

NHS Vale of York Clinical Commissioning Group Financial Performance Report

Report produced: March 2016

Financial Period: April 2015 - February 2016

Summary of Key Financial Measures

Indicator	Year to Date				Forecast Outturn			
	Target £000	Actual £000	Variance £000	RAG rating	Target £000	Actual £000	Variance £000	RAG rating
Achieve planned surplus	3,616	(8,394)	(12,010)	R ↓	3,945	(6,282)	(10,227)	R →
Programme expenditure does not exceed programme allocation	394,463	403,605	(9,141)	R ↓	430,532	437,635	(7,103)	R →
Running costs expenditure does not exceed running costs allocation	6,968	6,220	748	G ↓	7,602	6,781	821	G ↓
Risk adjusted surplus					3,945	(6,282)	(10,227)	R →
QIPP delivery (see section 5)								
Better Payment Practice Code (Value)	95.00%	99.64%	4.64%	G →	95.00%	>95%	0.00%	G →
Better Payment Practice Code (Number)	95.00%	97.34%	2.34%	G →	95.00%	>95%	0.00%	G →
Cash balance at month end is within 1.5% of monthly drawdown	455	11	444	G				
CCG cash drawdown does not exceed maximum cash drawdown					442,655	442,655	0	G →

Note – The first 3 metrics correspond to those reported in Note 42 of the Annual Accounts, and represent the statutory duties of the CCG.

The full finance dashboard is presented in Appendix 1

Key Messages

- **The CCG is currently classed as an organisation in turnaround due to the deteriorating financial position.**
- The CCG is forecasting a year end deficit of £6.3m, which is £10.2m below plan. This position includes several significant variances which are detailed in section 3. The forecast outturn has not moved from the month 10 reported position.
- There are no further risks to the forecast reported at month 11. All risks and mitigations identified previously have been reviewed and, where appropriate, included in the forecast outturn position.
- The February financial position has already been discussed with the NHS England Area Team, who are fully briefed on the forecast deficit.
- An updated draft Financial Plan for 2016/17 was submitted on 2nd March. This is based on a detailed financial recovery strategy developed by the CCG formed on 12 principles agreed with the Governing Body, NHS England and shared with partner organisations. This results in a proposed multi-year financial recovery plan for which the CCG is seeking NHS England approval.

1. Red / Amber financial measures

- *'Achieve planned surplus'* - The red rating reflects the £10.2m forecast outturn variance from plan. This results in the CCG forecasting a deficit of £6.3m against a planned surplus of £3.95m. The year to date (YTD) position is a deficit of £8.4m which is £12.0m short of the planned YTD surplus of £3.6m. The year to date deficit is forecast to improve by £2.1m in March due to several mitigations which will materialise in the final month of the financial year.
- *'Programme expenditure does not exceed programme allocation'* – a red rating has been received for year to date and forecast outturn. Programme expenditure is forecast to be higher than allocation by £7.3m. This is offset by a forecast underspend on running costs of £0.8m.
- *'Risk adjusted surplus'* – a red rating has been received as the CCG's risk adjusted surplus is a deficit of £6.3m. This is now in line with forecast outturn.

2. Key Actions

- An updated draft of the financial plan for 16/17 has been submitted, with a draft 5 year financial plan in development for submission in line with national planning deadlines. The draft plan reflects national planning guidance, the draft national tariff and CCG allocations. The CCG has developed a set of Financial Recovery 'principles and parameters' on which a multi-year financial recovery plan is being formed which would see the CCG return to meeting all planning and business rules over a longer period.
- Weekly contract planning meetings between the CCG's contracting team and the main acute provider, York Teaching Hospital NHS Foundation Trust, are ongoing and the Trust and CCG are working to agree and sign a contract in line with national timescales.
- Development of practice information packs to be provided to GP practices containing details of acute activity and prescribing expenditure. A survey of primary care has been carried out to get feedback on what information would be useful to practices – results have now been received and the Finance & Contracting team will now use this to develop draft information packs, training and tailored support.
- Roll out of the finance e-learning package continues with 36 members of staff now signed up, including all Governing Body GP Leads. The intention is to roll this out to primary care in the near future following feedback from the primary care survey.
- A review of all finance and contracting work streams and required resource has been undertaken and a comprehensive action plan developed.

3. Forecast Outturn

The main variances within the 2015/16 forecast outturn at February month end are as follows.

