

<b>Subject:</b>	Month 7 2015/16 Finance & Activity Report
<b>Presented By:</b>	Robert Kirton, Interim Chief Finance Officer, NHS Norwich CCG
<b>Submitted To:</b>	NHS Norwich CCG Governing Body 24 <sup>th</sup> November 2015
<b>Purpose of Paper:</b>	Discussion and Information
<b>Summary:</b>  This report contains the key messages regarding the financial position of Norwich CCG as at 31 <sup>th</sup> October 2015 and the forecast position to the year end.  <b>Year To Date Financial Position</b> <ul style="list-style-type: none"><li>• The CCG is reporting a year to date surplus of £1,974K, £3K favourable to plan, and is forecasting a balanced position against budget with a year end surplus of £3.379M which is the 1% surplus required by NHS England of £2.366M plus an additional surplus for the year of £1.013M which is at the request of NHSE to several CCG's who performed well in 2014/15.</li><li>• Running costs are showing a favourable variance to date of £1K and programme costs are showing a favourable variance to date of £2K.</li><li>• Activity and cost information was available from the Norfolk &amp; Norwich University Hospitals (NNUH) for month 6 and showed an adverse position of £542K.</li><li>• QIPP savings to date are below plan at month 7 (details are contained in a separate report).</li><li>• The financial risks which are not included in the forecast are detailed in section 4.</li></ul> <b>Activity</b> <ul style="list-style-type: none"><li>• Emergency admissions activity is above plan by 5.9% and above planned costs by 7.9% for the first 6 months of 2015/16.</li><li>• GP referrals to the NNUH are 5.8% below the comparable last year's levels for the first 6 months of 2015/16, this data will be subject to a refresh.</li></ul>	
<b>Recommendation:</b>  The Governing Body is asked to: <ul style="list-style-type: none"><li>• Note the CCG's financial position at month 7.</li><li>• Note the risks that have not been reported in the position to date and forecast.</li><li>• Note the issues outlined in the financial and activity sections of the report</li><li>• Note the areas of overperformance at Norfolk and Norwich University Hospital Foundation Trust.</li></ul>	

## 1. Budgets for 2015/16

The allocation for the CCG at month 7 is as detailed in the table below. There were three allocations received in month 7 totalling £605K from NHS England.

Funding Stream	Recurrent (£000's)	Non-Recurrent (£000's)	Total (£000's)
Start Year Programme Costs	230,249	4,570	234,819
Start Year Running Costs	4,500		4,500
ETO/DTR Funding		623	623
GPIT (Including Transitional)		634	634
Waiting List Validation		7	7
MH Eating Disorders		103	103
Agreed Risk Share Disagregation		253	253
Tier 3 Neurology	13		13
Tier 3 Specialist Wheelchairs	551		551
MH Liaison Psychiatry		41	41
<b>Total Allocation</b>	<b>235,313</b>	<b>6,231</b>	<b>241,544</b>

The recurrent start year programme costs includes an allocation of £4.343M relating to the Better Care Fund.

The non recurrent start year costs relate to the brought forward surplus from the last financial year.

The allocations have been used to create the following budgets, by cost centre, which the CCG is reporting against in month 7.

	Budget (£)
<b>ACUTE Total</b>	<b>116,607,124</b>
<b>COMMUNITY HEALTH SERVICES Total</b>	<b>22,612,693</b>
<b>CONTINUING CARE Total</b>	<b>16,134,146</b>
<b>MENTAL HEALTH Total</b>	<b>30,162,970</b>
<b>OTHER Total</b>	<b>12,590,889</b>
<b>PRIMARY CARE Total</b>	<b>35,557,258</b>
<b>Total Programme Costs</b>	<b>233,665,080</b>
<b>Total Running Costs</b>	<b>4,500,000</b>
<b>Total All Costs</b>	<b>238,165,080</b>
<b>Surplus</b>	<b>3,378,920</b>
<b>Total Allocation</b>	<b>241,544,000</b>

The CCG has finished the budget adequacy exercise to align its budgets with actual contract values. We posted these budget changes in month 6. The CCG is reporting against these revised budgets which also include the allocations received in month.

## 2. Month 07 Finance Position

Month 7 reports and the financial ledger use the agreed budget on which to base reporting. The table below shows the position year to date as per the ledger.

