









**NHS Salford CCG – Shadow Board
AGENDA ITEM NO 6 (a)
30 January 2013**

REPORT OF:	Locality Director of Finance
DATE OF PAPER:	18 January 2013
SUBJECT:	Finance Report for the nine months ending 31 December 2012
IN CASE OF QUERY, PLEASE CONTACT	Steve Dixon 0161 212 4892
PURPOSE OF PAPER:	This paper provides an update to NHS Salford CCG Shadow Board on the financial position for the nine months to 31 December 2012.

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1 Key Financial Performance Dashboard

Review	Commentary	Year to Date Rating	Year End Rating
Revenue	<p>The PCT is forecasting a £3,728k surplus for 2012/13, this has increased by £1.4m following a request from NHS Greater Manchester to increase the control figure. Secondary care contract information for months one to eight have been analysed from providers which conveys an over performance of £4,343k to date and after adjustments a forecast outturn of £6,850k. Salford Royal is showing an overperformance of £1,075k at month eight with a forecast outturn of £2,430k.</p> <p>The outstanding issue regarding the review of 2012/13 planning assumptions has now been resolved. Approximately £2.4m has been added to the plan across all points of delivery, reducing the level of overspend.</p> <p>Following a review of PCT reserves/committed developments it's anticipated there will be slippage of approximately £0.5m.</p> <p>Use of available resources - proposals were discussed in the month seven report to the value of £3m, however there is approximately £0.5m still available. Plans will need to be developed in order to identify alternative use of funds.</p>		
Capital	The capital expenditure plan for 2012/13 is £5,111k financed by sale of assets and capital resource allocation. There is approximately £2,650k expenditure to date, the expenditure plan has been phased with the majority of spend weighted towards the latter end of the financial year.		
Cash	The PCT are forecasting to manage within the allocated cash limit.		
Better Payment Practice Code	NHS 99.8% by invoice value and 97.7% by invoice number. Non NHS 98.9% by value and 98.4% by number.		

2 Operating Costs Statement (1)

	Annual Budget £000s	Year to Date			Forecast		Previous Month Forecast Variance £000s	Movement in Forecast Variance £000s
		Budget £000s	Actual £000s	Variance £000s	Variance fav (unfav) £000s	Variance fav (unfav) %		
NHS District Services								
Secondary Care Acute Contracts	164,404	123,312	127,655	(4,343)	(6,850)	(4.2)	(6,155)	(695)
Mental Health Contracts	33,394	25,046	25,046	0	0	0.0	0	0
Community Contracts	32,688	24,548	24,344	204	339	1.0	98	241
Non Contracted Activity	2,583	1,937	2,654	(717)	(505)	(19.6)	(505)	0
Other NHS District Budgets	2,047	1,939	1,480	459	596	29.1	621	(25)
Sub Total District Services	235,117	176,782	181,178	(4,397)	(6,420)	(2.7)	(5,941)	(479)
Independent Sector - Secondary Care	10,953	8,215	8,416	(201)	(222)	(2.0)	(151)	(71)
Sub Total District, Community and MH Contracts	246,070	184,997	189,595	(4,598)	(6,642)	(2.7)	(6,091)	(551)
NHS Collaboratively Commissioned - G Mcr	24,414	18,311	18,336	(26)	(34)	(0.1)	(504)	470
NHS Collaboratively Commissioned - NWSCT	33,353	25,014	25,014	0	0	0.0	0	0
Non NHS Providers - Partnership Boards - Section 75 Pooled Budgets	27,802	20,851	20,610	242	2	0.0	(112)	114
Prescribing	41,241	30,931	27,191	3,740	0	0.0	0	0
Primary Care Independent Contractors	62,452	43,952	44,057	(106)	2,471	6.0	2,474	(2)
Committed Developments	35,088	3,272	0	3,272	208	0.3	620	(412)
Commissioning Budgets	484,993	338,257	336,138	2,119	6,658	19.0	6,268	390
Corporate Budgets	23,747	17,677	16,998	679	2,663	0.5	2,655	8
Hosted Services	2,785	2,627	2,631	(4)	1,065	4.5	1,074	(9)
Total PCT Revenue	511,526	358,561	355,767	2,794	0	0.0	(0)	0
					3,728	0.7	3,728	(0)

