

Finance Report

Governing Body meeting

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5 September 2013

Author(s)/Presenter and title	Jackie Mills, Deputy Director of Finance Brian Richards, Senior Finance Manager
Sponsor	Julia Newton, Director of Finance
Key messages	
<p>This report provides the Governing Body with information on the financial position for the four months to 31 July 2013, together with a discussion on key risks and challenges to deliver the planned 0.5% or £3.5m surplus at 31 March 2014.</p>	
Assurance Framework (AF) (2013.14)	
<p>Risk Reference (RR) Number : New Assurance Framework risks 3.2 and 4.3; new Risk Register Ref. 18</p> <p>How does this paper provide assurance to the Governing Body that the risk is being addressed? RAG rated monthly financial performance report with sensitivity analysis to Governing Body on monthly basis</p> <p>Is this an existing or additional control This is an existing control - AF 3.2 and 4.3</p>	
Equality/Diversity Impact	
<p>Has an equality impact assessment been undertaken? No</p> <p>Which of the 9 Protected Characteristics does it have an impact on? There are no specific issues associated with this report.</p>	
Public and Patient Engagement	
<p>There are no specific actions associated with this report.</p>	
Recommendations	
<p>The Governing Body is asked to:</p> <ul style="list-style-type: none"> Note the Month 4 financial position for the CCG and the risks and challenges which need to be managed during the year. Approve the budget changes over £2m set out in section 3 to the report 	

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1. 2013/14 Financial Position

1.1 Executive Summary

Target	Year to date	Forecast	Key Issues
Deliver 0.5% Surplus (£3.5m) against Commissioning Revenue Resource Limit (RRL)	(£0.9m) Under spend	(£3.3m) Under spend	There are continued acute hospital activity pressures at M4. CCG will need to remain focussed on its QIPP plans for 2013-14 to ensure that the level of overspend at M4 within acute services does not continue and will need to manage some of the pressures through its currently uncommitted reserves.
Remain within Running Cost Allowance (RCA)	(£0.4m)	(0.2m) Under spend	The CCG has an initial Running Cost Allowance of £14m. £1m of the allocation has been transferred to support commissioning activities and hence the CCG must stay within a revised allowance of £13m. Based on current commitments, an underspend of £0.2m is forecast.
Remain within Cash Limit	(£2.4m) under spend	Breakeven	NHS E have yet to confirm whether CCGs will have a cash limit in the same way as PCTs but we are monitoring cash spend to ensure it does not exceed the total of the Commissioning RRL and RCA.

1.2 Other Duties

Ensure that 98% of CCG resources are spent recurrently – i.e. to provide a 2% recurrent surplus (£13.8m for Sheffield)	Not measured year to date		If the current high level of hospital based activity continues it will become increasingly difficult to demonstrate that 2% of resources have been used just for non recurrent purposes. Hence it is critical that we continue to make progress particularly with the RFT transformation programme.
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Key:

Red	Significant risk of non delivery. Additional actions need to be urgently pursued.
Amber	Medium risk of non delivery requires additional management effort.
Green	Low risk of non delivery – current management effort should deliver success.

2. Revenue Position as at 31 July 2013

2.1 Overview

The financial position at month 4 is detailed in **Appendix A**. This shows a surplus of c£1.3m year-to-date (YTD) and forecast outturn (FOT) achievement of the planned surplus of £3.5m. However, as discussed below there will be a requirement to manage a range of significant risks, pressures and challenges.

Table A: Summary Position at 31 July 2013

Category	Annual Budget £'000s	Year to Date Variance £'000s	Forecast Variance £'000s	% Forecast Variance %
Acute Services	371,269	1,365	2,187	0.6%
Mental Health Services	73,923	(85)	(80)	-0.1%
Community and Primary Care Services	77,923	(116)	(66)	-0.1%
Continuing Healthcare	49,758	(118)	(355)	-0.7%
Prescribing	87,626	126	0	
CSU Programme Costs	4,140	0	0	
Reserves	14,810	(877)	(1,467)	-27.8%
Planned Surplus	3,500	(1,167)	(3,500)	-100.0%
Commissioning Budget	682,949	(873)	(3,281)	-0.5%
Running Costs (see section 2.2.8)	13,070	(379)	(219)	-1.7%
Total Budget 2013/14	696,019	(1,252)	(3,500)	-0.5%

