



NHS County Durham and Darlington

INTEGRATED BUSINESS BOARD

Tuesday 26 January 2010

Item No: IBB/10/11

NHS COUNTY DURHAM AND NHS DARLINGTON INTEGRATED BUSINESS BOARD

Finance report for the nine months ended 31 December 2009

1. Introduction

This report is prepared to advise the Integrated Business Board on performance against the key financial targets of both NHS County Durham (NHSCD) and NHS Darlington (NHSD). The report incorporates underlying performance data but should be considered in conjunction with the full monthly performance report to give a complete view of the operational performance of both PCTs as at 31 December 2009.

2. Implications and risks

The report informs the board on the latest financial position and highlights material budget variances, as well as risks yet to crystallise, together with management action either taken or proposed to address these. Healthcare benefits and clinical safety and quality are addressed in separate reports.

The North East Strategic Health Authority (NESHA) has confirmed the 2009/10 control totals which include an outturn revenue surplus of £1m for NHSCD and £300k for NHSD. The year to date position is an under-spend of £730k for the former and £220k for the latter.

Although the financial position reported in appendix one shows achievement of these outturn positions, in year financial pressures faced by both PCTs, particularly around acute healthcare, continue to represent a significant risk.

Document management				
Version	Date	Summary	Owner's Name	Approved
1.0	11/1/10	Review by Finance Director	Mike Taylor	Pat Taylor
2.0	13/1/10	High level presentation to Mgt Grp	Pat Taylor	Management Group
3.0	26/1/10	Presentation to Board	Pat Taylor	.

The key risks continue to be those around budget areas previously reported to the board. The most significant relate to acute healthcare, although there continue to be pressures on continuing healthcare, mental health and learning disabilities services and community services, as well as significant uncertainty around prescribing budgets. Future reports will advise on progress in respect of the continuing work to identify, quantify and take any appropriate action to address these pressures.

Significant management action to address these risks and the ensuing financial benefit are reflected in the PCTs' forecast outturn with work continuing to ensure delivery of PCT control totals.

The appendices attached to this report are as follows:

- appendix one: summary of the revenue position for both PCTs,
- appendix two: more detailed analysis of material budget variances, identifies the key risks related to the achievement of the financial targets for both PCTs,
- appendix three: details on the source and application of capital funding for both PCTs,
- appendix four: practice based commissioning (PBC) position as at 30 November 2009 for both PCTs,
- appendix five: prescribing position at PBC cluster level as at 31 October 2009 for both PCTs.

3. Recommendations

The board is asked to:

- note and discuss the current and forecast outturn positions,
- note the PBC information included at appendix four and the prescribing information included at appendix five,
- consider the key financial risks and support or supplement the management action undertaken or proposed to address these risks,
- advise on the adequacy of the financial information provided to support a clear understanding of performance against key financial targets.

4. Author and sponsor director

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Title: Head of Corporate Finance

Director: Mike Taylor
Title: Director of Financial Services, Risk and Assurance
Date: January 2010

Purpose of paper	Information sharing X Development/discussion X Decision/action X
How does the paper support / have implications for:	
NHS County Durham's 4 Strategic Aims	Achievement of key financial targets supports achievement of all strategic aims.
Our Vision Our Future workstreams	Achievement of key financial targets supports delivery of both PCT's plans.
World class commissioning competencies	Competencies six(prioritised investment) and eleven (sound financial investments) as well as Governance – finance evidence.
Standards for better health	Not Applicable
Use of resources	KLOE 1.3 KLOE 2.2
Targets and Vital signs	Strong financial management supports achievement of targets.
NHS Constitution	Sound financial management supports adherence to principles.
Darzi Principles	Sound financial management supports PCTs adherence to principles.
Impact on / Involvement of partners	Together with performance report sets out position of PCTs with healthcare providers
Equality & Diversity	Sound financial management supports PCTs address equality and diversity issues
Other policies / Issues	Achievement of key financial targets supports delivery of all PCT policies.



NHS COUNTY DURHAM & NHS DARLINGTON INTEGRATED BUSINESS BOARD

Finance report for the nine months ended 31 December 2009

Overview

Financial Target	NHSCD			NHSD		
	Previous Year	Current Position	Forecast Outturn	Previous Year	Current Position	Forecast Outturn
1. Revenue Resource Limit	GREEN	AMBER	GREEN	GREEN	AMBER	GREEN
2. Capital Resource Limit	GREEN	GREEN	GREEN	GREEN	GREEN	GREEN
3. Cash Limit	GREEN	GREEN	GREEN	GREEN	GREEN	GREEN
4. BPPC – invoice payment in 30 days	RED	AMBER	GREEN	RED	AMBER	GREEN
5. Other financial targets	GREEN	GREEN	GREEN	GREEN	GREEN	GREEN

NHS County Durham (NHSCD) and NHS Darlington (NHSD) are both on course to achieve their key financial targets. However increasing in year financial pressures mean that strong financial management will be required to do so and to lay a firm foundation for future years.

There is still considerable uncertainty surrounding key budgets, particularly acute commissioning and prescribing, arising from limitations imposed by the availability of information and uncertainty over underlying activity levels for the remainder of the year. This issue, which impacts upon the degree of certainty for both year to date expenditure and projected outturn positions, is reflected in the risks identified in this report.

The principal risks remain those around commissioning, the most significant being in respect of acute healthcare. Pressures are also being experienced elsewhere, particularly in continuing healthcare (NHSD), mental health and learning disabilities services (NHSCD), community services (NHSCD) and prescribing (NHSCD). However, the latest information reflected in this report indicates improvements in the overall forecast outturn position and finance staff continue to work with business analysts, commissioners and other budget holders to understand cost drivers and deliver remedial action plans.

Financial risks

The key risks identified in the finance risk registers for NHSCD and NHSD which impact upon achievement of the control totals agreed with NHSNE are as follows:

NHSCD or NHSD	Nature	5x5 Risk Rating		
		Impact	Likelihood	Rating
Both	Achievement of action plans and measures in place to address over-activity and assist in achievement of financial balance	5	4	20
Both	Acute healthcare contract over-performance due to activity and introduction of HRG4	5	4	20
NHSD	Continuing healthcare – impact of increasing case numbers along with ongoing non-performance of database impacting upon delivery of robust financial information	4	5	20
Both	Flu pandemic contingency – impact of H1N1 on organisational resources and on commissioned secondary care services. The potential impact of this risk is currently difficult to predict and this will continue to be closely monitored as more clarity is obtained	4	3	12
Both	Increasing use of independent sector contracts (s23/64 agreements) without a corresponding reduction in activity at NHS contracts. This includes the nationally negotiated contract with Spire Healthcare	4	3	12

Note: Impact and likelihood of risk are rated on a scale of 1 (negligible / rare) to 5 (significant / almost certain). The resultant rating is then presented, with a score above 15 deemed to be an extreme risk, one above 8 a high risk and one above 4 a medium risk with anything lower deemed low risk.

The impact of a 'flu pandemic has been entered into the risk register but uncertainty around the financial impact makes it difficult to rate. Winter planning work is also being carried out in conjunction with that being undertaken to address the 'flu pandemic. Both PCT's contingency funding arrangements are under continuous review to ensure that these risks can be addressed with no detrimental impact on the outturn control totals agreed with NHS North East.

A summary of total costs currently identified/incurred relating to the 'flu pandemic as well as potential other costs which could be incurred later this year is included in appendix 2.

Action plans to gain further information and to address the above risks and all other entries in the risk register have been established and responsibility attributed to lead officers. Any risks that pose a risk outside the current financial year but within the present medium term planning horizon are reviewed to determine whether any adjustment to the PCTs' medium term plans is required in advance of the annual review.

An urgent review following the NHSCD 'stop the line' process including staff from all disciplines and directorates involved with acute commissioning is in progress working to identify acute healthcare activity drivers and to develop and implement remedial action plans.

To ensure delivery of the PCTs' control totals a task group has been established to work with Practice Based Commissioning leads to monitor and co-ordinate action plans to address over-performance in the acute sector and other areas of commissioning, as well as identifying the scope for efficiency savings in other areas of expenditure. Work is focusing not only on the current year but also on subsequent years and dovetails with that already progressing under the QIPP (Quality, Innovation, Productivity, Prevention) initiative.

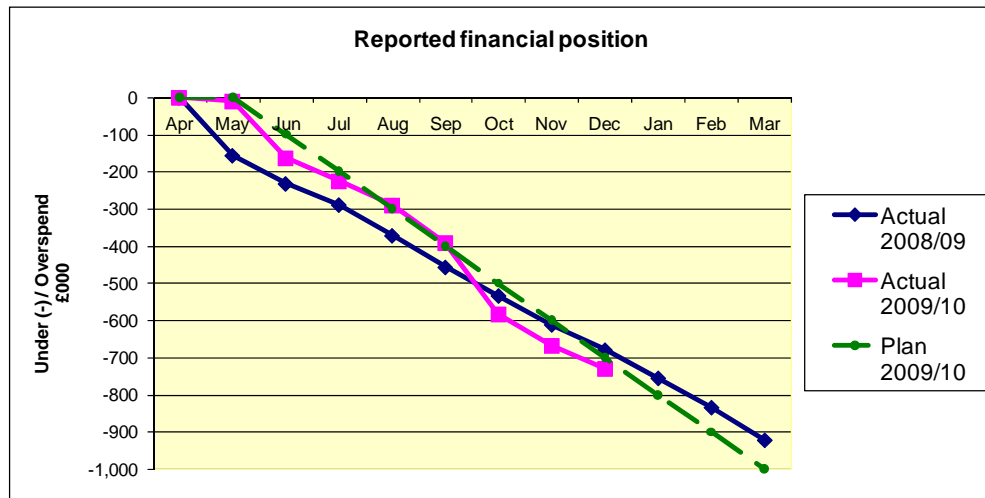
The task group is making progress, although limited in respect of acute sector activity. The benefits of their work, particularly around efficiency savings, can be seen in the forecast outturn position presented in appendix 1.

Current management action including that on the Annual Operational Plan's (AOP) recurrent investments and non recurrent expenditure plans identifies where initiatives can be deferred without material detrimental impact. The work also supports the refresh of the PCTs' World Class Commissioning Five Year Plan.

While much work has been done to ensure delivery of the PCT control totals this effort must and will continue, particularly that designed to address over-performance in the acute sector.

