

AGENDA ITEM NO: 14.0.

Meeting Title/Date:	Governing Body - 19 November 2019		
Report Title:	Financial Position for the Period Ended 30 September 2019		
Paper Prepared By:	Mick Cleary	Date of Paper:	November 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 September 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 are also reporting approximately £2.5 million of additional risk which, if not mitigated before the 31 March 2020 would result in a deficit. ➤ Total reported financial risk for the Bay Health and Care Partners (integrated care partnership) is estimated to be £5.5 million and this has been reported in our latest system financial recovery plan. 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. ➤ A draft financial plan for the 4 years 2020/21 - 2023/24 has been submitted to NHS England and Improvement. Our planning assumptions do not currently meet the requirements outlined in our financial improvement trajectories provided by the regulator. 		
Recommendation(s):	The Governing Body is asked to note the CCG's financial performance for the period ended 30 September 2019, the current financial forecast for the year-ended 31 March 2020 and the draft financial planning for financial years 2001/21 to 2023/24.		

		Please Select Y/N
Identified Risks: (Record related Assurance Framework or Risk Register reference number)	AF200. RR73.	
Impact Assessment: (Including Health, Equality, Diversity and Human Rights)		N
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 30th SEPTEMBER 2019

PURPOSE

1. The purpose of this report is to update the Governing Body on the following:
 - The CCG's financial position for the period ended 30th September 2019.
 - The latest forecast financial out-turn for the year-ended 31st March 2020.
 - Progress against the 2019/20 Quality, Innovation, productivity and Prevention (QIPP).
 - An early indication of the impact of the NHS Long Term Planning process currently being undertaken.

ACTIONS

2. The Governing Body is asked to note the CCG's financial performance for the period ended 30th September 2019, the current financial forecast for the year-ended 31st March 2020 and the draft financial planning for financial years 2001/21 to 2023-24.

EXECUTIVE SUMMARY

3. At the end of September 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, following an improvement to the likely year-end financial forecast, we are also reporting approximately £2.5 million of additional risk which, if not mitigated before the 31st March 2020, would result in a deficit.
5. Following submission of a financial recovery plan in September 2019 the level of reported financial risk for Bay Health and Care Partners (integrated care partnership) has reduced to £5.5 million. This has been reported to NHS England and Improvement at a recent financial performance review. Feedback following these discussions is that our plans are deliverable and that our system needs to do everything to ensure delivery of our system control total of £60 million deficit.
6. An updated financial recovery plan has been requested for submission by 15th November 2019.

ALLOCATIONS SUMMARY

7. 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.

During the first half of the financial year our allocation has grown to £570 million; analysed as follows:

Description	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:			
Allocations reported to the governing body in July'19	(47)	290	243
CYP green paper project initiation	0	40	40
CYP personal health budget pilot	0	18	18
Flash glucose monitoring Q1	0	38	38
Revised total allocation	569,695	386	570,081

8. The above in-year allocations were expected and will not impact on the 2019/20 financial position.

FINANCIAL POSITION AT THE END OF SEPTEMBER 2019

9. After six months of the financial year we continue to report that we are on course to deliver our control total of breakeven and, therefore, deliver our financial duties. Following a review of all QIPP plans and other mitigations a revised financial recovery plan was submitted to NHS England and Improvement with a likely year-end forecast of £2.510m deficit.
10. Regulator discussions continue to be supportive although there is a clear expectation that both the CCG and University Hospital Morecambe Bay (UHMB) will deliver the agreed control total. This will require additional system wide mitigations of £5.5 million.
11. The reported CCG position continues to be 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.

12. The Executive Committee continues to closely monitor our financial outlook including monthly review of our forecasting assumptions and a series of financial scenarios. 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.

