NHS
Wiltshire
Clinical
Commissioning
Group

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/10 Finance Report – Month 12 2012/13**
Author:	Steve Perkins Deputy Chief Financial Officer
Lead Director/GP from CCG:	Simon Truelove Chief Financial Officer
Executive summary:	The report describes the financial position on the budgets delegated to the shadow Wiltshire CCG for 2012/13
Evidence in support of arguments:	N/A
Who has been involved/contributed:	N/A
Cross Reference to Strategic Objectives:	Delivery of the NHS Wiltshire PCT Statutory Financial Duties
Engagement and Involvement:	N/A

NHS
Wiltshire
Clinical
Commissioning
Group

Communications Issues:	N/A
Financial Implications:	Activities of the Shadow Wiltshire CCG has enabled the Wiltshire PCT to deliver its statutory financial duties
Review arrangements:	Monthly reporting to the Governing Body
Risk Management:	N/A
National Policy/ Legislation:	Requirements of the NHS Operating Framework for 2012/13
Equality & Diversity:	N/A
Other External Assessment:	N/A
Next steps:	N/A

NHS
Wiltshire
Clinical
Commissioning
Group

Wiltshire Clinical Commissioning Group

March Finance Report (Month 12)

Introduction

This report provides details of the year to date financial performance for resources delegated to the shadow NHS Wiltshire Clinical Commissioning Group (CCG) for the period ended 31st March 2013. In addition the report highlights the key risks for the CCG in this financial year and actions that are in place to mitigate those risks.

NHS Wiltshire has delegated to the CCG the majority of the budgets that will be devolved to the CCG on the 1st April 2013. The current delegated budget totals £509.4m. This currently excludes running costs and reserves which from the 1st April will be allocated to the CCG.

Financial Performance

The summary financial position at the end of March (Month 12) is summarised below, which shows an over spend of £8.2m against budget and a forecast outturn of breakeven. This is before the application of reserves that are held by the PCT. The PCT is reporting a surplus position of £2m at month 12. The following table summarises the financial position 2012/13.

	Forecast outturn / £'m		
	Budget	Actual	Variance
Acute care	267.88	278.06	10.18
PCT exceptions	0.25	0.21	-0.04
Non acute care	137.30	139.32	2.03
Other commissioning	29.10	29.18	0.07
Old year balances	0.00	-1.29	-1.29
	434.53	445.48	10.95
Primary care OOH	5.96	5.98	0.03
Prescribing	68.90	66.11	-2.79
	74.85	72.09	-2.76
Application of reserves	0.00	-8.19	-8.19
CCG total	509.38	509.38	0.00

The commissioning budgets for acute care totalling £268m are broken down over a number of providers. The detail of the providers are shown in appendix 1

NHS
Wiltshire
Clinical
Commissioning
Group

The main areas of concern are detailed below together with any mitigating actions to address any overspends.

Commissioned Services (£10.95m Adverse)

Acute Services- based on month 11 monitoring

Great Western Hospitals	Month 12 (£'m)	Month 11 (£'m)	Moveme nt (£'m)	Forecast Outturn (£'m)
	1.36	1.24	0.12	1.36
Performance and Risks				
• When comparing Non Elective activity year on year it is up 10% and overspent by £1.5m, this continues to be predominantly in General Medicine, Paediatrics and Care of the Elderly. The increase in activity is due to the impact of ambulatory care which has seen a significant increase in 0-2 Length of Stay (LOS) activity and a reduction in activity with a LOS greater than 2 days. • Elective activity remains at 1% above 11/12 levels and 8% above current year plan. The over spend is currently £0.8m. There has been significant growth in activity in Trauma and Orthopaedics, Ophthalmology & Orthoptics and General Medicine. • Out Patient activity is overspent by £1.2m. There has been no change in the level of activity with first outpatients 8% and follow-ups 12% above plan. Cardiology firsts are currently 9% and follow-ups 28% above plan. The number of additional follow ups compared to 11/12 has increased by 3%. Out Patient Procedures are 13% above plan, there has been unplanned growth of 24% in Ophthalmology and 16% in Cardiology and 17% in Gynaecology. • Accident & Emergency activity is up by 1% after excluding activity for patients who are re-directed to alternative services at the joint front door. There has also been a case mix shift in the coding of A&E activity which is contributing to the £0.1m overspend. • Non-PbR Drugs and Devices, Chemotherapy and Radiotherapy Drugs are overspent by £0.1m. • GP/GDP referrals for Consultant responsible attendances are up 1.5%. Other referrals are up 0.2%. GP/GDP referrals from the NEW Group are up 5%, with increases from Northlands 16%, New Court 18% and Tinkers Lane 14%. Some of this growth could be due to the RAF Lyneham closure. Specialty analysis of GP/GDP growth shows General Surgery referrals up 16% and this specialty accounts for the majority of the total growth. • Annual Diagnostic activity has grown 14%. There has been an increase in most modalities, especially CT's. The CT waiting list has increased from 62 to 116 this year.				