NHS County Durham

1. Revenue expenditure



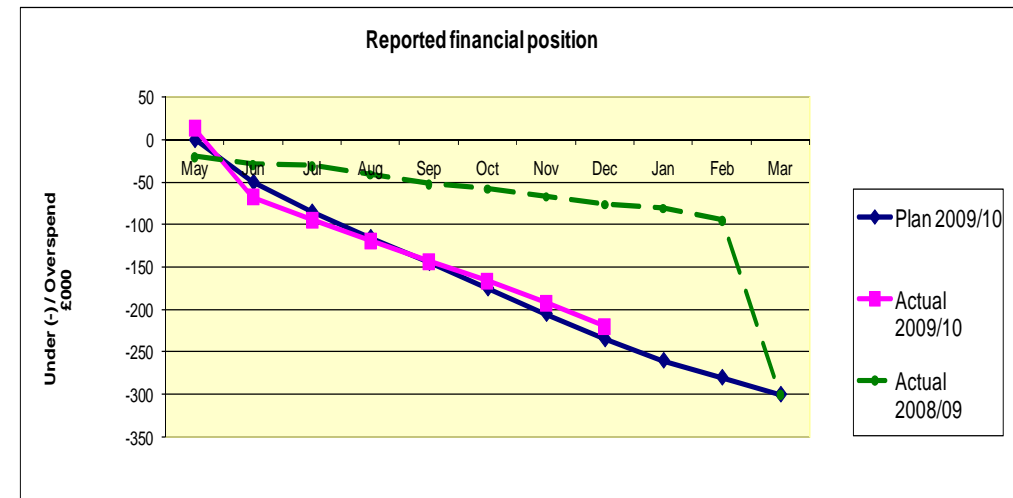
- Current position:

NHSCD has a £730k under-spend in-year on an annual budget of £951m (details form appendix 1).

- Forecast outturn:

£1,000k under-spend based on year to date performance and current knowledge of financial plans and risks. This is consistent with control total agreed with NHS North East (NHSNE). The chart above provides the plan for 2009/10 as well as actual performance for the

NHS Darlington

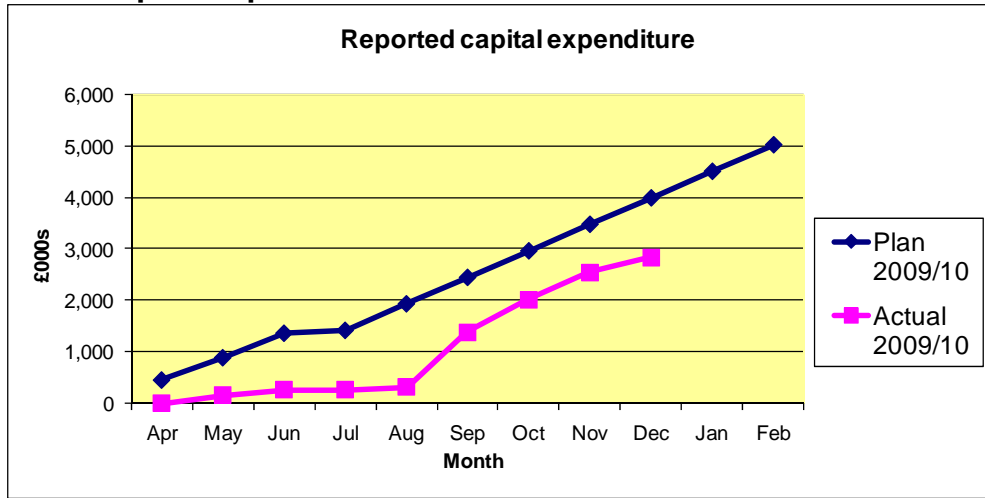


NHSD has a £220k under-spend in-year on an annual budget of £173m (details form appendix 1).

£300k under-spend based on year to date performance and current knowledge of financial plans and risks. This is consistent with control total agreed with NHS North East (NHSNE). The chart above provides the plan for 2009/10 as well as actual

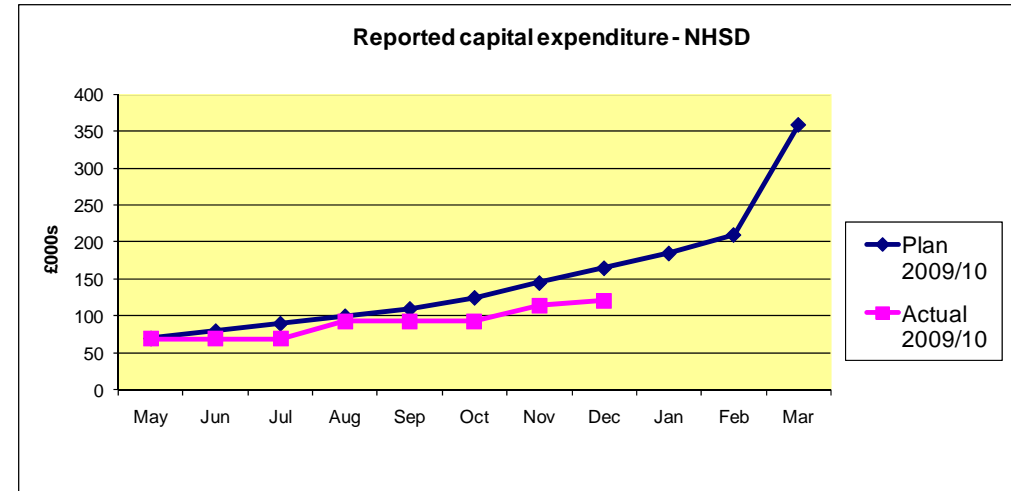
year to date.

2. Capital expenditure



Revised capital programme indicates potential over-commitment of 1% or £28k based on current capital allocations confirmed by NHSNE. The position will be monitored in-year and any over-commitment managed through project phasing.

performance for the year to date.



Revised capital programme over-commitment of £9k or 4% based on current capital allocations confirmed by NHSNE. The position will be monitored in-year and any over-commitment managed through project phasing.

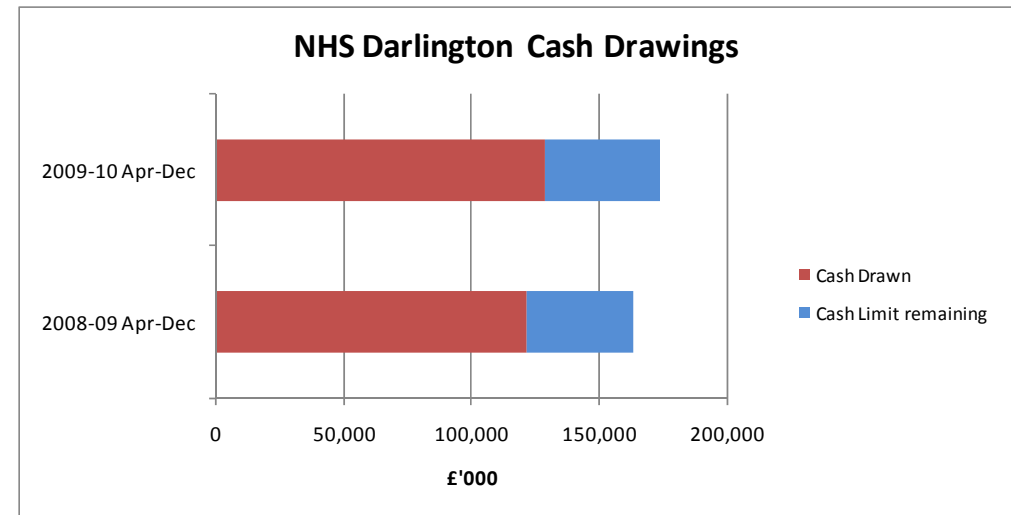
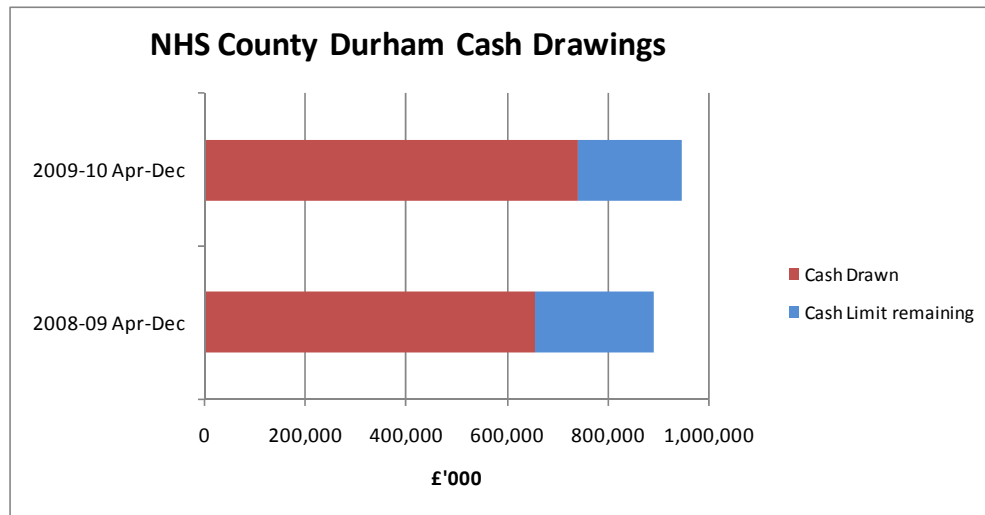
To ensure value for money and project deliverability a mid-year review has been undertaken of the 2009/10 capital programme and the revised phasing indicated in the above charts.

Progress against capital plans is detailed in Appendix 3

3. Cash-flow management

There are no issues to report this month and it is not anticipated that either PCT's outturn position will vary materially from the Cash Limit set.

The charts below indicate the percentage of the cash drawn to date compared with that available for the year.



Note: The cash drawn reflects the fact that many NHS SLAs are not paid in equal monthly instalments but are agreed to reflect individual provider circumstances.

A review of the current cash management strategy is underway and will reflect the current PCT organisation as well as national changes in PCT banking arrangements.

4 Supplementary information

Movement in PCT limits

- Revenue Resource limit (RRL)

Additional Revenue Resource, already earmarked in financial plans, amounting to £5,449k was received in December.

