

**NHS VALE OF YORK CLINICAL
COMMISSIONING GROUP**
GOVERNING BODY


Vale of York
Clinical Commissioning Group

Meeting Date: 3 April 2014

Title: Financial Dashboard

Responsible Chief Officer:

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Chief Finance Officer

Report Author

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Strategic Priority:

Financial balance and the availability of resources support the achievement of all of these.

Purpose of the Report:

To brief the members of the Governing Body on the financial position and achievement of key financial duties so far for 2013/14 (as at end of February 2014).

To provide details and assurance around the actions being taken.

Recommendations

- The Governing Body is asked to receive and note the finance report.

Impact on Patients and Carers:

N/A

Impact on Resources (Financial and HR):

N/A

Risk Implications:

A financial risk section is included in the narrative.

Equalities Implications:

No impact assessment has been done.

Sustainability Implications:

N/A

GOVERNING BODY: 3 APRIL 2014

Financial Dashboard

1. Purpose of the Report

- 1.1 To brief the Governing Body with regards to the financial position and performance of NHS Vale of York Clinical Commissioning Group (the CCG) as at 28 February 2014 (Month 11) and achievement of the key financial duties.

2. Allocations

- 2.1 There has been £30k of further adjustments to the Programme Costs allocation in Month 11, but no material impact on the £361.3m in total.

Table 1 – Programme Costs Allocation Reconciliation

	Annual Budget £000
Initial allocation	357,831
Return of 12/13 Surplus	(3,466)
SCG Agreed Baseline Adjustment - NY&H	3,395
SCG Baseline Adjustment - CNTW	(137)
Military Health	(26)
York Contract (Secondary Care Dental, etc.)	(1,022)
Allocation at Month 2	356,575
Transfer in from Running Cost	1,733
Allocation at Month 3	358,308
GP IT Funding	1,071
Specialised services	(439)
Mid Yorks Critical Care	113
PCT deficit re - calculation	5
Allocation at Month 6	359,058
Winter pressures	2,061
Allocation at Month 7	361,119
S&R CCG Winter pressures transfer	(650)
Allocation at Month 8	360,469
Military Risk Share	26
Prop Co	440
GPIT Telephony	250
Prescribing Baseline Adjustment	87
Allocation at Month 10	361,272
Personal Health Budget Rollout	10
Planning Funding	20
Allocation at Month 11	361,302
Current allocation	361,302

2.2 The Running Cost allocation remains at £6.6m.

Table 2 – Running Costs Allocation Reconciliation

	Annual Budget £000
Initial allocation	8,330
Transfer to Programme Costs	(1,733)
Allocation at Month 3	6,597
Current allocation	6,597

3. Expenditure – Programme Costs

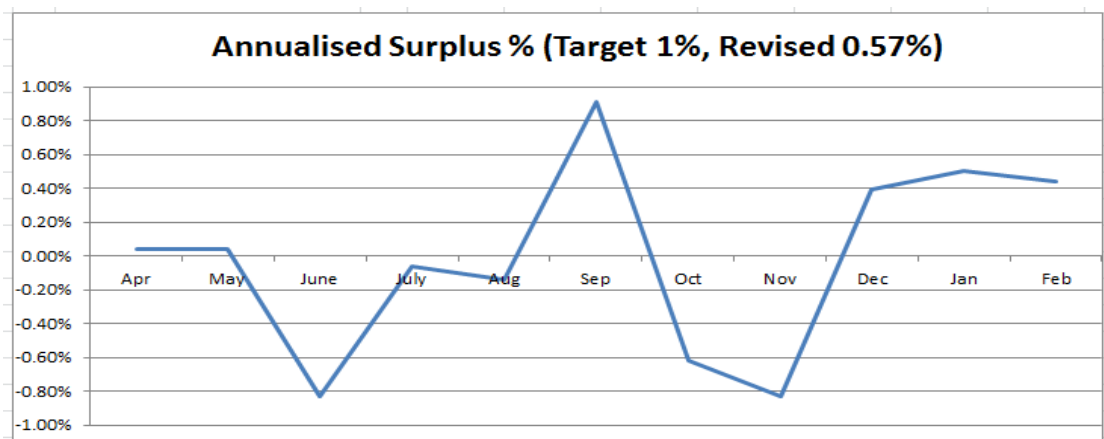
3.1 The CCG is still forecasting the revised forecast outturn (FOT) of a £2.1m surplus (0.57%) at the year-end.