13. The following table highlights the latest financial forecast considered by the Executive Committee which reflects a potential deficit of £2.510 million. This has been used to support the production of our financial recovery plan to NHS England and Improvement:

<u>Risks:</u>	£M	£M
QIPP; un-identified	3.827	
QIPP; yet to be taken from budget	1.900	
Budgetary pressures (net)	0.524	
Mental health transfer to LCFT	0.660	
System D2A shortfall	1.800	8.711
<u>Mitigations:</u>		
0.5% contingency	(-)2.616	
Non-recurrent accounting measures	(-)1.250	
Slippage against planned investments	(-)2.335	(-)6.201
Potential distance from control total		2.510

14. NHS England and Improvement require a further recovery plan that reflects delivery of our joint control total. Although we continue to work on mitigations, the above position remains the most likely scenario and will be the position reported to regulators.
15. Appendix 1 provides the in-year (month 6) and forecast financial positions across all commissioning budgets. The following budget areas represent the most significant budget variance:

- **UHMB contract**; the year-to-date position, as agreed with the trust, is an under performance of £94,000 and reflects a significant over performance against un-planned care and an under performance against elective care. The £1 million forecast over performance is based on a local estimate of the likely increase in elective care activity to secure improvements in the referral to treatment target.
- **Mental health forecast pressure of £1.518 million**; this, in the main, relates to the cost of 2 very high cost learning disability patients. These costs were previously funded as part of a pooled budget arrangement with Cumbria County Council. Following a lengthy period of dispute, we have agreed a split of funding which results in a significant in-year financial pressure.
- **Continuing healthcare**; the forecast over spend of £3 million is based on local information following a range of forecast scenarios. Although there does not appear to be a significant increase in the volume of packages, there has been a material increase in the average cost per individual (c£3,100 to c£4,200 per month between April 2018 and October 2019).
- **Primary care prescribing**; as with previous years the forecasting of prescribing is volatile during the first half of a financial year. The current forecast of £1.311 million over spend has been calculated using 4 months of prescribing data and trends from previous years. This forecast is likely to

change as further data is available; including the likely impact of agreed QIPP schemes.

- **GPIT pressure of £0.5 million**; this relates to £300,000 for a digital referral service provided by Strata and c£150,000 contribution to the Qlikview system which was previously funded from vanguard monies.

RUNNING COSTS

16. We are currently forecasting an under spend against our 2019/20 running cost allowance of £1.559 million. Although material, this has been planned and is regularly reviewed to ensure a balance between efficiency to support programme, or healthcare, spend and maintaining capacity to deliver against competing priorities.

PROGRESS ON QIPP SCHEMES

17. 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. We continue to work on a QIPP 'pipeline' although to date we are still forecasting that the £3.927m is at risk.
18. 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.
19. 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.

NHS LONG TERM PLAN – FINANCIAL PANNING

20. All NHS organisations are currently in the process of supporting the planning response to the NHS Long term plan. This process is being coordinated by Lancashire and South Cumbria ICS. Both CCGs and trusts have received financial improvement trajectories (or control totals) for the 4 years 2020/21 to 2023/24 and our plans to implement the NHS Long Term plan are expected to reflect these trajectories.
21. We have received the following trajectory which will result in delivery of full NHS England 'business rules' (1% cumulative surplus).

NHS Morecambe Bay CCG - £m	2020/21	2021/22	2022/23	2023/24
Financial improvement trajectory (pre FRF)	3.190	5.520	2.600	0.190
Indicative FRF	-	-	-	-
Indicative financial improvement trajectory (including FRF)	3.190	5.520	2.600	0.190

22. Subject to delivery of the 2019/20 control total of financial balance, we will begin 2020/21 with a cumulative deficit (total of previous years' performance) of £5.575 million. Delivery of the above annual financial positions would result in a cumulative surplus of £5.925 million (c1%) by March 2024.
23. Several planning submissions have been developed during October 2019. We have currently submitted a plan to deliver the following financial positions which, although would result in a cumulative surplus at the end of 2023/24, would fall approximately £4m short of the cumulative position requested by NHS England and Improvement:

NHS Morecambe Bay CCG - £m	2020/21	2021/22	2022/23	2023/24
Submitted surplus/(deficit) as at 31st October 2019	0.000	1.452	3.043	2.922

24. It is likely that the above figures will change prior to the final submission. This will include revision to our QIPP plan, especially in years 2022/23 and 2023/24. The agreed submission will be considered by the Executive Committee.
25. We are working closely with UHMB colleagues to agree a system-wide plan. Currently, there is a significant variance to the combined improvement trajectories provided by NHS England and Improvement.

