

**Oxfordshire Clinical Commissioning Group
Board Meeting**

Date of Meeting: 31 March 2016	Paper No: 16/24
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Title of Presentation: Finance Report - Month 11 (February) 2015-16
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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 29 February 2016
- 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 Committee (24th 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 Board 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 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 that it is on track to deliver its financial objectives.

NHS Outcomes Framework Domains Supported (please delete tick as appropriate)	
✓	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 delete tick and attach as appropriate)	Yes	No	Not applicable ✓
Outcome of Equality Analysis			

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Finance Report for Oxfordshire CCG Board at 29th February 2016

Section 1: Executive Summary and Dashboard

Table 1 Key Financials

	Month 11 £'000	RAG rating	M10 Report £'000	Movement £'000
Plan ytd	(6,335)	SURPLUS	(5,760)	(575)
Actual ytd	(6,335)	SURPLUS	(5,760)	(575)
Variance	0	AS PLANNED	0	0
Plan Outturn	(6,912)	SURPLUS	(6,912)	0
Forecast Outturn	(8,912)	SURPLUS	(8,912)	(0)
Variance	(2,000)	BETTER THAN PLANNED	(2,000)	(0)

- At 29th February (Month 11), NHS Oxfordshire Clinical Commissioning Group (OCCG) has reported a year to date surplus of £6.3m (£5.8m surplus at Month 10) and a forecast outturn surplus of £8.9m (£8.9m at Month 10). The forecast outturn is £2m better than plan due to the release of the Quality Premium allocation received from NHS England into the forecast position.
- The mitigated risks shown in Table 2b total £0.8m (£0.8m at Month 10) and are offset by contingencies held. The best case forecast outturn is £9.3m surplus (£9.3m at Month 10) and the worst case is £5.7m surplus (£6.0m at Month 10). There is no further update from NHS E in relation to a potential charge of £6.6m to the CCG in 2015-16 for accelerated depreciation for the ISTC Horton site in Banbury.
- The underlying contract activity* for the Oxford University Hospitals Foundation Trust is above the Oxford contract threshold by £4.1m as per Month 10 reporting (£3.7m at Month 9). A zero rate is applied to this activity. Elements of the reported overperformance are subject to local challenge with the outcome of this fed into the 16/17 contract position. High cost drugs and devices (HCD) expenditure is above plan by £1.3m (£1.3m over plan to Month 10). Neurology services are overspent by £0.2m and Wheelchair services are underspent by £0.1m. These were transferred from Specialised Commissioning during the year and are both outside the fixed contract sum.
- The independent acute providers continue to overspend as a result of patients exercising choice of provider but the rate of increase slowed last month and the forecast outturn overspend has been reduced by £0.2m this month. Clinical audits in these providers were undertaken in December. A reduction in the reported costs is anticipated as a result but these have not yet been finalised with providers.
- All of the contingency and the majority of the investment reserve have been released into the forecast outturn position to offset pressures in programme budgets ie £6.0m (£6.0m at Month 10). This means that £0.2m of the investment reserve is still available to cover risks.
- SCAS is forecasting activity higher than plan for the remaining months of the year and the potential impact of this has been reflected in the revised risks. They have also indicated that they may be unable to recover their Red 1 performance at SCAS geography level. This will impact on the CCG's achievement of quality premium in 2015-16.

- Month 9 prescribing expenditure (the most recent month for which data is available) was significantly above the budget for the month. The forecast outturn underspend position has been reduced to Month 7 levels ie £0.6m (£1.0m based on Month 8 data).

** 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 £'000	Budget ytd M11 £'000	Actual ytd M11 £'000	Variance M11 £'000	FOT £'000	Variance £'000
Acute	370,651	339,738	346,356	6,618	377,569	6,917
Community Health	68,833	62,759	62,803	44	68,970	137
Continuing Care	55,485	50,861	51,292	431	55,955	470
Mental Health and Learning Disability	67,293	61,541	62,085	544	67,854	561
Primary care	94,572	86,681	86,041	(640)	94,115	(457)
Other Programme	18,158	16,996	17,050	54	18,191	33
Sub Total Programme costs	674,992	618,576	625,627	7,051	682,654	7,662
Running costs	16,593	13,362	12,026	(1,336)	12,946	(3,647)
Sub Total	691,585	631,938	637,653	5,715	695,600	4,015
Investment Reserve	2,850	2,385	0	(2,385)	163	(2,687)
Contingency 0.5%	3,328	3,330	0	(3,330)	0	(3,328)
1% Surplus	6,912	6,336	0	(6,336)	0	(6,912)
Total	704,675	643,989	637,653	(6,336)	695,763	(8,912)

