

**Oxfordshire Clinical Commissioning Group
Governing Body**

Date of Meeting: 30 July 2015	Paper No: 15/65
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Title of Presentation: Finance Report - Month 3 (June) 2015-16

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 30 June 2015
- 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 (21st June) where detailed scrutiny has been undertaken. The paper aims to give an overview of the financial position as at Month 3/Quarter 1 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 30th June 2015

Section 1: Executive Summary and Dashboard

Table 1 Key Financials

	Month 3 £'000	RAG rating	M2 Report £'000	Movement £'000
Plan ytd	(1,728)	SURPLUS	(1,152)	(576)
Actual ytd	(1,728)	SURPLUS	(1,152)	(576)
Variance	0	AS PLANNED	0	(0)
Plan Outturn	(6,912)	SURPLUS	(6,912)	0
Forecast Outturn	(6,912)	SURPLUS	(6,912)	0
Variance	0	AS PLANNED	0	0

- At 30th June (Month 3), NHS Oxfordshire Clinical Commissioning Group (OCCG) is reporting a year to date surplus of £1.7m (£1.2m surplus at Month 2) and a forecast outturn surplus of £6.9m (£6.9m at Month 2). This is in line with the plan submitted to NHS E in May 2015 to achieve a 1% surplus comprising £1.5m historic surplus brought forward from 2014-15 and £5.4m surplus planned to be generated in 2015-16.
- The CCG allocation has been increased by £4m in Month 3 reflecting the return of the £2m lodged with NHS E at the end of 2014-15 and additional allocations for GPIT and transitional GPIT of £1.8m and £0.2m respectively. This increases the CCG allocation to £695.3m. The successful bid for the Prime Ministers Challenge fund of £4.9m will not be added to the CCGs allocation but will be invoiced from NHS E in accordance with guidance issued.
- The mitigated risks shown in Table 2b total £4.5m (£4.6m at Month 2) and are offset by contingencies held. The best case forecast outturn is £9.2m surplus (£9.2m at Month 2) and the worst case is £4.9m surplus (£4.5m at Month 2).
- The underlying contract activity* for the Oxford University Hospitals NHS Trust) is above the Oxford contract threshold (by £76k). High cost drugs and devices (HCD) expenditure is below plan by £36k (£11k over to Month 2)
- Initial information based on Month 1 performance only, indicates over-performance compared to plan amongst the independent providers. This appears to be linked to increased activity as a result of Choose and Book.
- The Pooled Budgets for Older People, Learning Disability and Physical Disability, after risk sharing where applicable, show a projected under spend at year end of £0.3m offset by a forecast overspend for Learning Disability of £0.1m.
- The Health Informatics budget is currently forecast to underspend by £0.7m and the running cost budget by £0.6m.
- £395k (11.4%) (£355k at Month 2) of the 0.5% contingency has been released into the year to date position to offset programme pressures and £1.2m into the forecast outturn position.

* after adjustment for marginal rate, re-admissions credit and penalties, and excluding high cost drugs and devices

Section 2 Overview

Table 2a: Summary Table

	Annual Budget	Budget ytd M3	Actual ytd M3	Variance M3	FOT	Variance
	£'000	£'000	£'000	£'000	£'000	£'000
Acute	364,163	91,041	91,723	682	365,985	1,822
Community Health	66,735	16,644	16,845	201	66,936	201
Continuing Care	55,585	13,896	13,808	(88)	55,233	(352)
Mental Health and Learning Disability	65,474	16,369	16,352	(16)	65,597	123
Primary care	94,999	23,750	23,901	151	95,002	3
Other Programme	18,535	7,975	7,547	(428)	18,500	(34)
Sub Total Programme costs	665,491	169,673	170,176	503	667,254	1,763
Running costs	14,510	3,626	3,518	(108)	13,910	(600)
Sub Total	680,001	173,300	173,694	395	681,164	1,163
Investment Reserve	4,950	0	0	0	4,950	0
Contingency 0.5%	3,457	395	0	(395)	2,294	(1,163)
1% Surplus	6,912	1,728	0	(1,728)	0	(6,912)
Total	695,320	175,422	173,694	(1,728)	688,408	(6,912)

