

FINANCE REPORT – MONTH 6 (SEPTEMBER) 2014

1 Executive Summary

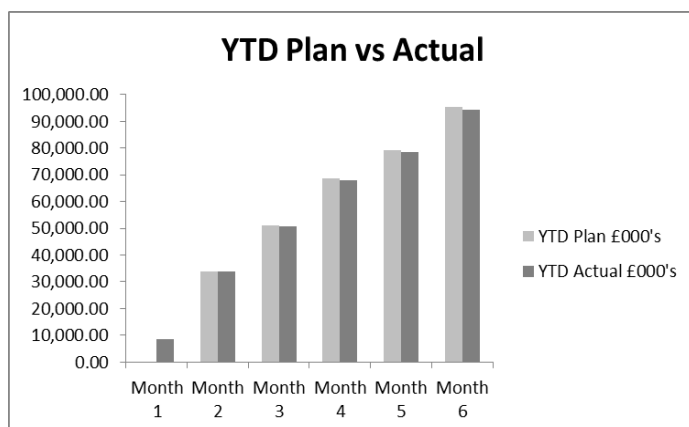
This paper summarises the financial performance of the Thurrock CCG up to month 6 (September) 2014.

2 Overview

The year to date financial position for the year to 30th September 2014 is summarised in the table below. This indicates a year to date expenditure of £94,144k against an allocation of £95,142k, resulting in an underspend of £998k. The forecast outturn position is a full year expenditure of £187,889k, against a budget of £189,868k, giving a projected underspend of £1,979k, which is the mandated 1% surplus. Details of expenditure by service is attached as Appendix 1.

	Year To Date (£)			Annual Budget (£)	Forecast (£)	
	Budget	Actual	Variance		Outturn	Variance
SURPLUS	(1,335,000)	0	(1,335,000)	1,979,000	0	(1,979,000)
PROGRAMME	91,750,496	92,150,602	400,106	183,768,000	183,906,937	138,937
ADMIN	2,056,875	1,993,417	(63,458)	4,121,000	3,982,000	(139,000)
Grand Total	92,472,371	94,144,019	(998,352)	189,868,000	187,888,937	(1,979,063)

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



3 Key Performance Indicators

Key Performance Indicators - Month 6										
Ref No.	Indicator Name	Year to date		variance	Full year plan	Forecast £'000	Narrative	YTD rating	Forecast rating	Report ref.
		Plan £'000	Actual £'000							
1	Surplus/ Deficit	(1,335)	(998)	337	1,979	(1,979)	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
	Surplus budget	1,335	-			1,979				note only
2	Programme	91,750	92,151	401	183,768	183,907	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	2,057	1,993	(63)	4,121	3,982	The Running Cost budget is currently expected to post a £139k underspend by year-end.			Para. 2, appx.1
4	QIPP performance	2,546	2,016	530	6,007	5,387	There is slippage on some of the QIPP plans, including unplanned care schemes for which no savings have yet to be validated.			Para. 7
5	BPPC	95%	95%	0%	95%	95%	On average this month the CCG has achieved 95% across all measures			Para. 8

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 bringing the budget as at month 6 to £189,868k. Details are as follows:

Thurrock NHS Clinical Commissioning Group

Thurrock CCG Budget Reconciliation 2014/5 - Month 6				
		Opening	Movement	Closing
		£'000	£'000	£'000
Programme Budget		183,333	2,414	185,747
Running costs/Admin budget		4,121		4,121
Total		187,454	2,414	189,868
Movement details				
<i>Brought forward surplus</i>	<i>N/R</i>		1,688	
<i>GP IT (original allocation)</i>	<i>N/R</i>		419	
<i>GP IT</i>	<i>N/R</i>		206	
<i>Referral to Treatment (RTT)</i>	<i>N/R</i>		590	
<i>BARTS Specialist Transfer</i>	<i>R</i>		-318	
<i>Charge Exempt Overseas Visitors (COEV)</i>	<i>N/R</i>		-171	
Total adjustments			2,414	

5 Key Budgetary Pressures:

5.1 Acute Services

The year to date and projected position based on the month 4 freeze data indicates a pressure on the acute services. As at month 6 the pressure is £1m, and this is projected to be £3m by the end of the year. The pressure is predominantly on the BTUH contract, with a forecast pressure of £3.5m. Key cost drivers are critical care, non-elective admissions, accident and emergency attendances. The position is subject to detailed scrutiny by the Finance and Performance Committee with forecasts adjusted based on the outcome of contract reconciliations.

5.2 Continuing Healthcare

There is a year to date pressure of £350k on Adult Continuing Care budgets as at month 6. The CCG has currently invested in an on-going project reviewing the current cases to ensure that the responsible commissioner has been correctly identified. Also further work is being done to validate the expenditure and ascertain if this is likely to continue through to year end.

5.3 Prescribing

There is an in year pressure of £145k due to a drug price increase in Category M drugs from 1st October. This is reflected in the current forecast position. This initial estimate is being validated by the medicines management team and will be appropriately adjusted in future months.

6 Running costs:

The running Costs budget is underspent as at month 6, and is forecast to underspend by £139k at the end of 2014/15. This will be 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.

