

Clinical Commissioning Group (CCG) Governing Body 2019/2020 – Part 1

Date of Meeting:	17 January 2020
Agenda Item:	3.5
Subject:	Finance Update Report
Reporting Officer:	Sam Evans
Aim of Paper:	The paper updates Governing Body on the financial position as at 31st December 2019

Governance route prior to Governing Body	Meeting Date	Objective/Outcome
Governing Body	Select date of meeting.	Click to Select
Audit Committee	Select date of meeting.	Click to Select
Corporate Governance Committee	Select date of meeting.	Click to Select
Health and Wellbeing Board	Select date of meeting.	Click to Select
Integrated Commissioning Board	Select date of meeting.	Click to Select
Locality Engagement Group	Select date of meeting.	Click to Select
Patient and Public Engagement Committee	Select date of meeting.	Click to Select
Quality and Safeguarding Committee	Select date of meeting.	Click to Select
Remuneration Committee	Select date of meeting.	Click to Select
Clinical and Professional Advisory Panel	Select date of meeting.	Click to Select
System Transformation Committee	Select date of meeting.	Click to Select
Primary Care Commissioning Committee	Select date of meeting.	Click to Select
Other	Click here to enter text.	

Governing Body Resolution Required:	For Discussion
Recommendation	To note the contents of this paper

Link to Strategic Objectives	Contributes to: (Select Yes or No)
SO1: To be a high performing CCG, deliver our statutory duties and use our available resources innovatively to deliver the best outcomes for our population.	Yes
SO2: To deliver on the outcomes of the Locality Plan in respect of Prevention and Access (Prevention and Self Care)	No
SO3: To deliver on the outcomes of the Locality Plan in respect of Neighbourhoods & Primary Care (Getting help in the Community)	No
SO4: To deliver on the outcomes of the Locality Plan in respect of In Hospital - Planned (Getting more help)	No
SO5: To deliver on the outcomes of the Locality Plan in respect of In Hospital - Urgent Care (Getting more help)	No
SO6: To deliver on the outcomes of the Locality Plan in respect of Children, young people and families	No
SO7: To deliver on the outcomes of the Locality Plan in respect of Mental Health	No

Risk Level: (To be reviewed in line with Risk Policy)	Amber
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Comments (Document should detail how the risk will be mitigated)	The risk will remain amber until the end of the financial year and the completion of the annual accounts to ensure the control total and all financial statutory duties are met.
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Content Approval/Sign Off:	
The contents of this paper have been reviewed and approved by:	Chief Finance Officer, Sam Evans
Clinical Content signed off by:	Not applicable
Financial content signed off by:	Deputy Chief Finance Officer, Jonathan Evans

	Completed:
Clinical Engagement taken place	Not Applicable
Patient and Public Involvement	Not Applicable
Patient Data Impact Assessment	Not Applicable
Equality Analysis / Human Rights Assessment completed	Not Applicable

Executive Summary
<p>This report updates Governing Body on the financial position of the CCG for the period ending 31st December 2019.</p> <p>At month 09, the CCG is forecasting to meet its business rules by breaking even in the financial year and achieving its control total.</p> <p>There are a number of pressures within the financial position:</p> <p>Acute: Acute is forecast to over spend by £1,527k primarily due to over performance within Pennine Acute in relation to Non-Elective activity. This can be seen within the general medicine specialty due to increased activity and patient complexities. The CCG and its main acute provider PAHT have agreed an outturn financial position for the contract as at month 9 of £2,500k above the 19/20 plan. This is incorporated into the M9 financial position.</p> <p>Mental Health: Mental Health is forecasting to overspend by £461k mainly due to continued observations for a long-term LD patient in Cheshire and Wirral Partnership NHS Foundation Trust and the High Cost of Individualised packages of care.</p> <p>Prescribing: Due to Category M Drug price increases negotiated by the Department of Health (DoH), there is a forecast pressure of £1,200k on prescribing. The CCG has used its £755k prescribing reserve to partially offset this pressure. This has reduced the forecast overspend to £445k.</p> <p>Members are asked to</p> <ul style="list-style-type: none"> Note the content of this report and the associated risks.

