

FINANCE  
REPORT

2017/18

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Finance report for the period ending 31 October 2017

Governing Body report

## Summary Finance Performance

➤ The tables below summarise the key financial duties and targets and internal key financial indicators for the CCG:

Key Financial Duties	YTD RAG Rating	Forecast RAG Rating
Remain within the Revenue Resource Limit (£212,052k full year)		
Achieve the 'Control Total' (in year breakeven)		
Remain within Running Cost Allowance (£3,242k full year)		
Remain within the Cash Balance Limit		
Better Payments Practice Code		

Key Internal Financial Indicators	YTD RAG Rating	Forecast RAG Rating
QIPP – achievement of overall target (£12,359k full year)		
QIPP – achievement of recurrent target (£11,652k)	n/a	
Achieve Underlying Surplus (£1,163k full year)	n/a	
Risk Reserves – level utilised to balance position		
Co-commissioning – spend remains within budget		
Acute Contract – spend remains within budget		
Continuing healthcare – spend remains within budget		
Prescribing – spend remains within budget		

## Month 7 Summary

- The overall financial position continues gives rise to significant concern with c £3.8 million reserves and mitigations used to offset a £3.8m over spend on budget areas year to date.
- Acute spend is £3.1 million over plan year to date and an in month overspend of £634,000 on Acute is the main reason behind an overall CCG £482,000 in month deterioration.
- The delivery of the full year control total is facing increased risk, with other mitigations now required over and above contingency and other reserves to cover the forecast pressures on Acute and other budgets.
- These mitigations include underspends on Running Costs and Co-commissioning and balance sheet measures. However, these are on the whole, non-recurrent measures. As noted above there is significant risk that these mitigations do not cover the risks, particularly if untransacted QIPP on Acute budgets does not get offset with actual savings in the rest of the year. This will also heavily deteriorate the underlying position.
- The planned exit underlying surplus remains static at c £4.5m deficit.

## Resource Limit

➤ The table below shows the current RL:-

	Annual Resource Limit		
	Recurrent £000	Non Recurrent £000	Total £000
Monthly opening Revenue Resource Limit (RRL)	209,046	2,984	212,030
<b>In Month changes</b>			
	0	22	22
<b>Total RRL</b>	<b>209,046</b>	<b>3,006</b>	<b>212,052</b>

## Summary Financial Position Year to Date

- £3,765k of reserves required for a balanced position to date
- Acute £3,061k over plan
- Continuing Care £239k over plan
- Prescribing £379k over plan
- Running Costs £199k under plan
- Mental Health £1k over plan
- Community Services £300k over plan
- See Appendix 1 for full Operating Cost Statement and Appendix 2 for Variance summary charts

## Key Areas – Risk, Over and Underspend Areas (see also Appendix 4)

AREAS	YTD Variance £k	Commentary
Nottingham University Hospital NHS Trust	£2,914k over plan	NUHT position is a combination of contract position (£818k over plan) and untransacted QIPP (£2,074k) and a small benefit from 2016/17 final reconciliation. NEL remains significantly over plan and is the main cause of pressure. Stroke Rehab activity is also significantly above plan, negotiations with NUHT remain on-going.
Circle	£354k over plan	The key driver for the overspend on Circle continues to be elective and daycase The in month position for the contract is on plan.
Free Choice Network - FCN	£353k under plan	The private sector elective work continues to be under plan and offsets the Circle over performance.
Continuing Health Care - CHC	£239k over plan	The in month CHC position is slightly behind plan £31k, however this has improved against previous months variances. The YTD position remains behind plan, expecting to recover by 45% at the year-end due to QIPP schemes further delivering over the next 6 months
Prescribing	£379k over plan	The position reflects a small favourable fall out from 2016/17 plus 5 months PPA data. The position has deteriorated by £94k in month, the majority accounted for by the No Cheaper Stock Obtainable (NCSO) issue.

