

**WEST LEICESTERSHIRE CLINICAL COMMISSIONING GROUP
BOARD MEETING**

08 May 2018

Title of the report:	Finance Report
Section:	Managing Our Finances
Report by:	Gill Killbery, Deputy Finance Officer
Presented by:	Spencer Gay, Chief Finance Officer

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

Equality Act 2010 – positive general duties:
<ol style="list-style-type: none"> 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. 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.

Additional Paper details:	
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	Finance & Planning Sub-Group on 24 th April 2018
Alignment with other strategies	Operational Plan 2017/19
Environmental Implications	
Has this paper been discussed with members of the public and other stakeholders? If so, please provide details	No

EXECUTIVE SUMMARY:

1. The CCG has spent £479m on health care services and CCG administration resulting in an in year overspend of £1.6m and a carried forward surplus of £7.3m.
2. This is an improvement on the Month 11 forecast of £2.6m overspend due to the release of category M saving and the 0.5% risk reserve to the CCG's bottom line, by NHS England.
3. The year-end position includes a number of assumptions relating to Month 12 activity, recharges to NHS England and prescribing costs for February and March.

RECOMMENDATION:

The West Leicestershire Clinical Commissioning Group Board is requested to:

NOTE the final reported position and risks for 18/19

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Finance Report

INTRODUCTION

1. This report provides an overview of the CCG's financial position for the year ended 31st March 2018.
2. In addition, the report highlights the key financial risks which could materialise for the CCG in 18/19.

No.	Matter	References
	<i>Financial Performance</i>	
1.	<u>Full-Year Outturn</u> <p>Over the last 12 months the CCG has spent £479m on Health Care and CCG administration for the population of West Leicestershire. This has resulted in an in year overspend of £1.6m and a carried forward surplus of £7.3m.</p> <p>The CCG has failed to achieve its original financial target by £4.2m made up of the 1.6m declared overspend, the release of the CCG's Non recurrent risk reserve £2m (previously held as a contingency against National risk) and the £0.5m Category M savings (originally withheld by NHS England but returned in Month 12).</p>	See Appendices
2.	<u>Better Payment Practice Code (BPPC)</u> <p>The CCG has far exceeded the BPPC target for numbers and values of NHS and Non-NHS invoices for the year, with the final results showing (in value terms) 99.8% of NHS invoices and 98.67% of Non-NHS invoices paid within the target deadline.</p>	
3.	<u>Cash Management</u> <p>Over the year 2017/18 the CCG has received £428m funding from the Department of Health and an additional £8m from other sources. The majority of this has been spent, leaving a balance of £90k in the bank at the year-end, well inside the recommended maximum of 1.25% of the funding received from DH in the month (£420k).</p>	
	<u>QIPP</u>	
4.	<u>QIPP performance</u> <ul style="list-style-type: none">• QIPP delivery in year totalled £16.4m. this equates to 90.8% of the original target.	
	Risk	

5.	<p>Closure of the accounts for 17/18 is in line with expectations but there remain risks which could potentially materialise during 2018/19 as a result of the number of estimates and assumptions required in order to judge the likely costs incurred in 2017/18.</p> <ol style="list-style-type: none"> 1. The CCG activity continues above plan in most Acute settings. Activity does fluctuate, expected monthly variations have been included within the forecasting. It is normal for activity to dip in February and increase again in March. The depth of these fluctuations has been estimated however there is risk of abnormal patterns (c£700k). 2. We have accounted for a level of financial benefit to the CCG in respect of challenges which are still outstanding with UHL in relation to 17/18 (£1.3m), these challenges are likely to be resolved/escalated during 2018/19. Note: this is a much smaller figure than unresolved challenges during 16/17 where the level accounted for was c£2.4m. 3. QIPPs profiled to be delivered in the remaining month(s) of the year have been relied upon to deliver the position in areas such as Prescribing and the Acute sector. 4. Mental health Out of County placements are low numbers but high value, small increases in numbers can have a significant financial implication. Currently activity is below the normal trend. 5. CHC expenditure can fluctuate significantly and our forecast methodology contains many assumptions regarding care which has been commissioned but not paid for. Due to the change to Personal Health Budgets there is potentially some risk in using similar approaches to previous years in estimating the actual level of spend to be incurred (c£400k). 6. Prescribing costs can fluctuate due to a number of factors, the NCSO pressures experienced in the first half of the year are expected to reduce towards the end of the financial year, however they are still well above 16/17 values. 7. Invoices have been raised to other commissioners which are potentially at risk of being disputed <ol style="list-style-type: none"> a. NHSE (Public Health England) – we have been unable to reach agreement with NHSE on recharging them for the cost of Flu vaccines which are their commissioning responsibility (£494k) b. NHSE (Specialised commissioning) – we have raised an invoice to specialised for activity we have agreed is not our responsibility (£874k), however conversations are on-going regarding some other areas where responsibility and financial values are in question. c. Leicester City CCG – we have invoiced Leicester City CCG for MH Rehab which we are being overcharged for City patients who are being treated outside of Leicestershire (£590k). 8. High cost Drugs expenditure incurred with UHL has been apportioned between CCG's according to agreed expectations, work will be undertaken in 18/19 to determine the true cost of drugs for each CCG which could pose a financial risk for West Leicestershire (c£500k) 	
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CONCLUSION:

