



Northern, Eastern and Western Devon  
Clinical Commissioning Group



## NHS NEW Devon CCG – Western Locality

### Finance Report – Month 5 2015/16

#### Introduction

This report sets out the financial performance of the Western Locality to the end of month 5 (August 2015). The report is in three sections with the first reflecting the devolved financial management responsibilities of the Locality as approved by the CCG Governing Body. This reflects the position based on the pragmatic reporting of where contracts are managed.

The second section reflects the population based report for the Locality. This represents the expenditure on contracts for the GP registered population of the Western Locality. A subset of this information (for Plymouth only practices) forms the CCG contribution towards the Plymouth Integrated Fund.

The third section of the report sets out the performance of Plymouth Integrated Fund. It therefore includes summarised Plymouth City Council (PCC) expenditure across both Pooled and Aligned funds, and the associated risk share arrangements.

Due to timing of both Governing Body and Cabinet meetings, this report remains **DRAFT** until the CCG Governing Body and PCC Cabinet receives these figures.

#### SECTION 1 – LOCALITY MANAGED CONTRACTS

##### 1. Western Locality Finance Position

The Budget for the contracts managed in the Western Locality this month has been set at £288.5m for 2015/16. As agreed by the Governing Body, for pragmatic reasons, the budget, spend and forecast figures are CCG wide. The Locality is therefore responsible for performance against the entirety of these individual contracts and liaises with other teams as necessary where corrective action is required.

This budget has increased by £10.5m from last month, which is due mainly to the repatriation of some delegated Partnership budgets. In general these budgets included elements of the Better Care Fund, Wheelchairs and Community Equipment. These previously were reported in the Partnerships report, but in order to better reflect the responsibilities of the Western Planning and Delivery Unit, the delegation of these budgets to Partnerships has been removed and these are repatriated to the Locality report.

The detailed analysis for the locality is included at **Appendix 1**. The Year to Date performance shows a £29k overspend against plan, with a forecast outturn of £988k more than plan. The key areas contributing to the forecast variance are Plymouth Hospitals NHS Trust, the Independent Sector acute contracts, and the Care Co-ordination Team. These variances are explored in more depth below.

### Acute Care Commissioned Services

#### *Plymouth Hospitals NHS Trust*

The acute contract with Plymouth Hospitals NHS Trust has been agreed at a value £173.1m, which is fully variable. There are a number of significant challenges in the contract this year, and these are reflected in the budget. The performance in these challenged areas are summarised in the report.

Contract value:	£173.1m
Penalties:	-£1.7m
QIPP:	-£3.6m
Capacity Constraint:	£2.2m
Total Budget	£170.0m

#### Penalties

The CCG has funded contracts that exceed its resource limit to the extent that assumed penalties are applied and re-invested in the contract value. For the Plymouth Hospitals NHS Trust contract the assumed penalties is £1.7m and this has been invested in the RTT backlog value of the contract at £3.6m. The performance to date is as follows:

