

**WEST LEICESTERSHIRE CLINICAL COMMISSIONING GROUP  
BOARD MEETING**

**27<sup>th</sup> November 2018**

<b>Title of the report:</b>	Finance Report
<b>Section:</b>	Public
<b>Report by:</b>	Gill Killbery – Deputy Chief Financial Officer
<b>Presented by:</b>	Spencer Gay – Chief Financial Officer

<b>Report supports the following West Leicestershire CCG's goal(s):</b>			
Improve health outcomes		Improve the quality of health-care services	
Use our resources wisely	✓	✓	

<b>Equality Act 2010 – positive general duties:</b>
<ol style="list-style-type: none"> <li>1. The CCG is committed to fulfil its obligations under the Equality Act 2010, and to ensure services commissioned by the CCG are non-discriminatory on the grounds of any protected characteristics.</li> <li>2. The CCG will work with providers, service users and communities of interest to ensure any issues relating to equality of service within this report are identified and addressed.</li> </ol>

<b>Additional Paper details:</b>	
Please state relevant Constitution provision	Section 5.3.1(b) – General financial duties Section 6.6.1(f) – Governing body functions: monitoring performance against plans
Please state relevant Scheme of Reservation and Delegation provision (SORD)	N/A
Please state relevant Financial Scheme of Delegation provision	N/A
Please state reason why this paper is being presented to the WLCCG Board	To keep the Board apprised of the CCG's financial position
Discussed by	
Alignment with other strategies	Operational Plan 2017/19
Environmental Implications	No
Has this paper been discussed with members of the public and other stakeholders? If so, please provide	No

**EXECUTIVE SUMMARY:**

1. Month seven year-end financial position has been reported as breakeven.
2. Significant variances are apparent in independent sector elective services and prescribing, while continuing health care is underspending. All available reserves have been released to balance the year end position.
3. Established QIPP workbooks are indicating a shortfall in delivery of £1.564m. This is reflected in the year end position.
4. Risks relating to specialised services, increasing acute activity, QIPP delivery and prescribing may still impact on the year end position.
5. Activity data received for month 6 shows a slight down turn in all areas in the month with A&E first outpatients and elective inpatients still cumulatively over plan.

**RECOMMENDATION:**

The West Leicestershire Clinical Commissioning Group is requested to:

**NOTE** the contents of this report.

# WEST LEICESTERSHIRE CLINICAL COMMISSIONING GROUP

## BOARD MEETING

27<sup>th</sup> November 2018

### Finance Report

#### INTRODUCTION

1. This report provides an overview of the CCG's financial position as at Month 7 of the year ending 31<sup>st</sup> March 2019.
2. In addition, the report highlights the key financial risks which could materialise for the CCG in the remainder of the year.

No.	Matter	References
	<b><i>Financial Performance</i></b>	
1.	<b><u>Year to Date Position:</u></b> <p>The year to date position has been declared as an overspend of £0.7m. Variances have arisen in some elements of spend, which are mostly being offset by contingency reserves.</p> <p>A&amp;E activity is significantly higher than planned along with elective inpatients and first outpatients.</p> <p>Prescribing risks around 'No Cheaper Stock Obtainable' (NSCO) issues continue with the year to date position showing £0.9m overspend.</p> <p>Continuing Health care costs are currently lower than anticipated. An underspend is being seen of £0.8m after delivery of £1.4m QIPP. Significant work has been done, and continues to be done regarding review of past cases, ensuring the eligibility criteria are applied correctly and carrying out assessments at the most appropriate time and place (i.e. not in a hospital setting).</p>	
1.	<b><u>Full-Year Outturn</u></b> <p>The CCG is currently forecasting a breakeven position.</p> <p>The position makes assumptions regarding future delivery of QIPP schemes, likely achievement of contract challenges and limited increase in elective activity over the winter.</p> <p>The CCG contingency is required (in full) to offset the pressures in prescribing and acute settings.</p> <p>The impact of 17/18 year-end financial settlements is being charged into reserves. All known impacts have been included in both year to date and forecast outturn.</p>	<b>See Appendix 1</b>
2.	<b><u>Better Payment Practice Code (BPPC)</u></b> <p>The CCG is meeting its BPPC target for NHS and Non NHS suppliers both in month and for the year to date.</p>	

<b>3.</b>	<p><b><u>Cash Management</u></b></p> <p>In the first seven months of the year, the CCG received £261.5m funding from the Department of Health and an additional £4.2m from other sources. The majority of this cash has been spent, leaving a balance of £140k in the bank at the end of the period.</p> <p>This is well inside the recommended maximum of £463k (being 1.25% of the amount drawn down at the beginning of the month).</p>	
	<b>QIPP</b>	
<b>4.</b>	<p><b><u>QIPP performance</u></b></p> <p>£18.9m QIPP has been assumed deliverable within the financial position. This includes £1.5m rag rated Red or amber by the PMO team.</p>	<b>See Appendix 2</b>
	<b>Activity</b>	
<b>5.</b>	<p><b><u>Activity Performance</u></b></p> <p>The largest area of variance from plan is A&amp;E attendances. These are significantly above plan (7.2%) and on an increasing trajectory (4876 attendances above the same period last year ie 7.4%).</p> <p>Elective inpatients are over plan by 1.4%.</p> <p>First outpatient attendances are also above plan by 1.2% (5.29% on last year), which may flow through to elective activity and follow ups later in the year.</p>	<b>See Appendix 3</b>
	<b>Risk</b>	
<b>5.</b>	<p>Risks to financial delivery are being highlighted in all areas of the CCG's financial responsibility:</p> <ol style="list-style-type: none"> <li>1. Risks arising from Year end assumptions: <p>Year-end accounts are completed prior to all information regarding activity, prescribing costs and dispute resolutions being received by the CCG.</p> <p>Due to this mismatch in timing, assumptions are made for the sake of year end accounts which then crystallise in the new year.</p> <p>One particular challenge regarding specialised services remains unresolved; this has been subject to mediation but has now been referred to Region for review.</p> </li> <li>2. Risk arising from Non delivery of QIPP schemes <p>QIPP schemes are being monitored via the LLR PMO. The current forecast position assumes SRO level delivery of QIPP. A further £1.5m risk remains.</p> </li> <li>3. Risk arising from increased payable activity: <p>Non elective activity during the winter period usually increases putting pressure on delivery of elective services. The general trend increases have been included within the forecast however, weather patterns can impact significantly on A&amp;E attendances</p> </li> </ol>	

	<p>and admissions and therefore there remains a financial risk to the CCG.</p> <p>4. Risk arising from national changes to prescribing costs:</p> <p>NCSO costs have continued in year. Plans were set (as per national guidance) on the assumption that NCSO costs would not occur in 18/19. The current forecast (after adjustment for a small reduction in Category M costs due to start in year) shows a pressure £1.6m from this issue. This may be understated.</p>	
--	---	--

**CONCLUSION:**

The position presented is one of overspend year to date with a breakeven forecast.

All contingencies have been utilised to cover the pressure materialising across prescribing and acute activity.

The main risks to financial balance are currently related to prescribing, acute activity and QIPP delivery.

A&E attendances are on an upward trend. If this continues further pressure will be seen within the acute costs.

**RECOMMENDATION:**

The West Leicestershire Clinical Commissioning Group is requested to:

**NOTE**            the contents of this report