

<b>Subject:</b>	Month 11 2014/15 Finance & Activity Report
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<b>Submitted To:</b>	NHS Norwich CCG Governing Body 24 <sup>th</sup> March 2015
<b>Purpose of Paper:</b>	Discussion and Information
<b>Summary:</b>	
<p>This report contains</p> <ul style="list-style-type: none"> <li>The key messages regarding the financial position of Norwich CCG as at 28<sup>th</sup> February 2015 and the forecast position to the year end.</li> </ul> <p><b>Month 11 Year To Date Financial Position</b></p> <ul style="list-style-type: none"> <li>The CCG is reporting a year to date surplus of £2,924K, £875K favourable to plan, and is forecasting a year end surplus of £4.592M which is the 1% surplus required by NHS England of £2.335M plus an additional surplus for the year of £2.357M.</li> <li>Running costs are showing a favourable variance to date of £179K and programme costs are showing a favourable variance to date of £696K. Forecast outturn is to achieve a favourable variance against budget of £1.582M for programme costs and £775K for running costs.</li> <li>Activity and cost information was available from the Norfolk &amp; Norwich University Hospitals (NNUH) for month 10 and showed an adverse position of £1,068K.</li> <li>QIPP savings to date are now £4,155K (details in a separate report).</li> <li>The financial risks which are not included in the forecast are detailed in section 4.</li> </ul> <p><b>Activity</b></p> <ul style="list-style-type: none"> <li>Emergency admissions activity is above plan by 4.4% and above planned costs by 6%.</li> <li>GP referrals to the NNUH are 1% above last year's levels for the first 9 months of 2014/15. (Data for month 10 is currently unavailable).</li> </ul>	
<b>Recommendation:</b>	
<p>The Governing Body is asked to:</p> <ul style="list-style-type: none"> <li>Note the CCG's financial position at month 11.</li> <li>Note the risks that have not been reported in the position to date and forecast.</li> <li>Note the issues outlined in the financial and activity sections of the report</li> <li>Note the areas of overperformance at Norfolk and Norwich University Hospital Foundation Trust.</li> </ul>	

## 1. Budgets for 2014/15

The allocation for the CCG at month 11 is as detailed in the table below. There were no additional allocations in month and the position remains the same as last 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	614		614
Systems Resilliance		1,266	1,266
Quality Premium Awards		469	469
<b>Total Allocation</b>	<b>221,848</b>	<b>4,344</b>	<b>226,192</b>

## 2. Month 11 Finance Position

Month 11 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	68	(1,170)	14,467	14,017	(449)
Acute	112,159	9,180	9,282	101	101,620	103,025	1,405
Mental Health	30,083	2,507	2,130	(376)	27,553	26,804	(749)
Community Health	21,280	1,929	2,317	388	19,506	19,872	366
Primary Care	34,558	3,183	3,340	157	31,725	32,326	600
Other	4,705	30	(54)	(84)	1,072	(797)	(1,869)
<b>Total Programme Costs</b>	<b>218,490</b>	<b>18,068</b>	<b>17,084</b>	<b>(985)</b>	<b>195,942</b>	<b>195,246</b>	<b>(696)</b>
Running Cost	5,467	255	374	119	4,653	4,474	(179)
<b>Total Costs</b>	<b>223,957</b>	<b>18,323</b>	<b>17,458</b>	<b>(866)</b>	<b>200,595</b>	<b>199,720</b>	<b>(875)</b>
Planned Surplus (1%)	2,235	186	0	(186)	2,049	0	(2,049)
<b>Total Allocation</b>	<b>226,192</b>	<b>18,510</b>	<b>17,458</b>	<b>(1,052)</b>	<b>202,644</b>	<b>199,720</b>	<b>(2,924)</b>

Year to date the CCG is £875K below planned expenditure giving a favourable variance against plan.

The CCG is now showing a surplus of £2.924M against the allocation for the year to date as a result of a number of favourable circumstances arising in month.

### Programme Costs – Year to Date Position

The overall position within the programme costs is £696K below plan at the end of month 11 representing an improvement in month of £985K. The forecast to year end is a further underspend taking the total favourable variance against budget to £1.582M.

