


Title of paper: Finance Report
Meeting: Governing Body
Date: 18th July 2014
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Purpose	To Agree	
	To Advise	
	To Note	

Development

This finance report is developed by the finance team and covers the financial performance of Surrey Downs CCG for the opening period of 2014/15.

Executive Summary and Key Issues

The purpose of this report is to give the Governing Body assurance regarding the organisation's ability to achieve a satisfactory outturn for the full year and to identify the short to medium term risks in achieving that forecast.

The reported performance for the period is in line with budget and the current full year forecast remains in line with budget. However there are unexpected over performance issues at a number of Acute providers and these are currently under detailed review.

Achieving financial balance is one of the CCG's top ten priorities for the year and the risks associated with this are highlighted in the Governing Body Assurance Framework (non-clinical priority number 4). The risks highlighted in Section 4 mean that there is considerable uncertainty whether the CCG will be able to achieve its statutory requirement to break even, and this therefore scores 16 (red) in the assurance framework.

Recommendation(s): The report is to advise the Governing Body of the current financial position.

Agenda item	09
Attachment	06

Attachments: Finance Update & Finance Pack

Implications for wider governance

Quality and patient safety

The CCG's financial position could impact on its ability to invest in improving quality; however, there is no short term impact

Patient and Public Engagement

None specific to this report.

Equality Duty

None specific to this report.

Finance and resources

As set out in the report

Communications Plan

This paper is published on the CCG website

Legal or compliance issues

The CCG has a statutory duty not to exceed its financial allocation.

Risk and Assurance

Assurance Framework non clinical priority 4 covers the potential failure of the year 1 financial plan. There are also subsidiary additional risks such as CHC expenditure, prescribing and specialist commissioning on the risk register.

Surrey Downs CCG
Financial Results June 2014

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- Expenditure by Category – Year to date and Full year forecast
- Balance Sheet
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Finance Report

July 2014

1 Summary

The purpose of this report is to provide commentary on the financial performance of Surrey Downs CCG for the first quarter of the financial year, to look forward to the outturn for the full year and to identify the risks in achieving that forecast.

The reported performance for the period is in line with budget and the current full year forecast remains in line with budget. As noted below there are unexpected over performances at a number of Acute providers and these are currently under detailed review.

The risks highlighted in Section 4 mean that there is considerable uncertainty whether the CCG will be able to achieve its statutory requirement to break even.

2 Financial Operations Update

- (a) The guidance around CHC retrospective claims continues to be contradictory. The year-end guidance initially stated that CCG's should provide for the cost of pre 1st April 2013 claims where the individual had not been specifically provided in the final PCT accounts. Settlement of claims in respect of named individuals would be made by NHSE with CCG's being responsible for the balance. In addition, NHSE have created a risk share pool in respect of the prior year claims held by them with the Surrey Downs contribution in 14/15 being £1.3m

However, DH year-end guidance stated that CHC retrospective provisions remained the responsibility of NHSE and at the year-end Surrey Downs did not make any prior year CHC retrospective provisions. A year-end return, providing details of the estimated provision required for Surrey CCG's, was submitted to NHSE and, we understand, NHSE accounted for those prior year claims.

We are seeking re-imburement from NHSE of the £0.1m of prior year claims payments made year to date.

- (b) The cost budget included in the 14/15 Plan was based on the full year forecast at December adjusted in line with NHSE guidance and for our investment plans and QIPP savings.

Besides QIPP savings of £12.4m, of which £3.3m remains to be identified, year on year cost pressures include a £3.3m surplus requirement, £1.5m vulnerable patient funding and GUM clinic costs of £0.8m making 14/15 a very challenging year.

Indications from Acute providers based on Month 2 performance data show an over spend of around £0.8m compared to provider plans. The over

performance is at a lower level than in Month 1 with an improvement on the underlying total costs for acute providers of approximately £1m. A detailed review of the activity of the main providers has been completed, together with a review of the SUS/SLAM reconciliations, and a significant value of challenges and queries have been raised.