The main allocations received during the month were:

- Local Authority Capital Grant: £1,750k
- Impairments Budget Allocation: £2,917k
- Section 28A Durham CC: £1,018k
- HMP Frankland 09/10 Funding Correction: (£402)K

- **Capital Resource Limit (CRL)**

There were no additional capital allocations received in the month.

- **Cash Limit**

As a consequence of the additional revenue resource allocations, NHSCD's Cash Limit has increased by £2,532k. There was no cash impact in respect of the impairment allocations above.

- **Provider full cost recovery target (NHSD)**

NA

A Revenue Resource adjustment, already earmarked in financial plans, amounting to £(771)k was effected in December.

The main allocation adjustments during the month were:

- Section 28A Durham CC: £(1,018)k
- NECVN: £247k

As a consequence of the revenue resource allocations, NHSD's Cash Limit has decreased by £771k.

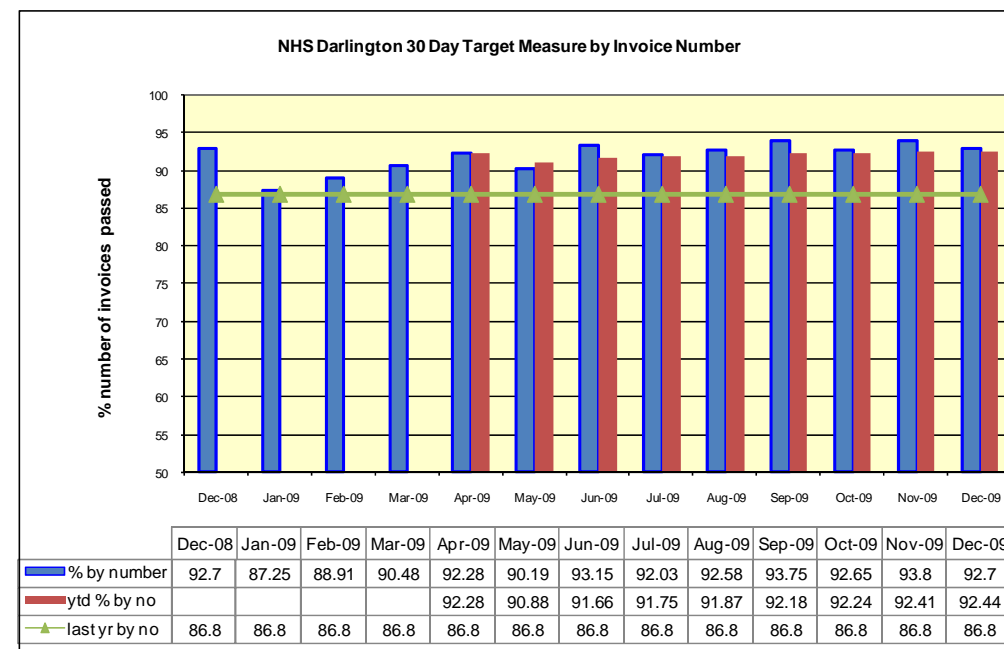
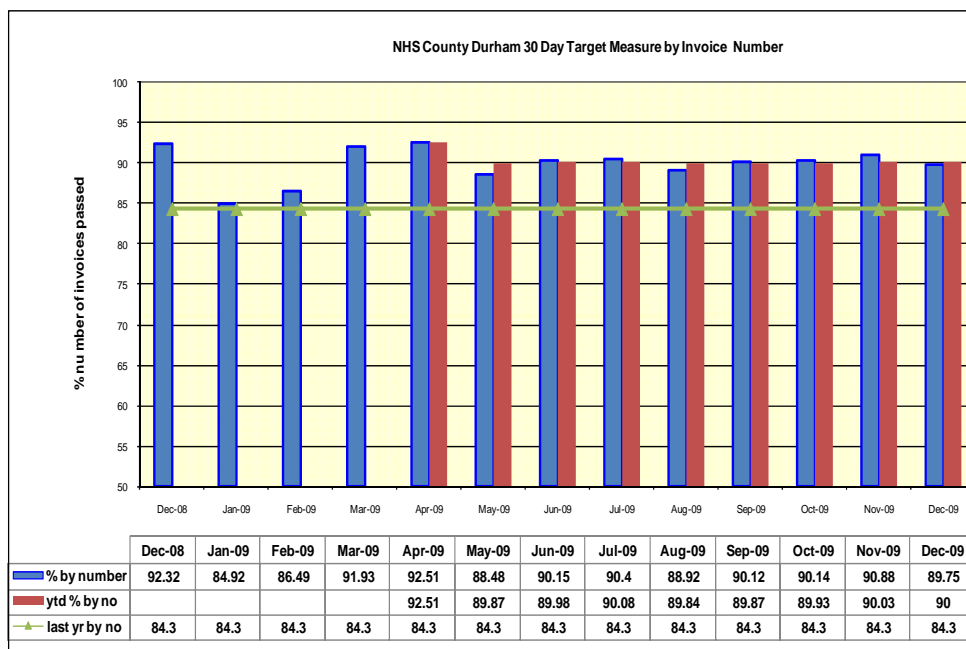
The full cost recovery in respect of PCT Provider Services in NHSD will be delivered by the forecast £200k under-spend on the outturn budget for County Durham & Darlington Community Health Services.

- **Performance against original payment target of 30 days from receipt**

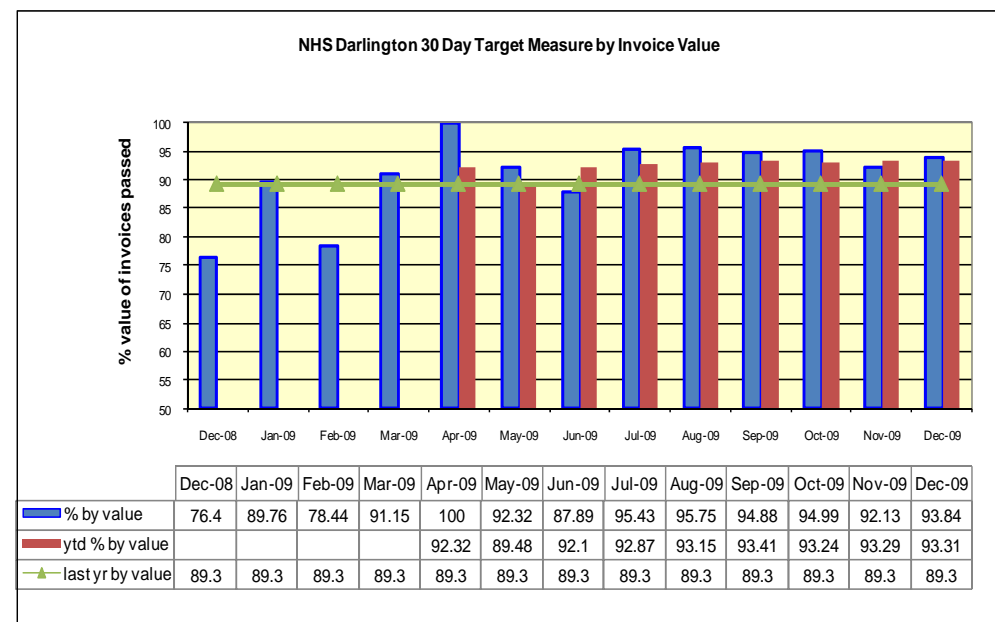
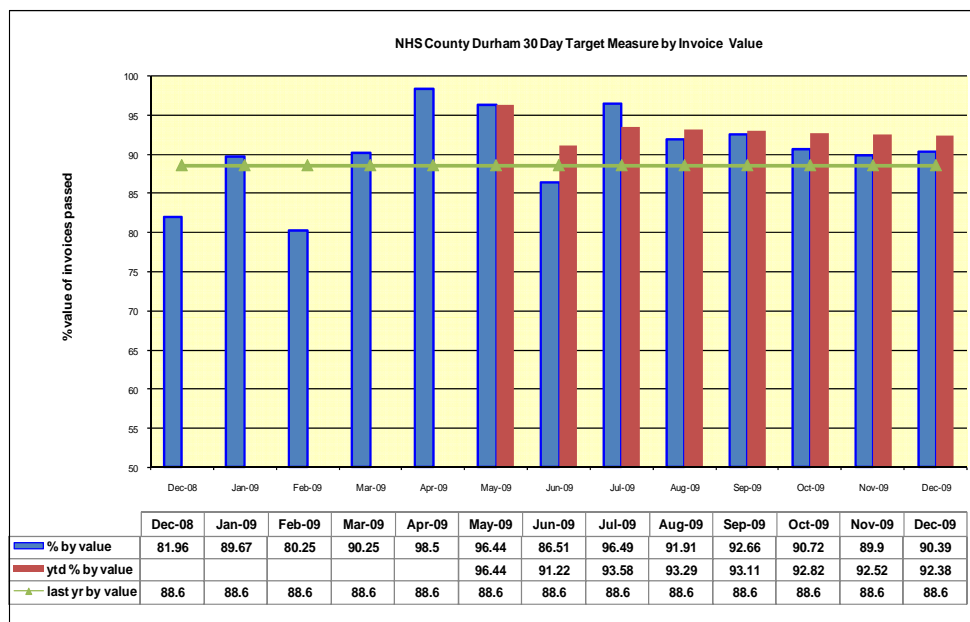
NHSCD's performance is set out in the charts below for non NHS invoices. Cumulative performance against this target for April – December 2009 was 90.00% by number of invoices (full year 2008/09: 84.3%) and 92.38% by value (full year 2008/09: 88.6%).

NHSD's performance in respect of non NHS invoices as shown in the charts below reflects cumulative performance against this target for April to December 2009 of 92.44% by number of invoices (full year 2008/09: 86.8%) and 93.31% by value (full year 2008/09: 89.3%).

