

Report To:	Governing Body 13 October 2016
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Title of Report:	Finance, Contracting and QIPP Report
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FOI Exemption Category:	Open
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Responsible Officer:	Neil Smurthwaite – Chief Finance Office and Deputy Chief Officer
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CCG Leads:	Nigel Taylor
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Report Author and Job Title:	Neil Smurthwaite – Chief Finance Office and Deputy Chief Officer
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Executive Summary:	Key messages for Month 9: The CCG is planning to deliver a surplus of £6.4m.
Finance/Resource Implications:	As above.
Risk Assessment:	As above.
Legal Implications:	None identified.
Health Benefits:	No change arising from this report.
Staffing/Workforce Implications:	No change arising from this report.
Outcome of Equality Impact Assessment:	None identified.
Sub Group/Committee:	None.
Recommendation (s):	It is recommended that the Governing Body: Notes the contents of this report.

1.0 Purpose of the Report

The purpose of the report is to present to the Governing Body:

- The financial position for 2016/17 including associated risks:
- An update on delivery of the 2016/17 QIPP plan
- An update on 2016/17 contract position

2.0 Key Financial Messages

This report updates the financial position as at Month 05, key messages are:

- The CCG is currently forecasting to deliver a surplus of £6.4m.
- However the CCG has estimated cost pressures of £10.8m including the QIPP gap. Of this £8.5m is attributed to acute cost pressures above budgeted levels.
- The CCG has a £1.4m Contingency in place and £5.3m mitigating actions to give an unmitigated risk of £4.1m.
- The CCG has a cash releasing QIPP requirement of £3.5m, with current overall QIPP cash releasing gap of £1.3m for which further plans are to be developed.
- The table below summarises our current performance against our financial duties and targets.

FINANCIAL PERFORMANCE DUTIES AND TARGETS	
Statutory Financial Duties and Targets	RAG RATING
Expenditure does not exceed income	Amber
Revenue expenditure remains within specified limits	Amber
Capital expenditure remains within specified limits	Green
Administration costs remains within specified limits	Green
Non Statutory Financial Duties and Targets	
Achieve better payment practice code	Green
Deliver CCG QIPP target	Amber
Management of non-recurrent funds	Green

3.0 Financial Pressures

- **Financial overview and mitigations** - The table below highlights the overall forecast financial pressures and mitigations. There is a net risk of £4.1m for which we need to identify further mitigations in order to deliver our planned surplus.
- The table below highlights total cost pressures of £10.8m which are recurrent cost pressures. The table also highlights £6.7m of mitigating actions of which £3.9m are non-recurrent actions. This means there is a recurrent cost pressure going into next year of £8.0.

Calderdale CCG Financial Pressures as at 31st August 2016

Financial Pressures	Recurrent/Non Recurrent	£'000
Overspend		
Acute	R	7,179
Prescribing	R	1,735
Other Programme	R	281
FNC Rates Increase	R	343
QIPP Gap	R	1,270
	Total Overspends	10,808
Underspends, Releases of Contingency and Reserves		
CCG Contingency	NR	(1,400)
Contract Reserve	R	(1,461)
Prescribing Drugs Reserve	R	(760)
	Total Underspends, Releases of Contingency and Reserves	(3,621)
	Net Cost Pressure	7,187
Potential Mitigations		
Primary Care Contingency	NR	(125)
Opening accruals benefit (inc Primary Care Co Com)	NR	(1,400)
Quality Premium	NR	(250)
Emergency Admissions Reserve	NR	(821)
Winter Resilience	R	(607)
	Unmitigated Risk	3,984
Mitigations to be agreed		
Prescribing Year End Accrual **		0
Contract Challenges **		0
CFO Budget Review **		0

