

**Report to:** Part I Joint Committee

**Meeting Date:** 7 June 2019

<b>Agenda No:</b>	:	11
<b>Report Title</b>	:	Finance Report
<b>Submitted by</b>	:	Andy Ray, Chief Finance Officer
<b>Written by</b>	:	Andy Ray, Chief Finance Officer
<b>Purpose</b>	:	<p>This report will provide the Joint Committee with a brief update on key points raised within the Finance &amp; Activity report.</p> <p>CCGs need assurance from the Joint Committee that the financial position of the delegated contracts are managed effectively and challenged, and these are covered in detail in the Integrated Performance Report.</p>
<b>Approval Route</b>	:	Not relevant – this paper is for information only
<b>Recommendation/s</b>	:	The Joint Committee is asked to note the contents of this report.

**2018/19**  
**Mid and South Essex System**  
**Finance Report (abridged)**  
**for period ending 31 March 2019**  
**(Month 12 – updated with Acute M12 flex data)**

<b>Sign convention for variances</b>	
<b>(1,000)</b>	Negative and red - overspent or overachieved against plan/budget
<b>1,000</b>	Positive and black - underspent or underachieved against plan/budget

<b>Year-to-date position for Acute Trusts</b>	
<b>YTD M11</b>	Year-to-date M11 position is based on the M11 year-to-date freeze position (BTUH only)
<b>YTD M12</b>	Year-to-date M12 position is based on the M12 year-to-date flex position.

# Joint Committee Financial Position – Executive Summary

1.1

	Annual Forecast variance by CCG £000s					Annual forecast £000s			FOT Variance movement £000s
	Bas & Brent	CPR	Mid Essex	Southend	Thurrock	Plan	Actual	Variance	Change in Forecast using M12 flex
Acute Hospitals	(£4,677)	(£1,609)	(£4,107)	(£730)	(£2,041)	£793,732	£806,897	(£13,165)	(£757)
Ambulance services	£0	£0	(£70)	£0	(£0)	£46,028	£46,098	(£71)	£0
Mental Health (Acute)	£0	£0	£0	£0	£0	£102,761	£102,761	£0	£0
NHS 111 and Out of Hours	(£59)	(£37)	(£97)	(£38)	(£30)	£14,712	£14,973	(£261)	£0
Patient Transport Services	£37	(£79)	(£9)	(£35)	(£76)	£6,625	£6,790	(£164)	£0
Joint Committee Running Costs						£7,817	£7,285	£532	£0
<b>Total Joint Committee *</b>	<b>(£4,699)</b>	<b>(£1,725)</b>	<b>(£4,284)</b>	<b>(£803)</b>	<b>(£2,147)</b>	<b>£971,676</b>	<b>£984,805</b>	<b>(£13,129)</b>	<b>(£757)</b>

\* costs include all areas delegated to Joint Committee.

\* costs exclude smaller NCAs, CHC, Primary Care Contracts, Prescribing, CCG corporate running costs, better care fund, property services