- The majority of £6.9m forecast outturn overspend for Acute services relates to High Cost Drugs and neurology at OUH FT £1.7m, independent providers mainly Ramsey (Horton) £1.6m, Nuffield (The Manor) £1.2m and Circle £0.4m and also to London Providers £0.6m and Non Contracted Activity £0.4m.
- The approved investment of £2.0m into the system DToC plan is reported as fully committed in the forecast outturn position. Provider invoices have been received and are currently held pending sign-off. The Board is receiving a separate paper on the interim evaluation of the DToC plan performance. This indicates that while reported DToC numbers have not shown a material change from the start of the plan to this point, there has been a significant reduction in the bed-days lost to delays. This is in the face of exceptional increases in urgent care demand (mirrored nationally) from January 2016 onwards.
- The Pooled Budgets for Older People, Equipment and Physical Disability, after risk sharing where applicable, show a projected overspend at year end of £0.5m (£0.7m at Month 10) for the CCG. The Learning Disability Pool is forecast to underspend by £0.1m (breakeven at Month 10) and the Mental Health Pool is forecast to overspend by £0.5m (£0.1m at Month 10).
- The Primary care underspend is driven by a forecast underspend of £0.6m re Prescribing (this includes the benefits from the Category M price reduction in the last quarter of the year £0.3m), £0.5m re the Care Home project and £0.2m re Out of Hours. These are offset by forecast overspends on Primary Care contracts. Month 9 prescribing expenditure (the most recent month for which data is available) was significantly above the budget for the month. The forecast outturn underspend position has been reduced to Month 7 levels ie £0.6m (£1.0m based on Month 8 data).

- The other programme costs forecast is on plan due to the overspend on Non-Emergency Patient Transport being offset by forecast underspends on Health Informatics and Property services..
- There is still a running cost contingency of £0.6m which is anticipated to be utilised against other risks.
- All of the contingency and the majority of the investment reserve have been released into the forecast outturn position to offset pressures in programme budgets ie. £6.0m (£6.0m at Month 10). This means that £0.2m of the investment reserve is still available to cover risks.

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 £0.8m (£0.8m at Month 10) and are offset by the remaining contingency reserves held.
- The best case forecast outturn is £9.3m (£9.3m at Month 10) surplus and the worst case is a surplus of £5.7m (£6.0m at Month 10).

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	-4.7	44%	-2.1	High cost drugs and neurology at OUH /expected increase in activity for SCAS	47%	-1.0	
Community Health	0.0		0.0			0.0	
Continuing Care	-1.0	100%	-1.0	Position should be fully reflected in the forecast outturn. No further risks identified at this point.	0%	0.0	
Learning Disability	-1.0	20%	-0.2	Position should be fully reflected in the forecast outturn. Residual risk reflects implementation of Big Plan.	55%	-0.1	
Mental Health	-0.3	60%	-0.2	Lack of robust data re Non OBC elements.	100%	-0.2	
Primary care	-1.0	20%	-0.2	Risk of overspend reduced. Forecast includes £0.7m underspend.	0%	0.0	
Other programme	-2.1	99%	-2.0	Dual running costs at Townlands	6%	-0.1	
Running costs	0.0		0.0			0.0	
Mitigations	3.9		1.7		33%	0.5	
Total	-6.1		-4.0			-0.8	
CCG Contingency Reserves							
				Remaining Programme contingency		0.0	
				Transformation Risk share		0.2	
				Running cost contingency		0.6	
				Total		0.8	
				Headroom		-0.0	
	Worst case			Assumes 100% of potential risks materialise and are unmitigated - £3.2m worse than revised forecast outturn surplus of £8.913m		5.7	
	Best case			Assumes 50% of mitigated risks materialise -£0.4m better than revised forecast outturn surplus of £8.913m		9.3	
					Range	3.6	0.51%
NB. The detailed risks have been considered at F&I committee along with the management actions and mitigations							

