

FINANCE REPORT – MONTH 8 (NOVEMBER) 2014

1 Executive Summary

This paper summarises the financial performance of Thurrock CCG up to month 8 (November) 2014.

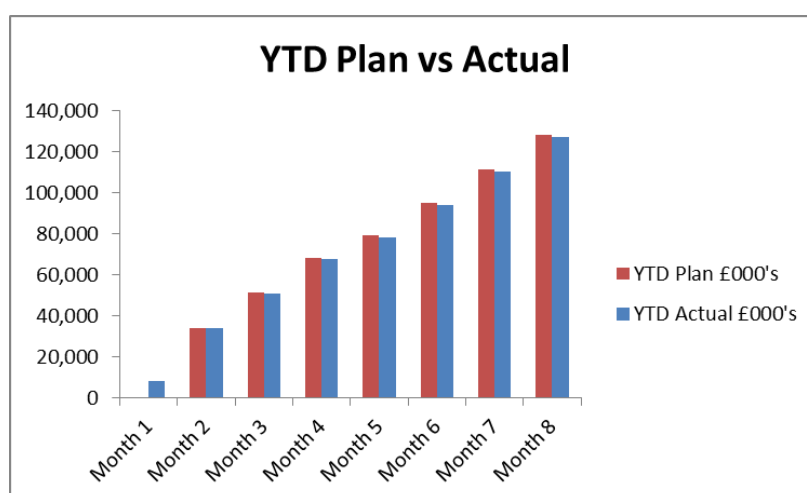
2 Overview

The year to date financial position for the year to 30th November 2014 is summarised in the table below. This indicates a year to date expenditure of £126,986k against an allocation of £128,295k, resulting in an underspend of £1,309k. The forecast outturn position is a full year expenditure of £189,063k, against a budget of £191,042k, giving a projected underspend of £1,979k, which is the mandated 1% surplus.

The summary outturn position is attached as Appendix 1.

	Year To Date (£)			Annual	Forecast (£)	
	Budget	Actual	Variance	Budget (£)	Outturn	Variance
SURPLUS	1,468	0	(1,468)	1,979	0	(1,979)
PROGRAMME	124,083	124,335	252	184,942	185,081	139
ADMIN	2,745	2,652	(93)	4,121	3,982	(139)
Grand Total	128,295	126,986	(1,309)	191,042	189,063	(1,979)

The year to date achievement against plan is shown in the graph below:



3 Key Performance Indicators

Key Performance Indicators - Month 8											
Nos	Indicator Name	Year to date			Full Year plan			Narrative	YTD rating	Forecast rating	Report ref.
		Plan £'000	Actual £'000	Variance £'000	Plan £'000	Forecast £'000	Variance £'000				
1	Surplus/ Deficit	(1,468)	(1,309)	159	(1,979)	(1,979)	0	The slippage in achieving the Year to date surplus target is due to profiling. The planned profile is different to actual delivery; however the CCG is forecast to deliver the 1% surplus of £1,979k at the end of the year.			Para 2, appx1
2	Programme Budget	124,083	124,335	252	184,942	185,081	139	The pressure on the programme budget is predominantly due to the Acute contracts, Continuing Care and Prescribing.			Para. 2, risks & appx.1
3	Running costs/ Admin Budget	2,745	2,652	(93)	4,121	3,982	(139)	This is underspent at at month 8 and is forecast to underspend as at year end			Para 2,5 appx.1
4	QIPP performance	3,633	2,525	1,108	6,007	5,387	620	There is slippage on delivery of some of the QIPP plans, including unplanned care and prescribing schemes for which no savings have yet been validated.			Para. 6
5	BPPC Non-NHS	95%	95%	0%	95%	95%	n/a	The CCG BPPC rating is affected by invoices not paid within the terms.			Para. 7
	BPPC NHS	95%	93%	-2%	95%	94%	n/a	The CCG is currently targeting to achieve the target on Non NHS, and just slightly under on NHS.			Para. 7

4 2014-15 Budgetary Allocation

The opening resource allocation for 2014 -15 is £187,454k, comprising £183,333k programme budget and £4,121k running costs budget. There have been some in year budget changes in the year bringing the budget as at month 8 to **£191,042k**.

