

NHS PETERBOROUGH
Peterborough Primary Care Trust
(Working in partnership with Peterborough City Council)

SUBJECT: MONTH 11 FINANCE REPORT AND 2009/10 FORECAST

ACTION REQUIRED: FOR DISCUSSION AND NOTING

MEETING: NHS PETERBOROUGH BOARD

DATE OF MEETING: 25 MARCH 2010

REPORT OF: KEN SHARP, INTERIM DIRECTOR OF FINANCE

1 SUMMARY

1.1 Position as at 28 February 2010

The overspending at 28 February (Month 11) is £11.0m, which is the same position as for January compared with increases of £1.3m and £2.6m respectively in the previous two monthly periods.

1.2 Forecast outturn for 2009/10

Whilst the rate of overspending has reduced it will not be possible to meet the previously forecast outturn for the year and it is anticipated that the final position will be a deficit of £11.8m.

1.3 Action

Whilst action continues to be taken to restrict expenditure wherever possible in the last weeks of the financial year the scope for new action is extremely limited.

2 FINANCIAL POSITION AS AT 28 FEBRUARY (M11)

2.1 At the end of February the PCT is overspent by £11.0m (3.8%) as shown on appendices 1 – 4 attached and summarised as follows:

Business segment	Budget to Feb	Expenditure to Feb	Variance at Feb	Variance at Jan
	£'000	£'000	£'000	£'000
NHS Acute Trusts	83,887	87,571	-3,684	-3,594
Other NHS services	55,650	58,917	-3,267	-3,242
Non-NHS services	4,316	7,000	-2,684	-2,650
Continuing care	3,254	5,867	-2,613	-2,454
Corporate services	24,029	25,088	-1,059	-896
Reserves	1,728	0	1,728	1,753
Commissioning External Total	172,864	184,443	-11,579	-11,083
Peterborough Community Services	59,652	59,673	-21	-196
Total Pooled Budget	232,516	244,116	-11,600	-11,279
Non-pooled Budget	54,919	54,724	195	144
Hosted Services	5,689	5,304	385	151
PCT Total	293,124	304,144	-11,020	-10,984

2.2 Externally commissioned services

This is where the main overspending lies. The summary position is shown on appendix 3 and the main reasons are:

- NHS Acute trusts (overspent £3.7m)
 - Peterborough & Stamford Hospitals (overspent £2.8m) – see appendix 7.
 - Cambridge University Hospitals (overspent £0.7m)
 - University Hospitals Leicester (overspent £0.3m)

- Other NHS services (overspent £3.3m)
 - Specialist commissioning consortia (overspent £1.9m)
 - Non contracted activity (overspent £0.6m)
 - The mental health trust contract, care placements, and the ambulance service contribute £0.7m overspending between them.

- Non-NHS commissioning (overspent £2.7m)
 - The Fitzwilliam Hospital orthopaedic contract to date is overspent and the In-health contract for audiology and the Wentworth Croft contract for intermediate care beds are not funded.

- Continuing care (overspent £2.6m)
 - This represents both higher numbers of cases and costs than budgeted together with an increase in the complexity and cost of packages delivered.

- Corporate services (overspent £1.1m)
 - PCT management budgets are showing an improvement at £0.4m overspent but the City Care Centre under-recovery of costs has increased to £0.8m.

- Reserves
 - The contingency and commissioning reserves totalling £1.7m are held against the overspending.

2.3 Peterborough Community Services

The provider services position has improved further to almost a balanced position.

2.4 Non-pooled services – Primary Care

These services are marginally underspent

2.5 Variation between M11 and M10

The overspending has remained static in the month which is an improvement on the £1.3m and £2.6m increase in January and December respectively.

3 FORECAST OUTTURN 2009/10

3.1 The forecast outturn is as follows:

Business segment	Forecast Variance £m
NHS Acute Trusts	-3.5
Other NHS services	-3.6
Non-NHS services	-2.9
Continuing care	-2.9
Corporate services	-1.1
Reserves	1.8
Commissioning External Total	-12.2
Peterborough Community Services	0
Total Pooled Budget	-12.2
Non-pooled Budget	0
Hosted Services	0.4
PCT Total	-11.8

The forecast outturn takes account of:

- An expected achievement of £7.5m for the Financial Recovery Programme.
- The overspend of £2.1m for the services commissioned by the Specialist Commissioning Group (SCG) over which the PCT has very little control.
- Higher under-recovery of costs of the City Care Centre.
- The remaining contingency and commissioning reserves of £1.8m.

Although the financial recovery plan has achieved significant savings it will not have been possible to achieve the full target, and particularly the additional elements sought in January, e.g.

- Some elements of NHS and non-NHS commissioned acute services where the access targets were at risk
- Restriction of the mental health contracts due to higher demand for specific elements of the contract
- Continuing healthcare legally required

3.2 Risks

Known risks have been incorporated in the forecast outturn but two remain uncertain at present:

- Specialist services – discussion is continuing with the SCG
- City Care Centre – recovery of expenditure from service providers is to be finalised, as are some accounting aspects of the PFI scheme.

4 CASH IMPLICATIONS

An amount of £6.2m has been required to maintain prompt payments and this has been provided by the SHA as an addition to the resource limit.

5 CAPITAL

The progress with the capital programme is set out in appendix 9 and indicates a slippage of £0.6m which is also expected to be the position at the year end. Arrangements will be made to carry forward the remaining funds to 2010/11.

6 IMPLICATIONS FOR 2010/11

The plan for 2010/11 is being prepared and requires considerable disinvestment to ensure the PCT repays the forecast 2009/10 deficit and achieves break-even in year.

The Plan will be separately presented to the Board.

Ken Sharp
Interim Finance Director
18 March 2010