

### GOVERNING BODY MEETING

<b>Date of meeting</b>	Tuesday 17 July 2018	<b>Agenda item number</b>	14
<b>Title of report</b>	Financial Update		
<b>Paper Presented by:</b>	Andrew Harrison, Chief Finance Officer		
<b>Paper prepared by:</b>	Judith Williams, Head of Finance		

<b>CCG strategic objective supported by this paper: (please tick ✓ )</b>	Develop and maintain an effective organisation	✓
	Commission high quality, safe and cost effective services which reduce health inequalities and improve access to healthcare	✓
	Effectively engage patients and the public in decision making	
	Develop excellent partnerships which lead to improved health outcomes	
	Make the best use of resources	✓

<b>Purpose of report</b>
To update Governing Body on the financial performance of the CCG at Month 02 (June 2018).
<b>Recommendation</b>
<p>The Governing Body is requested to note the following:</p> <ol style="list-style-type: none"> <li>1. Year to date financial performance achieved in line with NHSE target requirements;</li> <li>2. QiPP delivery in financial year not finalised;</li> <li>3. Forecast outturn currently in line with plan;</li> <li>4. Reserves established;</li> <li>5. Allocation in line with plan;</li> <li>6. Key risks including sustainability of financial position in 2018/19;</li> <li>7. Position regarding strategic decisions of Integrated Care Partners recognising individual partner requirements for both internal and external reporting of financial issues.</li> </ol>

<b>Please indicate which Group this has been discussed with (please tick ✓)</b>			
Executive Management Team	✓	Quality Improvement and Governance Cttee	
Clinical Commissioning Committee		Finance and Performance Committee	✓
Audit Committee		Remuneration Committee	
Council of Members		Primary Care Commissioning Committee	
Other/Not Applicable			
<b>Patient and Public Engagement:</b>	N/A		
<b>Equality Impact Assessment:</b>	N/A		
<b>Resource Implication(s):</b>	2030 Vision Commissioning for Patients		



<b>Are there any associated risks? If so, are the risks on the risk register? If yes, please include risk descriptor and current risk score</b>	Yes Risk 64 Failure to achieve financial duties Score 12
<b>For further information please contact:</b>	Judith Williams

# Financial Position – Month 02

June 2018

# Month 02 Key Headlines

- CCG met key financial duties at Month 02
- Financial Position
  - £1m underspent V £1m target at May 18
  - £1.1m Healthier Lancashire reserve held
  - Total £0.0m target for 18/19 – breakeven position
- Reserves – set up at Month 02 position
  - 8.7m total
- QiPP position - £10.8m target in year
- Running Costs £45k underspend
- BPPC – NHS 99.6% Non NHS 98.5% by number of invoices

# Month 02 Financial Duties

Description of financial duties	YTD	Forecast	Explanation
Maintain expenditure within the revenue resource limit and deliver to a planned breakeven position in 2018/19.			The CCG has achieved its forecast position target to end of Month 2. The target is breakeven for the year and comprises monthly targets.
Maintain expenditure within a Maximum Cash Drawdown Limit (cash limit).			The CCG has drawn down £40.5m to date. This is inline with overall financial planning for 2018/19 and now incorporates monthly cash planning estimates.
Maintain capital expenditure if received within the delegated limit from the Area Team.			No capital allocations anticipated to be received during 2018/19.
Ensure running costs are within the £21.75 per head of population.			The CCG has an allocation of £3.6m for running costs. At Month 2, the running costs position was £45k underspent.
Ensure a minimum of 0.5% contingency is held.			The CCG has established the 0.5% contingency reserve.
Delivery of QIPP targets.			The CCG has identified £7m of the £10.8m requirement and will action delivery of the schemes. Work continues to identify the remaining value and to work with Commissioners in order to forecast accurately.
Ensure compliance with the Better Payment Practice Code (BPPC) - "Late Payment of Commercial Debt"			The CCG delivered 99.2% in 30 days against the number of NHS and 98.7% against non NHS invoices.

# Health Economy Report

- BTH Month 01 2018-19 – £0.XXm deficit plan
- BTH Month 01 forecast 2018-19 – £XXm deficit actual
- Use of Resources 3
- LTH Month 01 2018-19 – £5.8m Deficit Actual
- LTH Month 01 2018-19 – £5.9m Deficit Plan
- Use of Resources 3
- In Year CCG Position 2018-19
  - F&W CCG Month 02 2018-19 £0.0m (Plan £0.0m)
  - BCCG Month 02 2018-19 £0.0m surplus (Plan £0.0m)