Note - Adverse variances are represented as *(negative values)*, favourable variances as *positive values*

Description	Value	Commentary / Actions
Unallocated QIPP	(£9.91m)	Non delivery of full value of unallocated QIPP.
Acute overspend (York Teaching Hospital NHS Foundation Trust - YTHFT)	(£6.43m)	The 2015/16 overspend on this contract has now been agreed at £7.93m, less application of contract penalties £1.50m. See section 6 for further detail of acute activity.
Mental Health Out of Contract placements	(£1.94m)	A review of all placements to establish which are now included in the new Mental Health contract, and which remain out of contract is on-

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		going. There remain areas of real pressure however, particularly relating to s117 placements.
Acute overspends (secondary care and ambulance services, excluding YTHFT)	(£2.36m)	Overspends with other providers. The total forecast overspend is split across several providers with the largest being Ramsay which has deteriorated from an overspend of £0.69m to £0.97m due to increased transfers from YTHFT.
Prescribing	(£1.41m)	
Prior year brought forward pressures	(£0.62m)	Additional costs relating to 2014/15 above level of year end accruals.
Mental Health	(£0.31m)	£0.22m increased cost of new contract with Tees, Esk and Wear Valleys NHS Foundation Trust from Oct and £0.09m Specialist Rehab for Brain Injury.
Better Care Fund social care scheme reduced investment	£3.43m	Assessed proportion of pooled budget investment not possible due to level of system savings not released in line with joint plans.
Release of contingency	£1.97m	0.5% contingency as per national planning rules
Better Care Fund performance fund	£1.86m	In line with national guidance.
GP Innovation Fund	£1.26m	
Continuing Healthcare (CHC)	£1.48m	The forecast has improved from £1.12m last month, which relates to the on-going work to improve data quality and reassess prior year accruals.
Further contract adjustments	£1.01m	
Running costs underspend	£0.82m	
Primary Care Co-commissioning	£0.58m	£0.30m relates to release of 14/15 accruals relating to costs which will now not arise. £0.29m is an allocation increase to correct a shortfall in the 0.5% contingency which transferred with co-commissioning budgets.
Systems Resilience contingency	£0.44m	
Uncommitted readmissions investment	£0.33m	
Other programme overspends	(£0.43m)	
Total impact on planned surplus	(£10.23m)	

4. Risks and mitigations

There are no further risks to the forecast reported at month 11. All risks and mitigations identified previously have been reviewed and, where appropriate, included in the forecast outturn position.

5. Balance sheet / other financial considerations

There are no material concerns with the CCG's balance sheet at 29th February 2016 and all key metrics (see page 1) are green.

The CCG's maximum cash drawdown has been adjusted for the forecast deficit and the CCG will need to manage cash within the adjusted limit.

6. QIPP programme

6a. QIPP progress table

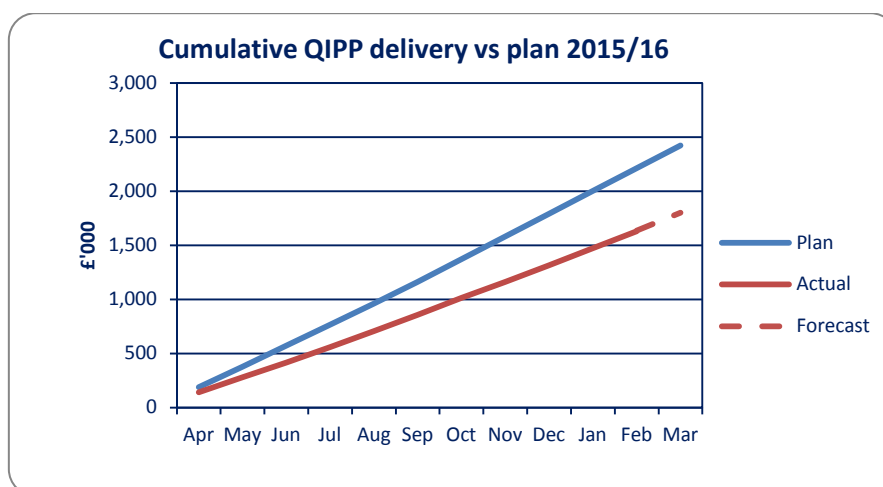
The finance and contracting team are currently working through QIPP schemes with the Innovation and Improvement team to ensure financial baselines are in place and to develop suitable monitoring. The table below reflects that this work is still in progress and some QIPPs show up to date financial information, however those coloured grey require further work and will be shown in the future reports.