SUMMARY

26. 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.
27. The Governing Body is asked to note the CCG's financial performance for the period ended 30th September 2019, the current financial forecast for the year-ended 31st March 2020 and the draft financial planning for financial years 2001/21 to 2023-24.

Gareth James
Chief Finance Officer
November 2019

**NHS Morecambe Bay Clinical Commissioning Group
Expenditure Comparison Statement for the period ended 30 September 2019**

	Cumulative to month 06			Annual position		
	Budget	Expenditure	Variance	Budget	Forecast	Variance
Acute services						
Acute contracts - NHS						
University Hospitals of Morecambe Bay FT	115,400	115,900	500	230,800	231,800	1,000
East Lancashire Hospitals Trust	521	592	71	1,042	1,192	150
Blackpool Teaching Hospitals FT	1,158	1,220	63	2,316	2,396	80
Lancashire Teaching Hospitals FT	6,517	6,222	(296)	13,034	12,484	(550)
Royal Liverpool and Broadgreen Hospitals Trust	461	372	(90)	923	776	(147)
Pennine Acute Hospitals FT	63	65	2	125	125	0
Salford Royal Hospitals FT	329	406	76	659	759	100
Wrightington, Wigan and Leigh FT	1,770	1,382	(388)	3,539	2,889	(650)
Manchester University FT	1,695	1,387	(308)	3,389	2,839	(550)
Leeds Teaching Hospitals Trust	165	159	(6)	330	330	0
Alder Hey Hospitals FT	175	148	(27)	349	299	(50)
The Christie FT	119	342	223	237	637	400
North West Ambulance Services Trust	9,888	10,083	195	19,776	20,165	389
Yorkshire Ambulance Services Trust	116	116	0	231	230	(1)
North Cumbria University Hospitals Trust	417	480	63	834	924	90
Airedale Hospitals	213	249	36	426	476	50
Others	106	106	0	106	(18)	(123)
Sub total acute contracts - NHS	139,112	139,228	116	278,118	278,305	188
Acute contracts - other providers						
BMI Healthcare	1,671	2,021	349	3,343	4,103	760
Ramsay Healthcare	291	240	(51)	582	505	(77)
Spire Healthcare Ltd	82	54	(28)	164	120	(44)
Private Healthcare	163	118	(44)	325	245	(80)
Others	739	737	(2)	751	750	(0)
Sub total acute contracts - other providers	2,946	3,171	225	5,165	5,723	558
Acute - NCAs						
NCAs	2,226	2,225	(2)	4,220	4,220	0
Sub total NCAs	2,226	2,225	(2)	4,220	4,220	0
Total all acute services	144,284	144,623	340	287,502	288,248	746
Mental health services						
Mental health contracts - NHS						
Lancashire Care FT	9,018	9,019	0	19,791	19,791	0
Cumbria Partnership FT	11,635	11,635	0	23,063	23,063	0
Mersey Care Trust	131	135	4	263	263	0
Bradford District Care Trust	301	304	2	603	603	0
Northumberland, Tyne and Wear	73	115	42	146	146	0
Others	669	599	(70)	1,338	1,238	(100)
Sub total mental health contracts - NHS	21,828	21,806	(22)	45,203	45,103	(100)
Mental health contracts - other providers						
Lancashire County Council	857	970	114	1,713	1,713	0
Cumbria County Council	1,500	1,500	0	3,000	3,000	0
Other provider contracts	114	840	726	227	1,746	1,518
Other - Continuing Care	5,559	5,632	74	11,118	10,670	(447)
Total mental health services	8,029	8,942	913	16,058	17,129	1,071
