

Derbyshire County Adults Health Improvement and Scrutiny Committee
Monday 9th March 2020

CCG Summary Finance and Savings Report 1st April 2019 – 31st December 2019

Finance Summary

1. Introduction

The purpose of this report is to inform the Derbyshire County Adults Health Improvement and Scrutiny Committee of the financial performance of NHS Derby and Derbyshire CCG, including delivery of the savings plan for the nine month period ending 31st December 2019. This is the latest validated information available at the time of publication of Committee papers on Friday 28 February. A verbal update on the Month 10 position can be provided at the meeting on Monday 9 March.

The information in this report is based on the month 9 information provided to NHS England through the monthly Non-ISFE submission and to the Finance Committee via the Finance Report.

2. Financial Performance Summary

At month 9 the CCG is reporting a year to date and forecast position in line with its control total and financial plan.

Table 1 – Summary of performance against key CCG financial duties

Statutory Duty/ Performance	Target	Result	Achieved
Hold a 0.5% risk reserve (inc. PCCC)	£8.112m	£8.112m	✓
YTD achievement of control total in-year deficit (original plan)	(£11.600m)	(£11.484m)	✓
Forecast achievement of control total in-year deficit (original plan adjusted for CSF)	(£18.850m)	(£18.850m)	✓
Forecast delivery of the Savings Target	£69.500m	£47.082m	✗
Forecast - remain within the Running Cost Allowance	£22.457m	£16.698m	✓
Underlying Position	(£46.400m)	(£54.951m)	✗

Remain within cash limit	Greatest of 1.25% of Drawdown, or £0.25m	0.30%	
Achieve BPPC (Better Payment Practice Code)	>95% across 8 areas	Pass 8/8	

3. Financial Position and Key Variances

Table 2 – Summary Operating Cost Statement

	YTD				Full Year and FOT			
	YTD Budget	YTD Actual	YTD Variance	YTD Variance as a % of YTD Budget	Annual Budget	Forecast Outturn	Forecast Variance	FOT Variance as a % of Annual Budget
	£'000's	£'000's	£'000's	%	£'000's	£'000's	£'000's	%
Acute Services	604,679	616,508	(11,829)	(1.96)	799,376	825,648	(26,272)	(3.29)
Mental Health Services	137,636	140,214	(2,577)	(1.87)	183,705	186,637	(2,932)	(1.60)
Community Health Services	106,107	104,667	1,440	1.36	141,442	139,644	1,798	1.27
Continuing Health Care	76,937	74,578	2,359	3.07	100,929	93,596	7,333	7.27
Primary Care Services	147,416	150,913	(3,497)	(2.37)	195,298	200,954	(5,655)	(2.90)
Primary Care Co-Commissioning	104,891	101,452	3,439	3.28	140,665	136,360	4,305	3.06
Other Programme Services	57,573	48,131	9,441	16.40	78,740	65,788	12,952	16.45
Total Programme Resources	1,235,239	1,236,462	(1,223)	(0.10)	1,640,155	1,648,626	(8,471)	(0.52)
Running Costs	13,657	12,318	1,339	9.81	18,624	16,698	1,926	10.34
In-Year Allocations	0	0	0		5,615	1,940	3,675	65.45
0.5% Contingency (excl co-comm)	0	0	0		7,409	4,540	2,869	38.73
In year Planned Deficit (Control Total)	(21,750)	0	(21,750)	100.00	(29,000)	0	(29,000)	100.00
CSF Received	10,150	0	10,150		10,150	0	10,150	
Total In-Year Resources	1,237,296	1,248,780	(11,484)	(0.93)	1,652,953	1,671,803	(18,850)	(1.14)

- The year to date and forecast overspend positions of £11.484m and £18.850m respectively are in line with the Commissioner Sustainability Fund (CSF) adjusted control total.
- The year to date position includes savings under delivery of £10.620m and the forecast position includes savings under delivery of £22.418m.
- £3.572m of the CCG's £8.1m mandated contingencies have been used in the forecast position (nil in the year to date position).
- If the CCG's overall position remains within plan it will receive up to a further £18.850m of CSF. £8.7m relating to quarter 3 is due in month 10.
- Any underspends or spare budget will not be re-committed without the approval of the Chief Finance Officer.

