

**Oxfordshire Clinical Commissioning Group
Board Meeting**

Date of Meeting: 29 November 2016	Paper No: 16/80
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Title of Presentation: Finance Report - Month 7 (October) 2016-17
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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 31st October 2016
- the risks identified to the financial objectives and the current mitigations

The full finance report has been taken to Finance Committee (22nd November) where detailed scrutiny has been undertaken. The paper aims to give an overview of the financial position as at Month 7 and to provide an update on progress with the Financial Recovery Plan (FRP), agreed by the Board on 25th August.

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 ✓
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Outcome of Equality Analysis

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Finance Report for Oxfordshire CCG Board

at 31st October 2016

Section 1: Executive Summary and Dashboard

Table 1 Key Financials

	Month 7 £'000	RAG rating	M6 Report £'000	Movement £'000
Plan ytd	(7,538)	SURPLUS	(4,461)	(3,077)
Actual ytd	(7,538)	SURPLUS	(4,461)	(3,077)
Variance	(0)	AS PLANNED	0	(0)
Plan Outturn	(12,925)	SURPLUS	(12,925)	0
Actual Outturn	(12,925)	SURPLUS	(12,925)	0
Variance	0	AS PLANNED	0	0

- At 31st October (Month 7), NHS Oxfordshire Clinical Commissioning Group (OCCG) reported a year to date surplus of £7.5m (£4.5m surplus at Month 6) and a forecast outturn surplus of £12.9m (£12.9m at Month 6).
- At Month 7, mitigated risks totalled £1.2m (£4.0m at Month 6) and were offset by contingencies held. The best case forecast outturn was £13.5m surplus (£14.9m at Month 4) and the worst case was £3.2m deficit (£2.0m at Month 6).
- Three additional funding allocations totalling £0.4m were received in Month 7:
 - £0.139m for children's mental health transformation,
 - £0.239 for primary care minor improvement capital grants and
 - £0.043m to support the transition of delegated co-commissioning to the CCG.

The CCG allocation for 2016/17 now stands at £844.6m including the 1% Non-Recurrent funding of £8.2m.

- NHS E has notified the CCG that funding of £0.7m for March to June 2016 and £2.9m for October to March 2017 will be received as GP Access Funding in 2016-17.
- A further £0.7m has been returned to the contingency this month as a result of the Financial Recovery Plan (FRP) agreed at the Extraordinary Board meeting held on 25th August. Savings in the programme budget totalling £4.0m were achieved in Months 5 and 6.
- Up to Month 6, the £4m additional surplus agreed with NHS E for the final plan submission was reflected in the plan as being delivered by means of QIPP savings in Other Acute budgets and was assumed to be mitigated in Quarter 4 by release of the 1% NR reserve. The additional contingency budget (generated from the FRP actions in Month 5-7) has now been released to remove the QIPP impact in Quarter 4. It is considered prudent not to assume that any of the 1% NR funding is likely to be released to CCGs. The remaining contingency budget is £6.2m, of which £5.4m is anticipated to be needed to cover programme pressures. This leaves £0.7m to offset risks (see Table 2b).
- The underlying contract activity* for the Oxford University Hospitals Foundation Trust is above the Oxford contract threshold by £1.1m as per Month 6 reporting (£1.4m at Month 5). A zero rate is applied to this activity under the block contract agreement.
- It has been agreed that the Older People Pool will not be risk shared this year but will be aligned ie each party will bear their own overspends. Pressures on the pooled budgets continue to increase, with the forecast for Continuing Care and the forecast for Mental Health increasing by £0.7m and £0.2m respectively.
- The 1% Non-recurrent funding of £8.2m is un-committed as per NHS E planning requirements.

** 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 7 £'000	Actual Month 7 £'000	Variance Month 7 £'000	Forecast Outturn £'000	Forecast Outturn Variance £'000
Acute	398,874	232,261	231,639	(622)	398,218	(656)
Community Health	71,137	40,704	40,898	194	71,326	189
Continuing Care	57,934	33,795	37,263	3,469	63,880	5,946
Mental Health and Learning Disability	67,878	39,596	40,096	500	68,736	857
Delegated Co-Commissioning	89,546	51,630	51,539	(91)	89,012	(534)
Primary care	100,409	57,643	56,541	(1,102)	99,872	(537)
Other Programme	16,938	10,459	10,688	229	17,088	150
Sub Total Programme costs	802,716	466,088	468,665	2,578	808,132	5,416
Running costs	14,624	8,531	8,090	(441)	14,624	(0)
Sub Total	817,340	474,618	476,755	2,137	822,756	5,416
Transformation/risk management	0	0	0	0	0	0
Non recurrent reserve	8,198	0	0	0	8,198	0
Contingency	6,152	2,137	0	(2,137)	736	(5,416)
1% Surplus	12,924	7,539	0	(7,539)	0	(12,924)
Total	844,615	484,294	476,755	(7,539)	831,691	(12,924)

