Finance & Contracting Performance Report: *Period ended 30 June 2016*

Introduction

This report provides the headlines of the finance and contracting position for the first three months of the year.

1 Revenue Resource Allocation

NHS Rotherham CCG has a revenue resource allocation of £399.3m for operational purposes.

The CCG during month 3 have received three further resource allocations totalling £0.3m relating to:-

- £0.14m – Eating Disorders
- £0.06m – One Health contract
- £0.10m – Claremont Hospital contract

2 Cash

	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17
Monthly Cash Drawings	£31m	£27.5m	£27.5m									
Ledger Cash Balance	£5k	£3.6m	£3.9m									
Cash Balance as % of Drawings	0.01%	13.09%	14.18%									

CCGs are no longer allocated Cash Resource Limits but instead negotiate a Maximum Cash Drawdown (MCD) figure with the NHS England Cash Management Team. The CCG at month 3 has been notified of an initial MCD of £394.8m. The CCG has an opportunity at month 6 and 9 to revise this figure as its planned cash position for the financial year crystallises.

3 Better Payment Practice Code

The Better Payment Practice Code requires the CCG to pay all valid invoices by the due date or within 30 days of a receipt of a valid invoice, whichever is later. The target has been set at 95% for all of the below criteria. This is currently been achieved.

June 16	Number of Invoices 2016-17	Value of Invoices 2016-17
Percentage of non-NHS trade invoices paid within target	99.8%	99.9%
Percentage of NHS trade invoices paid within target	99.5%	99.8%

4. Reporting of Control Total

As previously reported there is a £9.8m non-recurrent fund which relates to the return of previous years' surpluses (pre-CCG). NHSE have instructed all CCGs to report this figure in the form of a control total which needs to be added to the 1% surplus figure which all CCGs are obligated to achieve from operating activities. NHSE also requires CCGs to express both of these numbers combined as a total which for 2016-17 is a total of £13.5m.

5. Operating Cost Statement (OCS)

The overall position for the CCG is shown below. Further details regarding exceptional variances against specific lines are provided in the remainder of this report.

