

GOVERNING BODY 7 MARCH 2018

FINANCE AND CONTRACTING REPORT 2017/18

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Purpose:	
To provide an update to members on the financial and contracting performance position as at the 31 st January 2018 also referred to as Month 10.	
Background:	
The CCG's financial plan was approved at the April 2017 governing body meeting. This paper provides a financial summary against the key categories of expenditure together with the variance to date and the forecast variance for the end of the financial year.	
Analysis of key issues and risks	
<p>The CCG is forecasting the achievement of all financial obligations.</p> <p>There are areas of volatility such as prescribing, continuing healthcare and complex care. There are areas where the QIPP plans are at risk of not delivering in full however these are mitigated in part by QIPP schemes delivering above plan.</p> <p>Additional narrative is provided to support the financial information.</p>	
Patient, Public and Stakeholder Involvement:	
N/A	
Equality Impact:	
N/A	
Financial Implications:	
On plan.	
Human Resource Implications:	
N/A	
Procurement:	
N/A	
Recommendations:	
<p>Governing Body members are asked to note the current position and the additional commentary to support the operating cost statement.</p>	

1. Revenue Resource Allocation

NHS Rotherham CCG has been notified of a revenue resource allocation of £399.8m for operational purposes at month 10. During the month the CCG received additional resource allocations totalling £0.923m.

- £0.474m – Share of £2.8m transformation resource
- £0.261m – Primary care network funding
- £0.150m – Morbid Obesity
- £0.030m – BCF Support funding
- £0.008m – CYP IAPT trainee support costs

2. Cash

	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18
	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m
Monthly Cash drawings	31.0	28.5	33.0	29.0	31.5	29.0	27.0	27.0	29.0	34.0		
Ledger Cash Balance	0.4	0.1	2.9	5.1	6.2	6.1	3.6	4.2	4.2	11.0		
Cash Balance as a %	1.29%	0.35%	8.79%	17.59%	19.68%	21.17%	13.41%	15.56%	14.43%	32.35%		

CCGs are allocated a Maximum Cash Drawdown (MCD) figure from the NHSE Cash Management Team. The CCG has been notified of a revised MCD of £400.3m at month 10.

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.

	Number of invoices 2017-18	Value of invoices 2017-18
April 2017 to January 2018		
Percentage of non -NHS trade invoices paid within target	99.94%	99.86%
Percentage of NHS trade invoices paid within target	99.86%	99.99%

4. Reporting of Control Total

NHSE require CCGs to report a control total. The figures which are recognised for 2017-18 are set out in the table below comprising of; the £9.5m non-recurrent fund relating to the return of previous years' surpluses (pre-CCG), drawdown of £1.2m 'returned' from this £9.5m, the 1% surplus figure which all CCG's are obligated to achieve, and the 1% 'national risk reserve' which the CCG released in 2016-17.

	£'000
Previously banked surpluses	9,523
Agreed cash drawdown 2017/18	(1,200)
17/18 1% surplus	3,952
Add back 1% risk reserve 16/17	3,891
TOTAL	16,166

5. Operating Cost Statement (OCS)

The overall position for the CCG is shown below. Further details regarding significant variances are provided in the remainder of this report. Following guidance from NHSE in October, it is likely that the CCG will be instructed to contribute an additional £1.8m (being the 0.5% risk reserve held in the CCG's

central budgets as per the 2017/18 business rules) which will be reported as a surplus to the control total in section 4 above. This is not reflected in the table below as it is assumed to be dependent upon the national position which will be more certain in the final quarter of 2017/18.

As previously reported, all CCGs are in receipt of a letter from Paul Baumann setting out the potential treatment of the savings from Category M drugs on the CCG's control total. Assumptions have been adjusted for prudently in the forecast outturn and this may impact on the final surplus for 2017/18.

