

1 OVERVIEW

At the end of December, Walsall CCG's management accounts show an underspend of £2,600k against its budget year to date (YTD) of £262,229k compared to a planned underspend of £2,555k. This provides a positive variance of £45k YTD. The forecast outturn (FOT) remains at an underspend of £3,466k.

No further risks have been identified since last month and remain as previously reported.

The CCG will provide mitigation by adopting the actions outlined below. In so doing, the control total would still be met.

Description of Risks	Full Risk £000's	Probability (%)	Potential Risk £000's
Acute SLA's	4,400	90%	3,960
Premises Recharge based on 2012/13 Budget	500	100%	500
Mental Health & LD	1,000	95%	950
QIPP Under-Delivery	700	5%	35
Patient Transfer/SES&SCCG	800	63%	500
Total Risks	7,400		5,945
Description of Mitigations	Initial Estimate £000's	Forecast Position £000's	Expected Mitigation £000's
Contingency Held	4,339	655	3,684
Contribution from Baseline GP Prescribing	1,149	- 950	1,149 950
Utilisation of 2% non-recurrent reserve			
Transitional Support Walsall Healthcare	4,000	4,534	-534
Dudley/Walsall MH Partnership Trust	1,200	300	900
CCG non-recurrent investments to include Surge Plan	1,582	1,582	-
Total Mitigation	12,270	5,587	6,149

Appendices

The appendices are as follows:

- A Summary Overview
- B Walsall CCG's financial position
- C CCG Running Costs
- D Learning Disability Pooled Fund Account as at 31 December 2013
- E Balance Sheet

2 RESOURCES AVAILABLE

The table below analyses the allocations available to the CCG as at 31 December 2013.

Allocation Summary – December 2013	Recurrent	Non- Recurrent	Total
	£000's	£000's	£000's
Total Month 8 (November)	343,752	12,598	356,350
Total Month 9 (December)	343,752	12,598	356,350
Total Allocations per Board Report	343,752	12,598	356,350

The total allocation for the CCG remains at £356.3m

Clarification is still awaited on whether there will be a technical allocation in respect of the required rate of return on working balances.

3 COMMISSIONING

Appendix A shows summarised expenditure to date on CCG budget areas with Appendix B providing more detail.

CCG RUNNING COSTS

CCG Running Cost budgets are underspent by £371k to date. It is anticipated that CCG Running costs will continue to underspend and become by £385k by year end.

MENTAL HEALTH

Mental Health services show a year to date net overspend of £771k, of which Mental Health is overspent by £1,371k, reduced by an underspend of £600k in Learning Difficulties. In Mental Health, CAMHS services are overspent by £297k year to date and there is an overspend of £1,296k in Adult services – as previously stated, both of these variations are due to an increase in the number of clients requiring specialist support in out of borough placements. The review of out of area cases is ongoing – a small number of clients have now transferred to alternative care packages at a reduced cost, and care co-ordinators are formulating plans for long term care for others. Actual recharges for joint funded packages have now been received from Walsall MBC, and as a result, the overall forecast overspend for these services has now reduced by £135k, to an overspend of £1,533k.

Learning Difficulties services show a year to date underspend of £600k, due to the reduced numbers of new clients meeting CHC criteria, resulting in slippage of funds earmarked to meet these costs. The Pooled Budget is still in an overspend position, at £1,637k as at Month 09, with the CCG meeting a proportion of this at £185k – this represents a reduction of £178k to that reported at Month 08. However, given the volatility of the service costs, together with the savings still to be delivered by year end, the net forecast underspend of £700k has been retained.

Thus, the net forecast overspend for Mental Health and Learning Difficulties services is £833k.

ACUTE CONTRACTS

In order to fulfil the requirements of the nationally mandated reporting timetable the CCG financial reports have been based upon eight months finance and activity information received from providers projected to the end of December on a straight line basis. Following the adoption of this methodology, recurrent expenditure on Acute contracts is £2,171k overspent year to date, of which Walsall Healthcare contributes £1,377k. This comprises £637k in relation to Acute contractual overspends and £740k relating to High Cost drugs. This excludes non-recurrent expenditure which is discussed within the reserves section of this report.

Since the production of the financial statements, the CCG is in receipt of month 9 performance information from Walsall Healthcare for the month ending 31 December 2013. On the basis of this information the recurrent contract over performance to the end of December is £756k and High Cost drugs are £740k overspent.