1. CCG Financial Overview

Key Financial Indicators					
1 Operate within Delegated Expenditure Budget (£000s)					
	Plan	Actual	Variance	Result	Trend
Cumulative to date	284,874	282,061	(2,813)		
Year-end Outturn	393,473	389,723	(3,750)		
Budgets have been set to ensure HMR CCG achieves a £3,750k control total in 2019/20 which is 1.1% of the core resource allocation.					

2. Performance Month 09

Table 1 summarises the Financial Position at the end of Month 09.

	Budget	WTE Estab	WTE Worked	Budget YTD	Actual YTD	Variance YTD	Forecast Outturn	Forecast Variance
Allocations	(393,473)	0	0	(284,874)	(284,874)	0	(393,473)	0
Historic Surplus Requirement	3,750	0	0	2,813	0	(2,813)	0	(3,750)
Total Allocations	(389,723)			(282,061)	(284,874)	(2,813)	(393,473)	(3,750)
Admin								
Running Costs	4,571	47.38	42.70	3,391	3,044	(347)	4,126	(445)
Total Admin	4,571	47.38	42.70	3,391	3,044	(347)	4,126	(445)
Programme								
Mental Health	39,400	0.00	0.00	29,293	29,347	54	39,861	461
Acute	188,138	0.00	0.00	140,873	141,003	130	189,665	1,527
Primary Care	13,501	13.40	12.00	8,332	8,308	(24)	13,467	(33)
Co-Commissioning	31,873	0.00	0.00	23,011	23,011	(0)	31,873	(0)
Prescribing	37,961	0.00	0.00	28,364	28,698	334	38,406	445
Continuing Care	11,608	13.70	13.12	9,088	9,120	32	11,641	33
Community Health Services	45,662	0.00	0.39	34,012	33,992	(20)	45,645	(17)
Other	14,777	14.89	13.24	5,561	5,538	(23)	14,754	(23)
	382,920	41.99	38.75	278,535	279,017	483	385,312	2,392
Reserves and Contingencies	2,232	0.00	0.00	136	0	(136)	285	(1,948)
Total Expenditure	389,723	89.37	81.45	282,061	282,061	(0)	389,723	0
(Surplus)/Deficit	(0)			(0)	(2,813)	(2,813)	(3,750)	(3,750)

At month 09, the CCG is forecasting to meet its business rules and achieve its control total.

3. Financial Performance

MENTAL HEALTH

At Month 9 Mental Health Services is showing a forecast overspend of £461k, with no movement from the Month 8 forecast position. The overperformance is due to the following:

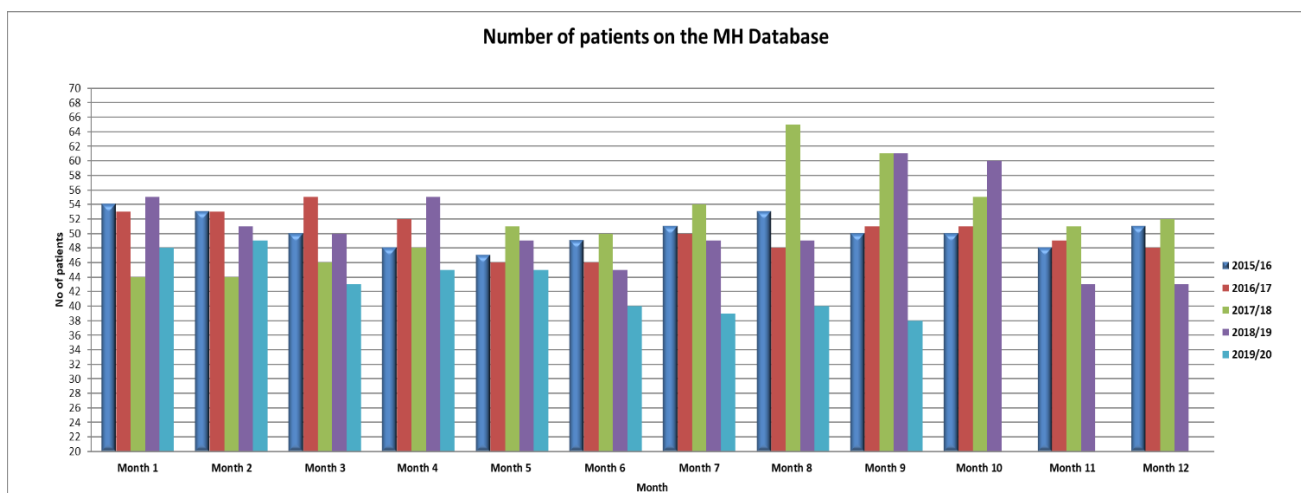
- Increased costs for Observations for LD Patient: £257k.
- Additional costs for Individual Commissioned Packages: £248k.
- Enhanced Capacity Beds: £100k

This has been partially offset by: -

- In-year slippage on the IAPT, and EIP investments which has been reinvested as part of the Mental Health Investment standard: - £100k.

