

**Oxfordshire Clinical Commissioning Group
Board Meeting**

Date of Meeting: 26 January 2017	Paper No: 17/09
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Title of Presentation: Finance Report - Month 9 (December) 2016-17

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

The full finance report has been taken to Finance Committee (24th January) where detailed scrutiny has been undertaken. The paper aims to give an overview of the financial position as at Month 9.

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 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 31st December 2016

Section 1: Executive Summary and Dashboard

Table 1 Key Financials

	Month 9 £'000	RAG rating	M8 Report £'000	Movement £'000
Plan ytd	(9,692)	SURPLUS	(8,615)	(1,077)
Actual ytd	(9,692)	SURPLUS	(8,615)	(1,077)
Variance	(0)	AS PLANNED	(0)	(0)
Plan Outturn	(12,924)	SURPLUS	(12,924)	0
Actual Outturn	(12,924)	SURPLUS	(12,924)	0
Variance	(0)	AS PLANNED	(0)	0

- At 31st December (Month 9), NHS Oxfordshire Clinical Commissioning Group (OCCG) reported a year to date surplus of £9.7m (£8.6m surplus at Month 8) and a forecast outturn surplus of £12.9m (£12.9m at Month 8).
- At Month 9, mitigated risks totalled £1.4m (£1.6m at Month 8) and were offset by contingencies held. The best case forecast outturn was £13.6m surplus (£13.7m at Month 8) and the worst case was £3.2m deficit (£3.2m at Month 8).
- Three additional funding allocations totalling £0.9m were received in Month 9:
 - £0.7m for Quality Premium achieved in 2015-16, this was better than the £0.2m estimated by the Quality team but is significantly less than that achieved in the previous year (£2m)
 - £0.2m to improve capacity for diagnostics
 - £0.05m for STP Peer support champions

The CCG allocation for 2016/17 now stands at £846.1m including the 1% Non-Recurrent funding of £8.2m.

- The remaining contingency budget is £6.2m, of which £5.2m is anticipated to be needed to cover programme pressures. This leaves £1.0m to offset risks. (see Table 2b).
- The underlying contract activity* for the Oxford University Hospitals Foundation Trust is above the Oxford contract threshold by £2.3m as per Month 8 activity reporting (£1.4m at Month 7). A zero rate is applied to this activity under the block contract agreement.
- Most forecasts across the CCG have remained relatively steady this month, with the most significant changes being within the pooled budgets hosted by Oxfordshire County Council. The Older People and Physical Disabilities forecasts have both worsened, by £0.3m and £0.1m respectively, whilst the Equipment forecast has improved by £0.3m.
- The Southern Health Learning Disability contract (£5.5m pa. £1.84m part year 2016-17) was novated from OCC to OCCG from 1 December 2016.
- 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 9 £'000	Actual Month 9 £'000	Variance Month 9 £'000	Forecast Outturn £'000	Forecast Outturn Variance £'000
Acute	399,447	298,937	298,434	(503)	399,116	(331)
Community Health	71,137	52,659	52,772	113	71,415	279
Continuing Care	57,934	43,282	47,277	3,995	63,379	5,445
Mental Health and Learning Disability	68,073	51,055	51,680	625	68,937	863
Delegated Co-Commissioning	89,546	66,382	66,361	(21)	89,012	(534)
Primary care	100,409	74,749	73,590	(1,160)	99,721	(688)
Other Programme	17,596	13,051	13,127	76	17,746	150
Sub Total Programme costs	804,142	600,114	603,240	3,126	809,326	5,183
Running costs	14,624	10,968	10,614	(354)	14,624	0
Sub Total	818,766	611,082	613,854	2,772	823,950	5,183
Transformation/risk management	0	0	0	0	0	0
Non recurrent reserve	8,198	0	0	0	8,198	0
Contingency	6,202	2,772	0	(2,772)	1,019	(5,183)
1% Surplus	12,924	9,693	0	(9,693)	0	(12,924)
Total	846,091	623,547	613,854	(9,693)	833,167	(12,924)

