

**Oxfordshire Clinical Commissioning Group
Board Meeting**

Date of Meeting: 28 July 2016	Paper No: 16/59
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Title of Presentation: Finance Report - Month 3 (June) 2016-17 with update

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 2016
- the risks identified to the financial objectives and the current mitigations

The full finance report has been taken to Finance Committee (19th July) where detailed scrutiny has been undertaken. The paper aims to give an overview of the financial position as at Month 3 and provides an update on the impact of a significant new risk identified in Month 4 in relation to Funded Nursing Care. Further work is required to provide assurance to the Board that the CCG is managing the £6.5m net risk effectively in order to deliver its financial objectives. Recommendations on mitigations will be provided to the September Board meeting.

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 30 June 2016 (updated)

Section 1: Executive Summary and Dashboard

This report covers Month 3 as reported to NHS England but Table 2b and the text have been updated to include a significant new risk identified during Month 4.

Table 1 Key Financials

	Month 3 £'000	RAG rating
Plan ytd	(2,230)	SURPLUS
Actual ytd	(2,230)	SURPLUS
Variance	(0)	AS PLANNED
Plan Outturn	(12,925)	SURPLUS
Actual Outturn	(12,924)	SURPLUS
Variance	(0)	AS PLANNED

- At 30th June (Month 3), NHS Oxfordshire Clinical Commissioning Group (OCCG) reported a year to date surplus of £2.2m (£1.5m surplus at Month 2) and a forecast outturn surplus of £12.9m (£12.9m at Month 2).
- At Month 3, mitigated risks totalled £6.5m (£6.5m at Month 2) and were offset by contingencies held. The best case forecast outturn was £16.2m surplus (£16.2m at Month 2) and the worst case was £3.2m surplus (£5.0m at Month 2).
- None of the £4.2m contingency or the £5.0m Transformation/risk management reserve was released into the forecast outturn position at Month 3.
- However, in mid-July (Month 4) a further risk was identified relating to the announcement of national agreement to a 40% price increase for Funded Nursing Care paid by the NHS. The potential impact of this price increase is £4.7m for Oxfordshire. An updated risk table, including this risk, is shown at Table 2b. Excluding any use of the Transformation/Risk management reserve, there is a net risk of £6.5m to the forecast outturn position.
- The CCG will need to consider the mitigations available to it in order to manage the risks identified. Mitigations will be developed during August and presented to the Board at its September meeting. The 1% Non-recurrent funding of £8.2m is un-committed as per NHS E planning requirements.
- The most significant risk reported at Month 3 was the risk relating to the new lead contractor arrangement that the CCG has entered into with its two main providers for Quarter 1 of 2016-17. The agreement has been extended for a further month to 31 July. In the event that agreement is not reached, the contract for OUH FT could revert to a PbR volume base and the contract for OH to the original block contract. The potential impact of this is estimated to be between £3.0 and £9.0m depending on the exact scenario that is negotiated.
- A new risk has also been identified at Month 3 relating to the Older People pool and a potential overspend on Care Home Placements on the County Council side of the pool. For this reason, the risk shares for this pool have not yet been agreed and the position reported is with no risk share. The risk relating to the SCAS contract agreement has now been reduced to zero following contract agreement.

- The underlying contract activity* for the Oxford University Hospitals Foundation Trust is above the Oxford contract threshold by £2.6m as per Month 2 reporting (£0.8m at Month 1). A zero rate is applied to this activity under the current contract agreement but this has currently only been agreed until 31 July. Other acute providers are reporting activity broadly in line with plans.