The CCG has a patient at Cheshire and Wirral NHS Partnership in a Learning Disability bed. Although the cost of the placement is funded through the greater Manchester risk share, The CCG continue to pay for additional observation costs. This results in a forecast overperformance of £257k, which is over and above the agreed contract value. Learning Disabilities Commissioners are working with Cheshire and Wirral to find an appropriate placement in a community setting for this patient.

The CCG pays for individual commissioned Mental Health Packages. Based on month 8 activity the CCG is forecast to overperform by £248k. The following graph shows the number of patients on individually commissioned Mental Health Packages from 2015-2016 to present: -



The graph shows a steady reduction in individualised commissioned mental health packages from Q1 to Q3 19/20. Although currently underspent by £293k, the costs are expected to rise due to the winter pressures in line with previous years trends. This has been reflected in the forecast variance of £248k above plan.

The cost of the Enhanced Capacity Beds at Pennine Care (12 additional beds) is split across commissioners with a risk share on utilisation. Based on this plan the expected annual forecast spend is £928k which is £100k over plan. The forecast will be reviewed in line with the new bed usage data submitted by the Trust in M10 as the CCG has seen a gradual decline in bed usage in the last couple of months.

To reduce delayed discharges and admissions, the CCG is undertaking work programmes with the provider Pennine Care to understand the reasons for the admissions and delayed discharges.

Mental Health transformation work with the Safe haven has led to a reduction in out of area Acute Mental Health beds admissions over the last 2 quarters. There is also work being undertaken around Access and Crisis to ensure that the CCG has a 24-hour core Mental Health Crisis offer. Additional funding has been provided by Greater Manchester Health and Social Care around Home Treatment Teams to assist in reducing the number presenting to A&E and being admitted to Acute Beds.

ACUTE SERVICES

Services		Annual Budget	YTD Budget	YTD Actual	YTD Variance	Forecast Outturn	Forecast Variance
Acute							
ACUTE CHILDRENS SERVICES	AlderHey	£105,181	£79,658	£56,328	-£23,330	£75,105	-£30,076
ACUTE COMMISSIONING	PAT, SRFT, MFT, WWL	£149,567,948	£111,916,809	£112,818,717	£901,908	£151,317,755	£1,749,807
AMBULANCE SERVICES	NWAS	£9,456,083	£7,092,045	£7,042,841	-£49,204	£9,401,997	-£54,086
CLINICAL ASSESSMENT AND T	IECP, Dunford Dematorlogy, Care UK	£26,214,436	£19,650,754	£18,957,813	-£692,941	£25,817,601	-£396,835
HIGH COST DRUGS	Baxters, BUPA	£37,001	£27,738	£12,044	-£15,694	£36,990	-£11
NCAS/OATS	Various NCA Providers	£1,816,341	£1,400,902	£1,413,027	£12,125	£2,074,158	£257,817
Winter Resilience	Various SRG Schemes	£941,000	£704,964	£702,276	-£2,688	£941,000	£0
Acute Total		£188,137,990	£140,872,870	£141,003,047	£130,177	£189,664,607	£1,526,617

Acute services are overperforming by £130k year to date, with a forecast variance of £1,527k for 19/20. The year to date position is significantly lower than the forecast due to the delays in Elective care currently in the system, the CCG expects this position to improve in the last quarter of the year especially within the IECP and Salford Royal contracts.

The year to date overperformance is driven by overperformances within the acute contract in PAHT of £2,020k year to date, Wrightington Wigan & Leigh Foundation Trust overperformance of £139k and Care UK overperformance of £300k. The overperformances are partially offset by underspends within the IECP contract £1,092k, Manchester University Foundation Trust (MFT) £392k, and Salford Royal Foundation Trust (SRFT) £799k.