2.2 Key Issues

2.2.1 Acute Hospital Activity: Contract monitoring information from **Sheffield Teaching Hospitals** for July showed an improvement overall, with year to date spend £1.4m over budget compared to £1.7m in June. In particular, the cost of non elective admissions has moved from 8.1% over target at the end of May to 2.7% over target at the end of July. If we were to take no further action and the level of over-performance continued at the current rate, the extrapolated year end financial position would show a £4.3m overspend. The currently reported £2m year end over spend assumes full delivery of QIPP savings for the remainder of the year and other actions including deploying some of our reserves held for service change and transformation.

In terms of the information received from Sheffield Children's, there has been a small increase in the over performance with a year to date position of £72k and forecast of £93k. There has been an improvement in the July position for outpatient first attendances but this is offset by pressures on cost per case.

The under spend on **Other NHS Trusts** is mainly due to expenditure on planned activity at Rotherham NHS FT being 16% below plan for the first 3 months. The outpatient follow ups are also below plan across all Commissioners and discussions are taking place to understand the implications for the coming months.

The overspend on **ISTC and Extended Choice** continues to largely be in relation to orthopaedic activity and to some extent is offset by an under-spend against such activity

at STHFT. However, further analysis suggests that this is not a straight-forward shift of activity between providers. The Outpatient waiting list at STHFT has grown and will impact on Elective activity as patients flow through the pathway.

The number of patients receiving **Individual Funding Requests**, for both acute and mental health services are below the planned level for the first 4 months but by its nature this budget is subject to in year fluctuations in requests.

2.2.2 Continuing Health Care (CHC): Activity in July is in line with previous months, which continues to be slightly below plan and therefore a small underspend of £0.4m is forecast. In relation to the inherit responsibility for retrospective claims made to Sheffield PCT before 31 March 2013, it is still too early to assess whether the c£7m provision made in the PCT's accounts for 2012/13 was broadly correct.

2.2.3 Prescribing: Actual information has been received for the first 3 months. In the absence of a national profile for expenditure in 13/14 from the Business Services Authority a local profile has been used to calculate the July estimate. The year to date overspend is due to pressures on central drugs and issues relating to cross boundary charging. It is anticipated that these issues will be resolved in the coming months and until a new national profile is made available the reported forecast remains breakeven against budget. July will see Cat M price changes and the impact on the CCG will need to be assessed by the Medicines Management Team and until this work is undertaken this represents an underlying financial risk.

2.2.4 Quality Innovation, Productivity & Prevention (QIPP):

The table below outlines the current position in relation to savings secured against each of the QIPP program lines.

Program	Net Savings Plan for Full Year	Net Savings Plan (April- July)	Net Savings Actual (April-July)	Net Variance against plan (April- July)
	£'000	£'000	£'000	£'000
Reducing Variations in Elective Care	(900)	(133)	(52)	81
Right First Time	(900)	(42)	219	261
Effective Use of Medicines	(900)	(319)	(319)	0
Continuing Health Care & End of Life Care	(2,800)	(1,210)	(1,300)	(90)
Total	(5,500)	(1,704)	(1,452)	252

Overall savings year to date are off track by £252k or 15% which is an adverse movement of £26k. In terms of NHS England's performance "dashboard" ratings for CCGs would remain as amber-green (ie between 5 and 20% below plan).

Whilst savings in relation to CHC and Effective Use of Medicines are slightly ahead of plan, year to date savings have not been fully secured particularly in relation to the Right First Time (unscheduled care) programme, where investment has proceeded to plan but limited savings have been made. In terms of the specific projects within Right First Time the following schemes are currently not delivering to plan: revised models for A&E; planned reductions in excess beds days and Children's short stay admissions. Planning & Delivery Group is looking at both RFT and Elective QIPP programmes in detail to assess with programme leads what further actions can be taken.

2.2.5 2% Non Recurrent Reserve (£13.8m): We have deployed £4.3m into budgets with the balance allocated to specific projects for spend in year. NHS England receives specific monitoring information on this reserve each month and no queries have been raised by the local area team at this stage.

