

## FINANCE REPORT – MONTH 11

### BOARD MEETING 26<sup>th</sup> MARCH 2014

#### 1 Executive Summary

This paper summarises the financial position of Thurrock CCG for the year to Month 11, February 2013.

MONTH 11 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)	1,631	1,631	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)	4,724	3,639	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	23.10	GREEN	
10. Clear Identifications of risks against financial delivery and mitigations	Yes	Yes	GREEN	
<b>Key</b>				
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 11 is a cumulative surplus of £1,631k year to date (YTD), with a forecast outturn (FOT) surplus of £1,779k at year-end as shown in Table 1.

In month 11, 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 and costs of continuing care cases. There is also a risk that prescribing costs might increase over and above the anticipated costs and budget. These are somewhat 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; which includes monitoring of the FRP to ensure delivery of the agreed actions.

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Summary Position at 28th February 2014									
Thurrock CCG 2013/14 Financial Reporting - Month 11 (February 2014)									
	Year to Date			Annual	Forecast			Month 10	
	Plan	Actual	Variance	Plan	Plan	Forecast	Variance	Forecast	Variance
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Acute Activity</b>									
NHS acute providers	82,713	88,123	5,410	90,543	90,543	95,991	5,447	95,617	5,073
NCA's	1,296	1,023	(273)	1,414	1,414	988	(426)	1,110	(304)
Ambulance	4,509	4,512	3	4,919	4,919	4,989	70	5,040	121
Other providers	1,683	1,653	(30)	1,836	1,836	1,775	(61)	1,661	(175)
<b>Total</b>	<b>90,201</b>	<b>95,311</b>	<b>5,110</b>	<b>98,713</b>	<b>98,713</b>	<b>103,743</b>	<b>5,030</b>	<b>103,428</b>	<b>4,716</b>
<b>Mental Health &amp; LD (Adult &amp; C&amp;Y)</b>									
SEPT contract	16,318	16,318	0	17,818	17,818	17,718	(100)	17,818	0
Other	1,363	763	(600)	1,487	1,487	844	(643)	781	(706)
<b>Total</b>	<b>17,681</b>	<b>17,081</b>	<b>(600)</b>	<b>19,305</b>	<b>19,305</b>	<b>18,562</b>	<b>(743)</b>	<b>18,598</b>	<b>(706)</b>
<b>Community Health</b>									
NELFT/SEPT contract	16,208	16,242	34	17,682	17,682	17,738	56	17,738	56
Continuing healthcare	5,419	6,807	1,387	5,912	5,912	7,367	1,454	7,562	1,650
Other community	2,672	2,619	(53)	2,918	2,918	2,801	(116)	2,675	(242)
<b>Total</b>	<b>24,300</b>	<b>25,668</b>	<b>1,368</b>	<b>26,511</b>	<b>26,511</b>	<b>27,905</b>	<b>1,394</b>	<b>27,975</b>	<b>1,464</b>
<b>Medicines and Primary Care</b>									
GP prescribing	19,051	19,495	444	20,728	20,728	21,209	481	20,897	169
Other Meds management	3,020	2,775	(245)	3,295	3,295	2,979	(316)	3,111	(183)
Local Enhanced Services	107	104	(3)	117	117	117	0	117	0
111 Service	1,119	1,119	0	1,221	1,221	1,221	0	1,221	0
<b>Total</b>	<b>23,297</b>	<b>23,493</b>	<b>196</b>	<b>25,360</b>	<b>25,360</b>	<b>25,526</b>	<b>166</b>	<b>25,346</b>	<b>(14)</b>
<b>Others</b>									
Reablement	790	690	(100)	862	862	762	(100)	762	(100)
Patient Transport	959	1,000	40	1,046	1,046	984	(62)	1,317	271
NHS Property	1,298	1,298	0	1,416	1,416	1,416	0	1,416	0
Other	174	143	(31)	204	204	144	(60)	144	(30)
<b>Total</b>	<b>3,221</b>	<b>3,131</b>	<b>(90)</b>	<b>3,529</b>	<b>3,529</b>	<b>3,307</b>	<b>(222)</b>	<b>3,640</b>	<b>141</b>
<b>Running Costs</b>	<b>3,758</b>	<b>3,478</b>	<b>(280)</b>	<b>4,100</b>	<b>4,100</b>	<b>3,788</b>	<b>(312)</b>	<b>3,813</b>	<b>(287)</b>
<b>Reserves</b>									
Contingency	1,607	0	(1,607)	1,753	1,753	0	(1,753)	0	(1,753)
Investment	1,366	13	(1,353)	1,491	1,491	18	(1,473)	18	(1,473)
QIPP	907	0	(907)	990	990	0	(990)	0	(990)
Non recurrent reserve	998	0	(998)	1,098	1,098	0	(1,098)	0	(1,098)
	<b>4,878</b>	<b>13</b>	<b>(4,865)</b>	<b>5,331</b>	<b>5,331</b>	<b>18</b>	<b>(5,313)</b>	<b>18</b>	<b>(5,313)</b>
1% surplus	1,631	0	(1,631)	1,779	1,779	0	(1,779)	0	(1,779)
<b>Total</b>	<b>168,968</b>	<b>168,175</b>	<b>(793)</b>	<b>184,628</b>	<b>184,628</b>	<b>182,850</b>	<b>(1,779)</b>	<b>182,819</b>	<b>(1,779)</b>
Allocation - Confirmed				178,201					
Allocation - Potential				6,427					
<b>Total Allocation</b>				<b>184,628</b>					
Negative(-) indicates underspend									
Positive indicates overspend									

