

JANUARY FINANCE COMMITTEE (17/02/16)

FINANCE REPORT – MONTH 10 (January) 2016

1 Executive Summary

This paper summarises the financial performance of Thurrock CCG as at Month 10 (January) 2015/16.

1.1 Financial Overview at Month 10

The year to date financial position for the CCG as at Month 10 (January 2016) is as follows: £1,724K underspend against a budget of £166,502k. The forecast position is to deliver the surplus of £2,090k; which is an outturn of £197,739k against a budget of £199,829k.













The table below shows an overview of the position as at Month 10:

	Annual Budget (£'000)	Year To Date (£'000)			Forecast (£'000)	
		Budget	Actual	Variance	Outturn	Variance
PROGRAMME	193,720	161,431	161,684	252	194,044	324
ADMIN	4,019	3,349	3,094	(254)	3,695	(324)
Surplus	2,090	1,722	0	(1,722)	0	(2,090)
Grand Total	199,829	166,502	164,778	(1,724)	197,739	(2,090)

The Financial Summary by service is attached as Appendix A.

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2 Key Performance Indicators (KPIs)

Key Performance Indicators - Month 10											
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	1,722	0	(1,722)	2,090	0	(2,090)	The CCG is on track and is forecast to deliver its surplus			4
2	Programme Budget	161,431	161,684	252	193,720	194,044	324	YTD position indicates a slight pressure on programme budget. Acute, prescribing and Continuing Healthcare budgets are highlighted as risks			5
3	Running Costs/ Admin Budget	3,349	3,094	(254)	4,019	3,695	(324)	The running cost budget is on track and forecast to deliver an underspend in the current year			6
4	QIPP Performance	5,839	4,542	(1,297)	7,263	6,033	(1,230)	Current position of delivery against plan is 77% achievement. The forecast is amber at 83% as some schemes will not deliver to plan in 2015/16.			7
5	BPPC Non NHS	95%	98.2%	3.2%	95%	95%	n/a	The CCG BPPC Rating is affected by any invoices which are not paid within the terms.			8
	BPPC NHS	95%	96.4%	1.4%	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 10 to £199,829k.

Allocation received since month 9 is as follows:

- Chargeable exempt Overseas Visitors adjustment, - £22k
- Out of Hours opt out allocation, £111k

Full details of the allocation is attached as Appendix B.

4 Surplus

The CCG has to deliver a mandated cumulative 1% surplus of £2,090k in 2015/16. As at month 10 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 £195,474k; as at Month 10 the year to date (YTD) position is £161,684k, an overspend of £252k against a budget of £161,164k. The pressure across the Acute, Prescribing and CHC portfolio is offset to a large extent by reserves and unspent contingency budgets, and also the quality premium budget. Risks identified are across the Acute, Prescribing and Continuing Healthcare (CHC) portfolios.

Acute Summary

Overall Acute position shows a forecast overspend of £1,345k, of which £766k is attributed to NHS acute providers. A summary breakdown of the providers can be seen in table below. An underspend at Basildon Hospital has been offset by other smaller contracts. This has been previously discussed where patients are choosing to go to other providers for treatment.

The financial position below is based on latest summary data which has been verified by CSU. This is based on M8 freeze M9 flex data and is inclusive of all financial adjustments. The forecast variance seems larger than year to date (YTD), however this is simply down to profiling of budgets. The projected forecast spend is based on previous trends adjusted for number of working days.

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Basildon & Thurrock NHS Foundation Trust

The biggest acute contract, Basildon and Thurrock NHS Trust is showing an underspend for both YTD and forecast position. After detailed discussions and validation checks the CCG have fully reflected the current financial position. Some of the under spending areas include Non-Elective £1100k, Non-Elective other £315k, and A&E £194k. Overspending areas include: Direct Access Radiology £191k and Critical Care £820k.

A&E: The actual YTD activity is below plan and below previous year's level by 0.5%. The reduction in activity has been mainly VB11Z No Investigation and No Significant Treatment. There has been some increase in self referrals and GP referred.

Critical care: The overspend is down to additional critical care beds on the ward which were not built into the plan. There was an audit of these beds to understand if the activity met the critical care criteria, on which the CCG had written to the Trust. The Trust have responded in rejecting the findings of the audit in that it was not carried out by an independent third party but CCG representatives as required under the contract. This is currently being discussed at the contract management meetings.

Non-Elective: Overall activity is down in HRG Chapter D Respiratory, Chapter F Digestive System and Chapter L Urinary Tract and Male Reproductive System. Activity in Septicaemia is up, however this is down to better recording and the increase is similarly at other acute Trusts.

