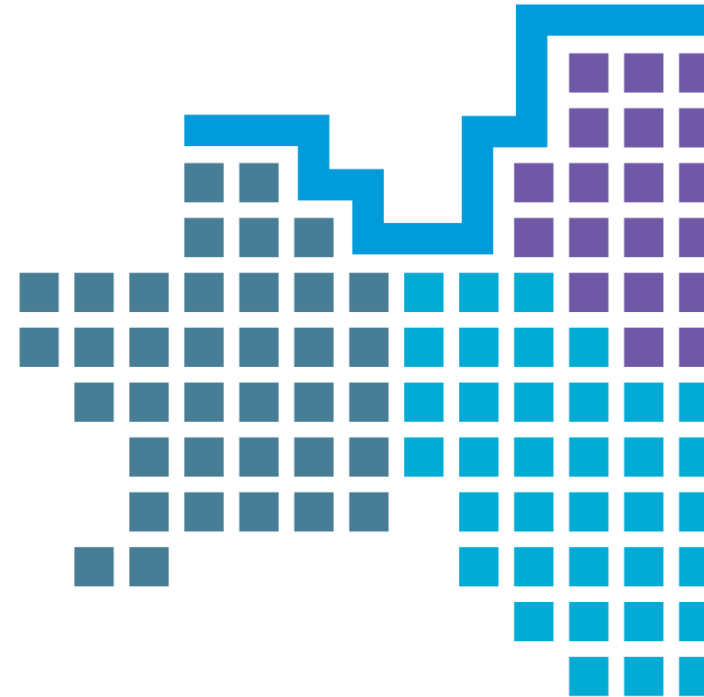


# Finance Report – Period up to Feb 2015

Presented by Finance

April 2015



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1. Month 11 Financial Position
2. Reserve Management
3. Running Costs
4. QIPP
5. Recommendations



# Finance Scorecard up to February 2015

## Financial Strategy

- NHSE issued planning guidance for 2015/16
- Minimal growth for Wandsworth CCG (1.94%)
- Guidance for 2015/16 requires CCG to increase Mental Health spending by growth levels and support system resilience schemes that were funded in 2014/15
- As a result WCCG has a net decrease in funding
- Further versions of 2015/16 financial plan submitted to NHSE on 27 Feb and 13 March

## Financial Performance

- The forecast surplus continues to be £10m
- Full year acute overspend at St Georges of £4.2m assumes full delivery of Out of Hospital QIPP schemes
- QIPP delivery is on track, but there are greater savings anticipated in the final quarter
- Costs associated with the provision of continuing care outstrip the budget available

## Financial Governance

- Audit Committee considering implications of new Conflicts of Interest guidance
- General overall positive Internal Audit reports received to date
- Contingency Reserve in place

## Financial Risk

- Financial ledger system has limited capability
- Delivery of investments to generate savings
- Utilising all investment opportunities
- Agreeing year end positions with providers



# Month 11 – Key Messages

- The full year forecast surplus continues to be £10m. The year to date position reflects the return of the national underspend on the Continuing Healthcare risk pool.
- Forecasting a year end overspend against contracts for acute services of £5.3m. St George's Hospital is forecast to overperform by £4.2m which is higher than the forecast last month.
- Continuing Care and Free Nursing Care spend continues to be greater than plan – we are forecasting an overspend of £1.4m
- Overspends are offset by existing reserves
- Quality Premium schemes have commenced.
- Expect to meet running cost target and QIPP