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### 3 Budgetary Allocation

There was a small budget adjustment in month 11 of £30k (£20k relating to Personal Health Budgets, and £10k relating to Public engagement), hence the CCG budget as at month 11 is £184,628k; of which Program budget is £180,528k and Running costs budget is unchanged from the opening allocation of £4,100k. The CCG is not anticipating any further 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 11 (February 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 10 flex and extrapolated to month 11 (due to the lag in Provider data availability)).

#### BTUH:

- 4.1 The current financial position at Basildon Hospital contract is a YTD overspend of £3.8m and a FOT of £4.2m at year-end. This also includes expenditure relating to GP in A&E. The CCG is seeing higher than planned activity and cost particularly within Non-Elective, Day cases, Elective, Outpatients and points of delivery.
- 4.2 Daycase and Elective together have an FOT pressure across all HRG chapters.
- 4.3 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. The top HRGs contributing to this position are Kidney/UTIs, Septicaemia, Heart failure, Inhalation Lung injury and Intestinal infectious disorder.

#### 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 £248k 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 11 (February 2014)									
	Year to Date			Forecast			Period 10 Forecast		
	Plan	Actual	Variance	Plan	Forecast	Variance	Plan	Forecast	Variance
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Acutes</b>									
Basildon Hospital NHSFT	66,653	70,467	3,815	73,022	77,310	4,288	73,022	76,023	3,001
Southend Hospital NHSFT	3,826	4,230	405	4,184	4,515	331	4,184	4,587	402
Barking, Havering, Redbridge NHST	2,599	2,918	319	2,835	3,084	248	2,835	3,248	412
Barts NHST	2,549	2,549	0	2,780	2,780	0	2,780	2,780	0
Mid Essex Hospital NHST	182	193	11	198	210	12	2,150	2,502	352
Other	6,906	7,766	860	7,523	8,092	568	5,571	6,476	905
<b>Total</b>	<b>82,713</b>	<b>88,123</b>	<b>5,410</b>	<b>90,543</b>	<b>95,991</b>	<b>5,447</b>	<b>90,543</b>	<b>95,617</b>	<b>5,073</b>

Negative(-) indicates underspend

Positive indicates overspend

## 5 GP Prescribing

The financial position for GP prescribing for April to December (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 £481k. The YTD position includes an increased prescribing expenditure over the winter months, and also reflects an increase in forecast received from the PPA in month 11. This reported position includes an element of income (£302k to period 10) relating to specialised services drugs. This element has been recharged to NHS England.

## 6 Continuing Healthcare

There continues to be pressure on the Continuing Healthcare budget (Adult cases), FOT pressure of £1.7m. This is a reduction of £200k, from last month's pressure of £1.9k. The Essex wide Task and Finish group is overseeing the implementation of the agreed actions which will impact on 2015-16. This also includes actions for ensuring longer-term sustainability.

## 7 Running Costs

The running costs budget of £4.1m currently shows a £280k YTD surplus and FOT of £312k underspend as at month 11, as shown below:

<b>Running Cost Summary</b>						
<b>2013/14 Financial Reporting - Month 11 (February 2014)</b>						
	£000's					
	Year to Date			Annual		Forecast
	Plan	Actual	Variance	Plan	Forecast	Variance
	£000	£000	£000	£000	£000	£000
<b>Running Costs</b>						
CEO/Board Office	333	291	(42)	364	323	(40)
Commissioning	212	186	(26)	232	214	(17)
Corporate Costs and Service	2,623	2,417	(206)	2,862	2,586	(276)
Finance	274	301	28	299	356	58
Performance, Health & Safety, Quality	195	210	14	213	229	16
Emergency planning, Education & training	120	73	(48)	131	79	(52)
<b>Total</b>	<b>3,758</b>	<b>3,478</b>	<b>(280)</b>	<b>4,100</b>	<b>3,788</b>	<b>(312)</b>
<b>Negative(-) indicates underspend</b>						
<b>Positive indicates overspend</b>						

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 £23.10 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).

