

FINANCE  
REPORT

2017/18

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Finance report for the period ending 28th February 2018

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 (£216,392k 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 11 Summary

- The overall financial position continues to over spend with c £6.1 million reserves and mitigations used to offset a £6.1m over spend on budget areas.
- Acute spend is £5.6 million over plan year to date and an in month overspend of £596k on acute is the main reason behind a £635k deterioration in month 11. The Acute position is primarily due to the untransacted QIPP, non-elective activity and Stroke-rehab pressures at NUHT.
- Other areas contributing to the overspend are Community (£570k), Mental Health (£34k) and Prescribing (£414k).
- Utilising available reserves and other mitigations, the CCG is forecasting delivery of the Control Total, after adjusting for potential funding from NHSE for the prescribing NCSO (No cheaper stock obtainable) issue. A large element of the required mitigations are non- recurrent, impacting the underlying surplus.
- The planned underlying position is c £5.2 million deficit, which is £6.3m adverse to plan.

## Resource Limit

➤ The table below shows the current RL:-

	Annual Resource Limit		
	Recurrent £000	Non Recurrent £000	Total £000
<b>Monthly opening Revenue Resource Limit (RRL)</b>	209,046	6,956	216,002
<b>In Month changes</b>			
ACS Notts BVHC training		12	12
NHS Diabetes Prevention Programme		5	5
Safeguarding assurance development and evaluation		1	1
SEND assurance development and evaluation work		1	1
STG - Gtr Notts Primary Care Development funding		410	410
Month 11 IR Changes		(39)	(39)
<b>Total RRL</b>	<b>209,046</b>	<b>7,346</b>	<b>216,392</b>

## Summary Financial Position Year to Date

- £6,086k of reserves required for a balanced position to date
- Acute £5,636k over plan
- Continuing Care £161k under plan
- Prescribing £414k over plan
- Running Costs £383k under plan
- Mental Health £34k over plan
- Community Services £570k 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	£5,428k over plan	NUHT position is a combination of contract position (£1,897k over plan) and untransacted QIPP (£4,180k) although the impact of the final IR Toolkit CV helps improve the position (£649k) plus a small benefit from 2016/17 final reconciliation also helps improve the position. An agreed year end position has been arranged with the trust.
Circle	£708k over plan	The key driver for the overspend on Circle continues to be elective and day case, with the in month position (£112k over) for the contract deteriorating on last month (£11k over).
Free Choice Network - FCN	£515k under plan	The private sector elective work continues to be under plan which is predominately attributable to Ramsay and BMI which almost offsets the Circle over performance.
Continuing Health Care - CHC	£161k under plan	CHC monthly costs have increased during February and halting the trend of reducing costs, The overall CHC position is significantly below plan, due to release of an element of the 2016/17 year end accrual that is not expected to be required.
Prescribing	£414k over plan	The position reflects a small favourable fall out from 2016/17 plus 6 months PPA data. The position has deteriorated by £135k in month. The No Cheaper Stock Obtainable (NCSO) issue is c £800k and continues to increase pressure to date, and is the main cause of the £414k pressure to date

## Forecast Outturn and closing 2017/18 underlying position

- The CCG is forecasting to achieve the control total of in year breakeven after adjusting for potential funding from NHSE for the prescribing NCSO (No cheaper stock obtainable) issue; however, this is with the support of reserves and non- recurrent measures resulting in a significant deterioration in the underlying position.
- The exit underlying position remains significantly adverse to the £1.2m planned surplus at £5.2m deficit, with recurrent pressures on Acute being the main driver but also recurrent overspends on Mental Health, Community and CHC all being forecast.

<b>Summary Forecast Variance £000</b>				
<b>Expenditure</b>		<b>Rec</b>	<b>Non-Rec</b>	<b>Total</b>
Acute		£5,636	£680	£6,316
Mental Health		£264	-£248	£16
Community		£615	£12	£627
CHC		£343	-£520	-£177
Primary Care		£197	-£12	£185
Prescribing		-£386	£840	£454
Co-commissioning		£0	-£1,571	-£1,571
Running Costs		£0	-£423	-£423
Other Programme		-£342	-£5,085	-£5,427
<b>Total</b>		<b>£6,327</b>	<b>-£6,327</b>	<b>£0</b>
	Recurrent Plan (surplus)			-£1,163
	Recurrent pressures/(benefits)			£6,327
	<b>Forecast exit (surplus)/deficit</b>			<b>£5,164</b>

## Savings

- Year to date QIPP delivery shows £9.1m delivered against a plan of £11.0m
- Full year forecast is for delivery of £10.0m QIPP delivered recurrently against the £12.4m target.
- The shortfall of £2.4m 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 £2,543k on running costs for the reporting period, against a budget of £2,926k.

