

NHS North Cumbria CCG Governing Body	Agenda Item
3 April 2019	
	13

Finance Report February 2019

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 February 2019.								
Outcome Required:	Approve		Ratify		For Discussion		For Information	X
Assurance Framework Reference:								
As detailed in the Strategic Objectives below.								

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

Executive Summary:
<p>February Financial Position</p> <p>The attached report shows that at February 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. This position is consistent with that reported since September.</p> <p>The CCG finance team continues to actively work with colleagues at NCUHT/CPFT to ensure that the system financial position and overall risk to the combined economy control total becomes embedded into system reporting.</p> <p>Key Risks:</p> <p>Action continues to quantify and manage financial risk across North Cumbria at both organisational and system level. On 13 December NCUHT received confirmation from the NE&NC NHSE team that they were preparing to release £7.9 million of the transition funds via</p>

the CCG that considerably reduces the risk and this has been paid across to the Trust. All NHS organisations in North Cumbria are required to deliver challenging cost improvement targets and manage cost growth effectively in all sectors and the CCG will continue to seek opportunities to support management of the system risk.

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	15 March 2019



North Cumbria
Clinical Commissioning Group

North Cumbria CCG Finance Report February 2019

Introduction

The purpose of this paper is to present the year-to-date financial position of the CCG as at February 2019. Essentially the position is roughly on plan in terms of the year to date position. As reported since August the planned contingency will be used to mitigate the unachieved financial benefit from the ICC investment. Therefore, the CCG should achieve the control total subject to current expenditure patterns being maintained (or improve) on on-going areas of activity (e.g. prescribing, CHC, etc).

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.

Year-To-Date Position

Appendix 1 shows the overall year-to-date position being slightly above budget (£45,000) at the end of February. It is noteworthy that the position reflects planned changes from reserves (e.g. £7.9 million for transformation funding) and this reflected in the forecast out-turn also shown in Appendix 1. The following issues are noteworthy:

- Table 1 shows allocation changes in month 11 of which all are non-recurring in nature, and in the main relate to specific projects where the CCG has been required to develop bids for specific funding, the most significant being primary care resilience that covers a number of specific schemes.

Table 1: Allocation Movements Month 11

Allocation Movements: Month 11	£'000
Non-Recurring Allocations	
Resilience monies - Primary Care	258
Atrial Fibrillation patient optimisation	109
LD Transforming Care	72
Green Paper Waiting Time Initiatives	40
Sundry allocations	77
Total Allocations received month 11	556

- Prescribing shows an underspend based upon the actual cash spend in the period April to December and estimates of costs since then and a significant underspend is still reported.
- 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 previous months.
- 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 January figures remain almost identical in percentage changes to those reported last month. In addition, the Trust continues to review the elective waiting list as previously reported. However, as noted in the performance there remain concerns on some of the data issues and whether the Trust will be able to maintain the waiting list at March 2018 levels.

Table 2: NCUHT Year-to Date Activity January 2019

	M10 YTD COMPARED TO LAST		M10 YTD COMPARED TO PLAN	
NCUH	CHANGE	% CHANGE	VARIANCE	% VARIANCE
ACCIDENT & EMERGENCY	1,392	2%	-652	-1%
NON ELECTIVES	994	4%	1,493	6%
NON ELECTIVE XBDs	-1,924	-26%	-2,310	-29%
ELECTIVES/DAY CASES	45	0%	-595	-2%
FIRST OUTPATIENTS	2,099	4%	5,229	12%
FOLLOW UP OUTPATIENTS	-3,702	-3%	12,196	12%
OUTPATIENT PROCEDURES	2,797	6%	1,546	3%
DIRECT ACCESS	136,047	5%	48,905	2%

- 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 is £117,000 under plan (0.4% of budget). The only area of significant overspend relates to Newcastle Hospitals but this is offset by underspending on other contracts. The overspend in Non-contract activity and the Independent Sector shown in Appendix 1 primarily relates to non-contract NHS activity and the underlying trend is consistent with January.