Performance based on number of invoices:



Performance based on value of invoices:



- Performance against ten day target**

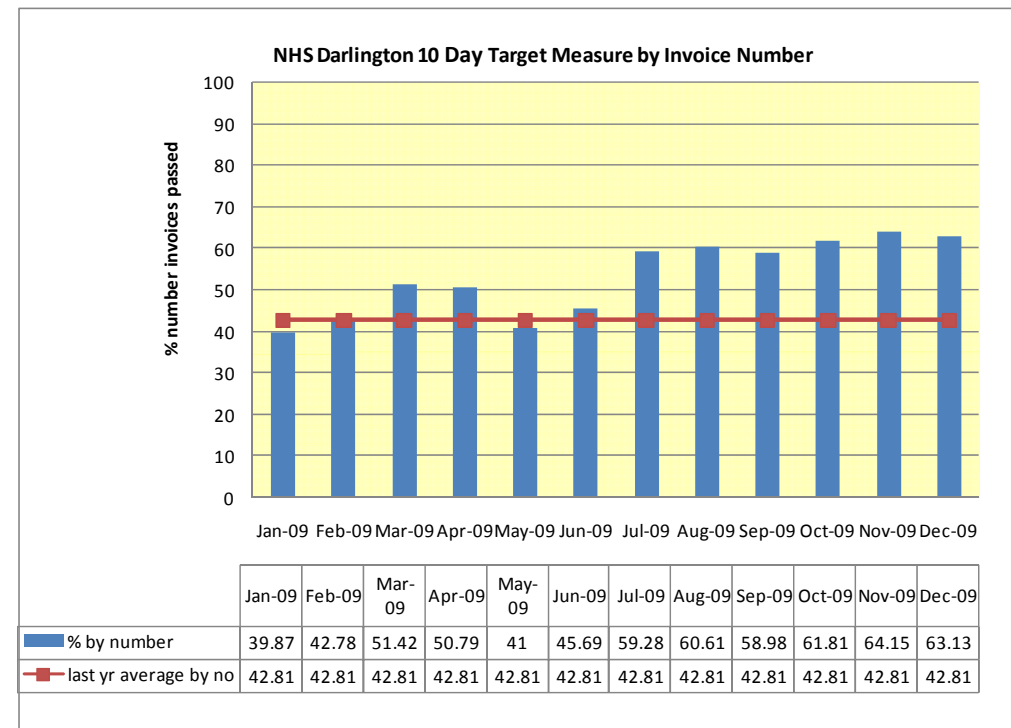
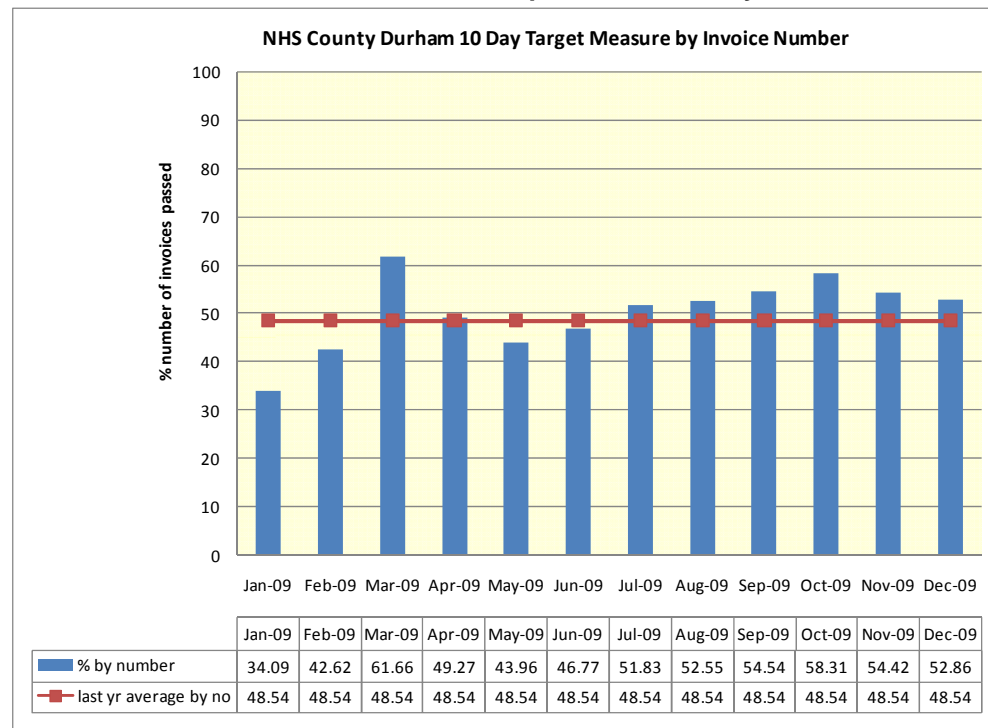
In October 2008 both PCTs and all other government bodies, were charged with paying suppliers as soon as possible and movement towards payment within ten days of invoice receipt where possible.

The charts below set out the two PCT's performance in this area.

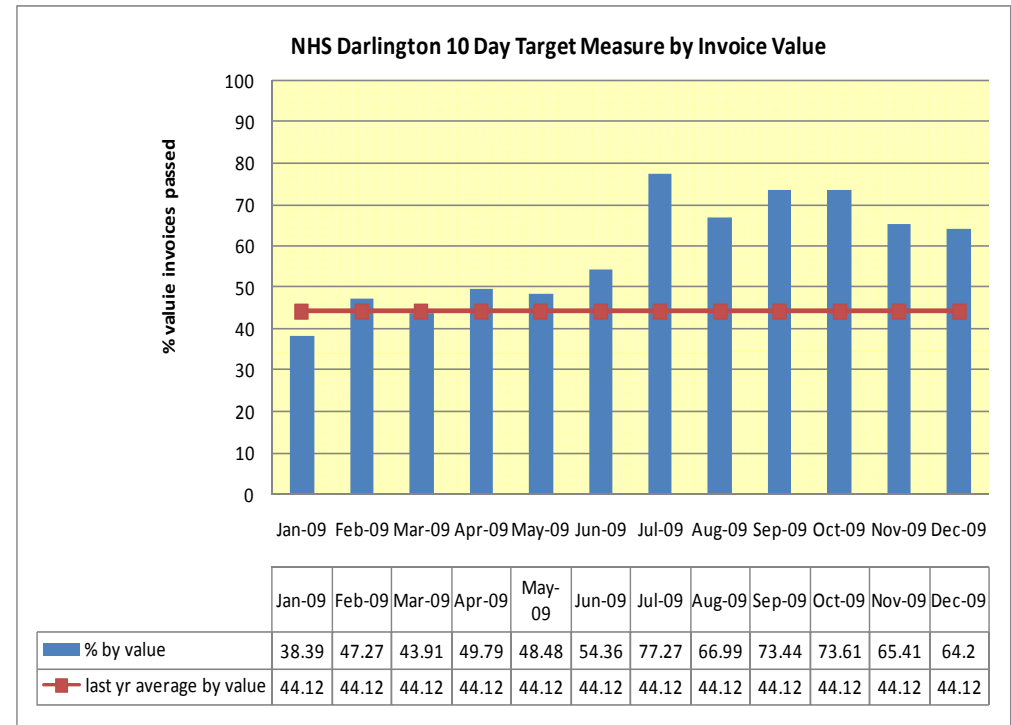
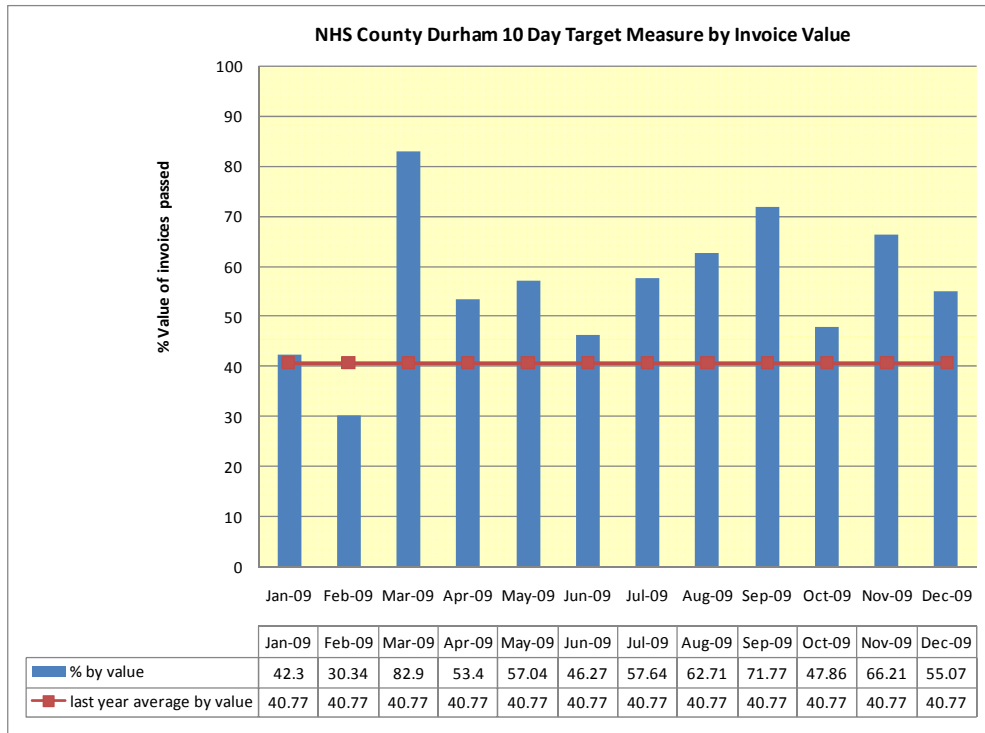
NHSCD and NHSD are currently implementing several initiatives to improve performance despite increased volumes of invoices and the impact of the delayed Cardea e-procurement system implementation. The initiatives include e-authorisation of invoices, already piloted for a discrete number of departments and payment of invoices valued at less than £250 without budget holder authorisation.

Participation in an invoice 'auto-approval' pilot scheme which will allow budget holders to authorise invoices electronically and support improved invoice tracking through the system has been agreed and, if successful, will be quickly rolled out across both organisations.

Performance based on value of invoices paid within 10 days:



Performance based on value of invoices paid within 10 days:



- **Practice based commissioning (PBC)**

Appendix 4 comprises a summary of the PBC finance update for the eight months to 30 November 2009 for both NHSCD and NHSD. This contains a summary of overall financial performance, together with the PBC position and budget variances, analysed by budget area and cluster. The appendix is an extract from the full PBC finance reports for November 2009. The full reports also include further analysis of investment and performance by provider and a copy is available upon request.

NHSCD

Although NHSCD is reporting an under-spend overall, the budget areas included within PBC show an over-spend of £16,704k or 3.54% as at 30 November 2009, largely relating to NHS providers.