3 Performance

	YTD	YTD	Variance	Full Year	Full Year	
	Actual	Budget	Fav/(Adv)	Forecast	Budget	Variance
	£'m	£'m	£'m	£'m	£'m	£'m
Acute	50.3	49.2	(1.1)	192.4	192.4	0.0
Mental health	6.0	6.2	0.2	25.3	25.3	0.0
Community	7.4	7.4	0.0	29.3	29.3	0.0
Continuing care	5.8	5.7	(0.1)	22.7	22.7	0.0
Primary care	11.0	11.1	0.1	44.7	44.7	0.0
Other	0.7	0.6	(0.1)	2.6	2.6	0.0
Running costs	1.6	1.8	0.2	6.6	6.6	0.0
Reserves	0.3	1.2	0.9	6.2	6.2	0.0
	83.1	83.1	0.1	329.8	329.8	0.0
Allocation	83.1	83.1	0.0	333.2	333.2	0.0
Surplus/(Deficit)	0.0	0.0	0.1	3.3	3.3	0.0

Full year performance

- M3 Acute numbers are based on extrapolated M2 activity data. There is over performance at Epsom (£0.4m), SWLEOC (£0.4m), Royal Marsden (£0.2m) and the Independent providers (£0.3m) with under performance at Royal Surrey (£0.2m) and St George's (£0.1m). The over performance by activity is broadly based with all specialities being over spent. Detailed reviews of the activity data have been undertaken for the major providers and £1.9m of challenges have been raised – £230k of which have been recognised in the accounts mainly relating to A&E ambulance wait and attendance penalties and Medicines Management drugs challenges. In addition, a significant number of queries have been raised following reviews of the SUS/SLAM reconciliations.
- The charge to Reserves represents the contribution towards the NHSE pool for CHC retrospective reviews for the period prior to 1st April 2013. The year to date underspend arises due to the timing of investments falling later in the year. The budget includes the planned contingency and investment spend offset by an unidentified QIPP of £3.3m.

- At this stage, the full year forecast is in line with budget at a surplus of £3.3m. This assumes achievement of budgeted QIPP of £10.8m although, as noted above, £3.3m is currently unidentified.

4 Key Financial Risks

The major risks and mitigations in achieving the full year budget are as follows:

(a) Risks and budget challenges

- Unidentified QIPP of £3.3m;
- Delivery of total QIPP of £10.8m;

(b) Mitigations

- Uncommitted investment fund of £3m;
- Quality Premium payment (£tbc);
- Contingency of £0.6m;
- Acute contract challenges following the re-structure of the contract finance team and the additional CCG resource being allocated to the process;
- Resilience monies.

5 Cash

The year to date cash drawdown of £75.5m is £2.5m adverse to the budget of £73.2m – but month end cash was £2m ahead of budget.

Summary Financials YTD

Surrey Downs CCG	Year To Date Position			Month 3 Forecast		
	Actual to Date £m	Budget to Date £m	Variance to Date £m Favourable/(Adverse)	Full year forecast £m	Annual Budget £m	Full Year Variance £m Favourable/(Adverse)
Acute Services	50.3	49.2	(1.1)	195.5	195.5	0.0
Mental Health Services	6.0	6.2	0.2	25.1	25.1	0.0
Community Services	7.4	7.4	(0.0)	29.5	29.5	0.0
Continuing Care Services	5.8	5.7	(0.1)	22.7	22.7	0.0
Primary Care Services	11.0	11.1	0.1	45.5	45.5	0.0
Other Programmes	0.7	0.6	(0.1)	2.6	2.6	0.0
Corporate Costs	1.6	1.6	0.0	6.5	6.5	0.0
Reserves	0.3	1.3	1.0	3.3	3.3	0.0
Total	83.1	83.1	0.0	330.6	330.6	0.0
Allocation	(83.1)	(83.1)	0.0	(334.0)	(334.0)	0.0
Surplus/(Deficit)	0.0	0.0	0.0	3.3	3.3	0.0

	YTD	YTD	YTD	Full Year	Annual	Full Year
	Actual	Budget	Variance Favourable/ (Adverse)	Forecast	Budget	Variance Favourable /(Adverse)
	£ m	£ m	£ m	£ m	£ m	£ m
Acute Services						
NHS Trusts	41.4	40.6	(0.8)	160.9	160.9	0.0
Ambulance	2.2	2.2	0.0	8.9	8.9	0.0
High Cost Drugs	0.0	0.0	0.0	0.0	0.0	0.0
NCA's	1.0	1.0	(0.0)	3.9	3.9	0.0
TOTAL-NHS	44.7	43.7	(1.0)	173.7	173.7	0.0
NON NHS	5.7	5.4	(0.2)	21.7	21.7	0.0
Total Acute	50.3	49.2	(1.2)	195.5	195.5	0.0

