

Oxfordshire Clinical Commissioning Group Board Meeting

Date of Meeting: 28 September 2017	Paper No: 17/63
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Title of Paper: Finance Report - Month 05 (August) 2017-18

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>

<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>	
✓	Operational Delivery
✓	Transforming Health and Care
✓	Devolution and Integration
✓	Empowering Patients
✓	Engaging Communities
✓	System Leadership

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

Link to Risk:

AF25 Achievement of statutory financial duties

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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.