

Oxfordshire Clinical Commissioning Group Board Meeting

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| Date of Meeting: 28 September 2017 | Paper No: 17/63 |
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| Title of Paper: Finance Report - Month 05 (August) 2017-18 |
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|--|-------------------|---|-----------------|--|--------------------|---|
| Paper is for: <small>(please delete tick as appropriate)</small> | Discussion | ✓ | Decision | | Information | ✓ |
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| <p>Purpose and Executive Summary: This report sets out:</p> <ul style="list-style-type: none"> the financial performance of the CCG to 31st August 2017 the risks identified to the financial objectives and the current mitigations <p>The full finance report has been taken to Finance Committee (26th September) where detailed scrutiny has been undertaken. The paper aims to give an overview of the financial position as at Month 5.</p> |
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| <p>Financial Implications of Paper: There are no direct financial implications as a result of this paper.</p> |
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| <p>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.</p> |
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| OCCG Priorities Supported <small>(please delete tick as appropriate)</small> | |
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| ✓ | Operational Delivery |
| ✓ | Transforming Health and Care |
| ✓ | Devolution and Integration |
| ✓ | Empowering Patients |
| ✓ | Engaging Communities |
| ✓ | System Leadership |

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| <p>Equality Analysis Outcome: There are no direct Equality issues arising from this paper.</p> |
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Link to Risk:

AF25 Achievement of statutory financial duties

Author: Jenny Simpson, Deputy Director of Finance; jenny.simpson@oxfordshireccg.nhs.uk

Clinical / Executive Lead: Gareth Kenworthy, Director of Finance;
Gareth.kenworthy@oxfordshireccg.nhs.uk

Date of Paper: 20 September 2017

Finance Report for Oxfordshire CCG Board at 31 August 2017

Section 1: Executive Summary and Dashboard

Table 1a: In Year key financial targets

| | Month 5 £'000 | RAG rating | Month 4 £'000 | Movement £'000 |
|----------------|------------------|------------|------------------|-------------------|
| Plan ytd | 0 | BREAKEVEN | 0 | 0 |
| Actual ytd | 0 | BREAKEVEN | 0 | 0 |
| Variance | 0 | AS PLANNED | 0 | 0 |
| Plan Outturn | 0 | BREAKEVEN | 0 | 0 |
| Actual Outturn | 0 | BREAKEVEN | 0 | 0 |
| Variance | 0 | AS PLANNED | 0 | 0 |

- At 31st August NHS Oxfordshire Clinical Commissioning Group (OCCG) reported year to date and forecast outturn on plan ie a forecast in year breakeven position.
- The CCG brought forward a historic surplus of £21.129m from 2016-17. A drawdown of £1.140m was agreed with NHS E leaving a cumulative surplus of £19.989m as the planned carry forward into 2018-19 as per Table 1b below.

Table 1b: In Year and Historic surplus

| | Annual Budget £'000 | Budget year to date Month 5 £'000 | Actual year to date Month 5 £'000 | Variance year to date Month 5 £'000 | Most Likely Forecast Outturn @Month 5 £'000 | Most Likely Forecast Variance @Month 5 £'000 |
|---|------------------------|---|---|---|---|--|
| Total CCG after contributions to/from reserves | 868,146 | 355,518 | 355,518 | 0 | 868,146 | 0 |
| Historic surplus 1% b fwd | 21,129 | | | | | |
| Drawdown in 2017-18 | (1,140) | | | | | |
| Planned surplus c fwd | 19,989 | 8,329 | 0 | (8,329) | 0 | (19,989) |
| Total in year and historic | 888,135 | 363,846 | 355,518 | (8,329) | 868,146 | (19,989) |

- Six funding allocations totalling £3.4m were received in Month 5, the largest of which was for the GP Access Fund (£3.2m). The final GP Access Fund allocation is £3.986m, £0.2m higher than originally notified.
- The mitigated risks total £6.2m (£5.8m at Month 4) and are mainly offset by contingencies held of £4.1m (£4.6m at Month 4) leaving a net risk of £2.1m (£1.2m at Month 4). The increase in the risk is due to the inclusion of a new risk for winter pressures. The largest risks remain as the System Risk Agreement and the RTT backlog at the OUH. The best case forecast outturn is £1.0m surplus (£1.4m at Month 4) and the worst case is £13.8m deficit (£14.6m at Month 4).
- The underlying activity (before adjustment for marginal rate, re-admissions credit and penalties and CQUIN) for the Oxford University Hospitals Foundation Trust is £2.641m above plan at Month 4. After applying the usual financial adjustments for MRET, penalties and CQUIN), the Trust shows a pre-risk share over performance of £2.1m. After adjusting for the OUH element of

the risk share, the over performance impact reduces to £1.2m year to date. RTT work planned for Quarter 2, at an estimated cost of £0.653m to the CCG (£0.979m before risk share with Oxford Health) has been included within the forecast. Both the over performance and the RTT work are offset by release of contingency funding. RTT for Quarters 3 and 4 have not yet been agreed and are not reflected in the forecast outturn, but are included in the risk table (Table 2b).

