

**NHS Hambleton, Richmondshire and Whitby CCG
Governing Body Finance Report**

24th January 2019

Table 1: Summary of Key Performance Indicators (31st December 2018)

Financial Duties: Forecast Outturn					Financial Duties: Year to Date Position				
Duty	Plan £000	Forecast £000	Variance £000	RAG Rating	Duty	Plan £m	Actual £m	Variance £m	RAG Rating
Total Allocation	216,528	218,478	1,950		Year to date Allocation	162,552	163,752	1,200	
Programme Allocation	191,658	193,827	2,169		Programme Allocation	143,901	145,350	1,449	
Primary Care Co- Commissioning	21,774	21,556	-219		Primary Care Co- Commissioning	16,330	16,120	-209	
Running Costs Allowance	3,096	3,096	0		Running Costs Allowance	2,322	2,282	-40	
QIPP Delivery (Risk Adjusted)	-7,723	-7,868	145		QIPP Delivery (Estimate)	-5,533	-5,192	-341	
Cash Limit (MCD)	218,479	218,479	0		Cash Limit (MCD) Utilised	162,341	162,341	0	
Better Payments Practice Code (BPPC) (Volume)	95.0%	95.0%	0.0%		Better Payments Practice Code (BPPC) (Volume)	95.0%	99.6%	4.6%	

1.0 Key messages

The CCG's agreed 2018/19 control total is a £3.0m deficit, if the CCG achieves this position we will be eligible for Commissioner Sustainability Funding (CSF) of £3.0m meaning the CCG will have an in year breakeven position. As the CCG achieved the control total in Quarter's 1 and 2, we received 35% (£1.05m) of CSF from NHS England as at October 2018, this has reduced the planned deficit from £3.0m to £1.95m. The CCG has also achieved the control total for Quarter 3 and is therefore eligible for a further 30% (£0.9m) of the total CSF allocation; this allocation will be confirmed at the beginning of February 2019.

As at 31st December the CCG is achieving its overall year to date plan of a £1.2m deficit; the CCG has now been successful in agreeing an aligned incentive contract with its main provider South Tees Hospital NHS Foundation Trust (STHFT). The agreement is for 3 years 2018/19 to 2020/21, and the value agreed for 2018/19 is the maximum amount that the CCG will pay, there will be no clawback for any under-performance or any payment for over performance associated with this agreement.

The main issue remains the CHC budget which is currently £1.8m overspent and is forecast to outturn at £2.2m overspent.

2.0 Year to Date Position

As at 31st December 2018 the CCG is achieving its overall year to date plan of a £1.2m deficit (Table 2).

Acute Services: The CCG currently has signed PbR contracts with all of its other smaller acute providers, including QIPP targets which will be jointly managed through the shared contract management arrangements. As at the 31st December the CCG is continuing to see a number of overspends with some of its smaller acute providers, this is based on the CCGs month 7 freeze and month 8 flex position with an estimate for month 9. The main

area of concern is non elective activity. NCAs are also continuing to increase with one provider in particular, this position is being monitored.

Table 2: 2018/19 Financial Performance (as at 31st December 2018)

	Annual	Year to Date		
	Budget £000	Budget £000	Actual £000	Variance £000
INCOME				
Programme Allocation	191,658	143,901	143,901	0
Primary Care Co-Commissioning	21,774	16,330	16,330	
Running Cost Allocation	3,096	2,322	2,322	0
TOTAL INCOME	216,528	162,552	162,552	0
EXPENDITURE				
Acute Services	89,908	67,651	68,037	386
Ambulance Services	6,759	5,069	5,066	-4
NCA's	1,900	1,425	1,672	247
Community Services	24,524	18,409	18,400	-9
Continuing Health Care	15,972	11,979	13,784	1,805
Mental Health Services	20,652	15,566	15,165	-402
Primary Care Services (inc Prescribing)	28,947	21,837	21,279	-559
Primary Care Co-Commissioning	21,774	16,330	16,120	-209
Other Commissioning	2,886	2,166	2,050	-116
Sub-total commissioning	213,323	160,433	161,572	1,139
Reserves	1,096	997	348	-650
Contingency	963	0	0	0
2017/18 Non Recurrent Benefits	0	0	-450	-450
TOTAL PROGRAMME COSTS	215,382	161,430	161,470	40
Running Costs	3,096	2,322	2,282	-40
TOTAL COSTS	218,478	163,752	163,752	-0
In Year (Surplus) / Deficit	1,950	1,200	1,200	-0
2017/18 Brought Forward Deficit	5,856	4,392	4,392	0
Cumulative (Surplus) / Deficit	7,806	5,592	5,592	-0

Continuing Healthcare (CHC) and Funded Nursing Care (FNC): continues to be a concern; the overspend has worsened at month 9 in both the year to date position (£0.3m) and forecast overspend (£0.35), this position is being investigated. As previously reported there is a risk of £1.0m, work is ongoing to resolve this but from a prudent point of view this has been included in the YTD to FOT. Achievement of the plan is dependent on delivering a significant QIPP (£787k) and containing costs and volumes within planned levels.

Mental Health services: Mental Health contracts are continuing to underspend but not at the levels previously reported. Over the last two months the CCG has seen an increase in out of contract placements which has reduced this underspend. This area continues to be a significant risk to the CCG as this budgetary underspend is currently supporting other areas of overspend in the CCG; Out of contract placements are cost per case and activity levels will fluctuate.

