

Date:	11 August 2016
Meeting:	CCG Governing Body
Item Number:	8.4
Public/Private:	Public <input checked="" type="checkbox"/> Private <input type="checkbox"/>

Author: <i>(Name, Title)</i>	Bill Lovell – Deputy CFO
GB Lead: <i>(Name, Title)</i>	Ian Holborn - CFO

Report Title:	Finance Report: Month 3 (June) 2016/17
Decisions to be made:	To receive and note the Finance Report.

Continue to improve the quality of services	<input type="checkbox"/>	Improve patient experience	<input type="checkbox"/>
Reduced unwarranted variations in services	<input type="checkbox"/>	Reduce the inequalities gap in North Lincolnshire	<input type="checkbox"/>
Deliver the best outcomes for every patient	<input type="checkbox"/>	Statutory/Regulatory	<input checked="" type="checkbox"/>

Executive Summary (Question, Options, Recommendations):
To brief the CCG Governing Body members on the CCG's initial financial position and forecast achievement of duties for 2016/17, before any corrective action is taken (as at the end of June).

Equality Impact	Yes <input type="checkbox"/> No <input type="checkbox"/>	
Sustainability	Yes <input type="checkbox"/> No <input type="checkbox"/>	
Risk	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	
Legal	Yes <input type="checkbox"/> No <input type="checkbox"/>	
Finance	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	

Patient, Public, Clinical and Stakeholder Engagement to date									
	N/A	Y	N	Date		N/A	Y	N	Date
Patient:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		Clinical:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Public:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		Other:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

FINANCE REPORT 2016/17: FOR THE YEAR TO DATE ENDING
30 JUNE 2016 (PERIOD 3)

1) Executive Summary

- At the end of Month 3 (June), the CCG's financial position indicates that the CCG is currently on course to meet its year end targets, but only if significant management action and risk mitigation is undertaken before the year end (See **Appendix 1** for details).
- Pre risk adjustment, the YTD deficit at Month 3 stood at £1.150m.
- However, it is important to note that action is being taken (as outlined below) to address all identified risks, so that the CCG meets its financial duties for 2016/17.
- The CCG is currently implementing service reviews and plans to deliver significant savings in all of the principle areas of concern, which are expected to be operational from September, namely:
 - To curtail demand for Non Elective Hospital admissions, through targeting the length of stays under 1 day, and rise in Nursing Home admissions in particular.
 - Prevent unnecessary elective activity (e.g. Outpatient Reviews)
 - Mitigate the CCG's risks for Mental Health and Learning Disability Out of Area cases
- Therefore the CCG's ability to meet its financial targets in 2016/17 remains primarily reliant on the following key factors:
 - Delivery of the CCG's existing QIPP programme, where possible following further dialogue with key stakeholders (and especially NLAG)..
 - Sound contract management of all acute contracts but especially the NLAG contract.
 - The prompt delivery of further QIPP savings from the new service reviews and plans to meet the potential cost pressure that has resulted from the NLAG contract settlement, post arbitration.
- NHS England continue to pay close attention to the CCG's position and have requested a detailed Recovery Plan from the CCG by the end of August, which will contain the detailed measures which are planned to mitigate risk, and control unnecessary elective activity and non elective admissions..

2) Key Points

1. Achievement of Statutory Targets.

Appendix 1 shows the YTD and Forecast Out-Outturn figures that have been reported to NHS England, which are essentially the “Do Something position” to recover the YTD position and meet the Forecast Out-turn (based on mitigating potential risks up to £14m by the year end) .

The Risk has developed as a result of the following factors:

- QIPP under-delivery £8.7m
- Over trades on Hospital activity £2.5m
- Case Management issues for MH &LD £2.0m
- Prescribing £1.7m
- Offset by other factors (£-0.90m)
- **Total** **£14.0m**

2. Risk & QIPP.

The Table below summarises the risk to the CCG of achieving its Target Surplus in 2016/17, and intended actions to address this;

AREA	GROSS RISK £000s	RISK MITIGATION £000s	ADDITIONAL QIPP £000s
1) NLAG Contract	10.40	0.30	9.30
2) Prescribing costs	1.70	1.70	0.80
3) MH & LD - Out of Area Cases	1.40	0.70	0.70
4) Waiting List Management	0.60	0.60	0.00
5) Pooled MH&LD costs	0.60	0.60	0.00
6) Exclusions & NCA	0.20	0.20	0.00
7) Contingency Funds	-0.90	0.00	-0.90
8) TOTAL	14.00	4.10	9.90

- It is important to note that the QIPP challenge identified above is comparable with the figures that the CCG submitted to NHS England in May 2016 as part of its last financial plan submission (i.e. £8.71m with £4.0m of QIPP extensions totaling £12.71m) so the challenge faced by the CCG has not changed significantly since the start of the financial year.
- Immediate actions are required to address each of these areas, and significantly reduce the CCG’s exposure to risk before the CCG reports its half yearly performance, at the end of September 2016.

