

OCTOBER FINANCE COMMITTEE (21/10/15)

FINANCE REPORT – MONTH 6 (September) 2015

1 Executive Summary

This paper summarises the financial performance of Thurrock CCG as at Month 6 (September) 2015/16.

1.1 Financial Overview at Month 6













The year to date financial position for the CCG as at Month 6 (September 2015) is as follows: £1,016k underspend against a budget of £99,962k. The forecast position is to deliver the surplus of £2,090k; which is an outturn of £197,005k against a budget of £199,095k.

The table below shows an overview of the position as at month 6:

MONTH 6 SUMMARY						
	Annual Budget (£'000)	Year To Date (£'000)			Forecast (£'000)	
		Budget	Actual	Variance	Outturn	Variance
PROGRAMME	193,278	97,088	97,113	25	193,310	32
ADMIN	3,727	1,863	1,833	(30)	3,695	(32)
Surplus	2,090	1,011	0	(1,011)	0	(2,090)
Grand Total	199,095	99,962	98,946	(1,016)	197,005	(2,090)

The Financial Summary overview is attached as Appendix A.

2 Key Performance Indicators (KPIs)

Key Performance Indicators - Month 6											
No.	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	1,011	0	(1,011)	2,090	0	(2,090)	The CCG is on track and is forecast to deliver its surplus			5
2	Programme Budget	97,088	97,113	25	193,278	193,310	32	YTD position indicates a slight pressure on programme budget. Acute, prescribing and Continuing Healthcare budgets are highlighted as risks			6
3	Running Costs/ Admin Budget	1,863	1,833	(30)	3,727	3,695	(32)	The running cost budget is on track and forecast to deliver an underspend in the current year			7
4	QIPP Performance	2,919	2,778	(141)	7,263	6,729	(534)	Current position of delivery against plan is 95% achievement. The forecast is amber as some schemes will not deliver to plan in 2015/16.			11
5	BPPC Non NHS	95%	97.8%	2.8%	95%	95%	n/a	The CCG BPPC Rating is affected by any invoices which are not paid within the terms.			12
	BPPC NHS	95%	96.1%	1.1%	95%	95%	n/a	This will include any performance and NCA invoices which will need validation before paying.			

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3 2015/16 Budgetary Allocation

The opening resource allocation for 2015/16 is £192,824k, comprising £189,097k Programme budget and £3,727k Running costs budget. There have been some further allocations received in year bringing the total resource at month 6 to £199,095k. Details attached as Appendix B.

There has been no budgetary change between month 5 and month 6.

4 Surplus

The CCG has to deliver a mandated cumulative 1% surplus of £2,090k in 2015/16. As at month 6 the CCG is on target and is forecast to deliver the surplus in full at year end.

5 Programme budget

The programme budget for the CCG for 2015/16 is £193,193k; as at month 6 the year to date (YTD) position is £97,113k, an overspend of £25k against a budget of £97,088k (summary below). The forecast indicates a slight pressure of £33k, which is offset by an underspend across running costs budgets. This will be monitored and reviewed during the course of the year. Risks identified are across the Acute, Prescribing and Continuing Healthcare(CHC) portfolios.

Service Description	Annual budget (£'000)	Year To Date (£'000)			Forecast (£'000)	
		Budget	Actual	Variance	Outturn	Variance
ACUTE	109,244	55,594	55,840	247	109,819	575
OTHER (INCL. RESERVES)	6,464	2,537	1,554	(983)	4,526	(1,937)
PRIMARY CARE	25,713	12,583	13,077	493	26,658	945
COMMUNITY HEALTH SERVICES	25,168	12,583	12,584	1	25,100	(68)
CONTINUING CARE	8,411	4,652	4,912	259	8,929	518
MENTAL HEALTH	18,278	9,140	9,147	7	18,278	0
TOTAL	193,278	97,089	97,114	24	193,310	33
1% SURPLUS	2,090	1,011	0	(1,011)	0	(2,090)
	2,090	1,011	0	(1,011)	0	(2,090)
RUNNING COSTS/ADMIN	3,727	1,863	1,833	(30)	3,695	(32)
	2,287	1,110	99	(1,011)	197	(2,090)

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6. Acute Summary

The CCG is currently reporting £135k overspend on acute contracts with a forecast deficit of £530k full year effect (FYE). Pressure is indicated across Barking, Havering & Redbridge (BHRT) and Dartford and Gravesham (D&G) are over plan.