	Annual budget (£K)	In month (£K)			Year to date (£K)		
		Budget	Actual	Variance	Budget	Actual	Variance
Continuing Care	16,134	1,297	1,294	(3)	9,507	9,579	72
Acute	116,607	9,898	9,892	(7)	68,369	69,021	651
Mental Health	30,163	2,502	2,695	194	17,511	17,550	39
Community Health	22,613	1,868	1,933	65	12,982	13,157	175
Primary Care	35,557	2,941	3,165	224	20,844	21,349	506
Other	12,591	1,212	742	(470)	6,934	5,490	(1,443)
<b>Total Programme Costs</b>	<b>233,665</b>	<b>19,718</b>	<b>19,722</b>	<b>4</b>	<b>136,147</b>	<b>136,146</b>	<b>(2)</b>
Running Cost	4,500	370	373	3	2,610	2,609	(1)
<b>Total Costs</b>	<b>238,165</b>	<b>20,088</b>	<b>20,094</b>	<b>6</b>	<b>138,758</b>	<b>138,755</b>	<b>(3)</b>
Planned Surplus	3,379	282	0	(282)	1,971	0	(1,971)
<b>Total Allocation</b>	<b>241,544</b>	<b>20,370</b>	<b>20,094</b>	<b>(275)</b>	<b>140,729</b>	<b>138,755</b>	<b>(1,974)</b>

Year to date the CCG is £3K below planned expenditure giving a favourable variance against plan. The CCG is showing a surplus of £1,974K against the allocation for the year to date, £1,971K of which is the planned surplus.

### Programme Costs – Year to Date Position

The overall position within the programme costs is £2K below plan at the end of month 7.

The key issues arising in the month are:-

Acute Services:-

In September there was a problem with the coding of the August data at NNUH, as a result the NNUH provided an estimate for this uncoded data. The September data now includes the uncoded data from August, this provided us with a slight improvement over the position that was reported in September. We are currently showing an over spend of £542K an improvement of £22K over last month.

BMI & IVF are both underspent by £(82)K & £(1)K respectively.

There are a number of other smaller variances across the Acute Programme Costs which account for a further £140K of overspend against budget. We have utilised £(204)K worth of reserves to help support the acute position so far this year, giving an overall £651K overspend for the year to date.

Continuing Healthcare:-

Overall CHC is showing an adverse position of £72K year to date. Details of the CHC Adults and Childrens packages of care are included in the Continuing Healthcare dashboard in section 7 below and show an overspend of £94K year to date compared with £108K last month, an improvement of £12K in month.

### Primary Care:-

Primary care has had an unfavourable movement in month of £224K due to the increased forecast spend for October which reflects a significantly higher number of transactions as a result of the Flu Jab programme.

### Others:-

We have utilised a further £421K of unused prior year accruals and £255K of other flexibilities and reserves to support the financial position at month 7 and these are shown in this section of our expenditure.

### Programme Costs - Forecast Outturn

The overall forecast outturn is to provide a balanced position at year end. The individual variances are shown in the table below.

	Year End
	Forecast Variance M7
ACUTE Total	865
COMMUNITY HEALTH SERVICES Total	66
CONTINUING CARE Total	(61)
MENTAL HEALTH Total	(21)
OTHER Total	(1,758)
PRIMARY CARE Total	909
Total Programme Costs	0

### 3. Reserves

In month 7 we had released £204K in respect of the Acute Reserves as detailed above which was used to mitigate the overperformance at the NNUHFT and a further £255K in month to support the over performance of other programme costs. A further £225K of prior year accruals was used against under achieved QIPP. This provides a balanced position at the end of month 7.

### 4. Financial Risks not included in expenditure forecast

The current assessment of risks facing the CCG which are not included in the forecast position are in the table below.

We have run a number of scenarios in respect of the risks detailed above and are able to tolerate an over performance on all activity of 2% and an under performance on QIPP of 5% and still meet our statutory duty of being in financial balance.

Key Risks	Mitigating Actions
Acute activity above plan.	Monthly review of contract monitoring reports and referral analysis. Peer review process in place.
Continuing Care above plan.	A detailed monitoring and reporting dashboard has been created and forms part of the monthly Finance Report. QIPP initiatives to review packages of care are in place.
Primary Care – price increases due to changes in CAT M pricing.	Detailed review of CAT M pricing to be performed by CSU when details are available.
QIPP non-delivery.	Operating plan in place. Developed detailed metrics for evaluation of savings.

