

# NHS West London Clinical Commissioning Group

## January 2012 (Month 10) Finance Report

### 1. Executive Summary

This report is presented to the WLCCG Finance and Performance Sub-Committee to update them on the financial, contractual and performance position for the ten months to the end of January 2013.

The month 10 position is in line with previous reports. West London CCG continues to be successful in the management of its commissioning budgets. The primary risk is overspends on its acute contracts, but these are offset by a favourable variance on the prescribing budget. This means that the CCG has not needed to utilise its contingency reserves to balance its financial position.

It was noted in last month's Board report that there were un-committed reserves in both Kensington and Chelsea PCT (K&CPCT) and Westminster PCT (WPCT). It has been agreed with NHS London that the PCTs can exceed their control totals by £5.3m and £5m respectively – this is an increase of £1.3m for Kensington & Chelsea. However, the likelihood is that both PCTs will underspend by even more than the agreed level, and NHS London has now confirmed that it will not authorise any further increases in the planned surplus. What this means in practice is that if the PCTs underspend by more than the agreed amount, the additional underspend will not be carried forward into 2013/14 and so the resource will be lost.

The risk is greatest in Kensington & Chelsea PCT, because the current forecast is that, unless new expenditure plans are agreed, the surplus will be £8.6m higher than has been agreed. This is driven in part by the return of the additional £4.7m surplus that was generated at the end of 2011/12.

In addition to the unspent surpluses in each of the PCTs, there is a £10m unspent budget at the cluster and approximately £14m of unspent non recurrent funds that were held by NHS London. Both of these amounts have now been released back to the 8 PCTs in North West London. Further cluster underspends are emerging, including an underspend because of the delays in the award of the Business Intelligence contract, and the positions in all 4 PCTs in the collaborative also improved in month 10. This exacerbates the risk that we will not be able to utilise the available funds.

Expenditure plans are currently being developed to ensure that the available resource can be used effectively. Plans will be subject to appropriate governance to ensure that they are robust and will deliver value for money for the NHS. The CCG has identified potential areas of spend which are being considered alongside other PCT and CCG plans. The process will be governed through the cluster as these budgets are subject to the current PCT scheme of delegation.

### 2. Summary of Financial Position 2012-13/ Month 10

Overall the CCG is ahead of the year to date plan to delivery its control total (the surplus target).

Group £'000	Budget YTD	Actual YTD	Variance YTD	Variance YTD %	Trend for previous two months	
					1 mth	2 Mth
CCG Resource Income	291,237	291,237	0	0.00%	→	→
CCG Resource Expenditure	(282,980)	(274,482)	8,498	3.00%	↓	↑
<b>Total Surplus / (Deficit)</b>	<b>8,257</b>	<b>16,755</b>	<b>8,498</b>	<b>102.92%</b>	↓	↑

The year to date under spend is £8.3m, which is a favourable variance of £8.5m against plan.

## NHS WEST LONDON CLINICAL COMMISSIONING GROUP

### Paper 5.1

Group £'000	Annual Budget	Forecast Actual	Forecast Variance	Variance YTD %
CCG Resource Income	375,513	375,513	● 0	0.00%
CCG Resource Expenditure	(365,612)	(359,308)	● 6,304	1.72%
<b>Total Surplus / (Deficit)</b>	<b>9,901</b>	<b>16,205</b>	● <b>6,304</b>	<b>63.66%</b>

The forecast under spend is £16.2m, which is a favourable variance of £6.3m against plan.

Group	Budget YTD	Actual YTD	Variance YTD	Variance YTD %	Trend for previous two months	
					1 mth	2 Mth
QIPP	(12,194)	(10,946)	(1,247)	(10.23%)	↓	↓

Group	Annual Budget	Forecast Actual	Forecast Variance	Variance YTD %
QIPP	(14,633)	(13,112)	● (1,521)	(10.39%)

The £1.3m year to date variance and £1.5m forecast variance is as a result of under achievement of various QIPP targets, notably community services and Putting Patients First. However, there the PPF QIPP has been improving over the last few months following the delays in implementation and a more accurate method for recording performance.