	Prior Month		Year to Date (Month 10)			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	(169)	180	116,419	116,385	(35)	139,800	139,980	180
Sheffield Teaching Hospitals NHS FT	570	685	18,439	19,152	713	22,065	22,823	758
Doncaster & Bassetlaw Hospitals NHS FT	(334)	(389)	8,479	8,130	(349)	10,159	9,756	(403)
Other NHS Contracts	153	203	3,309	3,542	233	4,008	4,315	306
Ambulance Services (including PTS and 111)	(14)	(11)	9,075	9,083	8	10,852	10,842	(10)
Other Non NHS Acute Services	137	191	2,645	2,791	147	3,068	3,286	218
Other Non Contract (including NCA's)	(33)	53	1,692	1,710	18	2,030	2,142	111
Sub total Acute Services	310	912	160,057	160,793	736	191,983	193,143	1,160
Mental Health & Learning Disability								
Rotherham, Doncaster & South Humber FT	45	80	24,992	25,059	67	29,991	30,081	90
Other Providers (Mental Health & LD)	710	867	4,710	5,510	800	5,652	6,610	959
Sub total Mental Health & LD	755	947	29,702	30,569	867	35,642	36,692	1,049
Community Services								
Rotherham NHS Foundation Trust - Community	0	0	24,317	24,317	0	29,181	29,181	0
Rotherham Hospice	0	0	2,609	2,609	(0)	3,130	3,130	0
Other Providers (Community)	(5)	12	172	186	14	206	218	12
Sub total Community Services	(5)	12	27,098	27,112	14	32,518	32,530	12
Primary Care								
Prescribing	(512)	(682)	41,367	40,455	(912)	49,641	48,546	(1,095)
GP Primary Care Services (Primary Care Committee)	(442)	(600)	31,894	31,327	(568)	38,275	37,528	(748)
Commissioned Primary Care Services (Other)	(82)	(133)	1,347	1,255	(92)	1,616	1,558	(58)
GP Information Technology	(42)	0	591	577	(14)	710	710	0
Sub total Primary Care Services	(1,078)	(1,415)	75,199	73,614	(1,586)	90,242	88,341	(1,901)
Other Programme Services								
Local Authority / Joint Services	(38)	0	9,155	9,108	(47)	10,986	10,986	0
Continuing Care & Funded Nursing Care	952	1,292	17,305	18,248	943	20,766	21,915	1,149
Voluntary Sector Grants / Services	0	(5)	1,389	1,385	(4)	1,670	1,665	(5)
Sub total Other Programme Services	913	1,287	27,849	28,741	892	33,422	34,566	1,144
Corporate								
Corporate : Running Costs	(601)	(558)	4,543	4,043	(500)	5,473	4,873	(600)
Corporate : Non- Running Costs	(5)	(77)	2,243	2,146	(97)	2,703	2,472	(231)
Sub total Corporate	(607)	(635)	6,786	6,189	(597)	8,175	7,344	(831)
Sub total - all areas	289	1,108	326,692	327,017	326	391,982	392,616	634
Central								
Centrally held Budgets	(202)	(1,108)	4,438	4,113	(326)	6,000	5,366	(634)
0.5 % Risk Reserve uncommitted	0	0	0	0	0	1,794	1,794	0
Sub total Central	(202)	(1,108)	4,438	4,113	(326)	7,794	7,160	(634)
TOTAL (Surplus)/ Deficit	87	0	331,130	331,130	(0)	399,776	399,776	0

6. Acute Services

6.1. The Rotherham Foundation Trust (TRFT)

Based on the unvalidated month 9 data a £0.17m over-performance is forecast for year end. The data available indicates a £0.04m under-performance year to date. However TRFT's data includes uncoded (U codes) activity (7160 spells) for month 9 flex, which creates issues with both assessing and valuing the likely chargeable activity at the freeze date. Previously TRFT's system calculated income due for un-coded activity based on the HRG with the highest activity in the previous month. The Trust is now using a different method that apportions the U Codes across all activity. The CCG are monitoring this to ensure it is more in line with what is charged when the activity is coded at freeze. A summary of the TRFT contract position at month 9 is set out below:

TRFT Acute Contract	OCS YTD Variance £m	Activity			
		Apr-Dec 2016	Apr-Dec 2017	Year on Year +/-	% +/-
AandE	(0.3)	56,238	55,242	(996)	-1.8%
Assessments	0.4	6,034	6,965	931	15.4%
Emergency Admissions	1.7	14,955	15,467	512	3.4%
Outpatient First Attendances	(0.1)	42,007	42,861	854	2.0%
Outpatient Follow up Attendances	1.0	103,138	106,668	3,530	3.4%
Day Case & Elective	(0.5)	19,217	18,913	(304)	-1.6%
Maternity Pathway	(0.3)	4,592	4,339	(253)	-5.5%
Other	0.1				
Contract Adjustments (e.g. OP ratios/UECC block)	(2.0)				
Total	(0.0)	246,181	250,455	4,274	1.7%

- (i) **A&E attendances** are down against plan and against last year's activity. There is a block contract agreement for all emergency activity; this is therefore adjusted back to plan.
- (ii) **Assessments and emergency admissions** are £2m over plan which has been adjusted back to plan in line with the block contract agreement. The year on year activity increase of 3.4% is predominantly Paediatric activity.
Action: TRFT colleagues took an action to correct the classification of the admissions that should be assessments this is now reflected in the 2018/19 plan.
- (iii) **Outpatient first attendances** are slightly up against plan and 2.0% up against last year. This appears to be in Ophthalmology and Dermatology but the overall year on year increase is in line with the growth included in the contract.
- (iv) **Outpatient follow-up attendances** are £1m up against plan; a £0.7m reduction on the contract adjustment line has been made for the specialties that are above the contracted ratios. The remaining over-performance is in several specialties.
Action taken: RCCG has contracted again at these ratio levels in 2018/19.
- (v) **Day Case & Elective activity** is still under plan in Urology. TRFT has requested a further adjustment to outpatient procedures for the introduction of the best practice tariff. This will bring the under-performance down. This will be addressed in the 2018/19 contract. By adjusting for the under-performance in Urology, the over-performance against plan is £1.2m. In the main this relates to General Surgery and T&O. Month 9 reporting on clinical thresholds (see below) is showing a reduction, but not the reduction contracted for, particularly hip and knee replacement, gallstones and inguinal hernias in adults which fall under these specialties. The audits are now complete and show that 30.5% of hip and knee replacements, 18% ganglion and 13% carpal tunnel syndrome did not comply with the clinical threshold policy, this has therefore been deducted and included in the above position. All other audits showed compliance.
- (vi) **Other** – no significant issues to report.

6.2. Other secondary care contracts

There is access to month 9 flex data for all other secondary care contracts showing an over-performance of £0.7m against plan, mainly in day case and elective activity. This is predominantly Sheffield Teaching Hospitals and linked to the changes resulting from HRG4+. Month 9 reporting on clinical thresholds below (all contracts) is showing that although there has been a reduction, it isn't the reduction contracted for. Care UK, BMI and One Health are over-performing by £0.27m, £0.19m of this is Clinical Thresholds.

Other Acute Contract	OCS YTD Variance £m	Activity			
		Apr-Dec 2016	Apr-Dec 2017	Year on Year +/-	% +/-
AandE	0.0	12,469	12,434	(35)	-0.3%
Assessments	(0.0)	225	220	(5)	-2.3%
Emergency Admissions	0.1	2,959	3,057	99	3.3%
Outpatient First Attendances	0.1	14,792	13,045	(1,747)	-11.8%
Outpatient Follow up Attendances	0.3	36,506	36,888	382	1.0%
Day Case & Elective	0.6	8,930	9,415	485	5.4%
Maternity Pathway	(0.0)	573	548	(25)	-4.4%
Other	(0.3)				
Contract Adjustments (e.g. OP ratios/UECC block)	0.0				
Total	0.7	76,454	75,607	-847	-1.1%

6.3. April to December 17 Clinical Threshold Position

Clinical Thresholds are showing a reduction in all areas but not the reductions that were expected at this point, particularly in gallstones, hip and knee replacement and inguinal hernias in adults. This is consistent with the over-performance at TRFT and other contracts.

Action taken: All audits are now complete and have been signed off through CRMC by both RCCG and TRFT. The outcome of the audits has been reflected in the activity and financial forecast against these procedures within the TRFT contract.

