

# NHS West London Clinical Commissioning Group

## October 2012 (Month 7) Governing Board Report

### 1. Purpose

This report is presented to the WLCCG Governing Body to update them on the financial, contractual and performance position for the seven months to the end of October 2012.

### 2. Summary of Financial Position 2012-13/ Month 7

Overall the CCG is ahead of the year to date plan to delivery its control total (the surplus target). It was noted in last month's Governing Body report that there were un-committed reserves in both Kensington and Chelsea PCT (K&CPCT) and Westminster PCT (WPCT). Agreement with NHSL has been reached for each PCT to show a surplus above the control total. This means that the variance above the control total is £4m for K&CPCT and £5m for WPCT.

Group £'000	Budget YTD	Actual YTD	Variance YTD	Variance YTD %	Trend for previous two months	
					1 mth	2 Mth
CCG Resource Income	207,664	207,664	0	0.00%	→	→
CCG Resource Expenditure	(199,473)	(193,975)	5,498	2.76%	↓	↑
<b>Total Surplus / (Deficit)</b>	<b>8,191</b>	<b>13,689</b>	<b>5,498</b>	<b>67.12%</b>	↓	↑

The year to date underspend is £5.5m. The rate of under spend has decreased from £969k per month in month 6 to £785k which is due to an adverse movement in acute SLAs.

Group £'000	Annual Budget	Forecast Actual	Forecast Variance	Variance YTD %
CCG Resource Income	362,842	362,842	● 0	0.00%
CCG Resource Expenditure	(352,941)	(349,070)	● 3,871	1.10%
<b>Total Surplus / (Deficit)</b>	<b>9,901</b>	<b>13,772</b>	● 3,871	<b>39.10%</b>

The forecast underspend is £3.9m. This improvement is as a result of the release of reserves, in line with the position agreed with NHS London.

Group	Budget YTD	Actual YTD	Variance YTD	Variance YTD %	Trend for previous two months	
					1 mth	2 Mth
QIPP	(8,536)	(7,324)	(1,212)	(14.20%)	↓	

Group	Annual Budget	Forecast Actual	Forecast Variance	Variance YTD %
QIPP	(14,633)	(12,600)	● (2,033)	(13.89%)

QIPP is underperforming by £1.2m year to date and by £2m forecast outturn. The key drivers are Hospital Avoidance, MSK, CLCH contract and Dermatology. Recovery plans are being implemented for Hospital Avoidance, MSK and Dermatology.

### 3. Detailed Financial Position

The year to date and forecast outturn financial position by budget area is set out in the table below

CCG Budget Group £'000	Budget YTD	Actual YTD	Variance YTD	Variance YTD %	Trend for previous two months		Annual Budget	Forecast	Forecast Variance	Forecast Variance %	Forecast Variance Scenarios		
					1 mth	2 Mth					Highest Case	Most Likely Case	Lowest Case
Resource Limit	207,664	207,664	0	0.00%	→	→	362,842	362,842	0	0.00%	● 0	● 0	● 0
Primary Care Service	(1,761)	(1,747)	14	0.79%	↑	↓	(2,943)	(2,920)	24	0.81%	● 0	● 24	● 0
Prescribing	(15,687)	(13,940)	1,747	11.13%	↑	↑	(26,892)	(24,554)	2,338	8.70%	● 2,557	● 2,338	● 2,191
Non-Acute Services	(72,187)	(71,241)	945	1.31%	↓	↑	(123,884)	(122,958)	926	0.75%	● 1,392	● 926	● (316)
Acute Services	(103,415)	(104,703)	(1,288)	(1.25%)	↓	↓	(177,314)	(179,713)	(2,399)	(1.35%)	● (2,137)	● (2,399)	● (2,614)
Specialist Services	(5)	(5)	0	0.00%	→	→	(9)	(9)	0	0.00%	● 0	● 0	● 0
Public Health and Other Commissioning Services	(190)	(188)	2	1.05%	↑	↑	(326)	(322)	3	1.05%	● 0	● 3	● 0
CCG Running Costs	(872)	(882)	(10)	(1.11%)	↓	↓	(1,495)	(1,495)	0	0.00%	● 0	● 0	● 0
Corporate Services	(4,050)	(3,837)	213	5.25%	↑	↑	(7,419)	(7,173)	246	3.31%	● 134	● 246	● 16
Reserve and Contingency	(1,306)	2,569	3,875	296.66%	↓	↑	(12,658)	(9,926)	2,732	21.58%	● 3,461	● 2,732	● (2,457)
<b>Total Surplus / (Deficit)</b>	<b>8,191</b>	<b>13,689</b>	<b>5,498</b>	<b>67.12%</b>	<b>↓</b>	<b>↑</b>	<b>9,901</b>	<b>13,772</b>	<b>3,871</b>	<b>39.10%</b>	<b>● 5,407</b>	<b>● 3,871</b>	<b>● (3,180)</b>