	Prior Month		Year to Date (Month 3)			Forecast Outturn		
	Variance to Date	Forecast Outturn Variance	Budget	Actual	Variance to Date	Annual Budget	Forecast Outturn	Forecast Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Acute Services								
Rotherham NHS Foundation Trust - Acute	-	-	34,184	34,386	202	136,738	136,727	(10)
Sheffield Teaching Hospitals NHS FT	-	-	5,645	5,647	3	22,578	22,568	(10)
Doncaster & Bassetlaw Hospitals NHS FT	31	31	2,562	2,575	14	10,253	10,253	0
Other NHS Contracts	15	41	1,030	1,085	55	4,121	4,233	112
Ambulance Services (including PTS and 111)	35	31	2,673	2,638	(35)	10,444	10,505	61
Other Non NHS Acute Services	1	(9)	1,383	1,388	5	5,453	5,489	36
Other Non Contract (including NCA's)	(7)	(41)	480	470	(10)	1,920	1,878	(41)
Sub total Acute Services	**75**	**54**	**47,957**	**48,189**	**232**	**191,507**	**191,654**	**147**
Mental Health & Learning Disability								
Rotherham, Doncaster & South Humber FT	34	201	7,595	7,561	(34)	30,380	30,581	201
Other Providers (Mental Health & LD)	130	165	1,254	1,449	194	5,017	5,017 -	0
Sub total Mental Health & LD	**163**	**366**	**8,849**	**9,010**	**160**	**35,397**	**35,598**	**201**
Community Services								
Rotherham NHS Foundation Trust - Community	-	-	7,161	7,161	-	28,644	28,644	-
Rotherham Hospice	-	-	782	782	-	3,127	3,127	-
Other Providers (Community)	3	-	58	59	2	231	223	(8)
Sub total Community Services	**3**	**-**	**8,000**	**8,002**	**2**	**32,001**	**31,993**	**(8)**
Primary Care								
Prescribing	1	0	12,073	12,747	729	48,668	50,150	1,482
GP Primary Care Services (Primary Care Committee)	(14)	(0)	9,350	9,063	(287)	37,404	36,745	(659)
Commissioned Primary Care Services (Other)	0	-	745	717	(28)	2,954	2,954	-
GP Information Technology	4	-	166	167	1	663	663	-
Sub total Primary Care Services	**(9)**	**0**	**22,334**	**22,694**	**414**	**89,689**	**90,512**	**823**
Other Programme Services								
Local Authority / Joint Services	0	-	2,920	2,920	-	11,681	11,431	(250)
Continuing Care & Free Nursing Care	(27)	(51)	5,849	5,820	(29)	20,704	21,231	440
Voluntary Sector Grants / Services	2	10	403	397	(6)	1,612	1,588	(24)
Sub total Other Programme Services	**(26)**	**(41)**	**9,172**	**9,137**	**(35)**	**33,998**	**34,250**	**166**
Corporate								
Corporate : Running Costs	0	-	1,330	1,328	(2)	5,322	5,322	-
Corporate : Non- Running Costs	(7)	-	455	449	(6)	1,818	1,819	-
Sub total Corporate	**(7)**	**0**	**1,785**	**1,777**	**(8)**	**7,140**	**7,141**	**-**
Sub total - all areas	**200**	**379**	**98,098**	**98,809**	**766**	**389,732**	**391,148**	**1,328**
Central								
Centrally held Budgets	(200)	(379)	489	(222)	(766)	5,846	4,431	(1,329)
Surplus required by business rules	(621)	(3,729)	932	-	(932)	3,729	-	(3,729)
Sub total Central	**(821)**	**(4,108)**	**1,421**	**(222)**	**(1,698)**	**9,575**	**4,431**	**(5,057)**
TOTAL FUNDS : AVAILABLE TO CCG FOR OPERATING ACTIVITIES	**(621)**	**(3,729)**	**99,519**	**98,587**	**(932)**	**399,307**	**395,578**	**(3,729)**

6. Acute Services

(a) *The Rotherham Foundation Trust (TRFT)*

Data is now available up to the end of May but not fully validated. The data includes significant levels of uncoded activity (1217 spells) at flex, which creates a challenge in robustly assessing and valuing the likely chargeable activity at freeze. TRFT's contract monitoring system calculates income due for all un-coded activity at a single average rate based on a relatively high cost emergency admission however this single rate does not adequately reflect casemix, in particular short stay/same day admissions being paid at a lower price. Therefore Month 2 contract monitoring data has been adjusted downwards by £0.3m giving a year to date over-performance of £0.2m.

A summary of the TRFT contract position at month 2 is set out below :

		Activity			
TRFT Acute Contract	**OCS YTD Variance**	**Apr-May 2015**	**Apr-May 2016**	**Year on Year +/-**	**% +/-**
	£m				
AandE	0.1	10,593	11,115	522	4.9%
Assessments	0.1	888	1,200	312	35.1%
Emergency Admissions	0.2	3,382	3,473	91	2.7%
Outpatient - first attendances	0.0	9,877	10,383	506	5.1%
Outpatient - follow up attendances	0.1	22,589	23,615	1,026	4.5%
Day Case & Elective	0.0	4,499	4,684	185	4.1%
Maternity Pathway	0.1	826	1,115	289	35.0%
Other	(0.3)				
Contract Adjustments (e.g. OP ratio adj / CDU block)	(0.2)				
Total	**0.2**	**52,654**	**55,585**	**2,931**	**5.6%**

Data shows activity up on the same period last year, the main components of which are:-

- Assessments: over-performing in Paediatrics;
- Emergency admissions: over-performing in General Medicine and Elderly Medicine;
- Outpatient first attendance: over-performing in Paediatric Ophthalmology and Gynaecology;
- Outpatient follow ups: over-performing in ophthalmology, but as previously reported we have an agreed ratio in the contract beyond which there is no payment (see contracts adjustment line above);
- Day Case and Elective: over-performing in Clinical Haematology;
- Maternity pathway: this continues to be a problem both in increased activity and case-mix. We are awaiting a service report from the Trust and are looking to carry out an audit once the report has been reviewed by CCG colleagues;
- Other: under-performing in Critical Care and High Cost Drugs (Lucentis).