- The most significant areas of over-performance to date for acute services are SCAS, Great Western, 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 £5.4m 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 close to plan.
- There is slippage (estimated at £300-400k) on the GP Access Fund schemes. Most of the planned schemes will be delivering from January rather than November 2016 as originally planned. The CCG is proposing alternative schemes for the anticipated slippage and is in discussion with NHS E.
- Information from the Business Services Authority indicates that the prescribing budget will be underspent but the level of underspend has been reducing month on month. The position will be clearer once the BSA have undertaken the final re-profiling of the budget in January and the forecast outturn will be reviewed once that is received.
- £5.2m of the contingency has been released into the forecast outturn position. The remainder of the contingency (£1.0m) is available to mitigate risks in the last Quarter.

Risks and Mitigations

- Table 2b sets out the key risks identified that are not reflected in the most likely forecast outturn. At Month 9 these risks totalled £1.4m (£1.6m at Month 8) and were offset by contingency reserves held. The best case forecast outturn is £13.6m (£13.7m at Month 8) surplus and the worst case is a deficit of £3.2m (£3.2m at Month 8).
- The GP Prescribing risk has been removed in the light of the year to date underspend. It has been assumed that any pressures arising in the last quarter can be managed within the existing budget.
- Both the risk and the mitigation re the Savings plans and the Financial Recovery Plan (FRP) have been reduced. Non delivery of savings plans is largely mitigated by contract agreements.
- Other risks have been decreased to reflect the fact that Bladder and Bowel funding has been agreed with Oxford Health and is reflected in the forecast outturn.
- Mitigations have been reduced to reflect receipt of the Quality Premium. The forecast assumes that this funding will be invested in schemes in 2016-17.

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.	14%	-1.0	
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	0%	0.0	
Other programme	-9.5	42%	-4.0	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	22%	-0.9	
Running costs	0.0		0.0			0.0	
Sub-total	-41.3		-20.9			-2.2	
Mitigations	7.7	44%	3.4	Overseas visitors/ Quality Premium /Funding for market rents/Financial Recovery Plan	24%	0.8	
Total	-33.7		-17.5			-1.4	
CCG Contingency Reserves							
				Programme contingency (0.5% = £4.2m) not reflected in forecast		1.0	
				Transformation/Risk management - £5m now committed to Transformation within the OUH		0.0	
				Running cost contingency		0.4	
				Total		1.4	
				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 -£0.7m better than revised forecast outturn surplus of £12.925m		13.6	
					Range	16.8	1.99%

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 in the table above. £5.4m of schemes are reported as completed.

Table 3a

No	Area of budget	Savings Initiative	Potential 2016/17 savings £,000	Delivery Assessment RAG Rating (updated 11.01.17)	Potential 2017/18 savings £,000 (Recurrent Only)
1	NHS Acute contracts - Oxfordshire	Proactive Medical Support to Care Homes		R	300
		Proactive Medical Support to Care Homes (reduced spend transactional saving)	400	Completed	
		MSK Pathway		R	165
		Bladder and Bowel Pathway		R	
		Ophthalmology Pathway		G	69
		999 High User Management Plans		A	61
		Anticipatory Prescribing		A	325
		Procedures of Limited Clinical Value (PLCV)	100	G	300
		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 (HRO52)	50	G	50
		Spira - Patella resurfacing (HRO52)	20	R	20
		Oxfordshire Independent providers			
		Ramsay Horton - Patella resurfacing (HRO52)	495	A	495
		Ramsay Horton - PLCV audit from 15/16 but money to be credited this year if successfully negotiated	75	Completed at £75,000/£376,000	
		Manor PLCV -audit from 15/16 but money to be credited this year if successfully negotiated	737	A	
		Manor local x-ray guided injections price	15	G	15
		InHealth Gastro (2015/16 6ww breaches)		G	
		InHealth Gastro and Global renegotiations	152	Completed	
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 IMCS (Ophthalmology)	109	Completed	109
		Specavers Hear Care (Audiology)	199	Completed	199
		Remove £47,347 from '744621 52241004 Miscellaneous Expenditure'	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	Closed	359
		CNC Provision Unutilised	200	A	
9	MH pool	MH & Homelessness uncommitted funds	159	Completed	
		Commissioning Intentions	400	Completed	400
		CAMHS	120	Completed	
10	Physical Disability	HIV & AIDS Services		A	
		Acquired Brain Injury		A	350
		Review of Carers Services and Carers Strategy	Potential release of funds following consultation	500	A
		Non-pool carers budgets		A	
11	Learning Disability	Health Contract - return of uncommitted funds	100	A	100
		Out of Area Treatments (OATs)	750	Closed	750
		LD pool funding		A	
12	Primary Care	Slippage on planned schemes	1,927	Completed	
		Delegated budget headroom	594	Completed	
13	Prescribing*	Rebate (NHS) Income	500	Completed	
		OTC Medicines	105	A	435
		Gluten Free Prescribing	50	A	308
		Infant Milk	115	A	560
		SIP Feeds	350	G	1,400
14	Alamac KitBag			Closed	
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	
		Age UK Oxbel	52	Closed	
TOTAL			4,000		6,000
			1,425		6,884
			2,979		4,209
			293		135
			5,433		1,021
		10,127		19,029	

