

Subject	Month 9 2014/15 Finance & Activity Report
Presented By:	Indira Patel, Interim Chief Finance Officer, NHS Norwich CCG
Submitted To:	NHS Norwich CCG Governing Body 27 th January 2015
Purpose of Paper:	Discussion and Information
Summary: <p>This report contains</p> <ul style="list-style-type: none">The key messages regarding the financial position of Norwich CCG as at 31st December 2014 and the forecast position to the year end. <p>Month 9 Year To Date Financial Position</p> <ul style="list-style-type: none">The CCG is reporting a year to date surplus of £1,679K, £3K favourable to plan, and is forecasting a year end surplus of £2.235m which is the 1% surplus required by NHS England and as per the CCG plan.Running costs are showing a favourable variance to date of £337K and programme costs are showing an adverse variance to date of £334K. Forecast outturn is to achieve a zero variance against budget overall.Activity and cost information was available from the Norfolk & Norwich University Hospital (NNUH) for month 8 and showed an adverse position of £675K.QIPP savings to date are now £2,752K (details in a separate report).The financial risks which are not included in the forecast above are detailed in section 5. <p>Activity</p> <ul style="list-style-type: none">Emergency admissions activity is above plan by 2.9% and above planned costs by 4%.GP referrals to the NNUH are 1% above last year's levels for the first 8 months of 2014/15.	
Recommendation: <p>The Governing Body is asked to:</p> <ul style="list-style-type: none">Note the CCG's financial position at month 9.Note the risks that have not been reported in the position to date and forecast.Note the issues outlined in the financial and activity sections of the report.Note the areas of overperformance at Norfolk and Norwich University Hospital Foundation Trust.	

1. Budgets for 2014/15

The allocation for the CCG at month 9 is as detailed in the table below. The allocation for Quality Premium is £469K and was received in-month.

Funding Stream	Recurrent	Non- Recurrent	Total
Start Year Programme Costs	216,236	2,108	218,344
Start Year Running Costs	4,998		4,998
GPIT (Including Transitional)		667	667
Overseas Visitors		(166)	(166)
Intra Norfolk CCG's Adjustment	612		612
Systems Resilliance		1,227	1,227
Quality Premium Awards		469	469
Total Allocation	221,846	4,305	226,151

2. Month 9 Finance Position

Month 9 reports and the financial ledger use the agreed budget on which to base the reporting. The table below shows the position year to date as per the ledger.

	Annual budget (£K)	In month (£K)			Year to date (£K)		
		Budget	Actual	Variance	Budget	Actual	Variance
Continuing Care	15,706	1,239	1,161	(78)	11,989	12,710	721
Acute	111,748	9,057	9,370	312	82,938	84,099	1,161
Mental Health	30,083	2,507	2,433	(73)	22,539	22,248	(291)
Community Health	21,092	1,758	1,572	(186)	15,819	15,748	(72)
Primary Care	34,208	2,798	3,119	320	25,709	25,951	241
Other	6,082	(307)	(490)	(183)	664	(762)	(1,426)
Total Programme Costs	218,918	17,051	17,165	113	159,659	159,993	334
Running Cost	4,998	407	334	(72)	3,726	3,389	(337)
Total Costs	223,916	17,458	17,499	41	163,385	163,382	(3)
Planned Surplus (1%)	2,235	186	0	(186)	1,676	0	(1,676)
Total Allocation	226,151	17,645	17,499	(145)	165,061	163,382	(1,679)

Year to date the CCG is £3K below planned expenditure giving a favourable variance against planned surplus to date.

The CCG continues to forecast a breakeven position although there are continuing pressures on Continuing Healthcare (CHC), Acute and Primary Care costs.

Programme Costs – Year to Date Position

The overall position within the programme costs is £334K above plan at the end of month 9. The forecast is an overspend at the end of the year of £226K which will be mitigated by an underspend of £226K in running costs giving an overall balanced position.

The key issues arising in the month are:-

Acute:

- NNUH overspend has increased in-month by £248K to £675K overspent. This has been adjusted downward by £596K to exclude the costs of managing down the >18 week waiting times during the period July to September, which is being funded by targeted funding from NHS England. No adjustment has been made for October or November activity that may relate to reducing waiting times.
- There is continued pressure on High Cost Drugs from NNUH for homecare drugs, this represents a further overspend of £87K in month.
- Both the Ambulance and Pathology (EPA) contracts have moved adversely in month by a total of £133K.
- Other Acute contracts have shown an improvement in month of £156K.

Mental Health:

- Mental Health favourable variance has increased by £73K in-month, as a result of quarter two CQUIN on the main NSFT contract showing a reduction of £50K.

Community Health Services:

- Intermediate Care Beds and Neuro-Rehabilitation costs have reduced in-month by £186K as a result of pro-active work done in reviewing the costs of the packages of care.

