

SCRUTINY COMMISSION FOR HEALTH ISSUES	Agenda Item No. 6
MONDAY 19 JULY 2010	Public Report

Report of the Executive Director of Finance & Performance (NHS Peterborough)

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NHS PETERBOROUGH BUDGETARY MONITORING - 2009/10 OUTTURN

1. PURPOSE

1.1 To present the 2009/10 outturn position for Peterborough PCT.

2. RECOMMENDATIONS

2.1 The Commission is asked to consider the report and make any recommendations where appropriate.

3. LINKS TO THE SUSTAINABLE COMMUNITY STRATEGY AND LOCAL AREA AGREEMENT

3.1 The PCT's financial position includes that of the pooled budget. Pooled funds are used to deliver strategies set out in the Local Area Agreement and Annual Accountability Agreement between the PCT and Peterborough City Council.

4. BACKGROUND

4.1 The PCT has previously reported its financial position during 2009/10 to the Committee. This showed a forecast deficit which worsened throughout the financial year. The PCT also set out its plans to address the deficit through its turnaround plan.

4.2 The PCT has now finalised its accounts for the 2009/10 financial year and its auditors have issued an unqualified opinion on the financial statements. A summary of the financial position is given in appendices 1 to 3 to this report.

5. KEY ISSUES

5.1 The PCT has a number of statutory duties relating to its finances. The PCT's achievement against these duties is set out below:

Target	Outcome	Summary Comment
Do not Exceed Revenue Resource Limit (RRL) i.e. Financial Balance	The PCT overspent against its revenue resource limit by £12,832k.	The PCT has failed this duty and will be required to repay the overspend in future years. The outcome also impacts on the PCT's Use of resources scores.
Do not Exceed Capital Resource Limit	The PCT underspent against its capital resource limit by £1,035k.	The PCT has met its statutory duty. The underspend will not be available to the PCT in future years.

Do not exceed Overall Cash Limit		The PCT did not breach its cash resource limit for the year and remained within the requirement to have less than £50k in its bank accounts at the year end.
Achieve Full Cost Recovery on Provider Function	The PCT over recovered its costs of Provided functions by £483k.	The PCT met this duty. The underspend reflects the net year end position of Peterborough Community Services.
Achieve 3.5% Return on Capital	The cost of capital charge for 2009/10 equated to a negative charge of £511k.	The negative value reflects the PCT's balance sheet position of having net liabilities of £26,694k.
Achieve Better Payment Practice Code	The PCT's met this target in only one of the four measures.	The achievement of this target continues to present a challenge to the PCT. Processes to improve payment times continue to be under review.

5.2 Appendices 1 to 3 give a more detailed breakdown of the outturn financial position for 2009/10. Appendix 2 shows that the pooled budget overspent by £13.271m. All commissioning expenditure headings significantly overspent against their approved budgets. Acute commissioning overspent by £6.5m which was due to activity occurring above planned levels and also a failure to deliver required savings plans. However, the PCT did negotiate a settlement with Peterborough and Stamford Hospitals NHS Foundation Trust which reduced the PCT's overall liability. Another significant area of overspend was continuing care which overspent by £3.4m due to increases in the number of placements and the high costs of care homes. The pooled budget overspend was partially offset by reserves.

5.3 Appendix 3 shows the outturn position for the non pooled elements of the PCT's activities. Non pooled budgets marginally underspent by £140k.

6. IMPLICATIONS

6.1 As stated in 5.1 above the PCT failed in its statutory duty to remain within its Revenue resource Limit. The net overspend of £12.832m will need to be repaid to the Department of health in future years. In addition, the deficit has resulted in Use of Resources Scores of 1 in relation to the areas of effectively planning its finances and financial reporting.

7. APPENDICES

- 7.1 Appendix 1 – Summary Revenue Statement
Appendix 2 – Summary Pooled Revenue Statement
Appendix 3 – Summary Non Pooled Revenue Statement