Thurrock CCG Budget Summary 2014/5 - Month 8				
		Opening	Movement	Closing
		£'000	£'000	£'000
Programme Budget		183,333	3,588	186,921
Running costs/Admin budget		4,121		4,121
Total		187,454	3,588	191,042
Movement details		R/NR		£'000
Brought forward surplus		NR		1,688
GP IT (original allocation)		NR		419
GP IT		NR		206
Referral to Treatment(RTT)		NR		590
BARTS Specialist Transfer		R		-318
Charge Exempt Overseas Visitors (CEOV)		NR		-171
14/15 RTT Residual Funding - EAT		NR		178
Winter resilience Funding		NR		996
Total adjustments				3,588

Please note: no changes to the allocation since Month 7.

2 Key Budgetary Pressures:

2.1 Acute Services

The year to date and projected position based on the month 6 freeze data indicates a pressure on the acute services. As at month 8 the pressure is £2.17m, and this is projected to be £2.9m as at the end of the year. The pressure is predominantly on the BTUH contract, further details below.

2.1.1 BTUH The forecast based on M6 Flex activity profile is a potential overspend of £4.5m above plan. This forecast overspend is driven by a combination of increased level of activity (£2.9m), planning risk on CQUIN (£0.6m) and impact of the Non Elective block agreement (£1.1m). The CCG observed significant increases in activity levels within A&E, Critical Care, Outpatient Procedure, Maternity Antenatal, High Cost Drugs, Direct Access Tests. There is effort supported by NHS England to reduce the level of RTT backlog and this has started to show as increased activity however the CCG received additional funding to support this initiative.

Non-Elective is under-performing and is forecast to be below the agreed threshold resulting in a risk share forecast cost of £397k to the CCG. Also the MSK activity is below the agreed threshold resulting in a risk share forecast cost of about £695k to the CCG.

2.2 Continuing Healthcare

There is a year to date pressure of £350k on Adult Continuing Care budgets as at month 8. The CCG has currently invested in an on-going project assessing the current cases to establish the responsible commissioner; the conclusion of this exercise with financial impact will be reported next month.

2.3 Prescribing

There is a year to date pressure of £603k on prescribing, and forecast pressure of £712k at year end. Month on month prescribing costs for Thurrock CCG are demonstrating a greater than usual element of volatility, with peaks being highlighted in July and September 2014. It is likely that this volatility is related to minor changes in the Prescription Pricing Division (PPD) profiles calculated for 2014/15, rather than any specific emerging pattern of prescribing. Further work and analysis to identify the underlying cause of the pressure is on-going and will be discussed in detail at Finance and Performance committee.

5 Running costs:

The running Costs budget is underspent as at month 8, and is forecast to underspend by £139k at the end of 2014/15. This is continuously reviewed each month especially closer to the end of the year as the running costs budgetary allocation will be reduced by 10% in 2015/16.

6 QIPP

The QIPP summary position as at month 8 is shown below:

QIPP	Year To Date QIPP			Full Year QIPP				
	YTD Plan £000	YTD Actual £000	YTD Variance from Plan £000	Plan £000	Current FO £000	FO Variance from Plan £000	Prior Month: Month 7 FO £000	Change in FO £000
Transactional	0	1,217	1,217	1,987	1,987	0	1,987	0
Transformational	0	1,308	1,308	4,020	3,400	(620)	3,400	0
Unidentified	0		0	0		0	0	0
13/14 Recurrernt QIPP			0			0	0	0
Total	0	2,525	2,525	6,007	5,387	(620)	5,387	0

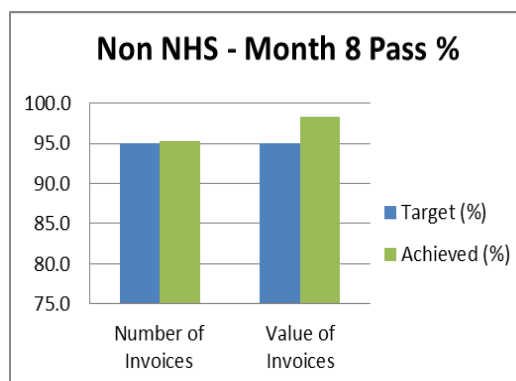
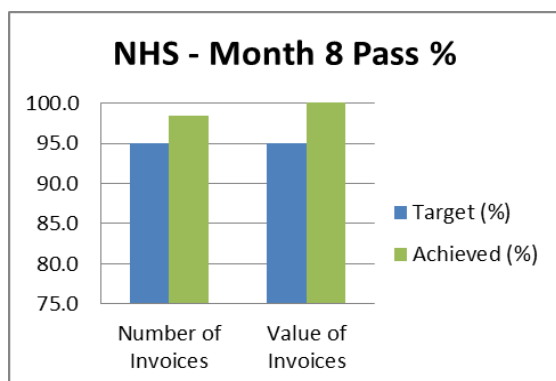
Thurrock Clinical Commissioning Group

