	Outturn	Variance
	£'000	£'000	£'000	£'000	£'000	£'000
Oxford University Hospitals NHS Trust	287,302	263,360	265,932	2,572	290,362	3,060
Royal Berkshire NHS Foundation Trust	18,270	16,748	16,708	(40)	18,226	(44)
Buckinghamshire Hospitals NHS Trust	2,909	2,666	2,552	(114)	2,784	(124)
Heatherwood & Wexham Park Hospitals NHS Foundation Trust	263	241	258	17	282	19
Gloucester Hospitals NHS Trust	491	450	356	(94)	389	(103)
Great Western NHS Foundation Trust	2,461	2,256	2,725	468	2,972	511
Ramsey Health care	5,265	4,827	4,644	(182)	5,066	(199)
Nuffield Health	1,158	1,062	489	(573)	533	(625)
Spire Healthcare	108	99	109	10	119	11
Berkshire Independent	464	425	278	(147)	303	(161)
Foscote	490	449	541	92	590	100
Circle	700	644	690	46	751	50
London Providers	3,155	2,892	3,030	138	3,305	150
Other Acute	5,588	5,095	5,586	492	6,124	536
Non Contract Activity	7,946	7,283	6,990	(293)	7,625	(320)
SCAS Emergency Patient Transport	19,915	18,255	18,270	14	19,930	16
	356,485	326,753	329,158	2,405	359,363	2,878

Table 4b - Month 10 (November) OUH SLAM Summary by POD

		Month 10							
Grouped POD	POD	Activity Plan	Activity Actual	Activity Variance	% Activity Variance	Cost Plan	Cost Actual	Cost Variance	% Cost Variance
A&E	AandE	94,160	94,911	751	1%	£ 10,509,987	£ 10,894,863	£ 384,876	3.7%
Critical Care		9,404	9,988	584	6%	£ 9,250,030	£ 8,729,647	-£ 520,383	-5.6%
	Criticalcare	2,967	3,138	171	6%	£ 783,091	£ 828,091	£ 45,000	5.7%
	CriticalCareEL	1,655	2,093	438	26%	£ 1,835,207	£ 2,272,439	£ 437,232	23.8%
	CriticalCareNEL	4,532	4,640	108	2%	£ 6,331,800	£ 5,513,889	-£ 817,910	-12.9%
	CriticalCareNELNE	250	117	-133	-53%	£ 299,932	£ 115,228	-£ 184,704	-61.6%
Diagnostic Imaging		50,019	55,286	5,266	11%	£ 5,035,961	£ 5,674,479	£ 638,518	12.7%
Direct Access		3,316,665	3,383,750	67,085	2%	£ 11,775,993	£ 11,409,779	-£ 366,214	-3.1%
	Direct Access	3,261,396	3,329,931	68,535	2%	£ 7,752,570	£ 8,001,803	£ 249,233	3.2%
	Direct Access Radiology	55,269	53,819	-1,450	-3%	£ 4,023,424	£ 3,407,977	-£ 615,447	-15.3%
Drugs and Devices		26,729	30,973	4,244	16%	£ 10,608,039	£ 12,541,666	£ 1,933,627	18.2%
	Devices	4,693	4,622	-71	-2%	£ 1,593,489	£ 1,727,494	£ 134,005	8.4%
	Drugs	22,035	26,351	4,316	20%	£ 9,014,550	£ 10,814,171	£ 1,799,621	20.0%
Elective		42,066	41,787	-279	-1%	£ 46,209,503	£ 45,110,290	-£ 1,099,213	-2.4%
	Day Case	32,583	33,343	760	2%	£ 25,256,315	£ 25,114,447	-£ 141,868	-0.6%
	Elective Inpatient	7,353	6,465	-888	-12%	£ 20,424,780	£ 19,501,667	-£ 923,112	-4.5%
	Elective Excess Bed Days	2,130	1,979	-151	-7%	£ 528,408	£ 494,175	-£ 34,233	-6.5%
Maternity		12,683	12,968	285	2%	£ 11,203,955	£ 11,543,008	£ 339,052	3.0%
	Antenatal	6,428	6,700	272	4%	£ 9,452,903	£ 9,778,335	£ 325,432	3.4%
	Postnatal	6,254	6,268	14	0%	£ 1,751,052	£ 1,764,673	£ 13,620	0.8%
Non Elective		52,771	55,061	2,290	4%	£ 65,787,230	£ 68,069,280	£ 2,282,050	3.5%
	NEL	28,913	30,125	1,212	4%	£ 55,867,388	£ 57,722,734	£ 1,855,346	3.3%
	Non Elective Same Day	3,591	3,859	268	7%	£ 3,002,761	£ 3,181,921	£ 179,160	6.0%
	Non Elective Short Stay	4,974	5,238	264	5%	£ 3,406,400	£ 3,540,903	£ 134,503	3.9%
	Non Elective Excess Bed Day	15,293	15,839	546	4%	£ 3,510,680	£ 3,623,721	£ 113,041	3.2%
Non Elective Non Emergency		7,841	8,130	289	4%	£ 13,098,489	£ 12,582,921	-£ 515,568	-3.9%
	Non Elective Non Emergency	6,161	5,967	-194	-3%	£ 12,525,133	£ 11,790,248	-£ 734,885	-5.9%
	Non Elective Non Emergency	1,680	2,163	483	29%	£ 573,355	£ 792,673	£ 219,318	38.3%
Other		26,234	24,669	-1,565	-6%	£ 11,196,842	£ 11,081,036	-£ 115,806	-1.0%
Outpatient Firsts		128,796	129,587	791	1%	£ 16,608,990	£ 16,830,813	£ 221,822	1.3%
Outpatient Follow Up		194,314	199,286	4,972	3%	£ 16,874,756	£ 17,001,004	£ 126,247	0.7%
Outpatient Other		33,965	36,405	2,440	7%	£ 2,252,312	£ 2,689,276	£ 436,964	19.4%
Outpatient procedures		49,489	51,347	1,858	4%	£ 9,371,184	£ 9,810,347	£ 439,163	4.7%
Grand Total		4,045,136	4,134,148	89,012	2.20%	£ 239,783,271	£ 243,968,408	£ 4,185,137	1.75%