Provider:	Month 9 position (Year to date)	Forecast position
	£'000	£'000
Pennine Acute (PAHT)	£2,020	£2,500
Wrightington (WWL)	£139	£179
Care UK	£300	£400
Total Overperformance	£2,459	£3,079
IECP	-£1092	-£474
Manchester (MFT)	-£392	-£534
Salford Royal (SRFT)	-£799	-£407
Other Contracts (NWAS, Alder hey, Bolton etc.)	-£46	-£137
Total Under performance	-£2,329	-£1,552
TOTAL	£130	£1,527

The Acute forecast overspend of £1,527k is mainly due to the overperformance within the PAHT contract of £2,500k. The CCG and PAHT have agreed an outturn financial position for the contract at £2,500k above the 19/20 plan as at month 9 and this is incorporated into the financial position.

Pennine Acute Hospitals (PAHT)

PAHT are reporting a M9 adjusted overperformance of £ 2,020k with a forecast overspend of £2,500k, based on the agreed outturn financial position as at month 9 for the contract at £2,500k above the 19/20 plan.

The Month 9 unadjusted PAHT overperformance is £ 4,315k which can be split Non-Elective activity overperforming by £3,754k and Elective overperforming by £562k. Both figures are split further in the tables below.

The NEL overperformance £3,754k is driven by increased A&E attendances, increased NEL spells and Non-Elective ambulatory care. As part of a scheme to relieve the A&E pressures the CCG, has funded an extra GP in the Urgent Care Centre at Rochdale.

The PAHT Elective overperformance is £562k year to date is due to increased Outpatient procedures £98k and high cost drugs £308k. Day cases are above plan £1,204k, but are offset by the blood withdrawals rebate due to blood withdrawals being incorrectly coded as day cases by PAHT. The Trust is working to correct this coding issue.

Outpatient First and follow up appointments are underperforming due to reduced Elective capacity within PAHT. Elective activity is expected to pick up in M10 as PAHT increases Elective capacity.

Salford Royal Foundation Trust (SRFT)

At M9 Salford is reporting a £799k underperformance. Elective and non-electives are underperforming by £272k and £288k respectively, with Critical care underperforming by £277k. The underperformances are offset by overspends within day cases and outpatient procedures. Salford is forecast to underperform by £407k. The YTD underperformance is partially recoverable as SRFT is the regional major trauma centre and the high cost of critical care can potentially impact the current underperformance. The forecast underspend has therefore been set to reflect the likelihood of high value critical care costs in Q4.

Manchester University Foundation Trust (MFT)

MFT are underperforming by £392k at M9. This is due to underperformances in clinical haematology £177k Gastroenterology £95k, Obstetrics and Gynaecology £168k, plastic surgery £91k and Ophthalmology £43k, offset by over performances within Critical care £70k.

MFT is forecast to underspend by £534k in 19/20. Month on Month the underperformance within MFT has been consistent and the CCG does not expect activity to increase in the final quarter of the year.

Integrated Elective Care Pathway (IECP)

At M9 IECP is reporting an underperformance of £1,092k. This is due to capacity reductions within PAHT especially within the Trauma and Orthopaedic speciality. PAHT has also reduced Elective capacity in the previous quarter to accommodate NEL capacity thereby impacting on waiting lists, there has been a 9.9% increase in waiting lists resulting in increased underperformances within IECP. The IECP full year forecast variance is £474k. As PAHT looks to reduce the waiting lists we expect to see a reduction in the underperformances going forward and a partial clawback of the YTD underperformance. There is a national mandate that waiting lists at the 31st March should be no greater than they were at the 31st March 2018. The reduced capacity and increased waiting lists for

Trauma & Orthopaedics have resulted in overperformances within The Wrightington Wigan and Leigh NHS Foundation Trust of £139k YTD with a forecast overperformance of £179k.

PRIMARY CARE AND PRESCRIBING

Delegated Co-Commissioning

At month 9 the CCG is forecasting a break-even position for Delegated Co-Commissioning.

Prescribing

Prescribing data is received 2 months in arrears. At month 9 we have received 7 months of data, which shows an overspend of £260k for the period April-October, £334k when taking November and December into consideration. This is mainly due to an increase in the price of Cat M Drugs that has been negotiated between the Department of Health and The Pharmaceutical Services Negotiating Committee (PSCN). It should be noted that the price increase only took effect from July therefore in 2019/20 there is only a part year effect. Based on this data we are forecasting to be overspent by £1,200k but the CCG has utilised the £755k reserve to mitigate this pressure which results in a £445k forecast overspend at year-end.