➤ **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>	99.83%	99.65%
<b>Value</b>	99.71%	99.94%

➤ **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 £188k for the reporting period. The actual cash balance the end of the reporting period is £10k. 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 under-spend for the reporting period and the forecast for the year is an under-spend on reserves which forms part of the overall CCG financial position mitigations.

➤ **Better Care Fund (BCF)**

- BCF spend is currently on plan.



## Key Messages

- Month 11 continues the trend of a deteriorating in year and recurrent underlying position.
- The year to date financial position is on plan but after £6.1million of reserves to offset pressure areas – Acute, Community, MH and Prescribing.
- The forecast for the year is delivery of the Control Total, after adjusting for potential funding from NHSE for the prescribing NCSO (No cheaper stock obtainable) issue. The control total is forecast to be delivered by using recurrent and non-recurrent mitigations, reserves and contingencies.
- The forecast underlying position is adverse to plan by c £6.3m to £5.2m deficit, with a number of non-recurrent measures offsetting recurrent activity and QIPP risks.

## Recommendations

The CCG Governing Body is recommended to:

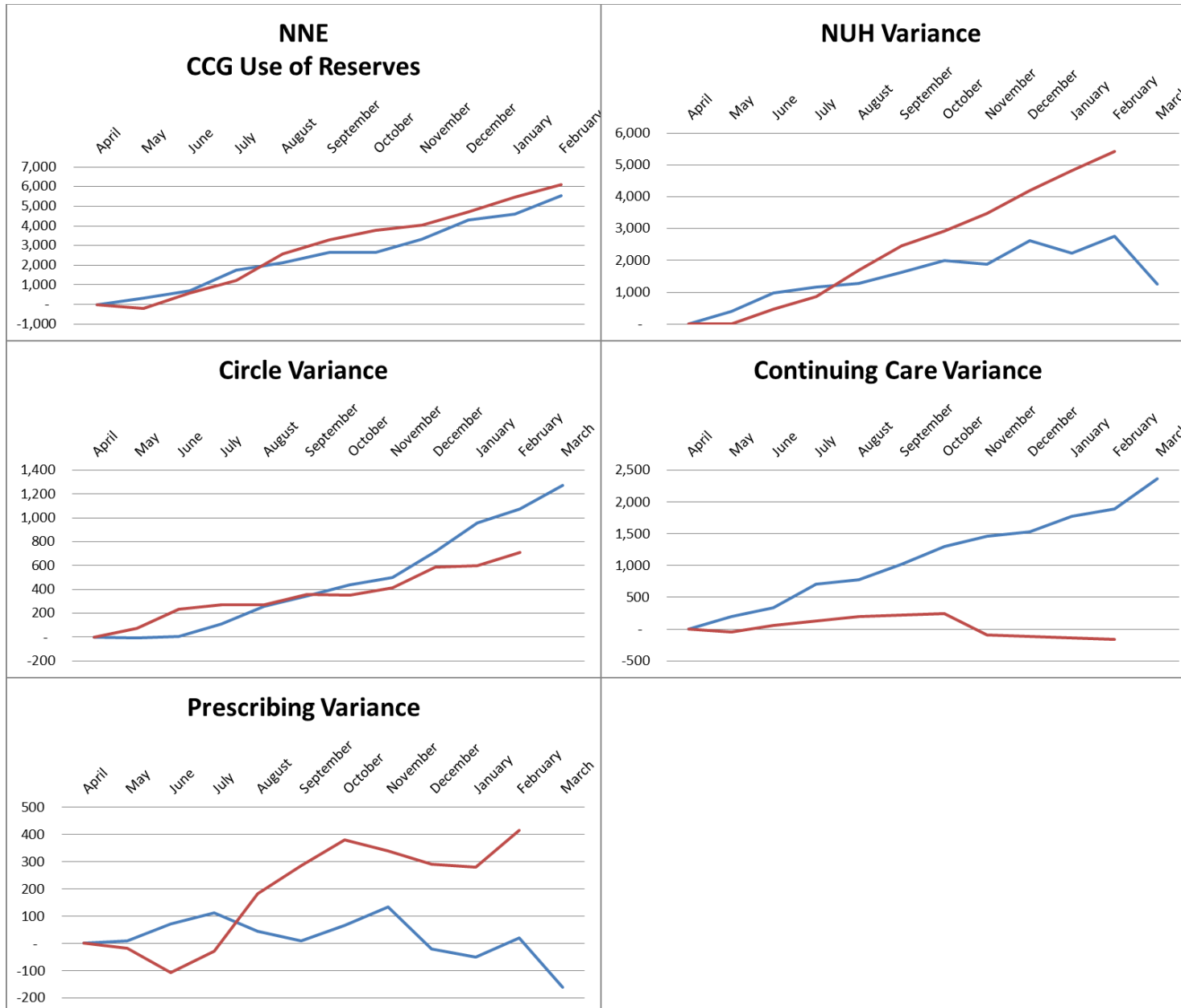
- NOTE the financial position of the CCG for the reporting period.
- NOTE the continued risks faced in delivering 2017/18 control total and for the requirement of QIPP/FRP savings to be delivered.
- APPROVE the Finance Report for the reporting period.

