

FINANCE  
REPORT

2017/18

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Finance report for the period ending 31st December 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 (£215,558k 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 9 Summary

- The overall financial position continues gives rise to significant concern with c £4.7 million reserves and mitigations utilised to offset a £4.7m over spend on programme areas year to date. The over spend on programme budgets deteriorated by £681k in month.
- The main areas with year to date pressures continue to be Acute £4.3m, Community services £405k and Prescribing £290k. The Acute position is primarily due to the untransacted QIPP, with savings not materialising on contracts in order to offset, and also non-elective activity pressures at NUHT.
- The in-month position continues to show deterioration in the financial position, with the key drivers being Acute spend £738k, Mental Health £49k and Community £14k.
- 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 exit underlying position is c £5.2 million deficit, which is £6.4m adverse to plan.

## 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	2,763	211,809
<b>In Month changes</b>			
CCN Network Monies		80	80
Quality Premium 16/17 stage one payment		147	147
62 Day Wait Midlands and East Tranche 2		38	38
ACS Transformation Funds – Flexible Element		3,400	3,400
Additional Winter Funding - (GP Winter Access Bid etc.)		84	84
<b>Total RRL</b>	<b>209,046</b>	<b>6,512</b>	<b>215,558</b>

## Summary Financial Position Year to Date

- £4,702k of reserves required for a balanced position to date
- Acute £4,330k over plan
- Continuing Care £120k under plan
- Prescribing £290k over plan
- Running Costs £290k under plan
- Mental Health £74k over plan
- Community Services £405k 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	£4,189k over plan	NUHT position is a combination of contract position (£1,149k over plan) and untransacted QIPP (£3,060k) and a small benefit from 2016/17 final reconciliation. PODs NEL and REHAB (stroke rehab) remain significantly over plan and are the main cause of pressure, whilst Elective, Out-patient First Attendances and Out-patient Follow Up are underspent against plan.
Circle	£585k over plan	The key driver for the overspend on Circle continues to be elective and day case The in month position for the contract is on plan.
Free Choice Network - FCN	£540k under plan	The private sector elective work continues to be under plan which is predominately attributable to Ramsay and offsets the Circle over performance.
Continuing Health Care - CHC	£120k under plan	The in month 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. The position without the accrual benefit is also positive, with costs being maintained marginally below budget in month.
Prescribing	£290k over plan	The position reflects a small favourable fall out from 2016/17 plus 6 months PPA data. The position has improved by £48k in month. The No Cheaper Stock Obtainable (NCSO) issue is c £734k pressure to date, and included as part of the £290k pressure to date

## 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 £5.3m deficit

<b>Summary Forecast Variance £000</b>				
<b>Expenditure</b>		<b>Rec</b>	<b>Non-Rec</b>	<b>Total</b>
Acute		£5,935	£621	£6,556
Mental Health		£547	-£374	£173
Community		£582	£0	£582
CHC		£359	-£519	-£160
Primary Care		£151	-£10	£141
Prescribing		-£754	£1,119	£365
Co-commissioning		£0	-£1,396	-£1,396
Running Costs		£0	-£401	-£401
Other Programme		-£408	-£5,453	-£5,861
<b>Total</b>		<b>£6,413</b>	<b>-£6,413</b>	<b>£0</b>
	Recurrent Plan (surplus)			-£1,163
	Recurrent pressures/(benefits)			£6,413
	<b>Forecast exit (surplus)/deficit</b>			<b>£5,250</b>

## Savings

- Year to date QIPP delivery shows £5.9m delivered against a plan of £7.1m
- 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 £2,103k on running costs for the reporting period, against a budget of £2,393k.

