

## Finance & Contracting Performance Report: *Period ended 31st October 2015*

### Introduction

This report provides the headlines of the finance and contracting position.

#### 1 Revenue Resource Allocation

NHS Rotherham CCG has been notified of a revenue resource allocation of £386.6m for operational purposes. The total includes £34.3m for GP Primary Care, which is still being transacted by NHS England until national systems are updated. Adjustments to the resource allocation this month include additions for specialised services neurology and wheelchairs £0.38m, liaison psychiatry £0.07m and a reduction of £0.43m in primary care for childhood vaccinations, where both allocation and spend have been removed.

#### 2 Cash

	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16
Monthly Cash Drawings	£25m	£24.5m	£25.5m	£28.0m	£20.5m	£24.0m	£26.5m					
Ledger Cash Balance	£23k	£900k	£2,905k	£2,542k	£,1287k	£18k	£2,632					
Cash Balance as % of Drawings	0.09%	3.68%	11.39%	9.08%	6.28%	0.08%	9.93%					

CCG's are not allocated Cash Resource Limits but instead negotiate a Maximum Cash Drawdown (MCD) figure with the NHS England Cash Management Team. Our CCG's MCD has been set at £388.6m but is subject to revision. The percentage of total MCD utilised as at October 2015 is 56.5%.

#### 3 Better Payment Practice Code

NHS Rotherham CCG has signed up to the Prompt Payment Code administered by the Institute of Credit Management which requires the CCG to pay all valid invoices by the due date or within 30 days of receipt of a valid invoice, whichever is later.

<b>Period: April 2015 to October 2015</b>	<b>Number of Invoices 2015-16</b>	<b>Value of invoices 2015-16</b>
Percentage of non-NHS trade invoices paid within target	99.80%	99.45%
Percentage of NHS trade invoices paid within target	100%	100%

#### 4. Secondary Care (and QIPP) Position

Data is now available up to the end of September but not fully validated. The Rotherham NHS Foundation Trust's (TRFT) levels of uncoded activity have remained static at 12% on average but with non elective activity improving further from 18% to 15.6% within that total.

Month 6 contract monitoring data received from the Trust shows a £0.3m under-performance against plan. We have adjusted this by £1.0m to show a £1.3m underspend as TRFT's contract monitoring system calculates the income due for un-coded activity at an average price. It does not adjust for short stay/same day admissions which are at a lower price. All uncoded activity is costed as an emergency admission hence the large adjustment.

TRFT's under-performance has increased by £0.66m in month to £1.1m year to date, made up of

- (a) £0.36m: This is due to 176 un-coded spells remaining at the freeze point for charging. The spells are all emergency admissions, mainly in General Medicine, Elderly Medicine and General Surgery
- (b) £0.30m: This is due to an update in the information regarding the year to date under-performance in planned care. Up to Month 6 estimate we were assuming the Trust would pull back all under-

performance to plan in day case and elective activity. We have now received information that Trauma & Orthopaedics, Ophthalmology and Urology will not pull back to plan, so have adjusted the figures to reflect the lower level of expenditure from now until the end of the year.

Given that TRFT are meeting their Referral to Treatment (RTT) targets currently, the CCG have assumed that there will be no problems with any specialties but have asked for assurance this will continue.

If trends continue we expect to see a £0.5m underspend against the TRFT contract. This is lower than the year to date position as we expect specific areas of activity to increase where they are currently under plan eg daycases.

Other secondary care contracts continue to overperform and in broadly the same areas as last month: Sheffield Childrens Hospital on outpatient follow up and non elective; Sheffield Teaching Hospital on excluded drugs and critical care; and Doncaster and Bassetlaw and Barnsley on non elective.