Acute Hospitals	Annual Forecast £000s			M12 annual forecast variance by CCG £000s				
	Plan	Actual	Variance	Bas & Brent	CPR	Mid Essex	Southend	Thurrock
<i>MSB Block</i>	£640,094	£642,696	(£2,602)	(£582)	(£432)	(£778)	(£454)	(£357)
<i>Mid Essex - PbR Ophthalmology</i>	£5,641	£4,607	£1,034	£51	(£5)	£974	£6	£10
<i>Southend - PbR Ophthalmology</i>	£10,342	£10,980	(£638)	(£215)	(£68)	(£74)	(£126)	(£154)
<b>Total MSB Acute Hospitals</b>	<b>£656,076</b>	<b>£658,282</b>	<b>(£2,206)</b>	<b>(£746)</b>	<b>(£506)</b>	<b>£121</b>	<b>(£575)</b>	<b>(£501)</b>
<i>Barking, Havering &amp; Redbridge</i>	£28,585	£29,603	(£1,018)	(£919)	£60	£172	(£4)	(£327)
<i>Colchester</i>	£22,136	£22,136	£0	£0	£0	£0	£0	£0
<i>Barts Health</i>	£14,565	£17,350	(£2,785)	(£229)	(£941)	(£638)	(£636)	(£340)
<i>Other Trusts</i>	£37,138	£40,853	(£3,716)	(£1,955)	£54	(£1,015)	(£413)	(£387)
<b>Total Other Acute Hospitals</b>	<b>£102,424</b>	<b>£109,942</b>	<b>(£7,518)</b>	<b>(£3,103)</b>	<b>(£827)</b>	<b>(£1,481)</b>	<b>(£1,053)</b>	<b>(£1,054)</b>
<b>Total NHS Acute Hospitals</b>	<b>£758,500</b>	<b>£768,225</b>	<b>(£9,724)</b>	<b>(£3,849)</b>	<b>(£1,333)</b>	<b>(£1,360)</b>	<b>(£1,628)</b>	<b>(£1,555)</b>
<i>Ramsay (Springfield &amp; Oaks)</i>	£16,762	£19,541	(£2,779)	(£114)	(£58)	(£2,748)	£64	£77
<i>Spire (Wellesley &amp; Hartswood)</i>	£12,670	£12,650	£20	(£77)	(£293)	£0	£641	(£251)
<i>Nuffield</i>	£3,342	£4,246	(£905)	(£587)	(£54)	£0	(£16)	(£246)
<i>BMI</i>	£2,458	£2,235	£223	(£50)	£131	£0	£209	(£66)
<b>Total Independent Sector Hospitals</b>	<b>£35,232</b>	<b>£38,672</b>	<b>(£3,440)</b>	<b>(£828)</b>	<b>(£276)</b>	<b>(£2,748)</b>	<b>£898</b>	<b>(£486)</b>
<b>Total Acute Hospitals</b>	<b>£793,732</b>	<b>£806,897</b>	<b>(£13,165)</b>	<b>(£4,677)</b>	<b>(£1,609)</b>	<b>(£4,107)</b>	<b>(£730)</b>	<b>(£2,041)</b>

EXECUTIVE SUMMARY	<b>Key Messages</b>
	<b>2018/19 Forecast Variance and Key Assumptions</b>
	The acute hospital forecast has been refreshed using the M12 flex data. Final M12 acute data will not be available until early June.
	The forecast year-end overspend across the JCT spend is <b>£13.1m</b> (1.4%), which is driven by the Acute Hospitals £13.2m.
	£2.6m of the Acute Hospitals overspend relates to the agreed additional block payment for the MSB providers. The Cost and Volume elements of Ophthalmology reduces the overspend by £0.4m. The Other Acute Providers are forecast to overspend by £7.5m, due to Barts Health £2.8m, Guys £2.0m, and BHRUT £1.0m.
	The Independent Sector Providers are forecast to overspend by £3.4m with Ramsay Springfield forecast to overspend by £2.7m, and Nuffield by £0.9m, partially offset by BMI who are £0.2m underspent.
	The acute forecast has deteriorated by <b>£0.8m</b> against the M11 flex based annual forecast.
	The forecast on Slide 5 shows the change in forecast from last month, the worst case position as reported last month (where reported) and the variance between current forecast and previously reported worst case.
	Overall there has been some deterioration in position across the STP, which varies by CCG (MID CCG (£0.2m), CPR CCG (£0.1m), SOU CCG (£0.3m)).
	The key reasons for movement include:  <b>SUHFT Ophthalmology</b> – BB/CPR/THU CCGs - First attendances in M12 performed higher than expected under the ARP. <b>Barts</b> – SOU CCG – M11 Freeze position deteriorated from the M11 Flex, in addition to a very high M12 also (Critical Care and Non-electives). Average spend per Quarter in Q1-3 was below £0.5m (£155k per month) whereas Q4 spend was unprecedented at £0.9m (£0.3m per month). <b>Cambridge</b> – MID CCG – Very high cost trauma patient in M12, and some high cost patients that may be deemed specialist at M12 Freeze. <b>Independent Sector Providers</b> in general have exceptionally high elective activity in M12 (higher than any other month this year in some cases).  The negotiation with <b>Barts</b> is ongoing regarding the externally commissioned challenges raised, the benefit has not been fully factored into the forecast position.