## Activity Overview

### 5. Referrals

The table below shows referral activity for the first 6 months of 2015/16 compared to the same period in the previous year. The referrals data will be subject to a refresh next month.

Summary	2014/15	2015/16	Var	Var %
GP	21,221	19,984	- 1,237	-5.8%
Consultant	5,898	6,253	355	6.0%
Other	9,404	9,219	- 185	-2.0%
Total	36,523	35,456	- 1,067	-2.9%

In respect of GP referrals to the NNUH, referrals to Dermatology have increased and referrals to General Surgery, Gynaecology, Ophthalmology, Trauma & Orthopaedics and Urology have decreased year on year.

Consultant referrals have increased in Obstetrics and Physiotherapy year on year.

Other referrals have increased in Cardiology, Ophthalmology and Trauma & Orthopaedics and referrals to Gynaecology have decreased year on year.

## 6. Activity

A summary of the actual costs against plan in the NNUH contract for Norwich CCG up to Month 6 is below:

Norfolk & Norwich University Hospital to M6	FINANCE £ '000s				
	Full Yr Plan	Plan to Date	Actual to Date	Variance to Date	Var to Date %
Elective Admissions / Daycases	19,274	9,599	9,171	(428)	-4.5%
Non-Elective Admissions	33,693	16,847	17,698	851	5.1%
Outpatients	18,228	9,078	8,952	(126)	-1.4%
<b>PbR sub-total</b>	<b>71,195</b>	<b>35,523</b>	<b>35,821</b>	<b>297</b>	<b>0.8%</b>
Cost & Volume	10,735	5,349	5,564	215	4.0%
Block	6,924	3,462	3,462	0	0.0%
CQUIN	2,273	1,134	1,148	13	1.2%
Non-PbR Other	2,077	1,038	1,055	17	1.6%
<b>Totals</b>	<b>93,205</b>	<b>46,507</b>	<b>47,049</b>	<b>542</b>	<b>1.2%</b>

A summary of the activity against plan in the NNUH contract for Norwich CCG in Month 6 is detailed below:

Norfolk & Norwich University Hospital to M6	ACTIVITY				
	Full Yr Plan	Plan to Date	Actual to Date	Variance to Date	Var to Date %
Elective Admissions / Daycases	25,489	12,694	12,358	(336)	-2.6%
Non-Elective Admissions	20,693	10,347	10,802	455	4.4%
Outpatients	175,648	87,477	85,680	(1,797)	-2.1%
<b>PbR sub-total</b>	<b>221,830</b>	<b>110,518</b>	<b>108,840</b>	<b>(1,678)</b>	<b>-1.5%</b>

Non-elective, non emergency admissions variance for the first 6 months is -61 activity (-3.9%) and -£58.5K (-2.2%) planned costs, mostly in Obstetrics.

Emergency admissions are +516 (5.9%) above plan and +£1,220K (7.9%) above planned costs. The main areas of overperformance are Gastroenterology, General Medicine, Geriatric Medicine and Paediatrics.

A&E attendance activity has moved to a block contract so there is no activity in contract monitoring. SUS data shows that the variance year on year for the first 6 months is +1,016 (5%).

## 7. Continuing Healthcare

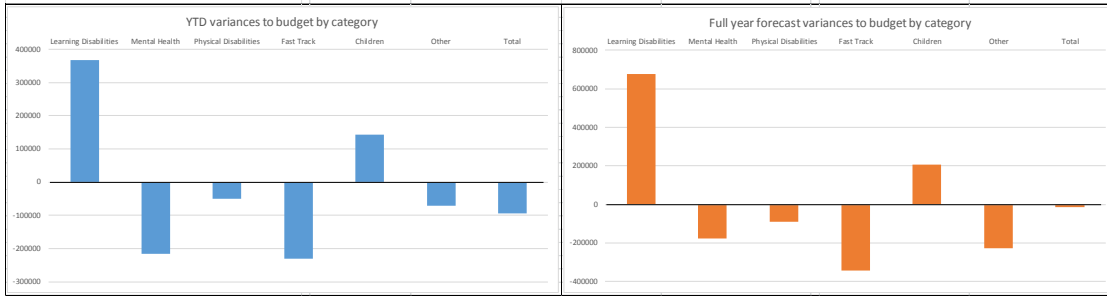
The CHC dashboard and analysis below reflect the position at the end of October 2015.