Basildon Hospital

The forecast has improved due to significant progress in the reconciliations between the CCG and the Trust and reduction to overall risk in financial position.

The financial agreement for Q1 is expected by end of October with many of the issues around the position agreed. Months 1 to 3 have been mostly reconciled at this stage with the same principles to be applied going forward. Some of the issues to be resolved at this stage include: CQUIN, Drugs challenges and critical care activity (where additional activity is being counted on the ward). BTUH data submissions to DSCRO have improved which has helped the reconciliation process.

Critical Care activity is significantly over as new ward activity is being counted here. There will be a quality audit around usage of these beds.

MSK activity is down at BTUH but up at D&G, BHRT, Ramsey and Nuffield. This needs to be reviewed with commissioners to understand why activity is not flowing through the MSK hub managed by connect.

Other Providers

Barking, Havering and Redbridge NHS Trust (BHRT) is showing an overspend. The main areas of overspend include Daycase and Non-Elective Other which includes births, with also an overspend on critical care. There is also some overspend on Maternity antenatal and postnatal.

Dartford and Gravesham NHS Trust (D&G) contract is included within the other category and over by £239k. There is an overspend in T&O and Urology for Daycase and in General Medicine and General Surgery in Non-Elective. There is also an overspend in Non-Elective other with includes births. Activity trends produced by the CSU show an increase in activity towards the latter part of 2014/15. Some of the maternity overspend here is likely to be offset by underspend at BTUH.

7 Running costs

The Running Costs budget for 2015/16 is £3,727k (1 10% reduction on 2014/15 budget). The year to date position is an underspend of £30k. This budget is forecast to slightly underspend by £32k at year end, and again will be closely monitored as vacant posts are filled during the year.

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Running Cost Summary Month 6 (September) 2015/16						
	£000's					
	Year to Date			Annual		
	Plan £000	Actual £000	Variance £000	Plan £000	Forecast £000	Variance £000
Running Costs						
CEO/Board Office	188	182	(6)	376	376	0
Commissioning	272	222	(50)	568	536	(32)
Corporate Costs and Service	1,144	1,191	47	2,264	2,264	0
Finance	230	205	(25)	460	460	0
Medicines Management	0	0	0	0	0	0
Performance, Health & Safety, Quality	1	1	0	2	2	0
Emergency planning, Education & training	28	32	4	57	57	0
Total	1,863	1,833	(30)	3,727	3,695	(32)

8 Better Care Fund

The CCG has transferred £14.766m of services into the Better Care Fund in 2015/16. This is from current baseline expenditure. This is a pooled fund with Thurrock Council. The total pool value in 2015/16 is £18.019m, with the Local Authority contributing £3.25m. The pool is managed by Thurrock Council, and there are joint monthly review meetings.

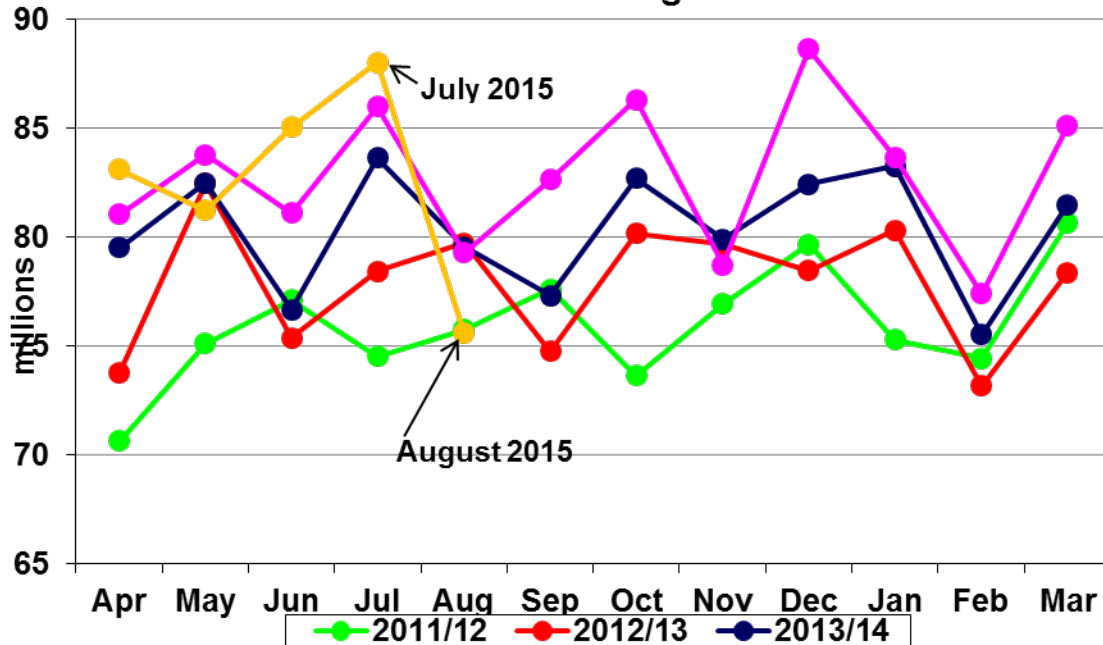
Year to date activity figures (validated up to month 3) indicate a reduction in the non elective activity; resulting in achievement of an element of the payment for performance (total £722k). However it is realised that the historic trend shows an increase in activity over the winter months. This will be continuously monitored throughout the year.