NHSD

While NHSD is reporting an under-spend overall, the budget areas included within PBC show an over-spend of £2,682k or 3.09% as at 30 November 2009, largely relating to NHS providers.

- **Prescribing update**

Appendix 5 contains a summary of the prescribing finance update for the seven months to 31 October 2009 for both NHSCD and NHSD, analysed by PBC cluster. This shows that for the year to date all localities and both PCT's are forecast to over-spend.

Appendix 1

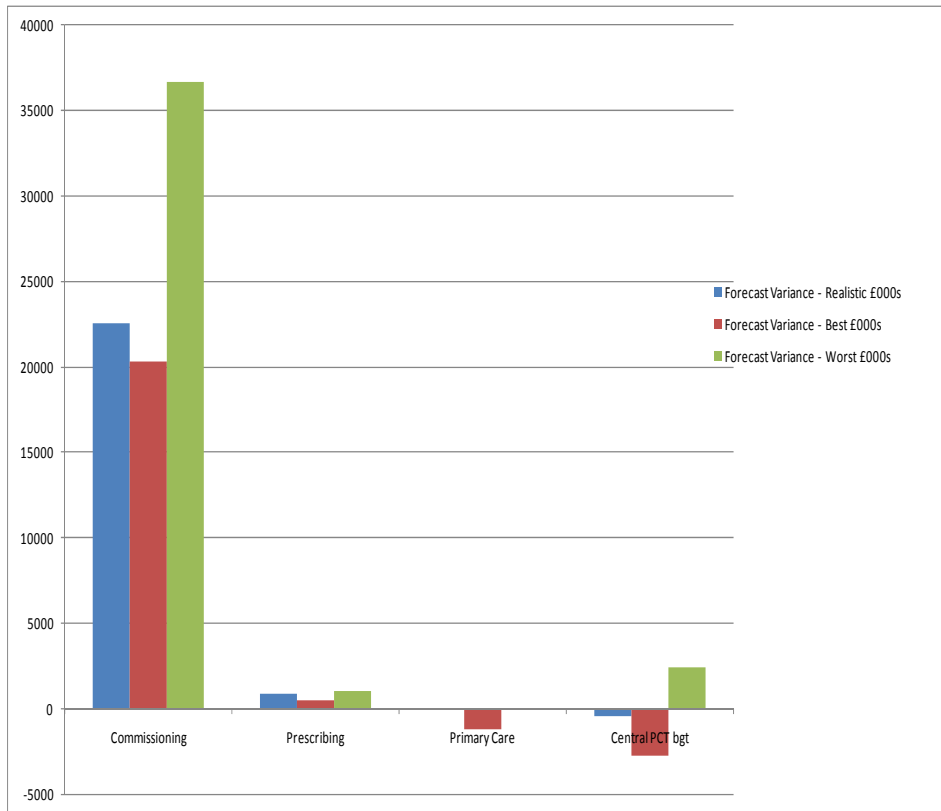
Financial summary report - 9 months to 31 December 2009												
	NHS CD						NHS D					
	YEAR TO DATE			FORECAST OUTTURN			YEAR TO DATE			FORECAST OUTTURN		
	Budget to date £000	Actual to date £000	Variance £000	Annual budget £000	Forecast Outturn £000	Variance £000	Budget to date £000	Actual to date £000	Variance £000	Annual budget £000	Forecast Outturn £000	Variance £000
Commissioning	498,151	515,253	17,102	665,836	689,064	23,228	90,001	92,915	2,914	119,984	123,727	3,743
Prescribing	67,586	67,793	207	89,813	90,017	204	12,489	12,360	(129)	16,624	16,458	(166)
Primary care												
Primary medical services (PMS/nGMS)	52,816	53,063	247	70,845	71,288	443	10,113	10,114	1	13,505	13,477	(28)
APMS	1,119	1,149	30	1,491	1,521	30	523	735	212	698	981	283
PCTMS	185	161	(24)	246	221	(25)	0	0	0	0	0	0
Primary dental services	14,544	14,354	(190)	19,453	18,652	(801)	4,208	4,344	136	5,689	5,742	53
Pharmacy contract	6,696	6,679	(17)	8,929	9,331	402	1,115	1,141	26	1,487	1,594	107
	75,360	75,406	46	100,964	101,013	49	15,959	16,334	375	21,379	21,794	415
Central PCT budgets												
PCT management & organisation	40,454	39,744	(710)	53,078	52,740	(338)	7,501	6,440	(1,061)	10,259	9,459	(800)
Reserves	17,368	0	(17,368)	41,072	16,936	(24,136)	2,040	0	(2,040)	4,707	1,415	(3,292)
	57,822	39,744	(18,078)	93,150	68,676	(24,474)	9,541	6,440	(3,101)	14,966	10,874	(4,092)
Hosted Community Services												
Community services provider unit							70,453	70,325	(128)	97,908	97,708	(200)
Community services offender and mental health							512	361	(151)	929	929	0
Service level agreement income							(72,750)	(72,750)	0	(98,837)	(98,837)	0
							(1,785)	(2,064)	(279)	0	(200)	(200)
PCT total revenue position	698,919	698,189	(730)	950,763	949,763	(1,000)	126,205	125,985	(220)	172,953	172,653	(300)

Financial summary report - 9 months to 31 December 2009												
	NHS CD						NHS D					
	YEAR TO DATE			FORECAST OUTTURN			YEAR TO DATE			FORECAST OUTTURN		
	Budget to date £000	Actual to date £000	Variance £000	Annual budget £000	Forecast Outturn £000	Variance £000	Budget to date £000	Actual to date £000	Variance £000	Annual budget £000	Forecast Outturn £000	Variance £000
Acute Services												
Acute - NHS Provision	286,789	299,067	12,278	382,706	398,201	15,495	53,256	55,386	2,130	71,008	73,514	2,506
S23 Acute - Non NHS Healthcare (s23/64 agreements)	2,291	5,439	3,148	3,055	7,242	4,187	1,278	1,636	358	1,704	2,184	480
	289,080	304,506	15,426	385,761	405,443	19,682	54,534	57,022	2,488	72,712	75,698	2,986
Mental Health / Learning Disability Services												
MH Mental Health, Learning Disabilities & CAMHS	64,525	65,046	521	85,847	86,504	657	10,824	11,024	200	14,432	14,795	363
MH Specialist Mental Health	8,606	8,606	0	11,474	11,565	91	1,115	1,115	0	1,486	1,502	16
CHC Mental Health - Non NHS Packages of Care	2,006	2,397	391	2,674	3,132	458	0	0	0	0	0	0
S23 Mental Health - Non NHS Provision	1,671	1,690	19	2,213	2,240	27	330	421	91	425	546	121
S23 Learning Disabilities - Non NHS Packages of Care	458	458	0	610	610	0	15	15	(0)	20	19	(1)
CHC Learning Disabilities - Non NHS Packages of Care	0	249	249	0	344	344	29	39	10	39	39	(0)
S28a Local Authority Agreements - Mental Health	637	595	(42)	849	793	(56)	104	104	0	139	138	(1)
S28a Local Authority Agreements - Learning Disability	8,594	8,610	16	11,459	11,693	234	2,464	2,050	(414)	3,285	2,783	(502)
	86,497	87,651	1,154	115,126	116,881	1,755	14,881	14,768	(113)	19,826	19,822	(4)
Specialist Services												
Specialist Services - NHS Providers	17,742	18,093	351	23,656	24,124	468	2,783	2,849	66	3,711	3,800	89
Community / Primary Care Services												
Com Community Services - CD&DCHS (NHS Darlington)	60,855	61,280	425	82,103	82,645	542	10,703	10,703	0	14,307	14,315	8
Com Community Services - Other NHS Providers	1,082	1,279	197	1,443	1,717	274	22	25	3	30	34	4
S23 Non Acute - Non NHS Healthcare (s23/64 agreements)	4,819	4,952	133	6,417	6,685	268	438	444	6	584	598	14
	66,756	67,511	755	89,963	91,047	1,084	11,163	11,172	9	14,921	14,947	26
Offender Health												
Offender Health - NHS Providers	5,917	5,919	2	7,890	7,890	0	0	0	0	0	0	0
Offender Health - Other	1,711	1,822	111	2,231	2,377	146	0	0	0	0	0	0
	7,628	7,741	113	10,121	10,267	146	0	0	0	0	0	0
Continuing Healthcare / Funded Nursing Care												
CHC Continuing Healthcare - Adults	15,877	15,272	(605)	21,169	21,177	8	3,793	4,574	781	5,058	6,032	974
FNC Funded nursing care	3,421	3,104	(317)	4,562	4,119	(443)	856	748	(108)	1,142	981	(161)
	19,298	18,376	(922)	25,731	25,296	(435)	4,649	5,322	673	6,200	7,013	813
Childrens Services												
CHC Children - Complex Packages of Care	953	1,346	393	1,271	1,802	531	0	0	0	0	0	0
S23 Children - Non NHS Provision	2,099	2,145	46	2,765	2,802	37	547	452	(95)	729	685	(44)
Com Children - NHS Community Services	411	471	60	548	624	76	0	0	0	0	0	0
S28a Local Authority Agreements - Childrens	108	122	14	144	163	19	99	0	(99)	132	0	(132)
	3,571	4,084	513	4,728	5,391	663	646	452	(194)	861	685	(176)
Other Commissioning												
Public health commissioning	375	192	(183)	501	483	(18)	15	0	(15)	20	0	(20)
Drug action team	7,204	7,099	(105)	10,249	10,132	(117)	1,330	1,330	0	1,733	1,762	29
	7,579	7,291	(288)	10,750	10,615	(135)	1,345	1,330	(15)	1,753	1,762	9
	498,151	515,253	17,102	665,836	689,064	23,228	90,001	92,915	2,914	119,984	123,727	3,743