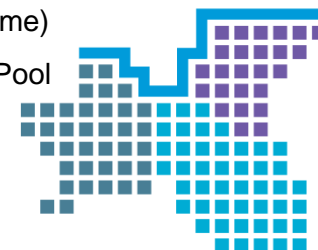


# Month 11 – Revenue Resource Limit

| Resource Adjustments - Confirmed                         | £000s          | £000s        | £000s          |
|--|----------------|--------------|----------------|
|  | Programme      | Admin        | Total          |
| Initial Allocation                                       | 376,692        |              | 376,692        |
| Growth of 2.1%   | 8,061          |              | 8,061          |
| Running cost (£25/head)                                  |                | 8,321        | 8,321          |
| <b>Sub-total</b>   | <b>384,753</b> | <b>8,321</b> | <b>393,074</b> |
| Brought Forward Surplus                                  | 7,364          |              | 7,364          |
| <b>Sub-total</b>   | <b>7,364</b>   | <b>0</b>     | <b>7,364</b>   |
| <b>Confirmed Adjustments in-year</b>                     |                |              |                |
| Primary Care IT Funding                                  | 944            |              | 944            |
| RTT Funding (1st tranche)                                | 1,413          |              | 1,413          |
| RTT Funding (2nd tranche)                                | 977            |              | 977            |
| Charge Exempt Overseas Visitors Funding                  | 698            |              | 698            |
| Winter Resilience Funding (1st and 2nd tranches)         | 4,305          |              | 4,305          |
| Pathology Lab re-configuration: funding transfer to NHSE | -448           |              | -448           |
| Priory transfer to Wessex Area Team                      | -150           |              | -150           |
| Mental Health Resilience 2014/15                         | 216            |              | 216            |
| Quality Premium awards 2014/15                           | 1,034          |              | 1,034          |
| Specialist Commissioning misattribution                  | -316           |              | -316           |
| SWL Risk Pool  | 492            |              | 492            |
| <b>Sub-total</b>   | <b>9,165</b>   | <b>0</b>     | <b>9,165</b>   |
| <b>Position as at Month 11</b>                           | <b>401,282</b> | <b>8,321</b> | <b>409,603</b> |

The Resource Limit reflects the amount of money the CCG has available to commission services (programme) and to run the CCG (admin). At Month 11, we have had a refund of £492k relating to the SW London Risk Pool

**Wandsworth Clinical Commissioning Group**



# Month 11 Financial Position

|                | PERIODS TO DATE |                 |              |
|----------------|-----------------|-----------------|--------------|
|                | Budget<br>£000s | Actual<br>£000s | Var<br>£000s |
| Resource Limit | 373,928         | 373,928         | 0            |

|  | FULL YEAR              |                 |              |
|--|------------------------|-----------------|--------------|
|  | Total Budget<br>£ 000s | Actual<br>£000s | Var<br>£000s |
|  | 409,603                | 409,603         | 0            |

## EXPENDITURE

|                                 |         |         |        |
|---------------------------------|---------|---------|--------|
| Acute Commissioning             | 195,022 | 199,519 | -4,497 |
| Non Acute Commissioning         | 102,766 | 103,722 | -956   |
| Primary Care                    | 43,237  | 42,800  | 437    |
| Corporate Costs                 | 11,919  | 10,019  | 1,901  |
| Estate Costs                    | 805     | 563     | 241    |
| Other                           | 463     | 667     | -203   |
| SWL Collaborative Commissioning | 674     | 674     | 0      |
| Reserves                        | 12,283  | 8,066   | 4,217  |

|  |         |         |        |
|--|---------|---------|--------|
|  | 213,262 | 217,868 | -4,606 |
|  | 112,421 | 113,449 | -1,029 |
|  | 47,356  | 46,722  | 634    |
|  | 13,390  | 11,598  | 1,792  |
|  | 878     | 591     | 287    |
|  | 556     | 1,027   | -471   |
|  | 809     | 809     | 0      |
|  | 13,558  | 7,526   | 6,032  |

|                           |                |                |              |
|---------------------------|----------------|----------------|--------------|
| <b>Total Applications</b> | <b>367,169</b> | <b>366,030</b> | <b>1,139</b> |
|---------------------------|----------------|----------------|--------------|

|                |                |              |
|----------------|----------------|--------------|
| <b>402,230</b> | <b>399,591</b> | <b>2,639</b> |
|----------------|----------------|--------------|

|                          |              |              |               |
|--------------------------|--------------|--------------|---------------|
| <b>Surplus/(Deficit)</b> | <b>6,759</b> | <b>7,898</b> | <b>-1,139</b> |
|--------------------------|--------------|--------------|---------------|

|              |               |               |
|--------------|---------------|---------------|
| <b>7,373</b> | <b>10,012</b> | <b>-2,639</b> |
|--------------|---------------|---------------|