YTD plan is £3,633k, so YTD delivery is 69%. This includes unplanned care schemes, YTD plan of £413k. Other plans are profiled to deliver savings in the last 4 months of the year. There is no change in the forecast since month 7 indicating potential under delivery at year end. Forecast outturn on Unplanned care schemes is currently being validated and will be reported next month, these have a YTD plan of £413k (FYE £619k). The FOT is based on the current assessment of delivery across all schemes and will be updated next month.

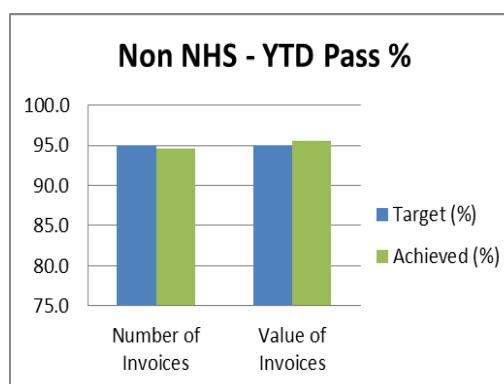
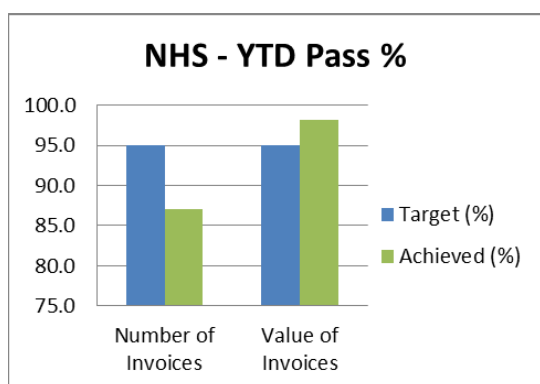
7 Better Payments Practice code (BPPC)

The Better Payment Practice Code requires the CCG to pay invoices received in accordance with the contractual terms, and the CCG is required to pay trade creditors in accordance with this code. The target is for 95% of both the value and the number of non-NHS trade creditors to be paid within 30 days of receipt of goods or a valid invoice.

The summary of invoices paid in November 14 is shown below:



The BPPC achievement against target year to date position is shown below:



NB. The arrow shows the direction of travel month on month from Month 7 to Month 8; which indicates improving achievement against target.

Better Payment Practice Code				
The target is for 95% of both the value and the number of trade creditors to be paid within 30 days of receipt of goods or a valid invoice.				
Type		Target (%)	Achieved (%)	
			Month 8	YTD
Non NHS	Number of Invoices	95.0	95.3	94.6
	Value of Invoices	95.0	98.3	95.6
NHS	Number of Invoices	95.0	98.4	87.1
	Value of Invoices	95.0	100.0	98.1

Overall the CCG is achieving well against the BPPC target, though with new focus on cash flow, this will need to be monitored closely. The YTD percentage, for the number of NHS invoices has continued to increase; from 84.2% in month 6 to 87.1% in Month 8 and should continue until the target is achieved on a consistent basis.

8 Key Risks

- a. Acute Services** – There is significant over-performance already evident within the contract with BTUH and other providers. Should the over performance continue at a rate higher than forecast, this will have an adverse effect on the forecast. There is also the inherent risk of further increase in Acute activity during the winter months.
- b. Continuing Healthcare** – There is the continuous risk that the volume of the continuing healthcare patients and related costs increases at a higher rate than expected during the course of the year.
- c. Prescribing budget.** The forecast impact of the increase in the price of category M drugs is included in the current FOT; but any further pressures or price increases will also impact the financial position.

10. Conclusion and Recommendations.

That the board note the current financial position and forecast as at period 8 and also to note the risks and pressures.