

NHS North Cumbria CCG Governing Body	Agenda Item
5 December 2018	13

Finance Report October 2018

Purpose of the Report							
The purpose of the attached report is to provide the Governing Body with an update of financial issues facing the CCG. The most up-to-date financial information covers the period until the end of October.							
Outcome Required:	Approve	<input type="checkbox"/>	Ratify	<input type="checkbox"/>	For Discussion	<input type="checkbox"/>	For Information
							X
Assurance Framework Reference:							
As detailed in the Strategic Objectives detailed below.							

Recommendation(s):
The Governing Body is asked to note the contents of the report.

Executive Summary:
<p>October Financial Position</p> <p>The attached report shows that at October the CCG’s financial position is broadly in line with plan. This reflects the phasing of the cost improvement programme and expectation that areas under review for further plans will be translated into schemes implemented in the current financial year.</p> <p>Key Risks:</p> <p>Action continues to quantify and manage financial risk across North Cumbria at both organisational and system level. The most significant individual risk in the economy at present remains the availability of circa £9 million of transition funding (consistent with the Healthcare for the Future pre-consultation business case) included in provider plans. However, notwithstanding this issue all organisations are required to deliver challenging cost improvement targets and manage cost growth effectively in all sectors.</p>

Implications/Actions for Public and Patient Engagement:

There are no key issues to report.

Financial Impact on the CCG:

This is reflected in the attached report.

Strategic Objective(s) supported by this paper:	Please select (X)
Support quality improvement within existing services including General Practice	X
Commission a range of health services appropriate to Cumbria's Needs	X
Develop our system leadership role and our effectiveness as a partner	X
Improve our organisation and support our staff to excel	

Impact assessment: (Including Health, Equality, Diversity and Human Rights)	No
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Conflicts of Interest Describe any possible Conflicts of interest associated with this paper, and how they will be managed	None identified
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Date Report Written	12 November 2018



North Cumbria
Clinical Commissioning Group

North Cumbria CCG

Finance Report

October 2018

Introduction

The purpose of this paper is to present the year-to-date financial position of the CCG as at October 2018. Essentially the position is roughly on plan in terms of the year to date position, but the control total will only be achieved if:

- Full delivery of the ICC savings (or use of the planned contingency to mitigate which remains the most likely scenario)
- Current expenditure patterns are maintained.
- As a consequence the CCG is able to utilise the planned contingency to offset the savings from ICCs that were reflected in the original plan but will not be delivered this year.

The report has been prepared on the basis of the CCG's agreed contracts and financial plans. Locally work continues to provide combined financial reporting on the overall North Cumbria NHS "patch" position and associated risks but both providers have reported, at this stage, a forecast achievement of control totals.

As North Cumbria has now been accepted as a national ICS pilot then the system is required to agree a memorandum of understanding for the broad remit, but also required to address other issues specifically relating to finance in order to secure the release of transformation funding. This has now been achieved and hence the ICS transformation funding of £1.1 million has been reflected in the October allocations.

Year-To-Date Position

Appendix 1 shows the overall year-to-date position being slightly less than budget (£41,000) at the end of October. The following issues are noteworthy:

- Table 1 shows that there have been a number of allocation changes in month 6, with most significant being the £1.1 million of ICS transformation funded noted above that the SLB agreed to allocate against ICC development costs. The baseline transfers agreed with NHSE are revenue neutral with the largest reflecting that flu vaccinations are being funded by NHSE rather than the CCG in 2018/19.

Table 1: Allocation movements Month 7

Allocation Movements: Month 7	£'000
Recurrent Allocations	
Agreed baseline transfers	(308)
Non-Recurring Allocations	
Transformation funding	1,166
Comms support funding	90
Sundry allocations	108
Total Allocations received month 7	1,056