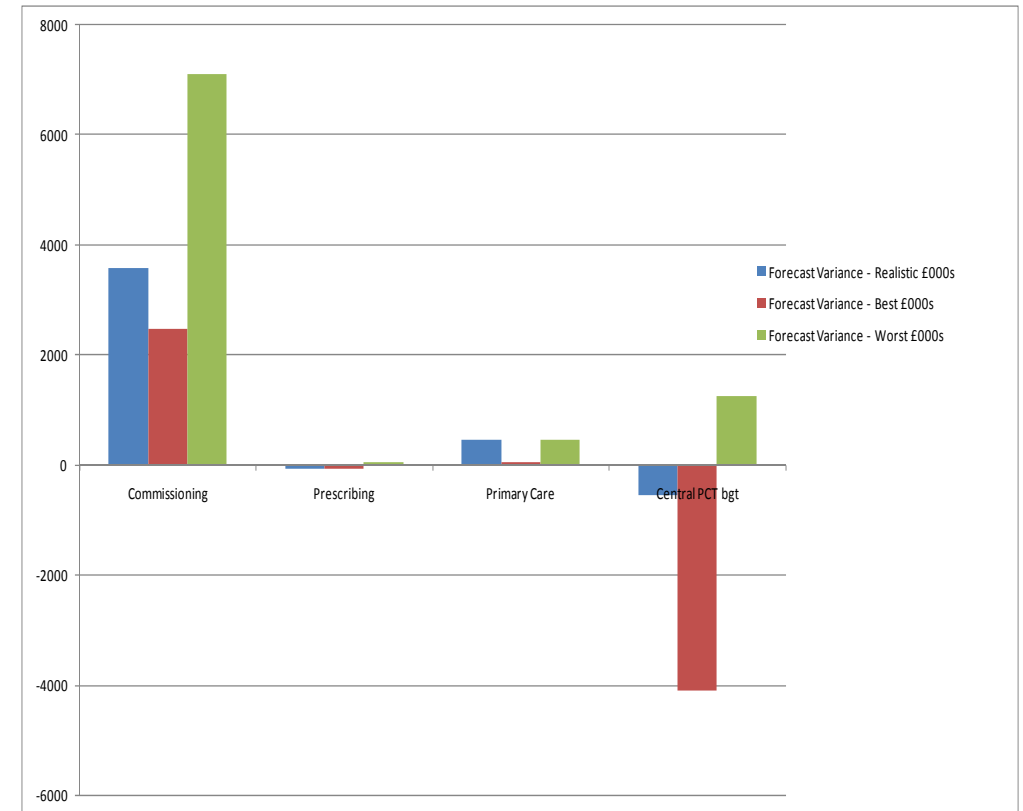
Sensitivity Analysis – Forecast outturn over / (under) spend £'000s

The charts below provide for each main budget heading the best, worst and most likely outturn variances from budget.

NHSCD



NHSD



The best and worst case scenario's shown above are explained in further detail in Appendix 2. This month there is little apparent change and in order to better reflect the PCTs' positions consideration will be given to incorporating the likelihood of each outcome in future reports.

KEY FINANCIAL VARIANCES AND MANAGEMENT ACTION

The following section of this report identifies material revenue expenditure variances for both NHSCD and NHSD, the associated risks and mitigating management action. To indicate whether or not the variance is favourable, each is identified as either (F) – favourable or (U) – unfavourable.

NHS Acute commissioning

The position at Month 9 is based upon data of which only the first seven months is frozen. As such caution must still be exercised when considering the forecast outturn position and in assessing both NHSCD and NHSD's ability to deliver current year's disinvestment plans.

NHSCD

Annual budget - £382,706k	40% of total revenue budget
YTD variance - £12,278k (U)	Change in month - £615k (U)
Forecast outturn - £15,495k (U)	Change in month - £121k (U)
Best case forecast outturn	£14,279k (U)
Worst case forecast outturn	£23,447 (U)

NHSCD - Analysis of NHS Acute commissioning position by provider is as follows:

NHSD

Annual budget - £71,008k	41% of total revenue budget
YTD variance - £2,130k (U)	Change in month - £102k (U)
Forecast outturn - £2,506k (U)	Change in month - £117k (F)
Best case forecast outturn	£2,183k (U)
Worst case forecast outturn	£4,877k (U)

NHSD - Analysis of NHS Acute commissioning position by provider is as follows:

	YEAR TO DATE			FORECAST OUTTURN		
	Budget to date	Actual to date	Variance	Annual budget	Forecast Outturn	Variance
	£000	£000	£000	£000	£000	£000
County Durham & Darlington NHS Foundation Trust	162,804	169,598	6,794	217,390	225,647	8,257
City Hospitals Sunderland NHS Foundation Trust	31,566	33,412	1,846	42,088	44,581	2,493
North Tees & Hartlepool NHS Foundation Trust	27,625	28,598	973	36,834	38,076	1,243
Newcastle Upon Tyne Hospitals NHS Foundation Trust	20,435	21,243	807	27,247	28,290	1,043
South Tees Hospitals NHS Trust	22,721	23,117	396	30,295	30,781	486
Gateshead Health NHS Foundation Trust	3,621	4,404	783	4,829	5,848	1,019
Northumbria Healthcare NHS Foundation Trust	713	706	(7)	950	935	(16)
Leeds Teaching Hospitals NHS Trust	342	313	(29)	456	418	(38)
South Tyneside NHS Foundation Trust	75	307	232	100	388	288
Non Contract Activity	2,191	1,930	(261)	2,924	2,504	(419)
NHS Networks	32	142	110	42	189	147
Patient Travel & Transport	14,664	15,268	604	19,552	20,333	781
Total	286,789	299,038	12,249	382,706	397,990	15,284

County Durham & Darlington NHS Foundation Trust

In-year activity levels have continued to increase above forecast levels. Adverse in-year variance includes £2.1m relating to outpatient referrals, £1.4m planned same day elective procedures, new attendances and follow ups within PBR are £1.9m and £1.5m respectively, £0.8m excluded drugs and devices.

City Hospitals Sunderland NHS Foundation Trust

Adverse in-year variance on non-elective and outpatient budgets of £507k and £282k respectively.

However, concerns still exist over quality of data available. Answers to queries raised regarding coding of certain activity are being pursued.

Newcastle upon Tyne Hospitals NHS Foundation Trust

Adverse in-year variance on outpatient budget of £235k and £90k on follow up attendances.

South Tees Hospitals NHS Foundation Trust

A retrospective data change requested by the lead commissioners,

	YEAR TO DATE			FORECAST OUTTURN		
	Budget to date	Actual to date	Variance	Annual budget	Forecast Outturn	Variance
	£000	£000	£000	£000	£000	£000
County Durham & Darlington NHS Foundation Trust	40,304	41,877	1,573	53,738	55,458	1,720
City Hospitals Sunderland NHS Foundation Trust	108	134	25	145	179	34
North Tees & Hartlepool NHS Foundation Trust	719	758	39	959	1,008	49
Newcastle upon Tyne Hospitals NHS Foundation Trust	1,445	2,152	707	1,926	2,873	947
South Tees Hospitals NHS Trust	7,994	7,533	(461)	10,658	10,087	(571)
Leeds Teaching Hospitals NHS Trust	213	194	(19)	284	259	(25)
Non Contract Activity	175	160	(16)	234	190	(44)
Networks	5	30	25	6	41	35
Patient Travel & Transport	2,294	2,547	253	3,059	3,415	356
Total	53,256	55,384	2,128	71,009	73,510	2,502

In-year adverse variances of £709k on non-elective procedures (largely non-elective inpatients), £471k on outpatients and £460k on new attendances within PbR.

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200% in-year increase in GP referrals to Newcastle. Performance colleagues are reviewing referral patterns to understand and identify appropriate action plan. There has also been an adverse in-year variance of £141k on elective inpatients.

Over-performance in Non-elective and A&E activity is more than offset

Tees PCTs, has resulted in additional year to date costs of £100k and additional forecast outturn costs of £800k. Discussions are being held by performance colleagues to understand the impact both in year and in future years due to the change and assess the options open to NHSCD. There is also an adverse in-year variance of £204k on ICU.

by continued under-performance in respect of elective and outpatient budgets.

Gateshead Health NHS Foundation Trust

Adverse in-year variances of £117k on inpatients, £119k on outpatients and £179k on critical care bed days.

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Commissioners, performance analysts and finance officers are reviewing the available data and have raised a number of queries with providers. Discussions with providers to arrive at a common understanding of both pressures and PCT remedial action upon planned expenditure are progressing and will inform contract negotiations for 2010/11.

An urgent review following the NHS County Durham 'stop the line' process is in progress charged with the identification of the factors driving the current position and development and immediate implementation of a remedial action plan. The project has now moved into the implementation stage and a task group is working with Practice Based Commissioning leads to monitor and co-ordinate action plans to address over-performance in the acute sector in particular, as well as reviewing all other areas of expenditure. Progress has been made although this is limited in relation to acute sector activity. The yield from this work currently stands at £2m.

The seasonal profiling of activity allows for increased hospital activity during the winter months. Investigation undertaken shows that current calendar based adjustments show little variation from a straight time based apportionment of activity. Work is in progress to ascertain how best activity casemix fluctuations during the year may be accurately modelled, contracted for and reflected in PCT budgets.

The forecast outturn does not however allow for the potential impact of the 'flu pandemic on either elective or non elective care. A continuous review of 'flu related activity is supported by earmarked reserves and planned investments to ensure neither 'flu nor winter pressures prevent the PCTs from achieving the year end control totals agreed with the Strategic Health Authority.

The best and worst case forecast outturn variances reflect the potential risks and uncertainties currently surrounding the NHS acute commissioning budgets. Worst case scenarios assume no benefit is achieved from the actions of the task group, forecast reductions in A&E attendances are not achieved resulting in additional costs of £1.5m on the CDDFT contract and over-performance of 5% on the CDDFT contract and 10% on other contracts. Best case scenarios assume forecast outturn variance on over-performing contracts does not worsen from current in-year variance, while under-performing contracts continue to under-perform at the same levels.

Non-NHS Healthcare (s23/64 agreements) – Acute

NHSCD

Annual budget - £3,055k	0.3% of total revenue budget
YTD variance - £3,148k (U)	Change in month - £402k (U)
Forecast outturn - £7,242k (U)	Change in month - £65k (F)
Best case forecast outturn	£4,100k (U)
Worst case forecast outturn	£4,500k (U)

NHSD

Annual budget - £1,704k	1.0% of total revenue budget
YTD variance - £358k (U)	Change in month - £67k (U)
Forecast outturn - £480k (U)	Change in month - £32k (U)
Best case forecast outturn	£420k (U)
Worst case forecast outturn	£500k (U)

The over-spend in both NHSCD and NHSD is a result of increased activity at independent sector acute providers, which evidence does not show is matched by activity reductions at NHS providers. This increasing activity trend across the past six months, plus the impact of management action to encourage usage of independent sector to enable delivery of 18 week commissioning targets, is likely to result in an ongoing over-spend position as shown in the forecast outturn.