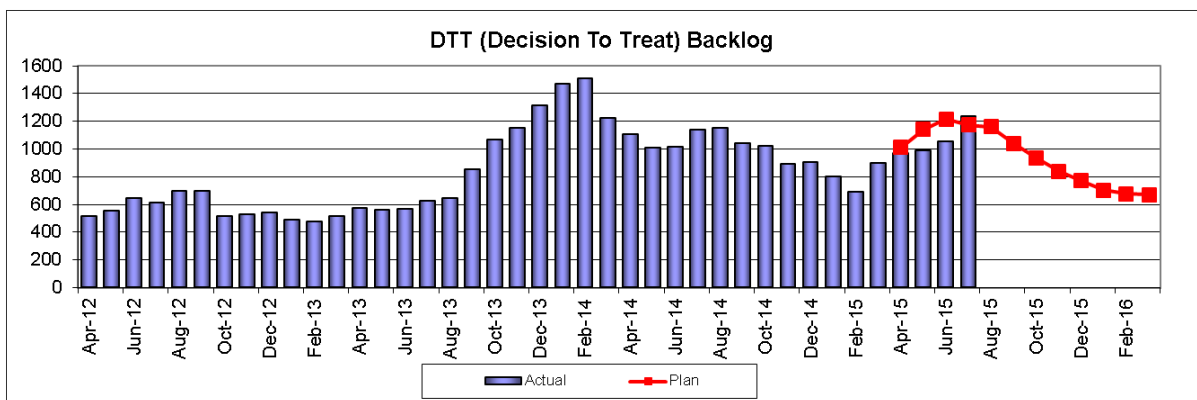
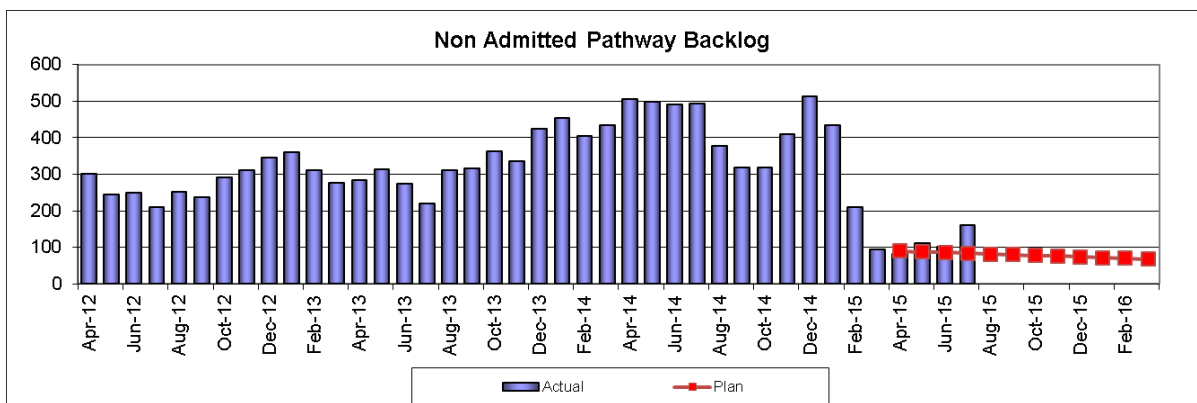
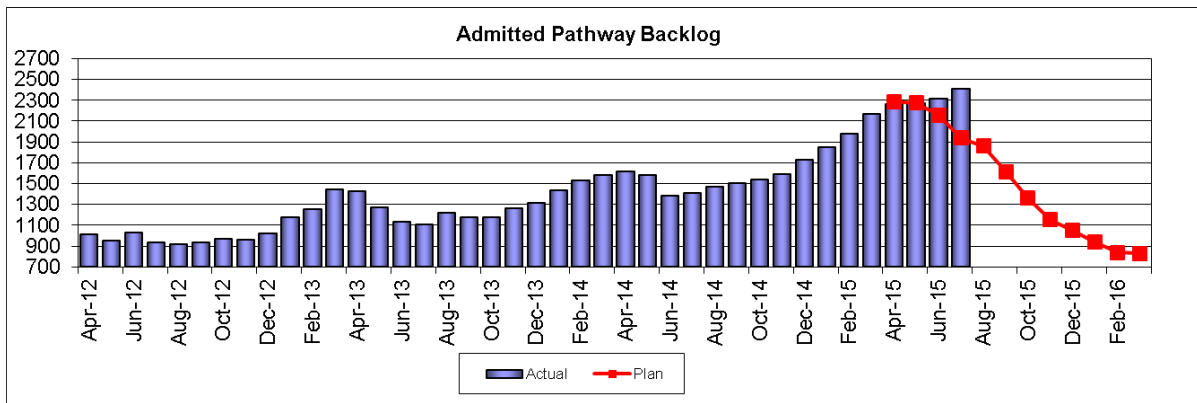
<b>Plymouth Hospitals NHS Trust</b>	<b>M1-3</b>	<b>M4</b>	<b>Total</b>
<b>2015/16 Penalties - NEW Devon CCG</b>	<b>£'s</b>	<b>£'s</b>	<b>£'s</b>
Never Events - Original Spell	-6,432	0	-6,432
Never Events - Corrective Spell	0	0	0
Eliminating Mixed Sex Accommodation	0	0	0
Cancer (62 days)	-8,181	-6,898	-15,079
Cancer (31 days)	-5,278	-1,067	-6,345
Cancer (2 Week Waits)	-13,090	-3,085	-16,175
RTT (Admitted, Non-Admitted & Incomplete)	-428,090	-168,176	-596,266
RTT (Over 52 Week Waits)	0	-5,000	-5,000
Diagnostic Waits	-91,341	-13,722	-105,063
A&E	-173,946	-77,869	-251,815
Ambulance Handovers	-31,774	-12,854	-44,628
Cancelled Operations (28-Day Breaches)	-73,879	-13,154	-87,033
Cancelled Operations (Multiple Cancellations)	-15,000	0	-15,000
Clostridium Difficile	0	0	0
Duty of Candour	-1,543	-815	-2,358
Venous Thromboembolism (VTE) Risk Assessment	0	0	0
<b>Total</b>	<b>-848,555</b>	<b>-302,639</b>	<b>-1,151,194</b>