9 Prescribing

Thurrock CCG along with many other CCGs are reporting a significant increase in prescribing costs for the month of July 2015. There is currently no clear explanation of why July 2015 is demonstrating this spike, however, the NHSBSA website has shown a 14% drop in volume of prescriptions in August 2015 compared to July 2015 (see chart below). It is expected that this reduction in volume of declared items from pharmacy contractors will help to mitigate the high spend experienced in July 2015. However the full extent of the forecast has been reflected in the Month 6 position.

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Number of Items Declared by Pharmacy Contractors in England



In order to overcome this July peak, the Medicines Management Team is targeting areas such as asthma, COPD and diabetes, as well as branded generics in order to produce in-year savings, and to complement the work already in place around QIPP and the Prescribing Incentive Scheme.

10 Cash

The CCGs Maximum cash Drawdown (MCD) for 2015/16 is £196.628m.

The CCG drawdown for the year cannot exceed the MCD which also includes the requirements notified by the Business Services Authority (BSA) and the contribution to the CHC Risk Share pool as per guidance from NHSE. Contractual payments to BTUH and SUFTH are made over 10 months, as agreed with the providers and this profile is reflected in the Cash flow forecast return.

Notional charges.

HMT monitor the accuracy of DoH cash forecasting. It ranks the DH in relation to the accuracy of forecasting and issues the league position of the top 22 Government departments each month in respect of their overall cash forecasting accuracy and in respect of their BACs forecasting accuracy.

With effect from October on a rolling basis 2014 notional financial charges will be introduced to CCGs.

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The notional charges are calculated to mirror the way HMT would charge the DoH. They are included to understanding and improving daily and monthly forecasting accuracy and provide an indication of the cost of forecasting.

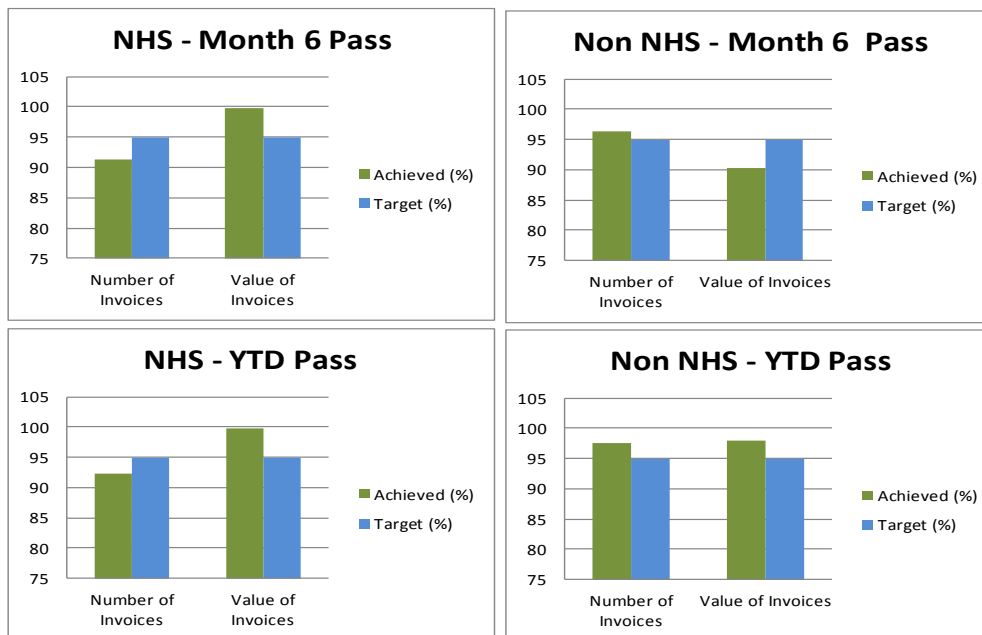
The notional monthly financial charges are calculated based on:-