Continuing Healthcare:

- As a result of reviewing these packages of care the costs have reduced by £78K in-month.

Primary Care:

- There has been an adverse movement in-month of £320K against this budget line, and predominately relates to prescribing, and is the impact of the increase in category M drug costs and the increase in the volume of Flu vaccinations.

Other:

- Overall the total Programme Cost variance has increased by £295K in-month which has been mitigated by the use of contingency and the release of unused prior year accruals totalling £182K giving an adverse movement in-month of £113K.

Programme Costs - Forecast Outturn

The overall forecast expenditure has worsened since last month and is shown in the table below.

	Year End	Year End
	Forecast	Forecast
	Variance M08	Variance M09
Continuing Care	1,554	1,416
Acute	1,826	2,240
Mental Health	(400)	(476)
Community Health	93	(169)
Primary Care	175	471
Other	(3,135)	(3,256)
Total Programme Costs	113	226

The key issues within the forecast expenditure levels for the whole year are:-

Acute:

- NNUH contract overperformance, predominantly in A&E attendances and unplanned admissions.
- Pathology (EPA) savings below predicted levels.
- Pressures against the acute high cost drugs budget.

Primary Care:

- GP Prescribing cost pressure resulting from changes in national pricing levels, more expensive drugs being used and an increase in activity levels.

Other:

- The Contingency reserve and slippage on the use of transformation funds are being used to negate the pressures outlined above.

3. Running Costs

Running costs are £337K below plan at month 9. Looking ahead, the current level of underspend is predicted to reduce and we are anticipating a forecast underspend at the end of the year of £226K. This is as a result of additional cost incurred to provide additional interim staffing requirement.

4. Reserves

The key points to note are:

- In accordance with our plan we have utilised £375K year to date of the acute reserve to offset over-performance in the acute programme costs.

- The transformation reserve at the beginning of the year stood at £5.41M of which £1.41M has been spent. In-month £0.47M Quality Premium Award has been received and it is anticipated that these will be used in year. At month 9, £1.45M has been used to support the year to date financial position. The remaining balance of £3.02M will be used for delivery of schemes within the operating plan and any slippage will be used to further support the anticipated pressures of acute and continuing care services.
- A pro-rata amount, £0.84M, of the contingency (£1.17M) has been used to date to support the in year financial position.
- NCCG has received £1.2M of System Resilience Funding from NHS England. As previously reported, the System Resilience Group has decided that 25% be retained for CCG specific schemes and 75% has been approved for use on a range of initiatives covering community, acute and mental health services to reduce winter pressures on the system.

5. Financial Risks not included in expenditure forecast

The current assessment of risks facing the CCG which are not included in the forecast position are in the table below.

Key Risks	Mitigating Actions
Acute activity above current forecast levels.	Monthly review of contract monitoring reports and referral analysis. Peer review process in place.
QIPP non-delivery - The QIPP forecast for the year has increased since last month to £3,753K giving a smaller variance of £1,647K.	New resources have been made available to assist the QIPP Programme Manager. Work continues in identifying and realising further savings to cover the gap.
Risk share agreement amongst CCGs	2014/15 agreement has been finalised and the new agreement implemented in month. This has had little effect on the year to date position, but there is a risk that there may be an adverse impact later on in the year.
Providers vacating properties as part of their cost improvement programme and transferring void costs to commissioners.	Discussions in place around the issue with NCH&C and NHS Property Services. Clear feedback to NHS Property Services with actions being taken forward to mitigate cost impact.
New GP prescribing cost pressures.	Regular review by prescribing lead in place.
Other Programme activity above plan	Continued monitoring, analysis and review of the affected areas and the utilisation of contingency reserves to mitigate the overspend.

Activity Overview

6. Referrals

The table below shows referral activity for the first eight months of 2014/15 compared to the same period in the previous year. The referrals data will be subject to a refresh next month.

Summary	2013/14	2014/15	Var	Var %
GP	27,396	27,663	267	1.0%
Consultant	7,915	7,867	- 48	-0.6%
Other	12,411	12,399	- 12	-0.1%
Total	47,722	47,929	207	0.4%

The increase in GP referrals is being driven by ENT, General Medicine and General Surgery.

For Consultant referrals the decrease is being driven by fewer referrals into Audiological Medicine, Cardiology, Clinical Neurophysiology, Clinical Physiology, Ophthalmology and Trauma & Orthopaedics.

The decrease in other referrals is due to fewer referrals into Gynaecology.