### Capacity Constraint

There are a number of specialities that the Trust has been unable to provide sufficient capacity to deliver RTT and match the demand in the system. The agreed level of capacity shortfall was excluded from the contract, and the locality has been soft testing the market for the capacity required to deliver RTT compliance in these specialities. To date some additional capacity has been identified within PHNT in Dermatology, Plastics and Ophthalmology. The former two have been actioned through variations to the contract, and we continue to work towards this resolution for the latter. We have now secured some capacity from Care UK for Colorectal activity. The balance has not yet been secured and there is a year to date underspend on this element of budget. The locality plans to continue to seek additional capacity and the forecast, therefore, is that this budget will be spent during the balance of the year in delivering RTT compliance.

### RTT Compliance

£3.6m has been invested in securing capacity to deliver RTT compliance by reducing the backlog. Performance to month 4 is summarised in the following table, but is explored in greater depth in the Integrated Governance Report.



**QIPP**

The most significant issue with the contracts financial performance this year will be the requirement to deliver QIPP Savings (Quality, Innovation, Productivity and Prevention) to the value of £6.4m. £2.8m of this is reflected in the opening contract with the Trust, a further £3.6m is reflected in the Locality’s budget for this contract, with an expectation that it will be delivered by year end.

It is our intention to vary the contract value through contract variation orders as QIPP schemes’ financial and activity impacts are agreed, however where the impact is driven solely by the CCG and has not received agreement from the Trust we would expect the contract to underperform.

During the month the contract variation order for the impact of Robin Ward has been finalised and signed off. In addition contract variations for Dermatology and Plastics have also been agreed. This has changed the analysis of the budget as follows:

Contract value:	£172.9m
Penalties:	-£1.7m
QIPP:	-£2.6m
Capacity Constraint:	£1.4m
Total Budget	£170.0m

QIPP delivery continues to be a key focus for our work and will also form a key part of financial reporting as the year progresses. A section on the delivery of QIPP is included later in the report.

#### Contract Performance

At the time of writing the month 5 data for this contract had not been received and the performance is reported based on month 4 data. The month 4 performance information shows an underperformance against the contract plan of £1.8m. In addition to this underperformance there is also a year-to-date underspend on the funds withheld for the Capacity Constrained Specialties of £0.4m as these funds are not yet fully committed. The year to date position has also been adjusted to account for the non-delivery of non contractualised QIPP. This results in a total year to date position of £0.8m under plan.

The main reasons for the underperformance are explored in greater detail in the contracts section of the Integrated Governance Report, and are summarised below for context.

Year to Date	Planned Spend £000s	Actual Spend £000s	Variance £000s	Variance Activity	Variance £
Elective	12,193	11,413	- 781	0%	-6%
Non Elective	19,414	19,579	165	3.9%	1%
A&E	2,855	2,789	- 65	-1.5%	-2%
Outpatients	10,827	11,103	275	2%	3%
Excluded Services	11,731	11,525	- 205		-2%
Penalties	-	1,151	- 1,151		
CQUIN	1,322	1,281	- 41		
Contract Adjustments	57	-	- 57		
Total	58,399	56,538	- 1,861		-3.2%

The **Elective** underperformance remains largely due to Orthopaedics, Upper GI Surgery and Urology.

**Non Elective** has now moved from being under plan in the year to month 3 to cumulatively over plan in month 4. During the month a profiling issue with the plan for Non Elective was corrected and this has meant the cumulative performance to date against plan has shifted.

A detailed explanation and impact assessment is explained in more depth in the Integrated Governance Report. The overperformance in activity of 447 spells or 3.9% compares to a corresponding financial variance of £165k or 0.8% with a value variance of -2.9%. This indicates that whilst the Trust has seen a greater number of patients than planned for they haven't attracted the same level of income which suggests that they weren't as complex.

In **Accident and Emergency** the Trust have seen 377, or 1.5%, fewer patients than planned for in the year to date. This indicates a further and continued reduction in the growth levels seen over recent months.

The overall position of an overperformance of £275k (3%) on **outpatients** masks a wide variation in performance at individual specialty level.

The major contributors to the **penalties** are RTT (£596k), A&E (£252k), Cancelled Operations (£102k) and diagnostics (£105k).

