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

CONTRACT TRADING REPORT FEBRUARY 2014

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

INFORMATION:	Fublic											
1. PURPOSE OF THE REPO	RT:											
This report details the year to date trading position for the CCG for key providers as reported in the Februa 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 $\pm 1,790k$ (1.7%).												
2. STRATEGIC OBJECTIVES	S SUPPORTED BY THIS REPORT:											
Continue to improve the o	uality of services											
Reduce unwarranted varia	itions in services											
Deliver the best outcomes	for every patient											
Improve patient experience	ce											
Reduce the inequalities ga	p in North Lincolnshire											
3. IMPACT ON RISK ASSUI	RANCE FRAMEWORK:											
		Yes		No	Х							
4. IMPACT ON THE ENVIR	ONMENT – SUSTAINABILITY:			1 1								
		Yes		No	Х							

5. LEGAL IMPLICATIONS:				
	Yes		No	Х
6. RESOURCE IMPLICATIONS:				
	Yes	Х	No	
The Report shows a net overtrade position for key providers for the year trading position is taken into account in informing the overall financial posi inform payments to providers and these payments will need to resourced the other areas or through contingencies.	tion of th	e CCG. Co	ontract c	vertrades
7. EQUALITY IMPACT ASSESSMENT:				
	Yes		No	X
8. PROPOSED PUBLIC & PATIENT INVOLVEMENT AND COMMUNICATIONS	S:	1		
	Yes		No	Х
9. RECOMMENDATIONS:				
The Governing Body is asked to: -				
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	% Variance
	£000	
Hull & East Yorkshire Hospitals NHS Trust	(403)	(3.8%)
Northern Lincolnshire & Goole Hospitals NHS	2,084	2.3%
Foundation Trust		
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 form 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 specialities (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 (\pm 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

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NHS North Lincolnshire Contract Trading Summary

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						Activi	ity														Cost (£)	00)													
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Contracts for Acute Services	8	8	ě	ě	8	8	ě	ě	8	8	ě	ě	ĕ	8	8	ě	ě	ชื่	. 5	8	8	å	ě	ਬ	ĕ	8	8	ě	ě	ਨੂੰ		8		ě	ž
Hull & East Yorkshire Hospitals NHS Trust	2,402	6,620	2,557	1,174	2,693	6,973	2,839	1,272	291	353	282	98	£10,584	£328	£624	£3,822	£3,185	£2,625	£10,181	£382	£657	£3,896	£2,963	£2,283	-£403	£54	£34	£74	-£222	-£342	-3.8%				
Northern Lincolnshire & Goole Hospitals NHS Foundation Trust	33,171	66,607	18,889	17,095	33,156	74,015	19,121	17,389	-15	7,408	232	294	£89,340	£5,070	£5,624	£15,500	£27,103	£36,043	£91,424	£5,128	£6,201	£15,149	£27,976	£36,971	£2,084	£58	£577	-£351	£873	£927	2.3%	-2.3%			
Leeds Teaching Hospitals NHS Trust	107	452	135	62	117	472	146	66	10	20	- 11	2	£554	£15	£37	£230	£85	£19£	£743	617	620	£322	£155	£211	£189	63	£1	£92	£69	625	24.160	-2.370			
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Sheffield Teaching Hospitals NHS Trust	334	1,396	518	bb	378	1,219	461	/0	44	-1//	-5/	4	£877	£43	£108	1514	£135	£//	£835	£51	£97	£456	£148	182	-£41	18	-£10	-£58	£14	£5	-4.7%				
Sheffield Childrens Hospital	28	87	223	44	40	116	150	36	12	29	-73	-8	£392	£4	£11	£277	£75	£26	£319	£6	£13	£198	£43	£59	-£74	£2	£2	-£79	-£32	£33	-18.8%				
Doncaster and Bassetlaw Hospitals NHS Trust	1,265	3,115	717	273	1,217	3,043	706	301	-48	-72	-11	28	£2,725	£189	£271	£822	£470	£974	£2,789	£184	£264	£812	£534	£995	£64	-£5	-£6	-£10	£64	£22	2.3%				
United Lincolnshire Hospitals	337	866	186	148	334	833	183	113	-3	-33	-3	-35	£803	£51	£72	£206	£279	£195	£680	£50	£67	£140	£201	£222	-£123	-£1	-£5	-£66	-£78	£27	-15.3%				
·	37,643	79,142	23,224	18,863	37,935	86,671	23,606	19,246	292	7,529	382	383	£105,276	£5,700	£6,746	£21,371	£31,333	£40,126	£106,971	£5,818	£7,338	£20,973	£32,020	£40,823	£1,696	£118	£592	-£398	£687	£696	1.6%	0.8%	9.5%	1.6%	2.0%

		Plan				Actua	ı			Variance			lan					Actual						Var	riance		% Va	riance
Contracts for Emergency Ambulance Services	SI S	Hear and Treat	See and Treat	See, Treat and Corwey	sis	Hear and Treat	See and Treat	See, Treat and Convey	\$1 5	Hear and Treat	See and Treat	See, Treat and Convey	Total	Sign	Hear and Treat	See and Treat	See, Treat and Convey	rosal	als	Hear and Treat	See and Treat	see, Treat and Convey	Fosal	SIG.	Hear and Treat	See and Treat	see, Treat and Convey	
East Midlands Ambulance Service NHS Trust	22,006	510	4,010	12,873	20,794	522	4,339	13,261	-1,212	12	329	388	£1,982	£120	£11	£862	£989	£2,076	£113	£12	£932	£1,019	£94	-£7	£1	£70	£30	4.7%
	22,006	510	4,010	12,873	20,794	522	4,339	£13,261	-1212	12	329	388	£1,982	£120	£11	£862	£989	£2,076	£113	£12	£932	£1,019	£94	-£7	f1	£70	£30	4.7%
Contracts for Mental Health Services																												_

Contracts for Mental Health Services Rotherham, Doncaster and South Humber Mental Health NHS Foundation	B.OCC.CONTRACT
Trust	
Contracts for Community Services	
Northern Lincolnshire & Goole Hospitals NHS Foundation Trust	BLOCK CONTRACT

Hull and East Yorkshire Hospitals is a capped contract with under / over trades capped at a value of £0.5m for the 2013/14 financial year.

Northern Lincotrahire and Goole Hospitals is a capped contract with under / over trades capped at a value of £1.5m for the 2013/14 financial year.

Level Tackins, Hospitals is a capped contract for all subtive sects this cost output and devices. NRSML does not put receive here in the first of your for under / over trades other than for drugs and devices. Rotherhm, Doncaster and South Humber Mertal Health FT will change be \$7 PRR based contract with effect from 1 April 2015.

He contract artinaments for EMSA free changed from cone year additive) block with the fect from 1 April 2015.