

Date:	Meeting:
Item No.	
Public <input checked="" type="checkbox"/>	Private <input type="checkbox"/>

REPORT TITLE: Finance Report Month 2 2016-17
DECISIONS TO BE MADE:
The Governing Body is requested to note and receive this report.

Author Bill Lovell : Deputy CFO
GB Lead Keiran Lappin : Interim CFO

Continue to improve the quality of services	Improve patient experience
Reduced unwarranted variations in services	Reduce the inequalities gap in North Lincolnshire
Deliver the best outcomes for every patient	Statutory/Regulatory

Executive Summary (Question, Options, Recommendations):

The CCG is facing a significant challenge in 2016/17 to meet its financial targets, and the CCG's main priorities will be to:

- Deliver robust contract monitoring of all contracts (but especially of All Acute hospital contracts, and for NLAG in particular).
- Implement, develop and monitor sufficient QIPP scheme savings in 2016/7, to mitigate any contract over-trades which materialise.

The Governing Body is requested to note and receive this report.

Equality Impact	N	
Sustainability	N	
Risk	Y	See Appendix 3
Legal	Y	Progress report on meeting Statutory Financial Duties
Finance	Y	Finance update based on Month 2 2016/17 initial data

Patient, Public, Clinical and Stakeholder Engagement to date									
	N/A	Y	N	DATE		N/A	Y	N	DATE
Patient:					Clinical:				
Public:					Other:				

FINANCE REPORT 2016/17: FOR THE YEAR TO DATE ENDING
31 MAY 2016 (PERIOD 2)

1) Executive Summary

- At Month 2, the CCG's first financial information of 2016/17 indicates that the CCG is currently on course, in the absence of further action, for a year end overspend of circa £4.416 million (See **Appendix 1** for details).
- However, it is important to note that action is being taken (as outlined below) to address this overspend, so that the CCG meets its financial duties for 2016/17.
- Aside from provisional Contract monitors for Hospital services, the CCG is still awaiting formal details of financial performance in a number of key areas including Prescribing as well as for Acute hospital services.
- The CCG's ability to meet its financial targets in 2016/17 will be primarily reliant on the following key factors:
 - Delivery of the CCG's existing QIPP programme.
 - Sound contract management of all acute contracts but especially the NLAG contract.
 - The identification of further QIPP extensions to meet the potential cost pressure that has resulted from the NLAG contract settlement, post arbitration.

2) Key Points

1. Achievement of Statutory Targets.

As a result of the initial failure to agree a contract with NLAG NHS FT, prior to embarking on an arbitration settlement, the CCG now possesses the following contract with NLAG:

- Contract Floor	£99.4m
- Indicative Contract Value	£106.8m
- Contract Ceiling	£108.9m

The CCG's delivery of its financial targets in 2016/17, is explicitly based on achieving a year end contract outcome of £99.4m with NLAG.

In order to curtail NLAG expenditure to as close to £99.4m as possible, the CCG is adopting formal contract management procedures in respect of the NLAG NHS FT contract.

In particular, this will mean that payments will be made strictly in accordance with the NHS standard contract, based on national (SuS) data flows with all relevant contract penalties enacted and deducted.

2. QIPP.

Though Acute contract penalties will assist the CCG in reducing its expenditure down to levels that are compatible with achieving financial balance, they will not be sufficient in themselves to achieve this goal.

Attached at **Appendix 2** is the list of existing QIPP schemes which the CCG developed for the start of 2016/17. **Appendix 3** details the QIPP extensions that will be required to:

- Replace (in full or part) any QIPP schemes which fail to deliver in 2016/17 as originally planned.
- Replace (in full or in part) any QIPP schemes which require joint working with NLAG in particular, where agreement on implementation fails to occur in practice.
- Bridge any potential increase in PBR (Payment By Results) activity which threatens to take the CCG's contract value with NLAG in excess of affordable limits.