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	291,237	291,237	0	0.00%	→	→	375,513	375,513	0	0.00%	● 0	● 0	● 0
Primary Care Service	(2,474)	(2,652)	(178)	(7.20%)	↑	↓	(2,948)	(3,162)	(214)	(7.25%)	● (214)	● (214)	● (214)
Prescribing	(22,410)	(19,823)	2,587	11.55%	↑	↑	(26,892)	(23,636)	3,257	12.11%	● 3,751	● 3,257	● 3,033
Non-Acute Services	(103,418)	(102,330)	1,088	1.05%	↓	↑	(125,072)	(124,066)	1,006	0.80%	● 1,513	● 1,006	● 562
Acute Services	(143,445)	(146,002)	(2,557)	(1.78%)	↓	↓	(180,937)	(184,024)	(3,087)	(1.71%)	● (2,913)	● (3,087)	● (3,373)
Specialist Services	(8)	(8)	(1)	(7.44%)	→	→	(9)	(10)	(1)	(7.44%)	● (1)	● (1)	● (1)
Public Health and Other Commissioning Services	(271)	(269)	3	1.04%	↑	↑	(326)	(322)	3	1.04%	● 18	● 3	● 2
CCG Running Costs	(1,246)	(1,226)	20	1.57%	↓	↓	(1,495)	(1,495)	(0)	(0.00%)	● 0	● (0)	● 0
Corporate Services	(6,079)	(5,953)	126	2.07%	↑	↑	(7,429)	(7,157)	272	3.66%	● 386	● 272	● 12
Reserve and Contingency	(3,628)	3,781	7,409	204.20%	↓	↑	(20,504)	(15,437)	5,066	24.71%	● 6,056	● 5,066	● 6,284
<b>Total Surplus / (Deficit)</b>	<b>8,257</b>	<b>16,755</b>	<b>8,498</b>	<b>102.92%</b>	<b>↓</b>	<b>↑</b>	<b>9,901</b>	<b>16,205</b>	<b>6,304</b>	<b>63.66%</b>	<b>● 8,595</b>	<b>● 6,304</b>	<b>● 6,304</b>

The cumulative position as at month ten shows the WLCCG is in a robust financial position with a gross under spend against budget of £16,755k. The under spend against plan excluding the target surplus is £8,498k.

The forecast year end out turn is showing a surplus £16,205k. There is a favourable variance of £6,304k which includes £2,919k non recurrent savings attributable to 2011/12 accruals written off.

The forecast scenarios show that the best/highest case is a surplus of £8.6m with the worst/lowest being an under spend of £6.3m. The worst case at PCT level is the revised control total. 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 and back to back agreements.

The key variances are in Acute, Non-Acute and Prescribing and these will be further discussed in the following section.



**4. Commissioners Spend – Exception Reporting**

Detailed below is an analysis of the commissioning expenditure breakdown for the ten months to the end of January. Each budget area will be discussed in turn in the remainder of this report.

