Appendix A

NHS
Bedfordshire
Clinical Commissioning Group

Financial Plan Update Report for Overview and Scrutiny Committee

26 October 2015

Title:	*Financial Report for month 05 (August 2015)*
From:	*Andrew Moore, Interim Chief Operating Officer*
Purpose of Paper: This report is intended to provide an overview of the current financial position for the CCG, to highlight financial risks, and to help support discussion on the impact for local Central Bedfordshire residents.	

Executive Summary:

The key themes that emerge from the detailed technical financial report include:

- Bedfordshire Clinical Commissioning Group (BCCG) are on plan to achieve the agreed forecast deficit position of £20m.
- In year savings plans have been focussed upon process, transactional efficiencies and policy adherence as opposed to service cuts.
- Risks to the savings plans are outlined within the report and are predominantly linked to hospital pressures for emergency admissions.
- Planning for the financial year 2016/17 will continue to be financially challenging
- NHS England, the organisation that governs CCGs, reports increased levels of assurance in relation to BCCGs financial position.

Bedfordshire Clinical Commissioning Group (CCG)
Financial Report – August 2015 (Month 05)

Introduction

The financial report highlights:

- The financial position for the first five months of the financial year, of a £189,000 surplus for the period to date;
- The forecast outturn for the financial year as a whole (2015/16) remains on plan (i.e. a deficit position of £20m);
- The slight improvement in the forecast over performance, on the Acute Top 6 providers, during the month reducing by £2.1m to £8.3m (previously £10.4m);
- The offsetting of any benefit due to the posting of all the unidentified QIPP (circa £5.101m) within the ledger;
- The significant risks, and assumptions, underpinning this report, namely:

  - Full delivery of the £16m QIPP Program;
  - The inclusion of back loaded additional expenditure of £7.2m;
  - The inclusion of back loaded additional income/savings of £5.1m (with a £4.5m improvement on the QIPP run rate being part of this); and
  - The critical nature, and sensitivity, of these assumptions on the eventual outturn position;

- The significant over performance on the six large contracts, to date of £2.9m, with Non Elective performance accounting for all of this sum (and running at a 11% increase on the comparable period last year);
- The outstanding risks, together with the scenario analysis, and the resultant need to generate further headroom in order to provide a degree of contingency;
- The Financial and Technical Accounting Indicators (i.e. PSPP, Invoice Control, Debtors and Cash), which all remain broadly on plan, although further work is required;
- The ongoing improvements in financial reporting (but noting only minimal budgetary adjustments to be actioned, moving forward, now QIPP fully posted within the ledger); and
- A number of next steps, principally focused on understanding, and reducing, the non elective over performance, developing headroom, and focusing on closing down outstanding risks.

The position for the year to date from April 2015 to 31st August 2015 is a small surplus of £189,000 (i.e. virtually on plan).

Whilst the year to date position has remained on plan, this position does conceal a number of significant variances, namely;

Year to date

	Under/(over) spent (Month 05) £'m
– Acute Commissioning Top 6 Overspend	(2.9)
– Commissioning Partnerships (Mental Health)	0.6
– Continuing Healthcare	0.8
– Primary Care Prescribing	0.6
– GP IM & T	0.2
– Net Application of Reserves	0.9
Surplus (year to date)	0.2

It should also be noted that the balanced position is only being achieved by committing the full proportionate share of net reserves (i.e. 5/12) leaving little or no contingency, or headroom.

The forecast outturn position for the year as a whole, from 1st April 2015 to 31st March 2016, is also a break even position (i.e. a spend of £512m, leading to an agreed in year deficit of £20m).

However, the forecast over performance on the Acute Commissioning Top 6 Providers, has improved during the month reducing by £2.1m, to £8.3m (previously £10.4m).

Therefore, whilst the forecast outturn position remains broadly on plan, this position does conceal a number of significant variances, risks, and underlying critical assumptions.

Financial Risks

The main financial risks remain to the following, namely

- MSK Compliance 2015/16;
- Delivery of the QIPP Program in full 2015/16;
- Resolving the 2014/15 Dermatology Position; and
- Managing Acute over Performance on the Top 6 Contracts (and specifically on non elective activity).

Quality, Innovation, Productivity and Prevention (QIPP)

There are two separate, and distinct, areas relating to the CCGs savings program (i.e. QIPP), namely

- The identification of schemes; and
- The delivery of actual cash savings against these schemes (or the underlying run rate).

Identification of Schemes

As can be seen from the table below, and from Appendices 5 & 6, £16.2m of schemes have now been identified, and profiled within budgets.

Accordingly, £7.7m is being profiled as "delivered" as these sums are considered to be secure. However, within this £7.7m some of this benefit will be spread over a twelve month period, although all identified and secured.

QIPP Delivery/Identification	**£'m**	**Percentage**
Delivered April to August	7.7	47
Profiled to deliver	8.5	53
	16.2	**100%**

Next Steps

As has been acknowledged throughout this report there remains a number of areas that require further work, these include:-

1. Focusing further on Non Elective over performance, at the Top 6 Acute Providers as the main driver of the financial overspend. In addition, to better understanding the drivers and to work to implement mitigating actions in order to elevate the current forecast trajectory;

2. To follow up on the piece of work initiated, during August 2015, in order to identify areas where further contingency/headroom can be created, without detrimental effect on clinical quality, or constitutional standards; and

3. There are also a number of outstanding risks, where mitigating discussions have taken place, but these items require a further push, (and sometimes resourcing) in order to reach a final conclusion. These areas include:-

- Reducing MSK leakage (through various measures), and negotiating an agreed recurrent baseline with the provider;
- Concluding the 2014/15 Dermatology outturn, following the patient audit; and
- Continuing to focus on QIPP delivery, especially given the requirement to deliver all £16m during 2015/16 in order to balance.