Mitigating Actions

- At month 12 the gross overspend is £3.99m which after applying a risk sharing arrangement agreed with the Trust for 12/13 reduces the over spend to £1.36m.
- The Finance and Information Group continues to focus on the increase in General Surgery activity in both referrals and the resulting outpatients. The Trust is to investigate the GP referred outpatients to understand the case mix and investigate if this increase is a result of the increased cancer initiatives.
- An investigation is on-going into short length of stay and the impact changes to the ambulatory care pathway have had on increased admissions.
- The Trust is being chased for actions for the reduction in the number of Ophthalmology patients currently recorded on their hold file and waiting for an appointment. Service re-design plans and an executive team presentation were due to be shared on the 15th January.
- The recording, charging and potential duplication of A&E joint front door activity is being challenged with the Trust and SEQOL.

Royal United Hospital	Month 12 (£'m)	Month 11 (£'m)	Movement (£'m)	Forecast Outturn (£'m)
	3.91	3.90	0.01	3.91

Performance and Risks

- Non Elective activity continues to over perform (£1m overspent) and activity is 1.5% over plan with growth seen in short and same day spells. The change in casemix has affected the average cost of a non elective spell by 9.3% following deeper post Millennium coding.
- Elective activity is currently overspent by £0.2m; however activity has shown a 5.2% increase over the trend with Gastroenterology day case activity showing 37% growth year to date and Haematology up 20%.
- Out Patients are overspent by £1.4m with first appointments above planned levels. There is post Millennium (RUH Information System) growth in Vascular Surgery, Trauma and Orthopaedics, General Medicine, Cardiology and Orthoptics.
- Out Patient Procedure activity continues to increase with unplanned growth in excess of 200% due to post Millennium activity reporting.
- Accident & Emergency is overspent by £0.2m with attendances 6% above last year.
- Attendances for Lucentis are above last year's levels and an over spend of £0.2m is reported due to the average activity cost increasing from £378 to £526.

- High Cost Drugs are £1m overspent with excess costs in Endocrinology, Clinical Haematology and Clinical Oncology.

Mitigating Actions

- The outturn overspend of £3.91m is after applying a risk sharing arrangement agreed with the Trust for 12/13 – this has reduced the overspend by £1.5m.
- A review has been requested on Outpatient procedures to identify the causes of the increased activity and whether reduced day cases are due to PbR changes or up coded outpatient activity from Millennium (the new IT system at the RUH)

Salisbury Foundation Trust	Month 12 (£'m)	Month 11 (£'m)	Movement (£'m)	Forecast Outturn (£'m)
	1.41	1.42	(0.01)	1.41

Performance and Risks

- The M12 report is based on year-to-date February reporting from the Trust.
- Elective activity was at 1370 spells in February, higher than December and January but lower than the highs of 1,486 and 1,547 in October and November. Year to date (ytd) elective and day case spells are 4% down on last year. There has been a drop in Urology but increases in Ophthalmology and Rheumatology.
- Non Elective (NEL) monthly activity fell to 1,400 spells in February, a short calendar month, following a very high January (1,545 spells) and October (1,598 spells). Overall non-elective activity up to February is 1.8% below the year to date last year.
- First Outpatients in February were 3298, below the average for the year to January of 3568. Year to date, First OP are 0.4% up on last year. Specialties that are higher than last year for First Out patients are ophthalmology, paediatrics, anti-coagulation clinics and midwifery. Follow-up Out Patient activity in February was 6412, compared to the average to January of 6908. Year to date Follow-ups are 0.3% down on last year. Follow-ups are higher in ophthalmology, paediatrics, rheumatology, oral surgery, general medicine, clinical oncology and herpetology. Outpatient procedures are down 2% year to date compared to last year with significant increases relating to dental procedures, skin procedures and bladder minor procedures.
- A & E activity in February was 2,394 compared to 2,504 in January and 2,784 in October.
- High Cost drugs remain in line with the plan (based on agreed forecast /

<table>
<tr><td>
block agreement)

Lucentis activity continues at a much higher volume than previously forecast, with financial over-performance dropping back in February due in part to the July price reduction, and in part to lower activity which may be seasonal.
Critical care activity in February was 125 bed-days, around average.