- total of daily CHAPS variance
- total of daily & BACS variance
- monthly forecast/outturn variance and
- monthly BACS forecast/outturn variance

11 Better Payments Practice Code (BPPC)

The BPPC 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 year to date (M6) and forecast performance is indicated below:

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 5	YTD (%)
NHS	Number of Invoices	95	91.4	92.4
	Value of Invoices	95	99.8	99.8
Non NHS	Number of Invoices	95	96.3	97.6
	Value of Invoices	95	90.2	97.9



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- The NHS by volume is 91.4 %. Seven invoices were approved on time, but as there are only two RFT runs a month these invoices were paid late, otherwise the pass rate would have been 95%.
- The NON NHS by value is 90.2 %-One invoice for £235k was dated July but was for a contract relating to Oct-Dec 15 .Bearing this in mind the pass rate would have been 98.2%.

12 Key Risks

The following risks have been highlighted as a result of pressures over the past couple of years of the CCG, and will be monitored and reported on monthly as appropriate:

- a. **Acute Services** – There is an inherent risk of over-performance in Acute activity. The risk over and above the current projection in the month 6 position is an estimated £1.5m; with a probability of 50%; so net value of £750k.
- b. **Continuing Healthcare Current (CHC) Adult cases** – CHC have increased over the past 2 years and is being closely monitored in order to highlight any further pressure on this budget. This is being monitored constantly however no value is currently estimated for risk over and above the month 6 position and projections.

13. Conclusion and Recommendations.

The Board is asked to note the current financial position and year-end forecasts and the risks highlighted above.

Appendix A – Thurrock CCG Outturn Summary – Month 6 September 2015/16

Thurrock CCG 2015/16 Financial Reporting - Month 6 (September 2015)								
	Year to Date			Annual			Month 5	
	Plan	Actual	Variance	Plan	Forecast	Variance	Forecast	Variance
	£000	£000	£000	£000	£000	£000	£000	£000
Acute Activity								
NHS acute providers	50,286	50,470	184	98,709	99,240	530	99,622	897
NCA's	1,939	2,075	136	3,888	3,979	90	3,679	(86)
Ambulance	2,466	2,461	(5)	4,830	4,821	(10)	4,744	(87)
Other providers	902	884	(18)	1,816	1,780	(36)	1,956	174
Total	55,594	55,890	297	109,244	109,819	575	110,000	898
Mental Health & LD (Adult & C&Y)								
SEPT contract	8,259	8,259	0	16,100	16,100	0	16,100	0
Other	880	880	0	2,178	2,178	0	2,183	0
Total	9,140	9,140	0	18,278	18,278	0	18,283	0
Community Health								
NELFT/SEPT contract	4,084	4,093	9	8,169	8,189	20	8,189	20
Continuing healthcare	4,652	4,912	259	8,411	8,929	518	8,855	444
Other community	1,385	1,380	(4)	2,770	2,771	0	2,871	96
Better Care Fund	7,352	7,352	0	14,704	14,704	0	14,704	0
Total	17,473	17,736	264	34,054	34,592	538	34,619	560
Medicines and Primary Care								
GP Prescribing	10,463	10,820	358	21,412	22,125	714	21,722	310
Other Prescribing Costs	364	378	15	746	758	12	758	12
Medicines Management	668	724	56	1,359	1,447	88	2,831	189
Local Enhanced Services	74	74	0	151	151	0	151	0
Other Primary Care	597	666	69	1,208	1,347	138		
111 Service	713	682	(31)	1,431	1,369	(62)	1,414	(17)
Total	12,879	13,345	466	26,307	27,197	890	26,875	494
Others								
Patient Transport	647	640	(7)	1,294	1,294	(0)	1,339	0
NHS Property	225	225	0	451	451	0	451	0
Other	186	137	(49)	371	291	(80)	371	0
Total	1,058	1,002	(56)	2,116	2,036	(80)	2,161	0
Running Costs	1,863	1,833	(30)	3,727	3,695	(32)	3,665	(62)
Reserves								
Contingency	945	0	(945)	1,891	0	(1,891)	0	(1,891)
Investment	0	0	0	773	773	0	787	0
Non recurrent reserve	0	0	0	615	615	0	615	0
	945	0	(945)	3,279	1,388	(1,891)	1,402	(1,891)
1% surplus	1,011	0	(1,011)	2,090	0	(2,090)	0	(2,090)
Total	99,962	98,946	(1,016)	199,095	197,005	(2,090)	197,005	(2,090)
Allocation - Opening				192,824				
Allocation - In year Changes (details attached)				6,271				
Total Allocation				199,095				