The forecast outturn based on the adoption of this straight line methodology would result in a recurrent over performance of £2,001k. This has worsened from last months projections, however a detailed analysis of Trauma and Orthopaedic activity has been undertaken which transfers an element of the previously reported non recurrent activity into recurrent activity, partly due to an additional pressure to meet the 18 week target in this area. In order to reflect prospective growth in emergency care over the winter period, the forecast outturn has been revised to £2,325k thereby retaining the flexibility to fund potential peaks in demand. In addition, an overspend of £816k on high cost drugs is forecast, bringing the total overspend to £3,141k for this provider.

A detailed analysis outlining the key areas of over performance at Walsall Healthcare NHS Trust is shown in the following tables.

It should be noted that the figures do not include the impact of any contractual penalties or the withholding of any payments that may be identified and agreed during the reconciliation process as laid out in the contract.

Summary Performance Table: Walsall Healthcare

M9 Recurrent Activity Summary

Patient Type	Activity				
	Annual Contract	YTD Contract	YTD Actual	YTD Variance	% Variance
	UoA	UoA	UoA	UoA	UoA
A&E	59,965	45,597	43,235	-2,362	-5.18%
Critical Care	3,601	2,714	2,430	-284	-10.45%
Elective Inpatient	2,976	2,220	2,233	13	0.58%
Emergency Inpatient	20,782	15,642	16,645	1,003	6.41%
Emergency Activity Threshold adjustment	-	-	-	-	-
Non Elective Inpatient	3,492	2,631	2,632	1	0.05%
Inpatient Sub Total	27,249	20,493	21,510	1,017	4.96%
Maternity Pathway (New)	6,775	5,082	3,134	-1,948	-38.33%
Rehabilitation	3,783	2,850	2,414	-436	-15.30%
Outpatients	170,536	127,220	134,904	7,684	6.04%
Unbundled Imaging	22,177	16,544	17,734	1,190	7.19%
Other	1,129,543	850,798	918,929	68,131	8.01%
Total	1,423,629	1,071,297	1,144,289	72,992	6.81%

NB Trauma & Orthopaedics activity now analysed between recurrent and non-recurrent

Patient Type	Finance						
	Contract Value	YTD Contract Value	YTD Actual Value	YTD Variance Value	YTD Variance	FOT Variance	FOT Variance
	£000's	£000's	£000's	£000's	%	£000's	%
A&E	6,494	4,938	4,795	-143	-2.89%	-100	-1.54%
Critical Care	4,423	3,332	2,963	-369	-11.08%	-472	-10.67%
Elective Inpatient	7,780	5,804	6,283	479	8.26%	1,173	15.08%
Emergency Inpatient	38,206	28,775	30,167	1,393	4.84%	2,003	5.24%
Emergency Activity Threshold adjustment	-	-	-1,529	-1,529	-	-2,040	-5.34%
Non Elective Inpatient	6,266	4,721	4,617	-103	-2.19%	-50	-0.79%
Inpatient Sub Total	52,252	39,300	39,539	239	0.61%	1,087	2.08%
Maternity Pathway	6,197	4,648	4,587	-60	-1.30%	132	2.13%
Rehabilitation	959	723	612	-111	-15.30%	-143	-14.91%
Outpatients	18,018	13,442	14,325	883	6.67%	1,198	6.65%
Unbundled Imaging	2,368	1,767	2,054	287	16.26%	370	15.64%
Other	57,644	43,201	43,230	29	0.07%	-72	-0.12%
Contingency						324	
Total	148,355	111,349	112,105	756	0.68%	2,325	1.60%

The inpatient variance can be further analysed into specialty areas.

Inpatient Key Variance Analysis

Recurrent Inpatient Activity by Specialty	Specialty	YTD Variance	YTD Variance Value
		UoA	£000's
Elective	Cardiology	21	88
	Diabetic Medicine	2	7
	General Medicine	1	17
	General Surgery	(49)	270
	Gynaecology	27	64
	Others	10	33
Elective Total		13	479
Emergency (Net of ETD)	Cardiology	202	374
	Diabetic Medicine	376	552
	General Medicine	1,026	142
	General Surgery	(86)	(657)
	Gynaecology	10	(62)
	Others	(526)	(486)
Emergency Total		1,003	(137)
Non Elective	Cardiology	(6)	(7)
	General Medicine	4	(14)
	General Surgery	(1)	(4)
	Gynaecology	0	(9)
	Others	4.29	(69)
Non Elective Total		1	(103)
Grand Total		1,017	239

Key Specialty Variance Analysis: Walsall Healthcare

Inpatient Specialty	Activity Variance	Value Variance
	YTD	YTD
		£000's
Cardiology	218	455
Diabetic Medicine	378	559
General Medicine	1,031	145
General Surgery	(135)	(391)
Gynaecology	37	(7)
Obstetrics	-	-
Others	(512)	(522)
Total	1,017	239

Outpatients are over performing by 12,769 attendances to month 9 (Inclusive of non-recurrent activity) which is forecast to become 17,026 by year end with a financial value of £885k to month 9 and £1,198k by year end.