- Prescribing shows an underspend based upon the actual cash spend in the period April to August and an estimate of September and October's costs now more robust trend information is available, along with the impact of the final costs for 2017/18 as reported previously. There has been no significant impact as a consequence of the Category M drug costs change in August. NHSE have also identified that there is a further reduction in the drug tariff in November.
- Other Primary Care is underspent predominantly as the final payments for the Local Enhanced Services for 2017/18 being less than the accrued amount so remains similar to that reported in September.
- The contract with NCUHT as noted in the financial plan is based upon projected 2017/18 out-turn, adjusted for activity growth and the impact of business cases approved and implemented with agreement of the whole system. Overall activity numbers are up in year, and work has commenced with the Trust to understand the key drivers and the impact on the cost base. In particular, while overall non-elective activity is up year on year, the actual number of occupied bed days (facilitated through increased work on managing delayed transfers of care) are down on the previous year. The September figures, like those shown in August, again show the year-to-date position converging more towards the plan in most areas. In addition, the Trust is undertaking a systematic review of the waiting list and is identifying considerable reductions and hence it is now anticipated that the number of patients waiting for treatment at 31 March 2019 should be lower than those on the list at 31 March 2018.

Table 2: NCUHT Year-to Date Activity September 2018

	M6 YTD COMPARED TO LAST YEAR		M6 YTD COMPARED TO PLAN	
NCUH	CHANGE	% CHANGE	VARIANCE	% VARIANCE
ACCIDENT & EMERGENCY	795	2%	93	0%
NON ELECTIVES	729	5%	315	2%
NON ELECTIVE XBDs	-1,865	-37%	-1,520	-32%
ELECTIVES/DAY CASES	-143	-1%	-240	-2%
FIRST OUTPATIENTS	-6	-0%	2,502	10%
FOLLOW UP OUTPATIENTS	-5,648	-8%	6,873	11%
OUTPATIENT PROCEDURES	2,457	9%	1,397	5%
DIRECT ACCESS	80,776	5%	15,989	1%

- The year-to-date position for other NHS acute providers is summarised in Table 3 below. All contracts with these providers are standard "payment by results" (PBR) contracts and overall the variance of £80,000 under plan is very similar to that reported at September (£103,000). The CCG has yet to receive the final quarter 2 "freeze" information from Newcastle Hospitals which will provide a more accurate position.

Table 3: Other Acute Providers

NHS Acute Providers	2018/19	YTD
	£'000	over/(under) £'000
Newcastle upon Tyne Hospitals	12,029	337
Northumbria Healthcare	7,444	(1)
University Hospitals of Morecambe Bay	4,374	(97)
Wrightington, Wigan and Leigh	1,343	40
City Hospitals Sunderland	341	41
South Tees Hospitals	579	(8)
Gateshead Health	628	(47)
Other contracts	1,931	(344)
TOTAL	28,670	(80)

- The continuing health care (CHC) budget (which includes NHS Funded Nursing Care) shows an overspend to October of £1 million. The underlying volume changes in October show a growth in volume, although 29 of the new packages funded in October are “fast-track” packages relating to end of life care. A review of fast-track packages has commenced to ensure this process is being used based upon appropriate need as opposed to by-passing the appropriate approval procedures. However, it is noteworthy that the CHC team have now completed the entire review of outstanding cases brought-forward.

Table 4: CHC Packages By Number Per Month

Number of Packages	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18
New Packages	32	38	27	22	25	24	34
New/Ceased in month	5	11	8	5	13	14	8
Patients deceased	(22)	(29)	(22)	(18)	(15)	(15)	(11)
Funding Ceased	0	0	(4)	(5)	(3)	(2)	(1)
Total	15	20	9	4	20	21	30

- As reported previously, the CCG holds funds in reserves to manage risk but these have not yet been factored into the year-to-date position. The year to date position excludes any utilisation of the £2.5 million general contingency that remains to off-set CCG and wider system financial risk. Similarly, the ICC savings are not yet phased into the position but these will be covered by the contingency. As reported in previous months the level of QIPP schemes developed and transferred into budgets has increased since the beginning of the year with the “unallocated” figure reducing from £1.57 million to nil by the end of September. In addition, the figures do not reflect any potential slippage in planned investments and therefore now represents a much lower risk.
- Some pressures are being incurred in other programme costs that comprise a number of sundry items, partially off-set by an underspend in running costs mainly being the impact of vacancies.