➤ **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>	99.89%	99.64%
<b>Value</b>	99.91%	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 £180k for the reporting period. The actual cash balance the end of the reporting period is £11k. 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

- The year to date financial position is on plan but £4.7m of reserves are required to date to offset pressure areas – Acute, Community and Prescribing.
- 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:

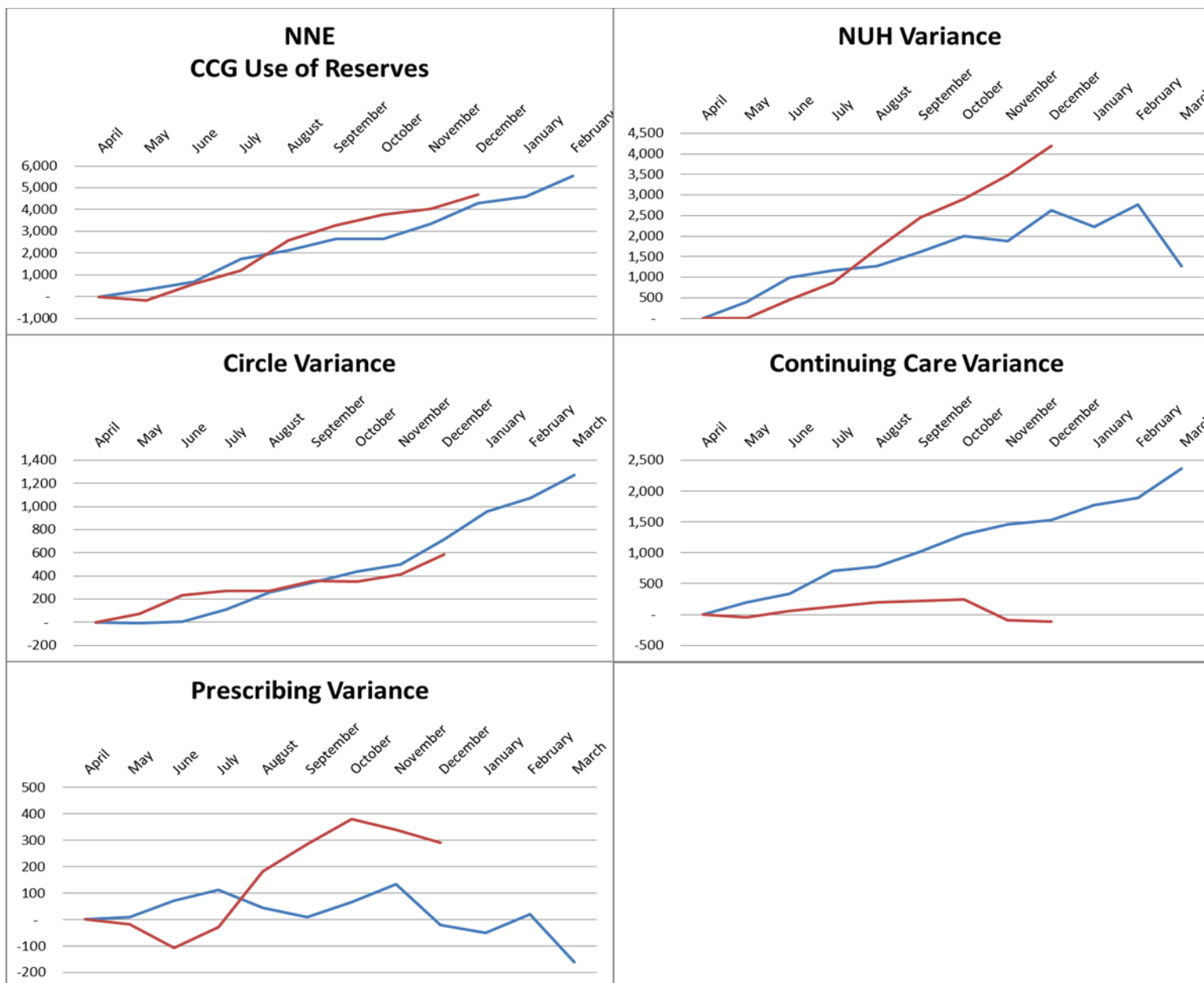
- NOTE the financial position of the CCG for the reporting period.
- NOTE the continued risks faced in delivering 2017/18 control total and for the requirement of QIPP/FRP savings to be delivered.
- APPROVE the Finance Report for the reporting period.