The increase in the cost of Fast Track packages of care has reduced further following intervention in the forecasting of high cost packages of care.

The month on month position shows an improvement on last months position and the forecast position for the year end shows an improvement of £202K.

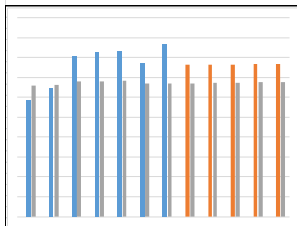


# CHC DASHBOARD - OCTOBER 2015



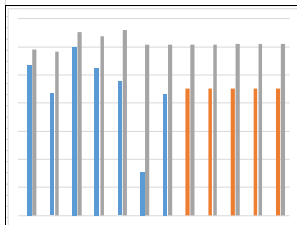
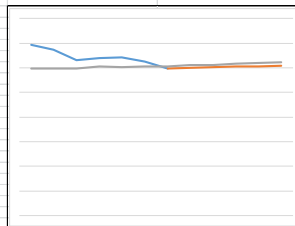
## AVERAGE WEEKLY PACKAGE COST

## PACKAGE NUMBER OPEN IN MONTH



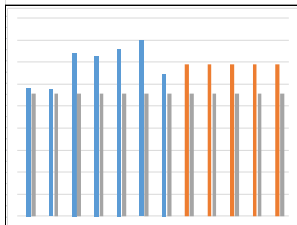
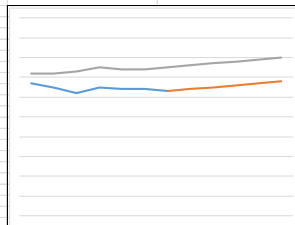
**Total CHC**

- Total CHC forecast costs for the full year have come back to be broadly in line with budget, representing an improvement of over £200k on the position reported at the end of September
- Whilst there have been various movements within each category as detailed below, the principal driver is the retrospective closure of 3 LD packages with Norfolk County Council
- Up to and including M06 these were shown as open on Broadcare, but have now since been closed with the date of closure prior to the start of the financial year.



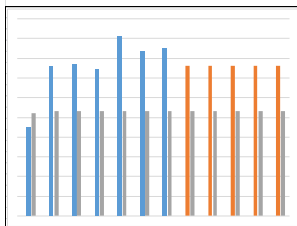
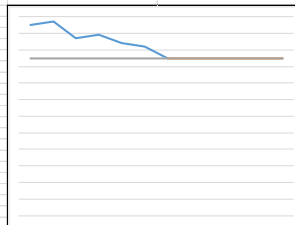
**Learning Disabilities**

- FY forecast costs continue to be substantially (£675k) below budget, driven by the fact that open packages in September of 68 were 12 below budget
  - Includes impact of one patient (who had 4 open packages with a weekly cost in excess of £1,500 at the end of 2014/15) subsequently assessed as no longer eligible
  - Additionally, in October 3 high cost Norfolk County Council packages with a total annual value of c£200k that had previously been showing as open were amended to be closed prior to this financial year
- Removing these packages has also resulted in the average weekly package values for October YTD falling to £890, well below budget of £924



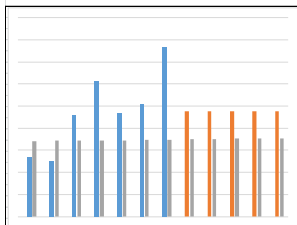
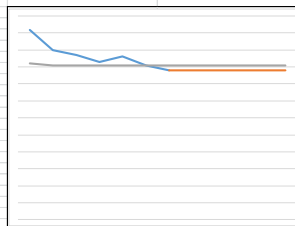
**Mental Health**

- FY forecast costs are nearly £180k above budget, reflecting a combination of:
  - Higher than budget package numbers for the first half of the year, although these have returned to budgeted levels in October following the cessation of 5 packages in September
  - The average weekly value of open packages for October YTD was £838, versus a budget of £812



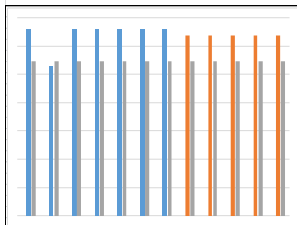
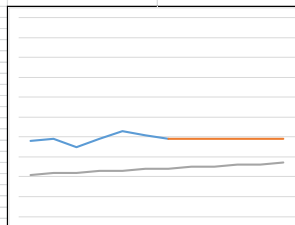
**Physical Disabilities**