#### Referral Information

Referral information for the first 4 months of 2015/16 shows an overall increase of 2.07% compared to the same period last year with GP referrals 1.65% above 2014/15 levels. This table was included last month in error as month 3 referral information and was in fact in reference to month 4.

Referral Source	2014/15	2015/16	Variance	%
A&E	1,035	979	- 56	-5.41%
Consultant	5,507	5,994	487	8.84%
Dentist	1,165	965	- 200	-17.17%
GP	20,401	20,737	336	1.65%
Other	3,532	3,619	87	2.46%
<b>Grand Total</b>	<b>31,640</b>	<b>32,294</b>	<b>654</b>	<b>2.07%</b>

\* Referrals to Obstetrics & Midwife Episode not included in year on year comparison

This table is based on Plymouth Hospitals NHS Trust's data, and we are working with the Trust to reconcile and validate this data to the information flows through DRSS to ensure we have a consistent joint view of referral activity.

#### *South Devon Healthcare Foundation Trust*

The month 5 position is based upon the latest contract performance information available which is presently month 4 data. There was a bottom line overperformance on this contract in months 1 and 2 which totalled £61k, however this trend has been reversed in month 3 and 4 where there have been respective underperformances of £23k and £45k. This gives a total year to date position of a £5k under contract plan.

The key areas of overperformance within the overall variation are non elective (£31k), Excluded Devices (£8k) and undelivered QIPP (£71k). These are offset by underperformances in Outpatients (-£54k), Elective inpatients and day cases (-£31k) and Maternity (-£18k). There has also been £17k levied against the national penalty criteria. The annual forecast position includes a cost pressure from the previous reporting year of £26k.

These positions are extrapolated forward to forecast an overspend of £74k, an improvement on last month of £165k.

### *Independent Sector and London Trusts*

The Independent Sector and London Trusts position remains broadly similar to Month 4, worsening marginally due to activity being slightly above plan, but overall forecast to be below plan based on current performance.

### Non Acute Commissioned Contracts

#### *Plymouth Community Healthcare CIC*

The PCH Contract is blocked, with a single variable service (The Minor Injuries Unit), PCH produce a monthly performance/finance datebook which allows both parties to shadow monitor the block contract and review key performance metrics.

As at month 4 PCH under performed against plan by £90k (New Devon only), this would equate to a forecast outturn under performance of £216k.

The Minor Injuries unit is currently forecast to over perform by around £250k (although this will be partially offset by the DPT inpatient bed benefit share), although we are working with PCH to try and produce a more robust seasonally adjusted forecast.

PCH have had some issues when the stored procedures written in anticipation of services transferring to SystemOne have been run and continue to work to address these issues as soon as possible and have a contractor in to assist in fixing outstanding issues and improve the processes to ensure timely and accurate contract information is made available to commissioners.

We will not be reporting any performance for the South Hams element of the PCH Contract until the services have bedded in, and an appropriate indicative activity plan can be produced.

*Care Co-ordination Team*

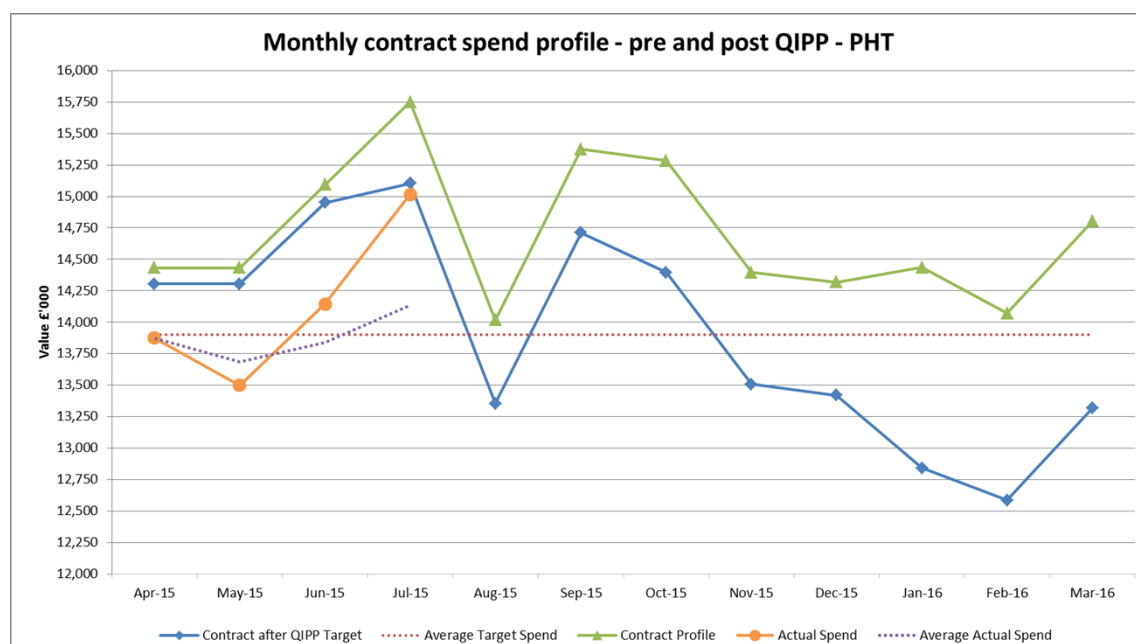
The Care Co-ordination Team (CCT) issue is detailed in Section 3, the Plymouth Integrated Fund, and is not duplicated here.