Outpatients Variance	YTD UoA	YTD £000's	FOT UoA	FOT £000's
New	3,220	3	4,293	587
Follow Up	7,681	597	10,242	335
Procedure	1,868	285	2,491	276
	12,769	885	17,026	1,198

Outpatient variances can be analysed further by specialty with the key specialty areas being shown in the table below.

Outpatients Year to date	Activity Variance YTD				Finance Variance YTD			
	New	Follow Up	Procedure	Total	New	Follow Up	Procedure	Total
	UoA	UoA	UoA	UoA	£000's	£000's	£000's	£000's
100 General Surgery	131	745	-155	721	19	62	-24	57
101 Urology	359	1,334	63	1,756	48	99	14	161
320 Cardiology	-76	-621	-	-697	-14	-64	-	-78
330 Dermatology	250	-137	1,093	1,206	27	-9	145	163
340 Respiratory Medicine	6	696	-2	699	-1	72	-1	71
410 Rheumatology	44	846	-5	886	10	89	-1	98
Other	2,506	4,818	874	8,198	-86	348	152	413
Total	3,220	7,681	1,868	12,769	3	597	285	885

Other Acute Contracts

The table below outlines the contractual performance for the remaining contracts for which Walsall CCG is an Associate. As can be seen, significant forecast cost variances have been projected for Dudley Group (£1,068k) and Birmingham Children's Hospital (£212k). This predominantly relates to the introduction of the vascular surgery service at Dudley Group and the forecast increase in the utilisation of complex children's services at Birmingham Children's Hospital which is currently being explored by the CCG. The impact of this forecast increase in costs is partly offset by the use of the Acute contingency reserve of £414k resulting in a forecast overspend of £874k.

Other Acute Summary	Annual Budget £000's	YTD Budget £000's	YTD Actual £000's	YTD Variance £000's	FOT £000's	FOT Variance £000's
Acute Contracts						
Birmingham Children's Hospital NHSFT	1,215	911	1,070	159	1,427	212
Birmingham Women's Hospital NHSFT	176	132	177	45	232	56
Burton Hospitals NHS FT	194	145	168	23	225	31
Dudley Group of Hospitals	1,102	826	1,627	801	2,170	1,068
Mid Staffs NHS Trust	1,710	1,283	1,270	-12	1,699	-11
Robert Jones & Agnes Hunt	114	86	124	39	160	46
Royal Orthopaedic	1,744	1,308	1,261	-47	1,682	-62
Shrewsbury & Telford	128	96	96	-	128	0
University Hospital Coventry/Warwickshire NHST	187	140	84	-56	114	-73
University Hospital North Staffs	180	135	259	124	311	131
Worcester Acute	128	96	46	-50	18	-110
	6,878	5,157	6,184	1,026	8,166	1,288
Other (including application of reserves)	626	469	222	-247	212	-414
Total	7,504	5,6271	6,406	779	8,378	874

Non-Contracted Activity

The year to date position for this area is an underspend of £303k and the forecast underspend remains at £450k.

PRIMARY CARE COMMISSIONING

Out of Hours Services show a year to date overspend of £35k, following the reconciliation of activity for the second year of the contract, which resulted in additional payments being made. However, the forecast position is £137k underspent, due to the costs of accommodation now being incorporated into the overall recharge from NHS Property Services.

Prescribing

The Prescribing underspend to December is £712k and forecast outturn underspend is £950k. This is based on October reports received from NHS Prescription Services. As always the prescribing outturn will be subject to change as a consequence of volatility in this area.

Enhanced Services are showing an underspend of £95k to the end of December due to slippage. The forecast underspend for Enhanced Services is £100k.

NON ACUTE CONTRACTS

Non Acute Contracts shows a year to date underspend of £255k inclusive of Continuing Care. This continues to be mainly due to slippage within Telemedicine (£410k). The forecast outturn is now £114k underspent, which represents a movement of £51k since Month 08 reporting – this is predominantly due to a shift of £51k in continuing care.