- FY costs are now forecast to land over £90k above budget, reflecting an increase in the CSU FY forecast of over £190k in the month
- In attempting to reconcile the PD forecast to the day-1 report from the dump of Broadcare received, I had a difference of approximately this amount and have CSU if they know of any reason for this and am awaiting their response
- Until a response is received, it is not possible to determine the validity of the increase in the forecast, but for prudence I have assumed this is being caused by real factors
- The YTD average weekly package value of £870 remains well above the budget of £806



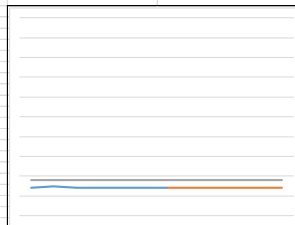
**Fast Track**

- FY forecast are approximately £340k above budget
- The forecast methodology has been changed this month to base the forecast package numbers and costs on the average for the year to date
- The change was made due to concerns about a sharp drop in October package numbers which we believe may be due to administrative delays (at least in part) rather than a real reduction
- We will continue to monitor this area over the coming months



**Children**

- FY forecast costs are over 200k below budget, driven by a reduction in open packages from 18 in March to 14 for the first 7 months of the year, reflecting:
  - The death of one patient in late March who had 3 open packages with a weekly cost in excess of £2,100
  - Adjustments made in respect of actual costs invoiced in respect of various packages where value on Broadcare has been higher (YTD impact of c£54k)
- This impact is forecast to be partially offset over the year by higher average weekly package values - £828 for YTD versus a budget of £809





## 8. Better Care Fund

The Better Care Fund is administered by Norfolk County Council under the auspices of Norwich BCF Partnership Board.

Where the CCG commissions services that are part of the Better Care Fund these costs are included in our financial report but are recharged to NCC.

At the end of month 7 the CCG had received initial monitoring data from NCC in respect of the BCF. We have included data from our own monitoring of the CCG commissioned services and have included these in the table below.

Where monitoring data is unavailable we have assumed that these budgets will be fully expended by the end of the financial year and have shown a zero variance in our month 7 financial position.

### Norwich BCF Partnership Board Financial Monitoring Statement

Area of Spend		Budget 2015/16 £m	Forecast Expenditure £m	Variance £m	
<b>Norfolk County Council</b>					
Former S256	1	Protecting access to social care services and care packages which enable people to manage long term health conditions and disabilities including dementia against the background of rising needs through demographic pressures	1.315	1.315	0.000
	2	Continuing to provide social work assessment and care planning within integrated health and care arrangements in community settings	0.261	0.261	0.000
	3	Continuing to provide equipment and specialist sensory support services	0.202	0.202	0.000
	4	Maintaining services to improve mental health outcomes	0.227	0.227	0.000
	5	Continuing to provide effective early interventions and support to prevent increases in need, reduce the likelihood of acute hospital admissions, impact on the range of factors which can trigger health crises and defer moves to higher care settings	1.495	1.495	0.000
	6	Contributing to timely hospital discharges and recovery from ill health and injury	0.810	0.810	0.000
	7	Ensuring that support and care is provided safely and that the market for provision of social care and other relevant services is able to respond to changing needs	0.034	0.034	0.000
New Funding	8	Purchase of Care via residential, day care and domiciliary care packages	1.708	1.708	0.000
	9	Supporting Carers	0.435	0.435	0.000
	10	Reablement via NFRS	0.951	0.951	0.000
One-off	11	Care Act implementation (see separate sheet for detail)	0.468	0.468	0.000
<b>Total Budget</b>		<b>7.906</b>	<b>7.906</b>	<b>0.000</b>	
<b>Norwich CCG</b>					
	1	GP Care Homes initiative	0.372	0.372	0.000
	2	Your Norwich integrated community service model	1.996	2.024	0.028
	3	Medicine management service	0.053	0.053	0.000
	4	Care co-ordination	0.074	0.074	0.000
<b>Total Budget</b>		<b>2.495</b>	<b>2.523</b>	<b>0.028</b>	
<b>Performance Fund (included in Norwich CCG expenditure)</b>		<b>1.040</b>			
<b>Minimum Better Care Fund</b>		<b>11.441</b>	<b>10.429</b>	<b>0.028</b>	
<b>Integrated Community Equipment Service</b>					
	1	Norfolk County Council	0.516	0.554	0.038
	2	Norwich CCG (included in Norwich CCG expenditure)	0.805	0.919	0.114
<b>Total Budget</b>		<b>1.321</b>	<b>1.473</b>	<b>0.152</b>	
<b>Total Better Care Fund (total pooled funding)</b>		<b>12.762</b>	<b>11.902</b>	<b>0.180</b>	

The performance bond is payable in respect of the overall annual performance of the BCF and the impact it will have on the avoidance of unnecessary admissions and as such would not be payable until the end of the financial year, the budget has therefore been phased entirely in month 12.

