

A meeting of the Governing Body 4th April 2013

ENCLOSURE 06 MONTH 11 FINANCE AND QIPP REPORT

RESPONSIBLE LEAD: Tony Read, Chief Financial Officer

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RECOMMENDATIONS:

The Committee is asked to: -

Note the Finance and QIPP report

SUMMARY:

This report covers the eleven month period to 28th February 2013 for Lewisham PCT. As at Month 11, the PCT is reporting a financial surplus of £ 5.102m year to date (YTD) and is predicting to deliver on a full year forecast (FYF) basis, the planned 1% surplus.

The PCT's QIPP savings target is a full year plan of £9.1m, and a stretched to a budget of £9.81m. Against the £9.81m QIPP budget, the present forecast outturn is a £41k better than target. The summary QIPP report is available as Appendix 1.

KEY ISSUES:

At Month 11 the PCT is meeting the planned 1% surplus year to date and expected to deliver the 1% planned surplus at the year end.

The PCT expects to deliver its statutory financial duties:

- To breakeven against its revenue resource limit
- To manage within its cash limit
- To manage within its capital resource limit

The acute expenditure position remains the most significant area of expenditure pressure. The PCT's reserves are required to cover the forecast range of acute overspend.

The month position includes a full year estimate of £1.4m in respect of retrospective continuing care claims. This is a significant risk.

Delivery of the CCG budgeted QIPP savings is better than target, allowing the CCG to deliver its operating plan QIPP savings

The main issues of the PCT's financial position that were explored in detail at the March Delivery Committee are outlined below.

Acute and specialist services

Month 11 acute expenditure is based on Month 10 activity data.

Acute and specialist services are £5.4m overspent at Month 11 with a full year forecast of £5.6m (2.0%) overspent. This reflects the agreed Year End Position for Lewisham Healthcare NHS Trust £4.2m overspent; Kings at £2.6m overspent; and Guys and St Thomas' a £1.1m overspent. These forecast have been partly offset by underspends with other providers and by full use of reserves held in acute budgets.

Health Client Groups

There is an overall favourable variance of £2.1m against plan to the end of February and a projected underspend of £2.3m at year end. This represents a £700k movement in month due to a reduction in overseas visitors, a reduction in expenditure in the pan London HIV prevention programme and a review of children's continuing care packages commitments.

QIPP savings of £1.40m in mental health services in 2012/13 are on track to be delivered in full.

Primary care

Overall primary care (excluding prescribing) is underspent by £0.71 m at Month 11 with a full year forecast underspend of £0.81m.

Prescribing

A £1.6m underspend is reported year to date and full year forecast of £1.78m.

Corporate

Corporate budgets are forecasting a £1.1m underspend.

Reserves

The PCT will need to use all of its reserves in order to deliver the planned year end surplus of £5.52m, taking into account the range of forecast out-turn positions for acute services.

Risk

The most significant expenditure risk relates to the future liabilities for payments against valid continuing care claims. An initial provision of £1.4m is reflected within the month 11 position. Work is being undertaken to more accurately assess the potential full impact of claims and it is likely that the full year estimate will increase towards £2m.

The risk around the acute position has been reduced following the agreement of year end position with the main acute providers.

STAKEHOLDER INVOLVEMENT

To be communicated to the GP Membership

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