

**Clinical Commissioning Group
Governing Body
Paper Summary Sheet
Date of Meeting: 23 April 2013**

For: Decision Discussion Noting

Agenda Item and title:	GOV/13/04b/09 Financial Budget 2013/14
Author:	Steve Perkins Deputy Chief Financial Officer
Lead Director/GP from CCG:	Simon Truelove Chief Financial Officer
Executive summary:	To report to the CCG Governing Body on the budget setting process for the financial year 2013-14. Budgets represent the funding made available and the investment priorities and savings as outlined within the clear and credible plan. The CCG is planning for a 1% surplus of £5.3m.
Evidence in support of arguments:	CCG Clear and Credible Plan
Who has been involved/contributed:	CCG Governing Body, Group Executive members
Cross Reference to Strategic Objectives:	
Engagement and Involvement:	Stakeholders, Council, Primary Care, Providers
Communications Issues:	

Financial Implications:	None delivery of financial targets will result in the CCG not achieving its statutory financial duties
Review arrangements:	Monthly reporting to the Governing Body
Risk Management:	<p>The key risks are associated with not delivering the planned level of surplus or the required levels of QIPP savings.</p> <p>This will be mitigated through analysis of areas that overspend and challenge to identify causes and corrective actions. QIPP delivery will be supported through the close monitoring of plans with leads and the project management office.</p>
National Policy/ Legislation:	Assumptions follow the NHS Operating Framework fro 2013/14
Equality & Diversity:	Not applicable
Other External Assessment:	
Next steps:	Budget setting process for 2013/14 to be approved by the Governing Body.

NHS Wiltshire Clinical Commissioning Group

2013/14 Budgets

1 Introduction

- 1.1 To report to the governing body on the budget setting process for the financial year 2013/14

2 Summary

- 2.1 The budgets for 2013/14 have been built upon the fundamentals contained within the clear and credible plan and are aligned with the financial plan submitted to the local area team which shows the position of the CCG having adjusted for investments and savings.
- 2.2 Appendix 1 contains an income and expenditure summary of the 2013/14 budgets. The key budget setting control total for 2013/14 is outlined below:

Table 1

Category	£'m
Sources of funding	(533.6)
Applications	537.9
Savings plans	(9.3)
Planned surplus / (deficit)	5.0

- 2.3 The budgets for the CCG include movements from those previously identified within the financial plan position. This is primarily due to:
- Updated 2012/13 contractual outturn positions
 - Updated Payment by Results tariff guidance

3 Budget setting process

- 3.1 Budgets have been created in the ledger utilising legacy contractual information from Wiltshire PCT. The financial positions at month 11 of 2012/13 have been replicated in the next financial year as an initial start point.

- 3.2 Inflation and Cash Releasing Efficiency Savings (CRES) have been included based on national guidance as outlined within "Everyone Counts." All NHS contracts have been automatically reduced by the required CRES target.
- 3.3 Commissioning budgets have been adjusted to reflect (demographic and non-demographic) growth where appropriate and include specific developments where agreed, in line with those agreed by the governing body.
- 3.4 In year Quality, Innovation, Productivity and Prevention (QIPP) savings of £9.3m have been included within the 2013/14 budgeted position against the relevant service contracts. These savings represent cashable savings that re required by the CCG to achieve its surplus target.
- 3.5 Summarised below are the QIPP savings requirements split by provider/commissioning area and or programme area:

Table 2

Provider / service area	£'m
Salisbury NHS FT	2.2
Royal United Hospitals Trust	2.1
Great Western Hospitals NHS FT	1.3
Southampton University Hospitals Trust	0.4
Other providers	0.7
Prescribing	2.6
TOTAL savings plans	9.3

Table 3

Programme area	£'m
Urgent care	3.8
Planned care	2.9
Prescribing	2.6
TOTAL savings plans	9.3

- 3.6 Adjustments have been made to running costs budgets in line with national Agenda for Change agreements and represent other local costs.
- 3.7 Applications to match the transfer of resources to support Health and Social Care Interaction with Wiltshire County Council have been included.
- 3.8 Budgets have been set based upon confirmed and anticipated allocations for 2013/14. These anticipated sources have been applied to the reserves budgets and will be

devolved upon confirmation of receipt. Appendix 2 contains a breakdown of the allocations.

4 Further work

- 4.1 Obtain formal budget holder “sign off” for the initial budgets before the end of quarter one. To date Group Directors have been involved in understanding and agreeing the financial envelopes associated with the main contracts that their groups are responsible for and for their individual running cost envelopes.
- 4.2 Update commissioning budgets to reflect signed contract values once finalised.
- 4.3 Budgets have initially been phased in twelfths to reflect the anticipated expenditure profile of the majority of our budgets. Some areas will required re-phasing e.g. prescribing to reflect actual usage based on local assumptions.
- 4.4 Map reserves and ear marked funds e.g. for anticipated allocations to individual cost centres.
- 4.5 Update the budgetary analysis within the ledger to include updates once available to the Integrated Single Financial Environment (ISFE).

5 Reporting process

- 5.1 Wiltshire CCG aims to provide its budget holders with a monthly budget report, and associated pay report, for the budgets that they have delegated responsibility for within 7 working days via NHS Shared Business Services (SBS)
- 5.2 Initially local sub analysis of the information contained within the ISFE will be required until additional budgetary analysis options are included which may impact upon the timing of information received during quarter one.
- 5.3 Performance will be monitored directly by NHS England through the ISFE.

6 Risk management

- 6.1 To enable management of risks that arise during 2013/14 a contingency reserve (equivalent to 0.5% of recurrent resources) will be maintained.
- 6.2 Alongside this an uncommitted headroom reserve (equivalent to 2% of recurrent resources) will be maintained to support the non recurrent costs associated with service redesign.

7 Recommendation

7.1 The Governing Body are asked to:

- Note the context and background to the budget setting process
- Agree the budgets for 2013/14

8 Appendices

Appendix 1: I&E report view of the 2013/14 budgets

Appendix 2: WCCG allocations 2013/14

Appendix 2 – Summary of Resources for NHS Wiltshire CCG 2013/14

	£'m	£'m
Programme Resources		
Baseline allocation	492.1	
Growth uplift	11.3	
Social care funding	6.5	
B/f surplus	7.5	
Capital grants	<u>4.5</u>	
		522.0
Running costs		
Baseline allocation		11.7
		<u>533.6</u>