- Material overspends continue to be reported for Buckinghamshire and Ramsey Hospitals, for SCAS Emergency services and for the Out of Hours service.
- The over performance at Buckinghamshire Healthcare includes non-recurrent costs for one long stay critical care case. Further assurance is being sought from the Ramsey that their coding of comorbidities/complications is in line with national guidance.
- A forecast outturn pressure of £0.7m is reported at Royal Berkshire FT for the first time this month. Counting and coding is being reviewed in the following areas: Outpatient Procedures, Elective Inpatients, Non Electives and the Intensive Care unit.
- These overspends are largely offset by forecast underspends for Prescribing, Primary Care Investment, Other acute and NHS property recharges. An additional £0.5m contingency funding has been released into the forecast this month which utilises the remainder of the 0.5% CCG contingency (excluding delegated primary care contingency).
- The CCG currently holds contingencies and reserves of £4.1m to meet pressures emerging during the financial year.

Section 2: Overview

Table 2a: Summary Table

| | Annual Budget £'000 | Budget Month 5 £'000 | Actual Month 5 £'000 | Variance Month 5 £'000 | Forecast Outturn £'000 | Forecast Outturn Variance £'000 |
|--|------------------------|-------------------------|-------------------------|---------------------------|---------------------------|---------------------------------------|
| Acute | 416,356 | 173,481 | 175,409 | 1,928 | 422,474 | 6,118 |
| Community Health | 71,027 | 29,420 | 29,559 | 139 | 71,183 | 156 |
| Continuing Care | 64,781 | 26,992 | 26,970 | (22) | 64,731 | (50) |
| Mental Health and Learning Disability | 72,068 | 29,894 | 29,917 | 23 | 72,118 | 50 |
| Delegated Co-Commissioning | 92,374 | 36,902 | 36,777 | (124) | 92,374 | 0 |
| Primary care | 108,244 | 44,812 | 44,245 | (567) | 107,127 | (1,116) |
| Other Programme | 16,846 | 7,103 | 6,590 | (513) | 16,382 | (464) |
| Sub Total Programme costs | 841,696 | 348,603 | 349,467 | 864 | 846,390 | 4,694 |
| Running costs | 14,627 | 6,097 | 6,050 | (47) | 14,627 | 0 |
| Sub Total CCG | 856,323 | 354,701 | 355,518 | 817 | 861,017 | 4,694 |
| Risk Reserve | 4,265 | 0 | 0 | 0 | 3,413 | (852) |
| 1% Non recurrent reserve (50% require | 3,717 | 0 | 0 | 0 | 3,717 | 0 |
| 0.5% Contingency reserve | 3,842 | 817 | 0 | (817) | 0 | (3,842) |
| Total CCG after contributions to/from r | 868,146 | 355,518 | 355,518 | 0 | 868,146 | 0 |
| Planned Surplus cfwd | 19,989 | 8,329 | 0 | (8,329) | 0 | (19,989) |
| Total | 888,135 | 363,846 | 355,518 | (8,329) | 868,146 | (19,989) |

- The risk shares and contributions to the two new pooled budgets (ie the Better Care Fund Pool and the Adults with Care and Support Needs Pool) have been agreed in principle during this month but are not yet fully reflected in the reporting.
- The forecast outturn for the prescribing budget is currently £750k underspent. There is a building pressure for No Cheaper Alternative Stock due to the unavailability of certain generic drugs.

- All of the 0.5% contingency has been released into the forecast outturn position to cover performance pressures at Month 5. Other contingencies of £4.1m remain and are available to mitigate risks arising in the rest of the year.

Risks and Mitigations

Table 2c sets out the key risks identified that are not reflected in the most likely forecast outturn above. The residual risk is £6.2m (£5.8m at Month 4) and is mainly offset by contingencies held of £4.1m (£4.6m at Month 4). There is a net risk of £2.1m (£1.2m at Month 4).