## 9. Other Financial Issues

An abbreviated Statement of Financial Position (SOFP) for month 7 is shown below.

The total current liabilities of £21,320K consist of creditors and accruals including GP Prescribing, CHC, and other trade creditors.

The total current assets figure of £4,329K reflects the cash at bank of £291K and accounts receivable from other organisations of £4,038K.

NHS NORWICH CCG - STATEMENT OF FINANCIAL POSITION								
	Position as at 31/03/15	Position as at 30/04/15	Position as at 31/05/15	Position as at 30/06/15	Position as at 31/07/15	Position as at 31/08/15	Position as at 30/09/15	Position as at 31/10/15
<b>ASSETS EMPLOYED</b>								
<b>Current assets</b>								
Trade and Other Receivables	2,339	839	1,439	2,125	2,229	4,532	3,524	4,038
Cash and Cash Equivalents	44	4,387	5,146	2,953	648	211	199	291
<b>Total current assets</b>	<b>2,383</b>	<b>5,226</b>	<b>6,585</b>	<b>5,079</b>	<b>2,877</b>	<b>4,743</b>	<b>3,723</b>	<b>4,329</b>
<b>Current liabilities</b>								
Trade and Other Payables	(16,735)	(17,098)	(16,440)	(18,754)	(19,563)	(20,741)	(19,727)	(21,320)
Provisions for liabilities and charges								
<b>Total current liabilities</b>	<b>(16,735)</b>	<b>(17,098)</b>	<b>(16,440)</b>	<b>(18,754)</b>	<b>(19,563)</b>	<b>(20,741)</b>	<b>(19,727)</b>	<b>(21,320)</b>
<b>Net assets employed</b>	<b>(14,352)</b>	<b>(11,872)</b>	<b>(9,855)</b>	<b>(13,675)</b>	<b>(16,686)</b>	<b>(15,998)</b>	<b>(16,004)</b>	<b>(16,991)</b>
<b>FINANCED BY TAXPAYERS EQUITY</b>								
General fund	(14,352)	(11,872)	(9,855)	(13,675)	(16,686)	(15,998)	(16,004)	(16,991)
<b>Total taxpayers equity</b>	<b>(14,352)</b>	<b>(11,872)</b>	<b>(9,855)</b>	<b>(13,675)</b>	<b>(16,686)</b>	<b>(15,998)</b>	<b>(16,004)</b>	<b>(16,991)</b>

## Cash Flow

There is continuing concern that NHSE are likely to introduce targets for our monthly cash holding of approximately £500K.

As a result of this concern the CCG with assistance from the CSU is trying to reduce the month end cash holding to below £500K each month in line with this likely guidance.

## Better Payments Practice Code

The Public Sector is required to adhere to the "Better Payments Practice Code" which is a requirement to pay all NHS and non-NHS trade creditors within 30 calendar days of receipt of goods or a valid invoice (whichever is later) unless other payment terms have been agreed.

To meet compliance targets at least 95% of eligible invoices must be paid within 30 days or within otherwise agreed timescales.

The month 7 figures show a positive achievement in terms of numbers of invoices paid to terms and values of invoices paid to terms.

<b>BPPC Summary Analysis - Month 7</b>						
<b>BPPC Paid Period</b>	<b>Invoice Count</b>	<b>Invoice Count (Passed)</b>	<b>% of Invoices paid</b>	<b>BPPC Amount</b>	<b>Invoice Amount (Passed)</b>	<b>% of Invoices paid within</b>
Oct-15	915	865	95%	17,082,694	16,257,984	95%
Year to Date	5892	5621	95%	119,629,382	117,623,971	98%

The CCG also has a responsibility to disclose all payments over £25,000 in value and does this on the CCG's website.

Robert Kirton – Interim Chief Finance Officer  
November 2015