Section 3 Savings Programme

Red	Has / will definitely slip
Amber-Red	Very likely to slip, Management support requ
Amber	Some slippage, seen as recoverable
Green	On Track / Under Control
Complete	Project Completed
Not yet modeled to track savings	Not yet modeled to track savings

Table 3a

Category	Ref.	Project	Project Owner	Overall Project Status	Plan		Reporting Month	Gross Savings				FYE	
					Operational Plan 15/16	In-Year Revised 15/16		Year to Date Plan	Year to Date Actual	Year to Date Variance	Forecast Outturn 15/16	Full Year Effect Against 14/15 Baseline	Financial Year Full Year Effect To Be Realised
In Year Cash Release	Transparency /	Transactional QIPF delivered through contract negotiation settlement	Gareth Kenworthy	Complete	£5,000,000	£5,000,000	10	4,166,666	4,166,666	0	5,000,000	£3,500,000	15/16
		Investment Reduction - Health Informatics	Gareth Kenworthy	Complete	£1,000,000	£1,000,000	10	833,332	833,332	0	1,000,000	£500,000	15/16
		Estates Cost Reduction	Gareth Kenworthy	Complete	£1,000,000	£1,000,000	10	833,332	833,332	0	1,000,000	£1,000,000	15/16
		Sub-total 1 - Transactional			£7,000,000	£7,000,000		5,833,330	5,833,330	0	7,000,000	£5,000,000	
	86	Waste Savings - (Medicines Waste)	Julie Dandridge	Red	£40,000		9					£40,000	15/16
	84	Primary Care Prescribing	Julie Dandridge	Red	£850,000	£1,040,000	9	784,472	303,017	-481,455	471,289	£850,000	15/16
	55	Appliance & Nutritional Supplements	Julie Dandridge	Red	£150,000		9					£150,000	15/16
	85	Secondary Care Prescribing	Julie Dandridge	Red	£25,000	£25,000						£25,000	15/16
	30	Patient Transport Service - (PTS)	Sharon Barrington	Red	£984,000	£248,316						TBC	TBC
	46	SCAS 999/ 111 High Users	Sharon Barrington	Red	£300,000	£124,710						TBC	TBC
	Sub-total 2 - Cash Releasing in 15/16				£2,349,000	£1,438,026		784,472	303,017	-481,455	471,289	£1,065,000	
Demand Management	21	*Proactive Medical Support to Care Homes	Julie Dandridge	Red		£597,051	10	463,097	60,840	-402,257	194,794	£1,148,185	17/18
	23	Ambulatory Emergency Care - (AEC)	Sharon Barrington			£0						TBC	TBC
	116b	Anticipatory Prescribing	Sara Wilds			£0						TBC	TBC
		Sub-total 3 - Urgent Care Projects with Specific Patient Cohorts				£597,051		463,097	60,840	-402,257	194,794	£1,148,185	
	39	Review & Redesign of the Diabetes Pathway	Sara Wilds									TBC	TBC
	47	Prime Ministers Challenge Fund - (PMCF)	Julie Dandridge	Red								TBC	TBC
	116a	*Digitalised Care Plans	Sara Wilds	Red			10	1,433,633	0	-1,433,633	387,405		TBC
	20	Reducing Delayed Transfers of Care (Reducing DTOC)	Ian Bottomley	Red		£2,128,140							TBC
	31	Integrated Locality Teams	Diane Hedges	Red			10					£1,400,000	16/17
	53	Emergency Multi-Disciplinary Unit (EMU)	Sharon Barrington									TBC	TBC
		Sub-total 4 - Urgent Care Projects impacting on NELs and A&E				£2,128,140		1,433,633	0	-1,433,633	387,405	£1,400,000	
	11	Integrating Musculoskeletal - (MSK)	Sharon Barrington	Red		£0						£991,500	17/18
	13	Review and Redesign of the Bladder & Bowel Pathway	Sharon Barrington	Red		£0						£300,000	17/18
15	Review and Redesign of the Ophthalmology Pathway	Sharon Barrington	Red		£0						£88,474	17/18	
	Sub-total 5 - Planned Care Projects										£1,379,974		
	Sub-total 6 - Demand Management (Sub-total 3 to 5)				£2,156,000	£2,725,191		1,896,730	60,840	-1,835,890	582,198	£3,928,169	
	GRAND TOTAL				£11,505,000	£11,163,217		8,514,532	6,197,187	-2,317,345	8,053,487	£9,993,159	