### 8.2 Clinical engagement and Practice visits; MedeAnalytics Training Rollout.

PracticeTraining 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

8.3 **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.

8.4 **Contracts Management and review of 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 and are summarised below:

**Work Stream Summary - Month 11**

Work Stream	Best Case	Likely	Worst Case	Notes	Realised at Month 11
	£000	£000	£000		
Clinical Engagement and Practice Visits	200	200	60	1	100
MedeAnalytics Training Rollout					
Phase 2 Medicines Management QIPP Deployment	123	88	66		
Continuing Healthcare Review	500	350	263	2	420
Contracts Management	780	600	300		
Detailed Review of Budgetary Provision	560	400	300	3	316
Strategic Review of Services	0	0	0	4	
	<b>2,163</b>	<b>1,638</b>	<b>989</b>		<b>836</b>

**Notes:**

1. Initial activity received relating to Practise Visits & referral management
2. Includes the correction of cases incorrectly attributed to the CCG, and reduction in forecast
3. Budget for BCH clinic not required, less additional funding for Barts Health, other identified budgets surplus
4. Benefit anticipated from 2014/15

**9 QIPP**

The summarised position as shown in the table below is YTD delivery of £4,023k against plan of £4,724k, representing a 85% 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. 11 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.

The current estimation of delivery at year-end remains at £4,889k against plan of £6,100k hence a 80% yield.

**Table 5: QIPP Summary**

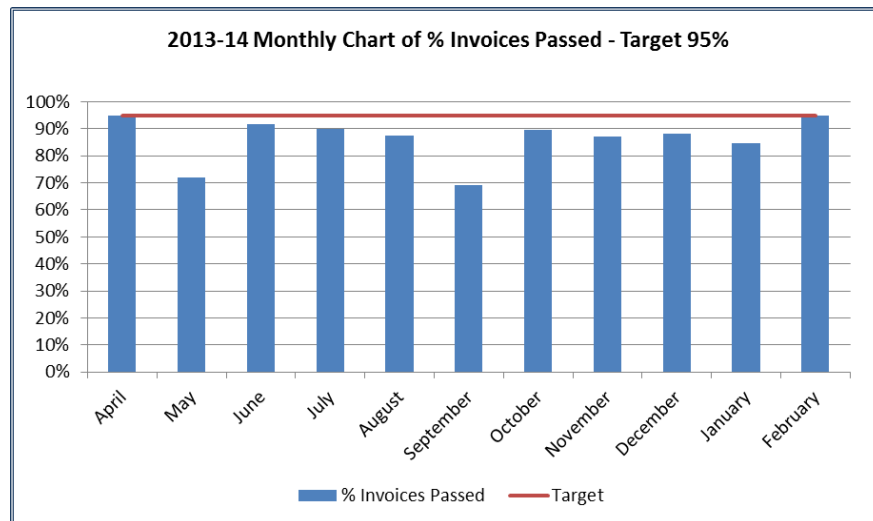
Monthly Metrics							
<b>Financial Delivery</b>							
	QIPP Savings Requirement (£)	QIPP Savings Identified (£)	Surplus / (GAP) (£)	% of Identified to Requirement			
Net QIPP Savings Planned	£6,100,000	£6,332,551	£232,551	104%			
	MTD Plan (£)	MTD Actual (£)	MTD % Delivery				
Net QIPP Savings Delivery	£485,628	£432,039	89%				
	YTD Plan (£)	YTD Actual (£)	YTD % Delivery	Yearend Forecast Delivery (£)	% Forecast Delivery of Savings Identified	Forecast Outturn RAG	
Net QIPP Savings Delivery	£4,724,329	£4,025,737	85%	£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. Better Payments Practice Code (BPPC)

This is the first time this is being reported to the board due to issues with the report being in a suitable format. The CCG is still working with SBS to ensure this report captures all the relevant invoices and that supplier terms are all up to date. The chart below shows the CCGs performance against the code which specifies that we should be 95% compliant.

As of February 2014, the CCG is 95% compliant. Over the summer months (August, September 2013) there was an issue with invoices unable to be scanned on to the system for a period of up to 2 weeks (this shows lower percentage across these months). Also there has been an on-going exercise to cleanse suppliers set up date to ensure correct payment terms are reflected.



## 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.

#### Prescribing Outturn

There is a risk that the prescribing outturn is higher than the pressure of £500k reported in the current position.

**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 11 and the risks and challenges which could further impact the final outturn.