## Forecast Outturn and closing 2017/18 underlying position

- The CCG is forecasting to achieve the control total of in year breakeven, however as noted above there is significant risk to delivering the control total and will require mitigations in excess of those currently available.
- The exit underlying position remains significantly adverse to the £1.2m planned surplus at £4.5m deficit

<b>Summary Forecast Variance £000</b>				
<b>Expenditure</b>		<b>Rec</b>	<b>Non-Rec</b>	<b>Total</b>
Acute		£5,316	£16	£5,333
Mental Health		£60	£0	£60
Community		£560	£0	£560
CHC		£280	-£50	£230
Primary Care		£66	-£23	£43
Prescribing		£94	£484	£578
Co-commissioning		£0	-£1,109	-£1,109
Running Costs		£0	-£336	-£336
Other Programme		-£764	-£4,594	-£5,358
<b>Total</b>		<b>£5,612</b>	<b>-£5,612</b>	<b>£0</b>
	Recurrent Plan (surplus)			-£1,163
	Recurrent pressures/(benefits)			£5,612
	<b>Forecast exit (surplus)/deficit</b>			<b>£4,449</b>

## Savings

- Year to date QIPP delivery shows £4.5m delivered against a plan of £5.8m
- Full year forecast is for delivery of £10.22m QIPP delivered recurrently against the £12.4m target.
- The shortfall of £2.13m is covered via non-recurrent mitigations.
- This recurrent QIPP under-delivery is the key driver of the above noted deterioration in the underlying position
- Further detail is given in the Financial Recovery paper

## Other Key Areas

➤ **Running cost**

- The CCG running costs are forecast to be within the allowance for the year.
- The CCG has spent £1,663k on running costs for the reporting period, against a budget of £1,862k.

➤ **Better Payment Practice Code (BPPC)**

- NHS Organisations have a target of paying 95% of invoices from both NHS providers and external (non-NHS) organisations within 30 days by number and value. The CCG is forecasting to achieve these targets.
- The CCG's BPPC performance for the year to date is shown in the table below:

	Non-NHS (%)	NHS (%)
<b>Volume</b>	99.93%	99.53%
<b>Value</b>	99.94%	99.98%

➤ **Statement of Financial Position and Cash**

- The Statement of Financial Position can be found in Appendix 3.
- The Cash Management regime requires the CCG to have a balance at the end of the month, of not more than 1.25% of that month's drawdown. This equates to £192k for the reporting period. The actual cash balance the end of the reporting period is £49k. The CCG is on target to remain within the Maximum Cash Drawdown for 2017/18.

➤ **Primary Care Co-Commissioning**

- The Primary Care Co-commissioning position shows an underspend for the reporting period and the forecast for the year is an underspend on reserves which forms part of the overall CCG financial position mitigations.

➤ **Better Care Fund (BCF)**

- BCF spend is currently on plan.



## Key Messages

- The year to date financial position is on plan but £3.8m of reserves are required to date to offset pressure areas – Acute, Community, Prescribing and CHC
- The forecast for the year is delivery of the Control Total, but there are significant risks to this delivery and will require mitigations in excess of those currently identified.
- The forecast underlying position shows a significant deterioration, with a number of non-recurrent measures offsetting recurrent activity and QIPP risks.
- QIPP saving challenge increases throughout the financial year

## Recommendations

The CCG Governing Body is recommended to:

