



right care
right place
right time
right outcome

NHS
Merton
Clinical Commissioning Group

MERTON CLINICAL COMMISSIONING GROUP GOVERNING BODY

Date of Meeting: 25th May 2017

Agenda No: 8.3

Attachment: 12

Title of Document: Financial report – Month 12 2016/17	Purpose of Report: For Approval
Report Author: Chris Moreton	Lead Director: Chris Moreton
Contact details: Chris.Moreton@mertonccg.nhs.uk	
Executive Summary: This report provides a detailed analysis and commentary on the CCG's Month 12 2016/17 financial performance.	
Key sections for particular note (paragraph/page), areas of concern etc: Members should note that this report provides an updated view of the final position in 2016/17.	
Recommendation(s): Members are requested to review and approve the report.	
Committees which have previously discussed/agreed the report: EMT and Finance Committee	
Financial Implications: Contained within the body of the report.	
Implications for CCG Governing Body: None other than those reported in the paper.	
How has the Patient voice been considered in development of this paper: The patient voice is considered at a detailed project by project level. However, there are no direct implications on the patient voice from this report.	
Other Implications: (including patient and public involvement/Legal/Governance/Risk/Diversity/ Staffing) Included in the paper.	

Equality Assessment: N/A

Information Privacy Issues: None

Communication Plan: (including any implications under the Freedom of Information Act or NHS Constitution) Existing internal and external communications messages currently reflect the latest financial outlook and are updated appropriately as new information becomes available.

1. Overview

- 1.1. The purpose of this report is to analyse and summarise the overall financial position of the CCG as at the end of March 2017 (Month 12).
- 1.2. This CCG has a control total of a £600k deficit. The CCG finished the year with a like for like overspend of £554k which is £46k better than plan. As has been described in previous reports, Merton CCG alongside all other CCGs were requested to release in to their positions a 1% non recurrent fund that had previously been assumed to be spent on the wider health system. For Merton, this fund was worth £2,656k. As a result, the CCG ended the year with an underspend of £2,102k. This position was arrived at by adding £2,656k to the £554k deficit.
- 1.3. Since being placed in financial recovery in early 2016/17, the CCG worked hard to stabilise its positions on a number of financially material areas. On March 29, the CCG board met with NHS England and were taken out of financial recovery as a result of its improved financial position.

2. Key movements in forecast outturn position (Table 1)

- 2.1. The key changes to the full year outturn are as follows;
- 2.2. Key variances include:
 - Acute – the full year outturn position shows an adverse variance to plan of £910k which is £545k better than M11.
 - Primary Care and Prescribing – the full year outturn position shows a favourable variance of £2,091k which is £998k better than M11
 - Corporate & Estates – the full year outturn position shows an unfavourable variance of £770k which is £303k better than M11
 - Reserves – the full year outturn position shows a favourable variance of £2,081k which is £954k better than M11.(see later for more details on the interpretation of this variance)

3. Revenue Resource Limit (RRL)

- 3.1. There has been a very small increase of £25k in the RRL in M12 to £274,803k being an additional £25k for project management funds to begin to address the RTT backlog at St George's.

4. Acute Commissioning

- 4.1. Overall, the acute full year outturn position was £138,135k. This is an adverse variance against plan of £910k and is £545k better than had been forecast at M11.
- 4.2. The major reason for the uplift is the year end deal the CCG agreed with Epsom St Helier which improved the position by £597k in month.

- 4.3. There was little movement in our positions on other major contracts – for example St George's year end position moved just £37k adversely and Kingtson moved £45k adversely.

5. Non-Acute (Tables 3 & 4)

- 5.1. Although the overall position changed little from M11 (just £98k worse than M11) to a outturn favourable variance of £209k, there were some offsetting variances within this category. Continuing Care moved £379k adversely in the month to an outturn adverse variance of £1,370k. Overall this movement was disappointing as we had previously reported a more stable reporting regime in this area. The lag of invoices hitting the system in March was greater than our forecast had allowed for. However, we had signalled to NHS England in our monthly report to them that this risk lay outside of the position.
- 5.2. There was also an adverse movement of £111k in children's services to an outturn favourable variance of £110k. One patient accounts for £133k of the variance alone.
- 5.3. However, these variances were mainly offset by favourable movements on mental health placements worth £132k, the SWLStG contract £104k, Nelson Health Centre £80k and a number of smaller favourable movements on a number of contracts all individually worth less than £100k.

