

GOVERNING BODY MEETING

Wednesday 25 September 2013

Agenda Item 3.2

Name of Paper / Report	Finance & Performance Report, Month 5 as at 31 August 2013				
Lead Author	Alex Mitchell Chief Finance Officer				
Contributors	Elizabeth Insley, Finance Manager				
Governing Body Sponsor	Alex Mitchell Chief Finance Officer				
Supporting healthy lifestyles and reducing health inequalities	Reducing premature mortality	Focussing on local needs	Managing our resources <input checked="" type="checkbox"/>	Corporate development	
Purpose of Paper / Report	For information <input checked="" type="checkbox"/> For decision <input checked="" type="checkbox"/>				
Exec Summary	<p>The attached report outlines NHS Eastern Cheshire Clinical Commissioning Group's (ECCCG's) financial performance to date and estimated year end outturn. As at 31 August 2013, ECCCG is underspent by £120k with a forecast outturn underspend remaining in line with plan of £200k.</p> <p>Quality Innovation Productivity & Prevention (QIPP) The annual target for the organisation was to reduce its expenditure/commitments by £5.9m. Actions to date have reduced existing or planned expenditure by £5.04m with the remaining £0.9m to deliver.</p> <p>Cash Management ECCCG is assuming that the cash management principles are consistent with those of previous Primary Care Trusts and are on target to manage its cash within its notified limits.</p> <p>Issues (Risks) There are some risks that are currently being monitored which may impact on ECCCG's financial position. These</p>				

	are detailed within section 9.
Recommendations	The Governing Body is requested to note: <ul style="list-style-type: none">• the cumulative underspend as at August 2013 of £120k• the forecast year end underspend of £200k• the progress against QIPP target• the issues currently being managed
Next Steps	To report back to the governing body on the issues currently affecting the CCG.

Finance & Performance Report Month 5 as at 31 August 2013

1. Overview

- 1.1 **Financial Position.** As at 31 August 2013, the cumulative position is an underspend of £120k against a cumulative budget of £92.9m. The forecast outturn remains in line with the initial plan to deliver a £200k surplus. **Table One** below outlines the financial position in further detail:

Table One: Financial Position for NHS Eastern Cheshire Clinical Commissioning Group (ECCCG) as at 31 August 2013					
Prospectus 'Plan'	Cumulative Position			Forecast Outturn	
£'000s	Plan £'000s	Actual £'000s	Variance Over/ (Under) £'000s	Actual £'000s	Variance Over/ (Under) £'000s
222,512	92,859	92,738	(120)	222,312	(200)

- 1.2 **Quality Innovation Productivity & Prevention (QIPP).** The annual target for the organisation was to reduce its expenditure/commitments by £5.9m. Actions to date have reduced existing or planned expenditure by £5.04m with the remaining £0.9m to deliver.
- 1.3 **Forecast Outturn.** The forecast remains at a £200k underspend which remains consistent with the Financial Plan. This includes an analysis of the commitments against the following budgets: Growth, Local Delivery Improvement Plan (LDIP) and Investments.
- 1.4 **Cash Management.** ECCCG is assuming that the cash management principles are consistent with those of previous Primary Care Trusts and are on target to manage its cash within its notified limits.
- 1.5 **Issues (Risks).** There are some risks that are currently being monitored which may impact on ECCCG's financial position. These are detailed within section 9.

2. Financial Position

- 2.1 As at 31 August 2013, the cumulative position is an underspend of £120k against a planned level of expenditure of £92.9m. **Table Two** below shows the current financial position by service area.