Commissioning Spend Breakdown (£'000)	Budget YTD	Actual YTD	Variance YTD	Variance YTD %	Trend for previous two months		Annual Budget	Forecast	Forecast Variance	Forecast Variance %
					1 mth	2 Mth				
Primary Care Service	(2,474)	(2,652)	(178)	(7.20%)	↑	↓	(2,948)	(3,162)	● (214)	(7.25%)
Prescribing	(22,410)	(19,823)	2,587	11.55%	↓	↑	(26,892)	(23,636)	● 3,257	12.11%
Non-Acute-Community Services	(32,356)	(33,063)	(707)	(2.19%)	↑	↓	(38,819)	(39,722)	● (902)	(2.32%)
Non-Acute-Older People Services	(16,792)	(16,114)	678	4.04%	↓	↑	(21,074)	(20,295)	● 779	3.70%
Non-Acute-Physical Disability Services	(3,265)	(2,823)	442	13.53%	↑	↑	(3,918)	(3,434)	● 485	12.37%
Non-Acute-Children Services	(2,637)	(2,348)	290	10.98%	↑	↑	(3,132)	(2,774)	● 359	11.45%
Non-Acute-Learning Disability Services	(5,143)	(4,969)	173	3.37%	↑	↑	(6,171)	(6,110)	● 61	0.99%
Non-Acute- SMS Services	(4)	(4)	0	0.00%	↑	→	(5)	(5)	● 0	0.00%
Non-Acute-Mental Health Services	(43,114)	(42,887)	227	0.53%	↓	↑	(51,823)	(51,580)	● 243	0.47%
Non-Acute-Sexual Health Services	(107)	(122)	(15)	(14.00%)	↑	↓	(129)	(147)	● (18)	(14.00%)
Acute- NHS SLA Services (incl. CQUIN & Ambulance)	(132,789)	(135,322)	(2,534)	(1.91%)	↑	↓	(159,064)	(162,104)	● (3,040)	(1.91%)
Acute- Other Acute Activity Services	(5,497)	(5,590)	(92)	(1.68%)	↓	↑	(6,223)	(6,352)	● (129)	(2.08%)
Acute- Other (incl. Pass Through Payments)	(5,159)	(5,090)	69	1.34%	↑	↓	(15,650)	(15,567)	● 83	0.53%
Specialist Services	(8)	(8)	(1)	(7.44%)	↓	→	(9)	(10)	● (1)	(7.44%)
Other- Public Health Services	(264)	(262)	1	0.42%	↓	↑	(316)	(315)	● 1	0.42%
Other- Other Commissioned Services	(8)	(6)	2	21.43%	↑	↑	(10)	(8)	● 2	21.43%
<b>Total Surplus / (Deficit)</b>	<b>(272,027)</b>	<b>(271,084)</b>	<b>943</b>	<b>0.35%</b>	<b>↑</b>	<b>↑</b>	<b>(336,185)</b>	<b>(335,220)</b>	<b>965</b>	<b>0.29%</b>

Acute – NHS SLA Services – (YTD – (£2,534k), Forecast (£3,040k))

At the time of writing the report information relating to the month had not been received from the Acute Commissioning Team. In previous months the overspend has been driven by non elective and outpatient overperformance.

Prescribing – (YTD – £2,587k, Forecast £3,257k)

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 –(£707k), Forecast (£902k))

The CLCH SLA is forecast to overspend by £1,318k (year to date £1,099k) as the SLA is higher than the budget due to the SLA being signed before 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 balanced out by underspends against UCC budgets (year to date £293k, forecast outturn £352k).

Non-Acute – Older People Services – (YTD – £678k, Forecast £779k)

The Continuing Care Spot Placement is under spent (year to date £492k, forecast outturn £628k), this is as a result of a reduction in the number of active placements since the budget was set. The block beds are being utilised fully and more clients are receiving care at home so there has been a reduction in the number of spot placements needed. The Non Continuing Care Spot Placements budget is also under spent (year to date £151k, forecast outturn £181k). The reason for this is also due to a reduction in active placements.

Non-Acute – Physical Disability Services – (YTD – £442k, Forecast £485k)

The Continuing Care budget is underspent (year to date £302k, forecast outturn £329k), this is as a result of fewer active placements since the budget was set. The Neurology rehabilitation placements budget is also under spending (year to date £174k, forecast outturn £197k) due to fewer placements being utilised.

Non-Acute – Children Services - (YTD – £290k, Forecast £359k)

The Early Year/Cheyne budget is underspending (year to date £144k, forecast outturn £184k), a large part of the under spend is due to a budget review. There has been a reduction in the underspend on Tier 4 spot purchasing (year to date £128k, forecast outturn £153k) as there have been two new high cost placements since December.



Non-Acute – Mental Health Services - (YTD – £227k, Forecast £243k)

The Non NHS C&V budget has moved from a forecast underspend to forecast overspend (year to date £11k, forecast outturn (£109k)), this is a result of a number of high cost placements starting in December.