6. Primary care & prescribing

- 6.1. The full year outturn position shows a favourable variance of £2,091k which is £998k better than M11. £577k of the movement since M11 relates to Primary Care. Rates rebates are reported to have been received in month 12 worth £272k (we had been chasing these entries since M8). There were also some significant improvements in the position caused by the primary care team reducing the levels of accruals at year end for demographic growth £150k and QOF worth £120k. Detailed reports are awaited analysing the movement.
- 6.2. The prescribing forecast improved by £301k also in month 12 leaving the outturn favourable variance at £99k. We received two months worth of data and had feared that this would cause the forecast to increase. However, these costs did not materialise to the extent we had predicted.

7. Corporate & Estates

- 7.1. The Corporate and Estates year end outturn improved by £303k to leave the outturn adverse variance at £770k. £143k was due to NHS E funding received for the CCG's contribution to ETTF bids. We had previously written these costs off. We also revised favourably the estimates of the impact of 2015/16 accruals on 2016/17 worth £140k.
- 7.2. We have undertaken further work on the property costs for the CCG. Probably the biggest property related risk to the CCG moving forward in to 2017/18 is the exposure it carries relating to 120 The Broadway and the level of voids in the building following the CSU move to Lower Marsh and St George's taking less space than had previously been understood.
- 7.3. The CCG finished the year £38k below its running cost allocation target at £4,387k.

8. Reserves

8.1. The reserves position is made up of four elements. As described below;

Reserves	16/17 M12 FOT £000s	16/17 M11 FOT £000s	Change M11 v M10
Unallocated savings	0	(1,385)	(1,385)
Finance Policy & Procedure QIPP	(642)	(764)	(122)
Contingency	0	0	0
Systemwide Programmes	1,484	1,289	(195)
Non recurrent Fund	0	2,656	2,656
Total	842	1,796	954

8.2. The Finance Policy and Procedure QIPP has deteriorated as the CCG continued to take a more prudent view on the payment status of 18 month old creditor balances. The CCG keeps this position constantly under review. Systemwide programmes deteriorated by £195k due to the inclusion of £175k for critical care partially completed spells.

8.3. The unallocated savings requirement has now reduced to nil. Primary Care QIPP, property and CQUIN adjustments (which were all constituent parts of the M11 unallocated savings) have been included in the position. Costs have been accrued against GP Access funding received in advance.

9. Risks & Mitigations

9.1. There are no further risks or mitigations required for the year end position. At the time of writing the results are subject to routine audit.

Chris Moreton
A/CFO
17 April 2017

Month 12 2016/17: Table 1 Summary Report

SUMMARY	Year To Date			Full Year Forecast Outturn		
	Budget	Actual	Variance	Budget	Forecast	Variance
	£000's	£000's	£000's	£000's	£000's	£000's
Revenue Resource Limit	274,803	274,803	0	274,803	274,803	0
EXPENDITURE						
Acute	137,225	138,135	(910)	137,225	138,135	(910)
Non Acute	66,022	65,813	209	66,022	65,813	209
Primary Care & Prescribing	57,881	55,790	2,091	57,881	55,790	2,091
Corporate & Estate Costs	11,353	12,122	(770)	11,353	12,122	(770)
Reserves & Other	2,923	842	2,081	2,923	842	2,081
Total Expenditure	275,403	272,701	2,702	275,403	272,701	2,702
In Year Surplus	(600)	2,102	2,702	(600)	2,102	2,702


NON ACUTE (see tables 3.4)	Year To Date			Full Year Forecast Outturn		
	Budget	Actual	Variance	Budget	Forecast	Variance
	£000's	£000's	£000's	£000's	£000's	£000's
TOTAL MENTAL HEALTH	23,710	22,842	868	23,710	22,842	868
TOTAL LEARNING DIFFICULTIES	1,745	1,822	(77)	1,745	1,822	(77)
TOTAL END OF LIFE CARE AND HOSPICES	878	921	(43)	878	921	(43)
TOTAL LONG TERM CONDITIONS	184	187	(3)	184	187	(3)
TOTAL URGENT AND INTERMEDIATE CARE	6,804	6,523	281	6,804	6,523	281
TOTAL COMMUNITY SERVICES	19,750	19,308	442	19,750	19,308	442
TOTAL CHILDREN SERVICES	2,589	2,478	110	2,589	2,478	110
TOTAL ADULT CONTINUING CARE	10,362	11,732	(1,370)	10,362	11,732	(1,370)
TOTAL NON ACUTE COMMISSIONING	66,022	65,813	209	66,022	65,813	209