- The majority of the £1.8m forecast outturn overspend for Acute services relates to independent providers, mainly Circle and Ramsey (Horton). This is based on limited information at this stage in the year (Month 1 SLAMs) but the additional activity being flagged up appears to relate to Choose and Book.
- The Pooled Budgets for Older People, Learning Disability and Physical Disability, after risk sharing where applicable, show a projected under spend overall at year end of £0.3m. However, the Learning Disability Pool is forecast to overspend by £0.1m. The Mental Health Pool is forecast to breakeven. The reporting methodology for the jointly managed pools is being reviewed to take account of both the Better Care Fund and the Outcomes Based Contract with Oxford Health. National guidance on pools reporting including the BCF is expected in the next few months.
- The majority of the £3.3m winter pressures funding for 2015-16 is already built into contract agreements with Oxford University Hospitals NHS Trust and Oxford Health FT. The 2014-15 winter pressures schemes were extended into April 2015 to cover the impact of Easter. This has resulted in an overspend of £267k against the 2015-16 remaining winter pressures budget for 2015-16 which is currently offset by an underspend in Health Informatics in Other Programme costs.
- Running costs are forecast to underspend by £0.6m and a further running cost contingency of £0.7m is anticipated to be utilised against other risks (see Table 2b).
- £1.2m of the contingency has been released to offset pressures in the forecast outturn and it is anticipated that the remaining £2.3m will be required to offset risks as per Table 2b.

Table 2b: Risks and Mitigations

- Table 2b sets out the key risks identified that are not reflected in the most likely forecast outturn. These risks currently total £4.5m and are offset by the remaining contingency reserves held.
- Although the OUH High Cost Drugs and Devices are reporting an underspend against plan in the Month 2 SLAM report, the assessed risk has not been reduced at this point.
- The best case forecast outturn is £9.2m surplus and the worst case is a surplus of £4.9m.

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	-6.3	49%	-3.1	Gain shares for OUH HCD being negotiated and gain share in place re SCAS. Contractual negotiations for some smaller acute contracts ongoing.	80%	-2.5	
Community Health	0.0		0.0			0.0	
Continuing Care	-1.0	100%	-1.0	Section 75 Risk share agreement applies	35%	-0.4	
Mental Health and Learning Disability	-1.0	80%	-0.8	Section 75 Risk share agreement applies	45%	-0.4	
Primary care	-3.0	43%	-1.3	Risk assessment slightly reduced after receipt of first month's BSA information	100%	-1.3	
Other programme	0.0		0.0			0.0	
Running costs	0.0		0.0			0.0	
Total	-11.3		-6.2			-4.5	
CCG Contingency Reserves							
				Programme contingency 0.5% less released in FOT in Month 3		2.3	
				Transformation Risk share		1.5	
				Running cost contingency		0.7	
				Total		4.5	
				Headroom		0.0	
				Worst case			
				Assumes 100% of potential risks materialise and are unmitigated - £2.4m worse than forecast outturn surplus of £6.9m		4.9	
				Best case			
				Assumes 50% of mitigated risks materialise -£2.5m better than forecast outturn surplus of £6.9m.		9.2	
				Range		4.3	0.65%

Section 3 Savings Programme

- Reported year to date savings are currently £1.75m, excluding Patient Transport Services (PTS) and Care Closer to Home Projects where the modelling is not yet complete.
- Year end savings are forecasted to be £11.5m (against plan of £11.5m). There are additional stretch schemes in place which mean the CCG is aiming for a higher target internally to mitigate against risks to delivery.
- Medicines management projects are on track for delivery. Early indications are showing that the necessary changes are impacting where required
- MSK and Bladder & Bowel pathway redesign projects are progressing towards completion of contract negotiations with the providers
- 'Model' approach (including milestone) for service (re-)design projects have been developed (to be discussed and agreed by the CCG Executive on 28th July)

The Table below shows the year to date delivery for schemes that have been modelled and forecast outturn savings for the full year based on PMO assessment.