### QIPP Position

QIPP Plans	2015/16 YTD Plan	2015/16 YTD actual savings	Under/ (Over)- achievement	2015/16 Full Year Plan	2015/16 FOT savings	FOT Under/ (Over)- achievement
	£'000	£'000	£'000	£'000	£'000	£'000
Medicine Management	(1,119)	(1,119)	0	(1,919)	(1,919)	0
Unscheduled Care	(831)	(793)	38	(1,421)	(743)	678
Clinical Referrals	(3,062)	(3,798)	(736)	(5,205)	(6,059)	(854)
Mental Health	(295)	(295)	0	(506)	(506)	0
Corporate Services	(58)	(59)	(0)	(100)	(101)	(1)
<b>Total</b>	<b>(5,366)</b>	<b>(6,065)</b>	<b>(699)</b>	<b>(9,151)</b>	<b>(9,328)</b>	<b>(177)</b>

The QIPP position is assessed through contract monitoring information, currently being adjusted for levels of uncoded data at TRFT. This continues to pose a risk to the assessment of forecast outturn in particular.

- Clinical Referrals : **favourable** due to under-performance in day case and elective admissions overall, but predominantly at TRFT. The forecast outturn reported this month is double that of last month. This reflects new information provided by TRFT, which has allowed for a more detailed forecast reflecting casemix and volumes, at speciality level, to be made.
- Unscheduled Care : **adverse** reflecting emergency admissions overall above plan. The increase in activity seen in August is continuing across providers and expected casemix between long and short stay activity changing impacting the forecast outturn.

## 5. Other

### (a) Prescribing

The year-end forecast has been increased by a further £0.2m in month to £1.1m reflecting persistent trends in price and volume data. Prescribing spend is an area which is quite turbulent and forecasts vary based on the information available and quarterly rather than monthly data can give a more robust indication of actual trends. In depth Quarter 2 data was received only at the time of writing this report therefore further analysis will be provided next month. A high level breakdown of the current forecast outturn is provided below.

	Forecast outturn Variance (under)/Over spend £m
GP Prescribing	0.55
Community Nurse Prescribing	0.27
Central Prescribing charges	0.19
Prescribing projects ( Continence, Stoma, Enteral Feeds, Specialist feeds, Wound Care)	0.35
	1.35
Contract Rebates	(0.08)
Misc other income / underspends	(0.18)
TOTAL	1.10

GP Prescribing: In 9 of the last 12 years NHS Rotherham CCG (PCT) has had an annual prescribing cost growth below that of England and the Yorkshire & Humber average. As of August 2015, NHS Rotherham CCG's prescribing cost growth was 4.84%, the 4th highest in the Yorkshire and Humber region. As a consequence despite a healthy 5.23% increase in GP prescribing budgets the CCG is currently forecasting a circa £0.55m overspend at the end of the 2015/16 financial year. Analysis shows that approximately 50% of this cost growth is not linked to either volume or the introduction of new drugs but as a consequence of price increases in the net ingredient costs of a range of generic drugs.

Community Nurse Prescribing: These are the costs recharged from TRFT for nurse prescribing eg of dressings. In prior years these costs were capable of being absorbed within CCG's overall prescribing budget. If not prescribed by community nurses, these costs would be a further overspend against the GP prescribing line.

Central Prescribing charges: Increasing and reflecting the general price and volume trends and, as such, now overspending.

Prescribing Projects: These projects deliver net savings to the CCG, reducing GP prescribing spend by more than the cost of the projects. Two projects (continence £0.09m, wound care £0.25m) are however showing forecast outturn variances against budgets amount to £0.35m. This is due to budgets being set on 2014/15 forecast outturn levels but the schemes being more extensively rolled out. Budgets will be re-aligned as part of 2015/16 budget setting to rebase these schemes but in the meantime prescribing projects are showing as overspent with underspends in the GP Prescribing budget being masked by the overall pressure on that budget. Were these prescribing projects not in place, overall pressure on the GP Prescribing budget would be even greater.

