

Agenda item: 5.2

Subject:	Finance Report at end of November 2013 (Month 8)
Presented by:	Steve Ham, Chief Finance Officer, SNCCG
Submitted to:	South Norfolk CCG Governing Body
Date:	14th January 2014

Purpose of paper:

For information and discussion

Executive Summary:

This report highlights the South Norfolk Clinical Commissioning Group (SNCCG) financial position at the end of month 8 2013/14.

SNCCG is reporting a £610k surplus for the eight months to November 2013, which is £207k below the planned YTD surplus. (Appendix 1).

A £2,553k overspend on acute commissioning has been largely mitigated by unspent reserves of £1,754k.

The acute overspend is largely at NNUHFT £924k (Appendix 2), together with not delivering planned QIPP savings.

QIPP delivery to the end of month 7 was £3,218k, which is below the planned figure of £4,613k and represents 26% of planned annual performance (Appendix 3). The revised target of £6,748k will enable SNCCG achieve its forecast surplus.

SNCCG M8 forecast outturn (FOT) is on plan at £2.343k, this is in line with the Financial Recovery Plan (FRP) submitted to the Area Team and approved on 23rd December 2013.

Risks to achieving the FOT surplus remain acute overperformance and QIPP delivery. These risks are largely mitigated by the unallocated reserves (£0.6m). In December 2013, SNCCG were informed that the planned costs of CHC Restitution will be borne by NHS England in 13/14 as CCGs will not receive legacy balances from PCTs until 2014/15. The impact on the CCG's forecast surplus will be worked through during and after month 9 reporting.

This report highlights the challenges SNCCG needs to overcome to achieve financial balance in the second half of 2013/14.

Key Risks	
Clinical:	N/A
Finance and Performance:	<i>Financial risks detailed in paper</i>
Impact Assessment (environmental and equalities):	N/A
Reputation:	<i>Reputational risk if SNCCG fails to meet its 13/14 financial targets</i>
Legal:	N/A
Resource Required:	
Reference document(s):	

GOVERNANCE

Process/Committee approval with date(s) (as appropriate)	N/A
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Recommendation to Governing Body:

The Governing Body is asked to note the YTD financial performance and forecast financial outturn, to review the main areas of cost pressure and to consider ways to address the financial challenge.

1. Summary

- 1.1 This report highlights the South Norfolk Clinical Commissioning Group (SNCCG) financial position at Month 8 2013/14. There is a year to date underspend of £610k, this is £206k below the planned surplus for the period per the 2013/14 financial plan submitted to the Area Team. A detailed analysis of month 8 variances is shown in Appendix 1 with a summary shown in table 1 below.

Table 1: Month 8 Financial Position

Description	Annual Budget £'000	Position for month 8			Forecast Outturn £'000
		Budget £'000	Actuals £'000	Variance £'000	
Allocation	(243,674)	(162,463)	(162,463)	-	(243,674)
Acute	121,814	82,335	84,889	(2,553)	127,042
Community Health Service	26,874	17,935	18,062	(127)	27,001
Continuing Care	21,233	13,643	13,349	294	19,506
Mental Health	20,139	13,463	13,523	(60)	20,199
Primary Care	40,692	27,832	27,554	279	40,180
Other	1,425	963	996	(33)	1,474
Running Costs	5,580	3,720	3,480	240	5,340
Reserves	3,573	1,754	-	1,754	589
CCG Total	(2,343)	(817)	(610)	(206)	(2,343)

1.2 Acute

Contract monitoring information has been used to provide accurate costs where available. In the absence of contract monitoring, acute contracts have been accrued to budget for month 8. The £2,553k year to date overspend is made up of variances on the following.

The Norfolk & Norwich University Hospital (NNUHFT) acute contract was overspent by £924k. Appendix 2 shows their contract monitoring to month 7 with month 8 estimate and highlights that the main areas of overspend are non-elective inpatients £1,450k and first outpatient attendances £286k, partially offset by the maternity prepayment of £739k. High Cost Drugs at NNUHFT are also overspent by £276k.