</td></tr>
<tr><td>
Mitigating Actions

From the month 11 SLA monitoring report the predicted gross overspend is £6.2million which after applying a risk sharing arrangement and year end agreement with the Trust for 12/13 reduces the overspend to £1.35m and there is a very small overspend on the cost per case activity which lies outside the contract, bringing the total overspend to £1.41m
The current and developing QIPP programme will impact on inpatient and outpatient activity levels in due course.
Discussions continue to understand costs and activity levels for regular day attendances and how this will impact in 13/14.

</td></tr>
</table>

- **Southampton University Hospital**
  The contract is £0.9m overspent at M12 based on activity to end of February, and after application of a contingency for the major trauma unit. The long term effect of the Major Trauma Unit is still to be determined, but will lie with Specialist Commissioning from 13/14. There is typical variability on the tertiary contract re small numbers of high cost patients. Almost half the contract has transferred to Specialist Commissioning (see below re Minimum Take Exercise). Reported use of critical care is very high both for the specialist and non-specialist activity and elective activity is also very high compared to last year. In February elective admissions were £30k below the average to January, but non-elective were up £30k. Critical care spend was high in February at £0.1m.

- **Royal Bournemouth**
  There is underperformance of £371k, which is largely due to a sustained reduction in cardiology activity compared to last year due to repatriation to Salisbury.

- **New Hall Hospital**
  The contract was £1.6m overspent in 12/13 as a result of consistently high activity throughout the year with the average monthly spend being 35% higher than in 11/12. There was significant growth in hip, knee and shoulder procedures and growth in GP referrals was primarily from 4 practices within the Salisbury area. The increase in

referrals may reflect patient choice and shorter waiting times than local NHS providers.

Joint Commissioning Budgets (including LA)

The Adult Partnerships budget is currently overspent by £2m. This is mainly due to an increase in expenditure through the Community Equipment Contract and Continence and the settlement of old year section 28a placement costs.

CHC and Placements

The cost of Learning Disability placements overspent by £0.7m due to an increase in costs for a patient requiring high cost specialist care and additional short term patients. The Mental Health budget has overspent by £0.2m due to growth in the number of S117 placements.

Children's placements are over spent by £0.2m; there are currently six additional patients included in the M12 over-performance position. There has also been an increase in specialised equipment requirements. The additional costs have been off-set by a reduction in the current GWH Children's Continuing Care Team package costs.

Continuing Health Care was underspent by £0.8m including a 12/13 underspend of £0.9m. This is in part due to the number of eligible patients continuing to reduce in 12/13 as a result of abnormally low numbers of referrals for CHC assessment. Additionally, a year end review of the CHC database has resulted in a release of system accruals for provider invoices which are no longer due.

There are currently 97 applications in progress (including 19 applications relating to live patients responding to the September 2012 Retro 2 deadline, with a positive checklist). It is not yet known how many will be eligible but on average, 30% of positive checklists convert to being CHC Funded.

Work is continuing to assess the impact of the 600 Retro 2 applications. This process is expected to take a significant amount of time and additional dedicated resource is in place. A provision of £3.5m was created in 12/13.

Old Year Balances

We continue to review provisions brought forward from the last financial year. As at month 12 £1m has been identified so far that are no longer required. Further work is being undertaken to ensure minimum balances are outstanding at year end.

NHS
Wiltshire
Clinical
Commissioning
Group

Prescribing and Enhanced Services

Prescribing budgets are underspent by £2.8m at month 12 based on the PPA forecast data. The Prescribing Budget has now been split between CCG and the National Commissioning Board; however, there is still some uncertainty around the detailed categories therefore the transfer value is subject to change.

Reserves and Investments

An exercise is currently underway to finalise the level of reserves available in 12/13, this will also include a review of the planned investments to ensure that they are only agreed if they are financially robust and support delivery of QIPP for 12/13 and beyond.