The key issues arising in the month are:-

**Mental Health:-**

- There has been a favourable movement of £186K in the month as a direct result of the change in funding status of one of our patients.
- There has been an improvement in our costs for Tripartite patients due to patients moving from Health Care funding giving a favourable movement of £68K

**Community Health Services:-**

- There has been an adverse movement in Intermediate Care Beds costs in month of £325K relating to costs of additional beds from NCH&C plus a further £40K from All Hallows and Lincoln house.

**Continuing Care:-**

Overall the position against budget on CHC has moved considerably in month due to an accumulation of issues:

- A reduction in the estimated value of packages not yet put in place following a revision of the underlying assumptions regarding the conversion rate of those cases - an improvement of £232K
- An adjustment to the value of some packages as a result of the desktop package review exercise that the CCG has been performing - an improvement of £250K
- The release of accruals relating to prior year legacy cases as a result of settling a number of these outstanding claims - an improvement of £200K
- The correction of an error relating to the prior year risk share agreement has given an improvement in month of £623K

**Primary Care:-**

- There has been an adverse movement in month of £196K in relation to primary care prescribing costs as a result of an increase in activity and unit costs for December.

**Programme Costs - Forecast Outturn**

The overall forecast outturn has improved since last month and is shown in the table below.

	<b>Year End Forecast Variance M10</b>	<b>Year End Forecast Variance M11</b>
Continuing Care	1,131	(294)
Acute	2,159	1,893
Mental Health	(469)	(729)
Community Health	(175)	305
Primary Care	369	837
Other	(2,709)	(3,595)
<b>Total Programme Costs</b>	<b>306</b>	<b>(1,582)</b>

There has been a change in the guidance issued from NHS England relating to the level of surplus that CCG's are permitted to declare in the current financial year. This will enable the CCG to declare a larger surplus in this financial year without having to make a larger surplus next year and will also enable the CCG's to carry forward the additional surplus from this financial year into the next financial year. The significant movements in month have enabled the CCG to take advantage of these changes in guidance and the CCG have declared a higher surplus in month and are now forecasting an additional surplus of £2.357M in year.

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

The CCG has achieved this change in forecast outturn through a number of changes within its costs, most notably the favourable ones are:

- A decision not to proceed at this stage with the system interoperability project for which funds of £0.9M had been set aside.
- The significant reduction in expenditure within CHC in month 11 due to a range of issues described above.
- The award of £0.5M of funds relating to the year 2013/14 under the Quality Premium scheme. (This is shown within Running Costs as per national requirements).

### 3. Reserves

The key points to note for month 11 are:

- In accordance with our plan we have utilised £453K of the acute reserve, year to date, to offset the over-performance in the acute programme costs.
- The transformation reserve at the beginning of the year stood at £5.41M. In month 11 £350K was spent on transition costs for the TimberHill Walk-In-Centre and £187K was used to support the Virtual Ward project.
- A pro-rata amount, £1.024M, of the contingency (£1.17M) has been used to date to support the in year financial position.

### 4. 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 £4,448K giving an adverse variance of £886K.	Work continues in identifying and realising further savings to cover the gap. Significant improvement has been achieved in month 11 as a result of a number of pieces of work.

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. The forecast to year end includes the impact of the increase in costs seen in December prescribing costs.
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

### 5. Referrals

The table below shows referral activity for the first nine 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	30,297	30,621	324	1.1%
Consultant	8,887	8,857	- 30	-0.3%
Other	13,681	13,618	- 63	-0.5%
<b>Total</b>	<b>52,865</b>	<b>53,096</b>	<b>231</b>	<b>0.4%</b>

In respect of GP referrals the increase is being driven by more referrals into 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 and Trauma & Orthopaedics.

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

## 6. Activity

A summary of the actual costs against plan in the NNUH contract for Norwich CCG up to Month 10 is below:

Norfolk & Norwich University Hospital to M10	FINANCE £ '000s				
	Full Yr Plan	Plan to Date	Actual to Date	Variance to Date	Var to Date %
Elective Admissions / Daycases	20,251	16,794	16,040	(754)	-4.5%
Non-Elective Admissions	31,418	26,151	27,227	1,076	4.1%
Outpatients	17,932	14,866	14,970	104	0.7%
A&E	3,776	3,145	3,412	268	8.5%
<b>PbR sub-total</b>	<b>73,377</b>	<b>60,956</b>	<b>61,649</b>	<b>694</b>	<b>1.1%</b>
Cost & Volume	10,602	8,839	9,173	334	3.8%
Block	653	544	544	0	0.0%
CQUIN	2,169	1,803	1,815	12	0.7%
Non-PbR Other	2,123	1,767	1,796	29	1.6%
<b>Totals</b>	<b>88,923</b>	<b>73,908</b>	<b>74,977</b>	<b>1,069</b>	<b>1.4%</b>

This table excludes the additional funding received to clear the 18 week backlog costs for the period July to September.