Other significant variances on acute contracts are an £129k overspend at Addenbrookes where there has been a higher volume of critical care activity than planned, a West Suffolk Hospital underspend of £127k and a £2,077k adverse variance on QIPP which, where achieved, is naturally offset within the Acute contracts.

1.3 Community Health Services

The Community Health Services are overspent by £127k, largely due to a £162k purchase of additional intermediate care beds from Norfolk Community Health & Care (NCH&C).

1.4 Continuing Health Care (CHC)

Continuing Healthcare is underspent by £294k. This includes the year to date QIPP target of £339k which has been offset by a £461k underspend on Adult CHC and a £183k underspend on Children's CHC.

1.5 Mental Health

The month 8 figures show a net overspend of £60k across a number of contracts, including a £30k underspend on main Mental Health contracts, an £33k underspend on Child and Adolescent Mental Health and a £111k year to date risk share liability which is included within Mental Health Services Other in appendix 1.

1.6 Primary Care

Primary care overall is £246k underspent at month 8, including a £292k underspend on Prescribing and a £59k overspend on Locally Enhanced Services.

1.7 Running Costs

The £240k underspend on running costs is largely due to slippage on pay costs as SNCCG recruits to its full establishment, this saving is non-recurrent.

1.8 Reserves

To month 8 £1,754k of reserves have been required to offset programme cost overspends and £1,670k of the planned £8,379k remain unallocated.

2. QIPP Challenge

2.1 The CCG Financial Plan for 2013/14 identified that QIPP schemes generating savings of £12.2m were needed for the CCG to achieve financial balance in 2013/14. Of this £3.7m is a non-recurrent pressure generated by expected Continuing Healthcare restitution costs, which has now been allocated to the CCG's non-recurrent transformation fund.

2.2 Appendix 3 shows the CCG's QIPP plan and actual savings to the end of month 7 both at summary level and by scheme, as well as the full year forecast for each.

2.3 During the year, SNCCG has had challenges identifying the QIPP savings derived from some specific QIPP interventions due to data quality issues. However, SNCCG has evidenced lower than planned growth in acute elective and day case activity at NNUH and as at month 7 £0.678k has been ascribed to threshold review. Further evaluation will be undertaken after month 9 to identify the specialities contributing to this reduced activity.

2.4 The month 7 year to date savings figure was £3,218k which is below the planned year to date figure and represents 26% of the planned annual savings target including the QIPP originally planned to offset the CHC Restitution charge.

2.5 Due to the timing of in-year QIPP scheme implementation, the forecast savings profile is weighted towards the second half of the year. An extensive review of QIPP activity has

been undertaken by the Finance and Commissioning teams leading to a forecast annual QIPP saving of £6,748k. Achievement of this will allow the CCG to deliver its forecast outturn surplus of £2,343k.

3. Key Financial Risks and Mitigation

3.1 Risks

Table 2 summarises the key risks currently facing SNCCG and mitigation against them. The greatest financial risks for SNCCG are delivery of planned QIPP savings, pressures within the Acute sector, lack of clarity regarding the funding of additional care home beds and the possibility of higher than expected CHC costs.

Table 2: Key Risks and Mitigation

	Full Risk / Mitigation Value £m	Probability of risk / mitigation being realised %	Total Value £m
Risks			
QIPP Under Delivery	1.5	60%	0.9
Over-performance of Acute SLAs	0.8	30%	0.2
Additional Care Home bed funding	0.8	50%	0.4
Additional CHC costs	0.8	30%	0.2
Other	0.4	73%	0.3
			2.1
Mitigations			
Uncommitted Reserves	1.7	100%	1.7
Delay of CHC Restitution payments	0.8	50%	0.4
			2.1

3.2 Mitigation

To mitigate against potential risks and ensure delivery of our forecast surplus there remains £1,670k of unallocated reserves. Additionally it may not be possible to provide for all the planned CHC Restitution charges in 2013/14. The provision will depend on the progress of the resolution of the claims, inherited from Norfolk PCT, as at 31st March 2014. It is likely that some cases will be insufficiently progressed at that date to will meet the criteria determined in the IFRS standard IAS 37 – *Provisions, Contingent Liabilities and Contingent Assets*. As a result some of the planned costs will be incurred in 2014/15. The CCG works closely with Anglia CSU to manage this process.