Table 3a

Prog.	Project	Actual Savings YTD	Plan Savings	Forecast Savings FYE	Plan Savings FYE '15 - '16
	Transactional QIPP Delivered Through Contract Negotiation Settlement	1,249,998	1,249,998	5,000,000	5,000,000
	Investment Reduction - Health Informatics	249,999	249,999	1,000,000	1,000,000
	Estates Costs Reduction	249,999	249,999	1,000,000	1,000,000
Medicines Management	86. Waste Savings (Medicines Waste)		0	40,000	40,000
	85. Secondary Care Prescribing (Medicines Procurement)		0	25,000	25,000
	84. Primary Care Prescribing (Prescribing Behaviour)		0	850,000	850,000
	55. Appliance & Nutritional Supplements		0	150,000	150,000
Urgent Care	30. Patient Transport Service (PTS)	80,923	246,000	248,316	984,000
	46. SCAS 999/111 High Users		5,435	245,025	300,000
	47. Prime Ministers Challenge Fund		22,280	1,428,140	
	23. Ambulatory Emergency Care		0	356,000	356,000
	Combined Savings Programme		0	1,162,519	1,800,000
	58. Reablement Pathway				
	21. Care Closer to Home				
Planned Care	31. Integrated Neighbourhood Teams				
	13. Bladder & Bowel Pathway				
	15. Ophthalmology Pathway				
	11. Integrating MSK				
	Total	1,830,919	2,023,711	11,505,000	11,505,000

Section 4 Provider Performance

- An unadjusted over performance of £0.6m against the OUH contract at Month 2 has been reported (£0.3m under performance at Month 1).
- After deducting nationally agreed adjustments for marginal rates, re-admission credits and penalties and excluding drugs and devices there is a net over performance of £76k (£597k under performance at Month 1) ie .the underlying contract activity is above the Oxford contract threshold by £76k and a zero rate has therefore been applied.
- The Month 2 impact on the CCG position is driven by a small underspend of £36k (£11k over performance at Month 1), reflecting the underspend on high cost drugs and devices (not part of the block contract) compared to planned expenditure.

Table 4a: Acute Commissioning Breakdown

	Annual Budget	Budget ytd	Actual ytd	Variance ytd	Forecast	
	Month 3	Month 3	Month 3	Month 3	Outturn	Variance
	£'000	£'000	£'000	£'000	£'000	£'000
Oxford University Hospitals NHS Trust	292,345	73,086	73,021	(65)	292,085	(260)
Royal Berkshire FT	19,281	4,820	4,820	(1)	19,279	(2)
Buckinghamshire Hospitals NHS Trust	2,789	697	696	(1)	2,783	(6)
Frimley Health NHS Foundation Trust (HWP)	283	71	118	47	472	189
Gloucester Hospitals NHS Trust	388	97	115	18	461	74
Great Western NHS Foundation Trust	2,993	748	730	(18)	2,921	(73)
Ramsey Health care	5,272	1,318	1,487	169	5,949	677
Nuffield Health	1,136	284	299	15	1,197	61
Spire Healthcare	120	30	32	2	128	8
Berkshire Independent	311	78	138	60	551	240
BMI Foscote	769	192	127	(66)	506	(263)
Circle	412	103	404	301	1,615	1,203
London Providers	3,318	830	827	(2)	3,308	(10)
Other Acute	6,422	1,606	1,580	(25)	6,235	(187)
Non Contract Activity	7,639	1,910	1,986	76	7,639	0
SCAS Emergency Patient Transport	20,685	5,171	5,344	172	20,857	172
Total	364,163	91,041	91,723	682	365,985	1,822