CONTINUING CARE AND FREE NURSING CARE (FNC)

At the end of December this budget has a year to date overspend of £227k. The table below analyses the expenditure to date and associated variances by client group:

	Annual Budget £000	Budget YTD £000	Actual YTD £000	Variance YTD £000	Forecast Outturn £000
Children's	921	690	776	86	1,001
Mental Health	3,615	2,710	2,942	232	4,051
Physical Disability	9,912	7,430	7,155	(275)	9,329
Learning Disability	5	3	0	(3)	0
Funded Nursing Care	1,605	1,202	1,290	88	1,681
Palliative Care	498	373	346	(28)	481
Personal Health Budget	0	0	51	51	105
Other – Travel, Equip.	0	0	76	76	97
Total	16,556	12,408	12,636	227	16,745

This month overall client numbers have remained fairly static although the client mix has changed with increases in Mental Health and Palliative Care and a decrease in Physical Disability. Total expenditure of £16,745k is forecast, which would result in an overspend of £189k.

COMMUNITY CONTRACTS

The Community Contracts forecast overspend remains at £46k, due to increased patient referrals to Royal Wolverhampton Hospitals NHS Trust for specialist Neuro-Rehabilitation services.

SPECIFIC PROGRAMMES

Specific programmes show an overall overspend to date of £90k, with forecast overspend at £73k, which is predominantly due to additional costs in re-ablement services.

HEALTH INFRASTRUCTURE

The annual budget for commissioning reserves is £12,773k comprising:

- 2% non-recurrent (NR) reserve £6,782k
- Other recurrent reserves £4,394k.
- Additional winter monies £1,597k which is forecast to be fully utilised

The estimated application of commissioning reserves based on performance to date is shown in the table below. This would enable the CCG to meet its revised control target surplus of £3,466k.

Reserves - December 2013	Annual Budget	FOT	FOT variance
	£000's	£000's	£000's
2% Non-Recurrent Reserve			
Non Acute	1,582	1,582	-
Acute - Support A&E Reconfiguration	2,000	1,642	-358
Acute - Non Recurrent Activity	2,000	2,892	892
MH	1,200	300	-900
Sub Total 2% NR Reserve	6,782	6,416	-366
Additional Winter Monies	1,597	1,597	-
Other Committed Reserves	691	503	-188
Flexibility Reserve	3,703	716	-2,987
Sub Total Other Reserves	5,991	2,816	-3,175
Total Commissioning Reserve	12,773	9,232	-3,541

Committed funds will be transferred out in due course to the appropriate programme expenditure areas.

Of the 2% reserve (£6,782k), £2,000k is earmarked to support non-recurrent QIPP programmes. Expenditure associated with the transition to the new Maternity pathway and the Trauma and Orthopaedics waiting list initiative has been charged against this reserve.

The Trauma and Orthopaedic activity has been reviewed and a revised assessment made of the activity which relates to the waiting list initiative undertaken earlier in the year. Activity is again approaching the 18 week target and has therefore been classified as recurrent and included in the acute contracts section above.

The old maternity pathway activity is now complete and only minimal post natal activity is expected in this financial year.

Summary Non-Recurrent Activity		Activity Variance YTD	Financial Variance YTD	FOT Variance
Specialty	Point of Delivery (POD)	UoA	£000's	£000's
Maternity/Midwifery	Community Midwifery	19,523	987	986
	Inpatient (Net of ETD)	905	379	392
	Outpatient	4,901	415	425
	Ward Attenders	3,215	9	12
Sub Total Maternity		28,544	1,791	1,815
T&O	Daycase	112	248	310
	Inpatient	143	618	794
	Outpatient	184	104	188
	Other	421	24	19
Sub Total T&O		861	994	952
Other		-	-234	-234
Total Non-Recurrent		29,405	2,551	2,892

The commitment of £300k against the reserve of £1,200k for Mental Health services has now been confirmed.

The total uncommitted balances within reserves as at the end of Month 09 total £2,774k which is being utilised to offset the overspending in other programme expenditure areas.