However, the overall level of risk to this position has improved with the full risk value reducing from £6.8m to £5.1m as a result of formal agreements that remove the risk completely or because they are now in the reported financial position. This will be covered in the Risk section of this report.

3.2 The overall financial position on Programme Costs to Month 11 shows a year to date (YTD) under spend of £1.5m against the original planned 1% surplus of £3.3m. In month this represents a small over spend of £46k against a plan of £297k.

3.3 If the YTD position was annualised for the remainder of the year i.e. current financial performance continued, the year-end surplus would be 0.44%, below both the original (1%) and just below the revised (0.57%) targets. This reflects the fact that there is still a significant amount of QIPP schemes to come into effect in the latter few months.

Figure 1 – Programme Costs Annualised Surplus



3.4 The detailed financial position is included in Appendix A and summarised in the following table.

Table 3 – Summary financial position by area

Area	Cumulative To Date			Forecast Outturn		
	Budget	Actual	Variance	Budget	Actual	Variance
	£000	£000	£000	£000	£000	£000
Acute Services	193,871	195,637	(1,766)	212,599	214,366	(1,767)
Mental Health Services	35,372	34,403	969	38,588	37,325	1,264
Community Services	26,700	26,552	149	29,128	28,905	222
Other Services	29,748	26,184	3,564	32,453	29,504	2,949
Primary Care	43,934	45,300	(1,365)	47,773	49,147	(1,374)
Trading Position	329,626	328,076	1,550	360,540	359,246	1,294
Reserves	694	0	694	1,558	0	1,558
Contingency	894	0	894	1,040	0	1,040
Unallocated QIPP	(4,952)	0	(4,952)	(5,402)	0	(5,402)
Financial Position	326,263	328,076	(1,813)	357,736	359,246	(1,510)
Surplus (1%)	3,269	0	3,269	3,566	0	3,566
Overall Financial Position	329,532	328,076	1,456	361,302	359,246	2,056

Acute Services

3.5 There has been a decrease in the forecast over trade across Acute Services, now standing at £1.8m, having previously shown £2.2m at Month 10. This is primarily a result of the CCG agreeing a year-end contract position with Hull and East Yorkshire NHS Trust that was £625k better than the reported forecast, the benefit from which was previously shown as a contingency. This has been slightly off-set by a £218k deterioration in the York Teaching Hospitals NHS Foundation Trust (YFT) position as a result of further slippage on QIPP schemes, as described later in this report. However, this does bring the CCG's FOT more in line with YFT's own year-end position.

Mental Health Services

3.6 There has been no change in this area, but it is important to be aware of the basis of the FOT as described in 3.8 below.

Community Services

3.7 There has been a correction of the budget (£154k) from reserves and FOT (£132k) with regards to the Musculo-skeletal Service (MSK) as this did not reflect the correct contract value. This has been partly off-set by a £107k benefit on the Harrogate and District NHS Foundation Trust community contract to reflect the latest FOT for the GP Out of Hours service, which is currently less than budget.