Mental Health / Learning Disability Services

NHSCD

Annual budget - £115,126k	11.6% of total revenue budget
YTD variance - £1,154k (U)	Change in month - £239k (U)
Forecast outturn - £1,755k (U)	Change in month - £433k (U)
Best case forecast outturn	£613k (U)
Worst case forecast outturn	£3,037k (U)

NHSD

Annual budget - £19,826k	11.4% of total revenue budget
YTD variance - £113k (F)	Change in month - £113k (U)
Forecast outturn - £4k (F)	Change in month - £235k (U)
Best case forecast outturn	£166k (F)
Worst case forecast outturn	£187k (U)

The over-spend in NHSCD is largely on the mental health and learning disabilities packages of care budgets, with a combined in-year over-spend of £499k and forecast outturn over-spend of £620k.

The adverse movement in year and forecast outturn relates to admission of 2 new LD forensic clients and increase in contract variations with TEWV for LD Health facilitation.

The adverse movement in year and forecast outturn relates to increase in TEWV contracts for LD Health facilitation, early onset dementia and Lanchester Road development.

The best case outturn for NHSCD assumes client levels remain the

same for the rest of the year. Conversely, the worst case forecast outturn for NHSCD assumes client numbers increase by one per month for Learning Disabilities.

Community / Primary Care Services

NHSCD

Annual budget - £89,963k	9.6% of total revenue budget
YTD variance - £755k (U)	Change in month - £132k (U)
Forecast outturn - £1,084k (U)	Change in month - £72k (U)
Best case forecast outturn	£1,025k (U)
Worst case forecast outturn	£1,305k (U)

The adverse variance in NHSCD largely relates to the Community Services budget with NHS Darlington and in particular over-spends on retinal screening and Macmillan nursing, which fall outside of the main service level agreement with County Durham and Darlington Community Health Services

Continuing care (CHC)/funded nursing care (FNC)

NHSCD

Annual budget - £25,731k	2.7% of total revenue budget
YTD variance - £922k (F)	Change in month - £222k (U)
Forecast outturn - £435k (F)	Change in month - £5k (U)
Best case forecast outturn	£765k (F)
Worst case forecast outturn	£252k (F)

Significant work has been undertaken by finance and commissioning colleagues at NHSCD to review client numbers and improve the accuracy of underlying data on which the above numbers are based.

The forecast outturn position shows an aggregate under-spend with CHC slightly above break-even. This allows for growth of an

NHSD

Annual budget - £14,921k	8.6% of total revenue budget
YTD variance - £9k (U)	Change in month - £4k (U)
Forecast outturn - £26K (U)	Change in month - £13k (U)
Best case forecast outturn	£8k (U)
Worst case forecast outturn	£40k (U)

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NHSD

Annual budget - £6,200k	3.6% of total revenue budget
YTD variance - £673k (U)	Change in month - £111k (U)
Forecast outturn - £813k (U)	Change in month - £3k (U)
Best case forecast outturn	£776k (U)
Worst case forecast outturn	£851k (U)

The continued adverse variance in NHSD is a result of increasing client numbers and the impact of high cost cases. The forecast outturn continues to allow for net growth in client numbers of 2 per month.

Significant resources have been deployed through the Annual

additional net 30 clients per month for the remainder of the year plus an additional provision for winter pressures.

Significant resources have been deployed through the Annual Operational Plan to cover increasing costs and work is ongoing with commissioning colleagues to further improve the data quality in this area and seek improved value for money.

The best case forecast outturn for NHSCD assumes a reduction in FNC numbers of 4 per month along with an increase in CHC client numbers of only 10 per month. The worst case forecast outturn for NHSCD assumes an increase in FNC client numbers of 8 per month and that CHC client numbers increase at 40 per month.

Children's Services

NHSCD

Annual budget - £4,728k	0.5% of total revenue budget
YTD variance - £513k (U)	Change in month - £61k (U)
Forecast outturn - £663k (U)	Change in month - £20k (U)
Best case forecast outturn	£614k (U)
Worst case forecast outturn	£740k (U)

The over-spend in the NHSCD complex packages of care budget is due to the increase in case numbers in excess of identified budget. In year management action is supported by identification of adequate resources to match anticipated activities in the 2010/11 and subsequent financial years.

Operating Plan to cover this increasing cost and work is ongoing with commissioning colleagues to further improve the data quality in this area and seek improved value for money.

The best case forecast outturn for NHSD assumes a reduction in FNC numbers of 5 per month along with no additional growth in CHC client numbers. The worst case forecast outturn for NHSD assumes an increase in FNC client numbers of 5 per month along with a net increase in CHC client numbers of 4 per month.

NHSD

Annual budget - £861k	0.4% of total revenue budget
YTD variance - £194k (F)	Change in month - £16k (F)
Forecast outturn - £176k (F)	Change in month - £5k (U)
Best case forecast outturn	£190k (F)
Worst case forecast outturn	£157k (F)

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Prescribing

NHSCD

Annual budget - £89,813k	9.5% of total revenue budget
YTD variance - £207k (U)	Change in month - £425k (F)
Forecast outturn – £204k (U)	Change in month - £660k (F)
Best case forecast outturn	£204k (U)
Worst case forecast outturn	£1,042k (U)

The current position and forecast are based upon the latest Prescription Pricing Agency (PPA) information reviewed by medicines management colleagues.

The favourable movement this month and in forecast outturn reflects the latest PPA information which has now been received and illustrates the volatile nature of the budget. An outturn over-spend is still forecast although work will continue to analyse the PPA information and look to identify other savings within the prescribing budget. Further clarity is being sought in respect of possible price reductions later this year in category M drugs, although any benefit may be reduced by additional pharmacy contract costs.

Worst case variance is based upon August PPA forecast outturn of 3% overspend on prescribing in practices. Best case variance assumes further improvements in the PPA forecast outturn to be more in line with the position expected earlier in the year.

NHSD

Annual budget - £16,624k	9.6% of total revenue budget
YTD variance - £129k (F)	Change in month - £77k (F)
Forecast outturn - £166k (F)	Change in month - £96k (F)
Best case forecast outturn	£166K (F)
Worst case forecast outturn	£61k (U)

The current position and forecast are based upon the latest PPA information reviewed by medicines management colleagues.

The favourable movement this month and in forecast outturn reflects the latest PPA information which has now been received and illustrates the volatile nature of the budget.

Primary care services

NHSCD

Annual budget - £100,964k	10.7% of total revenue budget
YTD variance - £46k (U)	Change in month - £35k (F)
Forecast outturn – £49k (U)	Change in month - £59k (U)
Best case forecast outturn	£1,265k (F)
Worst case forecast outturn	£102k (U)

A significant outturn over-spend of £444k is forecast on the PMS/GMS budget line as a result of an increase in GP registrars following the August intake, with registrar numbers increasing from 40 to 52. As a result, costs are now forecast to be in excess of the funding received from the SHA. This is the reverse of previous years.

The favourable outturn variance of £798k on the dental contract in NHSCD reflects the impact of additional dental clawbacks from 2008/09 identified in the month.

Best case forecast outturn for NHSCD assumes additional dental clawbacks are agreed and additional funding received for the increased cost of GP registrars.

NHSD

Annual budget - £21,379k	12.3% of total revenue budget
YTD variance - £375k (U)	Change in month - £23k (U)
Forecast outturn - £415k (U)	Change in month - £51k (F)
Best case forecast outturn	£36k (U)
Worst case forecast outturn	£444k (U)

The over-spend in primary care budgets in NHSD principally relates to the APMS and dental budgets.

The over-spend on the Alternative Provider Medical Services (APMS) budget of £282k relates to the Darzi health centre where it has been confirmed that operating costs in the financial year will create a financial pressure which will need to be addressed in both current and future year financial planning and budget management.

The forecast outturn over-spend of £54k in dental relates to one - off dental expenditure which cannot be classed as capital under the NHS guidance and activity pressures. In addition, disputes with certain practices in relating to the level of clawbacks from 2008/09 have resulted in a less optimistic position being taken.

Best case forecast outturn for NHSD assumes additional dental clawbacks are agreed and a £245k reduction in the cost of the Darzi health centre if relevant performance targets in the contract are not achieved.

Corporate services and reserves

NHSCD

Annual budget - £93,150k	9.6% of total revenue budget
YTD variance - £18,078k (F)	Change in month - £1,451k (F)
Forecast outturn - £25,074k (F)	Change in month - £702k (F)
Best case forecast outturn	£26,696k (F)
Worst case forecast outturn	£7,083k (F)

NHSD

Annual budget - £14,966k	8.9% of total revenue budget
YTD variance - £3,101k (F)	Change in month - £160k (F)
Forecast outturn - £4,092k (F)	Change in month - £51k (U)
Best case forecast outturn	£7,106k (F)
Worst case forecast outturn	£2,642k (F)

The current under-spend on both PCTs' management and organisation budgets relates primarily to staff vacancies.

As noted above, to ensure achievement of agreed control totals a task group has been set up to work with PBC leads and other officers to develop and deliver plans to address over-performance in the acute sector in particular, but also all other areas of commissioning and internal PCT expenditure. Work has been undertaken by finance and other PCT colleagues as part of this task group to identify internal savings which has resulted in a favourable movement in both in-year and forecast outturn budget variances.

Significant work has been undertaken reviewing management and organisation budgets with relevant directors to ensure delivery of the 3% efficiency target on these corporate as well as commissioning budgets. This work has progressed well and the efficiency target has been achieved for the current financial year, with plans in place to ensure continued delivery on a recurring basis.

The position shown in respect of PCT reserves reflects the management of earmarked reserves and slippage to address known and anticipated financial pressures and maximise the investment in healthcare provision.

An ongoing review of the recurrent Annual Operational Plan (AOP) investment programme and non recurrent expenditure plans identifies any proposals which could be rephased without material detrimental impact to the achievement of operational targets.

At present the PCTs' disinvestment plans, which span several budget areas, are progressing in line with the five year strategy although the risks set out above and their potential to impact on delivery of the plans is recognised. The refresh of the five year plan and financial investment strategy will incorporate this risk as well as revised SHA-wide assumptions on growth and inflation which reflect the current economic downturn and emerging funding pressures for the NHS as a whole.