Table Two: Financial Position for NHS Eastern Cheshire Clinical Commissioning Group (ECCCG) by Service Area				
Service Area	Annual Budget	Cumulative Position		
		Budget	Actual	Variance Over/ (Under)
	£000s	£000s	£000s	£000s
Acute Contracts	119,400	49,750	50,492	742
Community Services	18,541	7,725	7,781	55
Mental Health	12,896	5,342	5,342	(1)
Non Contract Activity	2,019	841	832	(9)
Continuing Healthcare	20,237	8,432	8,793	361
Prescribing	30,015	12,506	12,529	23
Primary Care Other (LES)	1,586	661	711	50
Grants/Voluntary Sector	1,017	424	520	96
Other Healthcare Spend	430	210	214	3
Investments/LDIP/Growth	11,483	4,960	3,459	(1,501)
Planned Surplus	200	83	0	(83)
Running Costs	4,688	1,924	2,066	142
Total Budget	222,512	92,859	92,738	(120)

3. Year to Date Performance

- 3.1 The year to date position reflects all costs received to date and a number of estimates around costs waiting to be invoiced. Whilst this is normal practice there are a number of key issues worth highlighting:

- **Acute Contracts:** The timely flow of data from the Commissioning Support Unit (CSU) continues to be a challenge resulting in a number of alternative processes being implemented by ECCCG's contracting team.

The interim solution does provide a degree of information although some assumptions are still being made. It is considered that this position will reduce as queries continue to be resolved.

This position has been escalated with the CSU and is being closely monitored. A further update will be discussed at a future meeting.

- **Community Services:** This is a block contract and should reflect the agreed Annual Plan. The cumulative positions require realignment in the future.
- **Continuing Healthcare:** Further analysis is being undertaken to identify the cause for increased costs within this area. Predominantly it is linked to increased activity which may include historical restitution cases for which additional funding is available.
- **Grants/Voluntary Sector:** Similar to Community Services ECCCCG has agreed to maintain costs at previous years' levels. Therefore, the phasing of the budget is not in alignment with the actual payments. The cumulative position requires realignment in the future.
- **Investments/LDIP/Growth:** This is the release of funding which was set aside in the Financial Plan to offset overperformance in contracts and any emerging pressures.

3.2 **Table Three** below provides a different analysis of how the acute providers are performing against four main groups. Further analysis is required to understand the variances outlined within the position.

Table Three: Analysis of Acute Contract Spend for NHS Eastern Cheshire Clinical Commissioning Group (ECCCCG) by Main Group				
Acute Main Group	Cumulative Position			
	Annual Budget	Budget	Actual	Variance Over/Under
	£000s	£000s	£000s	£000s
Planned Care	47,350	19,729	20,289	560
Urgent Care	57,021	23,759	23,293	(466)
High Cost Drugs	4,177	1,740	2,248	508
Other (inc CQUIN)	10,852	4,522	4,662	140
Total Budget	119,400	49,750	50,492	742

3.3 **Key:**

- Planned Care: Planned hospital attendance by member of public, normally following a referral from a GP or Consultant.
- Urgent Care: Opposite of planned and is normally following an emergency, ie, attendance at Accident & Emergency or direct admission to hospital via a GP.
- High Cost Drugs: Drugs that are nationally determined as being too high cost or specialist and as such are not included within the normal tariffs payable to providers, ie, rheumatology drugs
- Other: This is a catch all for all other services, ie, radiology, pathology, quality indicators.

4. Forecast Outturn

- 4.1 The financial forecast remains at a planned surplus of £200k, although **Table Four** below highlights the potential range in projects that are possible, mainly as a result of increased contract overperformance and prescribing costs.

Table Four: NHS Eastern Cheshire Clinical Commissioning Group's (ECCCG's) Potential Financial Forecast Range in Projects						
Service Area	Current Forecast £000s	Forecast Variance £000s	Most Likely £000s	Forecast Variance £000s	Worst Case £000s	Forecast Variance £000s
Acute Contracts	121,303	1,902	121,222	1,821	121,803	2,402
Community Services	18,674	133	18,674	133	18,674	133
Mental Health	12,845	(52)	12,845	(52)	12,845	(52)
NCA	1,998	(21)	1,998	(21)	2,198	178
Continuing Healthcare	21,104	867	21,104	867	22,054	1,817
Prescribing	30,070	55	30,415	400	30,850	835
Primary Care Other (LES)	1,706	120	1,586	0	1,706	120
Grants/Voluntary Sector	1,247	230	1,017	(0)	1,247	230
Other Healthcare Spend	624	194	574	144	574	144
Investments/LDIP/Growth	8,190	(3,293)	8,190	(3,293)	8,190	(3,293)
Planned Surplus	0	(200)	0	(200)	200	0
Running Costs	4,958	271	4,688	0	4,688	0
Total Budget	222,718	206	222,312	(200)	225,028	2,516

