


MEETING DATE:	10 April 2014	 North Lincolnshire Clinical Commissioning Group REPORT TO THE CLINICAL COMMISSIONING GROUP GOVERNING BODY
AGENDA ITEM NUMBER:	Item 7.9	
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JOB TITLE:	Head of Contracting	
DEPARTMENT:	North Yorkshire and Humber Commissioning Support Unit	

CONTRACT TRADING REPORT FEBRUARY 2014

PURPOSE/ACTION REQUIRED:	To Receive & Note
CONSULTATION AND/OR INVOLVEMENT PROCESS:	Not applicable to the area of this Report
FREEDOM OF INFORMATION:	Public

1. PURPOSE OF THE REPORT:

This report details the year to date trading position for the CCG for key providers as reported in the February 2014 Contract Monitoring Reports and highlights the key issues associated with the trading position.

As at the end of February the trading reports for key providers recorded an overtrade position for the CCG of £1,790k (1.7%).

2. STRATEGIC OBJECTIVES SUPPORTED BY THIS REPORT:

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

3. IMPACT ON RISK ASSURANCE FRAMEWORK:

Yes		No	X
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4. IMPACT ON THE ENVIRONMENT – SUSTAINABILITY:

Yes		No	X
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5. LEGAL IMPLICATIONS:				<input type="checkbox"/> Yes	<input type="checkbox"/>	<input type="checkbox"/> No	<input checked="" type="checkbox"/> X
6. RESOURCE IMPLICATIONS:				<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> X	<input type="checkbox"/> No	<input type="checkbox"/>
<p>The Report shows a net overtrade position for key providers for the year to February 2014 of £1,790m. This trading position is taken into account in informing the overall financial position of the CCG. Contract overtrades inform payments to providers and these payments will need to be resourced through favourable budget positions in other areas or through contingencies.</p>							
7. EQUALITY IMPACT ASSESSMENT:				<input type="checkbox"/> Yes	<input type="checkbox"/>	<input type="checkbox"/> No	<input checked="" type="checkbox"/> X
8. PROPOSED PUBLIC & PATIENT INVOLVEMENT AND COMMUNICATIONS:				<input type="checkbox"/> Yes	<input type="checkbox"/>	<input type="checkbox"/> No	<input checked="" type="checkbox"/> X
9. RECOMMENDATIONS:							
<p>The Governing Body is asked to: -</p> <ul style="list-style-type: none"> • Receive and Note this Report 							

CONTRACT TRADING REPORT FEBRUARY 2014

1. Purpose

This report details the year to date trading position for the CCG for key providers as reported in the February 2014 Contract Monitoring Reports and highlights the key issues associated with the trading position.

2. Summary Trading Position

A summary of the trading position at Month 11 (flex) is shown in the table below:

Provider	Trading Variance £000	% Variance
Hull & East Yorkshire Hospitals NHS Trust	(403)	(3.8%)
Northern Lincolnshire & Goole Hospitals NHS Foundation Trust	2,084	2.3%
Leeds Teaching Hospitals NHS Trust	189	34.1%
Sheffield Teaching Hospitals NHS Trust	(41)	(4.7%)
Sheffield Children's Hospital	(74)	(18.1%)
Doncaster and Bassetlaw Hospitals NHS Trust	64	2.3%
United Lincolnshire Hospitals NHS Trust	(123)	15.3%
East Midlands Ambulance Service NHS Trust	94	4.7%
Total	1,790	1.7%

The above values are the headline trading positions recorded for each provider. Capped contract arrangements are in place with Northern Lincolnshire and Goole Hospitals and Leeds Teaching Hospitals and there is a cap and floor arrangement with Hull and East Yorkshire Hospitals and block arrangement from January 2014 with East Midlands Ambulance Service. This means that the payment due to or credit due from providers where these arrangements are in place is different to the headline trading variance. For example, Northern Lincolnshire and Goole Hospitals has a trading variance of £2,084k at Month 11 but the payment due from the CCG is capped to a value of £1,000k.

The main drivers for each significant headline undertrade / overtrade position are as follows:

Hull and East Yorkshire Hospitals

The key drivers for the undertrade position are lower than planned non elective admission costs (-£222k), lower than planned critical care beds day costs (-£466k) and lower than planned rehabilitation bed day costs (-£244k) offset by adverse variances for diagnostic imaging (+£293k), outpatient activity (+£87k) and elective activity (+£74k).