Technical Adjustments

Local Marginal						£ -	£ 421,121	£ 421,121	
CQUIN						£ 6,088,685	£ 6,088,685	£ -	
Credits 2014-15						£ -	-£ 173,566	-£ 173,566	
MT Lag accrual						£ -	-£ 134,000	-£ 134,000	
MRET						-£ 8,082,007	-£ 10,441,511	-£ 2,359,504	
Winter pressure money						£ 1,050,000	£ 1,050,000	£ -	
Total Adjustments		4,045,136	4,134,148	89,012	2%	-£ 943,322	-£ 3,189,271	-£ 2,245,949	

Adjustment total **£238,839,950** **£240,779,137** **£ 1,939,187**

Penalties and CQUIN performance adjustment - Not applied

Penalties_Ext						£ -	-£ 1,311,762	-£ 1,311,762	
CQUIN Q1 Adjustment							-£ 235,557	-£ 235,557	

Section 5 Conclusion

- The most likely forecast is for a surplus of £1.5m, £2.5m better than the forecast deficit in the submitted plan. The best case is a surplus of £3.6m and the worst case is a deficit of £1.6m. If no further risks materialise, there is headroom of £1.6m ie contingencies held exceed risks currently identified.
- The month 11 position and the identified risks and mitigations were reviewed by Finance and Investment Committee at the meeting on 17th March.
- £4.9m of the £6.2m contingency has been committed against cost pressures currently being experienced and reported in the financial position. It is expected that the majority of the remaining contingency will be required during the year to meet the risks identified/further pressures arising.