5. Contract Performance

5.1 **Table Five** below identifies the forecast position of ECCCG's key providers as at financial year month five. It is worth noting that a significant number of these are an early indication of outturn given the limitation around availability of robust data.

Table Five: NHS Eastern Cheshire Clinical Commissioning Group's (ECCCG's) Forecast Position of its Key Providers as at Financial Year Month Five

Provider Name	Year to Date Budget	Year to Date Spend	Year to Date Var	Annual Budget	Forecast Outturn	Forecast Over/Under-spend	Flag
	£'s	£'s	£'s	£'s	£'s	£'s	
Aintree Hospital NHS FT	37,947	50,112	12,166	91,072	122,514	31,442	Red
Alder Hey NHS FT	122,131	122,131	0	293,114	455,353	162,240	Red
Assura Urology BC	49,315	49,315	0	118,356	118,356	0	Green
BMI Royal Alexandra	264,768	275,121	10,352	635,444	734,204	98,760	Red
BMI South Cheshire	47,043	13,900	-33,143	112,903	42,213	-70,690	Green
British Pregnancy Advisory Service	0	16,268	16,268	0	25,709	25,709	Red
Central Manchester Uni Hospitals NHS FT	2,500,527	2,526,727	26,200	6,001,265	6,469,079	467,814	Red
Cheshire & Wirral MH Partnership FT	5,325,711	5,325,711	0	12,781,705	12,781,705	0	Green
Cheshire Hospices Education	2,054	2,054	0	4,929	4,929	0	Green
Countess of Chester NHS FT	34,652	73,697	39,045	83,166	216,139	132,973	Red
Derby Community Health Service NHST	41,671	55,134	13,464	100,010	131,254	31,244	Red
Epilepsy Service - David Lewis Centre	16,367	16,367	0	39,280	39,280	0	Green
EyeCare Medical Ltd	690,000	759,150	69,150	1,656,000	2,615,028	959,028	Red
East Cheshire NHS Trust - Acute & Community	37,113,424	37,113,334	-91	89,072,218	89,379,153	306,934	Red
Hospice - East Cheshire	180,417	180,417	0	433,000	433,000	0	Green
Hospice - St Ann's	12,917	12,917	0	31,000	31,000	0	Green
Liverpool Womens Hospital FT	0	41,178	41,178	0	96,716	96,716	Red
Manchester Surgical Servs	0	33,962	33,962	0	65,673	65,673	Red
Mid Cheshire Hospital NHS FT	1,689,618	1,669,219	-20,399	4,055,084	3,994,701	-60,383	Green
North Staffs Combined Healthcare NHS Trust	16,286	16,286	0	39,087	64,404	25,317	Red
North West Ambulance Service	2,567,906	2,567,906	0	6,162,974	6,162,974	0	Green
Ophthalmology BC	47,436	47,436	0	113,846	113,846	0	Green
Pennine Acute Hospitals NHS Trust (AIDS / HIV)	190,666	151,248	-39,418	457,599	334,208	-123,391	Green
Robert Jones & Agnes Hunt Orthopaedic Hosp	87,817	131,182	43,365	210,761	286,947	76,186	Red
Royal Liverpool Broadgreen Hosps NHS Trust	120,603	120,757	155	289,446	306,590	17,143	Red
Salford Royal NHS FT	278,336	278,336	0	668,007	1,038,695	370,687	Red
South Manchester Clinic	85,618	86,854	1,237	205,482	212,291	6,809	Red
Spa Medica	13,230	16,938	3,708	31,752	41,463	9,711	Red
Spire Cheshire	41,353	25,018	-16,335	99,247	94,453	-4,794	Green
Spire Manchester	0	5,330	5,330	0	9,387	9,387	Red
Spire Regency	510,140	380,765	-129,374	1,224,335	913,837	-310,499	Green
St Helens & Knowsley Hospital NHS Trust	46,962	21,590	-25,372	112,709	66,008	-46,700	Green
Staffs & SOT Partners NHST	96,234	153,818	57,584	230,962	355,448	124,486	Red
Stockport NHS FT	3,899,076	4,105,716	206,640	9,357,782	9,853,717	495,935	Red
Ultrasound Service Care UK	121,331	137,152	15,821	291,195	324,353	33,158	Red
Uni Hospital of North Staffs NHS Trust	393,597	845,228	451,631	944,633	1,646,809	702,176	Red
Uni Hospital of South Manchester NHS FT	4,473,538	4,142,358	-331,180	10,736,490	9,945,532	-790,958	Green
Vernova Carpal Tunnel BC	43,044	43,044	0	103,305	0	-103,305	Green
Warrington & Halton Hospital NHS FT	133,618	151,552	17,934	320,684	280,580	-40,104	Green
Wigan, Wrightington & Leigh NHS FT	234,153	263,123	28,970	561,966	615,882	53,916	Red
Wirral Uni Teaching Hospital NHS FT	91,996	31,073	-60,924	220,791	70,266	-150,525	Green
Grand Total	61,621,500	62,059,422	437,921	147,891,600	150,493,696	2,602,096	Red