Scheme Name	Ref	YTD				Forecast Outturn				Comments
		Planned savings £000	Expected savings £000	Actual savings £000	RAG rating	Planned savings £000	Expected savings £000	Actual savings £000	RAG rating	
Prescribing - Dressings	PRE.04	42	0	0		50	0	0	A	Pilot now expected to go live in April 2016
Prescribing - Gluten Free Foods (Phase 1)	PRE.02	0	55	54	G	0	60	59	G	
Community Diabetes Team	PC.03	0	140	0	A	0	152	0	A	Savings on acute activity not evidenced in acute data (see 5b)
Community Diabetes Prescribing		92	92	0	R	100	100	0	R	Savings not yet identified through ePact - to be reviewed with Medicines Management
DVT Pathways	PrC.02	0	0	0		0	0	0		Delivery through Vale of York Clinical Network being considered, possible go live would be May / June 2016
Prescribing - Medicines Management Schemes	PRE.06	229				250				
Prescribing - Medicines Management Facilitator	PRE.07	27				29				
Prescribing - Malnutrition / ONS products	PRE.03	45	25	0	A	53	31	12	A	Formulary now live. November & December prescribing data shows no saving - continue to monitor
Prescribing - Stoma care & continence	PRE.01	44	0	0	A	49	0	0	A	Project in progress but savings are not in line with original planned timescale
Community Pharmacy		15				16				
Dermatology indicative budgets		0	0	0		0	0	0		Start date revised - scheme to start in Mar/Apr with savings expected from Apr 16
CHC efficiencies		567	567	567	G	619	619	619	G	
Elective orthopaedics procurement	PC.05	458	458	458	G	500	500	500	G	
Out of hours procurement	UC.04	458	458	458	G	500	500	500	G	
Local prices - Ramsay hip reconstructions		235	0	0	R	257	0	0	R	
Biosimilar Infiximab		0	106	92	G	0	123	109	G	
Total identified QIPP		2,212	1,901	1,631		2,422	2,086	1,800		
Better Care Fund Schemes		6,518				7,128				
Unidentified QIPP		0				9,912				
Total QIPP requirement		8,730	1,901	1,631		19,462	2,086	1,800		

'Planned savings' is the saving included in the 2015/16 financial plan. 'Expected savings' are the most up to date savings and may be different from those included in the financial plan following development of a business case or changes to assumptions used in the financial plan.

6b. QIPP cumulative delivery

The graph below shows cumulative YTD and forecast QIPP delivery for all schemes above, against planned delivery as per the 2015/16 financial plan.



6c. QIPP commentary – red and amber schemes

Note that as per section 6a, work is on-going to quantify QIPP savings and integrate QIPP exception reporting into this report. Until this is complete, a QIPP highlight report covering all schemes is included in appendix 2.

- **Community Diabetes Prescribing** – Data from ePact has been reviewed but currently shows a minimal reduction in cost across all blood glucose monitoring strips. Further analysis is underway to establish whether there are other factors affecting this data (for example growth).
- **Local prices – Ramsay hip reconstructions** – This scheme was included in planning as a local change to coding under discussion with Ramsay. However, it transpired that this would trigger other coding changes that would offset the savings.
- **Community Diabetes Team** – Some savings in acute activity have been evidenced however these are not of the magnitude expected and do not exceed the increased cost from the introduction of a Diabetes Local Enhanced Service in primary care. Anecdotal evidence is that diabetes clinic activity in secondary care has reduced materially and this has been queried with YTHFT to ensure that activity is being correctly coded and counted.
- **Prescribing – Malnutrition / Oral Nutritional Supplements** – A revised formulary is now live. Savings were expected from November onwards. November and December prescribing data does not show a cost saving. Prescribing data will continue to be monitored as the new formulary is embedded. This scheme was originally included in the financial plan with a start date of September so the amber rating relates to a shortfall against YTD plan due to a later start date.
- **Prescribing – Dressings** – This scheme was included in the financial plan with a start date of October. A pilot scheme in Selby is being developed.
- **Prescribing – Stoma Care and Incontinence** – This scheme was included in the financial plan with a start date of June. The project is in progress but has not yet been implemented.