Table 4b - Month 2 (May) OUH SLAM Summary by POD

MONTH 2											
Grouped POD	POD	Activity Plan	Activity Actual	Activity Variance	% variance	Price Plan	Price Actual	Price Variance	% variance		
A&E	AandE	19,959	19,115	- 844	-4.2%	£ 2,288,468	£ 2,174,228	-£ 114,239	-5.0%		
Critical Care		2,109	2,061	- 48	-2.3%	£ 1,846,550	£ 1,711,479	-£ 135,070	-7.3%		
	CriticalCareEL	443	383	- 60	-13.5%	£ 480,611	£ 382,903	-£ 97,708	-20.3%		
	CriticalcareN	698	733	35	5.1%	£ 184,121	£ 193,432	£ 9,312	5.1%		
	CriticalCareNEL	937	927	- 10	-1.1%	£ 1,151,428	£ 1,117,387	-£ 34,041	-3.0%		
	CriticalCareNELNE	31	18	- 13	-41.7%	£ 30,390	£ 17,757	-£ 12,632	-41.6%		
Diagnostic Imaging · DI		10,449	11,429	980	9.4%	£ 1,076,917	£ 1,159,892	£ 82,976	7.7%		
Direct Access Patho DA		645,686	725,620	79,934	12.4%	£ 2,169,232	£ 2,278,363	£ 109,131	5.0%		
Drugs & Devices		3,039	2,608	- 431	-14.2%	£ 2,528,251	£ 2,492,399	-£ 35,852	-1.4%		
	Drugs	1,089	1,167	78	7.1%	£ 2,026,110	£ 2,074,071	£ 47,961	2.4%		
	Devices	1,950	1,441	- 509	-26.1%	£ 502,141	£ 418,328	-£ 83,813	-16.7%		
Elective		8,548	8,355	- 110	-1.3%	£ 9,347,347	£ 8,990,955	-£ 356,392	-3.8%		
	Daycase	6,808	6,740	- 68	-1.0%	£ 5,173,210	£ 4,923,840	-£ 249,370	-4.8%		
	Elective Inpatients	1,347	1,331	- 16	-1.2%	£ 4,075,785	£ 3,995,805	-£ 79,980	-2.0%		
	Excess Bed Days	394	284	- 110	-27.8%	£ 98,353	£ 71,310	-£ 27,043	-27.5%		
Maternity		2,588	2,516	- 72	-2.8%	£ 2,289,451	£ 2,260,450	-£ 29,001	-1.3%		
	Antenatal	1,332	1,264	- 68	-5.1%	£ 1,937,894	£ 1,908,538	-£ 29,356	-1.5%		
	Postnatal	1,256	1,252	- 4	-0.3%	£ 351,557	£ 351,913	£ 355	0.1%		
Non Elective		10,844	10,935	91	0.8%	£ 13,247,900	£ 13,750,558	£ 502,658	3.8%		
	Non Elective	5,794	5,848	54	0.9%	£ 11,180,638	£ 11,629,059	£ 448,421	4.0%		
	Same Day	763	776	13	1.7%	£ 620,294	£ 657,303	£ 37,009	6.0%		
	Short Stay	1,028	1,065	37	3.6%	£ 696,684	£ 733,550	£ 36,866	5.3%		
	Excess Bed Days	3,258	3,246	- 12	-0.4%	£ 750,284	£ 730,645	-£ 19,638	-2.6%		
Non Elective Non Emergency		1,519	1,696	177	11.7%	£ 2,519,964	£ 2,589,158	£ 69,194	2.7%		
	Non Elective Non Emer	1,230	1,226	- 4	-0.3%	£ 2,420,156	£ 2,422,591	£ 2,435	0.1%		
	Excess Bed Days	289	470	181	62.5%	£ 99,808	£ 166,567	£ 66,759	66.9%		
Other		2,675	2,205	- 470	-17.6%	£ 1,979,128	£ 1,824,052	-£ 155,076	-7.8%		
	BLOCK	-	-	-		£ 1,101,662	£ 1,101,662	£ -			
	DCRE	329	50	- 279	-84.8%	£ 132,900	£ 56,615	-£ 76,285	-57.4%		
	IPUNBDL	1,341	1,187	- 154	-11.5%	£ 571,779	£ 509,652	-£ 62,127	-10.9%		
	LabTest	0	-	- 0	-100.0%	£ 118	£ -	-£ 118	-100.0%		
	MDT	689	672	- 17	-2.4%	£ 60,253	£ 58,799	-£ 1,454	-2.4%		
	Other	232	217	- 15	-6.4%	£ 70,279	£ 58,093	-£ 12,186	-17.3%		
	RADAY	1	1	0	23.5%	£ 746	£ 267	-£ 479	-64.2%		
	REHAB	83	78	- 5	-5.9%	£ 41,391	£ 38,965	-£ 2,426	-5.9%		
Outpatient First		25,876	25,657	- 219	-0.8%	£ 3,320,776	£ 3,393,146	£ 72,370	2.2%		
	OPFAMPCL	77	110	33	42.8%	£ 15,769	£ 19,255	£ 3,486	22.1%		
	OPFAMPNCL	1	1	0	-6.5%	£ 98	£ 83	-£ 15	-15.4%		
	OPFASPCL	15,346	16,259	913	5.9%	£ 2,413,847	£ 2,589,964	£ 176,117	7.3%		
	OPFASPCL	8,966	8,278	- 688	-7.7%	£ 695,532	£ 642,279	-£ 53,253	-7.7%		
	OPMPLFA	8	-	- 8	-100.0%	£ 1,796	£ -	-£ 1,796	-100.0%		
	OPSPCLFA	381	327	- 54	-14.1%	£ 86,407	£ 74,212	-£ 12,195	-14.1%		
	OPSPNCLFA	1,097	682	- 415	-37.8%	£ 107,327	£ 67,353	-£ 39,974	-37.2%		