Within the reported financial position the key highlights are as follows:

Acute Services

- University Hospitals of Derby and Burton – The year to date position is an overspend of £2.231m and the forecast is an overspend of £3.997m. Issues remain with the latest monitoring data. The year to date position represents the overspend reported in the month 8 data, adjusted to align with the year end settlement figure which has been agreed with the Trust. The forecast position is based on the agreed year end settlement value of £404.150m, and a credit of £0.888m for the agreed challenges raised in 2018-19.
- Chesterfield Royal Hospital has a year to date underspend of £1.294m. The month 8 activity data is showing an underspend of £0.439m, with an improvement seen in the month in urgent and planned care. A benefit of £0.914m from finalising the 2018-19 position has also been recognised. The forecast is an underspend of £0.855m which includes the prior year credit and a further anticipated credit relating to 2018-19 CQUIN failure and frailty activity.
- Sheffield Teaching Hospitals has a year to date overspend of £1.358m, with £1.094m relating to current year activity. There has been an adverse movement in month of £0.104m, mainly relating to elective and non-elective activity. A cost of £0.264m following finalisation of previous year balances has been included in both the year to date and forecast positions. The forecast outturn is an overspend of £1.670m, and assumes that the overspend seen to date will continue at current levels with the exception of critical care which is expected to remain at planned levels for the remainder of the year.

Mental Health Services

- The mental health position shows a year to date overspend of £2.577m and forecast overspend of £2.932m relating mainly to high cost patients and Section 117 cases. These overspends are both due to caseload and are partially offset by a £2.174m forecast underspend against the investment budget held for the Mental Health Investment Standard (MHIS).

Community Services

- There is a year to date underspend of £1.440m and a forecast underspend of £1.798m. The position includes a year to date underspend of £1.561m and forecast underspend of £2.179m for Derbyshire Community Health Services FT (DCHS) reflecting the year-end settlement that has been reached. This underspend is partially offset by overspends for non-NHS providers mainly relating to ophthalmology.

Continuing Healthcare

- The year to date variance is an underspend of £2.359m, which has worsened by £2.151m from month 8. £1.290m of the movement is due to a revised forecast cost from the Local Authority for the CCGs share of joint funded packages. There has also been increased pressure on the fully funded PHB budget. There is a forecast annual underspend of £7.333m, reflecting underspends relating to prior year benefits and 2019-20 activity forecasts based on confirmed current caseload, partly offset by pressures on children's packages and savings schemes that have not commenced as planned.

Primary Care

- The year to date variance is an overspend of £3.497m which is a deterioration in position due to an increased overspend for prescribing costs and a budget pressure for savings schemes which has been recognised in month. The forecast position is an overspend of £5.655m. The prescribing budget continues to show an overspend position with £6.127m forecast, mainly due to cost pressures relating to Category M drugs along with cost and volume variances. An overspend of £2.179m is also forecast

for primary care savings. These overspends are expected to be partly offset by underspends across other primary care areas.

Primary Care Co-Commissioning

- There is a year to date underspend of £3.439m and a forecast underspend of £4.305m. The majority of the underspends relate to prior year benefits, mainly for rent reviews. The position also include an expected underspend for demographic growth on contracts and small underspends across a number of other areas.

Running Costs

- The running cost budget of £18.624m was set well below the running cost allocation of £22.457m. The streamline budget reflects savings and efficiencies. It also prepares the CCG for mandated Running Cost reductions in 2020-21. The latest forecast position is an underspend of £1.926m, relating to vacancy slippage and prior year benefits mainly for premises.

4. Underlying Position

The CCG's underlying (UDL) position compares the recurrent funds available against the recurrent expenditure baseline. The difference between the two will result in either an underlying surplus or deficit for the CCG. This is an indicator of the underlying financial health of the organisation. The CCG's underlying position is directly affected by the delivery of recurrent savings and underspends against budget (improvement in position) or non-delivery of recurrent savings and overspends against budgets (deterioration).

Table 3 – Underlying Position Summary

	£'m
Control Total	(29.0)
Non-Recurrent Savings	(9.8)
Other Non-Recurrent Transactions	(16.2)
Forecast 2019/20 Exit Underlying Position	(55.0)
UDL as a Percentage of Recurrent Allocation	(3.4%)

These figures exclude the full year effect of savings.

5. Risks and Mitigations

The CCG is reporting a fully mitigated risk position. Identified activity/financial risks totalling £4.5m are mitigated by the unused 0.5% contingency.

Table 4 - Risks & Mitigations

	£'m
Risks	
Activity Risk	1.7
Acute Services	1.5
Mental Health Services	0.2
Prescribing	0.8
Other Programme Services	0.1
Running Costs	0.2
Total Risks	4.5

Mitigations	
0.5% Contingency Held	4.5
Total Mitigations	4.5
Net (Risk) / Mitigation	0

6. Savings Programme Year to Date and Forecast Outturn Position at Month 9

As at 31st December 2019 the CCG has delivered cash-releasing savings of £36.8m against a year to date target of £47.3m, an underperformance of £10.5m (22%), compared to a year to date shortfall at Month 8 of £7.5m (19%). This position reflects the fact that the phasing of the CCG Efficiency programme included delivery of 65% of the financial benefit in the last two quarters of the year.