**Jonathan Bemrose**  
**Chief Finance Officer**  
**Date – 12 March 2018**

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: 28th February 2018</b>								
Acute Services	Circle ISTC	8,657	721	833	112	7,935	8,643	708
	EMAS	4,250	350	350	0	3,899	3,888	-11
	Non Contracted Activity	1,017	64	-18	-82	906	711	-195
	Nottingham City Care	177	162	162	0	162	162	0
	NUH	74,103	5,679	6,283	604	67,766	73,194	5,428
	Other NHS	841	70	75	5	771	977	206
	Other Non NHS	3,875	322	313	-9	3,552	3,037	-515
	SFHFT	4,927	411	377	-34	4,516	4,531	15
<b>Acute Services Total</b>		<b>97,847</b>	<b>7,779</b>	<b>8,375</b>	<b>596</b>	<b>89,507</b>	<b>95,143</b>	<b>5,636</b>
Co-Commissioning	Enhanced Services	414	34	36	2	379	354	-25
	GMS/PMS Payments	13,711	1,142	1,055	-87	12,558	12,438	-120
	Other	1,526	11	0	-11	66	0	-66
	Property Costs	1,852	154	113	-41	1,697	1,483	-214
	QOF	1,677	106	118	12	1,168	1,339	171
<b>Co-Commissioning Total</b>		<b>19,180</b>	<b>1,447</b>	<b>1,322</b>	<b>-125</b>	<b>15,868</b>	<b>15,614</b>	<b>-254</b>
Community Services	CHP	11,673	978	991	13	10,695	10,964	269
	ICES	610	51	46	-5	559	577	18
	Other NHS	402	31	35	4	372	341	-31
	Other Non NHS	1,046	-56	-12	44	955	1,269	314
	SFHFT	1,067	89	89	0	978	978	0
<b>Community Services Total</b>		<b>14,798</b>	<b>1,093</b>	<b>1,149</b>	<b>56</b>	<b>13,559</b>	<b>14,129</b>	<b>570</b>
Continuing Care	Continuing Care	14,234	1,098	1,112	14	12,917	12,789	-128
	Funded Nursing Care	1,880	150	140	-10	1,714	1,681	-33
<b>Continuing Care Total</b>		<b>16,114</b>	<b>1,248</b>	<b>1,252</b>	<b>4</b>	<b>14,631</b>	<b>14,470</b>	<b>-161</b>
Mental Health Services	IAPT	975	81	97	16	894	985	91
	Low Secure	867	72	65	-7	795	750	-45
	Non Contracted Activity	323	47	47	0	323	323	0
	Nottinghamshire Health Care	12,983	1,084	1,090	6	11,884	12,003	119
	Other NHS	126	10	18	8	115	133	18
	Other Non NHS	3,245	253	199	-54	2,968	2,819	-149
<b>Mental Health Services Total</b>		<b>18,519</b>	<b>1,547</b>	<b>1,516</b>	<b>-31</b>	<b>16,979</b>	<b>17,013</b>	<b>34</b>
Operational Costs	NON-PAY	711	45	29	-16	491	426	-65
	PAY	2,657	221	185	-36	2,435	2,117	-318
<b>Operational Costs Total</b>		<b>3,368</b>	<b>266</b>	<b>214</b>	<b>-52</b>	<b>2,926</b>	<b>2,543</b>	<b>-383</b>
Other Programme	Corporate Costs	-269	-8	11	19	-281	-193	88
	NHS Property	967	81	81	0	886	886	0
	Other NHS	60	5	5	0	55	53	-2
	Other Non NHS	4,686	390	381	-9	4,295	4,242	-53
	Patient Transport	937	78	84	6	859	885	26
	Sherwood Forest Hospital NHS FT	1	0	0	0	1	1	0
<b>Other Programme Total</b>		<b>6,382</b>	<b>546</b>	<b>562</b>	<b>16</b>	<b>5,815</b>	<b>5,874</b>	<b>59</b>
Developments and Reserves	Developments / Risk	1,613	635	0	-635	6,086	0	-6,086
	0.5% TF National Reserve	932	0	0	0	0	0	0
	Committed	6,549	0	0	0	0	0	0
	Contingency	942	0	0	0	0	0	0
<b>Reserves Total</b>		<b>10,036</b>	<b>635</b>	<b>0</b>	<b>-635</b>	<b>6,086</b>	<b>0</b>	<b>-6,086</b>
Primary Care	Enhanced Services	248	21	61	40	227	341	114
	GP Forward View	26	0	0	0	11	11	0
	GP IT	492	11	-8	-19	459	451	-8
	GP Resilience	23	0	0	0	20	19	-1
	Medicines Management	332	28	28	0	305	292	-13
	Out of Hours	1,249	104	107	3	1,145	1,192	47
	Pathways	1,983	174	186	12	1,818	1,845	27
	Prescribing	21,870	1,679	1,814	135	20,005	20,419	414
	Resilience	37	0	0	0	37	37	0
<b>Primary Care Total</b>		<b>26,260</b>	<b>2,017</b>	<b>2,188</b>	<b>171</b>	<b>24,027</b>	<b>24,607</b>	<b>580</b>
Provisions	Provisions	0	0	0	0	0	4	4
<b>Provisions Total</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4</b>	<b>4</b>
Planned Surplus	Planned Surplus	3,888	324	0	-324	3,560	0	-3,560
<b>Planned Surplus Total</b>		<b>3,888</b>	<b>324</b>	<b>0</b>	<b>-324</b>	<b>3,560</b>	<b>0</b>	<b>-3,560</b>
<b>TOTAL AVAILABLE RESOURCE</b>		<b>216,392</b>	<b>16,902</b>	<b>16,578</b>	<b>-324</b>	<b>192,958</b>	<b>189,397</b>	<b>-3,561</b>