Cost Improvements & Risks

The CCG's cost improvement plan is shown in Table 5 below reflecting all the schemes that have been identified and transferred to budgets with the final element being addressed through the likely NECS customer rebate. Further specific opportunities are being reviewed as to whether there is potential to transfer some high-cost mental health packages to local provision in conjunction with CPFT to generate further savings for the schemes. Detailed work on reviewing progress on the CCG's cost improvement plan is undertaken by the Programme Review Group. It is noteworthy that following the successful legal case surrounding the use Avastin to treat WetAMD (age-related macular degeneration) that the scheme has been re-assessed as "amber".

Table 5

FYE 2017/18 System Savings (Part 1)	2018/19 £'000	CCG RAG	System Risk
MUS	261		Yes
Pain	267		Yes
MSK - NCUH	1,973		Yes
MSK -Other Providers	572		No
O/P Follow-Ups	1,266		Yes
Delirium	1,343		Yes
Total 2017/18 Bfwd - Business Cases	5,682		
Identified System Savings 2018/19 (Part 2)	£'000	CCG RAG	System Risk
ICC's	2,205		Yes
Community Hospitals PYE	450		Yes
Planned High Cost Drug switches	430		Yes
Adalimumab PYE (biosimilar available in autumn)	350		Yes
Other Minor Schemes	59		Yes
Total 2018/19 System	3,494		
CCG Savings 2018/19 (Part 3/4/5)	£'000	CCG RAG	System Risk
Prescribing	1,180		No
Identified External Funding	335		No
CCG - Release of Reserves	1,490		No
CHC & packages: Manage overall growth	500		No
Gluten Free Prescribing	120		No
Nuero Rehab Identified Opportunity	100		No
Contract Re-negotiation/re-specification	902		No
Identified Non-recurring Opportunity	408		No
PTS Projected activity reduction Q4	100		No
Total	5,135		

Recommendation

The Committee is asked to NOTE:

- The financial position and associated risks.

Appendix 1: Financial Position at 31 October 2018

Financial Position as at 31st October 2018	Refreshed 2018/19 Plan £'000	YTD Budget £'000	YTD Actual £'000	YTD Variance £'000
Recurring Allocations				
CCG Baseline Allocation	(507,707)	-	-	-
Agreed Adjustments	2,773	-	-	-
Running Cost Allowance	(6,928)	-	-	-
Sub-total	(511,862)	-	-	-
Non-recurring Allocations				
Agreed Adjustments	(4,140)	-	-	-
Deficit brought forward		-	-	-
Sub-total	(4,140)	-	-	-
Revenue Resource Limit 2018/19	(516,002)	(294,509)	(294,509)	-
Expenditure Budget 2018/19				
Primary Care				
Devolved Primary Care	46,419	27,017	27,092	75
Prescribing & Medicines Management	54,978	32,275	31,159	(1,116)
Other Primary Care	4,945	3,564	3,314	(250)
Total Primary Care	106,342	62,856	61,565	(1,291)
Secondary Care				
NHS Acute Providers	203,877	119,545	119,465	(80)
Non Contract Activity & Independent Sector	3,250	1,648	1,943	295
Total Secondary Care	207,127	121,193	121,408	215
Mental Health & Learning Disabilities				
NHS Providers	43,978	25,911	25,905	(6)
Packages of Care	8,742	5,167	5,154	(13)
Learning Disability Pooled Fund	3,545	2,068	2,068	-
Total Mental Health & Learning Disabilities	56,265	33,146	33,127	(19)
Services Delivered in the Community				
Community Services	56,487	32,940	32,906	(34)
Out of Hospital Urgent Care	26,275	15,668	15,675	7
NHS Funded Continuing Care	22,100	12,852	13,854	1,002
Other Care	5,245	3,202	3,345	143
Total Community Based Services	110,107	64,662	65,780	1,118
Reserves				
Cost Growth	7,480	0	-	(0)
0.5% Planned Contingency	2,563	-	-	-
QIPP - ICC Savings	(2,205)	(0)	-	0
QIPP - Savings yet to be actioned in budgets	-	-	-	-
Better Care Fund	16,974	9,860	9,860	(0)
Total Reserved Funds	24,812	9,860	9,860	0
Total Running Costs	6,652	4,021	3,904	(117)
Other Specific Programmes	697	658	793	135
Total Programme & Running Costs	7,349	4,679	4,697	18
Total Expenditure Budget	512,002	296,396	296,437	41
2018/19 in-year (Surplus)/Deficit	(4,000)	1,887	1,928	41