2 Top 5 Contracts & Summary by Point of Delivery (2)

Top 5 Contracts	Annual Budget	YTD Variance	Forecast	Forecast Variance
	£000's	£000's	£000's	%
Salford Royal FT	104,014	(1,075)	(2,430)	(2.3)
CMFT	25,098	(2,386)	(3,405)	(13.6)
Royal Bolton FT	14,483	(722)	(809)	(5.6)
Pennine Acute	12,495	175	515	4
Other Trusts	8,315	(335)	(721)	(8.7)
Sub Total Secondary Care Acute	164,404	(4,343)	(6,850)	(4.2)
GM West - Mental Health FT	33,394	0	0	0
	197,799	(4,343)	(6,850)	(3.5)

	Elective	Non Elective	Excess Beddays	Outpatient First	Outpatient Follow up	Outpatient Procedures	A&E	Adhoc	TOTAL
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Salford Royal FT	(836)	(423)	95	(191)	(146)	(416)	(277)	(237)	(2,430)
CMFT	(256)	(2,007)	(128)	(113)	(308)	(163)	(22)	(411)	(3,405)
Royal Bolton FT	(55)	(511)	(70)	(16)	(35)	0	(9)	(114)	(809)
Pennine Acute	51	247	(17)	81	46	(83)	(10)	202	515
Other Trusts	(8)	(556)	19	(59)	(93)	(39)	16	0	(721)
	(1,104)	(3,249)	(102)	(298)	(536)	(701)	(301)	(559)	(6,850)

2 Corporate Budgets (3)

	Annual Budget	Year to Date			Forecast Variance		Movement in Forecast £000's
		Budget £000's	Actual £000's	Variance £000's	£000's	%	
Practice Based Commissioning	1,172	681	620	61	82	7	3
Senior Commissioning Team	840	577	588	(11)	49	6	2
Primary Care Commissioning	749	597	623	(26)	47	6	(2)
Acute Commissioning	655	492	420	72	76	12	10
Diabetic Retinopathy	413	310	292	17	20	5	11
Prescribing Support	528	396	385	11	14	3	(2)
Registration	275	206	200	6	8	3	0
Funded Nursing Care Team	394	296	290	5	6	1	(3)
Referral Centre	191	143	102	41	55	29	5
Palliative Care	191	144	153	(9)	3	2	(2)
Self Care	259	194	138	57	75	29	3
Hundreds Health Salford	482	367	380	(13)	(13)	(2.8)	(5)
Total Strategic Commissioning	6,151	4,402	4,192	210	423		20
Clinical & Professional Leadership	1,680	1,271	1,154	116	130	8	(16)
Finance	1,541	1,159	993	166	227	15	112
IM&T	1,609	1,229	1,271	(42)	17	1	(0)
Estates & Facilities	5,011	3,736	3,751	(15)	(108)	(2)	(48)
Policy	826	606	473	132	172	21	(20)
Human Resources	466	284	229	56	86	18	(24)
SPCT Contribution to NPFIT & Other Enabling Services	3,221	2,284	2,283	1	0	0	0
Public Health	3,242	2,706	2,634	72	118	4	(30)
Total PCT Budgets	23,747	17,677	16,981	696	1,065	4	(7)

3 Directorate Performance Exception Report

The PCT is on track to achieve its planned surplus of £3,728k for 2012/13. The planned surplus has increased by £1.4m following a request from NHS Greater Manchester to increase the control figure, the surplus will be returned in 2013/14.

Secondary Care

Salford Royal is currently over performing on a number of Points Of Delivery with Elective Admissions and Non Elective Admissions looking particularly high (£836k and £423k forecast overspend), and Outpatients are also over performing with a forecast overspend of £753k.