Month 2	In Month				Year To Date		
	Annual Budget £000s	Budget £000s	Actual £000s	Variance £000s	Budget £000s	Actual £000s	Variance £000s
Acute NHS	118,973	22,789	-321	-23,110	22,789	22,822	32
Acute Non-NHS	-886	713	581	-131	713	1,152	439
Ambulance Services	7,776	1,296	852	-444	1,296	1,297	1
Non Contracted Activity	2,329	388	89	-300	388	131	-257
NHS 111	707	118	44	-74	118	125	7
<b>Total Acute Services</b>	<b>128,900</b>	<b>25,304</b>	<b>1,244</b>	<b>-24,060</b>	<b>25,304</b>	<b>25,527</b>	<b>222</b>
<b>Total Community Health Services</b>	<b>30,952</b>	<b>5,796</b>	<b>6,557</b>	<b>762</b>	<b>5,796</b>	<b>5,899</b>	<b>103</b>
<b>Total Mental Health</b>	<b>27,927</b>	<b>4,645</b>	<b>751</b>	<b>-3,893</b>	<b>4,645</b>	<b>4,641</b>	<b>-3</b>
<b>Total Continuing Care</b>	<b>15,921</b>	<b>2,653</b>	<b>3,211</b>	<b>557</b>	<b>2,653</b>	<b>2,619</b>	<b>-35</b>
Co-Commissioning	26,402	3,969	3,034	-935	3,969	3,973	4
Prescribing	33,890	5,385	7,201	1,817	5,385	5,106	-279
Primary Other	12,184	2,021	793	-1,228	2,021	2,008	-13
<b>Total Primary Care</b>	<b>72,476</b>	<b>11,375</b>	<b>11,029</b>	<b>-346</b>	<b>11,375</b>	<b>11,087</b>	<b>-288</b>
Reserves	8,783	0	0	0	0	0	0
Planned Surplus	6,025	1,004	-1,739	-2,743	1,004	0	-1,004
Property Services	2,541	423	-857	-1,281	423	423	0
Other Programme	2,597	326	-137	-463	326	350	24
<b>Total Other Programme Spend</b>	<b>19,946</b>	<b>1,754</b>	<b>-2,733</b>	<b>-4,486</b>	<b>1,754</b>	<b>774</b>	<b>-980</b>
<b>Total Programme Spend</b>	<b>296,122</b>	<b>51,526</b>	<b>20,059</b>	<b>-31,466</b>	<b>51,526</b>	<b>50,546</b>	<b>-980</b>
<b>Total Admin Spend</b>	<b>3,606</b>	<b>538</b>	<b>140</b>	<b>-398</b>	<b>538</b>	<b>514</b>	<b>-24</b>
<b>Total Spend</b>	<b>299,728</b>	<b>52,064</b>	<b>20,199</b>	<b>-31,865</b>	<b>52,064</b>	<b>51,060</b>	<b>-1,004</b>

# Key Providers Position

Month 2	In Month				Year To Date		
	Annual Budget £000s	Budget £000s	Actual £000s	Variance £000s	Budget £000s	Actual £000s	Variance £000s
<b>Acute</b>							
<b>Acute NHS</b>							
Blackpool Teaching Hospital FT	88,815	17,763	-3,377	-21,140	17,763	17,822	59
Lancashire Teaching Hospital FT	19,277	3,213	1,877	-1,335	3,213	3,213	0
<b>Acute Non-NHS</b>							
Spire	3,932	655	201	-454	655	655	0
<b>Ambulance Services</b>							
North West Ambulance	7,776	1,296	851	-445	1,296	1,296	0
<b>Community Services</b>							
Blackpool Teaching Hospital FT	20,935	4,187	4,259	72	4,187	4,187	0
Lancashire County Council	4,918	820	1,289	469	820	653	-167
<b>Mental Health</b>							
Lancashire Care FT	19,606	3,268	328	-2,940	3,268	3,271	4
Lancashire County Council	2,109	351	-14	-365	351	351	0
<b>Total Main Providers</b>	<b>167,368</b>	<b>31,553</b>	<b>5,414</b>	<b>-26,139</b>	<b>31,553</b>	<b>31,449</b>	<b>-104</b>



# Reserves Analysis

• Healthier Lancashire	£1.2m
• Contingency	£1.4m
• Prescribing	£0.2m
• Pressures /Overperformance	£4.0m
• Continuing healthcare	£0.5m
• Mental Health	£0.5m
• Other	£0.9m
• Total	£8.7m

Committed V Uncommitted Reserves to be finalised in line with QiPP delivery achievement

# Key Risks

- Acute contract overperformance potential
- QiPP delivery behind overall recurrent target
- Mental Health OAPs and MH5YFW requirements
- CHC and complex cases forecast variable
- Referral Management
- Net risk position reported to NHS England
- Strategic discussions with Integrated Care Partnership partners

# Risk Range

	Risk Type	Low	Medium	High	Note
		£'000	£'000	£'000	
<b>KEY RISK at Month 02</b>					
	BTH Contract Overperformance	0	200	350	1
	Spire Overperformance	0	100	150	2
	Lancashire Teaching Hospitals overperformance	60	170	250	3
	Continuing Healthcare	0	100	130	4
	Mental Health Overperformance	100	200	350	5
	QiPP Potential Underperformance	800	1,500	2,000	6
	<b>Total</b>	<b>960</b>	<b>2,270</b>	<b>3,230</b>	
	<b>Shortfall against Target Surplus</b>	<b>0</b>	<b>1,310</b>	<b>2,270</b>	
<b>Note</b>					
1	Blackpool Teaching Hospitals Overperformance estimates post contract agreement				
2	Spire Contract - assumes lower level of referrals				
3	Lancashire Teaching Hospitals Overperformance potential				
4	Continuing Healthcare - cost scenarios modelling				
5	Mental Health Overperformance - Out of Area Treatment cost and other MH5YFV estimates				
6	QiPP potential underperformance - unachieved but potential to be mitigated by other budgets				

# Recommendations

- Month 02 Financial Position
  - Year to date financial performance achieved in line with NHS E target requirements
  - QiPP delivery in financial year not finalised
  - Forecast out turn in line with plan
  - Reserves established
  - Allocation in line with plan
  - Note Key Risks including sustainability of financial position in 2018/19
  - Note position regarding strategic decisions of Integrated Care Partners recognising individual partner requirements for both internal and external reporting of financial issues