** Financial Value Currently Unavailable

4.0 Financial Performance 2016/17

- **CHFT**– Activity in Acute Commissioning has continued to increase this month with a combined forecast outturn of £7.2m. Calderdale & Huddersfield Foundation Trust is the most significant contributor with a potential forecast over trade of £6.0m. The CCG is reviewing the contracting forecast to explore alternative forecasting methodologies which may give a more robust position.
- **Other Acute** -We are also forecasting overtrades at Leeds Teaching Hospitals NHS Trust £0.8m the main variances are attributed to Adult Critical Care, Elective and Non Elective activity. East Lancashire Hospital NHS Trust £0.2m the main variance is Rehabilitation activity which is currently being challenged. Bradford Teaching Hospitals NHS Foundation Trust £0.1m the main variances are over-trades in Critical Care and Daycase activity and other NHS £0.1m, NCA £0.1m.
- **Continuing Care** – The increase in forecast is directly related to the impact of rate changes for Funded Nursing Care £0.3m.
- **Prescribing** – The CCG has now received three months of data from the PPA. Expenditure is still above expected levels which have been extrapolated for the YTD give an overtrade of £1.2m. The PPA forecast has been received and has been used to assist and inform the forecasting. The CCG is currently forecast an overtrade of £1.7m. A large proportion of the overtrade can be attributed to unidentified pharmacist prescribers in 15/16 now attributed to the CCG and can account for 9% growth in Q1. An additional £0.2m was removed to fund the medicines optimisation team.
- **Other** – PTS the overtrade is due to a shortfall in the signed contract value and the budget being rolled over the 15/16 rates.
- **Contingency** – At month 5 the contingency has been fully committed to offset the forecast acute overtrade.

5.0 Delivery of QIPP

The CCG has a cash releasing QIPP target £3.5m with a gap of £1.3m. The QIPP group is working to develop schemes to close the gap. Further information on the delivery of QIPP can be found in the separate report.

6.0 Running Costs

The CCG has a running cost budget of £4.7m for 2016/17 including reserve budget of £67k. The forecast reserve at month 5 has increased to £102k as we recruit to vacant posts.

7.0 Risks/Opportunities

There are a number of financial risks and opportunities that the Governing Body need to be aware of:

- **Risk** – Increased and sustained level of activity at Calderdale & Huddersfield Foundation Trust.
- **Risk** – The prescribing Cat M reduction £0.8m does not materialise. Currently the CCG has added this budget to reserves until the anticipated savings materialise.
- **Risk** – That Acute and other budget areas overspend beyond the contingency.
- **Risk** – That additional QIPP plans are not developed to fund the gap.
- **Risk** – That QIPP plans under deliver in year and fail to deliver the overall cash releasing QIPP requirement.
- **Opportunity** – There is a potential for the release of underutilised prior year accruals in programme cost centres. The financial impact has been estimated but not fully quantified as a number of invoice are still outstanding.
- **Opportunity** – Contract savings from the realignment of 2016/17 plan figures to signed contract values.
- **Opportunity** – Contract savings from contract challenges which are not currently included in the forecast position.

8.0 Contracts - Key Messages

Calderdale & Huddersfield NHS Foundation Trust (CHFT)

The contract position as at the end of Month 4 is showing an over-trade of £2.1m against the plan which is a further increase from an over-trade of £1.6 at Month 3. An early view of the Month 5 position indicates a further increase in the position to an over-trade of £2.9m.

Other acute and Independent Sector providers

The contract position at the main acute providers is showing over-trades against plan for Bradford Teaching Hospitals £69k, Leeds Teaching Hospital of £266k, Mid Yorkshire Hospitals £45k, Pennine Acute Hospitals, £12k, Sheffield Teaching Hospitals £17k and East Lancashire Hospitals £134k. In respect of the main independent sector providers: Spire Elland is over-trading by £11k and under-trades are reported at Yorkshire Clinic £13k and BMI Huddersfield £49k.

South West Yorkshire Partnership NHS Foundation Trust (SWYPFT)

Calderdale CCG Month 4 activity continues to be higher than expected in Intensive Home Based Treatment (IHBT) services. The issues in relation to the bed base at the Dales Inpatient Unit have now been resolved.

Yorkshire Ambulance Service (YAS) 999 Ambulance

NHS 111 contract has been agreed. The Contract position at Month 4 based on 2016/17 value shows the validated activity allocated to Calderdale was 4,195 calls compared with 3,808 in Month 4 of 2015/16.

NHS 111 and West Yorkshire Urgent Care (WYUC)

NHS 111 contract has been agreed. The Contract position at Month 4 based on 2016/17 value shows the validated activity allocated to Calderdale was 4,195 calls compared with 3,808 in Month 4 of 2015/16.

Quest for Quality in Care Homes

The main aim of this service is to provide and support the delivery of standardised, high quality, evidence based, and safe patient centred care for residents residing in the 25 care homes involved in this project across Calderdale. There is also a QIPP benefit associated to this project as it is expected to reduce emergency admissions from care homes.