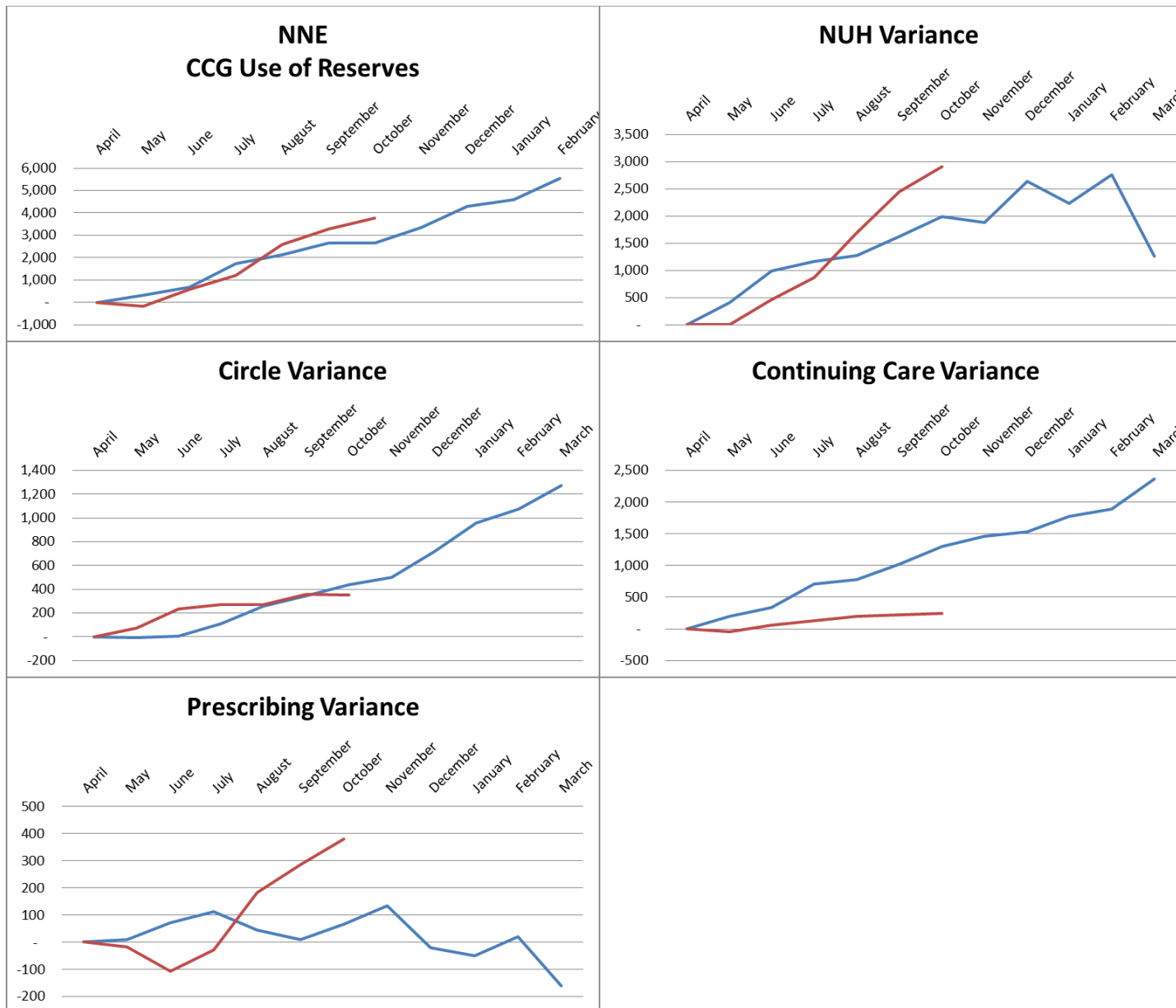
- NOTE the financial position of the CCG for the reporting period.
- NOTE the continued risks faced in delivering 2017/18 control total and for the requirement of QIPP/FRP savings to be delivered.
- APPROVE the Finance Report for the reporting period.