**Jonathan Bemrose**  
**Chief Finance Officer**  
**Date – 12 January 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: 31st December 2017</b>								
Acute Services	Circle ISTC	8,657	721	892	171	6,493	7,078	585
	EMAS	4,358	350	349	-1	3,198	3,188	-10
	Non Contracted Activity	1,093	106	65	-41	758	656	-102
	NUH	74,162	5,859	6,572	713	56,094	60,283	4,189
	Other NHS	840	75	70	-5	631	828	197
	Other Non NHS	3,875	322	265	-57	2,908	2,368	-540
	SFHFT	4,927	411	369	-42	3,695	3,706	11
<b>Acute Services Total</b>		<b>97,912</b>	<b>7,844</b>	<b>8,582</b>	<b>738</b>	<b>73,777</b>	<b>78,107</b>	<b>4,330</b>
Co-Commissioning	Enhanced Services	-51	-5	-3	2	-46	-91	-45
	GMS/PMS Payments	14,176	1,181	1,177	-4	10,632	10,606	-26
	Other	1,526	11	0	-11	44	0	-44
	Property Costs	1,852	154	151	-3	1,389	1,227	-162
	QOF	1,677	106	118	12	955	1,102	147
<b>Co-Commissioning Total</b>		<b>19,180</b>	<b>1,447</b>	<b>1,443</b>	<b>-4</b>	<b>12,974</b>	<b>12,844</b>	<b>-130</b>
Community Services	CHP	11,643	968	943	-25	8,737	8,930	193
	ICES	610	51	51	0	457	465	8
	Other NHS	402	34	25	-9	311	287	-24
	Other Non NHS	1,223	106	154	48	905	1,133	228
	SFHFT	1,067	89	89	0	800	800	0
<b>Community Services Total</b>		<b>14,945</b>	<b>1,248</b>	<b>1,262</b>	<b>14</b>	<b>11,210</b>	<b>11,615</b>	<b>405</b>
Continuing Care	Continuing Care	14,133	1,204	1,198	-6	10,614	10,511	-103
	Funded Nursing Care	1,880	163	160	-3	1,401	1,384	-17
<b>Continuing Care Total</b>		<b>16,013</b>	<b>1,367</b>	<b>1,358</b>	<b>-9</b>	<b>12,015</b>	<b>11,895</b>	<b>-120</b>
Mental Health Services	IAPT	975	81	118	37	731	802	71
	Low Secure	886	74	64	-10	664	623	-41
	Non Contracted Activity	247	5	5	0	247	247	0
	Nottinghamshire Health Care	12,962	1,084	1,088	4	9,716	9,834	118
	Other NHS	113	9	8	-1	85	91	6
	Other Non NHS	3,243	271	290	19	2,436	2,356	-80
<b>Mental Health Services Total</b>		<b>18,426</b>	<b>1,524</b>	<b>1,573</b>	<b>49</b>	<b>13,879</b>	<b>13,953</b>	<b>74</b>
Operational Costs	NON-PAY	711	45	39	-6	401	357	-44
	PAY	2,657	221	181	-40	1,992	1,746	-246
<b>Operational Costs Total</b>		<b>3,368</b>	<b>266</b>	<b>220</b>	<b>-46</b>	<b>2,393</b>	<b>2,103</b>	<b>-290</b>
Other Programme	Corporate Costs	-237	14	34	20	-284	-214	70
	NHS Property	967	81	81	0	725	725	0
	Other NHS	60	5	5	0	45	44	-1
	Other Non NHS	4,686	381	365	-16	3,514	3,466	-48
	Patient Transport	937	78	93	15	703	720	17
	Sherwood Forest Hospital NHS FT	1	0	0	0	1	1	0
<b>Other Programme Total</b>		<b>6,414</b>	<b>559</b>	<b>578</b>	<b>19</b>	<b>4,704</b>	<b>4,742</b>	<b>38</b>
Developments and Reserves	Developments / Risk	1,726	681	0	-681	4,702	0	-4,702
	0.5% TF National Reserve	932	0	0	0	0	0	0
	Committed	5,538	0	0	0	0	0	0
	Contingency	942	0	0	0	0	0	0
<b>Reserves Total</b>		<b>9,138</b>	<b>681</b>	<b>0</b>	<b>-681</b>	<b>4,702</b>	<b>0</b>	<b>-4,702</b>
Primary Care	Enhanced Services	248	21	27	6	186	252	66
	GP Forward View	26	0	0	0	11	11	0
	GP IT	515	34	34	0	414	421	7
	GP Resilience	23	0	0	0	20	20	0
	Medicines Management	332	28	32	4	249	239	-10
	Out of Hours	1,249	104	107	3	937	963	26
	Pathways	1,974	264	260	-4	1,480	1,491	11