**Wandsworth Clinical Commissioning Group**

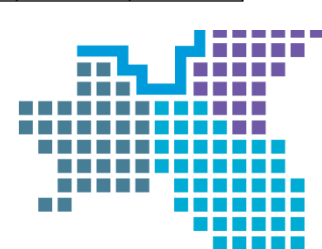


# Month 11 Acute Analysis

| ACUTE COMMISSIONING                                       | Full Year Budget<br>£000s | Budget to Date<br>£000s | Actual to Date<br>£000s | Variance to Date<br>£000s | Forecast Actual<br>£000s | Forecast Variance<br>£000s | % Var        |
|---|---------------------------|-------------------------|-------------------------|---------------------------|--------------------------|----------------------------|--------------|
| ST GEORGE'S HEALTHCARE TRUST - MAIN SLA                   | 94,233                    | 85,967                  | 90,267                  | -4,300                    | 98,478                   | -4,245                     | -5%          |
| CHELSEA & WESTMINSTER HLTHCARE TRUST                      | 28,146                    | 25,800                  | 26,008                  | -207                      | 28,372                   | -226                       | -1%          |
| KINGSTON NHS TRUST  | 14,367                    | 13,115                  | 13,052                  | 63                        | 14,238                   | 129                        | 1%           |
| ST GEORGE'S HEALTHCARE TRUST: EX-CSW ACUTE SERVICES (QMH) | 13,036                    | 11,950                  | 12,334                  | -384                      | 13,455                   | -419                       | -3%          |
| GUYS & ST THOMAS' HOSPITAL TRUST                          | 13,086                    | 11,995                  | 11,597                  | 398                       | 12,757                   | 329                        | 3%           |
| LONDON AMBULANCE SERVICE - ALL CONTRACTS                  | 8,487                     | 7,780                   | 7,780                   | 0                         | 8,487                    | 0                          | 0%           |
| IMPERIAL COLLEGE HEALTHCARE NHS TRUST                     | 5,579                     | 5,114                   | 4,375                   | 739                       | 4,890                    | 689                        | 12%          |
| MOORFIELDS EYE HOSPITAL TRUST                             | 5,608                     | 5,141                   | 5,662                   | -522                      | 6,178                    | -570                       | -10%         |
| EPSOM & STH TRUST - EPSOM ORTHOPAEDIC CENTRE              | 4,028                     | 3,693                   | 3,847                   | -154                      | 4,196                    | -168                       | -4%          |
| EPSOM & ST. HELIER NHS TRUST - MAIN SLA & RENAL           | 2,131                     | 1,954                   | 2,027                   | -73                       | 2,211                    | -80                        | -4%          |
| KINGS HEALTHCARE TRUST                                    | 2,249                     | 2,062                   | 2,233                   | -171                      | 2,445                    | -196                       | -9%          |
| UNIVERSITY COLLEGE LONDON HOSPITALS TRUST                 | 1,494                     | 1,369                   | 1,609                   | -240                      | 1,755                    | -262                       | -18%         |
| THE ROYAL MARSDEN HOSPITAL TRUST                          | 1,697                     | 1,556                   | 1,402                   | 154                       | 1,530                    | 168                        | 10%          |
| <b>Contracts &lt; £1m</b>                                 |                           |                         |                         |                           |                          |                            |              |
| THE ROYAL BROMPTON & HAREFIELD HOSPITALS TRUST            | 967                       | 886                     | 982                     | -96                       | 1,072                    | -105                       | -11%         |
| CROYDON HEALTH SERVICES NHS TRUST                         | 577                       | 529                     | 510                     | 20                        | 557                      | 20                         | 4%           |
| BARTS & THE LONDON NHS TRUST                              | 656                       | 602                     | 648                     | -46                       | 707                      | -51                        | -8%          |
| THE ROYAL FREE (HAMPSTEAD) NHS FOUNDATION TRUST           | 321                       | 294                     | 278                     | 16                        | 303                      | 18                         | 6%           |
| THE ROYAL NATIONAL ORTHOPAEDIC HOSPITAL TRUST             | 380                       | 348                     | 396                     | -48                       | 432                      | -52                        | -14%         |
| GREAT ORMOND ST HOSPITAL FOR CHILDREN NHS TRUST           | 347                       | 318                     | 360                     | -42                       | 393                      | -46                        | -13%         |
| WEST MIDDLESEX HOSPITAL NHS TRUST                         | 142                       | 131                     | 124                     | 6                         | 136                      | 7                          | 5%           |
| ROYAL SURREY CNTY NHST                                    | 202                       | 185                     | 222                     | -36                       | 242                      | -39                        | -19%         |
| NORTH WEST LONDON HOSPITALS TRUST                         | 229                       | 210                     | 271                     | -61                       | 296                      | -66                        | -29%         |
| LEWISHAM HOSPITAL NHS TRUST                               | 146                       | 134                     | 266                     | -132                      | 262                      | -115                       | -79%         |
| <b>NON CONTRACTED ACTIVITY</b>                            | 3,538                     | 3,244                   | 3,520                   | -276                      | 3,824                    | -286                       | -8%          |
| Other Acute Non-SLA Services                              | 11,615                    | 10,647                  | 9,751                   | 896                       | 10,655                   | 960                        | 8%           |
| <b>Total Acute Commissioning</b>                          | <b>213,262</b>            | <b>195,022</b>          | <b>199,519</b>          | <b>-4,497</b>             | <b>217,868</b>           | <b>-4,606</b>              | <b>-2.2%</b> |