Table 5 compares the savings programme from Month 9 to Month 8, noting that the forecast outturn position has deteriorated from Month 8 by £1.1m.

Table 5 – Summary of Savings Programme Results Month 9 and Month 8 on Annual Savings Target of £69.5 million

	YTD Plan £'m	YTD Actual £'m	YTD Variance £'m	Forecast Outturn £'m	Risk Inside FO £'m	Risk outside FO £'m	Total Risk £'m	CTAP Adjustment included in Forecast Outturn £'m
Month 8	39.8	32.3	(7.5)	48.1	21.4	0	21.4	2.2
Month 9	47.3	36.8	(10.5)	47.1	22.4	0	22.4	2.5
Variance	7.5	4.5	(3.0)	(1.1)	1.1	0	1.1	0.3

At Month 9 the total risk assessment has increased overall by £1.1m to £22.4m. This is shown as risk inside the forecast outturn position with no risk reported outside of forecast related to individual schemes. Table 6 summarises the risk reported to NHS England.

Table 6 – Summary of Savings Programme Risk Assessment

Total Savings Risk Reporting to NHS England	M3 £'m	M4 £'m	M5 £'m	M6 £'m	M7 £'m	M8 £'m	M9 £'m	Diff M8 – M9 £'m
Risk included in FOT	Zero	2.2	9.4	13.7	20.3	21.4	22.4	(1.1)
Risk not included in FOT	10.6	10.6	3.3	3.9	0.0	0.0	0.0	0.0
Total Savings Risk	10.6	12.8	12.8	17.6	20.3	21.4	22.4	(1.1)

Table 7 shows the monthly run rate required for Months 10 to 12 is £3.4m, compared to the average monthly run rate for Months 1-9 of £4.1m. If the monthly run rate is less than the projected run rate of £3.4m there will be additional risk to the delivery of the forecast outturn. The CCG needs to deliver £10.3m of savings in Months 10 to 12 to achieve this forecast outturn although the organisation will continue to seek to exceed this position.

Table 7 – Run Rate on Savings Programme

	M1 £'m	M2 £'m	M3 £'m	M4 £'m	M5 £'m	M6 £'m	M7 £'m	M8 £'m	M9 £'m	Total M9 YTD £'m	Total M10 – 12 Delivery £'m	Total Forecast Outturn £'m
Delivery Value	2.6	3.3	3.6	3.7	4.9	5.8	4.9	3.6	4.5	36.8	10.3 <i>Average 3.43 per month</i>	47.1

The current profile of risk relating to under-performing schemes is £29.7 million of the confirmed programme with an additional £1.6 million of governed closed schemes totalling £31.3 million. This is offset by £8.9 million of underperforming schemes.

Table 8 below summarises the programme performance from Month 7 through to Month 9, noting a worsening forecast position of £1.1million movement from Month 8.

Table 8 – Movement in Savings Delivery

	FOT -v- Variance M7 £ms	FOT -v- Variance M8 £ms	FOT -v- Variance M9 £ms	Difference FOT M8 to M9 £ms
Sub Total Negative Variances	-27.7	-28.7	-29.7	-1.0
Closed Schemes	-1.6	-1.6	-1.6	0.0
Total Negative Variance Schemes	-29.4	-30.3	-31.3	-1.0
Sub Total Positive Variances	7.0	6.7	6.4	-0.3
Sub Total Positive Variance CTAP Mitigations	2.0	2.2	2.5	0.2
Total Positive Variance Schemes	9.1	8.9	8.9	-0.1
TOTAL OVERALL PERFORMANCE	-20.3	-21.4	-22.4	-1.1

7. Summary

At month 9 the year to date and forecast positions are in line with plan.

£3.6m of the CCG's £8.1m mandated contingencies have been used in the forecast position, with nil in the year to date position.

Any overspend or under delivery of savings at this point in the year will be supported by robust mitigation plans or alternative savings. These will be reported through the Financial Recovery Group and Finance Committee.

Risks of £4.5m are being mitigated by unused contingencies, whilst recovery actions are also continuing to be pursued.

The month 9 savings information shows year to date delivery of £36.8m (against a phased plan of £47.3m) and a forecast savings delivery of £47.1m against a planned total of £69.5m.