- The QIPP extensions that will be required to address potential risks which cannot be mitigated via other means will have 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.
 - Like the existing CCG QIPP scheme, not adversely impact upon essential direct patient care

- In 2015/16 it is also 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 (and any new QIPP Schemes or extensions) are successful for the CCG to stand any change of reaching its financial targets.

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.
- Work with local stakeholders, including NLAG and NHS England to identify and develop transformational activity changes which will move the CCG closer to recurrent financial balance.

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

NORTH LINCOLNSHIRE CCG - COMMISSIONING OPERATING COST STATEMENT 2016/17

COMMISSIONED SERVICES

	YEAR TO DATE - JUN 2017			FULL YEAR FORECAST 2016/17		
	LATEST BUDGET	ACTUAL	VARIANCE	LATEST BUDGET	ACTUAL	VARIANCE
	£ 000s	£ 000s	£ 000s	£ 000s	£ 000s	£ 000s
1 ACUTE SERVICES						
1 Northern Lincolnshire & Goole Hospitals NHS FT	20,700	20,820	120	82,801	82,801	0
2 Hull & East Yorkshire NHS Trust	2,875	2,851	(24)	11,500	11,500	0
3 Doncaster & Bassetlaw NHS FT	897	840	(57)	3,588	3,588	0
4 Sheffield Teaching Hospitals NHS FT	315	377	62	1,258	1,258	0
5 Sheffield Children's Hospital NHS FT	144	146	3	576	576	0
6 United Lincolnshire Hospitals NHS Trust	214	188	(26)	855	855	0
7 Leeds Teaching Hospitals NHS Trust	194	188	(6)	776	776	0
8 East Midlands Ambulance Trust	1,300	1,315	15	5,200	5,200	0
9 Other Secondary & Tertiary Care Services	471	523	52	1,885	1,885	0
10 Exclusions / Non-Contract Activity	620	620	0	2,482	2,482	0
11 Resilience	278	278	0	1,110	1,110	0
	28,007	28,146	139	112,030	112,030	0
2 MENTAL HEALTH						
12 Rotherham, Doncaster & South Humberston Foundation Trust	3,440	3,440	0	13,880	13,880	0
	3,440	3,440	0	13,880	13,880	0
3 COMMUNITY HEALTH SERVICES						
13 NLAG Community Services	4,302	4,302	0	17,207	17,207	0
14 Other Community Based Services	936	908	(29)	3,745	3,745	0
15 Hospices	260	260	0	1,040	1,040	0
16 Voluntary Sector	0	0	0	0	0	0
	5,498	5,469	(29)	21,992	21,992	0
4 SERVICES FOR VULNERABLE PEOPLE						
17 Continuing Health Care (CHC)	4,291	4,208	(83)	15,501	15,501	0
18 Mental Health & Learning Disabilities - Out of Area cases	1,385	1,411	26	5,539	5,539	0
19 Mental Health & Learning Disability Pooled Budgets	115	115	0	460	460	0
	5,675	5,619	(56)	21,040	21,040	0
5 PRIMARY CARE SERVICES						
20 Prescribing Costs *	7,826	7,826	0	31,304	31,304	0
21 Central Drugs	189	184	(5)	756	756	0
22 Out Of Hours Service	0	0	0	0	0	0
23 Home Oxygen Costs	118	115	(3)	471	471	0
24 Local Enhanced Services	210	209	(1)	840	840	0
25 Primary Care IT	133	133	0	532	532	0
	8,476	8,467	(8)	33,903	33,903	0
6 OTHER PROGRAMME SERVICES						
26 Pay	77	69	(8)	308	308	0
27 Patient Transport	404	404	0	1,618	1,618	0
28 NHS Property Services	30	55	25	119	119	0
29 NHS 111	85	85	0	340	340	0
30 Other Programme Non Pay	1,054	991	(63)	6,191	6,191	0
31 Contingency	0	0	0	1,125	242	(884)
32 Headroom	0	0	0	2,171	2,171	0
33 Reserves	0	0	0	1,871	2,754	884
	1,650	1,604	(46)	13,742	13,742	0
7 RUNNING COSTS						
34 Including CSU Recharges	942	942	0	3,767	3,767	0
	942	942	0	3,767	3,767	0
SURPLUS (TARGET) PER FINANCE PLAN	0	0	0	2,230	2,230	0
ACTUAL FORECAST DEFICIT	53,688	53,688	0	222,585	222,585	0

MEMO ITEM

1) TOTAL ADDITIONAL RISK		13,922	13,922
2) RISK TO BE ADDRESSED BY:			
a) Risk Management		(3,100)	
b) Management Action (QIPP Savings)		(10,822)	
			(13,922)
3) UNRESOLVED RISK			0