6. Cash Management

- 6.1 In addition to ECCCG having to deliver a surplus of £200,000 for the financial year it also has to manage all of its payments to suppliers and staff within its available cash.
- 6.2 Previously, national guidance was available for Primary Care Trusts which outlined the monthly and year end cash targets. The principal of which was to have a minimum balance left within the bank account at the end of each calendar month. Currently, no such guidance is available for ECCCG although it is our intention to work to the same principals as we progress to the end of the financial year.
- 6.3 As at 31 August 13 ECCCG had a cash balance of £1,514,000 held within its bank account. It is forecasting a year end balance of circa £14,000.
- 6.4 It is worth noting that the increase in September of cash being drawn down from NHS England is related to the clearing of balances from the previous PCT and anticipated adjustments relating to Prescribing.

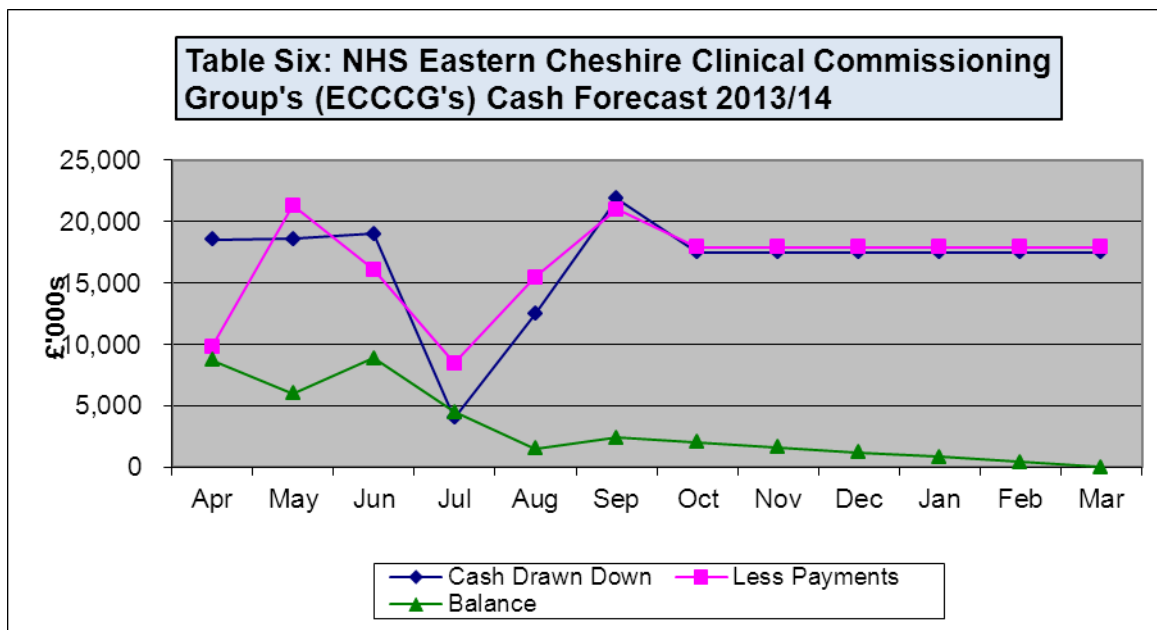


Table Seven: NHS Eastern Cheshire Clinical Commissioning Group's (ECCCG's) Cash Forecast 2013/14

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Cash Drawn Down	18,522	18,599	19,000	4,000	12,500	21,900	17,500	17,500	17,500	17,500	17,500	17,500
Less Payments	9,824	21,306	16,101	8,427	15,449	21,000	17,900	17,900	17,900	17,900	17,900	17,900
Balance	8,698	5,991	8,890	4,463	1,514	2,414	2,014	1,614	1,214	814	414	14

7. Quality, Innovation, Productivity and Prevention (QIPP)

- 7.1 As at 31 August 13, significant progress has been made in delivering against ECCCG's £5.9m QIPP target. **Table Eight** below highlights the status of the various initiatives including an assessment of what is currently being delivered. To date circa £5.05m is on target to deliver with a remaining £0.9m to be validated.

Table Eight: NHS Eastern Cheshire Clinical Commissioning Group's (ECCCG's) QIPP Delivery as at 31 August 2013					
QIPP Target	Target £'000s	Monitoring	Cumulative Variance	On Target to Deliver	