2.2.6 General Contingency Reserve: National Planning guidance required all CCGs to start the year with a general contingency reserve of 0.5% (£3.5m for Sheffield) to meet in year issues. £2.4m was deployed in previous months and was reported to Governing Body. The remaining £1.1m is currently showing as being required to offset forecast pressures in acute activity, mainly at STH FT.

2.2.7 Running Costs: The position against the £13.1m running cost budget is summarised in the table below.

Category	Annual Budget	Year to Date Variance	Forecast Variance	Forecast Variance
	£'000s	£'000s	£'000s	%
Pay	4,651	-66	-19	-0.4%
Non Pay	7,543	-69	-0	0.05%
income	-234	27	0	0.0%
Running Costs Reserve	1,110	-271	-200	-18.0%
Running Cost Budget	13,070	-379	-219	-1.7%

The CCG continues to review the potential commitments against reserves. The risk area is the actual recharges from NHS Property Services Ltd for premises occupied by the CCG and also any full year costs of the new LIFT buildings. However overall a year end under spend of c£219k is currently forecast.

3. Key Budget Movements

In line with the Scheme of Delegation the Governing Body is required to sign off all budget movements over £2m. At month 4 funding of £2.7m was transferred from Continuing Healthcare to Sheffield Health & Social Care NHS FT in relation to the new management arrangement for Detained Patients and Governing Body is asked to approve this move between budgets.

In terms of other budget changes which are worthy of note, £1m was transferred from Reserves to the Local Authority 'Section 256 – Grants' to cover the commissioning of a Right First Time initiative.

4. Recommendations:

The Governing Body is asked to:

- Note the month 4 financial position for the CCG and the risks and challenges which need to be managed during the year.
- Approve the budget changes over £2m set out in section 3 to the report

Paper prepared by Jackie Mills, Deputy Director of Finance and Brian Richards, Senior Finance Manager

On behalf of Julia Newton, Director of Finance
August 2013

NHS Sheffield Clinical Commissioning Group
Finance Report 2013/14 - Financial Position for Period Ending 31 July 2013