Prescribing: Despite an improvement in the prescribing position in September, the October position has seen a further increase in national costs; the forecast position has therefore been updated accordingly. The YTD position continues to be significantly lower than the same period of 2017/18 (by £979k) but these cost increases are affecting the CCGs ability to manage within the annual prescribing budget. This area of expenditure continues to be subject to nationally driven price changes, and the impact of the availability of some routine drugs at their normal lower prices (NCSO), the position is being closely monitored by the CCG.

Current year to date cost pressures have been managed through non-recurrent benefits from 2017/18 (£0.45m) and slippage against planned areas of expenditure.

3.0 QIPP Delivery

To deliver its control total, the CCG needs to deliver a challenging QIPP target of £7.7m. As at 31st December 2018 the CCG is forecasting a small overachievement in QIPP delivery against the £7.7m target (Table 3). The additional stretched targets in mental health out of contract placements (£0.5m) and prescribing (£0.5m) are still forecast to achieve. Despite the increase in prescribing costs the medicines optimisation QIPP schemes are still on track to deliver.

Table 3: 2018/19 QIPP Summary

Summary October	Revised Target £000	Delivery Risk	Forecast Outturn 2018 £000	Variance £000
Medicines Optimisation	1,600	Amber	1,600	0
Friarage Ambulance	298	Green	521	223
Redesign GP OoH	345	Amber	173	-172
Running Costs	214	Green	214	0
Planned & Unplanned Care	2,529	Amber	2,496	-33
Reduction in block contract - Rutson	257	Green	257	0
Mental Health High Cost Patient	899	Amber	986	87
Continuing Health Care (CHC)	787	Red	1,050	263
Other Services	793	Green	571	-223
Total	7,723		7,868	145

Progress against the 2018/19 QIPP programme is monitored through a fortnightly Performance Assurance Group. Performance against current QIPP schemes and the identification of additional QIPP schemes are a priority.

The main areas of concern are:

Prescribing: has a challenging QIPP target but has robust plans in place to achieve this target. The main areas of focus are in reducing wastage, implementing national guidance

on 'Items which should not to be routinely prescribed in primary care', continuing to encourage patients to think of other channels to access advice and/or medication for minor ailments, such as going to their community pharmacy and ensuring the cost effective use of medicines. Further schemes to reduce prescribing costs in both primary and secondary care are also under development.

Redesign GP Out of Hours: The savings target of £0.35m is linked to reducing the current running costs of the GP out of hours service, primarily through reducing the services reliance on locum doctors. These discussions continue but there is a risk that this scheme will not deliver the full planned target.

CHC: The CCG is part of the QIPP 4 programme which has been commissioned by NHS England. The programme is looking to support the aligned Incentive scheme discussions and target further savings in CHC. The CHC programme is reviewing further opportunities to release value in this area, with specific reference to the NHS England programme "NHS Continuing Healthcare Strategic Improvement Programme" which aims to provide fair access to NHS Continuing Healthcare in a way which ensures:

- Better outcomes
- Better experience
- Better use of resources.

Work is ongoing to review packages of care and track any changes through onto the management information system, to ensure the financial information is robust.

The indications from the separate reporting of QIPP schemes would suggest that the actions required to deliver the savings are having an effect but this is not flowing through into the financial position.

The CCG has received additional support from NHS England to help deliver this QIPP. This support will be in the form of reviewing 30 individual cases from initial request through to financial reporting. There are potential savings however capacity within the CHC staffing means there has been a delay in achieving these returns.

Other Services: will be managed through slippage on reserves including those resulting from services or contracts which have now ceased (including the Friarage Ambulance), or where 2018/19 contracts have been agreed at a lower level than the budgets provided through the planning round, and through non-recurrent benefits from 2017/18.

The CCG is also working with South Tees CCG & South Tees Hospitals NHS Foundation Trust around a system wide approach to managing demand and capacity, increasing the focus on community based services and reducing demand for hospital based care as part of a system wide recovery programme.

4.0 Forecast Outturn

The CCG is currently forecasting delivery of its 2018/19 control total of a £3.0m deficit. The main risks to delivering the CCGs financial plan are:

- CHC/FNC Cost Pressures
- Nationally driven prescribing cost pressures
- Mental Health cost pressures for out of area and out of contract placements.
- Transforming Care Programme (TCP)
- Over-performance by the main acute trusts

- Under delivery of QIPP

5.0 Risks & Mitigations

All quantifiable risks and mitigations are included within the reported year to date position.

The Transforming Care Programme (TCP) (Building the Right Support) is a national plan to develop community services and close inpatient facilities for people with Learning Disabilities. The financial impact on the CCG is dependent on the net movement of people between specialist inpatient facilities and community services; this has now been assessed for 2018/19 and is forecast to be within current resources. TCP risk share arrangements have been agreed with the other North Yorkshire CCGs.

6.0 Underlying Position

Work is ongoing to identify the underlying deficit as we enter into financial year 2019/20. The CCG is required to resubmit a revised financial recovery plan.

7.0 Key Actions

In order to deliver its financial control total the CCG will have to manage the financial risks out of the system this will include:

- Close management and monitoring of the CHC Budget
- Ensure delivery of the Prescribing budget
- Focus on management of the other Acute Contracts within budget
- Ensuring that those areas that are underspending continue to underspend

8.0 Conclusion and Recommendation

The CCG still faces a significant financially challenging year with significant risks to delivery of its control total.

The Governing Body is asked to note the contents of this report.