Continuing Care

The CHC team became solely a HMR CCG team from the 1st July 2019. Previously the team worked across both HMR and Bury CCG. Anticipated savings with regards to additional reviews and use of the Local Authority RAS system have been used to support the new staffing structure, the CCG is anticipating that this new arrangement will deliver further savings in the medium to long term.

At Month 9 the CCG is forecasting an overspend position of £33k by year end for CHC & FNC. The overspend is due to the nursing and admin team costs which should be partially offset by savings within CHC Children's and Adult budgets. A number of reviews are being conducted which should release savings which the CCG will report by the end of the financial year. The CCG is confident the over spend will be managed within the allocated CHC & FNC budgets with continued monitoring and meetings with budget holders.

COMMUNITY HEALTH SERVICES

At Month 9, Community Health Services are forecasting a £17k underspend. This represents a £29k reduction from the Month 8 forecast underspend of £46k.

The 30k forecast movement from M8 – M9 is due to;

- **BOC Cardiac Rehab services** over performance - **£14k overspend**. The reasons for this over performance are currently being investigated.
- **Bury and Prestwich Walk in Centres** over performance is due to an increase in activity.

Please see the table below for a break-down of current forecast positions:

Service	M9 Forecast Variance	Over / Underspent
BOC Cardiac Rehab – Overperformance	£14k	Overspent
Paediatric Phlebotomy – Under Performance	(£12k)	Underspent
Delay in the commencement of the Pennine Acute Lymphoedema Service	(£21k)	Underspent
Walk-In-Centre (Prestwich & Bury)–Overperformance	£28k	Overspent
Insulin Pumps – Underperformance	(£23k)	Underspent
Hospice (Drugs/Out-of-Area Activity/Medical Gases) – underperformance	(£6k)	Underspent

Work is ongoing across the North East Sector with Pennine Care Foundation Trust to quantify and validate any stranded costs due to the transfer of community services. Work is also ongoing with Salford Royal Foundation Trust to understand and quantify any clinical or financial risks because of these transfers.

OTHER SERVICES

At Month 9, Other Services are forecasting a £23k underspend. This compares to a Month 8 forecast of £1k overspend.

Please see the table below for a break-down of current forecast positions:

Service	M9 Forecast Variance	Over / Underspent
Interpretation Services	£38k	Overspent
Out-of-Area Patient Transport	(£27k)	Underspent
Safeguarding	(£21k)	Underspent
Other	(£10k)	Underspent

a) Neuro-Rehab - Individual Funding Requests (Break-Even)

There have been savings of £204k in Neuro Rehab private sector placements as at Month 9. This saving has now been transferred to reserves, as part of the QIPP. The main reason for this underspend is due to a patient being discharged into the Community, from an expensive private placement. They will now be cared for by the Community Neuro Rehab Team.

At the start of April 2019 there were three neuro rehab patients in high cost private placements costing £600k annually. One of these patients is now no longer eligible to receive CCG funding and one has been discharged home, while there has been one new patient admitted to a private placement. Consequently, there are currently two private placements funded by the CCG.

Of the two patients that are currently in private placement, one is in the process of discharge planning. They are to be assessed for their eligibility for Continuing Healthcare funding. Due to their complex needs, this is likely to be granted. They will then be discharged from Highbank Priory to a more appropriate placement, with the Elton Unit being the suggested option. The current annual forecast for this patient is £194k. The Other patient is currently in Priory Highbank, at a cost of £200k per year. They are due a 12-weekly review in February 2020, to assess suitability for the continuation of treatment within the private sector.