Property Services

The CCG is in receipt of a letter from the Department of Health outlining the billing arrangements for property costs for quarters three and four of the financial year. The initial intention was that property costs would be

based on actuals in quarters three and four which has been reflected in the forecast expenditure assumptions for the CCG. The revised guidance indicates that CCGs will be invoiced based on the initial allocations issued by NHS England in July 2012. The revision in methodology, designed to maintain stability in NHS organisations, has resulted in an increase in the forecast expenditure of £515k. The CCG had undertaken an estates rationalisation process as part of its QIPP programme but will not be in a position to benefit from these savings in 2013/14 as a consequence of the change in charging arrangements. It is envisaged that the CCG will benefit from these savings in 2014/15 onwards as the charges for property costs will be based on actual costs.

4 LEARNING DIFFICULTIES POOLED BUDGET

Appendix D shows the year to date expenditure for the Learning Difficulties Pooled Budget, and shows an overspend of £1,589k, which is an improvement of £164k on the Month 08 position – this is due to a reduction in placement costs, together with additional income from other commissioners. As a result, the forecast outturn now shows an overspend of £1,637k which represents an improvement of £637k on the Month 08 position – as per the agreement, the first £973k of any overspend is to be met by the MBC and the CCG will then fund 28% of the remaining balance – at this stage this equates to £185k which will be met by reserves within Learning Difficulties.

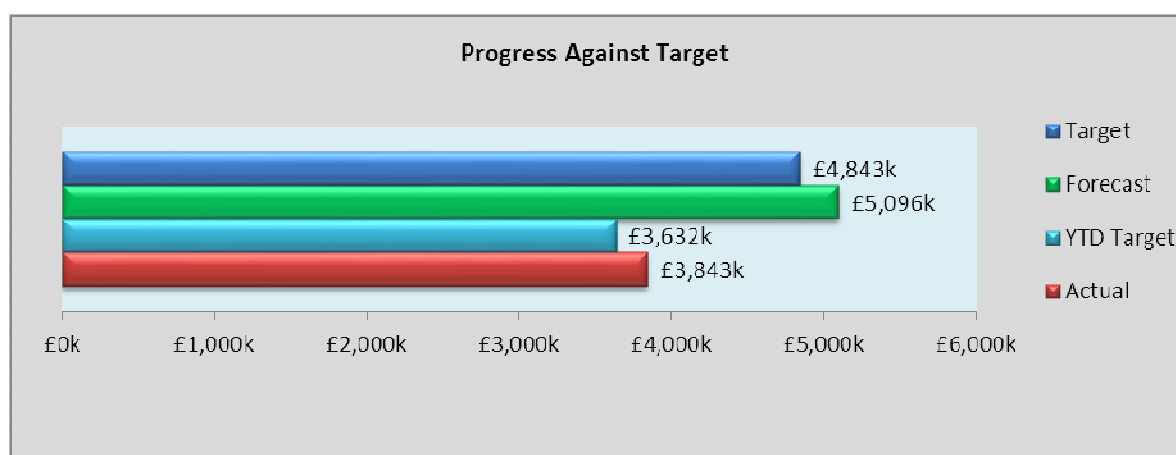
5 QIPP

QIPP Performance Period Ending December 2013

A key determinant of the CCG's ability to meet the control total agreed with the Area Team is the successful delivery of the 2013/14 QIPP programme. In formulating the financial plan for 2013/14 the CCG set a local QIPP target of £4.8m which was based upon the redesign of services across the commissioning portfolio resulting in the adoption of 17 QIPP schemes. The Finance, Contracting and QIPP sub-committee receives regular updates on the performance of the overall programme.

The tables below show that the CCG is on course to exceed its target of £4.8m by £300k with current performance delivering QIPP savings of £3.8m against the target of £3.6m for December.

The adoption of this programme of service redesign has in part enabled the CCG to invest in the key priorities outlined in the 2013/14 financial plan



The table below analyses performance across individual programme areas. At this stage the CCG is forecasting that the QIPP schemes will deliver a saving of £5.1 million.

Programme Area	Sum of Annual Programme £000	Year to Date Target £000	Year to Date Achievement £000	Forecast Outturn £000
Continuing Health Care	250	187	0	0
Estates	100	75	75	100
Home Oxygen Review	100	75	0	0
Medicines Management	855	641	687	989
Mental Health & Learning Disabilities	611	458	860	1,046
Unscheduled Care	528	396	436	582
Planned Care	2,399	1,800	1,785	2,379
Grand Total	4,843	3,632	3,843	5,096

6 BALANCE SHEET

A detailed analysis of the CCG's balance sheet, together with commentary, can be found at Appendix E.

Resources Department

21 January 2014