5. **Running Costs**

WLCCG Management Costs 2012-13 Finance Report Month 10

	Annual Budget	YTD Budget	YTD Actual	Variance	Forecast Outturn	Forecast Outturn Variance
	£	£	£	£	£	£
<b>Funding</b>						
CCG RRL Funding - £2 per head	455,000	379,167	379,167	0	455,000	0
CCG Internally Generated Funding - £3.80 per head	1,039,986	866,655	866,655	0	1,039,986	0
<b>Total funding</b>	<b>1,494,986</b>	<b>1,245,822</b>	<b>1,245,822</b>	<b>0</b>	<b>1,494,986</b>	<b>0</b>
<b>Expenditure</b>						
<b>CCG Board Member Costs</b>						
GP Chair	113,850	94,875	110,300	(15,425)	132,360	(18,510)
GP Deputy Chair	76,800	64,000	100,000	(36,000)	120,000	(43,200)
GP Vice Chair	90,900	75,750	69,600	6,150	83,520	7,380
Other GP Members	248,700	207,250	228,522	(21,272)	274,227	(25,527)
Practice Manager	18,600	15,500	15,975	(475)	19,170	(570)
Practice Nurse	6,700	5,583	1,675	3,908	2,010	4,690
Patient Representative	5,000	4,167	4,050	117	4,860	140
Sub-committees	30,000	25,000	10,770	14,230	12,924	17,076
<b>Sub-total - CCG Board Member Costs</b>	<b>590,550</b>	<b>492,125</b>	<b>540,892</b>	<b>-48,767</b>	<b>649,071</b>	<b>(58,521)</b>
<b>CCG Direct Costs</b>						
Managing Director	223,200	186,000	202,613	(16,613)	224,613	(1,413)
Business Support	51,600	43,000	46,038	(3,038)	55,245	(3,645)
Neighbourhood Support	54,100	45,083	60,908	(15,825)	73,090	(18,990)
Strategic Finance Support	229,100	190,917	187,337	3,580	187,337	41,763
Project Managers	80,000	66,667	55,666	11,001	77,666	2,334
Cleaning	0	0	42	(42)	42	(42)
Printing & Stationery	100	83	4,494	(4,410)	5,393	(5,293)
Office Equipment	500	417	1,071	(655)	1,071	(571)
Medical Equipment	0	0	2,974	(2,974)	2,974	(2,974)
Postage	0	0	9	(9)	11	(11)
Mobile	0	0	823	(823)	987	(987)
Advertising	0	0	759	(759)	759	(759)
Travel & subsistence	2,000	1,667	516	1,151	619	1,381
Hospitality	15,000	12,500	13,289	(789)	15,947	(947)
Conference & course fees	5,000	4,167	0	4,167	0	5,000
Other costs - Convenors	36,400	30,333	30,489	(155)	36,586	(186)
<b>Sub-total - CCG Direct Costs</b>	<b>697,000</b>	<b>580,833</b>	<b>607,027</b>	<b>(26,194)</b>	<b>682,340</b>	<b>14,660</b>
<b>Organisation development costs</b>						
Consultancy	100,000	83,333	60,635	22,698	82,762	17,238
Room Hire	20,000	16,667	14,721	1,946	17,665	2,335
<b>Sub-total - OD Costs</b>	<b>120,000</b>	<b>100,000</b>	<b>75,356</b>	<b>24,644</b>	<b>100,427</b>	<b>19,573</b>
<b>Service Development costs</b>						
<b>Consultancy - balance</b>	81,186	67,655	2,910	64,745	2,910	78,276
Premises Survey	6,250	5,208	1,000	4,208	6,250	0
<b>Sub-total - Service Development Costs</b>	<b>87,436</b>	<b>72,863</b>	<b>3,910</b>	<b>68,954</b>	<b>9,160</b>	<b>78,276</b>
<b>Total expenditure</b>	<b>1,494,986</b>	<b>1,245,822</b>	<b>1,227,185</b>	<b>18,637</b>	<b>1,440,997</b>	<b>53,989</b>

The current forecast outturn is an underspend of £54k.