Specialist Commissioning Group (SCG) "Minimum Take" Exercise

There are 38 nationally defined specialised services which broadly fall into three categories:

- Highly Specialised services which are nationally commissioned e.g. heart and lung transplantation
- Services which form part of a wider patient pathway e.g. cardiac services, mental health, spinal and kidney care
- Services which are not generally parts of a pathway of care e.g. paediatric intensive care, burn care.

From April 2012 a phased transfer of responsibilities for specialised commissioning from PCT's to the NHS Commissioning Board has been underway. Funding and activity associated with these services will be migrated to the SCG in order that contracts with providers can be agreed. Within the CCG Commissioning Budgets £9,121K has been currently identified for transfer to the SCG.

CCG Revenue Allocation 2013/14

The CCG has now been notified of its financial allocation for 2013-14. It has received a baseline revenue allocation of £503.5m which incorporates 2.3% growth. Work is currently underway to validate the allocation against the baseline submission in the summer to determine if all amendments notified have been incorporated. A reduction has been applied of £20.9m for the Maximum Take exercise undertaken by the Specialist Commissioning Group; however this has not been split down to provider. The CCG has been assured that this exercise will be completed by the end of January.

NHS
Wiltshire
Clinical
Commissioning
Group

CCG Running Costs

The CCG has now been notified of its running cost allocation for 13/14. It is based on the latest 2013 population estimates at local authority level provided by the Office of National Statistics (ONS) using the 2011 census data.

The CCG has been allocated £11.7m based on the ADS registered population of 472,137 adjusted by ONS projections to 466,534 multiplied by £25 per head of population.

The building block for determining running costs is practice populations, but the methodology also takes account of factors such as unregistered people who are included in ONS counts but not on GP lists.

Financial Planning 13/14

The CCG has submitted an initial high level plan for 2013/14 to the National Commissioning Board. This is at a summary level and used to address errors and omissions identified following on from the Base Line Exercise undertaken earlier in the financial year. This plan also includes a provider level submission which is being used to inform the 13/14 planning round. The plans are prepared using the guidance contained within the document "Everyone Counts: Planning for Patients 2013/14".

QIPP Programme

- Forecast QIPP savings have been incorporated into baseline budgets, therefore reporting on budget position is net of QIPP.
- NHS Wiltshire has a QIPP programme of £11,982k for 12/13. The CCG element amounts to £10,682k.
- At month 12 the PCT reported delivery against this target.
- Further work is required to ensure that the savings are recurrent from 13/14.

Financial Risks

- Establishing that the QIPP Savings are recurrent moving into 13/14.
- Transfer of services to Specialist Commissioning, may leave CCGs with unplanned variances on non-specialised services. The exact exposure to this risk is yet to be quantified

NHS
Wiltshire
Clinical
Commissioning
Group

Appendix 1 Summary of the Shadow NHS Wiltshire CCG Financial Position 2013/14

	Forecast outturn / £'m		
	Budget	Actual	Variance
Acute care			
Royal United Hospital Bath NHST	73.87	77.78	3.91
Southampton University Hospitals NHSFT	5.71	6.67	0.96
Oxford Radcliffe Hospitals NHST	3.72	4.10	0.38
North Bristol NHST	4.72	5.05	0.33
University Hospitals Bristol NHSFT	8.09	8.22	0.13
RNHRD NHSFT	3.57	3.55	-0.02
Great Western Hospitals NHSFT	50.95	52.32	1.37
Salisbury Hospital NHSFT	92.85	94.25	1.41
ISTC – UKSH	6.58	6.58	0.00
Acute NCAs	4.32	4.57	0.25
Acute - non NHS providers	8.58	10.48	1.90
Other	4.91	4.47	-0.43
	267.88	278.06	10.18
PCT exceptions	0.25	0.21	-0.04
Non acute care			
AWP (RVN)	32.81	32.85	0.05
South Western Ambulance Services NHSFT	15.13	15.27	0.14
Great Western Hospitals NHSFT (WCHS)	58.54	58.37	-0.17
Oxford & Buckinghamshire MH NHSFT	4.93	4.90	-0.03
Partnerships	22.77	24.87	2.11
Other	3.13	3.05	-0.07
	137.30	139.32	2.03
	29.10	29.18	0.07
Other commissioning			
	0.00	-1.29	-1.29
Old year balances			
	5.96	5.98	0.03
Primary care OOH	68.90	66.11	-2.79
Prescribing	74.85	72.09	-2.76
	0.00	-8.19	-8.19
Application of reserves			
	509.38	509.38	0.00

NHS
Wiltshire
Clinical
Commissioning
Group