Procedure	Spells Meeting Threshold Criteria				
	2016/17	2017/18	Increase/ (Decrease)	% Increase/ (Decrease)	Required Reduction
Carpal Tunnel Syndrome	239	187	-52	-22%	-40%
Cataract Surgery	1,470	1,399	-71	-5%	-30%
Dupuytren's Contracture	80	59	-21	-26%	-20%
Asymptomatic Gallstones	210	173	-37	-18%	-100%
Ganglion	57	46	-11	-19%	-100%
Hip and Knee Replacement	568	567	-1	0%	-25%
Inguinal hernias in adults	333	270	-63	-19%	-50%
Trigger Finger	58	33	-25	-43%	0%
Grand Total	3,015	2,734	-281	-9%	

7. Mental Health & Learning Disabilities

7.1. RDaSH

The CCG holds a block contract with RDaSH generally will not show any variance. Separate to this is a budget to fund Section 117 placements which have a forecast overspend of £0.1m.

7.2. Other Providers (Mental Health and LD)

Clinical plans are in place to review and assess patients to ensure that the most appropriate packages are commissioned. Financial forecasts are made on the basis of current clinical expectation regarding the intensity and length of placements. A number of brain injury patients are expected to remain in their current placements for this financial year and a high cost LD patient is currently forecast to remain for the full year.

8. Prescribing

- 8.1.** The latest dataset for the Prescriptions' Pricing Department (PPD) is based on 8 months of prescriptions and is still very volatile therefore forecasting an accurate year end position is challenging. The Medicines Management QIPP schemes are performing above plan by £0.4m.
- 8.2.** As previously reported, most QIPP schemes are well progressed but national shortages in specific items are contributing to increased costs throughout the year and leading to some pharmacies experiencing considerable supply challenges at the moment. There are traditionally around 10 drugs declared as "No Cheaper Stock Obtainable" (NCSO) but more recently this has been 65 drug lines including high volume drugs such as the most commonly prescribed migraine and antipsychotic drugs. This is currently estimated as a pressure of £1.9m in 2017/18. The forecast outturn position accounts for this prudently but the extent to which the full pressure is recognised in national monitoring data is less clear and a risk to the prescribing envelope.
- 8.3.** Supply problems and drug shortages are an ongoing issue. Very little manufacturing is UK based and pharmaceuticals are priced in Dollars and Euros therefore if UK sterling continues to lose value then the drug tariff prices may not be sustainable.

9. Continuing Care and Funded Nursing Care - there are no significant movements this month.

10. 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 £38m - the Primary Care Committee is responsible for this allocation.

Over the last 2 years, the CCG has worked with GP Practices to agree PMS Reinvestment Local LES schemes capable of reinvesting funds back into Rotherham GP Practices, for delivery of agreed outputs. The reported underspend is largely attributable to a combination of the reinvestment LES and the CCG's more mature schemes - particularly the Over 75s LES. The table below summarises the position and the financial position is considered in more detail at the Primary Care Committee.

Area of Spend	2017-18 Budget (Approved May PCC)	Variance as at January M10	Forecast Outturn Variance
	£m	£m	£m
		<i>(under)/overspend</i>	
CQC and Indemnity Fees	0.35	(0.05)	(0.06)
Enhanced Services	3.70	0.48	0.59
General Practice - APMS	0.76	0.02	0.01
General Practice - GMS	4.07	0.02	0.01
General Practice - PMS	21.02	(1.30)	(1.52)
Other GP Services	0.86	0.11	0.07
Other premises costs	0.63	0.01	0.01
Premises Cost Reimbursement	3.13	0.04	0.00
QOF	3.38	0.04	0.05
Central Budgets *	0.11	0.07	0.09
Total	38.00	(0.57)	(0.75)

11. Centrally held budgets

Predominantly budgets for the 0.5% contingency and the non-recurrent 0.5% risk reserve as instructed by NHS England.

12. Quality, Innovation, Productivity and Prevention (QIPP) Position

Further to discussions at the July governing body, the QIPP performance is now covered by a new report which aims to review both the operational progress as well as the financial impact.

13. Risks to the current Forecast for 2017-18

All of the key risks are accounted for in the forecast therefore no further impact is anticipated.