

FINANCE REPORT – MONTH 10

BOARD MEETING 26th FEBRUARY 2014

1 Executive Summary

This paper summarises the financial position of Thurrock CCG for the year to Month 10, January 2013.

MONTH 10 SUMMARY				
Balanced Scorecard Domain 4 Metric	Target	Actual / Forecast	RAG Rating	Key Issues
	£'k	£'k		
1. Underlying Recurrent Surplus	0	0	N/A	TBC
2. Deliver 1% Surplus against Programme Budget (YTD)	1,483	1,481	GREEN	Continued acute activity pressures of £4.5m with outpatients, emergency and elective activity in excess of the YTD plan by 20%, 27% and 6% respectively. Continuing Healthcare expenditure pressures of £1.4m with FOT 43% higher than the previous year. These have been offset by Recovery plan actions and the release of Reserves.
3. Deliver 1% Surplus against Programme Budget (FOT)	1,779	1,779	GREEN	
4. Management of 2% Non Recurrent Funds within agreed processes	Yes	Yes	GREEN	
5. QIPP Delivery (YTD)	4,146	3,395	AMBER GREEN	The FOT QIPP delivery is £4,880k against a £6,100k target, hence 80% delivery. The YTD is based on 8 months delivery for acute and prescribing schemes due to lag in data availability, and 10 months for contract related schemes.
6. QIPP Delivery (FOT)	6,332	4,880	AMBER GREEN	
7. Activity Trends (YTD)	TBC	TBC	N/A	To be formally assessed by NHS England. However, this is likely to have a red rating, unless activity over-performance is lower than 3% at year-end. Current performance suggests this will be a significant challenge for the CCG.
8. Activity Trends (FOT)	TBC	TBC	N/A	
9. Remain within Head Running Cost Allowance	25.00	23.11	GREEN	
10. Clear Identifications of risks against financial delivery and mitigations	Yes	Yes	GREEN	
Key				
Significant risk of non-delivery. Additional actions need to be urgently implemented.			RED	
Medium risk of non-delivery. Requires additional management effort.			AMBER	
Low risk of non-delivery. Current management effort should deliver success.			GREEN	

2 Overview

The financial position at Month 10 is a cumulative surplus of £1,481k year to date (YTD), with a forecast outturn (FOT) surplus of £1,779k at year-end as shown in Table 1.

In month 10, the CCGs forecast includes the impact of the actions detailed in the Financial Recovery Plan, which will enable it to deliver its mandated 1% surplus.

However it is important to note the pressures and risks inherent in the reported position as follows: over performance on the Acute contracts and the volume of continuing care cases. These are offset by actions detailed in the Financial Recovery plan, lower than budgeted expenditure within community services and the management of centrally held reserves.

The detailed monthly financial reports continue to be scrutinised by the Finance and Performance Committee with actions identified; this includes monitoring of the FRP to ensure delivery of the agreed actions.

