

AGENDA ITEM NO: 12.0.

Meeting Title/Date:	Governing Body - 17 September 2019		
Report Title:	Financial Position for the Period Ended 31 July 2019		
Paper Prepared By:	Mick Cleary	Date of Paper:	August 2019
Executive Sponsor:	Gareth James	Responsible Manager:	Mick Cleary
Committees where Paper Previously Presented:	Contents of the report discussed at the Executive Committee.		
Background Paper(s):	Previous Governing Body papers, 2019/20 Financial Plan, Executive Committee papers.		
Summary of Report:	<ul style="list-style-type: none"> ➤ At the end of July 2019 we continue to report breakeven, or financial balance, for both the year-to-date and the financial year-end positions and that we are, therefore, on course to deliver our financial control total agreed with NHS England and Improvement. ➤ However, we also continue to report approximately £4 million of additional risk which, if not mitigated before the 31st March 2020 would result in a deficit. This results, in the main, from approximately 25% of our QIPP target remaining un-identified. ➤ Total reported financial risk for the Bay Health and Care Partners (integrated care partnership) increases to £11.5 million. This has been reported to NHS England and Improvement at a recent financial performance review. There is a clear expectation from our regulators that this risk will be mitigated and we will deliver our system control total of £60 million deficit. 		
Recommendation(s):	The Governing Body is asked to note the CCG's financial performance for the period ended 31 July 2019 and the current financial forecast for the year-ended 31 st March 2020.		
			Please Select Y/N
Identified Risks: (Record related Assurance Framework or Risk Register reference number)	AF200. RR73.		
Impact Assessment: (Including Health, Equality,			N

Diversity and Human Rights)		
Strategic Objective(s) Supported by this Paper:		Please Select (X)
Better Health - improve population health and wellbeing and reduce health inequalities		X
Better Care - improve individual outcomes, quality and experience of care		X
Delivered Sustainably - create an environment for motivated, happy staff and achieve our control total		X
Please Contact:	Gareth James Chief Finance Officer	

NHS MORECAMBE BAY CLINICAL COMMISSIONING GROUP (CCG)

FINANCIAL POSITION FOR THE PERIOD ENDED 31 JULY 2019

PURPOSE

1. The purpose of this report is to provide an update to the Governing Body on the following:
 - The CCG's financial position for the period ended 31 July 2019
 - An early indication of the forecast financial out-turn for the year-ended 31st March 2020
 - Performance against other recognised financial metrics.
 - An update on delivery of our 2019/20 Quality, Innovation, Productivity and Prevention(QIPP) plan

ACTIONS

2. The Governing Body is asked to note the CCG's financial performance for the period ended 31 July 2019 and the current financial forecast for the year-ended 31st March 2020.

EXECUTIVE SUMMARY

3. At the end of July 2019 we continue to report breakeven, or financial balance, for both the year-to-date and the financial year-end positions and that we are, therefore, on course to deliver our financial control total agreed with NHS England and Improvement.
4. However, we also continue to report approximately £4 million of additional risk which, if not mitigated before the 31st March 2020 would result in a deficit. This results, in the main, from approximately 25% of our QIPP target remaining un-identified.
5. Total reported financial risk for the Bay Health and Care Partners (integrated care partnership) increases to £11.5 million. This has been reported to NHS England and Improvement at a recent financial performance review. There is a clear expectation from our regulators that this risk will be mitigated and we will deliver our system control total of £60 million deficit.

ALLOCATIONS SUMMARY

6. We began the financial year with a total allocation of £569.742 million including both an allocation for primary care (medical) services and a running cost allowance. Our allocation has increased by £243,000 following receipt of several other allocations. Our total allocation of £569.985 million and can be analysed as follows:

	Recurrent £'000	Non recurrent £'000	Total £'000
Start allocation:			
Programme allocation – programme	515,918	0	515,918
Programme allocation – co-commissioning	46,585	0	46,585
Running costs allocation	7,239	0	7,239
Total start allocation	569,742	0	569,742
In year allocation adjustments:			
Specialist Commissioning IR adjustments	(47)	0	(47)
Excess treatment costs	0	(21)	(21)
Improving access allocations 2019/2020	0	3	3
Atrial fibrillation patient optimisation Q1 & Q2	0	270	270
Complex case bid	0	38	38
Total in year allocation adjustments	(47)	290	243
Total all allocations	569,695	290	569,985