Prescribing	1,000	Performance Against Budget	£55k overspent	✓	Savings profiled of last 6 months
Local Delivery Plan	500	Reduce Available Funding		✓	
LD Pool Growth	243	Performance Against Budget	£53k underspent	✓	
Running Costs	237	Performance Against Budget	£142k overspent		Profile of costs v budget - to be reviewed
Reablement	300	Reduce Available Funding		✓	
Demand Management	558	Performance Against Budget	£742k overspent	✓	Monitoring of Schemes to be refined
Reduce Growth Funding	3,062	Reduce Available Funding			
Total	5,900				

- 7.2 Prescribing £1m QIPP Target: Currently only £55k overspent as at Mth 5 which includes the forecast as per the Prescription Pricing Authorities. A significant number of plans would materialise savings towards the second half of the year and is therefore expected to remain within budget.
- 7.3 Running Costs £0.237m QIPP Target: Required to underspend by £237k against its budgets. Further work is required to ensure the actual expenditure has been phased in line with the budget and vice versa. It is forecast that this target will be delivered, although further supporting analysis is required.
- 7.4 Demand Management £0.558m QIPP Target: Work continues along the various initiatives as detailed within the plan submitted to the Governing Body previously. A challenge remains to quantify the impact of the initiatives whilst activity overall increases. Whilst it will not deliver overall a balanced position on acute activity, it is assisting in limiting this growth.

8. Analysis of Investments / LDIP / Growth

- 8.1 The following analysis identifies for the Governing Body what expenditure is projected during the remainder of the year against these budgets.
- 8.2 When setting the growth pot, it was recognised that this would be used to offset overperformance on budgets, and in particular hospital based activity.
- 8.3 **Table Nine** below outlines the areas of expenditure anticipated for the remaining year, resulting in a balance which has been incorporated into the position to offset any overperforming budgets.