In 2015/16 it is important to recall that the CCG's QIPP programme significantly failed to deliver cash releasable savings, and it is vital that the 2016/17 QIPP programme is successful for the CCG to stand any change of reaching its financial targets.

The CCG should begin to receive robust financial information from Month 3 of 2016/17, and it is important that QIPP progress is explicitly monitored.

3. Conclusion & Recommendation

The CCG is facing a significant challenge in 2016/17 to meet its financial targets, and the CCG's main priorities will be to:

- Deliver robust contract monitoring of all contracts (but especially of All Acute hospital contracts, and for NLAG in particular).
- Implement, develop and monitor sufficient QIPP scheme savings in 2016/7, to mitigate any contract over-trades which materialise.

The Governing Body is requested to note and receive this report.

NORTH LINCOLNSHIRE CCG - COMMISSIONING OPERATING COST STATEMENT 2016/17

COMMISSIONED SERVICES

1 ACUTE SERVICES

1	Northern Lincolnshire & Goole Hospitals NHS FT
2	Hull & East Yorkshire NHS Trust
3	Doncaster & Bassetlaw NHS FT
4	Sheffield Teaching Hospitals NHS FT
5	Sheffield Children's Hospital NHS FT
6	United Lincolnshire Hospitals NHS Trust
7	Leeds Teaching Hospitals NHS Trust
8	East Midlands Ambulance Trust
9	Other Secondary & Tertiary Care Services
10	Exclusions / Non-Contract Activity
11	Resilience

2 MENTAL HEALTH

12	Rotherham, Doncaster & South Humberside Foundation Trust
----	--

3 COMMUNITY HEALTH SERVICES

13	NLAG Community Services
14	Other Community Based Services
15	Hospices
16	Voluntary Sector

4 SERVICES FOR VULNERABLE PEOPLE

17	CHC Adult Fully Funded
18	CHC Adult Joint Funded
19	CHC Assessment & support
20	CHC Children
21	Funded Nursing Care & Other Care Packages
22	Mental Health Out of Area
23	Learning Disabilities
24	Mental Health Pooled Budget
25	Learning Disabilities Pooled Budget

5 PRIMARY CARE SERVICES

26	Prescribing Costs *
27	Central Drugs
28	Out Of Hours Service
29	Home Oxygen Costs
30	Local Enhanced Services
31	Primary Care IT

6 OTHER PROGRAMME SERVICES

32	Pay
33	Patient Transport
34	NHS Property Services
35	NHS 111
36	Other Programme Non Pay
37	Contingency
38	Headroom
39	Reserves

7 RUNNING COSTS

40	Including CSU Recharges
----	-------------------------

YEAR TO DATE - MAY 2017			FULL YEAR FORECAST 2016/17		
LATEST BUDGET	ACTUAL	VARIANCE	LATEST BUDGET	ACTUAL	VARIANCE
£ 000s	£ 000s	£ 000s	£ 000s	£ 000s	£ 000s
13,917	14,653	736	83,503	87,917	4,414
1,859	1,859	0	11,157	11,157	0
573	553	(20)	3,439	3,439	0
212	212	0	1,271	1,271	0
74	74	0	443	443	0
143	130	(13)	858	858	0
132	132	0	791	791	0
865	865	0	5,193	5,193	0
309	327	18	1,854	1,854	0
414	405	(9)	2,482	2,482	0
185	185	0	1,110	1,110	0
18,683	19,395	712	112,101	116,515	4,414
2,232	2,269	37	13,390	13,390	0
2,232	2,269	37	13,390	13,390	0
2,868	2,868	0	17,207	17,207	0
575	640	64	3,453	3,453	0
173	173	0	1,040	1,040	0
0	0	0	0	0	0
3,617	3,681	64	21,700	21,700	0
1,925	1,929	4	11,549	11,549	0
320	318	(2)	1,922	1,922	0
111	110	(1)	666	666	0
102	85	(16)	609	609	0
126	106	(20)	757	757	0
688	710	22	4,128	4,128	0
235	237	2	1,411	1,411	0
68	78	10	409	409	0
9	9	0	51	51	0
3,584	3,582	(1)	21,502	21,502	0
5,092	5,157	65	30,554	30,554	0
126	122	(4)	756	756	0
0	0	0	0	0	0
79	76	(2)	471	471	0
198	197	(1)	1,191	1,191	0
89	89	0	532	532	0
5,584	5,642	58	33,504	33,504	0
19	8	(11)	113	113	0
270	270	0	1,618	1,618	0
20	50	30	119	119	0
57	57	0	340	340	0
1,233	1,228	(5)	7,401	7,401	0
0	0	0	1,125	1,125	0
0	0	0	2,170	2,170	0
0	0	0	1,874	1,874	0
1,598	1,613	14	14,760	14,760	0
628	628	0	3,767	3,767	0
628	628	0	3,767	3,767	0
0	0	0	2,230	2,230	0
35,926	36,810	885	222,954	227,368	4,414
0	-885	0	0	-4,414	0