- The YTD figures have been pro-rated up from the Month 10 SLAM reports. The FOT overspend on the Acute SLAs is £5.2m, but this is partly offset by underspends on Non-SLA budgets

**Wandsworth Clinical Commissioning Group**



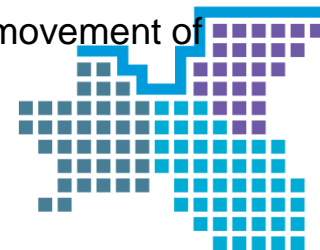
# Month 11 Acute Commentary

- Overall the YTD variance on Acute SLAs has worsened by £972k compared to last month, and the forecast variance has worsened by £445k.

The main drivers of the YTD movement are as follows:

- **St George's:** There has been an adverse movement of £626k, which is in line with our expectations. The main areas where spend has increased are Maternity and Emergency Care. In addition there has been a transfer of resource to CCGs for HASU activity that has come with a £200k cost pressure.
- **UCLH:** This SLA shows an adverse movement of £174k, much of which is on emergency care and critical care: On the emergency care there has been an increase in patients attracting a mental health tariff which is being investigated and also one very high cost patient discharged in month 10.
- **Moorfields :** Expenditure on high cost drugs is the main reason for the adverse movement of £130k. This is in line with the trend over the year.