### QIPP Savings Delivery

The locality has a target of £7.3m of savings to be made in 2015/16 predominantly in relation to spend within the acute contract with Plymouth Hospitals NHS Trust. The majority of the QIPP savings schemes are being managed through CCG wide control centres for urgent care and planned care to which the locality makes a significant contribution. The control centres are in place to deliver savings across the CCG footprint. The initial assessment of targeted saving (worked up through CCG planning process) for the Western Locality, together with the Right Care allocated QIPP from last months can be summarised under the following themes:

Summary	£000's	£000's	£000's
	PHNT	Other	Total
Planned Care	3,106	900	4,006
Urgent Care	1,253		1,253
Contracting Changes	1,639		1,639
Right Care	403		403
Further Right Care	3,210		3,210
	9,611	900	10,511

Plotted against the contract value and compared to actual spend the profile to date the trajectory for the Plymouth Hospitals NHS Trust schemes can be presented pictorially as follows:





The actual expenditure is closely following the contract profile, albeit consistently below plan. However, due to the QIPP plan, one would have expected to see the expenditure profile follow the Contract after QIPP Target pattern. So the graph indicates that QIPP has not been delivered to plan during the first four months. This is consistent with the overall QIPP report which shows performance to date and forecast as follows:

**NORTHERN, EASTERN AND WESTERN DEVON CLINICAL COMMISSIONING GROUP**

2015/16 FINANCE BOARD REPORT

FOR THE PERIOD FROM 01 APRIL 2015 TO 31 AUGUST 2015

Month 05 August	Year To Date			Current Year Forecast		
	Budget	Actual	Variance Adv / (Fav)	Budget	Forecast	Variance Adv / (Fav)
	£000's	£000's	£000's	£000's	£000's	£000's
<b>QIPP LEDGER REPORT</b>						
NHS Royal Devon & Exeter Foundation Trust	-1,913	-1,071	843	-11,091	-9,820	1,270
NHS Plymouth Hospitals NHS Trust	-1,707	-987	720	-9,611	-10,458	-847
NHS Northern Devon Healthcare Trust	-689	-319	369	-4,263	-3,571	692
Northern Devon Healthcare Community	-	-	-	-	-	-
NHS South Devon Healthcare Foundation Trust	-6	-	6	-99	-79	21
NHS Taunton and Somerset	-9	-	9	-45	-19	26
IS Nuffield Plymouth	-98	-12	86	-306	-124	182
Nuffield Taunton (NCA)	-	-	-	-	-	-
IS Nuffield Exeter	-80	-19	61	-319	-255	64
Independent Sector (UKSH)	-114	-74	40	-501	-472	29
Prescribing	-1,294	-611	683	-3,105	-3,105	-
Continuing Healthcare	-2,558	-4,425	-1,866	-5,422	-5,922	-500
Section 117	59	-	-59	-80	-62	18
Individual Patient Placements Adult	-59	-	59	-142	-129	13
Other Community Services	-	-	-	-	-	-
Pay	-74	-74	-	-177	-177	-
QIPP Reserves	-11	-	11	-1,929	-2,022	-94
<b>GROSS QIPP SAVINGS</b>	<b>-8,554</b>	<b>-7,592</b>	<b>962</b>	<b>-37,089</b>	<b>-36,215</b>	<b>874</b>

**Year to date QIPP performance**

The phased gross delivery of QIPP for months 1 to 5 was a target of £8.6m against which £7.6m is evidenced as delivered. This represents an 89% delivery of plan and has therefore increased slightly from the month 4 position of 87%.