7. Activity

A summary of the actual costs against plan in the NNUH contract for Norwich CCG up to Month 8 is below:

Norfolk & Norwich University Hospital to M8	FINANCE £ '000s				
	Full Yr Plan	Plan to Date	Actual to Date	Variance to Date	Var to Date %
Elective Admissions / Daycases	20,251	13,519	12,981	(538)	-4.0%
Non-Elective Admissions	31,418	20,783	21,499	716	3.4%
Outpatients	17,900	11,939	11,939	0	0.0%
A&E	3,776	2,548	2,748	201	7.9%
PbR sub-total	73,345	48,788	49,168	379	0.8%
Cost & Volume	10,602	7,081	7,361	280	4.0%
Block	653	435	435	0	0.0%
CQUIN	2,168	1,443	1,451	8	0.6%
Non-PbR Other	2,123	1,413	1,421	8	0.6%
Totals	88,891	59,160	59,835	675	1.1%

This table excludes the additional costs of clearing the 18 week backlog for the period July to September.

A summary of the activity against plan in the NNUH contract for Norwich CCG in Month 8 is detailed below:

Norfolk & Norwich University Hospital to M8	ACTIVITY				
	Full Yr Plan	Plan to Date	Actual to Date	Variance to Date	Var to Date %
Elective Admissions / Daycases	24,853	16,525	16,282	(243)	-1.5%
Non-Elective Admissions	20,020	13,243	13,704	461	3.5%
Outpatients	174,656	116,493	114,368	(2,125)	-1.8%
A&E	37,560	25,345	27,315	1,970	7.8%
PbR sub-total	257,089	171,606	171,669	63	0.0%

This table excludes the separately funded 18 week backlog activity.

Non-elective, non emergency admissions variance for the first eight months is +137 activity (7.1%) and +£145K (4.5%) planned costs, mostly in Maternity.

Emergency admissions are +325 (2.9%) above plan and +£811K (4%) above planned costs. The main areas of overperformance are Endocrinology, Nephrology, Paediatrics, Plastic Surgery and Respiratory Medicine.

A&E attendance activity is 7.8% above plan for the first eight months of 14/15, which is the same position last month. More work needs to be done around the Urgent Care Centre to understand the activity flows of Norwich patients into the centre and the impact that this has had on the volume of both A&E attendances and emergency admissions.

8. Other Financial Issues

An abbreviated Month 9 Statement of Financial Position (SOFP) is shown below.

The total current liabilities of £18,048K consist of creditors and accruals including GP Prescribing, CHC, and other trade creditors.

The total current assets figure of £5,780K reflects the cash at bank of £4,270K and accounts receivable from other organisations of £1,510K.

In month 9 NHS England performed an agreement of balances exercise across all NHS organisations and these balances reflect the result of this exercise.

	Position as at 31/03/14	Position as at 31/08/14	Position as at 30/09/14	Position as at 31/10/14	Position as at 30/11/14	Position as at 31/12/14
ASSETS EMPLOYED						
Current assets						
Trade and Other Receivables	2,309	2,041	1,467	4,310	994	1,510
Cash and Cash Equivalents	77	4,574	3,456	3,836	3,849	4,270
Total current assets	2,386	6,615	4,924	8,146	4,843	5,780
Current liabilities						
Trade and Other Payables	(15,817)	(18,689)	(16,507)	(20,761)	(18,305)	(17,899)
Provisions for liabilities and charges	(391)	(850)	(850)	(270)	(149)	(149)
Total current liabilities	(16,208)	(19,539)	(17,357)	(21,032)	(18,455)	(18,048)
Net assets employed	(13,822)	(12,924)	(12,434)	(12,885)	(13,611)	(12,268)
FINANCED BY TAXPAYERS EQUITY						
General fund	(13,822)	(12,924)	(12,434)	(12,885)	(13,611)	(12,268)
Total taxpayers equity	(13,822)	(12,924)	(12,434)	(12,885)	(13,611)	(12,268)

The Public Sector is required to adhere to the “Better Payments Practice Code” which is a requirement to pay all NHS and non-NHS trade creditors within 30 calendar days of receipt of goods or a valid invoice (whichever is later) unless other payment terms have been agreed.

To meet compliance targets at least 95% of eligible invoices must be paid within 30 days or within otherwise agreed timescales.

The month 9 figures show a positive achievement in terms of numbers of invoices paid to terms and values of invoices paid to terms.

BPPC Summary Analysis - Month 09						
BPPC Paid Period	Invoice Count	Invoice Count (Passed)	% of Invoices paid	BPPC Amount	Invoice Amount (Passed)	% of Invoices paid within
Dec-14	852	815	96%	15,418,909	15,218,809	99%
Year to Date	7339	7043	96%	137,921,616	135,805,605	98%

The CCG also has a responsibility to disclose all payments over £25,000 in value and does this on the CCG’s website.

9. Recommendations

The Governing Body is required to:

- Note the CCG’s financial position at month 9.
- Note the risks that have not been reported in the position to date and forecast.
- Note the issues outlined in the financial and activity sections of the report.
- Note the areas of overperformance at Norfolk and Norwich University Hospital Foundation Trust.