**Wandsworth Clinical Commissioning Group**





# POD Analysis – By Provider

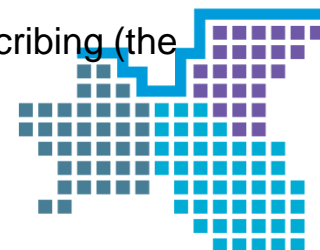
|                            | A&E   | Critical Care | Direct Access | Drugs & Devices | Elective | Emergency | Maternity Pathway | Non-Elective | Other | Out Patient 1st | Out Patient Follow Up | Out Patient Procedure | PTS   | Unbundled Diagnostics |
|----------------------------|-------|---------------|---------------|-----------------|----------|-----------|-------------------|--------------|-------|-----------------|-----------------------|-----------------------|-------|-----------------------|
| <b>OVERSPEND</b>           |       |               |               |                 |          |           |                   |              |       |                 |                       |                       |       |                       |
| RJ700 - St George'S        | (£81) |               |               | (£185)          | (£743)   | (£199)    | (£373)            | (£847)       |       |                 | (£85)                 | (£573)                | (£4)  | (£78)                 |
| RQM00 - Chelsea And        | (£73) |               | (£19)         |                 | (£269)   |           | (£299)            | (£116)       | (£60) | (£0)            | (£0)                  |                       | (£0)  | (£66)                 |
| RP600 - Moorfields Eye     |       |               |               | (£564)          |          | (£25)     |                   |              |       |                 |                       | (£93)                 | (£17) | (£2)                  |
| RAX00 - Kingston Hospital  |       |               | (£14)         |                 |          | (£403)    |                   |              | (£6)  |                 |                       | (£72)                 |       |                       |
| RJ763 - Queen Mary'S       | (£17) |               | (£13)         | (£92)           | (£129)   |           |                   |              |       | (£9)            |                       | (£70)                 |       | (£13)                 |
| RJ100 - Guy'S And St       | (£42) |               |               | (£38)           |          | (£131)    |                   | (£2)         | (£80) | (£9)            | (£5)                  | (£3)                  |       | (£3)                  |
| RRV00 - University College |       |               | (£10)         |                 | (£130)   | (£95)     | (£21)             | (£3)         |       | (£5)            | (£37)                 |                       |       |                       |
| RJZ00 - King's College     | (£11) |               | (£30)         |                 | (£35)    | (£64)     |                   |              | (£2)  | (£30)           | (£22)                 |                       |       |                       |
| <b>UNDERSPEND</b>          |       |               |               |                 |          |           |                   |              |       |                 |                       |                       |       |                       |
| RP600 - Moorfields Eye     | £6    |               |               |                 | £89      |           |                   | £1           | £0    | £11             | £66                   |                       |       |                       |
| RJ700 - St George'S        |       |               | £135          | £120            |          |           |                   |              | £110  | £8              |                       |                       |       |                       |
| RAX00 - Kingston Hospital  | £30   |               | £211          |                 | £4       | £89       | £134              |              |       | £39             | £62                   |                       |       | £3                    |
| RJ100 - Guy'S And St       |       |               | £271          | £19             |          | £63       | £312              |              |       |                 |                       |                       |       |                       |
| RQM00 - Chelsea And        |       |               | £633          |                 | £13      |           | £2                |              |       |                 |                       |                       | £3    |                       |
| RYJ00 - Imperial College   | £49   |               |               | £0              | £53      | £93       | £433              | £0           |       |                 | £30                   |                       |       | £33                   |

- Table above is showing the top under and over performing providers by point of delivery
- Of significant note is elective, maternity and outpatient procedure over performance at St Georges, drugs at Moorfields and emergency at Kingston FT
- Critical care under performance at Chelsea & Westminster along with emergency at Imperial and maternity at Guys.



# Month 11 – Non Acute and Primary Care

- Overall there is an adverse movement of £709k in the Non-Acute forecast compared to last month.
- There was uncertainty regarding the cost of the palliative care of a child. It has now been confirmed and this is shown as a cost increase of £450k.
- There has been an increase of £158k in the forecast expenditure on Free Nursing Care, caused by increased activity.
- The forecast expenditure on Reablement has increased by £182k, as new schemes have been agreed.
- These adverse movements are partly offset by a reduction of £71k in the forecast spend on the Central & North West London Mental Health SLA.
- We are continuing to forecast overspends on the SWL&SGMHT SLA, Child & Adolescent Mental Health placements and Learning Disability placements
- Based on the latest projection, we are forecasting an underspend of £360k on Prescribing (the underspend was £415k last month)