Section 4: Provider Performance

- The Oxford University Hospital Trust shows unadjusted over performance of £2.9m over plan at Month 8 which is 1.4% above the planned cost. After allowing for CQUIN and technical adjustments, the variance reduces to £2.3m, so a local price adjustment of -£2.3m has been applied in line with the revised block contract agreement. The adjustment at month 7 was £1.4m. Month 8 therefore reflects a significant increase in activity and cost within the OUH contract but there is no impact on this year's forecast due to the nature of the contract.
- The current level of over performance implies an underlying contract value of £320.5m. (£319m at Month 8, £321m at Month 5 and £325m at Month 3).
- The most significant areas of over-performance to date are SCAS, Great Western, Circle and London providers. These are more than offset by under-performance for Non Contracted Activity, Royal Berkshire FT, Other Acute and Nuffield Health.

Table 4: Acute Commissioning Breakdown

	Annual Budget £'000	Budget Month 9 £'000	Actual Month 9 £'000	Variance Month 9 £'000	Forecast Outturn £'000	Forecast Outturn Variance £'000
Oxford University Hospitals NHS FT	317,000	237,750	237,949	199	317,000	0
Royal Berkshire FT	20,600	15,450	15,115	(335)	20,154	(446)
Buckinghamshire Hospitals NHS Trust	2,874	2,155	2,112	(44)	2,815	(58)
Frimley Health NHS Foundation Trust (HWP)	498	374	308	(66)	404	(94)
South Warwickshire FT	619	464	523	59	697	79
Gloucester Hospitals NHS Trust	510	383	364	(19)	485	(25)
Great Western NHS Foundation Trust	3,225	2,418	2,645	226	3,526	302
Ramsay Health care	7,428	5,571	5,608	37	7,577	149
Nuffield Health	1,873	1,405	1,096	(308)	1,462	(411)
Spire Healthcare	422	316	389	73	519	98
Berkshire Independent	590	442	437	(6)	582	(8)
BMI Foscote	755	566	649	83	865	111
Circle	1,322	991	1,198	206	1,597	275
London Providers	3,646	2,734	2,892	158	3,892	246
Other Acute	8,214	5,512	4,883	(629)	7,787	(427)
Non Contract Activity	8,678	6,508	6,000	(508)	8,027	(651)
SCAS Emergency Patient Transport	21,194	15,896	16,265	370	21,723	529
Total	399,447	298,937	298,434	(503)	399,116	(331)

Section 5: Conclusion

- The most likely forecast outturn reported at Month 9 is for a surplus of £12.9m. Risks identified at Month 9 are covered by contingencies held.
- The Month 9 reported position, the identified risks and mitigations and progress against the Financial Recovery Plan were reviewed by Finance Committee at the meeting on 24th January 2017.