We will continue to work with the Trust to explore and understand the activity dataset and investigate the variances above. In the meantime, based on the unvalidated month 2 data we are projecting a £0.01m under-performance at year end.

(b) *Other secondary care contracts*

These are £0.06m over-performing in total with Doncaster and Bassetlaw Hospitals continuing to slighty over-perform in A&E and emergency admissions and Sheffield Childrens Hospital in both planned and unplanned care. Although Sheffield Teaching Hospitals are showing a break-even position they are under-performing by £0.15m in planned care mainly in Colorectal Surgery, Vascular Surgery, Clinical Haematology and Neurology, with a corresponding over-performance in other areas mainly Critical Care. These variances will be monitored and discussed with providers at contract performance meetings.

(c) Mental Health and LD activity

The RDASH contract is a block contract therefore will generally show no variance. However there has been a delay in the transfer of a patient who is outside of the contract which has contributed to the overspend in this area.
The out of area placements are overspending at this point in time. There are clinical plans in place to review and assess patients to ensure the appropriate packages and prices are being commissioned. There is confidence that this improvement in efficiency and effectiveness will help to fund the growth in new patients whilst still achieving the QIPP target.
As reported in July Governing Body, there is one QIPP scheme which is unlikely to be achieved following a review by RDaSH and the CCG to establish whether any out of area patients could be cared for more appropriately in a more local setting. There is no evidence to suggest that this is the case therefore a saving of £0.2m remains unachieved. This has been mitigated by slippage in developments until the start of 2017/18.

7. Other

(a) Prescribing

Year to date actual figures are based on one month's prescribing data. The assessment of forecast outturn particularly early in the year is challenging and the Prescribing Pricing Department (PPD) have not yet provided a forecast for this reason.

Prescribing spend can be volatile in terms of price and volume due to multiple factors including; nationally negotiated price deals, national and international supply issues, and local dispensing behaviours.

The CCG has developed a number of QIPP schemes targetting specific price and volume issues it can have influence over. These schemes are being implemented on a rolling basis and therefore the financial effects will exponentially increase as the year progresses. With just 1 month's data to hand, the current forecast outturn has been based on the PPA's nationally published expected spend profiles and reduced locally by £0.4m to take account of projections for QIPP schemes. However this QIPP projection (to be prudent) as yet only includes the full year effect of those parts of schemes the medicines management team can currently confirm are operationally in place.

For next month we will be:

(i) Looking to find data to help assess the extent to which the anticipated £1m Cat M drug savings assumed in our QIPP plan on figures provided by NHSE are being realised in Rotherham, and

(ii) Continuing to build up data on achievement of our own volume reduction QIPP schemes, all of which will increasingly help with forecasting as the year progresses.

Major risks are in-year volume growth and price volatility in excess of planning and QIPP assumptions, and delivery of QIPP schemes.

Data at month 2 (becoming available post-reporting) shows volume growth between 1 and 12% across Yorkshire and the Humber, with Rotherham at around 5%, and price growth between 1 and 13% with Rotherham at 4%.

(b) GP Primary Care services (Co-Committee)

Practice related elements of the GP primary care allocation delegated to the CCG from NHSE have been combined with the £3.2m of CCG funds to create a total allocation of £37.4m which the Primary Care Committee will oversee.

The Walk in Centre and GP Out of Hours services are shown separately. At month 3 the main factors in the £0.28m underspend are a £0.15m underperformance on LES's and £0.13m of reserved funds, phasing in. It is expected that these trends will continue in the main to outturn.