NB There is always the possibility that another patient will be admitted to a private placement in the future.

b) Interpretation Services – Forecast £38k overspend

The overspend is due to an increase in activity. The reasons behind this are;

- An interpretation service awareness campaign was held in February 2019. It is likely that this has led to an increase in usage of interpretation services at GP practices.
- Increase in asylum seekers
- One GP practice (£10,000 annual increase in Urdu translation fees) has quoted the following reasons:
 - 1) A new Nurse Practitioner started in September 2019 with a subsequent increase of 10 appointments per day;
 - 2) A HCA, who spoke Urdu, left the practise subsequently there has been a big increase in the need for Urdu interpretation services.
- Informal discussion of financial spend for Interpretation and Translation services across Greater Manchester CCG's has highlighted that areas with similar demographics are spending considerably more than HMR CCG. Please see table below:

	Population (000's)	Face to Face/ Translation/ BSL (£000's)	By Telephone (£000's)	Totals (£000's)
Manchester CCG	648	712	77	789
HMR CCG	235	105	7	112
Oldham CCG	257	360	17	377
Salford CCG	276	165	264	429

The CCG is involved with the GM Task force on interpretation to reduce costs and provide appropriate interpretation services.

Running Cost Allowance

Running costs for the CCG are forecast to underspend £445k at month 9. This is due to vacant posts currently being carried in some of the teams and additional savings made from staff sacrificing salary to purchase additional leave, in addition to the release of the corporate reserve of £300k, a credit of £30k received from GM shared services has been transferred to reserves in month9.

The CCG is expecting a reduction of £552k in its corporate running cost allowance, down from £4,674k in 2019/20 to £4,122k in 2020/21. Due to work led by the CFO with the Executive team this reduction has been partly mitigated and the financial pressure in 2020/21 is currently £334k.

The finance team will continue to work closely with the relevant budget holders for the remainder of this financial year to identify further savings to plan and manage this reduction.

4. Statement of Financial Position

	31/11/2019	31/12/2019	Movement
	£	£	£
CURRENT ASSETS			
Cash & Cash Equivalents	18,349	52,437	34,088
Current Trade And Other Receivables	2,019,137	1,965,138	-53,999
TOTAL CURRENT ASSETS	2,037,486	2,017,575	-19,911
CURRENT LIABILITIES			
Current Trade And Other Payables	-21,683,738	-19,258,114	2,425,623
TOTAL CURRENT LIABILITIES	-21,683,738	-19,258,114	2,425,623
TOTAL CURRENT ASSETS/(LIABILITIES)	-19,646,252	-17,240,540	2,405,712
TOTAL NET LIABILITIES	-19,646,252	-17,240,540	2,405,712
TAXPAYERS EQUITY			
I&E Reserve - General Fund	20,375,374	20,375,374	0
Net Gen Fund-PPA Drawdown	-254,129,940	-285,196,320	-31,066,381
SUB TOTAL RESERVES	-233,754,566	-264,820,946	-31,066,380
Statement of Comprehensive Net Expenditure	253,400,818	282,061,486	28,660,668
TOTAL TAXPAYERS EQUITY	19,646,252	17,240,540	-2,405,712

Current Assets

At month 09, Total current assets are £2,018k which includes £52k for cash.

£854k is on the balance sheet for the maternity pathway, which will be offset at year end with an invoice from Pennine Acute. A prepayment of £507k has been made for the January-March block payment for Springhill Hospice. £110k has been prepaid for Co-Commissioning Premises costs.

Current Liabilities

At month 09, Current Trade and Other Payables are £19,258k.

The current position relating to liabilities includes prescribing accruals for November and December of £6,112k and £1,193k for Transformation Costs. £4,711k has been accrued for Continuing Health Care and Funded Nursing Care to bring it in line with the Database. £142k has been accrued for Non-Contract Activity (NCA's). £311k has been accrued for the Mental Health Database.

5. QiPP

The QiPP target for the CCG at the beginning of the financial year was £12.4m which was split £9.7m Pool and £2.7m non-pool. The Non-pool gap has now been found in year and this reduction of £2.7m is split £1.7m recurrently and £1m through non-recurrent adjustments.

As previously reported to the Governing Body and the Local Authority Cabinet both organisations have now agreed funding to close the balance of the pooled fund gap and the identified pressures as they were reported at month 6 of £11.4m gap, £1.8m health pressures and £1.2m of ASC pressures. The CCG funded £7.7m and the Council funded £5.877m leaving a balance of £0.823m which the Council would contribute in 2019/20 with a corresponding reduction to the Council's contribution in 2020/21. The Council will only make this contribution if the pooled fund is unable to identify alternative sources of funding or savings in 2019/20.

6. Recommendations

Members are asked to:

- Note the contents of this report