- The most significant areas of over-performance to date for acute services are SCAS, Circle and London providers. These are more than offset by under-performance at Royal Berkshire FT, NCAs, Nuffield Health, Other Acute and Buckinghamshire Hospitals NHS Trust.
- The Pooled Budgets for Older People, Equipment and Physical Disability, are forecast to overspend at year end by £6.8m largely due to the FNC price increase and pressures on Care Home and Home support expenditure. The Mental Health Pool is forecast to overspend by £0.9m while the Learning Disability Pool is forecast to be on plan.
- Following notification of GP Access Funding for 2016-17, a further £0.7m has been released from the Primary Care Investment budget as agreed as part of the FRP.
- Information from the Business Services Authority indicates that the prescribing budget will be underspent but due to volatility in previous years and anticipated profile changes, this has not yet been factored into the forecast position.
- £5.4m of the contingency has been released into the forecast outturn position. The remainder of the contingency (£0.7m) is required to mitigate risks.

Risks and Mitigations

- Table 2b sets out the key risks identified that are not reflected in the most likely forecast outturn. At Month 7 these risks totalled £1.2m (£4.0m at Month 6) and were offset by contingency reserves held. The best case forecast outturn is £13.5m (£14.9m at Month 6) surplus and the worst case is a deficit of £3.2m (£2.0m at Month 4).
- The risk relating to non-release of £4m of the 1% Non-recurrent headroom to cover the increased surplus requirement has now been reflected in the forecast outturn and therefore removed from the risk table.
- The pooled budget risk for the Older People pool has been increased to reflect volatility and adverse movements in recent reporting and the mitigation from the allocation adjustment for Overseas visitors has been reduced to £0.4m in line with the recent notification from NHS E, but this is being challenged.

Table 2b:

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	-17.9	43%	-7.7	Block contract agreement mitigates the risk	4%	-0.3	
Community Health	0.0		0.0			0.0	
Continuing Care	-8.9	84%	-7.5	Impact of NHS FNC price increase of 40% now reflected in the forecast outturn.	20%	-1.5	
Learning Disability	-1.0	30%	-0.3	LD Big plan and implementation	0%	0.0	
Mental Health	-3.0		-1.0			0.0	
Primary care	-1.0	50%	-0.5	Prescribing	50%	-0.3	
Other programme	-9.2	41%	-3.8	Risk that 1%NR is not made available to the CCG in Q4 as planned to cover the increased surplus requirement now removed. Under delivery risk mitigated by OUH contract agreement - under delivery of QIPP will mean that further activity increases are not offset. Impact of market rentals by NHS PS	38%	-1.4	
Running costs	0.0		0.0			0.0	
Sub-total	-41.0		-20.7			-3.5	
Mitigations	7.7	44%	3.4	Overseas visitors/ Quality Premium /Funding for market rents/Financial Recovery Plan	67%	2.2	
Total	-33.3		-17.3			-1.2	
				CCG Contingency Reserves			
				Programme contingency (0.5% = £4.2m) not reflected in forecast *		0.7	
				Transformation/Risk management - £5m now committed to Transformation within the OUH		0.0	
				Running cost contingency		0.5	
				Total		1.2	
				Headroom /(Net risk)		-0.0	
	Worst case			Assumes 100% of potential risks materialise and are unmitigated - £16.1m worse than revised forecast outturn surplus of £12.925m		-3.2	
	Best case			Assumes 50% of mitigated risks materialise -£0.6m better than revised forecast outturn surplus of £12.925m		13.5	
					Range	16.7	1.98%

NB. The detailed risks have been considered at Finance Committee along with the management actions and mitigations

Section 3: Savings Programme

A savings programme of £22.4m was agreed for 2016-17. The FRP, agreed at the Board on 25th August, has now replaced the original savings plan and progress is summarised below.