The cumulative position as at month seven shows WLCCG is in a robust financial position with a gross under spend against the revenue resource limit of £13,689k. The under spend against plan excluding the target surplus is £5,498k. The expenditure overrun on acute services is being offset by savings in other commissioned areas resulting in a net favourable position of £1,419k before corporate costs, reserves and contingencies.

The forecast scenarios show that the best/highest case is a surplus of £5.4m above plan with the worst/lowest being an over spend of £3.2m against plan. Most of this variance is in the reserves area and reflects the uncertainty around current commitments e.g. continuing care provision, acute SLA over performance, transitional costs, financial support for Hounslow and back to back agreements. The risk of the lowest case materialising is low.

The key variances are in Acute, Non-Acute and Prescribing:

Acute – NHS SLA Services – (YTD – (£1,300k), Forecast (£2,288k))

Note – all figures quoted relate to month 6 SLAM. This has been forecast forward by one month to give the finance figures at month 7 above.

**Chelsea & Westminster NHS Foundation Trust – (CW)**

The CW contract is over performing by £3.3m at Cluster level a 5% variance, with an increase of £341k over Month 5. This trust is the key driver of the CCG's financial overspend; NHS Westminster is over performing against plan by £375k YTD a 3.11% variance and NHS Kensington & Chelsea is over performing by £1,175k YTD a 4.7% variance

With regards to activity driven areas, the largest overperforming area in both PCTs is non elective, although this overperformance is partially offset by the application of the 30% emergency threshold. Both PCTs are seeing pressure in follow up outpatients, outpatient procedures and high cost drugs. These are areas that the CSU needs to review and challenge to identify the causes of overperformance.

K&C PCT has a large overperformance in direct access. A more detailed analysis at practice and specialty level should be requested from the CSU so that the CCG localities can identify the key drivers and address them with the relevant practices.

**Imperial College Healthcare Trust - (ICHT)**

The ICHT contract is underperforming by £5.0m YTD at Cluster level a 2.0% variance with a decrease of £1.6m over Month 5.

- NHS Westminster is under performing against plan by £1.9m YTD a 4.4% variance
- NHS Kensington & Chelsea is under performing against plan by £1.8m a 6.3% variance

With regards to activity driven areas

- NHS Westminster has seen a 1.6 per cent decrease in the number of first and follow up appointments when compared to the previous year but has a financial over performance of £124k to date. £1.0m of the under performance is due to contractual metrics
- NHS Kensington & Chelsea no individual POD is reporting more than £100k over performance. There is a 2.3 per cent decrease in the number of first and follow up appointments when compared to the previous year but the trust is only reporting an under performance of £49k to date.

Prescribing – (YTD – £1,747k, Forecast £2,338k)

The prescribing expenditure, which is based on the Business Services Authority (BSA) forecast is significantly lower than budget at present. The main driver for this under spend is windfall savings resulting from major drugs coming off patent and the windfall crystallising a few months sooner than anticipated when setting the 2012/13 budget and a reduction in the monthly accrual.

Non-Acute - Community Services – (YTD – £945k, Forecast £926k)

The CLCH SLA is forecast to overspend by £1,318k (year to date £769k) as the SLA is higher than the budget due to the SLA being signed without any deduction of QIPP. The budget was reduced by the revised QIPP value which has now been reclassified as non-cash savings. This overspend is partly offset by underspends against the MSK and UCC budgets (year to date £430k, forecast outturn £338k). The reason for the under spend reducing by year end is due to the new MSK Pathway which started in September 2012.

The causes of these variances have been discussed in more detail at the Finance and Performance Committee.

**4. Recommendation**

The Governing Body is asked to note the report.