Other Services

- 3.8 The CCG continues to report the Continuing Healthcare (CHC), Funded Nursing Care (FNC) and Mental Health Out of Contract (MHOOC) costs largely in line with the Partnership Commissioning Unit's (PCU) risk share values. The CCG continues to make a further assumption with regards to a lower forecast outturn in these areas following modelling of growth and in year activity equating to £627k. This is because the pro rata Month 11 position for these areas would be £1.7m better than PCU anticipate for the year-end. The CCG has therefore made a prudent assessment of the potential benefit in its reported FOT, with a further £300k included in the contingencies.
- 3.9 The CCG is now reporting the balance of the commitment to City of York Council for Re-ablement, £84k, to match the contribution made in 2013/14.
- 3.10 A further adverse variance has also come in this month to reflect the year-end agreement that has been made by the lead commissioner for the NHS 111 service. This equated to an additional £134k in the FOT.

Primary Care

- 3.11 There has also been a further increase in the forecast outturn for prescribing of £258k primarily relating to the latest actual level of spend. Work is on-going with City of York Council to agree a potential share of the benefit on the public health recharge, currently sat within their budgets, but this has not been brought into the FOT at this stage.

Reserves

- 3.11 The final variance in Month 11 relates solely to budget adjustments that have been made from within the reserves to match some of the issues identified earlier in this report, but this has no impact on the bottom line.

4. Expenditure – Running Costs

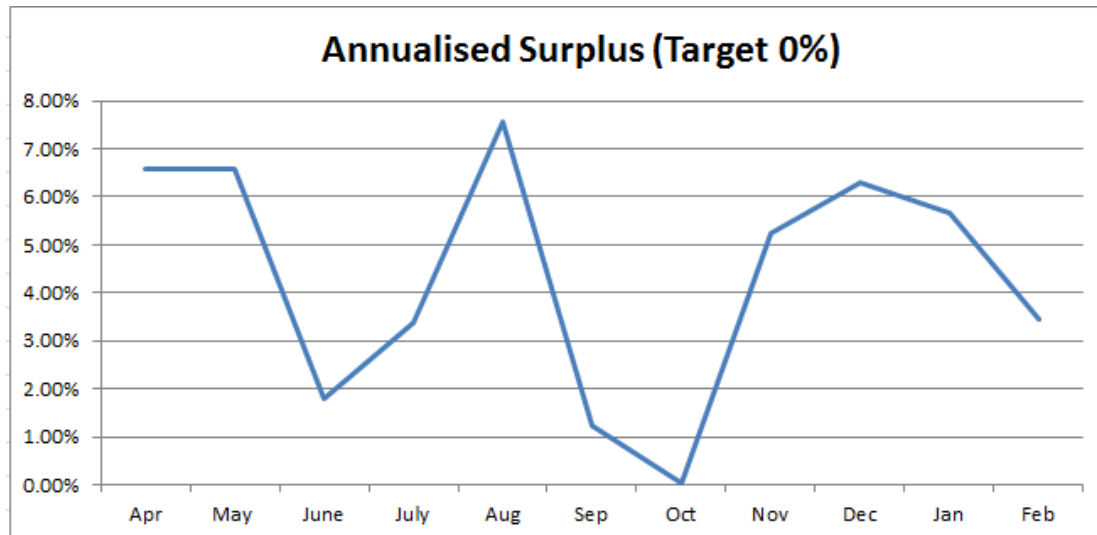
- 4.1 The Running Costs are currently underspent by £208k YTD, but the CCG continues to forecast a balanced position against this.

Table 4 – Summary financial position by area

Area	Cumulative to Date			Forecast		
	Budget £000	Actual £000	Variance £000	Budget £000	Actual £000	Variance £000
Pay Budgets	3,320	2,971	349	3,624	3,286	339
Non Pay Budgets						
- North Yorkshire & Humber CSU	1,818	2,059	(241)	1,990	2,251	(260)
- Other Non Pay Budgets	766	757	9	836	1,065	(229)
- Contingency	0	0	0	833		833
Transfer to Programme	0	0	0	(833)		(833)
Reserve	0	0	0	1,478	495	983
Transfer to Programme	0	0	0	(900)		(900)
Total expenditure	5,904	5,786	118	7,029	7,097	(67)
Income	(411)	(501)	90	(432)	(499)	67
Total	5,494	5,285	208	6,597	6,597	0

4.2 If the Month 11 surplus was annualised this would mean a surplus of just under 3.5% and £227k. This has been incorporated into the contingencies below.

