

SCRUTINY COMMISSION FOR HEALTH ISSUES	Agenda Item No. 6
12 JANUARY 2010	Public Report

Report of NHS PETERBOROUGH

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NHS PETERBOROUGH BUDGETARY MONITORING REPORT TO 30TH NOVEMBER 2009

1. PURPOSE

1.1 The report is presented for monitoring purposes.

2. RECOMMENDATIONS

This report recommends that the Commission discuss the PCT's financial position and note:

2.1 The forecast performance for the 2009/10 financial year against key Statutory and Administrative targets as set out in the table below:

Target	Frequency of Measurement	Forecast Performance	Summary Comment
Do not Exceed Revenue Resource Limit (RRL) i.e. Financial Balance	Yearly	Red	Overall year end forecast outturn is a deficit of £6.4m. Significant financial pressures experienced to date and projected for the future are unlikely to be fully managed during the remaining months of the year
Do not Exceed Capital Resource Limit	Yearly	Green	Overall year end forecast at least break even
Do not exceed Overall Cash Limit	Yearly	Red	Year end forecast is that cash will be managed within limits. Risks due to resource pressures need to be managed as part of the cash management function
Achieve Full Cost Recovery on Provider Function	Yearly	Green	Year end requirement for Peterborough Community Services is breakeven
Achieve 3.5% Return on Capital	Yearly	Green	Low risk, requires relevant calculation of and application of capital charges into financial position
Achieve Better Payment Practice Code	Yearly	Amber	Position, currently not achieving across all 4 measures. Likely to come under further pressure as cash is managed in the remaining months of the year

- 2.2 The overall PCT revenue position to the end of November 2009 described in the attached appendices is an overspend of £7,036k, this is summarised in the table below:

Business Segment	Variance to Date £000	Previous Variance £000	Forecast Outturn £000
Commissioning External	(6,871)	(4,111)	(6,918)
Commissioning Internal	(544)	(349)	0
Total Pooled Budget	(7,415)	(4,460)	(6,918)
Non Pooled	338	163	338
Hosted Services	41	3	180
PCT Total	(7,036)	(4,294)	(6,400)

- 2.3 Whilst a financial recovery plan has been developed, it is unlikely to be of sufficient scale to fully address the financial pressures currently facing the PCT and a deficit of £6,400k is currently forecast.

3. DETAILED FINANCIAL POSITION

5.1 Revenue Summary (Appendix 1)

Appendix 1 provides a summary of the PCTs revenue position at the end of November 2009.

Business Segment	Variance to Date £000	Previous Variance £000	Forecast Outturn £000
Commissioning External	(6,871)	(4,111)	(6,918)
Commissioning Internal	(544)	(349)	0
Total Pooled Budget	(7,415)	(4,460)	(6,918)
Non Pooled	338	163	338
Hosted Services	41	3	180
PCT Total	(7,036)	(4,294)	(6,400)

The Sections 5.2 through to 5.4 give further detail on the different elements of the PCTs activities that are driving this position.

5.2 Revenue Resource Summary (Appendix 2)

Appendix 2 shows the PCTs overall resource (income) position. Since the last report received by the Board there have been no significant changes to the overall resources available to the PCT.

5.3 Pooled Revenue Expenditure Summary (Appendix 3, 7 and 8)

Appendix 3 shows the summary expenditure position for the Pooled Fund. Appendix 7 provides detailed analysis for the Peterborough and Stamford Hospitals NHS Foundation Trust contract and Appendix 8 provides a breakdown of the Peterborough Community Services Service Level Agreement across the main service heading areas.

5.3.1 Peterborough and Stamford Hospitals Foundation Trust

- **Elective care** is in total £164k (1.7%) overspent to date with activity 44 cases (0.4%) above plan. Breaking this down between day case and inpatient activity, the day case position is an underspend to date of £246k (4.9%) with activity 206 cases (2.8%) below plan and inpatients are overspent to date by £410k (8.6%) with activity 162 cases (7.7%) above plan.

- **Non Elective Care** is £738k (3.3%) overspent to date and activity is 900 (6.7%) over plan.
- **Outpatient** activity is in total £299k (3.4%) overspent and attendances 6,035 (7.5%) above plan. Breaking this down between new and follow up attendances the new attendances position is an underspend of £361k (7.5%) with activity 2,894 (9.8%) below plan and follow up attendances are overspent to date by £660k (16.5%) with attendances 8,929 (17.6%) over plan.
- At the end of month 8 the **A & E** element of the contract was overspending by £78k (3.7%).with activity 1,020 cases (4.1%) over plan
- The **Non Mandatory** element of the PSHFT contract is overspending by £549k (4.0%).

The PCT has introduced a variety of actions to reduce activity at the hospital and reduce expenditure across all aspects of the contract, it is still projected however that there will be an overspend on this contract of £1,248k by the year end.

5.3.2 **Specialist Commissioning**

Specialist Commissioning expenditure is reported on Appendix 3 as £1,241k over at month 8. The two contracts driving the overspend position are those at Papworth Foundation Trust and Cambridgeshire University Hospital Foundation Trust both of which are overspending. The PCT has received an action plan from the Specialist Commissioning Team that is aimed at reducing this pressure. However at the current time it seems likely that an overspend at the year end of £857k appears likely.