**Jonathan Bemrose**  
**Chief Finance Officer**  
**Date – 10 November 2017**

APPENDIX 1 – Operating Cost Statement

04L Nottingham North & East CCG Operating Cost Statement		Ledger Position £000						
		Annual budget	In Mth budget	In Mth Actual	In Mth Variance over / (under)	YTD budget	YTD Actual	YTD Variance over / (under)
<b>For the Period Ending: 31st October 2017</b>								
Acute Services	Circle ISTC	8,657	721	720	-1	5,050	5,404	354
	EMAS	4,358	350	345	-5	2,497	2,450	-47
	Non Contracted Activity	1,137	64	116	52	579	513	-66
	NUH	74,278	6,235	6,698	463	44,150	47,064	2,914
	Other NHS	833	71	213	142	486	692	206
	Other Non NHS	3,875	283	265	-18	2,264	1,911	-353
	SFHFT	4,927	410	411	1	2,874	2,927	53
<b>Acute Services Total</b>		<b>98,065</b>	<b>8,134</b>	<b>8,768</b>	<b>634</b>	<b>57,900</b>	<b>60,961</b>	<b>3,061</b>
Co-Commissioning	Enhanced Services	-51	-4	-5	-1	-30	-79	-49
	GMS/PMS Payments	14,186	1,181	1,173	-8	8,269	8,264	-5
	Other	1,526	11	0	-11	23	0	-23
	Property Costs	1,852	154	161	7	1,080	926	-154
	QOF	1,678	106	118	12	743	866	123
<b>Co-Commissioning Total</b>		<b>19,191</b>	<b>1,448</b>	<b>1,447</b>	<b>-1</b>	<b>10,085</b>	<b>9,977</b>	<b>-108</b>
Community Services	CHP	11,363	1,216	950	-266	6,612	6,612	0
	ICES	610	51	59	8	356	364	8
	Other NHS	628	49	77	28	385	587	202
	Other Non NHS	1,272	106	145	39	742	832	90
	SFHFT	1,067	89	89	0	622	622	0
<b>Community Services Total</b>		<b>14,940</b>	<b>1,511</b>	<b>1,320</b>	<b>-191</b>	<b>8,717</b>	<b>9,017</b>	<b>300</b>
Continuing Care	Continuing Care	14,134	1,196	1,235	39	8,249	8,504	255
	Funded Nursing Care	1,880	160	152	-8	1,082	1,066	-16
<b>Continuing Care Total</b>		<b>16,014</b>	<b>1,356</b>	<b>1,387</b>	<b>31</b>	<b>9,331</b>	<b>9,570</b>	<b>239</b>
Mental Health Services	IAPT	975	81	92	11	569	612	43
	Low Secure	1,120	84	71	-13	701	539	-162
	Non Contracted Activity	203	48	48	0	203	203	0
	Nottinghamshire Health Care	12,942	1,094	1,103	9	7,533	7,644	111
	Other NHS	34	3	3	0	20	20	0
	Other Non NHS	3,096	261	195	-66	1,806	1,815	9
<b>Mental Health Services Total</b>		<b>18,370</b>	<b>1,571</b>	<b>1,512</b>	<b>-59</b>	<b>10,832</b>	<b>10,833</b>	<b>1</b>
Operational Costs	NON-PAY	711	45	37	-8	312	278	-34
	PAY	2,657	221	195	-26	1,550	1,385	-165
<b>Operational Costs Total</b>		<b>3,368</b>	<b>266</b>	<b>232</b>	<b>-34</b>	<b>1,862</b>	<b>1,663</b>	<b>-199</b>
Other Programme	Corporate Costs	-249	-252	-232	20	-311	-264	47
	NHS Property	967	81	81	0	564	564	0
	Other NHS	9	1	6	5	5	34	29
	Other Non NHS	4,752	396	380	-16	2,772	2,714	-58
	Patient Transport	937	78	78	0	547	549	2
	Sherwood Forest Hospital NHS FT	0	0	0	0	0	1	1
<b>Other Programme Total</b>		<b>6,416</b>	<b>304</b>	<b>313</b>	<b>9</b>	<b>3,577</b>	<b>3,598</b>	<b>21</b>
Developments and Reserves	Developments / Risk	1,469	482	0	-482	1,469	0	-1,469
	0.5% TF National Reserve	932	0	0	0	0	0	0
	Committed	2,346	0	0	0	1,354	0	-1,354
	Contingency	942	0	0	0	942	0	-942
<b>Reserves Total</b>		<b>5,689</b>	<b>482</b>	<b>0</b>	<b>-482</b>	<b>3,765</b>	<b>0</b>	<b>-3,765</b>
Primary Care	Enhanced Services	248	21	8	-13	144	164	20
	GP Forward View	49	27	27	0	27	27	0
	GP IT	515	110	111	1	346	349	3
	Medicines Management	332	28	26	-2	194	181	-13
	Out of Hours	1,249	104	119	15	728	749	21
	Pathways	1,824	152	150	-2	1,064	1,061	-3
	Prescribing	21,870	1,881	1,975	94	12,784	13,163	379
	Resilience	24	-7	-7	0	24	24	0
<b>Primary Care Total</b>		<b>26,111</b>	<b>2,316</b>	<b>2,409</b>	<b>93</b>	<b>15,311</b>	<b>15,718</b>	<b>407</b>
Provisions	Provisions	0	0	0	0	0	44	44
<b>Provisions Total</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>44</b>	<b>44</b>
Planned Surplus	Planned Surplus	3,888	324	0	-324	2,266	0	-2,266
<b>Planned Surplus Total</b>		<b>3,888</b>	<b>324</b>	<b>0</b>	<b>-324</b>	<b>2,266</b>	<b>0</b>	<b>-2,266</b>
<b>TOTAL AVAILABLE RESOURCE</b>		<b>212,052</b>	<b>17,712</b>	<b>17,388</b>	<b>-324</b>	<b>123,646</b>	<b>121,381</b>	<b>-2,265</b>