The outstanding issue regarding the review of 2012/13 planning assumptions has now been resolved. Approximately £2,400k has been added to the plan across all points of delivery. The forecast has been reduced accordingly, with a revised forecast overspend of approximately £2,430k.

Central Manchester FT (CMFT) continues to over perform with a forecast overspend of approximately £3.4m, which is due to the following:

- Maternity Services – this issue continues to present a pressure with regard to the Midwifery Led Unit (MLU) that is based at SRFT and currently funded via a block arrangement. The births at this facility are much lower than planned and in effect the PCT is paying twice, once via the block for the MLU and then via PBR cost and volume at other providers (forecast overspend £1.8m).
- Special Care Baby Unit (SCBU) is also over performing significantly at the trust, which is understandable given the higher level of births, other trusts are reporting under performances against SCBU, however overall this is showing as a large over performance as a whole for the PCT.

3 Directorate Performance Exception Report (2)

Prescribing

The prescribing budget is forecasted to underspend by approximately £2,471k (Prescription Pricing Division forecast) after deductions for best value savings. This is based on October dispensing, however due to the volatility of forecasting in the first half of the year it's felt that this position may change as more information becomes available.

The forecast now takes into consideration the Category M changes that will occur from October 2012 and also the Atorvastatin changes that occurred in June 2012. The patent expiry of Atorvastatin is expected to generate savings in excess of £1.1m in 2012/13.

At the start of the year it was anticipated that a number of new high cost drugs would impact later in the financial year and cancel out any savings as a result of Category M changes. However it is now likely that these drugs will impact next financial year.

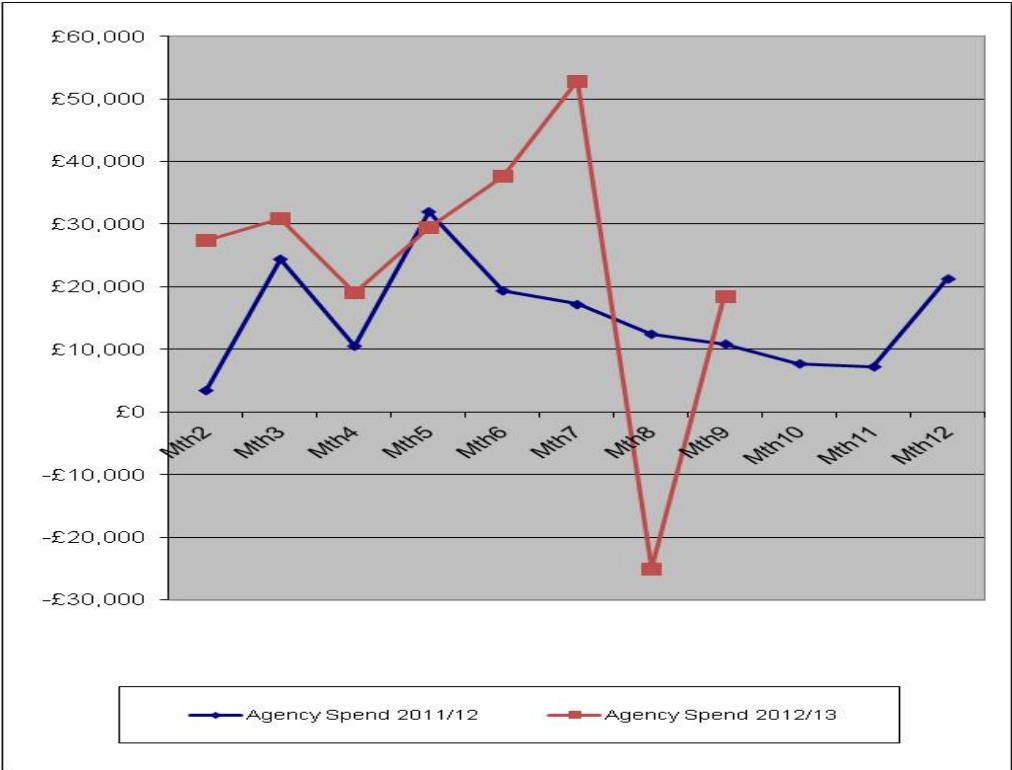
Corporate

The overall forecast underspend on corporate budgets is £1,065k (4%) of plan and the main areas contributing to this are Finance £227k, Policy £172k, Clinical and Professional Leadership £130k, Public Health £118k. The underspend is a direct result of vacancies within these departments.