# Financial Risks

| Risk  | Detail   | Mitigating Action   | Risk after action |
|---|--|---|-------------------|
| Acute Contracts                             | There is a risk of further overperformance on the Acute contracts, over and above the amount reported.   | Year end agreements are being negotiated. It is expected that reserves will be sufficient to cover any further overperformance  | Medium            |
| QIPP Delivery                               | While the CCG is currently on track to meet its 14/15 target, there remain two main areas of concern: Evaluation of Out of Hospital targets due to data quality, and attendances at St Georges Hospital.   | An action plan has been developed in conjunction with providers to correct the data quality issue. A further action plan has been developed to address the activity issues at St Georges  | Low               |
| Legacy provision                            | CCGs have been required to make a provision for retrospective Continuing Health Care claims which had not been planned as the former PCT had also made a similar provision. Risk is the accounting treatment may change resulting in a material financial impact | Guidance is expected to clarify treatment. NHSE is refunding £1.1m to WCCG in 14/15 against a provision of £1.5m, but this could still be an issue in the future  | Medium            |
| Level of investment                         | Not investing all funds in a timely manner   | Majority of approved investment bids have been actioned. A further £1.5m of investment has been approved. CCG has increased surplus to mitigate risk of non effective use of funds  | Low               |
| Financial Ledger System misreports position | National system has limited capability to report detailed financial expenditure  | No response received yet from national team despite escalation.<br>Internal and external audit review provided sufficient assurance in 2013/14<br>Letter from WCCG Audit Chair has been sent to NHSE Audit Chair to gain a response | Low               |



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# Reserves Management

Month 11:

- Discussions with SGH and other providers continue to reduce the risk around year end for acute providers
- £3.6m of investments have been approved and are currently being actioned
- Expect all reserves to be fully utilised by the year-end



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# Running Costs at Month 11

|                                   | YTD<br>Budget | YTD<br>Actual | YTD<br>Variance | Annual<br>Budget | Forecast<br>Outturn | Forecast<br>Outturn<br>Variance |
|-----------------------------------|---------------|---------------|-----------------|------------------|---------------------|---------------------------------|
|                                   | £000s         | £000s         | £000s           | £000s            | £000s               | £000s                           |
| CEO/ BOARD OFFICE                 | 1,515         | 1,337         | 179             | 1,653            | 1,553               | 100                             |
| CHAIR AND NON EXECS               | 284           | 299           | (15)            | 310              | 348                 | (38)                            |
| CORPORATE AFFAIRS AND PERFORMANCE | 481           | 429           | 52              | 525              | 477                 | 48                              |
| CLINICAL GOVERNANCE               | 157           | 167           | (9)             | 172              | 180                 | (9)                             |
| IM&T                              | 115           | 115           | (0)             | 125              | 125                 | 0                               |
| COMMISSIONING AND PLANNING        | 1,087         | 1,014         | 73              | 1,186            | 1,103               | 84                              |
| CSU SLA                           | 2,773         | 2,610         | 163             | 3,053            | 2,816               | 238                             |
| FINANCE                           | 232           | 252           | (20)            | 270              | 290                 | (20)                            |
| DELIVERY & DEVELOPMENT            | 574           | 581           | (7)             | 626              | 640                 | (14)                            |
| <b>TOTAL</b>                      | <b>7,219</b>  | <b>6,803</b>  | <b>416</b>      | <b>7,921</b>     | <b>7,531</b>        | <b>390</b>                      |

Includes contingency

|                                |     |     |       |     |     |       |
|--------------------------------|-----|-----|-------|-----|-----|-------|
| Included in the above figures: |     |     |       |     |     |       |
| OFFICE RELOCATION COSTS        | 201 | 411 | (211) | 219 | 411 | (192) |

The Running costs reflect the 5% discount received on the CSU SLA. This discount will increase to 10% in 2015/16 and will contribute to our QIPP schemes.