This underperformance will need to be recovered later in the year when there is a significant increase in the monthly QIPP requirement. However, mitigations are being sought for those main projects which are not delivering.

**Forecast**

The forecast QIPP delivery at month 5 has slipped by an additional £482k to £874k adverse which demonstrates 97% delivery of plan. This assessment has been validated by the Turnaround Director.

The main changes are that the excess bed days forecast has reduced by £1,055k but continuing healthcare has an increased forecast of £500k.

The Right Care programme of work is still forecasting to deliver in full and the targets have now been apportioned across to main providers to enable the overall provider target position to be fully understood.

## APPENDIX 1

### LOCALITY MANAGED CONTRACTS FINANCIAL PERFORMANCE

NORTHERN, EASTERN AND WESTERN DEVON CLINICAL COMMISSIONING GROUP

2015/16 FINANCE BOARD REPORT

Western Locality Finance Report

FOR THE PERIOD FROM 01 APRIL 2015 TO 31 AUGUST 2015

Month 05 August	Year To Date			Current Year Forecast		
	Budget	Actual	Variance	Budget	Forecast	Variance
	£000's	£000's	Adv / (Fav) £000's	£000's	£000's	Adv / (Fav) £000's
<b>ACUTE CARE</b>						
NHS Plymouth Hospitals NHS Trust	72,024	71,208	-816	166,807	166,807	-0
NHS South Devon Healthcare Foundation Trust	2,131	2,157	25	5,073	5,146	73
NHS Guys & St Thomas London	146	155	9	351	371	20
NHS Imperial London	-0	-	0	-	0	0
NHS University College London	237	155	-83	570	373	-197
NHS Royal National Orthopaedic	106	99	-8	255	238	-17
NHS Royal Brompton & Harefield	169	265	95	406	634	228
Non Contracted Activity (NCA's)	3,196	3,196	0	7,671	7,671	0
Independent Sector	5,429	5,042	-387	13,168	12,530	-637
AQP	41	6	-34	98	62	-36
Other Acute	8	-20	-28	20	-	-20
Winter Resilience	6	-42	-48	15	-	-15
<b>Subtotal</b>	<b>83,495</b>	<b>82,221</b>	<b>-1,275</b>	<b>194,433</b>	<b>193,833</b>	<b>-601</b>
<b>COMMUNITY &amp; NON ACUTE</b>						
Plymouth Community Healthcare	29,273	29,314	41	70,256	70,356	100
Torbay and Southern Devon Health & Care Trust	1,157	1,157	0	2,777	2,778	0
Sentinel Healthcare	577	577	0	1,385	1,385	-0
Community Equipment	267	267	0	640	640	-
Ultrasound (Sonarcare)	122	111	-10	292	290	-3
Reablement	625	625	-	1,500	1,500	-
Plymouth Integrated Fund - Pooled Income	-68,744	-68,744	-0	-164,985	-164,985	-
Plymouth Integrated Fund - Pooled Expenditure	68,744	68,744	0	164,985	164,985	-
Plymouth Integrated Fund - Risk Share	-	-	-	-	153	153
Better Care Fund_Plymouth CC	2,361	2,361	0	5,666	5,666	-
<b>Subtotal</b>	<b>34,382</b>	<b>34,413</b>	<b>31</b>	<b>82,517</b>	<b>82,767</b>	<b>250</b>
<b>OTHER COMMISSIONED SERVICES</b>						
Stroke Association	66	66	-	159	159	-0
Hospices	1,072	992	-80	2,573	2,506	-67
Care Co-ordination Team	2,387	3,654	1,267	5,729	7,117	1,388
Patient Transport Services	252	257	5	605	618	13
Wheelchairs Western Locality	819	939	119	1,967	1,967	-
Commissioning Schemes	91	73	-18	218	188	-29
All Other	127	132	5	305	338	34
Recharges	-6	-32	-26	-15	-15	-
<b>Subtotal</b>	<b>4,808</b>	<b>6,081</b>	<b>1,272</b>	<b>11,540</b>	<b>12,878</b>	<b>1,338</b>
<b>TOTAL COMMISSIONED SERVICES</b>	<b>122,686</b>	<b>122,714</b>	<b>29</b>	<b>288,490</b>	<b>289,478</b>	<b>988</b>
<b>NET TOTAL OPERATING COSTS</b>	<b>122,686</b>	<b>122,714</b>	<b>29</b>	<b>288,490</b>	<b>289,478</b>	<b>988</b>