* after adjustment for marginal rate, re-admissions credit and penalties and including CQUIN

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	388,239	97,718	97,267	(451)	388,408	169
Community Health	72,949	17,614	17,718	104	73,218	269
Continuing Care	57,934	14,484	14,400	(84)	57,549	(385)
Mental Health and Learning Disability	68,713	17,178	17,182	3	68,661	(53)
Delegated Co-Commissioning	89,546	22,127	22,042	(86)	89,546	(0)
Primary care	102,577	25,644	26,393	748	102,577	0
Other Programme	18,756	5,908	5,664	(245)	18,756	0
Sub Total Programme costs	798,714	200,674	200,665	(10)	798,714	(0)
Running costs	14,624	3,656	3,666	10	14,624	(0)
Sub Total	813,338	204,330	204,330	(0)	813,338	(0)
Transformation/risk management	5,000	0	0	0	5,000	0
Non recurrent reserve	8,198	0	0	0	8,198	0
Contingency	4,217	0	0	0	4,217	(0)
1% Surplus	12,924	2,231	0	(2,231)	0	(12,924)
Total	843,677	206,561	204,330	(2,231)	830,753	(12,924)

- The overall Acute forecast is close to plan. Excluding accrual impacts from 2015-16, Royal Berkshire FT and Nuffield Health are underperforming (- £159k and -£120k estimated to Month 3 respectively), whilst Great Western and Circle are over performing (£112k and £62k estimated to Month 3 respectively).
- The South Central Ambulance Service (SCAS) contract has now been signed by the Thames Valley lead commissioner. The OCCG value is £21.2m, which is £300k above the given contract envelope. This includes a core contract value of £19.7m plus a non-recurrent amount of £1.5m
- The non-recurrent element recognises additional cost pressures the Ambulance Trust is facing in 2016-17 and relates to business cases for increases in red calls and the impact of changes to the national quality indicators.
- The Pooled Budgets for Older People, Equipment and Physical Disability, after risk sharing where applicable, are forecast to underspend at year end by £0.4m for the CCG. The Older People pool is showing an un-risk shared position as the risk shares are not yet agreed. The Learning Disability Pool and the Mental Health Pool are both forecasting small underspends at Month 3.
- The Primary care co-commissioning budget is forecast to be on plan, as are CCG Primary Care and Prescribing budgets. The Primary care year to date overspend is overstated due to some timing issues and continued expenditure on Prime Minister's Challenge Fund schemes not yet being set against the Primary Care Transformation budget.
- There is a running cost contingency of £0.5m which is anticipated to be utilised against other risks.
- None of the contingency or the investment reserve has been released into the forecast outturn position. The entire contingency is required to mitigate risks.

Table 2b: Risks and Mitigations

- Table 2b sets out the key risks identified that are not reflected in the most likely forecast outturn and has been updated from Month 3 to reflect the new risk identified in early July. At Month 3 these risks had totalled £6.5m (£6.5m at Month 2) and were offset by contingency reserves held. The best case forecast outturn was £16.2m (£16.2m at Month 2) surplus and the worst case was a surplus of £3.2m (£5.0m at Month 2). However, including the newly identified FNC risk, the risks now total £11.2m and, excluding any use of the transformation reserve, there is a net risk of £6.5m.
- The risk shares for the Older People’s pool have not yet been agreed and will only be agreed when plans are in place to mitigate the risk of an over spend on OCC Care Home Placements. The potential impact of this has been included below.
- One risk has been removed since last month. The mitigated risk relating to the SCAS Emergency contract has now been reduced to zero following contract agreement.

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	-22.9	56%	-12.8	New contract arrangements with OUH break down	47%	-6.1	
Community Health	0.0		0.0			0.0	
Continuing Care	-8.9	84%	-7.5	Includes £4.7m unmitigated impact of NHS FNC price increase of 40%	80%	-6.0	
Learning Disability	-1.0	50%	-0.5	LD Big plan and implementation	50%	-0.3	
Mental Health	-3.0		-1.0			0.0	
Primary care	-1.0	50%	-0.5	Prescribing	50%	-0.3	
Other programme	-0.2	100%	-0.2	Impact of market rentals by NHS PS	100%	-0.2	
Running costs	0.0		0.0			0.0	
Sub-total	-37.0		-22.4			-12.7	
Mitigations	1.9	80%	1.5	Overseas visitors/ Quality Premium and funding for market rents	100%	1.5	
Total	-35.1		-20.9			-11.2	
				CCG Contingency Reserves			
				Programme contingency		4.2	
				Transformation/Risk management - £5m in total		0.0	
				Running cost contingency		0.5	
				Total		4.7	
				Headroom /(Net risk)		-6.5	