Outpatient Follow Up	40,250	43,793	3,543	8.8%	£ 3,415,901	£ 3,587,037	£ 171,136	5.0%
OPFUPMPCL	512	549	37	7.3%	£ 49,463	£ 52,197	£ 2,734	5.5%
OPFUPMPNCL	5	3	-2	-34.1%	£ 321	£ 317	-£ 4	-1.1%
OPFUPSPCL	23,410	25,647	2,237	9.6%	£ 2,284,053	£ 2,549,390	£ 265,337	11.6%
OPFUPSPNCL	13,690	15,264	1,574	11.5%	£ 872,317	£ 821,103	-£ 51,214	-5.9%
OPMPCLFU	9	-	-9	-100.0%	£ 1,102	£ -	-£ 1,102	-100.0%
OPSPCLFU	127	79	-48	-37.9%	£ 34,661	£ 21,511	-£ 13,151	-37.9%
OPSPNCLFU	2,498	2,251	-247	-9.9%	£ 173,985	£ 142,519	-£ 31,465	-18.1%
Outpatient Other	4,909	5,643	734	14.9%	£ 519,045	£ 697,889	£ 178,843	34.5%
NonFtoFFA	897	621	-276	-30.8%	£ 22,706	£ 15,718	-£ 6,989	-30.8%
NonFtoFFU	1,053	749	-304	-28.9%	£ 26,647	£ 18,957	-£ 7,690	-28.9%
OPEAS	790	474	-316	-40.0%	£ 27,234	£ 16,341	-£ 10,893	-40.0%
OPSPCL	817	1,708	891	109.0%	£ 334,353	£ 377,586	£ 43,233	12.9%
OPSPNCL	1,352	2,091	739	54.6%	£ 108,105	£ 269,287	£ 161,182	149.1%
Outpatient Procedure	9,896	11,304	1,408	14.2%	£ 1,876,219	£ 2,123,794	£ 247,575	13.2%
Unadjusted Total	788,347	872,937	84,590	10.7%	£ 48,425,196	£ 49,033,400	£ 608,204	1.3%
Technical Adjustments	Activity Plan	Activity Actual	Activity Variance		Price Plan	Price Actual	Price Variance	
Adjustment for Oxford	-	-	-		£ -	-£ 76,048	-£ 76,048	
Local Incentive Schemes	-	-	-		£ 166,667	£ 166,667	£ -	
MT lag accrual	-	-	-		£ -	-£ 134,000	-£ 134,000	
Threshold Plan	-	-	-		-£ 1,401,435	-£ 1,694,584	-£ 293,149	
	-	-	-		-£ 1,234,768	-£ 1,737,965	-£ 503,197	
Penalties					£ -	-£ 140,858	-£ 140,858	
Adjusted Total					£ 47,190,427	£ 47,154,577	-£ 35,851	-0.1%

Section 5 Conclusion

- The most likely forecast is for a surplus of £6.9m as per the plan submitted in May 2015. The best case is a surplus of £9.2m and the worst case is a surplus of £4.9m. Risks currently identified are covered by contingencies held.
- The month 2 position and the identified risks and mitigations were reviewed by Finance and Investment Committee at the meeting on 21st July 2015.
- £1.2m of the £3.5m contingency is currently forecast to be committed against cost pressures currently being experienced and reported in the financial position. It is expected that the remaining contingency will be required during the year to meet the risks identified/further pressures arising.