

MEETING: PCT CLUSTER BOARD MEETING IN PUBLIC

AGENDA ITEM: 3.2A

DATE: 5 DECEMBER 2012

TITLE: FINANCE REPORT – NHS CAMBRIDGESHIRE

FROM: JOHN LESLIE
DIRECTOR OF FINANCE

FOR: INFORMATION

1 ISSUE

The purpose of this report is to present to the Finance and Performance Committee the financial position of NHS Cambridgeshire for the seven months to October 2012, including the financial performance of the main budget areas, an update of the savings programmes, and the risks in achieving the forecast position.

2 CORPORATE OBJECTIVE AND BOARD ASSURANCE FRAMEWORK LINK

This report links to a number of risks in the Board Assurance Framework (BAF) including:-

BAF05 – Risk to specialist commissioning financial position and governance arrangements,

BAF07 – Financial position for 2012/13 and beyond,

3 KEY POINTS

The overall PCT revenue position to date is a £55k underspend and with a combination of non-recurrent resources and identifying further savings, the forecast is now to deliver a breakeven position at year end.

Table 1 below summarises the PCT's main budget performance:

Gross Budgets	Annual Budget £'000	Year to Date			Forecast Month 12	
		Budget £'000	Actual £'000	Variance £'000	Outturn £'000	Variance £'000
Acute Commissioning	356,245	208,159	222,576	(14,417)	386,105	(29,860)
Other Commissioning	190,502	111,126	111,543	(417)	191,250	(748)
NCB Specialist Commissioning	68,562	39,994	39,963	31	68,562	0
NCB Primary Care Other	132,395	77,230	79,415	(2,185)	134,705	(2,310)
NCB Primary Care Prescribing	83,290	48,586	47,321	1,265	80,657	2,633
Running Costs	20,865	12,172	11,756	416	19,487	1,378
Transitional Fund	17,430	7,185	1,095	6,090	6,227	11,203
Other Budget Areas	30,392	17,728	8,456	9,272	12,688	17,704
Total Resources/spend	899,681	522,180	522,125	55	899,681	0

Table 1

4 RECOMMENDATION

The Committee is asked to note the financial position of the PCT for the seven months to October 2012 and the forecast position for the year ended March 2013.

5 REASON FOR RECOMMENDATION

It is acknowledged that this forecast position is being achieved mainly by utilising a large portion of the contingency and other reserves along with a small amount of QIPP savings. The PCT (CCG) must ensure recurrent delivery of its savings plans to achieve financial balance in the future.

6 BACKGROUND INFORMATION

6.1 ACUTE COMMISSIONING

- **Cambridge University Hospital FT**

The month 6 data received from CUHFT shows a current overspend of £5.8m and there is a forecast overspend of £11.3m. This assumes that only £850k QIPP has been achieved against the forecast plan for the first 7mths of the year and that no further QIPP will be achieved to the year end. The contract figures include a transfer in of £1.4m funding for readmissions.

The main forecast outturn variances from the contract include:

Elective Spells - £1.3m overspend – main areas are a) Neurosurgery and Orthopaedics where there may be have been a switch between SCG and General, b) Ophthalmology cataracts and lucentis, c) Medical Oncology which is being investigated by the Trust

Non-Electives - £669k overspend mainly due to activity below 08-09 baseline so emergency threshold budget is not being achieved. The 08-9 threshold used is being reviewed to ensure plan was split correctly between SCG and General.

Chemotherapy - £730k overspend due to an increase in patient numbers. Data capture by the Trust is being monitored.

- **Hinchingbrooke**

The forecast outturn for this contract shows an overspend of £5.1m. which includes the assumption that little QIPP will be achieved by the year end. Current overspend of £3.1m.

Negotiations are under way with the Trust to bring the forecast trajectory down to around £3.5m, however the forecast is £4.2m with a further risk forecast of £900k included.

The main forecast outturn variances from the contract include:

A & E - £206k overspend – This is partly due to an activity change from lower to higher priced attendances which is being investigated. The Trust have agreed to perform an audit and discuss the outcome

Non-Electives - £1.2m overspend – There are specific HRG's that have caused this increase in activity and a change to coding to major complications, Hunts Care Partners LCG are in the process of auditing this activity. The Trusts stance is that there coding has improved.

Outpatients - £258k overspend – due to a significant increase in lucentis activity.

Day cases - £378k overspend – Over-performance in Cataracts and diagnostic gastrointestinal endoscopic procedures. This has been raised with the Trust and a response is awaited. The Trust claim that early awareness has contributed to the rise in endoscopic activity. Further information has been requested.

ITU - £316k overspend – exceptional activity has caused this over-performance but this should revert back to plan.

- **Queen Elizabeth Hospital**

The forecast outturn for the QEH contract shows a £524k overspend, expenditure is expected to continue to overspend to the year end with an outturn overspend of £891k forecast. There is an improvement on last month in most areas other than Electives and negotiations to reduce costs are on going with the Trust

The main forecast variances from the contract include:

Electives - £441k overspend

Non-Electives - £162k overspend

Outpatients - £138k overspend

Direct Access Diagnostic Imaging - £105k overspend

6.2 SPECIALIST COMMISSIONING

- **Specialist Commissioning Consortia**

Figures have only just been received from the Specialist Commissioning Consortia for month 6 so the month 5 figures have been used showing a break even position with a similar break even position at year end. Some of the contract and activity figures are currently under review and areas of overspend are being checked.

6.3 COMMUNITY

This budget area includes the PCT's contract with its main community provider, Cambridgeshire Community Services NHS Trust (CCS) which totals £68.3m. This is a block contract.

6.4 OTHER BUDGET AREAS

- **Continuing Care**

We have now received all claims for CHC, these are still being assessed as to validity and the outcome will not be known for some weeks yet, we have therefore been unable to quantify any financial values associated with these claims. The PCT has undertaken reviews previously, firstly under the original retrospective review process which was managed through the then SHA and again when the eligibility criteria was changed some two and half years ago, the PCT would therefore expect that any new claims should be of a minimal quantity and value. This cannot be confirmed until a full assessment of claims has been concluded. The issue has been raised nationally and we hope to receive some guidance on this matter.

- **GP Prescribing**

GP Prescribing continues to show a favourable variance with the current forecast outturn at an underspend of £2.6m against plan using the PPA figures. It must be noted that the 2012/13 plan included a £4.1m QIPP saving.

7 SAVINGS PLAN

A detailed summary of the revised QIPP Programmes for 2012/13 is included in Appendix 3 attached. The total savings delivery forecast is £25.0m from all sources.

8 CONCLUSION

The committee are asked to note the financial position as at month 7 which utilises the phased contingency in full. The reported shortfall will require additional savings plans to be completed.

Author

***John Leslie
Director of Finance
15 November 2012***