After delivery of forecast QIPP and the current recovery plan the CCG financial forecast is an overspend of £4.2m against plan for 2017/18.

RECOMMENDATION:

The West Leicestershire Clinical Commissioning Group is requested to:

NOTE the final reported position and risks for 18/19

Summary Financial Position 2017/18

M12

	Annual Budget	Year to Date			Forecast Outturn			
		Budget	Spend	Variance	Annual spend	Recurrent Variance	Non Recurrent Variance	Total Variance
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Programme Costs								
Secondary Care Commissioning:								
Acute NHS	199,271	199,271	204,329	5,058	204,329	5,000	58	5,058
Acute Non-NHS	36,895	36,895	40,972	4,077	40,972	4,077	-	4,077
Total Acute Care (See Appendix 2)	236,166	236,166	245,301	9,135	245,301	9,077	58	9,135
Non Acute Contracts	117,832	117,832	115,411	(2,421)	115,411	(2,421)	-	(2,421)
Non Acute Programmes	57	57	41	(17)	41	(17)	-	(17)
Total Non Acute Care (See Appendix 2)	117,889	117,889	115,451	(2,438)	115,451	(2,438)	-	(2,438)
Co-Commissioning	47,194	47,194	45,589	(1,605)	45,589	(1,725)	120	(1,605)
CCG-Led Primary Care	60,643	60,643	61,705	1,062	61,705	1,062	-	1,062
Total Primary Care (See Appendix 3)	107,837	107,837	107,293	(544)	107,293	(664)	120	(544)
Non-Recurrent Reserves	6,202	6,202	-	(6,202)	-	-	(6,202)	(6,202)
Other Reserves	2,023	2,023	597	(1,426)	597	-	(1,426)	(1,426)
15/16 Under/Over Accruals	(68)	(68)	2,461	2,529	2,461	-	2,529	2,529
Approved Underspend	8,879	8,879	-	(8,879)	-	(8,879)	-	(8,879)
Total Reserves (See Appendix 4)	17,035	17,036	3,058	(13,978)	3,058	(8,879)	(5,099)	(13,978)
Programme Infrastructure								
Hosted Recharges	293	293	249	(44)	249	(8)	(37)	(45)
Other Non pay	260	260	154	(106)	154	-	(106)	(106)
Total Other Programme Costs (See Appendix 5)	553	553	403	(151)	403	(8)	(143)	(151)
Total Programme Costs	479,481	479,481	471,506	(7,975)	471,506	(2,911)	(5,064)	(7,975)
InInfrastructure Running Costs								
CCG Teams	6,050	6,050	6,808	759	6,808	457	301	759
Hosted Teams	872	872	793	(79)	793	(59)	(21)	(79)
Total Running Costs (See Appendix 6)	6,922	6,922	7,601	679	7,601	399	281	679
Total Expenditure	486,402	486,403	479,107	(7,296)	479,107	(2,512)	(4,784)	(7,296)
Required Underspend				(8,879)				(8,879)
Variance Against Plan				1,583				1,583