	Year to Date: July				Year End Forecast Out-turn				Forecast Variance @ Month 3 £000
	Budget	Expenditure	Variance		Budget	Forecast	Variance		
	£000	£000	£000	%	£000	£000	£000	%	
COMMISSIONING									
Revenue Resource Limit	225,019	225,019	0	0.0%	682,949	682,949	0	0.0%	-
EXPENDITURE									
Acute Services									
Sheffield Teaching Hospitals NHS FT	100,938	102,406	1,468	1.5%	299,112	301,112	2,000	0.7%	2,000
Sheffield Children's NHS FT	9,950	10,022	72	0.7%	29,803	29,896	93	0.3%	66
Ambulance Services	6,990	6,898	(91)	-1.3%	20,969	20,695	(274)	-1.3%	(274)
Other NHS Trusts	3,589	3,333	(256)	-7.1%	10,627	10,228	(399)	-3.8%	(237)
ISTC & Extended Choice	1,805	2,105	300	16.6%	5,356	6,188	832	15.5%	650
Individual Funding Requests	270	164	(106)	-39.3%	1,224	1,224	0	0.0%	-
Non Contract Activity	1,346	1,325	(21)	-1.6%	4,177	4,112	(65)	-1.6%	(65)
Sub Total Acute	124,889	126,254	1,365	1.1%	371,269	373,456	2,187	0.6%	2,140
Mental Health									
Sheffield Health and Social Care NHS FT	23,657	23,657	0	0.0%	72,474	72,474	0	0.0%	-
Individual Funding Requests - MH	169	82	(87)	-51.6%	506	421	(85)	-16.8%	(85)
Other Mental Health	314	316	2	0.5%	943	948	5	0.5%	5
Sub Total Mental Health	24,139	24,054	(85)	-0.4%	73,923	73,842	(80)	-0.1%	(80)
Primary & Community Services									
Sheffield Teaching Hospitals NHS FT - Comm	17,179	17,146	(33)	-0.2%	51,538	51,488	(50)	-0.1%	-
Sheffield Children's NHS FT - Comm	1,053	1,053	0	0.0%	3,160	3,160	0	0.0%	-
Primary Care Access Centre	978	978	0	0.0%	2,935	2,935	0	0.0%	(6)
Other Community	395	397	2	0.5%	1,184	1,184	0	0.0%	-
St Lukes Hospice	832	832	0	0.0%	2,495	2,495	0	0.0%	-
Voluntary Organisations	220	220	0	0.0%	660	660	0	0.0%	-
Enhanced Services	1,035	1,035	(0)	0.0%	3,104	3,104	0	0.0%	-
111	344	344	0	0.0%	1,033	1,033	0	0.0%	-
Optometry	88	88	0	0.0%	265	265	0	0.0%	-
Pharmacy	121	117	(4)	-3.4%	363	347	(16)	-4.4%	(16)
Local Authority									
Section 256 - Grants	1,185	1,185	0	0.0%	3,555	3,555	0	0.0%	-
Section 75 - LD Pooled Budget	892	892	0	0.0%	2,676	2,676	0	0.0%	-
Section 75 - Equipment Service Pooled Budget	538	538	0	0.0%	1,615	1,615	0	0.0%	-
Other Commissioning	1,090	1,008	(81)	-7.5%	3,338	3,338	0	0.0%	-
Sub Total Primary & Community Services	25,951	25,835	(116)	-0.4%	77,923	77,857	(66)	-0.1%	(22)
Continuing Healthcare									
Continuing Care	15,162	15,042	(120)	-0.8%	43,707	43,346	(361)	-0.8%	(393)
Funded Nursing Care	2,017	2,019	2	0.1%	6,051	6,057	6	0.1%	(17)
Sub Total Continuing Health Care	17,179	17,061	(118)	-0.7%	49,758	49,403	(355)	-0.7%	(410)
Prescribing	29,437	29,563	126	0.4%	87,626	87,626	0	0.0%	-
Services from CSU - Programme									
Continuing Healthcare Assessments	613	613	0	0.0%	1,840	1,840	0	0.0%	-
Medicines Management	574	574	0	0.0%	1,721	1,721	0	0.0%	-
Development Nurses	193	193	0	0.0%	579	579	0	0.0%	-
Sub Total Services from CSU - Programme	1,380	1,380	0	0.0%	4,140	4,140	0	0.0%	-
Reserves									
Commissioning Reserves	877	0	(877)	-100.0%	4,202	3,805	(397)	-9.4%	(299)
General Contingency Reserve	0	0	0	0.0%	1,070	0	(1,070)	-100.0%	(1,110)
2% Non Recurrent Reserve	0	0	0	0.0%	9,540	9,540	0	0.0%	-
Planned Surplus	1,167	0	(1,167)	-100.0%	3,500	0	(3,500)	-100.0%	(3,500)
Sub Total Reserves	2,044	0	(2,044)	-100.0%	18,312	13,345	(4,967)	-27.1%	(4,909)
TOTAL EXPENDITURE - COMMISSIONING	225,019	224,146	(873)	-0.4%	682,949	679,668	(3,281)	-0.5%	(3,281)
(UNDER)/OVER SPEND - COMMISSIONING	0	(873)	(873)		(0)	(3,281)	(3,281)		(3,281)
RUNNING COSTS ALLOWANCE									
Funding net of £1m transfer to commissioning budgets	4,285	4,285	0	0.0%	13,070	13,070	0	0.0%	-
EXPENDITURE									
Governing Body & Chief Officers	861	845	(16)	-1.8%	2,626	2,626	0	0.0%	-
Finance & Contracting	576	441	(135)	-23.5%	1,729	1,710	(19)	-1.1%	(19)
Operations Management	441	455	13	3.1%	1,324	1,324	0	0.0%	-
Clinical Quality & Clinical Services	427	428	0	0.1%	1,257	1,257	0	0.0%	-
Premises and Bought In Services	1,708	1,737	29	1.7%	5,045	5,045	0	0.0%	-
Running Cost Reserve	271	0	(271)	-100.0%	1,090	890	(200)	-18.4%	(200)
TOTAL EXPENDITURE - RUNNING COSTS	4,285	3,906	(379)	-8.8%	13,070	12,851	(219)	-1.7%	(219)
(UNDER)/OVER SPEND - RUNNING COSTS	0	(379)	(379)		0	(219)	(219)		(219)
TOTAL									
Revenue Resource Limit - Commissioning	225,019	225,019	0	0.0%	682,949	682,949	0	0.0%	-
Revenue Resource Limit - Running Costs	4,285	4,285	0	0.0%	13,070	13,070	0	0.0%	-
Revenue Resource Limit - TOTAL	229,304	229,304	0	0.0%	696,019	696,019	0	0.0%	-
EXPENDITURE									
Commissioning	225,019	224,146	(873)	-0.4%	682,949	679,668	(3,281)	-0.5%	(3,281)
Running Costs	4,285	3,906	(379)	-8.8%	13,070	12,851	(219)	-1.7%	(219)
EXPENDITURE - TOTAL	229,304	228,052	(1,252)	-0.5%	696,019	692,519	(3,500)	-0.5%	(3,500)
(UNDER)/OVER SPEND - CCG	0	(1,252)	(1,252)		(0)	(3,500)	(3,500)		(3,500)