Table Nine: NHS Eastern Cheshire Clinical Commissioning Group's (ECCCG's) Analysis of Investments/LDIP/Growth			
Analysis	Balance as at August	Anticipated Expenditure (Sept 13 - Mar 14)	Total
	£'s	£'s	£'s
Investments / LDIP / Growth	15,825		15,825
Less:			
Offset Growth	(3,062)		(3,062)
Offset LD Growth	(243)		(243)
LDIP Investments	(500)		(500)
Reablement	(300)		(300)
Running Costs	(237)		(237)
Styal Prison		(200)	(200)
Specialist Commissioning		(988)	(988)
Rebasing			
LDIP Investments		(200)	(200)
Baseline Adjustment for Primary Care		(775)	(775)
CHC Assessment from LD Pool		(600)	(600)
Audiology AQP		(500)	(500)
Caring Together		(1,000)	(1,000)
Reablement		(1,624)	(1,624)
Readmissions		(2,303)	(2,303)
Total	11,483	(8,190)	3,293

9. Issues (Risks)

There are a number of issues as detailed in **Table Ten** below that ECCCCG is working on within the current environment which may impact on the CCG delivering its financial duties.

Table Ten: NHS Eastern Cheshire Clinical Commissioning Group's (ECCCCG's) Issues (Risks)			
Issue	Mitigation	Value	Level
<p>Specialised Commissioning Baseline:</p> <p>In accordance with the process of rebasing the above service, a reconciliation of actuals was undertaken as at Mth 4. This identified a further pressure for ECCCCG of circa ££0.2m.</p>	<p>Incorporated into financial position. No further reconciliations as alterations to ECCCCG's baselines are being frozen as at Mth 6</p>	<p>£0.2m</p>	<p>Medium</p>
<p>Aintree – Bariatric and Major Trauma Baseline Revisions:</p> <p>Information has been shared with ECCCCG outlining issues used in setting baselines for Aintree for the above services. Currently, the information is aggregated at a PCT level and not at a CCG level although this is being gathered.</p> <p>It is expected that the baselines will be revised subject to agreement £-0.2m - £0.m</p>	<p>No agreement has been reached with the lead CCG on rebasing the contracts. Current information highlights the former PCT has gained from the rebasing.</p>	<p>£(0.2m) - £0.m</p>	<p>Low</p>
<p>Continual Health Care Assessments (LD Pool)</p> <p>Cheshire East Council has written to ECCCCG outlining its intentions around clients previously being part of the LD Pool now being submitted for CHC assessment. The indicated value is £1m should the people referred meet the CHC assessment criteria.</p> <p>A response is being formalised although such action is likely to instigate a wider review of services across the economy.</p>	<p>The LD Recovery Group is working through an action plan on the range of options associated with the pool. As an estimate, approximately £0.6m has been built into the forecast.</p>	<p>£1m</p>	<p>Medium</p>

<p>Commission Support Unit – Business Intelligence</p> <p>As referred to earlier, the CSU is not delivering a Business Intelligence service in line with the service level agreement (SLA).</p> <p>Key issues include the availability of monthly data, information not covering all of the CCG contracts, continually reconciling differences.</p> <p>Consequence of above position has resulted in CCG staff undertaking the work to deliver a service. Quality of service still not complete which limits assumptions on contractual management and forecasting.</p>	<p>Issues have been escalated and weekly meetings held to monitor progress. ECCCCG to consider future options if service does not improve.</p>	<p>£0 unknown</p>	<p>Medium</p>
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10. Recommendations

10.1 The Governing Body is requested to:

- note the cumulative underspend as at 31 August 2013 of £120k
- note the forecast year end underspend of £200k
- note the progress against QIPP target
- note the issues currently being managed

Author Name and Job Title	Alex Mitchell Chief Finance Officer
Date	19 September 2013
Contact Details (Phone and email address)	Alex.Mitchell@nhs.net 01625 663456