	Prescribing	21,870	1,807	1,759	-48	16,454	16,744	290
	Resilience	37	12	12	0	37	37	0
<b>Primary Care Total</b>		<b>26,274</b>	<b>2,270</b>	<b>2,231</b>	<b>-39</b>	<b>19,788</b>	<b>20,178</b>	<b>390</b>
Provisions	Provisions	0	0	-40	-40	0	4	4
<b>Provisions Total</b>		<b>0</b>	<b>0</b>	<b>-40</b>	<b>-40</b>	<b>0</b>	<b>4</b>	<b>4</b>
Planned Surplus	Planned Surplus	3,888	324	0	-324	2,913	0	-2,913
<b>Planned Surplus Total</b>		<b>3,888</b>	<b>324</b>	<b>0</b>	<b>-324</b>	<b>2,913</b>	<b>0</b>	<b>-2,913</b>
<b>TOTAL AVAILABLE RESOURCE</b>		<b>215,558</b>	<b>17,530</b>	<b>17,207</b>	<b>-323</b>	<b>158,355</b>	<b>155,441</b>	<b>-2,914</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 December 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	1,333	-876
Cash and cash equivalents	11	-68	-79
<b>Total Current Assets</b>	<b>2,220</b>	<b>1,265</b>	<b>-955</b>
Non Current Assets classified as "Held for Sale"			
<b>Total assets</b>	<b>2,220</b>	<b>1,265</b>	<b>-955</b>
<b>Current Liabilities</b>			
Trade and other payables	-8,112	-8,873	-761
Provisions	-104	-108	-4
<b>Total current liabilities</b>	<b>-8,217</b>	<b>-8,981</b>	<b>-764</b>
<b>Total assets less current liabilities</b>	<b>-5,997</b>	<b>-7,716</b>	<b>-1,719</b>
<b>Non-current liabilities</b>			
Other Liabilities	0	0	0
<b>Total assets employed</b>	<b>-5,997</b>	<b>-7,716</b>	<b>-1,719</b>
<b>Financed By Taxpayers' equity</b>			
General Fund	-5,997	-7,716	-1,719
<b>Total taxpayer's equity</b>	<b>-5,997</b>	<b>-7,716</b>	<b>-1,719</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	
REVENUE RESOURCE LIMIT (IN YEAR)	211.670																					
REVENUE RESOURCE LIMIT (CUMULATIVE)	215.558																					
Acute Services	97.912	104.468	(6.556)	(6.7%)	(0.400)	(0.900)				(1.300)				1.100						1.100	(0.200)	
Mental Health Services	18.425	18.598	(0.173)	(0.9%)																		
Community Health Services	14.945	15.527	(0.582)	(3.9%)																		
Continuing Care Services	16.014	15.854	0.160	1.0%					(0.300)	(0.300)												(0.300)
Primary Care Services	26.273	26.779	(0.506)	(1.9%)				(1.000)		(1.000)												(1.000)
Primary Care Co-Commissioning	19.181	17.785	1.396	7.3%																		
Other Programme Services	15.552	9.692	5.860	37.7%										0.250	0.250					0.500	0.500	
<b>Commissioning Services Total</b>	<b>208.302</b>	<b>208.703</b>	<b>(0.401)</b>	<b>(0.2%)</b>	<b>(0.400)</b>	<b>(0.900)</b>	<b>-</b>	<b>(1.000)</b>	<b>(0.300)</b>	<b>(2.600)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.100</b>	<b>0.250</b>	<b>0.250</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.600</b>	<b>(1.000)</b>	
Running Costs	3.368	2.967	0.401	11.9%																		
Unidentified QIPP																						
<b>TOTAL CCG NET EXPENDITURE</b>	<b>211.670</b>	<b>211.670</b>	<b>0.000</b>	<b>0.0%</b>	<b>(0.400)</b>	<b>(0.900)</b>	<b>-</b>	<b>(1.000)</b>	<b>(0.300)</b>	<b>(2.600)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.100</b>	<b>0.250</b>	<b>0.250</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.600</b>	<b>(1.000)</b>	