7 QIPP

The QIPP summary position as at month 6 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 5 FO £000	Change in FO £000
Transactional	0	1,022	1,022	1,987	1,987	0	1,987	0
Transformational	0	994	994	4,020	3,400	(620)	3,400	0
Unidentified	0		0	0		0	0	0
13/14 Recurrenrt QIPP			0			0	0	0
Total	0	2,016	2,016	6,007	5,387	(620)	5,387	0

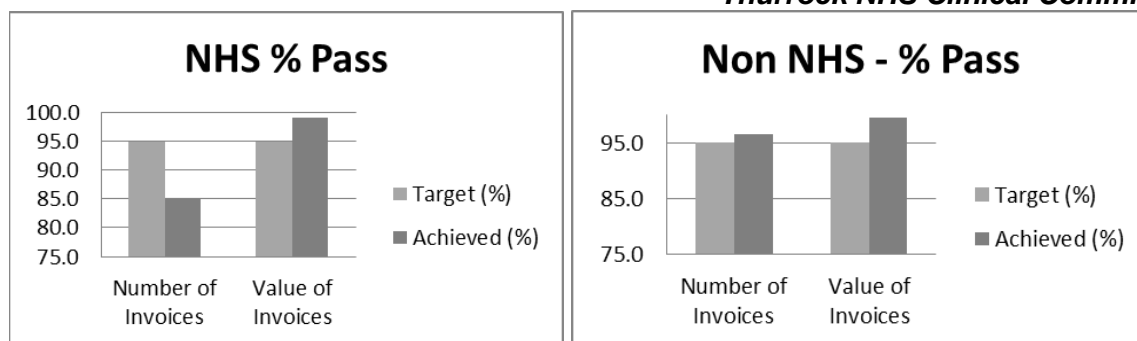
The current position indicates a year to date achievement of £2,016k against a target of £2,564k which is 80% delivery. Potential under delivery at year end on some schemes including Unplanned care which currently have no YTD actuals against a YTD plan of £310k; these will be retrospectively validated once activity is received from the provider. The revised FOT is based on current assessment of delivery across all schemes as at month 6. This delivery is lower than last year's overall QIPP achievement; which was an overall delivery of 85%, indicating that further schemes will need to be identified to ensure the target of £6m is achieved. Work is on-going to identify further schemes. Alternatively there will be the used of ring fenced reserves to cover the QIPP under delivery.

8. Better Payments Practice code (BPPC)

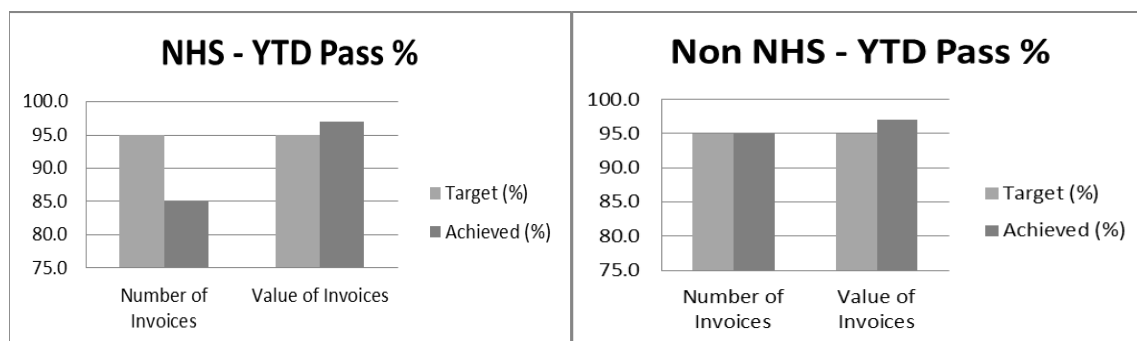
The Better Payment Practice Code obliges the CCG to pay invoices received in accordance with the contractual terms, and the CCG is required to pay trade creditors in accordance with this code. The target is for 95% of both the value and the number of non-NHS trade creditors to be paid within 30 days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

The summary of invoices paid in September 2014 is shown below:

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



Type		Target (%)	Achieved (%) Month 6	Achieved (%) Year to date
NHS	Number of Invoices	95.0	84.9	85.0
	Value of Invoices	95.0	99.1	97.0
Non NHS	Number of Invoices	95.0	96.5	95.0
	Value of Invoices	95.0	99.4	97.0

The 84.9% achievement for September includes a few credit notes which were previously held and have now been paid. Invoice Authorisation processes are being reviewed to ensure that the performance is improved and targets can be achieved on a consistent basis. This has also affected the year to date achievement ratio. The finance team will continue to work with commissioners and CSU colleagues to ensure invoices are approved within the payment terms. However where outstanding information is required in order to validate invoices, this will continue to have an impact on the achievement of the BPPC target.

9 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 CCG's ability to achieve its control total.

- b. Continuing Healthcare** – There is the continual 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.

10 Conclusion and Recommendations.

That the board note the current financial position and forecast as at period 6, the risks identified and the mitigating strategies employed to ensure the achievement of the CCG's financial duties.