- Year to Date savings: £6.2m (against year to date plan of £8.5m).
- Savings Forecast out turn: £8m (against plan of £11.5m). Effect of under-delivery mitigated via block contract.
- Second draft of 3 year savings plan submitted to NHS England as part of the Operational Plan submission.
- CCG engaging with the national Right Care programme: Analysis of *Commissioning for Value* benchmarking packs and information in the *Atlas of Variation* have helped identify savings opportunities.
- System-wide engagement and prioritisation of savings opportunities in progress.

Section 4 Provider Performance

- An unadjusted over performance of £7.9m against the OUH contract at Month 10 has been reported (£7.0m at Month 9).
- 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 £4.1m (£3.7m at Month 9) i.e. the underlying contract activity is above the Oxford contract threshold by £4.1m and a zero rate has therefore been applied.
- The impact on the CCG position at Month 11 is a forecast over spend of £1.7m (£2.2m at Month 10), reflecting the over spend on high cost drugs and devices and also neurology (not part of the block contract) compared to planned expenditure.
- The most significant areas of over-performance for the independent providers are at Ramsay (Horton Hospital) and Nuffield (The Manor hospital). The forecast outturn for independent providers has stabilised since Month 8 and it was possible to reduce the forecast by £0.2m in Month 11. Clinical Audits have now been completed and negotiations are ongoing to agree the impact.
- SCAS is forecasting activity estimates higher than plan for the remaining months of the year and the potential impact of this has been reflected in the revised risks.
- SCAS have a remedial action plan in place for Red 1, Red 2 and Red 19 performance and are planning to recover performance in month from March 2016.
- SCAS have indicated they may be unable to recover their Red 1 performance at SCAS geography level which will impact on the CCG's achievement of quality premium in 2015-16.

Table 4: Acute Commissioning Breakdown

	Annual Budget	Budget ytd	Actual ytd	Variance ytd	Forecast	
	£'000	Month 11 £'000	Month 11 £'000	Month 11 £'000	Outturn £'000	Variance £'000
Oxford University Hospitals NHS FT	296,889	272,148	273,658	1,511	298,628	1,739
Royal Berkshire FT	19,708	18,066	18,357	292	20,028	320
Buckinghamshire Hospitals NHS Trust	2,789	2,557	2,497	(59)	2,724	(65)
Frimley Health NHS Foundation Trust (HWP)	304	274	299	24	326	21
Gloucester Hospitals NHS Trust	388	356	445	89	485	97
Great Western NHS Foundation Trust	2,967	2,720	3,047	327	3,324	357
Ramsay Health care	5,272	4,833	6,290	1,457	6,862	1,590
Nuffield Health	662	607	1,668	1,061	1,820	1,158
Spire Healthcare	262	240	622	382	428	166
Berkshire Independent	449	412	545	134	595	146
BMI Foscote	677	621	794	173	866	189
Circle	958	878	1,237	359	1,350	392
London Providers	3,318	3,042	3,569	528	3,922	604
Other Acute	6,692	6,114	5,911	(203)	6,276	(417)
Non Contract Activity	8,631	7,912	8,196	285	9,050	419
SCAS Emergency Patient Transport	20,685	18,961	19,220	259	20,885	200
Total	370,651	339,738	346,356	6,618	377,569	6,917

Section 5 Conclusion

- The most likely forecast is for a surplus of £8.9m, £2m better than the plan submitted in May 2015. The best case is a surplus of £9.3m and the worst case is a surplus of £5.7m. Risks currently identified are covered by contingencies held.
- The month 11 position and the identified risks and mitigations were reviewed by Finance Committee at the meeting on 24th March 2016.