**APPENDIX 2 – trend graphs** (blue line = 2016/17 actuals, red line = 2017/18)



## APPENDIX 3 – Balance Sheet

STATEMENT OF FINANCIAL POSITION AS AT 31st October 2017			
	Audited Open Bal at Apr-17 £'000s	Closing Balance for period £'000s	Net Change £'000s
<b>Non-current assets</b>			
<b>Total non-current assets</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Current assets</b>			
Trade and other receivables	2,209	2,850	641
Cash and cash equivalents	11	37	26
<b>Total Current Assets</b>	<b>2,220</b>	<b>2,887</b>	<b>667</b>
Non Current Assets classified as "Held for Sale"			
<b>Total assets</b>	<b>2,220</b>	<b>2,887</b>	<b>667</b>
<b>Current Liabilities</b>			
Trade and other payables	-8,112	-9,408	-1,296
Provisions	-104	-148	-44
<b>Total current liabilities</b>	<b>-8,217</b>	<b>-9,556</b>	<b>-1,339</b>
<b>Total assets less current liabilities</b>	<b>-5,997</b>	<b>-6,669</b>	<b>-672</b>
<b>Non-current liabilities</b>			
Other Liabilities	0	0	0
<b>Total assets employed</b>	<b>-5,997</b>	<b>-6,669</b>	<b>-672</b>
<b>Financed By Taxpayers' equity</b>			
General Fund	-5,997	-6,669	-672
<b>Total taxpayer's equity</b>	<b>-5,997</b>	<b>-6,669</b>	<b>-672</b>

# APPENDIX 4 – Risks and Mitigations

CCG RISKS & MITIGATIONS	Forecast Net Expenditure				RISKS (enter negative values only)						MITIGATIONS (enter positive values only)									TOTAL NET (RISK) / MITIGATION		
	Plan	Actual	Variance	Variance	Contract	QIPP	Performance Issues	Prescribing	Other	TOTAL RISKS	Contingency Held	Contract Reserves	Investments Uncommitted	Further QIPP Extensions	Non-Recurrent Measures	Delay / Reduce Investment Plans	Other Mitigations	Potential Funding	TOTAL MITIGATIONS			
	£m	£m	£m	%	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m		£m	£m
REVENUE RESOURCE LIMIT (IN YEAR)	208.2																					
REVENUE RESOURCE LIMIT (CUMULATIVE)	212.1																					
Acute Services	98.1	103.4	(5.3)	(5.4%)	(0.5)	(1.6)				(2.1)				1.1							1.1	(1.0)
Mental Health Services	18.4	18.4	(0.1)	(0.3%)		0.0				0.0				0.0							0.0	0.0
Community Health Services	14.9	15.5	(0.6)	(3.7%)		0.0				0.0				0.0							0.0	0.0
Continuing Care Services	16.0	16.2	(0.2)	(1.4%)		0.0			(0.4)	(0.4)				0.0							0.0	(0.4)
Primary Care Services	26.1	26.7	(0.6)	(2.4%)		0.0		(0.3)		(0.3)				0.0							0.0	(0.3)
Primary Care Co-Commissioning	19.2	18.1	1.1	5.8%		0.0				0.0				0.0							0.0	0.0
Other Programme Services	12.1	6.7	5.4	44.3%		0.0				0.0				0.0	0.9	0.9					1.8	1.8
<b>Commissioning Services Total</b>	<b>204.8</b>	<b>205.1</b>	<b>(0.3)</b>	<b>(0.2%)</b>	<b>(0.5)</b>	<b>(1.6)</b>	<b>0.0</b>	<b>(0.3)</b>	<b>(0.4)</b>	<b>(2.8)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>1.1</b>	<b>0.9</b>	<b>0.9</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>2.9</b>	<b>0.0</b>
Running Costs	3.4	3.0	0.3	10.0%		0.0				0.0				0.0							0.0	0.0
Unidentified QIPP										0.0											0.0	0.0
<b>TOTAL CCG NET EXPENDITURE</b>	<b>208.2</b>	<b>208.2</b>	<b>(0.0)</b>	<b>(0.0%)</b>	<b>(0.5)</b>	<b>(1.6)</b>	<b>0.0</b>	<b>(0.3)</b>	<b>(0.4)</b>	<b>(2.8)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>1.1</b>	<b>0.9</b>	<b>0.9</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>2.9</b>	<b>0.0</b>