Figure 2 – Running Costs Annualised Surplus

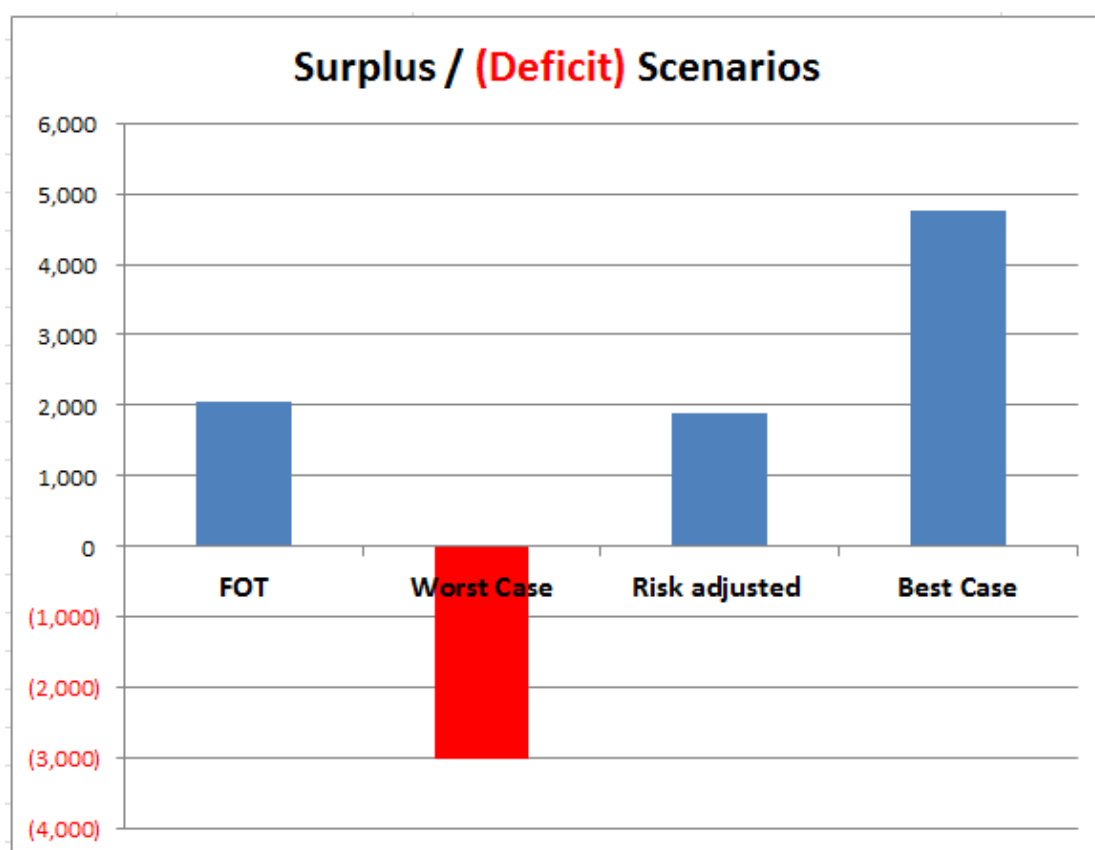


5. Risks and Mitigations

5.1 The following graph highlights the overall level of risk to the current forecast outturn (FOT) compared to the following scenarios:

- Worst Case** – Full value of all risks realised with no contingencies
- Risk Adjusted** – Net effect of probable risk and contingency values
- Best Case** – Full value of all contingencies realised with no risks

Figure 3 – Risks and Mitigations effect



5.2 As the following tables highlight the gap between the Best and Worst case has improved considerably £7.8m, having previously been £10.4m in January. This reflects the improvement in the overall level of risk to this position with the full risk value reducing from £6.8m to £5.1m as a result of formal agreements that remove a number of risks completely or because they are now in the reported financial position.