FINANCIAL POSITION AT THE END OF JULY 2019 – PROGRAMME AND RUNNING COSTS EXPENDITURE

7. After 4 months of the financial year the CCG is continuing to report that we are on course to deliver our control total of breakeven and, therefore, deliver our financial duties. In doing so, however, we continue to report £3.927m of additional risk which, if remains un-mitigated, will result in a £4 million deficit.
8. The reported position is underpinned by the following assumptions:
 - Full delivery of the identified QIPP savings of £12.294m
 - Identification of further efficiencies of £3.927m to mitigate the current shortfall in the QIPP plan (currently reported as risk)
 - All other in-year pressures will be mitigated by our 0.5% contingency and other budget under spends

For clarity, if the above assumptions do not materialise then we will fall short of delivering the CCG's financial duties as at 31 March 2020

9. The month 5 (end of August 2019) financial position has also been reported to NHS England and Improvement and this remains consistent with month 4 (break-even) with a risk-adjusted position of £4 million deficit.
10. During the month 5 reporting period we undertook a detailed forecast against all budget areas considering all known risks and potential mitigations. The Executive Committee then considered several financial scenarios ranging from a very small surplus to a worst case of a significant deficit. In addition, we are working closely with colleagues across Lancashire and South Cumbria Integrated Care System (ICS) to understand the impact of performance against the shared control total and support ICS wide reporting to NHS England and Improvement.
11. We also continue to work closely with Bay Health and Care Partners to mitigate the known ICP financial risk and we will submit a further recovery plan to our regulators during September.

12. Appendix 1 provides details of the financial position across all commissioning budgets. The following budget areas represent the most significant financial risk and our current forecast is underpinned with the following assumptions:

- Healthcare contracts; acute spend overall is close to plan for the year to date but the forecast assumes an increased level of elective performance at UHMBFT. We are pursuing an early contractual settlement to minimise and share risk across the local system.
- Appendix 1 reflects an over spend against the mental health budget which relates to, in the main, a small number of very high cost patients with learning disabilities. In addition, the governing body has previously agreed to invest up to £750,000 to support the transfer of mental health services to Lancashire Care Foundation Trust. We are currently assuming that this cost will be funded from slippage against mental health improvement standard and, therefore, is not reflected as an in-year overspend,
- Primary care prescribing; we are currently reporting that we will balance this budget. Although this assumption is based on 4 months of prescribing data we are also confident that the QIPP will be delivered and mitigate any in-year costs and activity increases
- Continuing healthcare continues to be a key financial risk and this is reflected in both our year-to-date and year-end positions. Over spend on continuing care services is being investigated, with a view to confirming the forecast position. Work is being undertaken with service leads to ensure that forecasts are accurate and robust.

RUNNING COSTS

13. Last year we delivered a material under spend against our 2018/19 running cost allowance. We expect this to continue during 2019/20 with an outline forecast underspend in excess of £1.3 million. As last year, this will support delivery of our QIPP programme and, therefore, our year-end control total.

PROGRESS ON QIPP SCHEMES

14. The CCG has an overall QIPP requirement of £16.221m for 2019/2020, for which initial savings areas covering £12.294m have been identified, leaving an unidentified total of £3.927m. No further scheme savings areas have been identified during month 04 and therefore the QIPP shortfall remains at £3.927m. This is currently being reported as financial risk to NHS England.

15. In addition to the shortfall against the required level of QIPP, there are also risks to delivery against a number of identified schemes, particularly those reliant on work being done as part of the Bay Health and Care Partners (BHCP) Sustainability and Financial Recovery Plan (SFRP). All schemes will need to be monitored closely to ensure any slippage is identified early.

16. The CCG's Finance Delivery Group continues to meet monthly to identify new QIPP schemes, monitor the performance of existing schemes and ensure the delivery of QIPP savings. In addition, the CCG's newly-established QIPP Opportunity Team continues to meet weekly and is driving the identification and delivery of QIPP schemes.

SUMMARY

17. We continue to report that we are on course to deliver our control total of financial balance as at 31 March 2020. However, there remains a significant level of risk to our forecast, in the main, relating to a shortfall against our QIPP plan and risks to delivery of identified QIPP schemes.
18. The overall financial position is, therefore, likely to be extremely challenging for the remainder of the financial year.

Gareth James
Chief Finance Officer
August 2019