Non-elective activity is slightly higher than plan (overtrade) by 98 spells. The financial undertrade is caused by fewer than planned high costs cases i.e. the activity overtrade is in relatively low value HRGs.

The diagnostic imaging overtrade has been investigated with the provider and the variance shown on the headline trading report is due to an incorrect allocation of activity to the CCG that should have been allocated to specialist commissioners. This error has been adjusted in the value of the overtrade that is invoiced to the CCG so that the CCG only pays for imaging activity for which it is responsible.

All other under and overtrades are activity driven and are correctly recorded.

Northern Lincolnshire and Goole Hospitals

The main drivers for the headline overtrade are as follows:

- Non-elective activity: 294 spells at a cost of £873k (3.2%)
- Follow up outpatients: 7,408 attendances at a cost of £577k (10.3%)
- Excluded drugs and devices: £391k (12.5%)
- Adult Critical Care: 297 bed days at a cost of £252k (12.5%)
- Diagnostic Imaging: 713 tests at a cost of £340k (14.3%)

Offset by:

- a headline financial undertrade in elective activity of £351k (2.3%). Elective spell activity is higher than plan by 232 spells which underpins actual activity being undertaken at lower cost HRGs than planned.

Activity and costs are correctly recorded.

Follow up outpatients

The headline outpatient follow up overtrade is largely due to non-delivery by Northern Lincolnshire and Goole Hospitals of targeted reductions in the volume of follow up outpatients. These improvements were expected to be delivered in two stages with stage one for Ophthalmology, Urology, Diabetes and Rheumatology completing no later than August 2013 and stage two for General Medicine and Trauma and Orthopaedics completing no later than March 2014. The target ratio agreed in the contract in these specialties was 1.6 follow ups for each new attendance.

Follow up outpatient reductions continue to be discussed in year between the CCG and Northern Lincolnshire and Goole through the Quality and Delivery Group. The CCG has targeted a ratio of 1 new to 1.6 follow ups across all specialties (currently 1:2.2) for delivery in 2015/16 and built the associated saving into the 2014/15 QiPP plan. Work is continuing with Northern Lincolnshire and Goole to seek to agree and implement this change.

Drug costs

There is not a specific plan agreed with Northern Lincolnshire and Goole for each category of drug. CSU has compared high cost drug charges for 2013/14 with the value for 2012/13 which formed the foundation for the 2013/14 plan. The key year on year increases in drug costs are largely driven by increases in charges for cytokine modulators (+£503k) and subfoveal choroidal neovascularisation drugs (+£122k).

CSU is strengthening the process to review drug costs on a month by month basis through the contracting and medicine management teams.

Diagnostic Imaging

The overtrade is due to an underestimate of the value of diagnostic imaging activity and costs in the 2013/14 contract following a change to charging that split out the cost of imaging from the outpatient tariff for 2013/14. Actual costs have been correctly charged in accordance with Payment by Results guidance for 2013/14. The plan for 2014/15 has been based on 2013/14 actual activity and costs so there should not be a similar overtrade in 2014/15.

Leeds Teaching Hospitals

The main drivers for the headline overtrade are as follows:

- Elective activity: 11 spells at a cost of £92k
- Non-elective activity: 3 spells at a cost of £69k

Leeds Teaching Hospitals generally undertakes more specialist activity for the CCG and activity and costs fluctuate and where a complex procedure can have a significant cost.

Activity and costs have been correctly recorded.

3. Recommendations

The Governing Body is asked to: -

Receive and Note this Report

Tim Fowler
31 March 2014

February 2014 Flex

Op New
OP Fups
Elective Adms.
Non-elective Adms.

Category	Percentage
Other	-2.3%
Non-ferrous metals	0.8%
Chemicals	9.5%
Metals	1.6%
Plastics	2.0%

BLOCK CONTRACT

Commentary

Referrals to all providers from all sources are 670 higher than the same period last year (14.9%)
 Referrals to NLG from all sources are 555 higher than the same period last year (14.2%)
 Referrals to NLG from GPs/ GDPs are 235 higher than the same period last year (12.3%)