## JCT Key 18/19 Risks and Mitigating Actions

### M12

<p><b>GUYS and STT Hospitals</b></p>	<p>There are 2019/20 cost pressures already identified for Guys:</p> <ul style="list-style-type: none"> <li>• BB CCG - 3 of the Lane Fox WIP patients were not discharged in 2018/19, and will therefore continue into 2019/20 as a cost pressure estimated at £1.6m as at end April.</li> <li>• Southend CCG &amp; Thurrock CCG – 1 Lane Fox Patient each, not yet discharged, will continue to seek WIP updates for these and monitor for discharge, as end March the Southend estimated cost is £0.1m and Thurrock £0.1m.</li> </ul> <p>The JCT quality team have reviewed the patients in the unit, and are liaising closely with CHC to seek alternative packages where appropriate.</p>
<p><b>Barts Hospitals Group</b></p>	<p>The JCT team met with Barts on 22 April 2019 to review the historic outstanding challenges from 2017/18, challenges raised in 2018/19 (as a result of a commissioned coding audit), and discuss the contract baseline form 2019/20. In order to draw the outstanding challenges to a close the JCT proposed a 50% reduction to the outstanding challenge amounts, with a proposed 2017/18 settlement credit of £0.2m, and the 2018/19 proposed settlement credit of £0.5m. Barts have responded, declining the proposal, and offering a credit for 25% of the historic challenge amount (£0.3m credit). This is not agreed and will be escalated to resolve.</p> <p>The JCT also put forward a block offer for 2019/20 across the STP CCGs, securing a reduction on outturn for the above challenges and a reduction in PTS spend (following expected savings in 2019/20 as indicated by Barts). The block offer has been declined by Barts with the option of a fixed deal after Q1, the PTs reduction has been achieved realising a QIPP for the CCGs.</p> <p>The prime reason for Barts not to agree a block is due to recent trends and noted the very significant increases in 2018/19 for Southend .</p>
<p><b>Ramsay Healthcare</b></p>	<p>Following the commissioned coding audit, AGEM BI were requested to regroup/reprice the data to enable contract finance to quantify challenge amount. This has taken considerably longer than expected and has been escalated within AGEM. Regrouped data has now been provided, and analysis is being undertaken by contract finance lead in order to summarise the financial challenge amount and issue to Ramsay by the end of the month.</p>