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Appendix B: Budgetary allocation- Month 6

Thurrock CCG Budget Summary 2015/16 - Month 6				
		Opening	Movement	Closing
		£'000	£'000	£'000
Programme Budget		189,097	6,271	195,368
Running costs/Admin budget		3,727		3,727
Total		192,824	6,271	199,095
Movement details	R/NR			£'000
<i>Brought forward surplus</i>	NR			1,990
<i>BCF</i>	R			2,998
<i>ETO/DTR Funding</i>	NR			630
<i>GP IT (original allocation)</i>	NR			432
<i>GP IT additional</i>	NR			100
<i>Resource Trasnsfer to match drugs expenditure</i>	R			11
<i>Dr O opt out of Out of Hours(OOH)</i>	R			18
<i>Waiting List Validation & improving Operational processes</i>	NR			7
<i>Funding for Eating Disorders and Planning</i>	NR			85
Total adjustments				6,271

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Appendix C: Statement of Financial Position as at 30th September 2015

	Position as at 31/03/15	Position as at 30/09/15	
	£'000	£'000	
PPE	37	37	} Legacy Assets transferred from the SWE PCT.
Accumulated Depreciation	30	30	
Net PPE	7	7	
Total Non-Current Assets	7	7	
Current Assets:			
Cash - Cashbook balance (Includes BACS payments clearing next month)	49	(7) *	* The physical cash balance at 30/09/15 was £167k The increase is driven by paying BTUH FT and Southend FT over the first 10 Months resulting in a prepayment ytd.
Accounts Receivable	1,734	10,076	
Total Current Assets	1,783	10,070	
Accounts Payable	(12,001)	(14,763)	A number of factors contribute towards the increase including NHS organisations invoicing early for next months SLA payment and disputed invoices.
Accrued Liabilities	(117)	(117)	Continuing Health Care Provision.
Total Current Liabilities	(12,118)	(14,880)	
Non-Current Assets plus/less Net Current Assets/Liabilities	(10,327)	(4,803)	
Financed by Taxpayers' Equity:			
General fund	(10,327)	(4,803)	Negative as Liabilities exceed assets.
Total taxpayers' equity:	(10,327)	(4,803)	

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Appendix D: Cash Flow Summary as at 30th September 2015

Description	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Year-to-date
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Opening Balance	52	2,770	652	823	614	489	52
Receipts							
Draw down	16,850	13,000	15,200	15,600	14,863	15,510	91,023
Supplementary Draw down	0	1,700	0	0	0	0	1,700
Other Income	148	37	178	65	131	42	601
Total Receipts	16,998	14,737	15,378	15,665	14,994	15,552	93,324
Payments:							
NHS	(12,562)	(12,759)	(12,244)	(12,857)	(12,237)	(12,774)	(75,433)
Trade	(1,517)	(1,549)	(1,613)	(1,659)	(1,497)	(1,738)	(9,573)
Salary, Tax, Ni & Pension	(177)	(174)	(168)	(178)	(189)	(188)	(1,074)
BCF	0	(2,341)	(1,170)	(1,170)	(1,170)	(1,170)	(7,022)
Other	(24)	(33)	(11)	(10)	(25)	(5)	(107)
Total Payments	(14,280)	(16,855)	(15,206)	(15,874)	(15,119)	(15,875)	(93,209)
Closing Balance	2,770	652	823	614	489	167	167

Closing Balance Target = reduce target of 1.25% of drawdown

Variance (+ve = within target)

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