Table 5 – Potential Risks

Risks	Full value £'m	Probability	Probable value £'m
First to Follow-Up	2.9	50%	1.5
Specialist activity (CNS and BAHAs)	0.9	50%	0.5
Mid Yorks - Overperformance query	0.5	10%	0.1
Depreciation on Transferred Equipment	0.2	75%	0.1
QIPP shortfall	0.2	50%	0.1
East Riding s256	0.1	50%	0.0
Community Equipment Store	0.3	50%	0.1
Total	5.1		2.4

- 5.3 **First to Follow-Up** - The majority of the contract challenge and penalties are close to being formally agreed other than the query against the first to follow-up ratio that totals £2.9m in the outturn. Although YFT acknowledges the fact the contract states a 1 to 1.5 ratio, they strongly emphasise that this was only agreed subject to a clinical review and that their conditions registers now supersede this. The CCG is in advanced stages to agree a likely year-end position with YFT, but at the time of writing this report this has not been finalised.
- 5.4 **Specialist activity** - The Specialised Services agency has been in contact with YFT regarding cancer nurse specialist funding and bone anchored hearing aid services. The agency is arguing that the allocation to fund this activity was not transferred to them and remains with the CCG. This is estimated to be around £900k and is included as a risk until formally resolved.
- 5.5 **Mid Yorkshire Hospitals NHS Trust over performance** - The Mid Yorkshire performance still includes a significant rise in activity, almost 100% for November. Following investigation, it appears that significant data quality issues are largely the reason for this following the implementation of a new Patient Administration System at the Trust in October. The CCG is therefore forecasting based on the position before this point, which is around contract level.
- 5.6 **Depreciation on Transferred Equipment** - There is a new risk this month for costs relating to a depreciation charge for legacy organisation equipment. The CCG provided for part of this £80k, but the value of the kit transferring across is higher and the remaining useful economic life lower than we had anticipated.
- 5.7 **QIPP** - The latest monthly review of this with the Innovation and Improvement Team suggests there is a degree of risk to the deliverability of the remaining £238k of new schemes still to come in, 50%.
- 5.9 **East Riding Section 256** - The CCG is committed to honouring the previous level of spend in this area with the council, £81k. However, it is likely that at worst this will be part of the PCU risk share arrangements that will mitigate the impact in part.
- 5.10 **Community Equipment Store** – Harrogate and District NHS Foundation Trust maintain that this is a cost pressure over and above the original contract value. However, in light of the increased contract value for 2013/14 that is now being proposed and reported in the FOT the CCG firmly believes that this has been covered and has made a year-end offer on that basis.
- 5.11 The CCG has therefore developed a series of contingency schemes to mitigate / off-set these risks.

Table 6 – Contingencies

Contingencies	Full value £'m	Probability	Probable value £'m
Leeds Teaching Hospital	0.4	50%	0.2
Running costs	0.5	100%	0.5
CSU	0.2	100%	0.2
Prescribing	0.2	50%	0.1
PCU Management Costs	0.1	50%	0.1
York Offender Health	0.0	100%	0.0
Further reserves	1.0	100%	1.0
CHC / FNC Growth / in-year provision assumptions	0.3	50%	0.1
Total	2.7		2.2