# Joint Committee – Financial Position for all Acute Providers

	Annual forecast £000			Change in Forecast using M12 flex	M12 Worst Case FOT (M11 based)	Worst Case Var to plan	Current FOT var to M12 Worst Case
	Plan	Actual	Variance				
<b>STP CCGs Acute Provider Position</b>							
Basildon And Thurrock University Hospitals NHS Foundation Trust	£223,598	£224,899	(£1,301)	£0	£224,899	(£1,301)	£0
Mid Essex Hospital Services NHS Trust - block element	£201,434	£201,434	£0	£0	£201,434	£0	£0
Mid Essex Hospital Services NHS Trust - Ophthalmology element	£5,641	£4,607	£1,034	(£2)	£4,605	£1,036	(£2)
Southend University Hospital NHS Foundation Trust - block element	£215,062	£216,363	(£1,301)	£0	£216,363	(£1,301)	£0
Southend University Hospital NHS Foundation Trust - Ophthalmology element	£10,342	£10,980	(£638)	(£159)	£10,821	(£479)	(£159)
<b>MSB Providers total - with block</b>	<b>£656,076</b>	<b>£658,282</b>	<b>(£2,206)</b>	<b>(£161)</b>	<b>£658,121</b>	<b>(£2,045)</b>	<b>(£161)</b>
<b>Other Acute Providers total</b>	<b>£102,424</b>	<b>£109,942</b>	<b>(£7,518)</b>	<b>(£214)</b>	<b>£110,276</b>	<b>(£8,098)</b>	<b>£334</b>
<b>GRAND TOTAL ACUTE HOSPITALS</b>	<b>£793,732</b>	<b>£806,897</b>	<b>(£13,165)</b>	<b>(£757)</b>	<b>£807,080</b>	<b>(£13,594)</b>	<b>£183</b>
Barking, Havering And Redbridge University Hospitals NHS Trust	£28,585	£29,603	(£1,018)	(£0)	£29,603	(£1,018)	(£0)
Barts Health NHS Trust	£14,565	£17,350	(£2,785)	(£258)	£17,228	(£2,663)	(£122)
Cambridge University Hospitals NHS Trust	£2,884	£3,064	(£180)	(£71)	£2,993	(£109)	(£71)
Chelsea and Westminster Hospital NHS Foundation Trust	£423	£433	(£10)	£38	£482	(£58)	£49
Colchester Hospital University NHS Foundation Trust	£22,136	£22,136	£0	£0	£22,136	£0	£0
Dartford & Gravesham NHS Trust	£2,404	£2,387	£17	(£10)	£2,376	£28	(£10)
Great Ormond Street Hospital for Children NHS Foundation Trust	£1,573	£1,868	(£295)	(£25)	£1,865	(£292)	(£3)
Guys And St Thomas NHS Foundation Trust	£4,655	£6,710	(£2,055)	(£22)	£6,808	(£2,153)	£99
Homerton University NHS Foundation Trust	£957	£1,131	(£174)	£17	£1,147	(£190)	£17
Imperial College Healthcare NHS Trust	£1,087	£1,121	(£33)	(£3)	£1,066	£21	(£54)
Ipswich Hospitals NHS Trust	£779	£1,020	(£241)	(£39)	£981	(£202)	(£39)
King's College Hospital NHS Foundation Trust	£1,254	£1,409	(£155)	£61	£1,456	(£201)	£47
London North West Healthcare NHS Trust	£775	£739	£36	(£15)	£768	£8	£29
Moorfields Eye Hospital NHS Foundation Trust	£3,133	£3,157	(£24)	(£4)	£3,153	(£20)	(£4)
Papworth Hospital	£368	£314	£54	£3	£317	£51	£3
Princess Alexandra Hospitals NHS Trust	£1,161	£1,308	(£147)	(£19)	£1,290	(£375)	(£19)
Royal Brompton & Harefield NHS Foundation Trust	£779	£1,220	(£442)	(£39)	£1,181	(£403)	(£39)
Royal Free London (including Barnet & Chase Farm)	£2,064	£2,134	(£70)	£95	£2,319	(£255)	£186
Royal National Orthopaedic Hospital NHS Foundation Trust	£4,307	£3,955	£352	£63	£4,018	£289	£63
St George's Healthcare NHS Trust	£389	£377	£12	£43	£424	(£35)	£47
The Royal Marsden NHS Foundation Trust	£386	£608	(£222)	(£22)	£586	(£200)	(£22)
University College London NHS Foundation Trust	£7,236	£7,247	(£11)	£10	£7,440	(£204)	£193
West Suffolk Hospitals NHS Trust	£521	£650	(£129)	(£14)	£636	(£115)	(£14)
BMI Southend Hospital	£2,458	£2,235	£223	(£56)	£2,178	£280	(£56)
Nuffield Health Brentwood Hospital	£3,342	£4,246	(£905)	(£42)	£4,371	(£1,029)	£125
Ramsay Oaks Hospital	£821	£866	(£44)	(£17)	£849	(£28)	(£17)
Ramsay Springfield Hospital	£15,941	£18,676	(£2,735)	(£81)	£18,632	(£2,691)	(£44)
Spire Hartswood Hospital	£2,717	£2,331	£386	(£106)	£2,248	£468	(£83)
Spire Wellesley Hospital	£9,953	£10,319	(£365)	(£80)	£10,404	(£451)	£86
<b>Independent Sector Providers total</b>	<b>£35,232</b>	<b>£38,672</b>	<b>(£3,440)</b>	<b>(£382)</b>	<b>£38,683</b>	<b>(£3,451)</b>	<b>£11</b>