Improving care together across Surrey Downs

NHS
Surrey Downs
Clinical Commissioning Group

Title of paper:	Finance Report
Author:	Dan Brown, Head of Finance
Exec Lead:	Matthew Knight, Chief Finance Officer
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Meeting:	Governing Body
Agenda item:	14 **Attachment:** 11
For:	Discussion and agreement

Executive Summary:

The purpose of this report is to provide commentary on the financial performance of Surrey Downs CCG for the first 11 months of the financial year, to look forward to the outturn for the full year and to identify the risks in achieving that forecast.

For Month 11, the CCG has reported a year to date deficit of £7.3m, which is £10.0m adverse to budget. The adverse variance to budget to date is driven mostly by acute spend (£12.4m) as well as overspend on Community (£1.2m) and other programme costs (£0.1m). These adverse variances are offset by other underspends on reserves (£1.5m), primary care (£0.5m, mostly prescribing), Mental Health (£1.0m), corporate costs (£0.4m) and CHC (£0.3m). The full breakdown of the YTD variance by programme line is in the performance table below.

The full year forecast is a deficit of £10.7m (against a budget surplus of £3.3m). This is the same forecast deficit position as reported in the previous month. The main adverse variances to budget are activity driven overspend in acute services of £13.3m, an unbudgeted resource allocation transfer to NHS England of £4.7m and £3.3m of QIPP unidentified at the start of the year that was not achieved. These factors are partly offset by underspend on investments of £4.8m, and several smaller upsides including quality premium, primary care prescribing, CHC and mental health amounting to £3.9m. In addition, there is a disputed element of the NHS Property Services charge of £1.4m. The CCG is expecting to achieve the forecast full year outturn.

Compliance section

Please identify any significant issues relating to the following

Risk Register and Assurance Framework	Risk of failing to achieve break even and other related specific risks are on the risk register
Patient and Public Engagement	No specific issues
Patient Safety & Quality	No specific issues
Financial implications	As per the report - full year forecast is a deficit of £10.7m (against a budget surplus of £3.3m)
Conflicts of interest	No specific issues
Information Governance	No specific issues
Equality and Diversity	No specific issues
Any other legal or compliance issues	The CCG has a duty to break even
Accompanying papers (please list): Finance report for Month 11	
Summary: What is the Governing Body being asked to do and why? To review the report and agree that it contains an accurate level of assurance of the true position	

NHS Surrey Downs CCG Finance report for Month 11

Surrey Downs CCG	Actual YTD £m	Budget YTD £m	Var £m Fav/(Adv)	FY forecast £m	FY Budget £m	FY Var £m Fav/(Adv)
Acute Services	194.0	181.5	(12.4)	211.5	193.4	(18.0)
Mental Health Services	21.8	22.8	1.0	24.0	25.1	1.1
Community Services	27.5	26.3	(1.2)	29.8	28.7	(1.2)
Continuing Care Services	20.6	20.8	0.3	22.5	22.7	0.3
Primary Care Services	41.3	41.8	0.5	44.8	45.6	0.8
Other Programmes	2.4	2.4	(0.1)	2.8	2.6	(0.2)
Corporate Costs	6.6	7.0	0.4	7.1	7.6	0.6
Reserves	0.5	2.0	1.5	0.5	3.2	2.7
Total	**314.6**	**304.6**	**(10.0)**	**342.9**	**328.9**	**(14.0)**
Allocation	**(307.3)**	**(307.3)**	**0.0**	**(332.2)**	**(332.2)**	**0.0**
Surplus/(Deficit)	**(7.3)**	**2.7**	**(10.0)**	**(10.7)**	**3.3**	**(14.0)**

Winter pressures budget of £1.7m and actual expenditure is contained within 'Acute Services'
Specialised Commissioning budget transfer of £4.7m made against 'Acute Services'

Year to date performance

- M11 **Acute** numbers are based on extrapolated M10 activity data. The over performance to date is across the provider landscape with major variances at Epsom and St Helier (ESH), Kingston, SaSH, St George's, SWLEOC and Royal Marsden. Royal Surrey is the only major provider which is under performing. Epsom and St Helier is over performing significantly in both non-elective and elective activity, with, for example, increases in outpatient activity activity (first, follow up and procedures) of between 5% and 15%.
- **Mental Health** is forecast to be £1.1m underspent in year. This is due to projected underspend primarily on IAPT (£0.5m) and dementia early diagnosis (£0.2m) underspend due to early cessation of the project. The remaining underspend of £0.4m is as a result of lower non-contracted activity (£0.2m) versus budget, as well as some one-off benefits in 2014/15, for example, a catch up credit for a prior year under-achievement of CQUIN (£0.1m)
- Underlying **Community** spend in 2014/15 is forecast to be £1.2m adverse to budget due to the cost of running community hospitals.
- The **Primary Care** underspend of £0.8m is driven largely by positive performance in prescribing costs for the first half of the year. Changes to the pricing of CAT M drugs with effect from 1st October are estimated to have a negative impact of £0.3m in the 2nd half year which will dilute expected second half savings.

- The projected **CHC** underspend of £0.3m is primarily due to lower running costs (a delay in the business case implementation and an underlying saving on staff costs).
- The projected **Reserves** underspend of £2.7m is as a result of a significant underspend in the investment budget.
- **Corporate costs** are currently projected to be in line with the original plan and 2014/15 allocation of £7m. Note corporate costs show a full year favourable benefit £0.6m versus budget as a result of the £0.5m of quality premium money earned for 2013/14 being allocated to the running cost budget (as per NHSE instruction).

1. Key Financial Risks and Opportunities

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

(a) Risks and continuing challenges

- Further increases in acute activity over and above the M10 reported Acute position;
- EDICS – potentially +/- £1m compared to current balance sheet position;
- Disputed NHS property services costs.

(b) Mitigations

- Acute and AQP challenges;
- Year end settlements with large providers;
- Additional prescribing upside.

5 Cash

We are currently forecasting full use of our cash drawdown facility of £332m.