3.3 Financial Recovery Plan

The East Anglia Area Team approved SNCCG's FRP, which detailed how the CCG would deliver its planned 2013/14 surplus, without further comment or question.

4. Budget Movements

Appendix 4 summarises the movement in SNCCG budgets between the Plan presented to the Governing Body in March 2013, and subsequently submitted to the Area Team in May as part of the Financial Plan and the end of month 8. There are four categories of budget movement:

- 4.1** Revision Following Contract Signature' represents movements between predicted contract values in the Financial Plan before contracts were signed, and the actual values after signature.
- 4.2** Specialised Commissioning is the budget reductions due to moves to Specialised Commissioning by NHS England; overall SNCCG has received a £15,840k allocation reduction for these services but it is estimated that budgets only decreased by £13,698k, leaving a funding shortfall of £2,142k which forms part of our QIPP challenge.
- 4.3** IAT Allocation Adjustments represent changes in SNCCG's allocation since the start of the year; and
- 4.4** Alignment of Coding and Utilisation of Reserves represents transfers of budgets between categories in-year as the CCG has developed a better understanding of the new national ledger system coding and moves between programme costs and reserves.

5. Legacy Balances

- 5.1** In December 2013, NHS England informed SNCCG that the Department of Health had agreed an "accounts direction" requiring all balances identified in the legal transfer schemes as relation to NHS England and CCGs be accounted for in the NHS England 13/14 financial statements. The only exception to this will be CCG fixed assets and related balances, of which SNCCG has none.
- 5.2** SNCCG had anticipated the transfer of provisions and accruals arising from Continuing Healthcare, together with partially completed spells accruals and deferred income relating to the research activities of the Norfolk and Suffolk Primary Care Research Network (PCRN). These balances are now expected to transfer in 14/15, with the exception of PCRN research deferred income brought forward for which approval has been obtained to transfer in 13/14. SNCCG continues to work with NHS England to meet its responsibilities relating to legacy balances.