Table 3: Other Acute Providers

NHS Acute Providers	2018/19 Budget £'000	YTD over/(under) £'000
Newcastle upon Tyne Hospitals NHS Foundation Trust	12,029	701
Northumbria Healthcare NHS Foundation Trust	7,444	(298)
University Hospitals of Morecambe Bay NHS Foundation Trust	4,374	(132)
Wrightington, Wigan and Leigh NHS Foundation Trust	1,343	(7)
City Hospitals Sunderland NHS Foundation Trust	341	88
South Tees Hospitals NHS Foundation Trust	579	14
Gateshead Health NHS Foundation Trust	628	(52)
Other contracts	1,931	(431)
TOTAL	28,670	(117)

- The continuing health care (CHC) budget (which includes NHS Funded Nursing Care) shows an overspend to February of £1.4 million. The underlying volume changes in are shown in Table 4 below that now segregates “fast-track” packages relating to end of life care. A review of fast-track packages is in progress to ensure this process is being used based upon appropriate need as opposed to by-passing the appropriate approval procedures. The CCG is working with CCGs in the NE&NC to establish a consistent process for the management of personal health budgets (PHBs) but locally further review work is being undertaken on PHBs management by providers on behalf of patients. However, in light of recent growth a further review of processes and procedures supporting the financial aspects of the CHC is being undertaken.

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	Nov-18	Dec-18	Jan-19	Feb-19
New Packages	16	14	12	5	10	8	5	7	13	11	12
New Fast Tracks	16	24	15	17	15	16	29	15	22	13	23
New/Ceased in month	5	11	8	5	13	14	8	15	10	22	20
RIP	(22)	(29)	(22)	(18)	(15)	(15)	(11)	(37)	(25)	(17)	(23)
Funding Ceased	0	0	(4)	(5)	(3)	(2)	(1)	(3)	(3)	(3)	(2)
Total	15	20	9	4	20	21	30	(3)	17	26	30
Excl in month only	10	9	1	(1)	7	7	22	(18)	7	4	10

- 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 although in the main these will be utilised to support local system risks.
- Some pressures are being incurred in other programme costs that comprise a number of sundry items 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. 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 across the NE&NC there have been some operational issues that have delayed implementation despite having legal clearance. The MSK saving is shown as low risk as the main area of saving is the Northumbria contract which is underspending (see Table 3).

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 28 February 2019

Financial Position as at 28th February 2019	Refreshed 2018/19 Plan £'000	YTD Budget £'000	YTD Actual £'000	YTD Variance £'000	FYE Actual £'000
Recurring Allocations					
CCG Baseline Allocation	(507,707)	-	-	-	(507,707)
Agreed Adjustments	2,017	-	-	-	2,014
Running Cost Allowance	(6,928)	-	-	-	(6,928)
Sub-total	(512,618)	-	-	-	(512,621)
Non-recurring Allocations					
Agreed Adjustments	(14,096)	-	-	-	(14,096)
Revenue Resource Limit 2018/19	(526,714)	(475,514)	(475,514)	-	(526,717)
Expenditure Budget 2018/19					
Primary Care					
Devolved Primary Care	46,419	42,638	42,929	291	46,933
Prescribing & Medicines Management	55,178	50,377	49,376	(1,001)	53,624
Other Primary Care	4,945	6,224	6,060	(164)	6,332
Total Primary Care	106,542	99,239	98,365	(874)	106,889
Secondary Care					
NHS Acute Providers	203,877	198,610	198,493	(117)	215,531
Non Contract Activity & Independent Sector	3,250	2,530	2,960	430	3,236
Total Secondary Care	207,127	201,140	201,453	313	218,767
Mental Health & Learning Disabilities					
NHS Providers	44,252	41,479	41,219	(260)	45,006
Packages of Care	8,742	8,034	8,116	82	8,851
Learning Disability Pooled Fund	3,545	3,249	3,249	-	3,545
Total Mental Health & Learning Disabilities	56,539	52,762	52,584	(178)	57,402
Services Delivered in the Community					
Community Services	56,694	51,287	51,069	(218)	55,817
Out of Hospital Urgent Care	26,275	24,628	24,769	141	26,769
NHS Funded Continuing Care	22,100	20,876	22,318	1,442	24,357
Other Care	5,245	5,466	5,446	(20)	5,979
Total Community Based Services	110,314	102,257	103,602	1,345	112,922
Reserves					
Cost Growth	17,212	0	-	(0)	1,879
0.5% Planned Contingency	2,563	-	-	-	2,563
QIPP - ICC Savings	(2,205)	-	-	-	(2,205)
QIPP - Savings yet to be actioned in budgets	-	-	-	-	-
Better Care Fund	16,974	15,501	15,502	1	16,975
Total Reserved Funds	34,544	15,501	15,502	1	19,212
Total Running Costs	6,652	6,341	5,779	(562)	6,201
Other Specific Programmes	996	1,239	1,239	0	1,324
Total Programme & Running Costs	7,648	7,580	7,018	(562)	7,525
Total Expenditure Budget	522,714	478,479	478,525	45	522,717
In-Year 2018/19 Planned Surplus	(4,000)	2,965	3,011	45	(4,000)