Barking, Havering and Redbridge NHS Trust

- The year to date (YTD) position is showing an overspend.
- overspend on A&E £59k
- Overspend on Non-Elective Non-Emergency which includes transfers from other Trusts and births £120k
- Overspend on Critical Care which can fluctuate £90k.

Dartford and Gravesham NHS Trust

- The year to date (YTD) position is showing an overspend.
- Elective overspend mainly in specialty T&O.
- Non-Elective overspend in General Medicine and General Surgery.
- Non-Elective Other overspend is mainly maternity.

Bart's and the London

- The year to date (YTD) position is showing an overspend.
- Patient Transport which has seen an increase in activity.

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- Non-Elective spend in Cardiology, Respiratory Medicine and T&O.
- High Cost Drugs and Devices
- Critical Care

6 Running Costs

The Running Costs budget for 2015/16 is £3,727k. The year to date position is an underspend of £21k. The Quality Premium 2014-15 award of £292k received in Month 10 is also within this budget. This budget is forecast to underspend by £324k at year end - £292k of which relates to the Quality Premium award, expenditure to offset this sits within program cost centres. The true underspend on Running cost budget is forecast to be £32k.

Running Costs Budget Summary at Month 10:

	Annual Budget (£'000)	Year to Date (£'000)			Forecast (£'000)	
		Budget	Actual	Variance	Outturn	Variance
CHAIR AND NON EXECS	376	314	315	1	376	0
COMMISSIONING	577	478	476	(2)	536	(41)
CORPORATE COSTS AND SERVICES	2,255	1,882	1,886	5	2,264	9
EDUCATION AND TRAINING	30	25	21	(5)	30	0
EMERGENCY PLANNING	27	22	24	2	27	0
FINANCE	460	383	371	(12)	460	0
HEALTH AND SAFETY	2	2	2	0	2	0
QUALITY PREMIUM ADMIN	292	243	0	(243)	0	(292)
TOTAL	4,019	3,349	3,095	(254)	3,695	(324)

7 2015/16 QIPP Financial Performance

The current Month 10 QIPP position is showing underperformance of £1458k before adjusting for data lag. Data lag occurs due to flex and freeze data available which is subject to national timetables. However this creates a natural delay in obtaining up to date data. The financial position shows underperformance of £1,296k after allowing for estimates for schemes affected by this. The estimates are based on previous run rate delivery and forecasted for missing months on straight line bases.

The Forecast position is expected to deliver £6.0m against original target of £7.3m resulting in under performance of £1229k. This would still equate to QIPP delivery of 83%, The table below shows financial performance by QIPP portfolio and areas that have under or over-performance. QIPP is

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discussed in detail at the QIPP Core held monthly with GP's along with progress of individual projects. Projects delayed in 2015/16 will be carried over into 2016/17 for delivery.

QIPP By Portfolio	Year to Date			Forecast		
	Plan	Actual	Variance	Plan	Actual	Variance
Acute (Planned Care)	545,726	386,827	158,899	622,989	468,756	154,233
Admin / Running Costs	254,167	254,167	0	305,000	305,000	0
CHC	422,991	136,667	286,324	573,604	269,668	303,936
Community	53,586	56,039	(2,453)	68,896	71,519	(2,623)
Decommissioning	100,000	0	100,000	150,000	0	150,000
Medicines Management	689,445	680,592	8,853	873,179	1,118,588	(245,409)
Mental Health	555,907	133,072	422,836	738,689	315,853	422,836
Other	2,660,625	2,654,806	5,819	3,170,358	3,226,377	(56,019)
Paediatrics & Community	556,494	77,960	478,534	760,155	257,560	502,595
Total Excluding Estimates	5,838,941	4,380,129	1,458,812	7,262,869	6,033,320	1,229,549
Estimate		161,858	161,858			
Total Including Estimates	5,838,941	4,541,987	1,296,954	7,262,869	6,033,320	1,229,549

8 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 (M10) and performance forecast is as below:

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9 Key Risks

The following risks have been highlighted as a result of pressures over the past couple of years of the CCG, and are monitored monthly:

- Acute Services** – There is an inherent risk of over-performance in Acute activity. The risk over and above the current projection in the month 8 position is an estimated £1.5m; with a probability of 50%; net value of £750k. This will be reviewed as we go through the winter months.
- Continuing Healthcare Current (CHC) Adult cases** – CHC expenditure has 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 8 position and projections.

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- c. **Prescribing costs** - There is a risk of increase in prescribing costs especially in Primary Care. The risk over and above what is currently reported is not quantified for the remaining months of the year.

10. **Conclusion and Recommendations.**

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