4 Agency Spend Best Value

Controls over agency expenditure have been implemented, which considerably reduced agency expenditure in 2011/12. However expenditure for the eight months of 2012/13 has increased by approx £53k compared to the same period last year, reflecting the need to cover vacancies.

Note in month 08 - negative spend is due to correcting an error in previous months, where by a purchase order for one agency staff member had been receipted for the full year. The total full year costs were subsequently being accrued on the ledger system, this has now been resolved .



4 Agency Spend Best Value (2)

Detailed below is a summary of Agency Spend by directorate, despite seeing an increase in agency spend in 2012/13, the overall position on pay budgets are underspending by approx £231k.

	Agency spend YTD £000s	Pay Actual (Including Agency) YTD £000s	Pay Budget YTD £000s	Balance of Pay £000s	Agency Spend as % of Pay Budget	Agency Spend as % of Pay Actual
Corporate						
Finance & Contracting	7.7	574.5	598.5	24.0	1.3%	1.3%
IM&T	100.9	948.9	945.2	(3.6)	10.7%	10.6%
Total Finance Directorate	108.6	1,523.4	1,543.7	20.4	7.0%	7.1%
Estates	-1.9	182.5	201.0	18.5	-1.0%	-1.0%
Facilities	2.3	215.6	226.7	11.2	1.0%	1.1%
Total Estates & Facilities Directorate	0.4	398.1	427.7	29.7	0.1%	0.1%
Specialist Palliative Care	46.6	175.9	135.3	(40.7)	34.4%	26.5%
Referral Centre	7.7	101.7	138.4	36.8	5.6%	7.6%
Funded Nursing Care	1.5	278.1	300.7	22.6	0.5%	0.5%
Diabetic Retinopathy	6.4	205.8	203.7	(2.1)	3.1%	3.1%
Total Commissioning Directorate	62.2	761.5	778.1	16.6	8.0%	8.2%
Human Resources	0.0	310.5	398.2	87.7	0.0%	0.0%
Total Human Resources Directorate	0.0	310.5	398.2	87.7	0.0%	0.0%
Clinical Governance	12.5	157.9	180.0	22.2	6.9%	7.9%
Total CPL Directorate	12.5	157.9	180.0	22.2	6.9%	7.9%
FHS Function	1.6	63.0	65.3	2.3	2.5%	2.6%
Corporate Functions	5.6	97.3	149.9	52.6	3.8%	5.8%
Total Policy Unit Directorate	7.3	160.3	215.2	55.0	3.4%	4.5%
TOTAL CORPORATE	190.9	3,311.6	3,543.1	231.5	5.4%	5.8%