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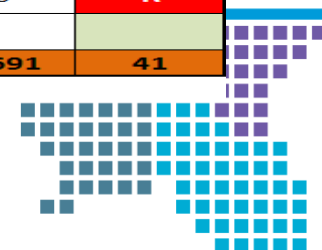




# 14-15 QIPP Totals at Month 10 by Project

| PROJ. DESCRIPTION   | NET SAVINGS                |                 |                 | FOT (£000s)   | NET FOT (RAG RATED) (£000s) |
|---|----------------------------|-----------------|-----------------|---------------|-----------------------------|
|   | Net Savings Target (£000s) | Pos Var (£000s) | Neg FOT (£000s) |               |                             |
| Prescribing (Assuming 5%)                                     | 1,800                      | 286             |                 | 2,086         | G                           |
| Mental Health - block opportunities Tariff neg and placements | 750                        |                 |                 | 750           | G                           |
| Continuing Care - benchmarking different models               | 500                        | 0               |                 | 500           | G                           |
| QMH running costs   | 1,900                      |                 |                 | 1,900         | G                           |
| Management / Running Costs – Deep Dive 5% & Void space        | 400                        |                 |                 | 400           | G                           |
| KPIs  | 1,800                      |                 |                 | 1,800         | G                           |
| High Cost Drugs   | 135                        |                 |                 | 135           | G                           |
| Falls & Bone Health   | 315                        |                 | (145)           | 171           | A                           |
| UCC / A&E   | 248                        |                 | (358)           | (110)         | R                           |
| Community Service redesign (part year effect in 14-15)        | 1,041                      | 2,179           |                 | 3,220         | G                           |
| GP PACT Les   | 477                        | 864             |                 | 1,342         | G                           |
| Out patient Referral Management (RMP)                         | 333                        |                 | (1,944)         | (1,610)       | R                           |
| Other Out of hospital Initiatives                             | 703                        |                 | (703)           | -             | R                           |
| Diagnostics   | 144                        |                 | (120)           | 24            | R                           |
| Collection of small schemes                                   | 102                        |                 | (48)            | 54            | A                           |
| Short Stay Admissions   | -                          | 30              |                 | 30            | R                           |
| Unidentified  | -                          |                 |                 | -             |                             |
|   | <b>10,650</b>              | <b>3,359</b>    | <b>(3,318)</b>  | <b>10,691</b> | <b>41</b>                   |
|   |                            | <b>32%</b>      |                 |               |                             |