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



## APPENDIX 3 – Balance Sheet

STATEMENT OF FINANCIAL POSITION AS AT 28th February 2018			
	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	1,646	-563
Cash and cash equivalents	11	-217	-228
<b>Total Current Assets</b>	<b>2,220</b>	<b>1,429</b>	<b>-791</b>
Non Current Assets classified as "Held for Sale"			
<b>Total assets</b>	<b>2,220</b>	<b>1,429</b>	<b>-791</b>
<b>Current Liabilities</b>			
Trade and other payables	-8,112	-9,215	-1,103
Provisions	-104	-108	-4
<b>Total current liabilities</b>	<b>-8,217</b>	<b>-9,323</b>	<b>-1,106</b>
<b>Total assets less current liabilities</b>	<b>-5,997</b>	<b>-7,894</b>	<b>-1,897</b>
<b>Non-current liabilities</b>			
Other Liabilities	0	0	0
<b>Total assets employed</b>	<b>-5,997</b>	<b>-7,894</b>	<b>-1,897</b>
<b>Financed By Taxpayers' equity</b>			
General Fund	-5,997	-7,894	-1,897
<b>Total taxpayer's equity</b>	<b>-5,997</b>	<b>-7,894</b>	<b>-1,897</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)	212.504																					
REVENUE RESOURCE LIMIT (CUMULATIVE)	216.392																					
Acute Services	97.846	104.162	(6.316)	(6.5%)	(0.100)	-				(0.100)												(0.100)
Mental Health Services	18.519	18.535	(0.016)	(0.1%)		-																
Community Health Services	14.798	15.425	(0.627)	(4.2%)		-																
Continuing Care Services	16.115	15.938	0.177	1.1%		-			(0.100)	(0.100)												(0.100)
Primary Care Services	26.259	26.713	(0.454)	(1.7%)		-		(0.050)		(0.050)												(0.050)
Primary Care Co-Commissioning	19.181	17.610	1.571	8.2%		-																
Other Programme Services	16.418	12.176	4.242	25.8%		-								0.250						0.250		0.250
Commissioning Services Total	209.136	210.559	(1.423)	(0.7%)	(0.100)	-	-	(0.050)	(0.100)	(0.250)	-	-	-	0.250	-	-	-	-	0.250			-
Running Costs	3.368	2.945	0.423	12.6%		-																
Unidentified QIPP						-																
<b>TOTAL CCG NET EXPENDITURE</b>	<b>212.504</b>	<b>213.504</b>	<b>(1.000)</b>	<b>(0.5%)</b>	<b>(0.100)</b>	<b>-</b>	<b>-</b>	<b>(0.050)</b>	<b>(0.100)</b>	<b>(0.250)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.250</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.250</b>			<b>-</b>
IN YEAR UNDERSPEND / (DEFICIT)	-	(1.000)	(1.000)	(0.5%)																		
CUMULATIVE UNDERSPEND / (DEFICIT)	3.888	2.888	(1.000)	(0.5%)																		