



## FINANCE AND CONTRACTING REPORT

### GOVERNING BODY November 2019

#### 1. Introduction

The purpose of this paper is to inform the Governing Body of the financial position of the CCG as at 31 October 2019.

#### 2. Financial Performance at Month 7

The CCG is reporting a balanced position at month 7 of the financial year as illustrated in the table below. The year to date and forecast position is set out below and shows a £1.04m overspend which is in line with the CCG's financial plan.

	Year to Date			Full Year Forecast		
	Budget £000	Actual £000	Variance £000	Budget £000	Actual £000	Variance £000
Acute Services	61,353	62,637	1,284	105,176	107,110	1,934
Mental Health	12,636	12,859	223	21,661	22,044	383
Primary Care	30,038	31,169	1,131	51,795	53,659	1,864
Continuing Healthcare	9,377	9,876	499	16,075	16,745	670
Community Services	15,150	15,118	-32	25,952	25,952	0
Other Commissioned Services	2,481	-624	-3,105	4,270	-581	-4,851
Corporate Services (Running Costs)	1,695	1,695	0	2,905	2,905	0
<b>Total Expenditure</b>	<b>132,729</b>	<b>132,729</b>	<b>0</b>	<b>227,836</b>	<b>227,836</b>	<b>0</b>
Resource Allocation	132,356	132,356	0	226,796	226,796	0
<b>(Surplus)/Deficit</b>	<b>373</b>	<b>373</b>	<b>0</b>	<b>1,040</b>	<b>1,040</b>	<b>0</b>

The reported position has secured Commissioner Sustainability Funding for quarters 1 and 2 in line with the CCG's financial plan reducing the planned deficit from £1.60m to £1.04m.

The forecast for the year end includes a number of challenging areas of overspending against budget. The CCG has a number of mitigation actions planned to reduce these overspends; however the ongoing risks to delivery are still being assessed in advance of the next submission at Month 8.

#### 3. Risks and Mitigating Actions

The areas of challenge are predominantly:

1. Acute over trades including independent sector spending above budget.
2. Prescribing – an increase in the price of category M drugs has been significantly higher than expected and higher than the growth assumptions provided at the start of the year by the NHS Business Services Authority.
3. Primary Care contract entitlements in year exceeding allocation.
4. Mental Health and Continuing Health Care (CHC) placements spending above budget.



In order to mitigate these areas the CCG has agreed the following actions:

1. To work with the IS and other NHS providers to manage activity within contracted levels.
2. To work with budget holders to reduce discretionary spend in the last few months of the year where possible.
3. To go further in terms of prescribing savings and rebates available. The Medicines Management Team has begun this work.
4. To enact the 'Who Pays' guidance with respect to CHC patients to ensure that the correct CCG commissions their patients' care.

The full mitigation is assumed against other commissioned services.

#### **4. Recommendations**

The Governing Body is asked to:

- Note and accept the contents of this paper.