Steve Ham
Chief Finance Officer
14th January 2014

SNCCG M8 Financial Report

APPENDIX1

Description	Annual Budget £'000	YTD Position for month 8			Forecast Outturn £'000
		Budget £'000	Actuals £'000	Variance £'000	
Norfolk and Norwich University Hospital	89,300	59,805	60,729	(924)	91,891
West Suffolk Hospital NHS Trust	12,608	8,492	8,366	127	12,482
Cambridge University Hospital	1,444	965	1,094	(129)	1,573
Private Providers	4,340	2,893	2,640	253	4,086
Other Acute	3,587	2,262	2,311	(49)	3,636
Acute QIPP	(4,456)	(2,077)	(0)	(2,077)	(1,221)
Acute SLA Total	106,822	72,341	75,139	(2,799)	112,446
Norfolk and Norwich University Hospital	4,408	2,938	3,215	(276)	4,684
West Suffolk Hospital NHS Trust	318	213	234	(22)	339
Cambridge University Hospital	172	114	55	59	113
Private Providers	177	118	77	41	136
High Costs Drugs Total	5,075	3,383	3,581	(198)	5,272
NCAS/OATS	1,687	1,124	891	233	1,303
Ambulance Services	8,230	5,487	5,277	210	8,021
Acute Total	121,814	82,335	84,889	(2,553)	127,042
Other Community providers	2,639	1,760	1,697	63	2,577
Norfolk Community Health and Care	21,896	14,598	14,759	(162)	22,058
Community Services Total	24,536	16,357	16,456	(99)	24,635
Intermediate Care	1,743	1,162	1,153	9	1,689
Intermediate QIPP	(80)	(34)	-	(34)	-
Long Term Conditions	675	450	452	(2)	677
Community Health Service Total	26,874	17,935	18,062	(127)	27,001
CHC - Adults	15,268	10,179	9,718	461	14,007
CHC - Children	567	378	195	183	384
CHC - Restitution	3,850	1,843	1,843	0	2,765
CHC - QIPP	(791)	(339)	-	(339)	-
CSU - CHC assessment team	820	569	553	16	804
Funded Nursing Care	1,519	1,012	1,039	(27)	1,546
Continuing Health Care Total	21,233	13,643	13,349	294	19,506
Child and Adolescent Mental Health	528	352	319	33	495
Improving Access To Psychological Therapies	1,008	672	672	(0)	1,008
Learning Difficulties	1,397	931	948	(17)	1,414
Mental Health Contracts	16,071	10,751	10,720	30	16,040
Mental Health Services - Other	1,136	757	863	(106)	1,242
Mental Health Total	20,139	13,463	13,523	(60)	20,199
Local Enhanced Services	2,059	1,527	1,586	(59)	2,118
Out Of Hours	2,225	1,483	1,456	27	2,198
Oxygen	333	222	200	21	311
Prescribing	36,692	24,795	23,809	986	34,805
Prescribing QIPP	(1,350)	(683)	-	(683)	-
Central Drugs	733	489	503	(14)	747
Primary Care Total	40,692	27,832	27,554	279	40,180
CSU - Medicines Management Team	420	280	280	-	420
Clinical Academic Reserve	315	210	241	(31)	362
GPIT	690	473	471	2	688
Other	-	-	3	(3)	3
Other Total	1,425	963	996	(33)	1,474
Commissioning Reserve	4,952	1,754	-	1,754	589
Unidentified QIPP	(1,378)	0	-	0	-
Total Programme Expenditure	235,751	157,926	158,372	(446)	235,991
Running Costs	5,580	3,720	3,480	240	5,340
Allocation	(243,674)	(162,463)	(162,463)	-	(243,674)
CCG Total	(2,343)	(817)	(610)	(206)	(2,343)