- 5.12 **Leeds Teaching Hospitals (LTH) NHS Trust** – The CCG has made a year-end offer to LTH on the basis of a financial challenge around the charging of renal transplant patients, which should have gone to the specialist commissioner.
- 5.13 **Running Costs** - The principle and most likely source of the CCG's mitigation strategy is to transfer Running Costs budget to Programme Costs as part of any plan and this has been quantified at just under £500k.
- 5.14 **Commissioning Support Unit (CSU) contract** – The CCG has agreed a level of contract challenges with the CSU where the level of service and input from the CSU has fallen short of the expectations of the CCG.
- 5.15 **QIPP** – The forecast Prescribing QIPP has been significantly reduced, but a number of schemes are still to come into effect.
- 5.16 **PCU** - It is anticipated that a proportion of the PCU management and operating costs incurred this will in fact relate to work done on the retrospective claims and could, when quantified be charged to the previous year's provision. However, it should be noted that this is significantly lower than previously reported.
- 5.17 **Offender Health Adjustment** – Full Sutton prison has been incorrectly assigned to the CCG, which means we are being recharged by YFT for work undertaken. This is being corrected and will instead be recharged to East Riding CCG.
- 5.18 **Further reserves** – The CCG is still identifying further contingencies and reserves which could be released into the position if required.

5.19 **CHC / FNC Growth / in-year provision assumptions** – As described in 3.8 above.

6. QIPP

6.1 The CCG continues to show a shortfall against the original QIPP plans, but is now forecasting further slippage against the revised plans.

Table 7 – QIPP

Scheme	Revised Target		Current Position	Actual			FOT		Risk Adjusted FOT	
	CYE	FYE		YTD	CYE	FYE	CYE	FYE	CYE	FYE
	£'000s	£'000s		£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Better Care Better Values First to Follow-Up Ratios	3,902	3,902	Actioned	2,954	3,902	3,902	3,902	3,902	3,902	3,902
Prescribing	945	945	Actioned in part	278	371	371	371	371	371	371
Smoking Thresholds	500	0	To be actioned	0	0	0	154	0	39	0
Pathology	450	700	To be actioned	0	0	0	0	0	0	0
Contracting - Lucentis drug discount	400	400	Actioned	334	400	400	400	400	400	400
Out of area	300	400	To be actioned	0	0	0	300	400	225	300
Procedures of Limited Clinical Value	250	400	To be actioned	0	0	0	84	400	42	200
Home Oxygen	25	100	Deferred	0	0	0	0	0	0	0
Total	6,772	6,847		3,566	4,673	4,673	5,211	5,473	4,979	5,173

6.2 The forecast, £5.2m, still requires a further £1.7m of QIPP schemes to come into effect from Month 10. This is because the QIPP is typically confirmed a month in arrears. The latest review with the Innovation and Improvement Team suggests there is a degree of risk to the deliverability of £254k of this, 50%.

6.3 It is not anticipated that there will be any material mitigation of this through additional QIPP with the only schemes at present yet to come into effect within Prescribing, potentially bringing in a further £200k.

7. Working Capital

Cash

7.1 At the end of Month 11, the CCG ledger cash book balances are within the 5% of drawdown maximum bank balance allowable.

7.2 Cash balances are forecast to be £10k as at March 2014, in line with NHS England expectations.

Code of Better Payment Practice

7.3 The value and volume of NHS invoices paid during February was, at 98.2% and 99.9% respectively against a target for both of 95% of invoices paid within 30 days of the invoice date.

Table 8 – NHS Creditors

Month	Total paid No.	Paid on time No.	Paid within target %	Total paid £	Paid on time £	Paid within target %
Apr-13	12	12	100.0%	20,107,497	20,107,497	100.0%
May-13	18	14	77.8%	21,107,430	20,993,947	99.5%
Jun-13	35	29	82.9%	22,007,192	21,940,575	99.7%
Jul-13	182	175	96.2%	23,120,732	23,069,670	99.8%
Aug-13	326	312	95.7%	16,010,782	15,877,055	99.2%
Sep-13	249	232	93.2%	25,393,252	25,291,676	99.6%
Oct-13	204	188	92.2%	21,798,549	21,734,827	99.7%
Nov-13	165	158	95.8%	24,686,328	24,640,928	99.8%
Dec-13	307	283	92.2%	26,999,227	26,552,973	98.3%
Jan-14	296	277	93.6%	26,000,534	25,951,796	99.8%
Feb-14	278	273	98.2%	25,523,662	25,504,895	99.9%
Mar-14						

7.4 The value and volume of Non-NHS invoices paid during January was, at 96.7% and 99.8% respectively against a target for both of 95% of invoices paid within 30 days of the invoice date.