Mental health - NCAs						
NCAs	260	260	0	260	260	0
Sub total NCAs	260	260	0	260	260	0
Total all mental health services	30,117	31,008	891	61,521	62,492	971
Community health services						
Community health contracts - NHS						
Lancashire Care FT	56	57	2	111	111	0
Blackpool Teaching Hospitals FT	745	743	(3)	1,491	1,491	0
Cumbria Partnership Trust	1,722	1,722	0	3,444	3,444	0
University Hospitals of Morecambe Bay FT	18,361	18,361	0	36,723	36,723	0
Airedale Hospitals	205	205	0	411	411	0
Others	547	546	(2)	1,095	1,095	0
Sub total community health contracts - NHS	21,637	21,635	(2)	43,274	43,274	0
Community health contracts - other providers						
British Pregnancy Advisory Service	43	41	(2)	87	87	0
Specsavers	137	129	(8)	273	273	0
Lancashire County Council	125	125	0	250	250	0
Marie Curie Cancer Care	67	68	1	134	134	0
The Stroke Association	44	44	0	89	89	0
Marie Stopes International	52	42	(10)	104	104	0
St John's Hospice	813	814	1	1,627	1,627	0
St Mary's Hospice	360	343	(17)	720	720	0
Medequip	355	336	(18)	709	709	0
Other provider contracts	1,360	1,374	14	2,734	2,734	0
Sub total community health contracts - other providers	3,357	3,318	(39)	6,727	6,727	0
Total all community health services	24,993	24,952	(41)	50,001	50,001	0
Continuing care services						
Continuing care services	14,977	16,489	1,512	29,954	32,954	3,000
Local Authority / joint services	217	65	(152)	435	435	0
Funded nursing care	3,194	3,457	263	6,389	6,889	500
Total continuing care services	18,389	20,011	1,622	36,778	40,278	3,500
Primary care services						
Prescribing	24,896	25,560	664	49,665	50,976	1,311
Enhanced services	2,496	2,346	(150)	5,514	5,014	(500)
Out of hours	3,346	3,382	36	6,693	6,822	129
Practice Transformation Support	782	782	0	2,181	2,181	0
GP IT Costs	702	956	253	1,405	1,905	500
Primary care - other	1,361	1,382	21	1,719	1,719	0
Better Care Fund	828	955	126	575	575	0
Primary Care Co-Commissioning	21,959	21,949	(10)	46,585	46,585	0
Total primary care services	56,371	57,312	941	114,336	115,776	1,440
Other programme costs						
NHS Property Services recharge	650	536	(115)	1,251	1,169	(82)
Other programme costs	5,071	5,068	(4)	10,194	10,194	0
Total other programme costs	5,722	5,603	(118)	11,445	11,363	(82)
Running costs						
CCG pay costs	1,841	1,613	(228)	3,681	3,431	(250)
CSU recharge	514	491	(23)	1,027	1,027	0
NHS Property Services recharge	143	143	0	285	285	0
Other non pay costs	549	547	(2)	1,097	885	(212)
Running costs reserves	296	0	(296)	1,148	51	(1,097)
Total running costs	3,341	2,793	(548)	7,239	5,680	(1,559)
Total	283,216	286,303	3,087	568,822	573,838	5,016
Earmarked resources						
2019/2020 committed pressures - detail to follow	3,087	0	(3,087)	5,186	170	(5,016)
2019/2020 QIPP	0	0	0	(3,927)	(3,927)	0
Total earmarked resources	3,087	0	(3,087)	1,259	(3,757)	(5,016)
Total CCG in year expenditure position	286,303	286,303	0	570,081	570,081	0
Net CCG position (target of breakeven agreed with NHS England)	0	0	0	(570,081)	(570,081)	0