NNUH Finance and Activity Overview

APPENDIX 2

NNUH Finance and Activity Overview to October 2013
NHS South Norfolk CCG

Row Labels	Annual Plan		Activity to October				Tariff to October				November YTD estimate		
	Activity Plan (FY)	Tariff Plan (FY)	Activity Plan (YTD)	Activity (YTD)	Activity Var (YTD)	Activity Var (YTD %)	Tariff Plan (YTD)	Tariff (YTD)	Tariff Var (YTD)	Tariff Var (YTD %)	Plan	Tariff	Forecast November Variance
A&E	29,120	£3,000,329	17,391	18,523	1,132	6.1%	£1,791,787	£1,905,913	£114,126	6.0%	£2,029,890	£2,144,016	£114,126
Inpatients	44,346	£51,952,637	25,894	26,539	645	2.4%	£30,322,503	£31,104,241	£781,738	2.5%	£34,675,630	£35,457,368	£781,738
EL	27,572	£23,248,772	16,218	15,994	(224)	-1.4%	£13,766,065	£13,898,629	£132,564	1.0%	£15,688,209	£15,820,773	£132,564
Marginal Rate		(£2,398,597)					(£1,383,505)	(£2,149,571)	(£766,066)		(£1,586,645)	(£2,352,711)	(£766,066)
NE	16,775	£31,509,184	9,676	10,545	869	8.2%	£18,174,541	£19,624,312	£1,449,771	7.4%	£20,843,109	£22,292,881	£1,449,771
Readmissions (Following Elective)	0	(£341,605)	0	0	0		(£197,038)	(£237,531)	(£40,493)		(£225,970)	(£266,462)	(£40,493)
Readmissions (Following Non Elective)	0	(£65,117)	0	0	0		(£37,559)	(£31,598)	£5,961		(£43,074)	(£37,113)	£5,961
Outpatients - Consultant Led	145,678	£16,603,815	85,812	86,690	878	1.0%	£9,780,497	£9,962,067	£181,571	1.8%	£11,194,763	£11,376,333	£181,570
Follow Up	76,873	£6,358,153	45,282	43,942	(1,340)	-3.1%	£3,745,278	£3,671,185	(£74,093)	-2.0%	£4,286,847	£4,212,754	(£74,093)
New	38,919	£5,841,296	22,925	24,322	1,397	5.7%	£3,440,822	£3,726,414	£285,591	7.7%	£3,938,367	£4,223,959	£285,591
OP Procs	24,703	£4,284,800	14,551	14,887	336	2.3%	£2,523,966	£2,481,833	(£42,133)	-1.7%	£2,888,933	£2,846,800	(£42,133)
Telephone	5,183	£119,566	3,053	3,539	486	13.7%	£70,431	£82,636	£12,205	14.8%	£80,615	£92,820	£12,205
Outpatient - Non Consultant Led	14,959	£791,561	8,812	8,514	(298)	-3.5%	£466,270	£431,356	(£34,915)	-8.1%	£533,693	£498,779	(£34,915)
Follow Up	13,093	£685,425	7,712	7,187	(525)	-7.3%	£403,751	£365,595	(£38,155)	-10.4%	£462,133	£423,978	(£38,155)
New	357	£70,880	210	221	11	4.9%	£41,752	£39,935	(£1,817)	-4.5%	£47,790	£45,973	(£1,817)
Telephone	1,510	£35,256	889	1,106	217	19.6%	£20,767	£25,825	£5,058	19.6%	£23,770	£28,828	£5,058
C&V	807,689	£11,802,737	476,807	515,870	39,063	7.6%	£6,952,117	£7,772,901	£820,784	10.6%	£7,934,550	£8,755,333	£820,784
Best Practice	0	£897,134	0	0	0		£519,547	£468,192	(£51,355)		£595,094	£543,740	(£51,355)
Block		£705,003					£411,252	£411,252	£0		£470,002	£470,002	£0
PTS		£67,346					£39,285	£39,285	£0		£44,897	£44,897	£0
Risk Share		(£272,941)					(£159,216)	(£159,216)	£0		(£181,961)	(£181,961)	£0
CQUIN		£2,171,859					£1,272,449	£1,317,736	£45,287		£1,454,526	£1,499,813	£45,287
Other Adjustments		£0					£0	(£44,310)	(£44,310)		£0	(£44,310)	(£44,310)
											£0		
Contract Monitoring Total	1,041,794	£89,046,214	614,715	656,136	41,421		£52,170,420	£54,027,192	£1,856,773		£59,635,574	£61,492,346	£1,856,772

QIPP – Actual Performance vs Plan (reported to Area Team)

APPENDIX 3

Month	October					
QIPP Summary	Planned Saving YTD (£)	Actual Saving YTD (£)	Variance YTD (£)	Planned Savings 2013/14	FOT Saving 2013/14 (£)	FOT variance (£)
Emergency and Urgent Care	£319,393	£418,493	99,100	£701,000	£535,957	(165,043)
Out of Hospital & Integrated Care	£694,994	£448,762	(246,232)	£1,998,800	£1,093,745	(905,055)
Planned Care	£1,165,580	£1,897,955	732,375	£3,365,450	£3,654,816	289,366
Finance Schemes	£456,694	£443,184	(13,510)	£1,111,000	£1,446,650	335,650
Childrens & Families	£21,893	£9,555	(12,338)	£61,000	£16,380	(44,620)
Mental Health	£0	£0	-	£0	£0	-
Total	£2,658,555	£3,217,949	559,394	£7,237,250	£6,747,548	(489,702)
CHC & Unidentified	£1,953,926	0	(1,953,926)	£4,935,302	£0	(4,935,302)
Grand Total	£4,612,480	£3,217,949	(1,394,532)	£12,172,552	£6,747,548	(5,425,004)