5.3.3 **Ambulance Services**

The SLA with the East of England Ambulance Trust is showing an overspend of £235k (4.2%) at Month 8. Current recovery actions suggest that whilst the position can be stabilised there is likely to be an overspend at the year end of £240k.

5.3.4 **Non NHS Commissioning**

At Month 8 there is an overspend of £1,879k (39.5%) on non NHS Commissioning. A Major element of this is activity at the local Ramsey Fitzwilliam private hospital and the PCT is working with NHS Hertfordshire the East of England lead commissioner for Ramsey Fitzwilliam to ensure that this elective activity is being carried out in accordance with the various low clinical priority protocols. To minimise the cost to the PCT. Spend for the year is forecast to be £2,481k over budget despite financial recovery actions put in place.

5.3.5 **Continuing Care**

Like many PCTs Peterborough has seen a continuing rise in the number of continuing care cases that it is managing. Having increased resources in this area as part of the financial plan for 2009/10 the number of patients receiving continuing care has continued to increase At month 8 the budget was overspending by £1,929k (54.3%). Financial recovery actions have been put in place that are expected to slow down the rate of expenditure in this area but it will not be possible to bring the spend back in line with the budget and a forecast overspend of £2,450k is predicted.

5.3.6 **City Care Centre**

City Care Centre Costs are showing an overspend to month 8 of £239k. The cost pressures here are non recurrent in nature arising from cost over runs on the fitting out programme and delays in occupation/operational services commencing resulting in lost rental income from provider tenants. This latter element is unlikely to be recoverable during 2009/10 and it is expected that this position can be maintained for the remainder of the year.

5.3.7 **Corporate Costs**

The Month 8 overspend in Corporate costs reflects costs incurred as a result of the PCT response to swine flu (108k) and void space in a building that has been vacated as services moved to the new City Care Centre and new services going into the building being delayed until January 2010 (£181k). It is expected that recovery action in other areas of corporate spend will reduce this pressure to £172k by the year end.

5.3.8 Peterborough Community Services (Appendix 8)

Peterborough Community Services is overspent by £544kk (1.3%) at the end of Month 8. Financial Recovery Projects are in place and whilst there remains work to be done within PCS the expectation is that they will achieve at least break even by the year end

5.4 Non Pooled Revenue Expenditure Summary (Appendix 4)

The majority of the non pooled expenditure areas are underspending however Prescribing costs and Community Pharmacists costs are overspending and overall the Non Pooled budget expenditure is in slight surplus which is expected to continue until the year end.

5.5 Cashflow

The PCT continues to actively manage the cash flowing into and out of the PCT. Clearly the overspend to date has resulted in some cash pressures at the end of individual months. A cash management plan is in the process of being developed which will set out the basis on which the PCT will pay contractors during the period to March 2010 ensuring that no organisation is disadvantaged but equally ensuring that the PCT does not breach its cash limit

5.6 Public Sector Payment Policy

Performance in November 2009 and cumulatively is shown in the table below:

NHS invoices					
	Period	2009/10 Commissioning %	2009/10 Provider %	2009/10 Total	Target %
Number of Bills paid	November	93.68%	90.74%	93.03%	95%
Value of Bills Paid	November	99.83%	98.86%	99.81%	95%
Number of Bills paid	Cumulative	90.90%	93.25%	91.52%	95%
Value of Bills Paid	Cumulative	98.16%	96.33%	98.13%	95%
Non - NHS invoices					
	Period	2009/10 Commissioning %	2009/10 Provider %	2009/10 Total	Target %
Number of Bills paid	November	90.84%	97.51%	95.91%	95%
Value of Bills Paid	November	82.21%	97.41%	90.24%	95%
Number of Bills paid	Cumulative	90.22%	92.65%	92.08%	95%
Value of Bills Paid	Cumulative	88.73%	93.14%	91.05%	95%

5.8 Balance Sheet (Appendix 5)

Appendix 5 shows the Balance sheet as at 30TH November 2009 with comparisons against the opening position for the year.

5.9 Capital Resources and Expenditure (Appendices 6)

Appendix 6 reports that spending to date is less than anticipated. The Capital Implementation Committee will continue to receive reports on the Capital Programme.

6. IMPLICATIONS

6.1 Legal and Financial

The PCT has a statutory duty to not exceed its Revenue and Capital Resource Limits and Administrative Duties re not exceeding its cash limit, achieving full cost recovery on its

Provider function, achieving a 95% performance on its Public Sector Payment Policy and achieving a 3.5% return on capital employed

6.2 Other

6.2.1 The PCT is accountable to the Strategic Health Authority for the achievement of the national targets and our performance is monitored monthly against this achievement.

6.2.2 The year-end performance rating of the PCT depends on the achievement of all national targets and statutory and administrative duties.

7. CONSULTATION

7.1 Detailed reports are submitted to budget holders. The respective management accountants will be discussing these reports with them in detail.

8. BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

None.

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