5 Capital

Nine Months to 31 December 2012							
Plan		Contact	Budget	YTD Budget	Committed	YTD Actual	Forecast Variance
£000s			£000s			£000s	
	Infrastructure & Equipping - IM & T	Peter Mosoley					
1,570.0	Common Business Desktop and GM Collaboration & KM Tools		1,570.0	0.0	0.0	326.4	0.0
200.0	CRM/Service Management for CSS , PCC & IT		200.0	0.0	0.0	0.0	0.0
300.0	Business Intelligence / DMIC / UCD-Design and Build		300.0	0.0	0.0	0.0	0.0
540.0	Data-Centre colnsolidation		540.0	0.0	0.0	0.0	0.0
<u>2,610.0</u>	Sub Total		<u>2,610.0</u>	<u>0.0</u>	<u>0.0</u>	<u>326.4</u>	<u>0.0</u>
	Infrastructure & Equipping - Estates	Trevor Jones					
481.0	Pendlebury Health Centre - Roofing		481.0	0.0	453.0	162.7	0.0
0.0	Walkden Clinic - replacement link corridor		0.0	0.0	0.0	0.0	0.0
0.0	Little Hulton Health Centre - Pitched roof & replace damaged ventlation		0.0	0.0	0.0	0.0	0.0
0.0	Walkden Clinic - Pitched roof & replace damaged ventlation		0.0	0.0	0.0	2.0	0.0
0.0	Willows - Install insulation roof system		0.0	0.0	0.0	13.5	0.0
0.0	Higher Broughton HC - Window replacement		0.0	0.0	0.0	0.0	0.0
0.0	Little Hulton Health Centre - Window replacement		0.0	0.0	0.0	0.0	0.0
0.0	Various sites - phase 1 master key system and electronic door control system		0.0	0.0	0.0	0.6	0.0
0.0	LED Lighting upgrad Little Hulton		0.0	0.0	6.2	31.8	0.0
	Higher Broughton		0.0	0.0	13.9	11.6	0.0
	Langworthy Cornerstone		0.0	0.0	37.2	0.0	0.0
0.0	Upgrade trend BMS to incorporate Air Conditioning System		0.0	0.0	0.0	0.0	0.0
0.0	Lance Burn - Refurbishment of entrance area, barrier, lighting and doors (DDA)		0.0	0.0	0.0	0.0	0.0
0.0	Lance Burn - Legionella remedial work, remew hot and cold water pipes		0.0	0.0	26.0	81.3	0.0
<u>481.0</u>			<u>481.0</u>	<u>0.0</u>	<u>536.3</u>	<u>303.5</u>	<u>0.0</u>
<u>2,020.0</u>	Ordsall HC	Steve Dixon	<u>2,020.0</u>	<u>0.0</u>	<u>2,020.0</u>	<u>2,020.0</u>	<u>0.0</u>
5,111.0	TOTAL Capital		5,111.0	0.0	2,556.3	2,649.9	0.0

6 Risks

	Best Case £000's	Most Likely Case £000's	Worst Case £000's	Value Reflected in FOT £000's
Continuing Care costs/Restitution Claims	(2,000)	(3,200)	(4,000)	(3,200)
Prescribing Outturn	3,000	2,471	1,500	2,471
Non Contracted activity costs higher than anticipated	(250)	(509)	(1,000)	(509)
Secondary Care Overperformance	(5,500)	(6,850)	(7,500)	(6,850)
Strategic Plan Slippage	1,600	1,086	750	1,086
Total	(3,150)	(7,002)	(10,250)	(7,002)

7 Reserves

Following a review of PCT reserves/committed developments, there are a number of areas that are anticipated to generate slippage in 12/13.

	Recurrent £000's	Non Recurrent £000's	Total Reserves in 12/13 £000's	Potential Slippage £000's
Uncommitted Funds Brought Forward	5,617	1,000	6,617	6,617
Premises Development	1,200	5,000	6,200	1,200
Risk Reserve re Transition	3,000	0	3,000	2,750
Strategic Plan Slippage	2,240	3,464	5,704	1,086
Contingency for activity - overperformance	4,000	0	4,000	1,500
Balance required for financial position				(6,658)
<u>Additional non-recurrent spend in 2012/13</u>				
Up to £1m to support service redesign of pathology				(1,000)
Up to £1m to support winter pressures & performance targets				(1,000)
£1m to be set aside for Public Health Transition costs				(1,000)
£2m for waiting lists at SRFT				(2,000)
£1m additional costs in IT and Estates				(1,000)
Grand Total	16,057	9,464	25,521	495

8 Recommendations

The NHS Salford CCG Shadow Board is asked to:

- Note the contents of the report.
- Develop a plan which identifies an alternative use of slippage on committed developments approx £0.5m.