(c) Continuing Care

Individual care packages are being reviewed more frequently by clinical teams to ensure that appropriate packages are in place and there are no significant in-month variances to report at this stage. The proposed changes to Funded Nursing Care (FNC) rates highlighted in last month's finance report have now been announced. Rates have been increased and backdated to April 2016, at an estimated full year cost of £0.6m to the CCG.. The forecast outturn has been adjusted for this increase. However we are advised these rates are 9 month interim rates only and that a further review of FNC rates will occur, effective from January 2017, presenting a further risk to forecast outturn. The Department of Health set the FNC rate for patients that require 24hour care that do not meet full Continuing Health Care funding but need healthcare.

The increased FNC rate has potential to trigger an associated financial risk to the CCG element of CHC packages funded jointly with the council. This could give rise to a further £0.3m cost pressure in a full year, again based on the 9 month interim rate described above.

(d) Centrally held Budgets

Predominantly include reserves for the 0.5% contingency monies, the non recurrent 1% we have been instructed to hold as uncommitted, and the QIPP target not yet identified.

8. Risks to the Current Forecast for 2016/17

Challenges to achieving the current forecast include:

(i) Operational delivery of the QIPP requirement;

(ii) The CCG's ability to handle any additional unforeseen in-year cost pressures from within existing resource when there are no reserves to call upon. Any such cost pressures will have to be handled from underspends in other areas or from CCG Members taking decisive action to 'turn off' spend (with partners complying), or from a combination of the two;

(iii) Potential further changes to the FNC rate from January 2017 plus a additional but associated risk of £0.3m on CHC weekly rate, as described at section 7c above;

(iv) Volume or price increases in prescribing;

(v) Unforeseen pressures arising from the movement towards a South Yorkshire footprint for the Sustainability and Transformation Fund (STP).

9. QIPP Position - additional analysis

At Governing Body 4th May 2016 the financial plan was approved which included a savings requirement of just under £16m. The table below sets out the list of schemes on a page together with an estimated forecast outturn and a RAG rating of the risk of success against this estimate.

Rotherham Clinical Commissioning Group - QIPP Schemes on a Page					
	SCHEME DESCRIPTION	Planned savings	Forecast Savings	Forecast Variance	Rag Rating
		£000s	£000s	£000s	
1	Reduction in follow-ups where provider is above peer average.	816	816	0	Green
2	Reducing levels of Activity growth in direct access pathology in line with clinical pathways.	73	73	0	Red
3	Delivery of A and E Assessments through the Clinical Decision Unit.	286	286	0	Green
4	Reduce the levels of growth in A&E, assessments and non elective non emergency admission activity in line with local trend analysis to ensure impact of previous QIPP schemes are captured.	280	280	0	Amber
5	Reduce the levels of growth in emergency admission through reconfiguration of the neuro rehab unit, introduction of the Integrated Rapid Response Service and Integrated Locality Teams.	1,039	1,039	0	Amber
6	Acute Services Other Contracts - Unscheduled Care.	226	226	0	Red
7	Acute Services Other Contracts - Planned care.	509	509	0	Green
8	Review of Assessment and Treatment Unit capacity in block purchase or spot purchase.	483	483	0	Green
9	Mental Health & Learning Disabilities - working with RDASH to reduce the Out of Area activity.	369	169	(200)	Red
10	Medicines Waste reduction.	700	700	0	Amber
11	Product switch schemes to more cost effective products, pen needles, blood glucose monitoring, vitamin D, gliptin+metformin, glucosamine combination products.	550	550	0	Amber
12	Switching a range of drugs prescribed generically to a specific brand that is below drug tariff price as of March 2016.	250	250	0	Green
13	Participating in rebate schemes as identified by PRESCQIPP.	200	200	0	Green
14	Reduction in prescribing rates of a limited range of drugs to national average prescribing rates.	150	150	0	Amber
15	Negotiated price reductions.	1,000	1,000	0	Amber
16	Service redesign - Nutrition/Gluten Free Schemes.	90	90	0	Amber
17	Prescribing QIPP schemes for £190k yet to be identifed.	190	-	(190)	Red
18	Primary Care APMS Core Contract re-tendered.	125	125	0	Green
19	Premises Costs reimbursements.	118	118	0	Green
20	Slippage on Primary Care Premises Developments.	274	274	0	Green
21	Review of all 40 cases against the new framework.	250	250	0	Amber
22	Review of Assessment tool for determining care packages.	150	150	0	Amber
23	Review of High Cost Care packages.	100	100	0	Amber
24	Reductions in Running Costs - various initiatives achieved.	250	500	250	Green
25	Other savings still to be determined.	2,700	1,600	(1,100)	Red
26	Tariff efficiency through prices.	4,400	4,400	0	Green
	Mitigating action eg slippage in developments, unplanned underspends		1,069	1,069	Green
	TOTAL SAVINGS PLANS	**15,578**	**15,407**	**(171)**	Red