Sheffield Clinical Commissioning Group
Finance Report 2013/14 - Resource Limits for Period Ending 31 March 2014

REVENUE RESOURCE LIMIT

COMMISSIONING	Month	Sheffield Total			
		Rec £ ' 000	Non-Rec £ ' 000	Total £ ' 000	Cash £ ' 000
2013/14 Initial Baseline	1	675,336		675,336	675,336
2013/14 Recurrent Uplift	1	15,533		15,533	15,533
		690,869	0	690,869	690,869
Notified Adjustments					
				0	0
				0	0
Anticipated					
Share of Surplus c/f from PCT	1		353	353	0
Transfer to NHS E (Family Nurse Partnership £244k & Community Dental £146k)	1	(390)		(390)	(390)
Transfer to NHS E (Specialised Services)	1	(8,678)		(8,678)	(8,678)
Virement from Running Costs RRL	1	1,000		1,000	1,000
Transfer to NHS England (APMS contracts correction)	4	(205)		(205)	(205)
Commissioning Revenue Resource Limit - Board Report - Month 4		682,596	353	682,949	682,596

	Month Identified	Sheffield Total			
		Rec £ ' 000	Non-Rec £ ' 000	Total £ ' 000	Cash £ ' 000
Notified Adjustments					
Running costs revenue resource limit confirmation		14,070		14,070	14,070
Anticipated					
Virement to Commissioning RRL		(1,000)		(1,000)	(1,000)
Total		13,070	0	13,070	13,070
Running Costs Revenue Resource Limit - Board Report - Month 4		13,070	0	13,070	13,070

CAPITAL RESOURCE LIMIT

	Month Identified	Sheffield Total			
		Rec £ ' 000	Non-Rec £ ' 000	Total £ ' 000	Cash £ ' 000
Confirmed Adjustments					
Total Confirmed		0	0	0	0
Anticipated Adjustments					
Total Anticipated		0	0	0	0
Capital Resource Limit - Board Report - Month 4		0	0	0	0

Total Cash Limit - Board Report - Month 4

695,666

Sheffield Teaching Hospitals NHS Foundation Trust Contract: Financial Performance

			Performance to 31st July 2013						
	Annual Budget	Note	Budget to date	Spend to date	Variance to date	% Variance	Forecast Outturn	Forecast Variance	% Variance
	£000's		£000's	£000's	£000's		£000's	£000's	
Elective In Patients	63,412		21,453	20,932	- 521	-2.4%	61,874	- 1,538	-2.4%
Outpatients (including Procedures and Imaging)	49,694		16,957	17,968	1,011	6.0%	52,654	2,960	6.0%
Total Elective Services	113,106		38,410	38,900	490	1.3%	114,529	1,423	1.3%
Non-Elective In Patients	102,588		34,680	35,622	942	2.7%	103,207	620	0.6%
A&E	12,791		4,275	4,546	270	6.3%	13,451	659	5.2%
Total Non-Elective services	115,379		38,956	40,168	1,212	3.1%	116,658	1,279	1.1%
Quality (CQUINS) Payments	7,279		2,457	2,497	41	1.7%	7,343	64	0.9%
Cost per case (drugs and devices)	17,373		5,791	5,791	-	0.0%	17,373	-	0.0%
Direct Access (tests and imaging)	10,065		3,355	3,368	13	0.4%	10,105	40	0.4%
Maternity Pathway payments	12,707		4,236	4,205	- 31	-0.7%	12,676	- 31	-0.2%
Critical Care	10,400		3,467	3,415	- 52	-1.5%	10,244	- 156	-1.5%
Other services (Block, other out of contract)	12,803		4,268	4,062	- 206	-4.8%	12,185	- 618	-4.8%
Total Acute	299,113		100,938	102,406	1,468	1.5%	301,113	2,000	0.7%
Community contract (incl CICS, MSK and CQUINS)	51,538		17,179	17,146	- 33	-0.2%	51,488	- 50	-0.1%
Total STHFT Combined Acute and Community contract	350,651		118,118	119,552	1,435	1.2%	352,601	1,950	0.6%