PRESCRIBING (see table 5)	Year To Date			Full Year Forecast Outturn		
	Budget	Actual	Variance	Budget	Forecast	Variance
	£000's	£000's	£000's	£000's	£000's	£000's
TOTAL PRESCRIBING	23,616	23,517	99	23,616	23,517	99
TOTAL PRIMARY CARE DELEGATED BUDGET	29,867	28,752	1,115	29,867	28,752	1,115
LOCAL ENHANCED SERVICES	338	220	118	338	220	118
TOTAL OUT OF HOURS	1,950	1,847	103	1,950	1,847	103
TOTAL PRIMARY CARE OTHER	2,111	1,455	656	2,111	1,455	656
TOTAL PRIMARY CARE & PRESCRIBING	57,881	55,790	2,091	57,881	55,790	2,091

CORPORATE AND ESTATES (see table 6)	Year To Date			Full Year Forecast Outturn		
	Budget	Actual	Variance	Budget	Forecast	Variance
	£000's	£000's	£000's	£000's	£000's	£000's
TOTAL RUNNING COSTS	4,425	4,387	38	4,425	4,387	38
TOTAL CSU CHARGES	700	728	(27)	700	728	(27)
TOTAL OTHER CORPORATE COSTS	4,387	4,280	107	4,387	4,280	107
PROPERTY COSTS	1,840	2,727	(887)	1,840	2,727	(887)
TOTAL CORPORATE & ESTATE COSTS	11,353	12,122	(770)	11,353	12,122	(770)

STATUTORY DUTIES AND PERFORMANCE			
Statutory Duty	Area	YTD	Forecast
Not to exceed RRL	Revenue	2,102	2,102
Not to exceed running cost allocation	Running costs	38	38
Not to exceed CRL	Capital	0	0
Deliver a recurrent surplus	Revenue	(0.1)%	(0.1)%
Deliver a 0.5% in year surplus	Revenue	0.8%	0.8%
Comply with BPPC #	Business conduct	98.1%	98.1%
Comply with BPPC £	Business conduct	99.2%	99.2%
Fully deliver planned QIPP	QIPP	93.4%	93.4%

Period Mar-17



ACUTE CONTRACT EXPENDITURE TOP 5 (see table 2)	Year To Date			Full Year Forecast Outturn		
	Budget	Actual	Variance	Budget	Forecast	Variance
	£000's	£000's	£000's	£000's	£000's	£000's
ST GEORGE'S HEALTHCARE TRUST	61,030	62,555	(1,525)	61,030	62,555	(1,525)
EPSOM & ST. HELIER UNIVERSITY HOSPITALS NHS TRUST - ACUTE	32,080	31,627	454	32,080	31,627	454
KINGSTON NHS TRUST	10,373	10,822	(449)	10,373	10,822	(449)
LAS - EMERGENCY SERVICE CONTRACT	6,468	6,769	(301)	6,468	6,769	(301)
EPSOM & ST. HELIER UNIVERSITY HOSPITALS NHS TRUST - SWLEOC	4,783	4,686	97	4,783	4,686	97
ALL OTHER CONTRACTS + ACUTE NON-SLA BUDGETS	22,490	21,677	814	22,490	21,677	814
	137,225	138,135	(910)	137,225	138,135	(910)

ACUTE CONTRACT VARIANCE BY POD	SGH	ESH	KHT	Other Providers	Total
	Elective	232	389	(82)	(477)
Emergency	485	86	58	(125)	504
Non-Elective	(26)	59	0	(33)	0
Maternity Pathway	678	121	(60)	(24)	715
A&E	61	68	(44)	(29)	56
Out Patient 1st	333	234	(32)	71	606
Out Patient Follow Up	(27)	122	(60)	215	250
Out Patient Procedure	(838)	15	14	173	(636)
Unbundled Diagnostics	(196)	117	(10)	(89)	(178)
Critical Care	337	183	(7)	239	752
Other PODs	(2,564)	(940)	(226)	689	(3,041)
	(1,525)	454	(449)	610	(910)

BALANCE SHEET AS AT Mar-17	Actual
	£000's
Property, Plant And Equipment	671
Current Trade And Other Receivables	3,835
Cash And Cash Equivalents	17
Current Trade And Other Payables	(17,333)
Current Other Liabilities	(2,706)
	(15,516)
General Fund	15,515