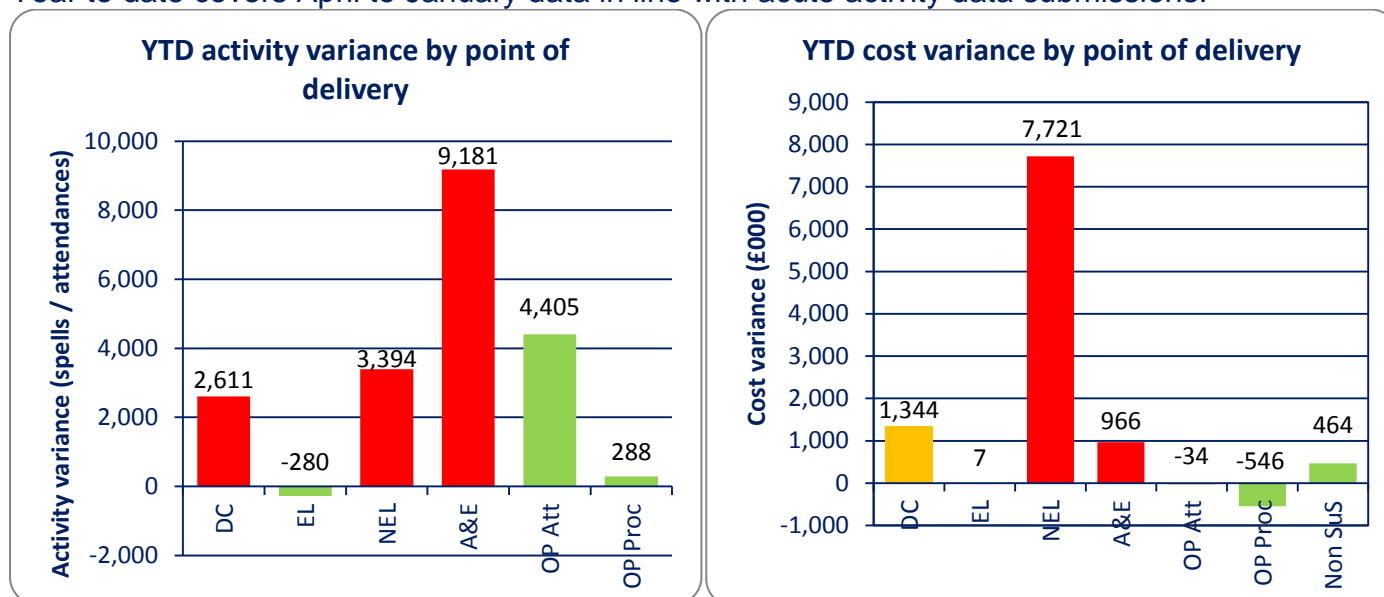
7. Secondary Care activity

7a. York Teaching Hospitals NHS Foundation Trust

The two graphs below show YTD activity and cost variance against plan by point of delivery (POD) with the CCG's main acute provider, York Teaching Hospital NHS Foundation Trust.

Variations are shown as red when they are 10% or more above plan, amber where 5-10% above plan and green where less than 5% above plan or below plan.

Year to date covers April to January data in line with acute activity data submissions.



Notes – April to December data is freeze, January is flex and may change when final freeze data is submitted. The cost graph excludes contract adjustments such as readmissions and marginal rate adjustments, penalties and CQUIN.

Non elective admissions are 14% above plan with an overspend against plan of £7.72m. This mainly relates to the Better Care Fund planned savings which were deducted from plan (£6.07m). Other overspends relates to Geriatric Medicine (£0.32m), Trauma and Orthopaedics (£0.37m) and General Medicine (£0.34m).

Accident and Emergency attendances are 17% above plan with an overspend against plan of £0.97m. This relates to the Better Care Fund planned savings which were deducted from plan (£1.16m).

7b. Other secondary care providers

Other secondary care providers are showing a YTD overspend of £2.36m in the April to February financial position, the majority of this being with Ramsay (£0.97m) and the remainder split across several other providers. £0.24m of the Ramsay variance relates to the local reconstruction procedure tariff QIPP (See section 6a).

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Appendix 1 – Finance dashboard