Out of Hospital Programme initiatives

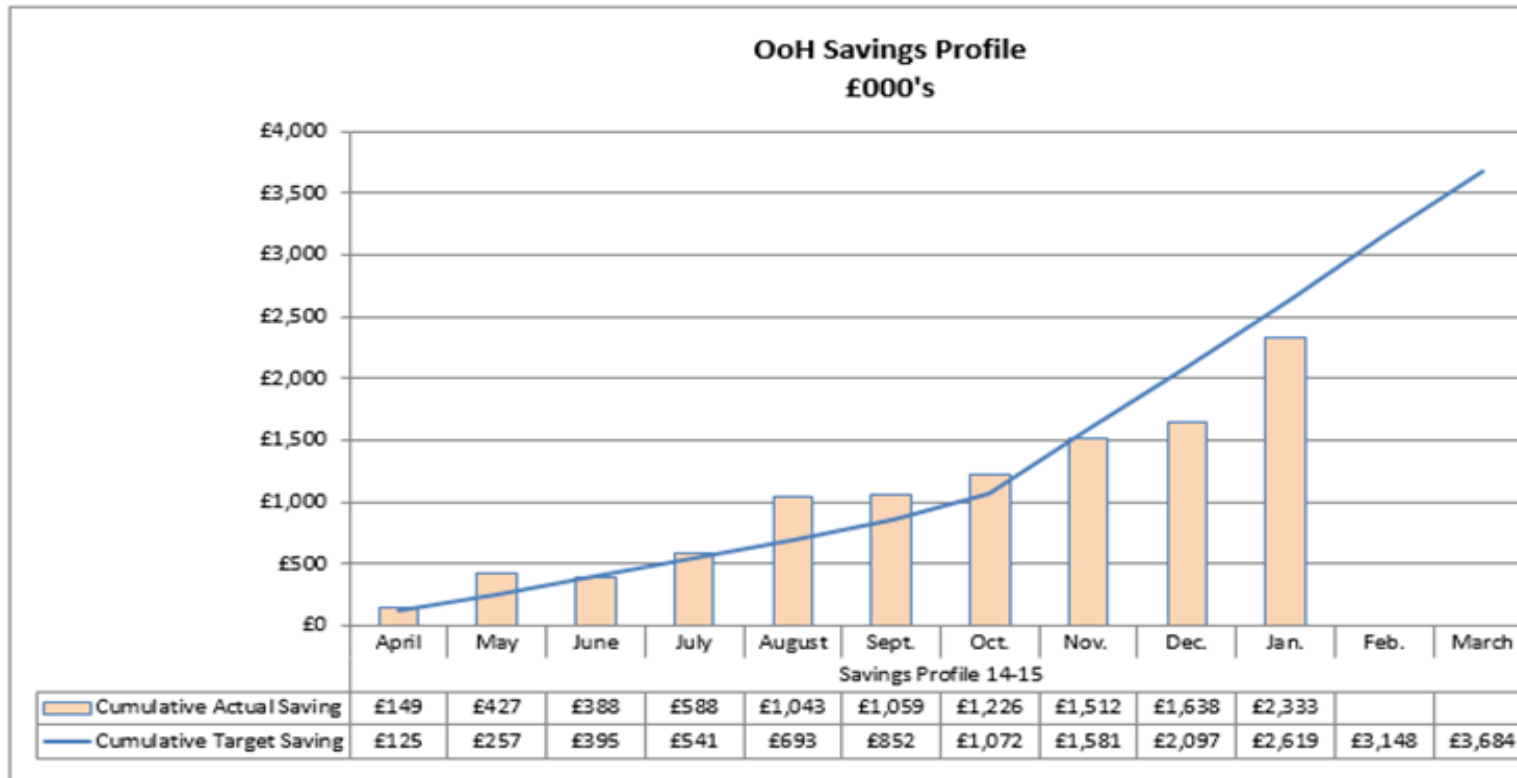


# QIPP - Out of Hospital Project Status (1)

- Over 30% of the planned QIPP savings come from the out of hospital programme.
- **Falls Programme** - in its final year - is starting to show a plateau-ing effect
- **UCC / A&E** - showing increased activity – although at the lowest tariff level.
- **Community Services Redesign & GP PACT LES** - The GP PACT LES is delivering the expected activity to date and the CAHS implementation is fully underway.
- **Outpatient Referral Management** – Total outpatient attendances have risen over the April – January period compared to 13-14 activity leading to the Outpatient element of the out of hospital programme delivering negative savings to QIPP.
- However, GP first referrals and attendances remain stable according to both SUS and MAR data. Therefore, in the context of the objectives of the Referral Management Programme it is on track to deliver.
- **Other out of Hospital Initiatives** – Slippage in three out-patient shift schemes (now to 16-17) and two have been stopped as have proved not to be feasible.
- **Diagnostics** – Slippage in programme and change in nature to programme, poor sign up from GPs. Will deliver savings in 15-16.
- **Short Stay Admissions** – New area in work up - may deliver by Q4 but more likely to deliver in 15-16



# Out of Hospital Project Status (2)



Notes: The following adjustments have been made

- an adjustment has been made to attendances to account for the increases being at the lowest tariff level
- the navigator diversions which are included in activity but not being charged for have been removed.

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# Recommendations

- CCG Board are asked to note the report