Section 3: Savings Programme

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

Table 3a

Category	Ref.	Project	Project Owner	Overall Project Status	Plan		Reporting Month	Gross Savings				FYE	
					Operational Plan 16 / 17	In-Year Revised 16 / 17		Year to Date Plan	Year to Date Actual	Year to Date Variance	Forecast Outturn 16 / 17	Full Year Effect Against 15 / 16 Baseline	Financial Year Full Year Effect To Be Realised
In Year Cash Release	Transaction 2a	Oxygen at Home	Sharon Barrington	Complete	1,000,000	300,000	3	75,000	75,000	0	300,000	1,000,000	
		Learning Difficulties	Ian Botomley	Complete	0	500,000	3	125,000	125,000	0	500,000	500,000	
		Secondary Care Prescribing	Sara Wilds	Complete	300,000	300,000	3	75,000	75,000	0	300,000	300,000	
		Sub-total 1 - Transactional			1,300,000	1,100,000		275,000	275,000	0	1,100,000	1,800,000	
	88	Primary Care Prescribing	Sara Wilds	Green	2,000,000	2,000,000	2	325,400	287,846	-37,554	1,966,446	2,000,000	
	54	Minor Ailments Scheme	Sara Wilds	Amber	TBC	4,000	0	0	0	0	4,000	TBC	
Dual Impact	46	SCAS 999/111 High Users	Sara Wilds	Amber	61,000	TBC						245,000	
		Sub-total 2 - Cash Releasing in 15/16			2,061,000	2,004,000		325,400	287,846	-37,554	1,966,446	2,245,000	
	0	First Appointment to Follow Up	Sharon Barrington	Amber	1,489,000	1,489,000	3	372,250	372,250	0	1,489,000	1,489,000	
	0	Inpatient to Day Case	Sharon Barrington	Amber	TBC	TBC						919,000	
	0	Day Case to Outpatient Procedure	Sharon Barrington	Red	2,911,000	2,911,000	3	727,750	727,750	0	2,911,000	2,911,000	
	0	Cancelled Operations	Sharon Barrington	Amber	300,000	300,000	3	75,000	75,000	0	300,000	TBC	
	0	Patella Resurfacing	Sharon Barrington	Amber	347,000	TBC						693,000	
	0	Email Advice	Sharon Barrington	Amber	121,000	121,418	3	30,355	30,355	0	121,418	208,000	
	0	Bedtime Excess Bed Days	Sharon Barrington	Amber	55,000	54,653	3	13,663	13,663	0	54,653	55,000	
		Sub-total 3 - Demand and Cost Reduction (Provider Dependent)			5,223,000	4,876,071		1,219,018	1,219,018	0	4,876,071	6,275,000	
Demand Management	21	Proactive Medical Support To Care Homes - (Care Clinics to Home)	Julie Dandridge	Amber	200,000	200,000						1,480,000	
	23	Ambulatory Emergency Care	Sara Wilds	Amber	225,000	TBC						225,000	
	130	End of Life Co-Ordination Hub	Sharon Barrington	Green	TBC	TBC						1,000,000	
	128	Anticipatory Prescribing	Sara Wilds	Amber	225,000	TBC						225,000	
		Sub-total 4 - Urgent Care Projects with Specific Patient Cohorts			650,000	200,000		0	0	0	200,000	2,340,000	
	39	Review & Redesign of the Diabetes Pathway	Sharon Barrington	Red	50,000	TBC						690,000	
	47	Prime Ministers Challenge Fund - (PMCF)	Julie Dandridge	Amber	TBC	TBC						TBC	
	116	Digitalised Care Plans	Sara Wilds	Green	TBC	TBC						TBC	
	20	Reducing Delayed Transfers of Care - (Reducing DTOC)	Ian Botomley	TBC	1,500,000	TBC						1,500,000	
		Sub-total 5 - Urgent Care Projects impacting on NELs and A&E			1,550,000	0		0	0	0	0	2,190,000	
	11	Integrating Musculoskeletal	Sharon Barrington	Red	0	0	0	0	0	0	0	991,000	
	13	Bladder & Bowel Pathway	Sharon Barrington	Red	TBC	TBC						300,000	
	15	Ophthalmology Pathway	Sharon Barrington	Green	69,000	36,600	0	0	0	0	36,600	92,000	
		Sub-total 6 - Planned Care Projects			69,000	36,600	0	0	0	0	36,600	1,383,000	
		Sub-total 7 - Demand Management, Dual Impact, and In Year Cash Release			10,853,000	8,216,671	0	1,819,418	1,781,864	-37,554	8,179,117	16,833,000	
0	Prime Provider Pilot Negotiations	Jonathan Manuelpillai	TBC	11,547,000	14,183,329	0	0	0	0	14,220,883	TBC		
	Scope-total 8 - Work in Scope and Development			11,547,000	14,183,329	0	0	0	0	14,220,883	0		
	GRAND TOTAL			22,400,000	22,400,000		1,819,418	1,781,864	-37,554	22,400,000	16,833,000		