A new risk has been added re Winter pressures in the light of advice from NHS Providers and the A&E Delivery Board consideration of a Winter plan.

The largest risk is the System risk share agreement including the RTT backlog at the OUH. The current position for the risk share is shown below but excludes Quarter 3 and 4 RTT activity which has not yet been agreed. The risk will be shared by the parties to the agreement. They will be calculated and agreed quarterly; the position below is indicative for CCG reporting purposes.

Table 2b:

| | Risk Share Agreement £m | Month 5 YTD based on Agreement £m | Month 5 Actual YTD £m | Year end Forecast* £m |
|--------------------------------|----------------------------|--------------------------------------|--------------------------|--------------------------|
| Oxford University Hospitals FT | 16.00 | 6.67 | 2.58 | 7.29 |
| Oxford Health FT | 2.00 | 0.83 | 0.00 | 0.50 |
| | 18.00 | 7.50 | 2.58 | 7.79 |

*Year end forecast includes remaining RTT activity for Quarter 2 but excludes RTT activity for Quarters 3 and 4 which have not yet been agreed.

The £4.1m contingency is made up of:

- 0.5% contingency in Delegated Co-commissioning budget £0.5m.
- The CCG risk reserve - £3.4m remaining to offset risks.
- A small contingency in running costs of £0.2m.

The best case forecast outturn is £1.0m surplus (£1.7m at Month 4) and the worst case is £13.8m deficit (£14.6m at Month 4).

Table 2c:

| 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 | -41.2 | 59% | -24.4 | Risk share with OUH and OH | 28% | -6.9 | |
| Continuing Care | -1.0 | 80% | -0.8 | Pooled budget joint management arrangements | 90% | -0.7 | |
| Sub-total | -42.2 | | -25.2 | | | -7.6 | |
| Mitigations | 1.4 | 100% | 1.4 | CEOV and Quality Premium | 100% | 1.4 | |
| Total | -40.8 | | -23.8 | | | -6.2 | |
| CCG Contingency/Reserves | | | | | | | |
| | | | | Programme contingency (0.5% = £4.3m less £3.8m committed at Month 5 (of which £0.462m in Delegated Co-commissioning budget) | | 0.5 | |
| | | | | Risk management reserve (£4.3m less £852k committed) | | 3.4 | |
| | | | | Running cost contingency | | 0.2 | |
| | | | | Total | | 4.1 | |
| | | | | Headroom /(Net risk) | | -2.1 | |
| | | | | Worst case | Assumes 75% of potential risks materialise and are unmitigated except for reserves | -13.8 | |
| | | | | Best case | Assumes 50% of mitigated risks materialise and are met by reserves | 1.0 | |
| | | | | | Range | 14.8 | 1.66% |
| NB. The detailed risks have been considered at Finance Committee along with the management actions and mitigations | | | | | | | |

Section 3: Savings Programme

A summary of the 2017-18 savings programme and achievement year to date is shown below.

Table 3a

| 2017/18 Savings Plan Summary | | | | | | |
|---|------------------------------|---|---|-------------------------------------|-------------------------|--------------------|
| | | Initial value of opportunity £'000 | Targeted savings value £'000 | YTD Actual Savings £'000 | Forecast outturn | Project RAG |
| System Contract Risk Mitigations | | | | | | |
| Planned Care | Primary Care Referral Demand | 5,991 | 2,996 | 0 | 899 | Amber |
| | Internal Demand | 7,081 | 3,541 | 250 | 1,062 | Amber |
| | RightCare | 5,262 | 1,583 | 0 | 849 | Amber |
| | Service/Pathway Redesign | 3,918 | 1,959 | 0 | 612 | Amber |
| | Other | 1,378 | 345 | 0 | 103 | Amber |
| | Decommissioning | 0 | 0 | 0 | 0 | Red |
| Urgent Care | Long Term Conditions | 5,549 | 2,775 | 0 | 832 | Red |
| | Urgent care | 1,996 | 998 | 0 | 299 | Red |
| Joint Commissioning | Joint Commissioning | 0 | 0 | 0 | 0 | Amber |
| Gainshare | Gainshare | 0 | 0 | 0 | 0 | Amber |
| Subtotal | | 31,175 | 14,195 | 250 | 4,657 | |
| OCCG Savings Initiatives | | | | | | |
| Medicines Optimisation | Prescribing | 2,213 | 643 | 443 | 900 | Green |
| Other | Commissioning Statements | 400 | 200 | 0 | 200 | Green |
| | Other (Funded Nursing care) | 2,598 | 2,598 | 2,041 | 2,041 | Amber |
| Primary Care Capacity | Primary Care Capacity | N/A | N/A | N/A | N/A | Green |
| Subtotal | | 5,211 | 3,441 | 2,484 | 3,141 | |
| TOTAL: | | 36,386 | 17,636 | 2,734 | 7,798 | |
| Note: it has been assumed that risk mitigations will deliver planned impact from Quarter 2 onwards. | | | | | | |