	YTD	YTD	YTD	Full Year	Annual	Full Year
	Actual	Budget	Variance Favourable/ (Adverse)	Forecast	Budget	Variance Favourable /(Adverse)
	£ m	£ m	£ m	£ m	£ m	£ m
Mental Health						
NHS	4.7	4.7	0.0	19.3	19.3	0.0
Independent	0.3	0.3	0.0	1.3	1.3	0.0
Children	0.6	0.6	(0.0)	2.3	2.3	0.0
Learning Difficulties	0.6	0.6	0.0	2.2	2.2	0.0
NCA	(0.1)	0.0	(0.1)	0.0	0.0	0.0
Total Mental Health	6.0	6.2	0.2	25.1	25.1	0.0

	YTD	YTD	YTD	Full Year	Annual	Full Year
	Actual	Budget	Variance Favourable/ (Adverse)	Forecast	Budget	Variance Favourable /(Adverse)
	£ m	£ m	£ m	£ m	£ m	£ m
Continuing Care Services						
Continuing Health Care	17.5	16.5	(1.0)	66.0	66.0	0.0
Funded Nursing Care	4.6	4.7	0.1	18.8	18.8	0.0
Support Costs	1.1	1.6	0.5	6.5	6.5	0.0
Recharge to other CCGs	(17.4)	(17.1)	0.3	(68.5)	(68.5)	0.0
Total Continuing Health Care	5.8	5.7	(0.1)	22.7	22.7	0.0

Surrey Down CCG	Month:	June
Detailed Financials		

	YTD Actual	YTD Budget	YTD Variance Favourable/ (Adverse)	Full Year Forecast	Annual Budget	Full Year Variance Favourable / (Adverse)
	£ m	£ m	£ m	£ m	£ m	£ m
Primary Care Services						
Prescribing	9.4	9.5	0.1	39.1	39.1	0.0
Enhanced Services	0.6	0.6	0.0	2.5	2.5	0.0
Out of Hours	0.4	0.4	0.0	1.8	1.8	0.0
Other Primary care	0.5	0.5	0.0	2.1	2.1	0.0
Total Primary Care	11.0	11.1	0.1	45.5	45.5	0.0

	YTD Actual	YTD Budget	YTD Variance Favourable/ (Adverse)	Full Year Forecast	Annual Budget	Full Year Variance Favourable / (Adverse)
	£ m	£ m	£ m	£ m	£ m	£ m
Community Health Services						
Central Surrey Health	5.5	5.5	0.0	22.0	22.0	0.0
Virgin	0.5	0.5	(0.0)	2.2	2.2	0.0
Hospices	0.3	0.3	0.0	1.3	1.3	0.0
Other	1.1	1.0	(0.1)	4.1	4.1	0.0
Total Community Health Services	7.4	7.4	(0.0)	29.5	29.5	0.0

	YTD Actual	YTD Budget	YTD Variance Favourable/ (Adverse)	Full Year Forecast	Annual Budget	Full Year Variance Favourable / (Adverse)
	£ m	£ m	£ m	£ m	£ m	£ m
Voluntary Service/Other						
Voluntary Service/Other	0.7	0.6	(0.1)	2.6	2.6	0.0
Voluntary Service/Other	0.7	0.6	(0.1)	2.6	2.6	0.0

Surrey Down CCG	Month:		June			
Detailed Financials						

	YTD	YTD	YTD	Full Year	Annual	Full Year
	Actual	Budget	Variance Favourable/ (Adverse)	Forecast	Budget	Variance Favourable /(Adverse)
	£ m	£ m	£ m	£ m	£ m	£ m
Reserves						
Reserve	0.3	1.3	(1.0)	3.3	3.3	0.0
Total Reserves	0.3	1.3	1.0	3.3	3.3	0.0