The CCG plan for 2016-17 included a savings requirement of £22.4m. The year-to-date reported savings are £1.78m (against planned £1.82m) – however, not all schemes reported this month (e.g. Anticipatory Prescribing)

Section 4: Provider Performance

- The Oxford University Hospital Trust shows unadjusted over performance of £1.4m over plan at Month 2; 2.7% above the planned cost and 2.0% above the planned activity. After allowing for CQUIN and technical adjustments, the variance increases to £2.6m, and a local price adjustment of -£2.6m (£0.8m at Month 1) has therefore been applied in line with the block contract agreement.
- There is no impact on the CCG position at Month 3 due to the nature of the contract agreement for the first Quarter. Unlike last year, this also includes high cost drugs and devices. However, if it is not possible to extend the first quarter's contract agreement for the remainder of the year then the over-performance becomes a risk for the CCG.
- Excluding the impact of accruals from last year, the most significant areas of over-performance to date are at Great Western Hospitals Trust and Circle. These are offset by under-performance at Royal Berkshire FT and Nuffield Health.

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	309,031	77,258	77,258	(0)	309,031	(0)
Royal Berkshire FT	20,833	5,208	5,049	(159)	20,295	(538)
Buckinghamshire Hospitals NHS Trust	2,874	718	807	88	2,686	(188)
Frimley Health NHS Foundation Trust (HWP)	498	125	58	(67)	334	(164)
Gloucester Hospitals NHS Trust	510	128	101	(27)	402	(108)
Great Western NHS Foundation Trust	3,225	806	756	(50)	3,623	398
Ramsay Health care	7,428	1,857	1,600	(257)	7,745	318
Nuffield Health	1,873	468	365	(104)	1,335	(538)
Spire Healthcare	422	105	176	70	655	234
Berkshire Independent	590	147	102	(45)	506	(84)
BMI Foscote	755	189	259	71	969	214
Circle	1,322	330	386	55	1,570	248
London Providers	3,878	969	1,062	93	3,878	0
Other Acute	4,861	1,874	1,673	(200)	4,861	0
Non Contract Activity	8,946	2,236	2,258	22	9,087	141
SCAS Emergency Patient Transport	21,194	5,299	5,358	59	21,431	237
Total	388,239	97,718	97,267	(451)	388,408	169

Section 5: Conclusion

- The most likely forecast outturn reported at Month 3 was for a surplus of £12.9m. Risks identified at Month 3 were covered by contingencies held (including use of £1.8m of the Transformation reserve) but the significant new risk that has arisen of £4.7m in relation to Funded Nursing Care has moved the CCG into a net risk position of £6.5m (excluding any use of the Transformation fund). Consideration needs to be given to mitigating this net risk and proposals will be brought to the September Board meeting.
- The Month 3 reported position, the identified risks and mitigations and the new risk identified moving into Month 4 were reviewed by Finance Committee at the meeting on 19th July 2016.