Table 9 – Non-NHS Creditors

Month	Total paid No.	Paid on time No.	Paid within target %	Total paid £	Paid on time £	Paid within target %
Apr-13	51	51	100.0%	985,004	985,004	100.0%
May-13	134	130	97.0%	1,070,939	1,059,594	98.9%
Jun-13	183	161	88.0%	2,068,828	2,014,690	97.4%
Jul-13	199	175	87.9%	2,184,748	2,099,334	96.1%
Aug-13	353	297	84.1%	2,339,380	2,172,621	92.9%
Sep-13	182	161	88.5%	1,099,704	1,004,410	91.3%
Oct-13	360	323	89.7%	2,664,111	2,622,928	98.5%
Nov-13	298	265	88.9%	2,447,241	2,382,550	97.4%
Dec-13	281	258	91.8%	2,097,461	2,016,198	96.1%
Jan-14	311	299	96.1%	2,092,480	2,062,408	98.6%
Feb-14	246	238	96.7%	1,891,509	1,887,069	99.8%
Mar-14						

7.5 The total outstanding Creditors are as follows:

Table 10 – Creditors

	1-4 weeks No.	1-4 weeks £	5-8 weeks No.	5-8 weeks £	> 9 weeks No.	> 9 weeks £	Total No.	Total £
As at Feb	185	2,867,798	65	497,439	255	695,323	505	4,060,560
As at Jan	142	1,589,551	80	1,273,223	253	976,750	475	3,839,524

7.6 The CCG has two invoices / Debtors that are now over 60 days due. These equate to around £345k and relate to the recharge to both City of York Council and North Yorkshire County Council for Public Health drugs. Since the month-end these have now been credited and new invoices raised for the actual amounts in line with 3.11 above.

Table 11 – Total outstanding debtors

	No. of Invoices	Current	Days Overdue						Total
			0-30	31-60	61-90	91-180	181-360	361+	
		£	£	£	£	£	£	£	£
NHS English CCG'S									
NHS Commissioning Board	3	0	0	102,431	19,080	0	0	0	121,511
CCG's	6	0	489,745	0	0	0	0	0	489,745
Councils	2	0	0	0	0	345,654	0	0	345,654
Other	1	0	0	70,418	0	0	0	0	70,418
	12	0	489,745	172,849	19,080	345,654	0	0	1,027,328
	No. of Invoices	Current	Days Overdue						Total
		£	0-30	31-60	61-90	91-180	181-360	361+	£
		£	£	£	£	£	£	£	£
Aged Debt by Organisation									
NHS Commissioning Board	3	0	0	102,431	19,080	0	0	0	121,511
NHS Scarborough CCG	1	0	1,388	0	0	0	0	0	1,388
NHS Cumbria CCG	1	0	13,002	0	0	0	0	0	13,002
NHS Harrogate and Rural CCG	1	0	217,036	0	0	0	0	0	217,036
NHS Hambleton Richmondshire and Whitby CCG	2	0	180,675	0	0	0	0	0	180,675
NHS Airedale Wharfedale and Craven CCG	1	0	77,644	0	0	0	0	0	77,644
Ramsay Healthcare	1	0	0	70,418	0	0	0	0	70,418
North Yorkshire County Council	1	0	0	0	0	116,056	0	0	116,056
City of York County Council	1	0	0	0	0	229,598	0	0	229,598
	12	0	489,745	172,849	19,080	345,654	0	0	1,027,328