Thurrock Clinical Commissioning Group

Summary Position at 31st January 2014									
Thurrock CCG 2013/14 Financial Reporting - Month 10 (January 2014)									
	Year to Date			Annual	Forecast			Month 9	
	Plan	Actual	Variance	Plan	Plan	Forecast	Variance	Forecast	Variance
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Acute Activity									
NHS acute providers	75,471	79,426	3,955	90,543	90,543	95,617	5,073	95,578	5,352
NCA's	1,178	1,073	(106)	1,414	1,414	1,110	(304)	1,110	(304)
Ambulance	4,099	4,120	21	4,919	4,919	5,040	121	5,040	121
Other providers	1,530	1,491	(39)	1,836	1,836	1,661	(175)	1,773	(63)
Total	82,278	86,109	3,831	98,713	98,713	103,428	4,716	103,501	5,106
Mental Health & LD (Adult & C&Y)									
SEPT contract	14,819	14,819	0	17,818	17,818	17,818	0	17,818	0
Other	1,239	721	(518)	1,487	1,487	781	(706)	951	(536)
Total	16,058	15,540	(518)	19,305	19,305	18,598	(706)	18,769	(536)
Community Health									
NELFT/SEPT contract	14,735	14,767	32	17,682	17,682	17,738	56	17,682	0
Continuing healthcare	4,927	6,341	1,414	5,912	5,912	7,562	1,650	7,181	1,269
Other community	2,426	2,337	(89)	2,918	2,918	2,675	(242)	2,483	(477)
Total	22,088	23,445	1,357	26,511	26,511	27,975	1,464	27,346	792
Medicines and Primary Care									
GP prescribing	17,454	17,628	175	20,728	20,728	20,897	169	20,728	0
Other Meds management	2,746	2,693	(52)	3,295	3,295	3,111	(183)	3,269	(25)
Local Enhanced Services	97	97	(0)	117	117	117	0	117	0
111 Service	1,017	1,017	0	1,221	1,221	1,221	0	1,221	0
Total	21,314	21,436	122	25,360	25,360	25,346	(14)	25,335	(25)
Others									
Reablement	718	618	(100)	862	862	762	(100)	762	(100)
Patient Transport	872	872	(0)	1,046	1,046	1,317	271	1,176	130
NHS Property	1,180	1,180	0	1,416	1,416	1,416	0	1,437	0
Other	143	118	(26)	175	175	144	(30)	136	(38)
Total	2,914	2,788	(126)	3,499	3,499	3,640	141	3,512	(8)
Running Costs	3,416	3,163	(253)	4,100	4,100	3,813	(287)	3,883	(217)
Reserves									
Contingency	1,461	0	(1,461)	1,753	1,753	0	(1,753)	474	(1,279)
Investment	1,242	13	(1,229)	1,491	1,491	18	(1,473)	0	(1,746)
QIPP	825	0	(825)	990	990	0	(990)	0	(990)
Non recurrent reserve	898	0	(898)	1,098	1,098	0	(1,098)	0	(1,098)
	4,425	13	(4,412)	5,331	5,331	18	(5,313)	474	(5,112)
1% surplus	1,483	0	(1,483)	1,779	1,779	0	(1,779)	0	(1,779)
Total	153,975	152,494	(1,481)	184,598	184,598	182,819	(1,779)	182,819	(1,779)
Allocation - Confirmed				178,201					
Allocation - Potential				6,397					
Total Allocation				184,598					
Negative(-) indicates underspend									
Positive indicates overspend									

3 Budgetary Allocation

There was no further budget adjustment in month 10, hence the CCG budget remains £184,598k; of which Program budget is £180,498k and Running costs budget is unchanged from the opening allocation of £4,100k. The CCG is not anticipating any material change to its budgetary allocation for the remainder of the financial year.

4 Acute Contract Activity

A summary of the position relating to NHS acute providers as at period 10 (January 2014) is as shown in the table below, and this indicates significant over-performance on the BTUH contract. There is also pressure indicated on the BHRT and SUTH contracts, as well as on the London provider contracts (note that the contract positions included here relate to activity up to month 9 flex and extrapolated to month 10 (due to the lag in Provider data availability).

BTUH:

- 4.1 The current financial position at Basildon Hospital contract is a YTD overspend of £2.3m and a current FOT estimate of £3.0m at year-end. This position is based on data received from the Trust for Month 9 flex, extrapolated to Month 10.
- 4.2 The CCG is seeing higher than planned activity and cost particularly within Non-Elective, Day cases, Elective, Outpatients and points of delivery.
- 4.3 Daycase (FOT pressure of £707k) and Elective (FOT pressure of £392k) together have an FOT pressure of £1.1m. The pressure is across all HRG chapters.
- 4.4 Non Elective indicates an overspend of £3m across all activity, and before the application of Emergency Threshold adjustment (ERT), which would reduce the overspend in this area by £1m. While the forecast for non-elective activity has deteriorated by £481k, the forecast benefit of the ERT adjustment has increased by £419k over the previous month. The top HRGs contributing to this position are Kidney/UTIs, Septicaemia,, Heart failure, Inhalation Lung injury and Intestinal infectious disorder.
- 4.5 Outpatient attendances are currently overspent by £1.176m, with an FOT of £746k attributable to first attendances, and £430k pressure on follow-ups. HRG chapters contributing to this pressure is predominantly Cardiology.

SUTH:

- 2.1 The current position for the main contract shows an YTD overspend of £211k, and FOT of £255k overspend. The main areas of overspend include Non elective, Day cases, Elective and Outpatients. Other charges outside of the contract account for an additional £105k YTD and £147 FOT and the budgetary provision for this element is currently being reviewed and validated.

BHRT:

2.2 This contract is currently indicating an FOT of £412k overspend. The largest overspending areas are Non-Elective, Elective and Maternity. The main overspending area within Non-Elective is General Medicine.