An exception commentary for each of the areas which are Amber or Red is as follows:

(i) Line 2 - Reductions in Direct Access Pathology in line with Clinical Pathways

The QIPP was a financial assumption predicated on a observation by Clinical Referrals Management Committee (CRMC) of the existence of duplicate testing and a commitment to reduce it. To date TRFT data alone does not evidence any net reduction in tests. To fully assess the QIPP therefore data from GP systems is required in order to validate and/or challenge the TRFT data. We understand that RCCG's GPIT service are scoping out what can be extracted in order for this to happen.

(ii) Lines 4, 5 and 6 – Reductions in levels of growth in A&E, admissions and non elective admissions

The forecast at this stage is that these schemes will achieve the required savings but they are flagged either red or amber to highlight the fact that whilst all schemes are fully in place the system hs seen a 5% increase in footfall - in line with national trends. This has therefore led to higher conversion rates which is impacting on our non elective position.

(iii) Line 9 – Mental Health and Learning Disabilities

There is one QIPP scheme which is unlikely to be achieved following a review by RDaSH and the CCG to establish whether any out of area patients could be cared for more appropriately in a more local setting. There is no evidence to suggest that this is the case therefore a saving of £200k remains unachieved. This has been mitigated by slippage in developments until the start of 2017/18.

(iv) Lines 10, 11, 14, 15, 16 and 17 Medicines Management

The forecast at this stage is that these schemes will achieve the required savings but they are flagged either red or amber to highlight the fact that not all schemes are fully in place.

The CCG has developed a number of QIPP schemes targeting specific price and volume issues it can have influence over. These schemes are being implemented on a rolling basis and therefore the financial effects will exponentially increase as the year progresses.

With just 1 month's data to hand, the current forecast outturn has been based on the PPA's nationally published expected spend profiles and reduced locally by £0.4m to take account of projections for QIPP schemes. However this QIPP projection (to be prudent) as yet only includes the full year effect of those parts of schemes the medicines management team can currently confirm are operationally in place.

For next month we will be:

- Analysing data to help assess the extent to which the anticipated £1m Cat M drug savings assumed in our QIPP plan on figures provided by NHSE are being realised in Rotherham, and
- Continuing to build up data on achievement of our own volume reduction QIPP schemes, all of which will increasingly help with forecasting as the year progresses.

(v) Lines 21, 22 and 23 Continuing Healthcare Initiatives

Progress has been made in the improved utilisation of the Childrens' Community Nursing Service whereby the CCG is applying the assessment rules correctly. Application of the national framework for children and young people has identified potential cost savings of £0.3m and £0.5m by year end.

Reviews of the assessment tool and high cost packages are having a positive impact upon the costs of continuing healthcare after 4 years of steep increases in costs.

(vi) Line 25 Other Savings still to be determined

This represents the remaining balance of reserves still to be found non recurrently.