QIPP FOT where variance over £50k change from M6 to M7

Scheme (where FOT has moved > 50K)	Full Year Plan	M6 FOT	M7 FOT	Change in FOT	Reasoning
39: Threshold review	500	0	678	678	678 Savings seen within elective admissions
38: Review of the rheumatology pathway	30	30	261	261	231 YTD Variance has increased extrapolation FOT
49: Reduce inappropriate consultant to consultant referral	50	0	203	203	203 YTD Variance has increased extrapolation FOT
7: Review of rehabilitation and other uses of intermediate care beds v care at home	80	63	251	251	New data shows a total of 204 patients discharged early from hospital, saving on average 3 bed days each
54: In year monthly review of unplanned changes to acute contract performance	250	220	164	164	Many contract penalties have been withdrawn and reinvested back into trust (56)
5: Review rehabilitation following acute onset for heart failure, cardiac and COPD	78	63	5	5	Heart Failure Nurse cannot supply data, practices not using the service (58)
33: Commissioning new outpatient services in a community setting, Review of high levels of referrals of Endoscopy procedures	166	156	84	84	Full savings unlikely, 50% likely to be achieved under extrapolation methods (72)
51: Outpatient procedures recorded as day cases	150	75	0	0	No update on contract challenge. Seems unlikely to receive any money back (75)
16: Falls service review	335	84	0	0	Fall spend in the acute has risen dramatically, savings relies on contract challenge (84)
4: Pre-emptive prescribing of antibiotics for COPD patients prior to winter months	76	188	98	98	Reduction in Prescribing LES FOT, due to a reduction in uptake of the scheme (90)
37: Review of the diabetes pathway	140	140	46	46	Full savings unlikely, as service has not started. Extrapolation method used. (94)
21: Promotion of existing community services commissioned at 75% tariff, Carpal Tunnel	182	111	11	11	2/3 of savings unlikely due to increase in carpal tunnel procedures in the acute trusts (100)
6: Integrated team management of patients with LTCs	105	105	0	0	Integrated team cannot supply data, practices not using the service (105)
46: Prescribing LES	1,200	1,893	1,741	1,741	overdelivery may plateau in later months so FOT reduced (152)
18: Reablement service	180	180	0	0	Captured in scheme 7 (180)
17: Review of continuing healthcare	791	1,026	791	791	Change in ledger position (235)
Total QIPP	12,173	6,700	1	-	

South Norfolk CCG Budget Moves to Month 8 2013/14 £m	Opening Budget	Revision following Contract Signature	Specialist Comm.	IAT Allocation Adjustment	Alignment of Coding and Utilisation of Reserves	M8 Budget
Acute Contracts	118.1	0.1	(7.0)	0.0	0.0	111.3
High Cost Drugs	12.4	-	(7.3)	-	-	5.1
Non Contract Activity	1.6	0.0	-	-	-	1.7
Acute QIPP	(5.1)	-	-	-	0.6	(4.5)
East of England Ambulance Service	8.3	(0.0)	-	-	-	8.2
Specialist Commissioning	(17.2)	-	13.7	1.3	2.1	-
Other	2.1	-	-	-	(2.1)	-
ACUTE Total	120.3	0.1	(0.6)	1.3	0.7	121.8
Community Health Services	27.5	0.4	(0.8)	(0.2)	0.0	27.0
Community Health QIPP	(0.1)	-	-	-	(0.0)	(0.1)
COMMUNITY HEALTH SERVICES Total	27.4	0.4	(0.8)	(0.2)	0.0	26.9
CHC	21.9	0.0	-	(0.2)	0.3	22.0
CHC QIPP	(5.4)	-	-	-	4.6	(0.8)
CONTINUING CARE Total	16.5	0.0	-	(0.2)	4.9	21.2
MENTAL HEALTH Total	21.4	(1.0)	(0.4)	-	0.1	20.1
PRIMARY CARE Total	39.4	0.0	-	-	1.3	40.7
OTHER Total	-	-	-	0.5	0.9	1.4
COMMISSIONING RESERVE	8.4	0.4	1.7	1.1	(6.6)	5.0
UNALLOCATED QIPP	-	-	-	-	(1.4)	(1.4)
SURPLUS	2.3	-	-	0.0	-	2.3
PROGRAMME TOTAL	235.6	-	-	2.5	-	238.1
RUNNING COSTS	5.6	-	-	-	-	5.6
Total Allocation	241.2	-	-	2.5	-	243.7