2013/14 Financial Reporting - Month 10 (January 2014)									
Year to Date			Forecast			Period 9 Forecast			
Plan	Actual	Variance	Plan	Forecast	Variance	Plan	Forecast	Variance	
£000	£000	£000	£000	£000	£000	£000	£000	£000	
Acutes									
Basildon Hospital NHSFT	60,852	63,176	2,324	73,022	76,023	3,001	73,022	75,973	2,951
Southend Hospital NHSFT	3,486	3,801	316	4,184	4,587	402	4,184	4,671	486
Barking, Havering, Redbridge NHST	2,363	2,775	412	2,835	3,248	412	2,835	3,248	412
Barts NHST	2,317	2,317	0	2,780	2,780	0	2,462	2,462	0
Mid Essex Hospital NHST	1,792	2,033	242	2,150	2,502	352	2,150	2,502	352
Other	4,661	5,323	662	5,571	6,476	905	5,571	6,721	1,150
Total	75,471	79,426	3,955	90,543	95,617	5,073	90,224	95,577	5,351

Negative(-) indicates underspend

Positive indicates overspend

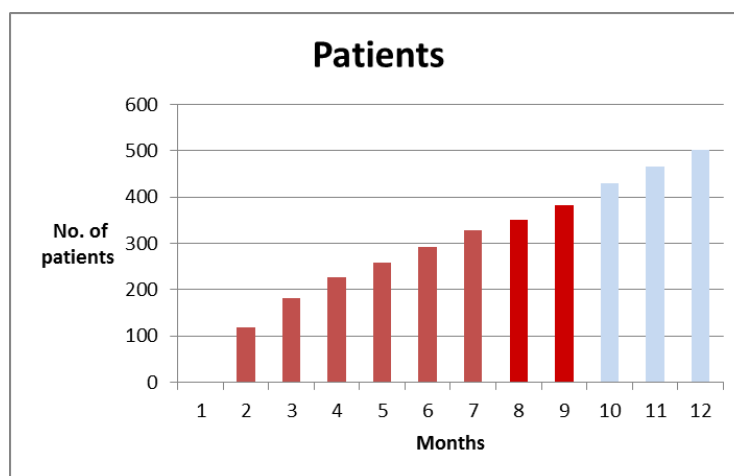
5 GP Prescribing

The financial position for GP prescribing for April to November (data is subject to a two month lag) is included on the summary. This indicates that the budget of £20.73m is forecast to overspend by about £170k. The YTD position includes an increased prescribing expenditure over the winter months. This reported position includes an element of income (£302k to period 9) relating to specialised services drugs. This element has been recharged to NHS England.

Prescribing Summary as at Month 10		
	YTD (£'000)	2013/14 budget (£'000)
Budget	17,454	20,728
Actual /(FOT)	17,930	21,300
Recharge of Specialist drugs to NHS England	-302	-403
Over/(under) spend	174	169

6 Continuing Healthcare

There continues to be pressure on the Continuing Healthcare budget (Adult cases), FOT pressure of £1.9m needs updating as £1.65m is reflected in table 1, with the number of cases continuing to increase in 2013-14, growing from 182 in June to 382 as at the end of December –a net growth of 200 cases. The graph below shows the growth in cases for Months 1 to 9, extrapolated to March 2014. The Essex wide Task and Finish group is overseeing the implementation of the agreed actions for the remainder of the year as well as considering the options for ensuring longer-term sustainability.



Key actual no of pateints
 extrapolated

7 Running Costs

The running costs budget of £4.1m currently shows a £253k YTD surplus and FOT of £287k underspend as at month 10, as shown below:

Running Cost Summary							
2013/14 Financial Reporting - Month 10 (January 2014)							
	Year to Date			Annual		Forecast	
	Plan	Actual	Variance	Plan	Forecast	Variance	
	£000	£000	£000	£000	£000	£000	
Running Costs							
CEO/Board Office	303	283	(20)	364	343	(20)	
Commissioning	193	168	(25)	232	213	(18)	
Corporate Costs and Service	2,384	2,210	(174)	2,862	2,621	(241)	
Finance	249	256	8	299	340	41	
Perfance, Health & Safety, Quality	178	170	(8)	213	204	(9)	
Emergency planning, Education & training	109	75	(34)	131	91	(40)	
Total	3,416	3,163	(253)	4,100	3,813	(287)	
Negative(-) indicates underspend							
Positive indicates overspend							

Thurrock Clinical Commissioning Group

The YTD position includes a variance relating to vacancies carried from the beginning of the year which have now been filled. The FOT is equivalent to £23.11 per head of population. The CCG envisages no issues with remaining within the agreed envelope of £25 per head of population.