The service continues to perform well with reductions seen in emergency admissions; however, A&E attendances have increased in Month 4. A request has been made for further information to be provided on the presenting conditions of this cohort of patients.

Posture and Mobility (Wheelchairs) Service (Opcare)

The main aim of this service is for the provision of wheelchair services for all Children and Adults with complex or non-complex requirements where a permanent physical/cognitive or degenerative long term condition has been identified which impairs mobility. A number of KPIs are currently breaching the target. The waiting time target for urgent 2 week referral pathways is breaching at 50% against a target of 100% and has reduced significantly over Month 3 (78%). Performance in relation to delivery of a standard chair within 3 weeks has also reduced again in Month 4 and is now at 61% against a target of 100%. The number of pathways completed in 18 weeks in Month 4 has reduced to 50% (60% in Month 3) and is well below the 98% target. The waiting time for delivery of a made to measure chair in 12 weeks has improved from 50% in Month 3 to 69% in Month 4.

End of Life

The primary aim of this service is to increase community capacity to safely and effectively care for people approaching end of life in their own home by improving the identification and coordination of care for patients approaching end of life. The service continues to perform well and all performance indicators are being achieved. New referrals into the service in Month 4 increased to 69, and are the same as Month 4 in 2015/16. Face to face contacts reduced slightly in Month 4 (143) compared to Month 3 (157), however, telephone contacts have increased to 156. The monthly average for 2015/16 was 124 and the monthly average so far in 2016/17 is 131.

Walk-in Centre

Walk-in Services are currently commissioned from Locala at Todmorden and Horne Street at weekends and Bank Holidays. Month 3 activity indicates that 579 patients were seen at Walk in Centres which is a decrease from the previous Month (815). Activity continues to be above contracted levels. The percentage of patients seen within 1 Hour of Arrival in Month 3 was 98% against the 95% target.

9.0 QIPP Plan

QIPP plan for 16/17 was set at £2.0m cash releasing and £1.5m non-cash releasing. For M5 cash-releasing has over-achieved by £200k and non-cash-releasing under-achieved by £700k. The current gap in the overall QIPP plan is £500k.

Actions in Month

The QIPP Monitoring Group is continually reviewing the current financial and trading position:

- Programme Leads are working to two key principles: delivery of constitutional standards and financial recovery
- Programme Leads are scrutinising all additional potential opportunities for reducing waste in the wider-system by:
 - Comparing to other CCGs (Y&H CCG QIPP Analysis); waste opportunities identified by CDF; re-charges such as the Walk-In; a document is in development for discussion at October QIPP Monitoring Group meeting and will feed back to F&P next month.
- Leads also continue to work with CCG and CHFT clinical leads to mitigate growth – linking to the ongoing ‘hypotheses’ work being undertaken across both CCGs in order to mitigate elements of the current CHFT overtrade.
- Calderdale and Huddersfield Transformation Group work continues to align QIPP and CHFT CIP Plans – looking specifically at three areas: bed avoidance; bed efficiency and bed alternatives. Work being finalised by October and update will be included in next F&P Report.
- Identification of ‘in year’ value opportunities emerging from the Right Care ‘confirm and challenge’ process to support the QIPP gap- see Appendix 1 (page 10)
- Incorporating QIPP opportunities emerging from the Right Care value packs into commissioning intentions for 2017/18 and the 2-year planning round with NHS England.
- Prescribing Budget over-spend now being monitored in-line within QIPP and will be included in the October QIPP Report. The PURM service is also being considered as a QIPP scheme.
- The impact of delayed discharge pathways/processes still negatively impacting our QIPP delivery. The CCG is leading work the system, and in particular with Calderdale Council regarding the impact of QIPP DTOC and non-elective activity.
- A number of issues relating to pace of delivery at CHFT have been escalated via the CHFT Contracting Group.

Overview of Performance

- There are 3 projects this month red-rated due to finance. See Exception Report (pages 7-8).
- The activity underpinning the dashboard is June freeze/July flex data. Further to last month, Frailty data is now included, but committee to note that the EOL activity is not validated.

- CHFT contractual performance continues to be reviewed by QIPP Monitoring Group, in the wider-context of Right Care and commissioning intensions etc.

10.0 Recommendations

It is recommended that the Governing Body:

Notes the content of the report.