

**Agenda item GB 10  
Attachment 4**

**COVER SHEET : Governing Body Meeting 5<sup>th</sup> February 2019**

<b>Title of paper</b>	<b>Finance and Contract Report December 2018</b>
Date	27 <sup>th</sup> January 2019
Exec Lead	Robert Morgan, Interim Managing Director and CFO

Purpose	To Approve	
	To Consider	
	To Note	X

**Summary of purpose and scope of report**

The paper summarises the financial performance of the CCG to the end December 2019.

At the end of December 2018, the CCG reported breakeven both year to date and forecast outturn in line with plan for 2018-19. The CCG showed a net risk to its forecast outturn in its reporting to NHSE of the £1.8m system support and £0.4m relating to acute activity (tertiary providers) and £0.1m for prescribing.

Subsequent to the finalisation of the December accounts, the Frimley Health contract outturn has now been agreed as part of the delivery of the Frimley Health and Care ICS break even control total at £56.4m. This means that £0.8m of the system support risk has been accounted for recurrently as part of the system control total delivery and will not be required to be repaid. The £1m support repayable to East Berkshire CCG has been accounted for non-recurrently and will not be repaid in 2018-19. It will be included in control total discussions for the ICS as part of the 2019-20 planning round.

Although the outturn for the Frimley Health contract has been agreed, the CCG still needs to manage activity within the envelope agreed to support agreement of an affordable contract for 2018-19 which contributes to a sustainable position for the ICS as a whole.

In December, the Surrey Heath position shows a marked improvement in non-elective admissions, with the increase on year dropping to 1%. A&E attendances have remained 1% down year on year. In cost terms, due to the change in the case mix for non-elective admissions which has resulted in more complex patients requiring more costly interventions, costs for non- elective care including A&E are higher than expected from 2018-19 tariff changes. The combination of these factors is resulting in a forecast



overspend year to date of £444k, which aligns with the agreed outturn of £56.4m (original contract value £56.0m).

The CCG is still seeing higher than planned outpatient attendances (+4%) despite a continued reduction in GP referrals (-6% year to date). It is anticipated that the impact of the reduced referrals will be seen over the coming months

Across the CCGs portfolio of acute contracts the mixed picture seen in previous months with slight over-performance at Royal Surrey and an under-spend at Ashford & St Peter's. Over spending at St George's was due to critical care activity and some particularly complex spells of care, and activity at most tertiary hospitals are showing an increase year on year.

Expenditure on prescribing based on PPA data shows a forecast underspend at the end of the year of £0.4m. Excess costs relating to drugs where there is 'no cheaper stock available are being contained locally.

The December position reflects ongoing cost pressures in CAMHS and Children's services including a small additional investment in Children's Continuing Healthcare support the provider in addressing issues around demand and staff vacancies.

For 2018-19 the CCG is not holding any reserves to support its overall position and the 0.5% contingency was committed as part of balancing the Frimley Health SLA, therefore the CCG is at risk in year from any emerging performance issues and any unplanned cost increases. The agreement of the Frimley Health contract outturn has significantly reduced the risks around this.

The favourable position on primary care reflects the year to date underspend against delegated budgets and CCG has utilised the underspend year to date and in its forecast to deliver a balanced position overall. Outstanding rent reviews and the confirmation that no additional funding will be received to support the increased GP pay award means that the remainder of the uncommitted reserve is required to support the overall delegated budget.

Of the £2.76m QIPP plan set the beginning of the year, the forecast is that £2.7m will be delivered (98.4%, within NHSE tolerance). Achievement of savings against the Reducing Variations workstream is expected to be significantly lower than planned as schemes are taking longer to gain traction, but this is being offset by higher than planned savings in prescribing and other non-recurrent savings.

CCG performance against "Better Payments Policy Code" remains above 95% threshold. Year to date the CCG has drawn down 72% of its maximum cash drawdown. The CCG

was holding cash in its bank account at the end of the month below the 1.25% of total allowed by NHSE due to timing of a single payment. A significant part of the aged creditor balance relates to the final 2017-18 year-end reconciliation with Frimley Health which remains outstanding.

<b>RECOMMENDATIONS</b>	The Governing are asked to <b>NOTE</b> the content of report.
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**IMPLICATIONS**

**Quality & Safety/ Patient Engagement/ Impact on patient services:**

Surrey Heath CCG must commission services of the right quality. Financial sustainability is therefore required to plan for these services effectively

**Equality / Human Rights / Privacy impact analysis**

Surrey Heath CCG aims to design and implement services, policies and measures that meet the diverse needs of our service, population and workforce, ensuring that none are placed at a disadvantage over others. It takes into account the Human Rights Act 1998 and promotes equal opportunities for all. This document has been assessed to ensure that no employee receives less favourable treatment on grounds of their gender, sexual orientation, marital status, race, religion, age, ethnic origin, nationality, or disability.

**Financial and resource implications**

Detailed in the paper

**Risk**

Detailed in the paper

**Legal**

None

**Governance and reporting**

<b>Committee name</b>	<b>Date discussed</b>	<b>Outcome</b>
Integrated Performance Group	16 <sup>th</sup> January 2019	Report overall position to Governing Body.