Table 3a

No	Area of budget	Savings Initiative	Potential 2016/17 savings £,000 (Recurrent)	Delivery Assessment RAG Rating (updated 20.10.16)	Potential 2017/18 savings £,000 Min
1	NHS Acute contracts Oxfordshire	Proactive Medical Support to Care Homes		R	200
		MSK Pathway		A	165
		Bladder and Bowel Pathway		R	
		Ophthalmology Pathway		G	69
		999 High User Management Plans		G	61
		Anticipatory Prescribing		G	225
		Procedures of Limited Clinical Value (PLCV)		G	200
		APAs	-	A	2,660
		Right Care Opportunities		G	2,671
		Ambulatory Emergency Care		A	
2	Acute contracts - BOB footprint				
3	Independent providers	Berkshire Independent providers			
		Circle - Patella resurfacing (HROSZ)	50	G	50
		Spire - Patella resurfacing (HROSZ)	20	R	20
		Oxfordshire Independent providers			
		Ramsay Horton - Patella resurfacing	495	A	495
		Ramsay Horton - PLCV audit from 15/16 but money to be credited this year if	376	G	
		Manor PLCV - audit from 15/16 but money to be credited this year if successfully	737	G	
		Manor local x-ray guided injections price	15	G	15
		InHealth Gastro (2015/16 6ww breaches)		G	
		InHealth Gastro and Global renegotiations		G	
4	London providers	Patella resurfacing re-coding		G	
		Challenging anomalies (e.g. charges for non-Oxfordshire patients)	500	G	500
5	Other acute	Planned care budget reduction, including MECS (Ophthalmology)	103	Completed	103
		Specsavers Hear Care (Audiology)	199	Completed	199
		Remove £47,347 from 744621 52241004	47	Completed	47
		OPAL - Potentially £130,248 from Palliative Care budget 744736 52161003	130	Completed	
		Elective Care Incentive Scheme saving	200	G	
6	Non contracted activity				
7	Community	Falls Service Budget Reduction	272	Completed	272
8	Older people pool	Henry Cornish House ICB Contract	75	A	130
		SHDs	101	A	353
		CHC Provision Unutilised	200	A	
9	MH pool	MH & Homelessness uncommitted funds	153	Completed	
		Commissioning Intentions	400	Completed	400
		CAMHS	120	Completed	
10	Physical Disability	HIV & AIDS Services		A	
		Acquired Brain Injury		A	
		Review of Carers Services and Carers	500	A	250
		Non-pool carers budgets		A	
11	Learning Disability	Health Contract - return of uncommitted	100	A	100
		Out of Area Treatments (OATs)	750	A	750
		LD pool funding		A	
12	Primary Care	Slippage on planned schemes	1,927	G	
		Delegated budget headroom	534	Completed	
13	Prescribing*	Rebate Income	500	Completed	
		OTC Medicines	105	G	425
		Gluten Free Prescribing	50	G	208
		Infant Milk	115	G	560
		SIP Feeds	350	G	1,400
14	Alamac KitBag			G	
15*	GPIT/Health Informatics	Budget reduction	400	Completed	
16	Funded Nursing Care	Improved Controls	100	G	500
17	End of Life (EoL)	Sobell Bereavement	110	G	
18		Age UK OxBel	52	G	
			£,000		£,000
	Green		4,657		6,554
	Amber		2,221		4,205
	Red		20		220
	Completed		2,555		1,021
	TOTAL		9,786		13,028

*note for line 13 additional £200,000 removed from budget for rebate in comparison to recovery plan figure

*please note that original board report suggested additional savings for primary care at £1,063,000 and £200,000 and acute care at £162,000 which were not agreed. Hence this column does not reconcile with the figures on that report for 16/17

Section 4: Provider Performance

- The Oxford University Hospital Trust shows unadjusted over performance of £1.6m over plan at Month 6 which is 1% above the planned cost and 0.8% above the planned activity. After allowing for CQUIN and technical adjustments, the variance reduces to £1.1m, so a local price adjustment of -£1.1m has been applied in line with the revised block contract agreement. The adjustment at month 5 was £1.4m, so there continues to be a slight improvement in financial performance month on month.
- There is no impact on the CCG position at Month 7 due to the nature of the contract agreement but over performance remains a risk for the CCG going forward. The current level of over performance implies an underlying contract value of £319m. (£321m at Month 5 and £325m at Month 3).
- The most significant areas of over-performance to date are SCAS, Circle and London providers. These are more than offset by under-performance at Royal Berkshire FT, Non Contracted Activity, Nuffield Health, Other Acute and Buckinghamshire Hospitals NHS Trust.

Table 4: Acute Commissioning Breakdown

	Annual Budget £'000	Budget Month 7 £'000	Actual Month 7 £'000	Variance Month 7 £'000	Forecast Outturn £'000	Forecast Outturn Variance £'000
Oxford University Hospitals NHS FT	317,000	184,917	184,917	0	317,000	0
Royal Berkshire FT	20,600	12,017	11,589	(428)	19,866	(734)
Buckinghamshire Hospitals NHS Trust	2,874	1,676	1,576	(101)	2,701	(172)
Frimley Health NHS Foundation Trust (HWP)	498	291	249	(41)	421	(77)
South Warwickshire FT	619	361	339	(22)	581	(38)
Gloucester Hospitals NHS Trust	510	298	271	(27)	464	(46)
Great Western NHS Foundation Trust	3,225	1,881	2,020	139	3,463	239
Ramsay Health care	7,428	4,333	4,322	(11)	7,660	232
Nuffield Health	1,873	1,092	833	(260)	1,427	(445)
Spire Healthcare	422	246	283	37	485	63
Berkshire Independent	590	344	336	(9)	575	(15)
BMI Foscote	755	440	503	63	862	107
Circle	1,322	771	927	156	1,590	268
London Providers	3,646	2,127	2,258	131	3,934	288
Other Acute	7,992	4,247	3,958	(288)	7,677	(315)
Non Contract Activity	8,327	4,857	4,643	(214)	7,827	(500)
SCAS Emergency Patient Transport	21,194	12,363	12,615	252	21,685	491
Total	398,874	232,261	231,639	(622)	398,218	-656

Section 5: Conclusion

- The most likely forecast outturn reported at Month 7 was for a surplus of £12.9m. Risks identified at Month 7 were covered by contingencies held.
- The Month 7 reported position, the identified risks and mitigations and progress against the Financial Recovery Plan were reviewed by Finance Committee at the meeting on 22nd November 2016.