Section 4: Provider Performance

- An unadjusted over performance of £2.641m (Month 3 £2.162m) against the Oxford University Hospitals (OUH) contract has been reported. The CCG element of this over performance has been included in the forecast as well as RTT work planned for Quarter 2, at an estimated cost of £0.653m to the CCG. Quarter 3 and 4 RTT activity is not yet agreed or included in the forecast.
- The most significant areas of over-performance to date are OUH, Royal Berkshire FT, Buckinghamshire Hospitals, Ramsey and SCAS Emergency services.
- The over performance at Buckinghamshire Healthcare includes non-recurrent costs for one long stay critical care case. An analysis of over-performance at the Ramsey has determined that as well as an increase in Spinal activity & Knee procedures being undertaken, the complexity of the HRGs being charged is higher than anticipated. Assurance is being sought that their coding of comorbidities / complications is in line with national guidance.
- A forecast outturn pressure of £0.7m is reported at Royal Berkshire FT for the first time this month. Counting and coding is being reviewed in the following areas: Outpatient Procedures, Elective Inpatients, Non Electives and the Intensive Care unit.

Table 4: Acute Commissioning Breakdown

| | Annual Budget £'000 | Budget Month 5 £'000 | Actual Month 5 £'000 | Variance Month 5 £'000 | Forecast Outturn £'000 | Forecast Outturn Variance £'000 |
|---|---------------------------|----------------------------|----------------------------|------------------------------|------------------------------|--|
| Oxford University Hospitals NHS FT | 331,000 | 137,917 | 139,122 | 1,205 | 335,000 | 3,999 |
| Royal Berkshire FT | 20,097 | 8,374 | 8,700 | 326 | 20,880 | 783 |
| Buckinghamshire Hospitals NHS Trust | 2,640 | 1,100 | 1,473 | 373 | 3,391 | 751 |
| Frimley Health NHS Foundation Trust (HWP) | 417 | 174 | 152 | (21) | 366 | (52) |
| South Warwickshire FT | 1,083 | 451 | 483 | 32 | 1,160 | 76 |
| Gloucester Hospitals NHS Trust | 440 | 183 | 168 | (15) | 404 | (36) |
| Great Western NHS Foundation Trust | 3,478 | 1,449 | 1,400 | (49) | 3,361 | (117) |
| Ramsay Health care | 8,049 | 3,354 | 3,652 | 298 | 8,764 | 715 |
| Nuffield Health | 1,544 | 643 | 619 | (24) | 1,486 | (58) |
| Foscote | 903 | 376 | 400 | 23 | 959 | 56 |
| Spire Healthcare | 496 | 207 | 290 | 84 | 697 | 201 |
| Berkshire Independent | 576 | 240 | 204 | (35) | 491 | (85) |
| BMI Ridgeway | 313 | 130 | 191 | 61 | 459 | 147 |
| Circle | 1,561 | 650 | 729 | 79 | 1,750 | 189 |
| London Providers | 3,949 | 1,646 | 1,734 | 89 | 4,126 | 177 |
| Other Acute | 9,832 | 4,096 | 3,488 | (609) | 8,884 | (948) |
| Non Contract Activity | 7,857 | 3,274 | 3,236 | (38) | 7,757 | (100) |
| SCAS Emergency Patient Transport | 22,120 | 9,217 | 9,365 | 149 | 22,539 | 419 |
| Total | 416,356 | 173,481 | 175,409 | 1,928 | 422,474 | 6,118 |

Section 5: Conclusion

- The most likely forecast outturn reported at Month 5 is for the CCG to achieve its financial plan of in-year breakeven. Risks identified at Month 5 exceed contingencies held by £2.1m.
- The Month 5 reported position and the identified risks and mitigations were reviewed by Finance Committee at the meeting on 26 September 2017.