	YTD	YTD	YTD	Full Year	Annual	Full Year
	Actual	Budget	Variance Favourable/ (Adverse)	Forecast	Budget	Variance Favourable /(Adverse)
	£ m	£ m	£ m	£ m	£ m	£ m
Corporate Costs						
Charges from CSU & Admin charge for hosted services	0.6	0.6	(0.0)	2.6	2.6	0.0
CCG Staff	0.6	0.6	0.0	2.5	2.5	0.0
Govt. Body Clinical leadership and locality operating	0.2	0.2	0.0	0.8	0.8	0.0
Other	0.1	0.2	(0.0)	0.6	0.6	0.0
Total Corporate Costs	1.6	1.6	0.0	6.5	6.5	0.0

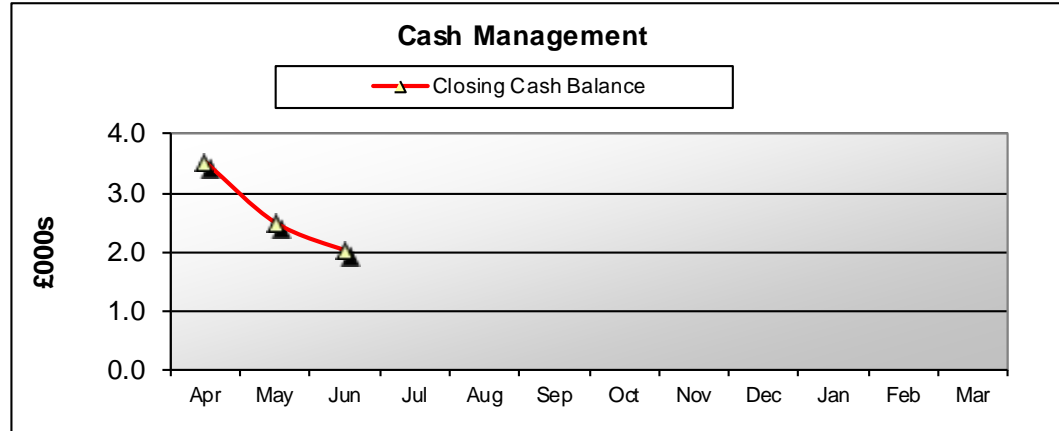
Total Surrey Downs CCG	83.1	83.1	0.0	330.6	330.6	0.0
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Balance Sheet

	Actual M3	Previous Month	Movement
CURRENT ASSETS:			
Inventories			
Trade and Other Receivables	4.1	1.2	2.9
Other Financial Assets	0.7	0.1	0.6
Cash and Cash Equivalents	2.0	2.5	(0.5)
Sub Total Current Assets	6.8	3.7	3.0
TOTAL Current Assets	6.8	3.7	3.0
TOTAL ASSETS	6.8	3.7	3.0
CURRENT LIABILITIES			
Trade and Other Payables	(1.7)	(0.6)	(1.1)
Other Liabilities	(36.4)	(34.1)	(2.3)
Total Current Liabilities	(38.1)	(34.7)	(3.3)
NET CURRENT ASSETS/(LIABILITIES)	(31.3)	(31.0)	(0.3)
TOTAL ASSETS LESS CURRENT LIABILITIES	(31.3)	(31.0)	(0.3)
NON-CURRENT LIABILITIES:			
Provisions	(0.1)	(0.1)	0.0
ASSETS LESS LIABILITIES (Total Assets Employed)	(31.4)	(31.1)	(0.3)
TAXPAYERS EQUITY			
General Fund	31.4	31.1	0.3
TOTAL TAXPAYERS EQUITY	31.4	31.1	0.3

Cash Flow

	Annual
Cash Limit per NHS England	334.0
Less:	
Prescription Pricing Authority	36.2
Cash Limit For Drawdown	297.7



	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
Opening Cash Balance	0.1	3.5	2.5										
Cash Drawdown	27.5	23.0	25.0										75.5
Misc Receipts	6.9	5.9	3.5										16.4
NHS Payments	(17.4)	(18.0)	(17.3)										(52.6)
Non NHS Payments	(13.6)	(12.0)	(11.7)										(37.2)
Closing Cash Balance	3.5	2.5	2.0										