8 Financial Recovery Plan (FRP)

8.1 The FRP was developed after month 6 outturn indicated that the CCG was unlikely to deliver its 1% surplus. It identified plans as below to mitigate the pressure which was predominantly on the Acute (£4.5m) and Continuing Health care budgets (£1.6m).

- 8.1.1 **Clinical engagement and Practice visits; MedeAnalytics Training Rollout.** Practice Training has been rolled out to 29 out of 34 practices in the CCG and all practices now have access to the Invoice Validation Module with their normal log in. There is now a process aligned to a national timetable where practices are able to log in to view their data and submit any challenges. The CCG has secured temporary support that will work with Practices in interrogating MedeAnalytics in order to maximise the opportunities for challenges
- 8.1.2 **Continuing Healthcare (CHC) Review** – There is an Essex wide Task and Finish group reviewing CHC. An audit has been commissioned to provide assurances around the CSU CHC service. The backlog of cases to be reviewed at 3 and 12 months has been progressing and is close to completion.
- 8.1.3 **Contracts Management** – discussions are being finalised with BTUH to agree an outturn position
- 8.1.4 **Review of Budgetary Provision** – There is an ongoing review of other elements of budget.

Savings delivered as a result of the actions in the FRP are included in the current reported position.

9 QIPP

The summarised position as shown in the table below is YTD delivery of £3,393k against plan of £4,146k, representing a 82% yield. QIPP schemes include a combination of contract adjustments/reductions that have been achieved during the planning round and pathway changes that require in-year monitoring. About one third of the schemes are contractual adjustments with full delivery reported on a monthly basis i.e. 10 month's actuals. Majority of the other schemes relate to acute pathway or primary care prescribing with the usual two month lag in the availability of monitoring data.

Thurrock Clinical Commissioning Group

The current estimation of delivery at year-end remains at £4,889k against plan of £6,100k hence a 80% yield. The quantum of the QIPP plan against which delivery is not currently reported is £305k.

Table 5: QIPP Summary

Name Of CCG:		Thurrock				
Report for the Month of:		Jan-14				
Monthly Metrics						
Financial Delivery						
	QIPP Savings Requirement (£)	QIPP Savings Identified (£)	Surplus / (GAP) (£)	% of Identified to Requirement		
Net QIPP Savings Planned	£6,100,000	£6,332,551	£232,551	104%		
	MTD Plan (£)	MTD Actual (£)	MTD % Delivery			
Net QIPP Savings Delivery	£496,997	£356,224	72%			
	YTD Plan (£)	YTD Actual (£)	YTD % Delivery	Yearend Forecast Delivery (£)	% Forecast Delivery of Savings Requirement	Forecast Outturn RAG
Net QIPP Savings Delivery	£4,145,601	£3,395,348	82%	£4,889,000	80%	AG
QIPP Contingency Planned for the year	£989,837				% Forecast Delivery of Savings Identified	Forecast Outturn RAG
QIPP Contingency Released YTD	£0				80%	AG

Detailed reports for individual schemes within the various work streams are contained within the QIPP Chair / Senior Commissioning Manager’s report.

10 Financial Risks and Mitigating Actions

The risks that could impact on the FOT position outlined in this report are as follows:

Activity Pressures and QIPP

Significant over-performance is already evident within the contract with BTUH and other providers with a total activity over-performance in outpatients, non-electives, electives and day cases. Therefore this has adversely impacted the delivery of unplanned and planned care QIPP. Should the over performance continue at a rate higher than forecast, this will have an adverse effect on the forecast. The discussions and subsequent agreement of a fixed BTUH position will help to mitigate this.

Continuing Healthcare (CHC) Expenditure - Current and Retrospective cases

Current Cases

The increased number of Current Continuing Healthcare cases is outlined above, and if this continues to increase at a level higher than anticipated, there will be a further adverse effect on the outturn position.

Retrospective Cases

NHS England has now advised of a different approach to the accounting treatment of the retrospective cases and the related provision. For 2013/14 there will be no impact on the CCGs accounts as both the provision and the liability will be collated in NHS England's accounts.

Other risks

In order to mitigate the above risks, budgets are under constant review with any spare resource identified and ring-fenced. Hence Contingency and Reserves over £5m is being used to offset the pressures within the forecast outturn position. The CCG is also working very closely with other organisations (Essex CCGs, NHS England and Thurrock Council) to address issues of mutual concern. Finally, QIPP milestones delivery and benefits realisation are reviewed twice monthly by working closely with PMO staff in order to address any blockages.

11 Conclusions and Recommendations

The Board is asked to note the financial results at Month 10 and the risks and challenges which need to be managed as we approach the last Quarter of the financial year.