	YTD Position			Forecast Outturn		
	Cumulative To Date			Forecast Outturn		
	Budget £000	Actual £000	Variance £000	Budget £000	Actual £000	Variance £000
Commissioned Services						
Acute Services						
York Teaching Hospital NHS FT	158,656	165,108	(6,452)	173,830	180,264	(6,434)
Yorkshire Ambulance Service NHS Trust	12,123	11,847	276	13,225	12,876	349
Leeds Teaching Hospitals NHS Trust	7,574	7,681	(107)	8,305	8,385	(79)
Hull and East Yorkshire Hospitals NHS Trust	2,024	2,062	(38)	2,220	2,256	-36
Harrogate and District NHS FT	1,134	1,401	(267)	1,241	1,528	(288)
Mid Yorkshire Hospitals NHS Trust	1,649	1,736	(87)	1,804	1,899	(94)
South Tees NHS FT	1,058	1,085	(27)	1,160	1,167	(7)
North Lincolnshire & Goole Hospitals NHS Trust	599	621	(22)	655	683	(28)
Sheffield Teaching Hospitals NHS FT	183	236	(53)	200	258	(58)
Non-Contracted Activity	2,517	3,273	(757)	2,745	3,432	(686)
Other Acute Commissioning	86	130	(44)	94	142	-48
Ramsay	7,286	8,335	(1,050)	8,008	8,974	(967)
Nuffield Health	3,317	3,420	(103)	3,641	3,754	(113)
Other Private Providers	601	976	(374)	656	1,069	(412)
Systems Resilience	1,344	1,250	93	1,441	1,332	109
Sub Total	200,151	209,162	(9,011)	219,225	228,018	(8,793)
Mental Health Services						
Leeds & York Partnerships NHS FT	15,152	15,152	(0)	15,152	15,152	0
Humber NHS FT	912	951	(39)	994	1,034	(39)
Tees Esk and Wear Valleys NHS FT	15,781	15,961	(180)	18,820	19,038	(218)
Specialist Services	4,169	5,976	(1,807)	4,274	6,304	(2,030)
Non-Contracted Activity - MH	136	474	(337)	149	436	(287)
Other Mental Health	90	82	9	90	82	9
Sub Total	36,240	38,595	(2,355)	39,479	42,045	(2,566)
Community Services						
York Teaching Hospital NHS FT - Community	18,022	18,175	(153)	19,658	19,765	(107)
York Teaching Hospital NHS FT - MSK	2,037	1,611	426	2,222	1,952	270
Harrogate and District NHS FT - Community	4,071	4,158	(87)	4,441	4,528	-87
Humber NHS FT - Community	957	996	(39)	1,044	1,083	-39
Hospices	1,077	1,076	1	1,175	1,174	1
Longer Term Conditions	321	359	(39)	350	389	(39)
Other Community	130	156	(26)	142	173	(31)
Sub total	26,615	26,531	84	29,033	29,064	(32)
Other Services						
Continuing Care	20,752	20,590	162	22,581	21,100	1,481
Funded Nursing Care	3,370	3,312	58	3,676	3,613	63
Patient Transport - Yorkshire Ambulance Service NHS Trust	1,609	1,645	(37)	1,755	1,800	(45)
Voluntary Sector / Section 256	662	661	1	722	720	2
Non-NHS Treatment	580	836	(255)	631	903	(272)
NHS 111	622	604	18	678	643	36
Better Care Fund	13,453	11,553	1,900	16,130	10,893	5,237
Other Services	283	517	(233)	298	505	(208)
Sub total	41,332	39,718	1,614	46,471	40,176	6,295

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	YTD Position			Forecast Outturn		
	Cumulative To Date			Forecast Outturn		
	Budget £000	Actual £000	Variance £000	Budget £000	Actual £000	Variance £000
Primary Care						
Prescribing	45,174	46,532	(1,358)	49,384	50,794	(1,410)
Local Enhanced Services	1,266	1,158	108	1,386	1,276	109
Oxygen	258	203	55	282	222	60
Primary Care IT	963	952	10	1,050	1,050	0
Out of Hours	3,218	3,235	(16)	3,511	3,564	-53
GP Innovation Fund	436	370	65	436	370	65
Sub Total	51,315	52,451	(1,136)	56,048	57,277	(1,229)
Primary Care Co-Commissioning	37,130	36,525	605	40,506	39,926	580
Running Costs	6,968	6,220	748	7,602	6,781	821
Trading Position	399,751	409,202	(9,451)	438,365	443,287	(4,923)
Prior Year Balances	0	623	(623)	0	623	(623)
Reserves	2,864	0	2,864	3,765	506	3,258
Contingency	1,808	0	1,808	1,972	0	1,972
Unallocated QIPP	(6,608)	0	(6,608)	(9,912)	0	(9,912)
Reserves	(1,936)	623	(2,559)	(4,175)	1,129	(5,304)
Financial Position	397,815	409,825	(12,010)	434,189	444,416	(10,227)
Surplus	3,616	0	3,616	3,945	0	3,945
Overall Financial Position	401,431	409,825	(8,394)	438,134	444,416	(6,282)