

GOVERNING BODY 2 MAY 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 March 2018 also referred to as Month 12.	
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 has achieved 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 have not delivered in full however these have been mitigated by QIPP schemes delivering above plan. QIPP schemes have overperformed by £0.1m.</p> <p>Additional narrative is provided to support the financial information, including an update at section 5 confirming the required treatment of a number of items at year end following receipt of further instruction from NHSE nationally.</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 is 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 £400.3m for operational purposes at month 12. During the month the CCG received additional resource allocations totalling £0.457m.

- £0.112m – Primary Care at scale
- £0.312m – Escalation Management System
- £0.003m – TPP reconciliation M12
- £0.030m – ECDS Early adopters

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	30.0	22.3
Ledger Cash Balance	0.4	0.1	2.9	5.1	6.2	6.1	3.6	4.2	4.2	11.0	4.8	0.025
Cash Balance as a %	1%	0%	9%	18%	20%	21%	13%	16%	14%	32%	16%	0.1%

CCGs are allocated a Maximum Cash Drawdown (MCD) figure from the NHSE Cash Management Team. The CCGs final notified MCD for 2017-18 was £400.8m.

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 March 2018		
Percentage of non -NHS trade invoices paid within target	99.95%	99.89%
Percentage of NHS trade invoices paid within target	99.89%	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 £9.8m non-recurrent fund relating to the return of previous years' surpluses (pre-CCG), drawdown of £1.2m 'returned' from this £9.8m, 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	9,832
Agreed cash drawdown 2017/18	(1,200)
Add back 1% surplus	3,643
Add back 1% risk reserve 16/17	3,891
TOTAL c/fwd to 18/19	16,166

5. Operating Cost Statement (OCS)

The overall position of a £2.3m surplus is shown below. Further details regarding significant variances are provided in the remainder of this report.

In a letter dated 20 March 2018 NHSE have confirmed the CCG is required 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) to offset wider system pressures. This is reported in month 12 as an underspend against central budgets and will show as a surplus. NHSE have also confirmed the Category M rebate currently being held centrally will be returned to CCG's in-year adding a further £0.5m to the surplus.

	Prior Month		Year to Date (Month 12)		
	Variance to Date	Forecast Outturn Variance	Budget	Actual	Variance to Date
	£'000	£'000	£'000	£'000	£'000
Acute Services					
Rotherham NHS Foundation Trust - Acute	(248)	179	142,414	142,668	254
Sheffield Teaching Hospitals NHS FT	675	773	22,065	22,609	544
Doncaster & Bassetlaw Hospitals NHS FT	(368)	(400)	10,159	9,964	(195)
Other NHS Contracts	274	313	4,008	4,105	97
Ambulance Services (including PTS and 111)	(68)	(85)	10,852	10,729	(123)
Other Non NHS Acute Services	118	95	3,068	3,359	291
Other Non Contract (including NCA's)	26	113	2,029	2,118	89
Sub total Acute Services	410	988	194,596	195,553	957
Mental Health & Learning Disability					
Rotherham, Doncaster & South Humber FT	73	90	30,478	30,569	91
Other Providers (Mental Health & LD)	891	972	5,652	6,060	408
Sub total Mental Health & LD	965	1,062	36,130	36,629	499
Community Services					
Rotherham NHS Foundation Trust - Community	0	0	29,240	29,239	(1)
Rotherham Hospice	(0)	0	3,508	3,498	(10)
Other Providers (Community)	15	12	206	228	22
Sub total Community Services	15	12	32,954	32,965	11
Primary Care					
Prescribing	(1,472)	(1,644)	49,641	47,782	(1,858)
GP Primary Care Services (Primary Care Committee)	(559)	(782)	38,474	38,575	101
Commissioned Primary Care Services (Other)	(110)	9	2,600	2,682	82
GP Information Technology	(14)	0	804	708	(96)
Sub total Primary Care Services	(2,155)	(2,418)	91,519	89,748	(1,771)
Other Programme Services					
Local Authority / Joint Services	(45)	(5)	10,787	10,759	(29)
Continuing Care & Funded Nursing Care	1,106	1,217	20,766	22,585	1,819
Voluntary Sector Grants / Services	(5)	(5)	2,003	1,998	(5)
Sub total Other Programme Services	1,055	1,207	33,556	35,342	1,786
Corporate					
Corporate : Running Costs	(536)	(575)	5,473	4,815	(658)
Corporate : Non- Running Costs	(84)	(247)	3,044	2,977	(67)
Sub total Corporate	(619)	(821)	8,517	7,792	(725)
Sub total - all areas	(329)	30	397,272	398,028	757
Central					
Centrally held Budgets	333	(30)	1,279	(19)	(1,298)
0.5 % Risk Reserve uncommitted	0	0	1,794	0	(1,794)
Sub total Central	333	(30)	3,073	(19)	(3,092)
TOTAL (Surplus)/ Deficit	4	(0)	400,345	398,010	(2,335)