*(b) Delegated Primary Care services*

NHS England continues to manage the financial transactions as the national systems have not been amended to facilitate CCGs to take over the processing of payments. The raw year to date position shows an underspend of £0.8m. Forecast outturn remains at breakeven reflecting an expectation of costs in the second part of the year from ongoing capital developments and uncertainty around the eventual position on business rates, NHS Property Services charges and the effect of seniority payments. The CCG has requested further discussion with NHSE regarding the forecast outturn.

*(c) Continuing Care*

Individual care packages are being reviewed more frequently by clinical teams to ensure that appropriate packages are in place. There are reductions in costs in some cases which has allowed resources to be made available to address the increased demand from new patients. There is also likely to be a provision at the end of this year for new appeals to CHC decisions. This is currently being assessed and the potential financial risk will be provided in future reports – it is not included in any forecasts at this stage.

As previously reported, anticipated costs for a specific individual package of care is included within the forecast outturn at £0.5m

(d) Centrally held Budgets

Include reserves for a small number of specific schemes and the 0.5% contingency monies.

## 6a. Operating Cost Statement (OCS)

	Prior Month		Year to Date			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
<b>Acute Services</b>								
Rotherham NHS Foundation Trust - Acute	(440)	(207)	81,115	80,007	(1,108)	137,838	137,282	(556)
Sheffield Teaching Hospitals NHS FT	9	12	12,780	12,841	62	21,798	21,823	24
Doncaster & Bassetlaw Hospitals NHS FT	152	389	5,640	5,835	194	9,631	9,972	342
Other NHS Contracts	273	352	2,174	2,420	246	3,731	4,105	374
Ambulance Services ( including PTS and 111)	(68)	(17)	6,025	5,855	(171)	10,329	10,312	(17)
Other Non NHS Acute Services	106	209	2,959	3,123	164	5,037	5,260	223
Other Non Contract (including NCA's)	21	42	1,058	1,083	25	1,814	1,856	42
<b>Sub total Acute Services</b>	<b>55</b>	<b>780</b>	<b>111,752</b>	<b>111,163</b>	<b>(588)</b>	<b>190,178</b>	<b>190,610</b>	<b>432</b>
<b>Mental Health &amp; Learning Disability</b>								
Rotherham, Doncaster & South Humber FT	0	0	17,917	17,917	0	30,715	30,715	0
Other Providers (Mental Health & LD)	96	142	1,864	1,979	114	3,196	3,384	188
<b>Sub total Mental Health &amp; LD</b>	<b>97</b>	<b>142</b>	<b>19,782</b>	<b>19,896</b>	<b>115</b>	<b>33,911</b>	<b>34,100</b>	<b>188</b>
<b>Community Services</b>								
Rotherham NHS Foundation Trust - Community	-	-	16,612	16,612	-	28,478	28,478	-
Rotherham Hospice	-	-	1,804	1,804	-	3,093	3,093	-
Other Providers (Community)	0	-	237	266	29	406	451	45
<b>Sub total Community Services</b>	<b>0</b>	<b>-</b>	<b>18,653</b>	<b>18,682</b>	<b>29</b>	<b>31,977</b>	<b>32,022</b>	<b>45</b>
<b>Primary Care</b>								
Prescribing	404	892	27,404	28,129	724	46,567	47,671	1,104
Commissioned Primary Care Services (Delegated)	(737)	-	19,988	19,174	(814)	34,265	34,265	-
Commissioned Primary Care Services (Other)	(91)	(325)	3,665	3,495	(170)	6,283	5,843	(440)
GP Information Technology	(17)	-	387	480	93	663	663	-
<b>Sub total Primary Care Services</b>	<b>(440)</b>	<b>567</b>	<b>51,444</b>	<b>51,278</b>	<b>(167)</b>	<b>87,778</b>	<b>88,442</b>	<b>664</b>
<b>Other Programme Services</b>								
Local Authority / Joint Services	53	106	6,681	6,746	65	11,416	11,522	106
Continuing Care & Free Nursing Care	(981)	(1,479)	13,950	12,810	(1,140)	22,312	21,261	(1,051)
Voluntary Sector Grants / Services	27	33	754	820	66	1,293	1,326	33
<b>Sub total Other Programme Services</b>	<b>(901)</b>	<b>(1,340)</b>	<b>21,385</b>	<b>20,376</b>	<b>(1,009)</b>	<b>35,021</b>	<b>34,109</b>	<b>(912)</b>
<b>Corporate</b>								
Corporate : Running Costs	(37)	70	3,228	3,202	(26)	5,534	5,464	(70)
Corporate : Non- Running Costs	5	11	1,293	1,198	(95)	2,198	2,209	10
<b>Sub total Corporate</b>	<b>(32)</b>	<b>(59)</b>	<b>4,521</b>	<b>4,400</b>	<b>(120)</b>	<b>7,733</b>	<b>7,673</b>	<b>(60)</b>
<b>Sub total - all areas</b>	<b>(1,222)</b>	<b>90</b>	<b>227,537</b>	<b>225,796</b>	<b>(1,741)</b>	<b>386,598</b>	<b>386,955</b>	<b>357</b>
<b>Central</b>								
Centrally held Budgets	1,222	(90)	1,548	3,288	1,741	2,690	2,333	(357)
Internal Planned Surplus	(1,838)	(3,676)	2,144	-	(2,144)	3,676	-	(3,676)
<b>Sub total Central</b>	<b>(616)</b>	<b>(3,765)</b>	<b>3,692</b>	<b>3,288</b>	<b>(403)</b>	<b>6,366</b>	<b>2,333</b>	<b>(4,033)</b>
<b>TOTAL FUNDS : AVAILABLE TO CCG FOR OPERATING ACTIVITIES</b>	<b>(1,838)</b>	<b>(3,676)</b>	<b>231,228</b>	<b>229,084</b>	<b>(2,144)</b>	<b>392,963</b>	<b>389,287</b>	<b>(3,676)</b>

