

GOVERNING BODY MEETING

Meeting Date: 24 January 2018

Report's Sponsoring Governing Body
Member: Richard Mellor, CFO

Report Author: Richard Mellor

1. Title of Paper: Finance Report for December 2017**2. Strategic Objectives supported by this paper:**

(check those which apply)

- To create a viable & sustainable organisation, whilst facilitating the development of a different, more innovative culture
- To commission high quality services which will improve the health & wellbeing of the people in Scarborough & Ryedale
- To build strong effective relationships with all stakeholders and deliver through effectively engaging with our partners
- To support people within the local community by enabling a system of choice & integrated care
- To deliver against all national & local priorities incl QIPP and work within our financial resources

- Executive Summary:**

The purpose of this paper is to inform the Governing Body of the financial performance of the CCG for the year to December 2017. The CCG is reporting a forecast position of £(5.3)m, with £3.2m of net unmitigated risk. The net risk has increased by £0.8m to reflect additional risks identified in respect of acute contract challenges and prescribing price concessions.

The table below shows the summarised financial position for December 2017 with a reported deficit of £(5.301)m, an overspend of £(3.864)m against our planned position.

	Current Month			YTD			Forecast		
	Budget £'000	Actual £'000	Variance £'000	Budget £'000	Actual £'000	Variance £'000	Budget £'000	Actual £'000	Variance £'000
Acute Services	6,654	7,267	(613)	64,174	67,839	(3,665)	84,854	88,096	(3,243)
Mental Health	1,262	1,073	188	11,328	12,087	(759)	15,037	15,489	(452)
Primary Care	3,637	3,654	(17)	31,629	31,942	(313)	41,757	42,284	(527)
Continuing Healthcare	1,213	1,377	(164)	11,454	11,870	(415)	15,096	14,876	220
Community Services	1,041	1,120	(78)	9,429	10,254	(826)	12,495	13,569	(1,074)
Other Commissioned Services	409	246	163	6,238	6,167	71	9,203	7,774	1,430
Total Programme Spend	14,216	14,737	(521)	134,252	140,159	(5,907)	178,441	182,087	(3,646)
Running Costs	170	184	(14)	1,734	1,901	(167)	2,291	2,509	(218)
Total Expenditure	14,386	14,921	(535)	135,986	142,060	(6,074)	180,732	184,596	(3,864)
Resource Allocation	14,370	14,370	0	134,360	134,360	0	179,295	179,295	0
In Year Deficit	(17)	(551)	(535)	(1,625)	(7,700)	(6,074)	(1,437)	(5,301)	(3,864)
Gross Risks to Forecast Position								(5,500)	
Net Risk								(3,200)	

The reported position is against our original plan of £(5.3)m, adjusted for the planned impact of £3.8m (rounded) for the capped expenditure programme to a deficit position of £(1.4)m. Expenditure in December was significantly above plan, resulting in the year to date position exceeding our forecast. We have significant QIPP plans impacting in the final part of the year, and the forecast requires delivery of these schemes, and additional financial recovery actions, to recover the position. We have a gross risk for delivery of QIPP schemes and management of pressures on budgets of £5.5m, with a net risk position of £3.2m.

Financial Performance

We are continuing to see pressure on all areas of expenditure with the most significant against acute contracts. We have seen an improvement in the Mental Health position due to data cleansing out of contract placements across the North Yorkshire system which provides some mitigation.

Acute activity is based on information to November. Most elective activity continues at or below plan, but with activity higher than plan in outpatient follow ups. We continue to see overspends on both outpatient first and follow ups, and are seeing a disproportionate growth in follow ups. We have seen a significant reduction in referrals linked to QIPP schemes, but with lower reductions in actual activity. Providers are still working to achieve RTT performance, and this may be keeping activity higher than we would expect.

Non elective admissions are broadly in line with plan and previous years for activity, but spend is up 6% on plan, with average costs of admission. Accident and Emergency attendances continue with activity 4% above plan (6% above 16/17 actual) and an increase in the average cost per attendance, with expenditure 19% above plan. This is mainly due to increased diagnostics undertaken in ED as part of the Acute Medical Model.

As reported last time, some changes in coding and counting have been identified as a challenge, including rehabilitation bed days charges, which has been submitted to NHSE / NHSI for review and expert determination on the outcome.

Prescribing costs were below expected levels in month, but are still overspent to date. Other areas of primary care spend are broadly in line with plan.

We have pressures on mental health costs, with overspends on out of contract activity, and an underperformance on the QIPP plan. Continuing healthcare is slightly overspending year to date, and we are seeing a shift to more fully funded packages compared with plans. We have pressures on our community services relating to consumables provided, and the provision of the re-ablement service in Scarborough. Other commissioned areas have an overspend on commissioning, related to the current community procurement.

Overall we have pressures on secondary care activity, prescribing mental health and community services, but the biggest challenges to delivery of the forecast position are delivering the additional QIPP programmes and any additional financial recovery actions.

QIPP Performance

The CCG's QIPP plan is for delivery of a value of £6.2m in year. Additional savings through the capped expenditure programme have also been targeted, and will be added into the QIPP programme, rather than identifying capped expenditure separately. Plans are in progress throughout the year, with a greater impact expected later in the year.

At month 8, actual delivery of £3.3m was recorded against a plan of £3.5m. The largest element of this was performance on prescribing savings, including a significant contribution from work in 2016/17. However, we expect this impact to drop away in future months, requiring the 2017/18 programme to pick up the slack. We have also seen early impact of the threshold work undertaken last year, with a significant decrease in referrals. However, despite the early performance being very positive, we are still identifying a significant risk to delivery of the plan over the year. In particular, our experience has shown that the schemes planning to impact non elective activity are difficult to deliver, and .we need to see further impact from ongoing schemes in the latter part of the year to deliver the financial plan.

The CCG is looking for additional financial recovery actions to implement to reduce costs in the remainder of the year.

1. Risks relating to proposals in this paper:

The CCG has significant risks to manage expenditure within plan, including delivery of the QIPP programme. We are currently identifying risks of £5.5m, relating to management of acute activity and contracts, delivery of QIPP schemes, mitigated by actions to deliver QIPP, and identification of additional recovery actions.

2. Summary of any finance / resource implications:

The CCG is overspending against its plan, and has significant risk to delivery of the forecast position.

3. Any statutory / regulatory / legal / NHS Constitution implications:

The CCG is not meeting its statutory duty to manage within the available allocation.

4. Equality Impact Assessment:

N/A.

5. Any related work with stakeholders or communications plan:

The CCG is working with partner organisations to develop a system recovery programme. The CCG has held consultation meetings with the local population, to inform development of recovery plans..


6. Recommendations / Action Required

The Governing Body is asked to note the financial position presented in this paper, and the risks to delivery of the planned position.

7. Assurance

QIPP Steering Group, Finance and Contracting Committee

For further information please contact:

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