Movements from Budgets Previously Approved by Committee

	Revised Budgets	Allocations	Investments	Cost Pressures	Budget virements	Other	Revised Budgets	Comments
	Month 1 £000	£000	£000	£000	£000	£000	Month 4 £000	
INCOME								
Revenue Resource Limit	696,641	(622)					696,019	agreed transfers to NHS E
EXPENDITURE								
COMMISSIONING								
Acute Care								
Sheffield Teaching Hospitals NHS FT	298,954				158		299,112	
Sheffield Children's NHS FT	29,755				(48)	96	29,803	
Ambulance Services	20,969						20,969	
Other NHS Trusts	12,173		(41)		(1,469)	(36)	10,627	
ISTC & Extended Choice	4,733	27			596		5,356	
Individual Funding Requests	2,053	(444)	(273)		(112)		1,224	agreed transfer NHS E
Non Contract Activity	3,698				479		4,177	
Mental Health								
Sheffield Health and Social Care NHS FT	70,185	(205)			2,494		72,474	Detained patients budget from CHC
Individual Funding Requests - MH	506						506	
Other Mental Health	943						943	
Primary & Community Services								
Sheffield Teaching Hospitals NHS FT - Comm	51,636				(98)		51,538	tfr to STHFT Acute
Sheffield Children's NHS FT - Comm	3,160						3,160	
Primary Care Access Centre	2,935						2,935	
Other Community	1,259					(75)	1,184	
St Lukes Hospice	2,495						2,495	
Voluntary Organisations	709				(49)		660	
Enhanced Services	3,104						3,104	
111	1,033						1,033	
Optometry	265						265	
Pharmacy	363						363	
Local Authority								
Section 256 - Grants	1,977		1,530		49		3,555	RFT funding for STIT etc
Section 75 - LD Pooled Budget	2,676						2,676	
Section 75 - Equipment Service Pooled Budget	1,615						1,615	
Other Commissioning	2,777		473		88	(0)	3,338	RFT funding - home of choice; less Development nurses to CSU

Continuing Healthcare								
Continuing Care	47,375				(3,668)		43,707	SHSC detained patients & £1m to FNC
Funded Nursing Care	5,051				1,000		6,051	
Prescribing	87,626						87,626	
Services from CSU - Programme								
Continuing Healthcare Assessments	1,840						1,840	
Medicines Management	1,721						1,721	
Development Nurses					579		579	from other commissioning
Reserves								
Commissioning Reserves	5,194		(992)				4,202	-health trainers+GPA-PC premises+IFR+Adult Home TPN
General Contingency Reserve	1,425		(371)			16	1,070	SW assessor+other commissioning+other NHS Trusts+balance of virements+PC premises
2% Non Recurrent Reserve	9,866		(326)				9,540	FURS/S256+GPA+Innovation Fund
Planned Surplus	3,500						3,500	
	683,571	(622)	(0)	-	(1)	1	682,948	
Running Cost Allocation								
Governing Body & Chief Officers	2,512		65			49	2,626	
Finance & Contracting	1,663		33			33	1,729	
Operations Management	1,415					(91)	1,324	Income not previously anticipated
Clinical Quality & Clinical Services	1,300		37			(80)	1,256	Income not previously anticipated
Premises and Bought In Services	4,993		34			18	5,045	
Running Cost Reserve	1,188		(169)			71	1,090	
	13,070	-	-	-	-	0	13,070	
CLINICAL COMMISSIONING GROUP TOTAL	696,641	(622)	(0)	-	(1)	1	696,019	
	(0)	-	0	-	1	(1)	1	check