## 6b. 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 CCG's 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 CCG's to express both of these numbers combined as a total for 2015/16 which is a total of £13.5m.

## 7. Risks to the Current Forecast for 2015/16

The table below gives a summary of the variability in the trends and information for the remainder of this financial year. This is reviewed each month and no significant overall risk is predicted as a result of these variables.

<b>RISKS TO FORECASTING OF 2015/16 POSITION</b>	<b>£m</b>
<b>Acute Services:</b>	
Uncoded activity at TRFT, impacting ability to accurately model finances.	0.5
Continuation of non elective volumes through Winter	0.3
<b>Mental Health Services:</b>	
Section 117 responsible commissioner regulations - changes to national guidance	1.0
<b>Primary Care:</b>	
Price volatility and increasing volumes presenting risk to forecast outturn.	0.3
Delegated Budget (£34.3m) - lack of full control and knowledge of transactions, affecting ability to robustly forecast but is potential a positive shift.	(0.9)
<b>Other Programme Services:</b>	
Continuing Healthcare – lack of information regarding financial impact and volume of legacy cases which will be settled in year, presenting issues with forecasting	0.3
<b>Contingency: Available to release against risks</b>	<b>(1.5)</b>
<b>Total</b>	<b>(0.1)</b>

## 8. Headline Risks for 2016/17

The table below sets out an initial assessment of potential risks for 2016/17 onwards.

	<b>2016/17</b>
<b>FUTURE RISKS/PRESSURES</b>	<b>£m</b>
Individual Care Packages	1.5
Section 117 - change of national guidance	2.0
Reduction in price efficiency in Tariff	2.5
Baseline growth for Non Elective admissions	0.9
Continuing Healthcare costs	1.0
Prescribing Cost and Volume Growth	1.0
Better Care Fund initiatives	1.0
<b>Total</b>	<b>9.9</b>

These will be discussed in the financial plan paper and development session planned for the new year. Planning guidance and allocations are expected on 21<sup>st</sup> December 2015.