NORTH LINCOLNSHIRE CCG : QIPP / BCF SUMMARY SAVINGS PLAN 2016/17

1) NON ELECTIVE ADMISSIONS

SCHEME IMPACT 2016/17		
Gross	Investment	Net
£000s	£000s	£000s

1) Rapid Access Time Limited (RATL) LEAD: Helen Childs (BCF) Community Based Team focussing on admission prevention. Business case outlines to avoid 1.2 admissions per day based on average 4 day length of stay patients. All based on General Medicine patients.	(680)	498	(182)
2) Frail Elderly Assessment Unit (FEAST) & Older Peoples Mental Health Liaison OPMH@LEAD: Helen Childs (BCF) To reclassify Inpatient admissions to assessments as these patients will be treated as part of a chair based assessment. Estimate impact 2 patients per day all General Medicine patients based on a 2 day LOS cohort. Also assumes that this will effectively discharge patients avoiding prolonged length of stay thus incurring excess bed day costs in many cases. Estimated at 973 days.	(1,355)	1,477	122
3) EMAS Pathway / Fall Prevention LEAD: Helen Childs (BCF) / Julie Killingbeck EMAS Response (predominantly Falls and UTIs). Full A&E and Spell avoidance and length of stay at 7 days (no XS days) Activity based on business case. A&E Cost based on £91 low level attendance cost as per PA modelling Spread across specialties with Majority general med 70%, 20% T&O and 10% Urology	(377)	0	(377)
4) Care Home Liaison / Telehealth LEAD: Helen Childs (BCF) Avoid 1 admission per day (source care home) and 2 A&E Attends at £91 as per PA modelling. Assumed these patients have an estimated 2 day length of stay in General Medicine.	(509)	0	(509)
5) Locality Teams LEAD: Helen Childs (BCF) The Locality Teams modelling based on 1-2 admissions per day avoided in General Medicine Spells* Investment shown is for all remaining BCF schemes with NLAG not just ILT	(705)	721	16
6) Care Networks LEAD: tbc Stretch reduction of Non-Elective activity for 1617 based on the impact of the Primary Care Networks.	(898)	0	(898)
7) 7 Day Social Worker LEAD: Helen Childs (BCF) As part of the original PA modelling the impact of the effecting discharge of patients reducing Excess Bed Days. Reallocated some of the impact of this scheme into the OPMH so reduced to	(314)	0	(314)
8) Respiratory Redesign LEAD: Rebecca Bowen As per current re-specification (Does include Elective Outpatients) >19 years COPD and Adult Asthma and associated outpatient attendances	(159)	73	(87)