8. Recommendations

8.1 The Governing Body is asked to receive and note the finance report.

Appendix A – Detailed Programme Costs

Area	Forecast Outturn			Movement from Prev Month		
	Budget £000	Actual £000	Var. £000	Budget £000	Actual £000	Var. £000
Acute Services						
York Teaching Hospitals NHS Foundation Trust	168,624	169,910	1,286	0	218	218
Yorkshire Ambulance Service NHS Trust	11,429	11,794	365	0	0	0
Leeds Teaching Hospitals NHS Trust	7,234	7,648	414	0	0	0
Hull and East Yorkshire Hospitals NFT	3,796	2,796	(1,000)	0	(625)	(625)
Harrogate and District NHS Foundation Trust	1,346	1,357	11	0	(44)	(44)
Mid Yorkshire Hospitals NHS Trust	1,870	1,869	(1)	69	69	0
South Tees NHS Foundation Trust	1,074	1,085	11	0	46	46
North Lincolnshire & Goole	750	530	(220)	0	0	0
Non Contracted Activity	4,054	4,060	7	0	57	57
Ramsay	7,740	8,270	530	0	(129)	(129)
Nuffield Health	2,941	3,504	563	0	52	52
Other Private Providers	331	131	(200)	0	0	0
Winter Pressures	1,411	1,411	0	0	0	0
Consortia and other arrangements						
Sub Total	212,599	214,366	1,767	69	(355)	(424)
Mental Health Services						
Leeds & York Partnerships NHS Foundation Trust	30,299	28,718	(1,581)	0	0	0
Humber NHS Foundation Trust	2,249	2,249	(0)	0	0	0
Tees Esk and Wear Valleys NHS Foundation Trust	1,323	1,381	58	0	0	0
Mental Health Specialist Services	4,459	4,743	284	0	0	0
Other Mental Health	258	233	(25)	0	0	0
Sub Total	38,588	37,325	(1,264)	0	0	0
Community Services						
York Hospitals NHS Foundation Trust - Community	17,522	17,522	(0)	0	0	(0)
York Hospitals NHS Foundation Trust - MSK	2,261	2,191	(70)	154	132	(22)
Harrogate and District NHS Foundation Trust - Community	8,109	7,975	(134)	0	(107)	(107)
Hospices	1,192	1,174	(18)	0	(18)	(18)
Other Community	44	44	0	0	0	0
Sub total	29,128	28,905	(222)	154	7	(147)
Other Services						
Continuing Care	21,430	19,460	(1,970)	0	0	0
Funded Nursing Care	4,457	3,998	(459)	0	0	0
Partnerships	2,415	1,687	(729)	0	84	84
Patient Transport - Yorkshire Ambulance Service NHS Trust	1,945	1,919	(26)	0	0	0
GP IT	1,321	1,331	10	0	10	10
Property Services	440	440	0	0	0	0
NHS 111	264	584	320	0	134	134
Other Services	180	85	(95)	0	(107)	(107)
Sub total	32,453	29,504	(2,949)	0	121	121

Primary Care						
Prescribing	45,727	47,327	1,600	87	258	171
Enhanced Services	1,445	1,295	(150)	0	0	0
Other GP Services	0	0	0	0	0	0
Oxygen	301	265	(36)	0	0	0
Other Primary Care	300	260	(40)	0	0	0
Sub Total	47,773	49,147	1,374	87	258	171
Trading Position	360,540	359,246	(1,294)	310	31	(280)
Reserves	1,558	0	(1,558)	(280)	0	280
Contingency	1,040	0	(1,040)	0	0	0
Unallocated QIPP	(5,402)	0	5,402	0	0	0
Reserves	(2,804)	0	2,804	(280)	0	280
Financial Position	357,736	359,246	1,510	30	31	1
Surplus (1%)	3,566	0	(3,566)	0	0	0
Overall Financial Position	361,302	359,246	(2,056)	30	31	1