6. Acute Services

6.1. The Rotherham Foundation Trust (TRFT)

A summary of the TRFT contract position at month 12 is set out below:

TRFT Acute Contract	OCS YTD Variance £m	Activity			
		Apr-Feb 2017	Apr-Feb 2018	Year on Year +/-	% +/-
AandE	(0.8)	68,297	63,780	(4,517)	-6.6%
Assessments	1.0	7,073	9,512	2,439	34.5%
Emergency Admissions	1.8	18,350	18,653	303	1.6%
Outpatient First Attendances	(0.2)	50,802	51,744	942	1.9%
Outpatient Follow up Attendances	1.3	126,435	131,254	4,820	3.8%
Day Case & Elective	(0.9)	23,499	23,152	(347)	-1.5%
Maternity Pathway	(0.3)	5,618	5,385	(233)	-4.1%
Other	1.5				
Contract Adjustments (e.g. OP ratios/UECC block)	(2.9)				
Total	0.2	300,074	303,480	3,405	1.1%

- (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 £2.8m over plan which has been adjusted back to plan in line with the block contract agreement. The year on year activity increase of 1.6% is predominantly Paediatric activity.
- (iii) **Outpatient first attendances** are slightly down against plan and 1.9% up against last year. This appears to be in Ophthalmology, T & O 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 £1.3m up against plan; a £0.94m 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.
- (v) **Day Case & Elective activity** is £0.9m under plan with the majority in Urology. This is as a result of the introduction of the best practice tariff that moves the activity to outpatient procedures. This has been addressed in the 2018/19 contract.
- (vi) **Other** – no significant issues to report.

6.2. Other secondary care contracts

All other secondary care contracts are showing an over-performance of £0.5m against plan mainly in day case and elective activity. This is predominantly Sheffield Teaching Hospitals and linked to the changes resulting from HRG4+. Current 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 £0.44m, £0.3m of this is Clinical Thresholds.

Other Acute Contract	OCS YTD Variance £m	Activity			
		Apr-Feb 2017	Apr-Feb 2018	Year on Year +/-	% +/-
AandE	0.0	15,142	15,302	160	1.1%
Assessments	(0.0)	296	279	(17)	-5.7%
Emergency Admissions	0.2	3,600	3,925	325	9.0%
Outpatient First Attendances	0.1	18,130	16,681	(1,449)	-8.0%
Outpatient Follow up Attendances	0.4	44,889	47,768	2,879	6.4%
Day Case & Elective	0.6	10,915	12,106	1,190	10.9%
Maternity Pathway	0.0	709	726	17	2.5%
Other	(0.7)				
Contract Adjustments (e.g. OP ratios/UECC block)	0.0				
Total	0.5	93,681	96,787	3,107	3.3%

6.3. April to January 18 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	284	236	-48	-17%	-40%
Cataract Surgery	1,779	1,799	20	1%	-30%
Dupuytren's Contracture	99	74	-25	-25%	-20%
Asymptomatic Gallstones	256	209	-47	-18%	-100%
Ganglion	67	50	-17	-25%	-100%
Hip and Knee Replacement	669	727	58	9%	-25%
Inguinal hernias in adults	405	331	-74	-18%	-50%
Trigger Finger	65	39	-26	-40%	0%
Grand Total	3,624	3,465	-159	-4%	

7. Mental Health & Learning Disabilities

7.1. RDaSH

The CCG holds a block contract with RDaSH which is unlikely to 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 remain in their current placements and a high cost LD patient will remain in the short term.

8. Prescribing

- 8.1. The latest dataset for the Prescriptions' Pricing Department (PPD) is based on 10 months of prescriptions and is still very volatile. The Medicines Management QIPP schemes are performing above plan by £0.3m.
- 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 £1.6m in 2017/18. The outturn position accounts for this prudently but the extent to which the full pressure is recognised in national monitoring data is less clear and therefore a risk to the prescribing envelope in 2018/19.
- 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 and all known cases are fully accounted for in the figures being shown.

10. GP Primary Care services

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 two 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 which is considered in more detail at the Primary Care Committee.

Area of Spend	2017-18 Budget (Approved May PCC)	Variance as at M12
	£m	£m
		<i>(under)/overspend</i>
CQC*	0.20	(0.06)
Enhanced Services	3.70	1.03
General Practice - APMS	0.76	(0.01)
General Practice - GMS	4.07	0.05
General Practice - PMS	21.02	(1.53)
Other GP Services	0.86	0.16
Other premises costs	0.63	0.01
Premises Cost Reimbursement	3.13	0.08
QOF	3.38	0.19
Central Budgets *	0.00	0.00
Non Recurrent other GP Services*	0.25	0.18
Total	38.00	0.10

*The indemnity budget and the central budget have been transferred to fund non recurrent other GP services in month 12.

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

QIPP performance is covered by a separate report which aims to review both the operational progress as well as the financial value of performance.

13. Risks to the forecast for 2017-18

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