(4,996)	2,769	(2,228)
----------------	--------------	----------------

2) ELECTIVE / PLANNED ADMISSIONS

9) Diabetes Super 6 Lead: Rebecca Bowen As per specification and current modelling. Amended as per more recent Month 8 data shows a smaller cohort in the baseline. 50% of follow up activity and 10% of news (2/3rd of the gross saving to be re-invested into NLAG to support education and PC support and 1/3 invested into primary care LES	(81)	81	0
10) Outpatient Reviews Lead: Jane Ellerton As per 1516 specification and current modelling.	(1,910)		(1,910)
11) Outpatient First Attendances: Consultant Connect Lead: Julie Killingbeck As per areas in Consultant Connect evidence base, assumption made of these specialties. 15% of Outpatient First Attends Costed at £23 Telephone tariff	(531)	79	(452)
12) Commissioning Intentions - SUBJECT TO REFINEMENT Move TURBTs and Kidney Fragmentation to expected. Move Lucentis Injections to expected by delivering excess in PC/OP setting. Take roughly 70% of Joint Injections into PC/OP setting	(336)		(336)
13) Gastroscopy Reductions Lead: Rebecca Bowen Return to 14/15 outturn levels based on unexpected increase in Q4, Q1	(141)		(141)

(2,998)	160	(2,839)
----------------	------------	----------------

3) OTHER NON HOSPITAL SCHE

14) Prescribing	(614)		(614)
15) Continuing Health Care	(304)		(304)
16) Other	(33)		(33)
17) Mental Health & LD - Out of Area Risk / Gain Share with RDASH	TBC	TBC	TBC
	(951)	0	(951)
TOTAL	(8,945)	2,928	(6,017)
POST ARBITRATION QIPP EXTENSIONS	(507)	0	(507)
REVISED TOTAL	(9,452)	2,928	(6,524)

NORTH LINCOLNSHIRE CCG - RISKS & OPPORTUNITIES AT MAY 2016/17

2016/17

Risks	Full Risk Value 15 £'000	Probability of risk being realised 15 %	Potential Risk Value 15 £'000	Proportion of Total 15 %	Commentary 15
CCGs					
Acute SLAs	4,280	50.0%	2,140	28.3%	Includes £1.239m of expenditure related to Re-admissions Plus impact of increasing Elective Activity Growth (including Outpatients by 2% upto 3%).
Community SLAs			-	0.0%	
Mental Health SLAs	1,464	50.0%	732	9.7%	
Continuing Care SLAs			-	0.0%	
QIPP Under-Delivery	7,994	45.0%	3,599	47.5%	
Performance Issues			-	0.0%	
Primary Care			-	0.0%	
Prescribing	2,200	50.0%	1,100	14.5%	
Running Costs			-	0.0%	
BCF			-	0.0%	
Other Risks			-	0.0%	

TOTAL RISKS	15,938	48%	7,571	100.0%
--------------------	---------------	------------	--------------	---------------

Mitigations	Full Mitigation Value 15 £'000	Probability of success of mitigating action 15 %	Expected Mitigation Value 15 £'000	Proportion of Total 15 %	Commentary15
Uncommitted Funds (Excl 1% Headroom)					
Contingency Held	1,125	100.0%	1,125	22.0%	
Reserves			-	0.0%	
Investments Uncommitted			-	0.0%	
Uncommitted Funds Sub-Total	1,125	100%	1,125	22.0%	
Actions to Implement					
Further QIPP Extensions	5,000	50.0%	2,500	48.8%	£1m Movement in Elective Activity from NLAG (N.b. less than 2015/16 covered in other contract plans), £500k Procedures with Ltd Clinical Value, £1m Commissioning Pathway Re-design (Unwarranted Variation including EBDs), £2,500k from further Commissioning for Value Initiatives (still being worked up)
Non-Recurrent Measures	2,000	75.0%	1,500	29.3%	
Delay/ Reduce Investment Plans			-	0.0%	Penalties from the application of PBR rules
Mitigations relying on potential funding	-		-	0.0%	
Actions to Implement Sub-Total	7,000	57.1%	4,000	78.0%	Complete in section below - row 41

TOTAL MITIGATION	8,125	63.1%	5,125	100.0%
-------------------------	--------------	--------------	--------------	---------------

NET RISK / HEADROOM	(7,813)	31.3%	(2,446)	
----------------------------	----------------	--------------	----------------	--