A summary of the activity against plan in the NNUH contract for Norwich CCG in Month 10 is detailed below:

Norfolk & Norwich University Hospital to M10	ACTIVITY				
	Full Yr Plan	Plan to Date	Actual to Date	Variance to Date	Var to Date %
Elective Admissions / Daycases	24,853	20,614	20,309	(305)	-1.5%
Non-Elective Admissions	20,020	16,663	17,407	744	4.5%
Outpatients	175,327	145,344	142,946	(2,398)	-1.6%
A&E	37,560	31,282	33,807	2,525	8.1%
<b>PbR sub-total</b>	<b>257,760</b>	<b>213,903</b>	<b>214,469</b>	<b>566</b>	<b>0.3%</b>

This table also excludes the separately funded 18 week backlog activity.

Non-elective, non emergency admissions variance for the first ten months is +123 activity (5.1%) and +£119K (2.9%) planned costs, mostly in Maternity.

Emergency admissions are +621 (4.4%) above plan and +£1.533M (6%) above planned costs. The main areas of overperformance are Endocrinology, Nephrology, Paediatrics and Respiratory Medicine.

A&E attendance activity is 8.1% above plan for the first ten months of 14/15, which is the same position last month. Significant work is taking place around the pressures in the urgent care system to address the rise in demand and to manage the system.

## 7. Other Financial Issues

An abbreviated Month 11 Statement of Financial Position (SOFP) is shown below.

The total current liabilities of £16.123M consist of creditors and accruals including GP Prescribing, CHC, and other trade creditors.

The total current assets figure of £7,760M reflects the cash at bank of £5.984M and accounts receivable from other organisations of £1.776M.

	Position as at 31/03/14	Position as at 31/10/14	Position as at 30/11/14	Position as at 31/12/14	Position as at 31/01/15	Position as at 28/02/15
<b>ASSETS EMPLOYED</b>						
<b>Current assets</b>						
Trade and Other Receivables	2309.00	4,310	994	1,510	2,059	1,776
Cash and Cash Equivalents	77.00	3,836	3,849	4,270	5,596	5,984
<b>Total current assets</b>	<b>2386.00</b>	<b>8,146</b>	<b>4,843</b>	<b>5,780</b>	<b>7,655</b>	<b>7,760</b>
<b>Current liabilities</b>						
Trade and Other Payables	-15817.00	(20,761)	(18,305)	(17,899)	(17,175)	(16,058)
Provisions for liabilities and charges	-391.00	(270)	(149)	(149)	(149)	(66)
<b>Total current liabilities</b>	<b>-16208.00</b>	<b>(21,032)</b>	<b>(18,455)</b>	<b>(18,048)</b>	<b>(17,324)</b>	<b>(16,123)</b>
<b>Net assets employed</b>	<b>-13822.00</b>	<b>-12885.43</b>	<b>-13611.37</b>	<b>-12268.00</b>	<b>-9669.00</b>	<b>-8362.90</b>
<b>FINANCED BY TAXPAYERS EQUITY</b>						
General fund	-13822.00	(12,885)	(13,611)	(12,268)	(9,669)	(8,363)
<b>Total taxpayers equity</b>	<b>-13822.00</b>	<b>(12,885)</b>	<b>(13,611)</b>	<b>(12,268)</b>	<b>(9,669)</b>	<b>(8,363)</b>

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 11 figures show a positive achievement in terms of numbers of invoices paid to terms and values of invoices paid to terms.

<b>BPPC Summary Analysis - Month 11</b>						
<b>BPPC Paid Period</b>	<b>Invoice Count</b>	<b>Invoice Count (Passed)</b>	<b>% of Invoices paid</b>	<b>BPPC Amount</b>	<b>Invoice Amount (Passed)</b>	<b>% of Invoices paid within</b>
Feb-15	839	823	98%	15,624,797	15,444,568	99%
Year to Date	9064	8733	96%	171,849,545	169,467,095	99%

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

## **8. Recommendations**

The Governing Body is required to:

- Note the CCG's financial position at month 11.
- 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.