The worst case forecast outturn on corporate services and reserves for both NHSCD and NHSD assumes minimal additional slippage from reserves, over-spending management and organisation budgets continue at the same rate and under-spending budgets are balanced to breakeven by the end of the year.

The best case forecast outturn assumes the current forecast outturn position in reserves, all current vacancies in management and organisation budgets continue for the remainder of the year.

Hosted community services provider unit

NHSCD

Not applicable

NHSD

YTD variance - £279k (F)

Change in month - £180k (F)

Forecast outturn - £200k (F)

Change in month - £65k (F)

An under-spend of £200k is now forecast although there is a risk that continued pressures will impact upon delivery of this outturn position. The improvement in the position since last month reflects management action to address pressures relating to podiatric sterilisation in particular, as well as the impact of contract variations agreed with commissioners.

The most significant risks relate to the re-costing of AHP contracts and the potential impact of pandemic 'flu. Expenditure and the overall position are closely monitored and managed by the Utilisation of Resources Group (URG), Provider Arm Management Group and Provider Committee on a monthly basis.

Pandemic Flu

Total costs identified to date and potential additional costs are as follows:

NHSCD

- YTD actual local costs attributable to pandemic flu	£285k
- PCT share of £1.1m SHA costs (including the cost of seasonal flu vaccination, logistics warehouse and staffing and the cost of the 0845 local call service	£220k
- PCT share of £350k SHA costs for regional communications campaign	£70k

NHSD

- YTD actual local costs attributable to pandemic flu	-
- PCT share of £1.1m SHA costs (including the cost of seasonal flu vaccination, logistics warehouse and staffing and the cost of the 0845 local call service	£44k
- PCT share of £350k SHA costs for regional communications campaign	£14k

The potential impact of pandemic 'flu on secondary care has been calculated based upon the latest national assumptions for the period to May 2010. This assumes a clinical attack rate of 30% of the population and a hospitalisation rate of 1%, of which 25% are assumed to be critical care cases. The estimated impact of this would be approximately £10,273k in NHSCD and £1,999k in NHSD (this does not take into account any potential impact on current secondary care activity levels, and as such represents a worst case scenario).

The actual impact of pandemic flu experienced to date has not been as significant as expected however with only 79 admissions reported in CDDFT in the period since July 2009 and a total of 66 critical care bed days. If those levels continue through the remainder of the financial year, the estimated impact for 2009/10 would only be approximately £200k across both PCT's.

It should be noted that no provision has been made for these potential additional costs within the forecast outturn numbers reported in appendix one, other than assumed expenditure relating to winter pressures (including 'flu) of approximately £1 million, due to the uncertainty over the likely impact of pandemic 'flu and potential related impacts on current secondary care activity levels. As a result, only the total identified costs to date have been factored in to the year to date spend and forecast outturn numbers reported in appendix one.

The costs of the GP administered vaccination programme (£5.25 per vaccine dose) have been excluded from the above analysis as funding has been received from the Department of Health in respect of these costs (see section 4). It should however be noted that the funding is only based on a 70% uptake of the priority groups, hence there is a potential risk to both PCT's if actual uptake is higher than this. Sensitivity analysis has been performed to assess the potential impact, using a range of scenarios including prior year uptake of 'flu vaccinations, discussions with GP practices, Government target uptake levels and a worst case scenario of 100% uptake including a number of patients requiring two doses.

Based upon this analysis, actual costs could range from £413k to £996k across both PCT's. Total funding of £581k has been received, leaving a potential exposure on a worst case basis of £415k.

NHS County Durham

Capital programme - 2009/10

Source of funds	Confirmed CRL £000		Forecast Outturn £000
Capital Allocation confirmed by SHA			
Specific bids			
Stanley Primary Care Centre Equipping	1,300		1,300
Seaham Primary Care Centre	900		900
Redevelopment of Community Hospitals	2,150		2,150
Community Hospitals - extending services	400		400
Operational Capital	1,412		1,412
Pass through funding			
Aycliffe Young Peoples Secure Unit	1,750		1,750
Primary Care Strategy - GP Capital Program	883		883
Stage 3 Campus Closure - Learning Disability	360		360
Drug Treatment Capital Development	40		40
Ackington Prison	80		80
Flouridation Plant - Northumbria Water	250		250
Total Capital Funding Available	9,525		9,525
Capital to Revenue Transfer - actioned at month 6	-3,863		-3,863
Remaining Capital Funding Available	5,662		5,662
Application of funds	Revised Plan £000	YTD Month 9 £000	Forecast Outturn £000
Specific Schemes - Estates			
Equipment for Stanley Primary Care Centre	1,150	858	1,150
Seaham Primary Care Centre - Land	14	14	14
Community Hospitals - Redevelopment	1,700		1,700
Spennymoor Health Centre	1,020	729	1,020
Healthworks	1,350	1,099	1,350
Specific Schemes - IM&T			
NPFIT	175	7	175
IM&T Hardware Replacement	83	83	83
GP IT Support	150		150
Bede House/Lumley House IT Kit	48	48	48
Total Application of Funds	5,690	2,838	5,690
(Under)/Overcommitment against available funds (£)	28		28
(Under)/Overcommitment against available funds (%)	0%		0%

NHS Darlington			
Capital programme - 2009/10			
Source of funds	Confirmed CRL £000		Forecast Outturn £000
Capital Allocation confirmed by SHA			
Operational Capital	249		249
In Year Allocation			
Cardiovascular Network Funding	110		110
Pass through funding			
Primary Care Strategy - GP Capital Program	110		110
SWITCH Drug Treatment Capital	75		75
Redevelopment of Community Services to Achieve Integrated Approach to Delivery	250		250
Total Capital Funding Available	794		794
Capital to Revenue Transfer - actioned at month 6	-435		-435
Total Capital Funding Available	359		359
Application of funds			
	Revised Plan £000	YTD Month 9 £000	Forecast Outturn £000
Operational Capital			
CASH Equipment	69	69	69
NPFIT (Regionals Scheme Hosted by Darlington)	24	24	24
NPFIT	65	0	65
IM&T telephony and supporting equipment - CDDCHS	100	28	100
Green Park	110		110
Total Application of CRL Funds	368	121	368
(Under)/Overcommitment against available funds (£)	9		9
(Under)/Overcommitment against available funds (%)	3%		3%

Appendix 4 (NHSCD)

NHS County Durham Practice Based Commissioning (PBC) November 2009 Finance Update

NHSCD Position

The overall position at 30 November 2009 is a revenue under-spend of £652k against a budget of £619 million for the first eight months of the financial year.

The full year forecast outturn is £1,000k under-spend based upon year to date and current knowledge of financial plans and risks. This is consistent with control total now agreed with NHS North East (NHSNE).

Although NHSCD is reporting an overall under-spend, the budget areas included within Practice Based Commissioning (PBC) show an over-spend of £16,704k or 3.54%, which is being offset by excluded budgets as can be seen in the table below.

	Annual Budget £'000	Year to Date Budget £'000	Year to Date Actual £'000	Variance to date £'000
Items Included in PBC *	709,883	472,009	488,713	16,704
Items Excluded from PBC	235,365	147,469	130,116	(17,353)
PCT Board Report Total	945,248	619,479	618,827	(652)

* Items included in PBC are as follows:

- NHS Providers (excluding specialised commissioning and contingency funding)
- S23/64 agreements
- S28a agreements
- Continuing care
- Funded nursing care
- Public health development funds
- APMS & PCTMS

The main variances within the PBC budgets are set out below:

Budget	Dales £'000	DCLS £'000	Derwentside £'000	Easington £'000	Sedgefield £'000	Total £'000
NHS Providers	2,124	3,275	2,470	4,288	1517	13,673
Section 23/64 Agreements	461	985	417	477	484	2,826
Continuing Health Care	5	8	6	10	7	36
Prescribing	76	140	217	100	99	633
Offset by:						
Funded Nursing Care	(44)	(68)	(49)	(78)	(54)	(293)
Health Improvement/Joint Development Fund	(25)	(39)	(28)	(45)	(31)	(168)

PBC Breakdown by cluster

All of the clusters are showing an over-spend against items included in their PBC budgets:

Items included in PBC	Annual Budget £'000	Year to Date Budget £'000	Year to Date Actual £'000	Variance to date £'000
Dales	118,417	78,700	81,337	2,637
DCLS	182,866	121,593	125,893	4,300
Derwentside	119,366	79,424	82,442	3,017
Easington	155,116	103,136	107,867	4,731
Sedgefield	134,117	89,156	91,175	2,019
Total	709,883	472,009	488,713	16,704

Items excluded from PBC	Annual Budget £'000	Year to Date Budget £'000	Year to Date Actual £'000	Variance to date £'000
Dales	35,113	22,005	19,424	(2,581)
DCLS	54,792	34,339	30,317	(4,022)
Derwentside	39,635	24,833	21,911	(2,922)
Easington	62,437	39,108	34,481	(4,626)
Sedgefield	43,388	27,184	23,983	(3,201)
Total	235,365	147,469	130,116	(17,353)

Key issues for the month

- **NHS County Durham – NHS Acute and Community Providers November 2009**

At month 8 Acute and Community Providers budgets show an over-spend of £12,414k which leads to an adverse change in variance of £1,163k. This is a further deterioration in the financial position. The continued over performance against acute contracts is of significant concern and is a high risk for the PCT.

- **Independent Sector Care (£2,746k over-spend)**

This position is made up of section 23/64 agreements relating to acute & non acute providers. The acute providers are showing an over-spend to date of £2,746k against a year to date budget of £2,037k.

The acute over-spend is a result of increased activity in independent sector acute providers, which is not matched by reductions in NHS providers. This increasing activity trend across the past seven months, plus the impact of management action to encourage usage of independent sector to enable delivery of 18 week commissioning targets, is likely to result in an ongoing overspend position as shown in the forecast outturn.

- **Continuing Health Care (£36k over-spend)**

Significant work has been undertaken by finance and commissioning colleagues in NHSCD to review client numbers and improve the accuracy of underlying data on which the above numbers are based. As a result of this there has been a significant favourable movement in both in-year and forecast outturn variances compared to the previous month.

Appendix 4 (NHSD)

NHS Darlington Practice Based Commissioning November 2009 Finance Update

NHSD Position

The overall financial position for NHS Darlington at month 8 is an underspend of £193k against a year to date budget of £111 million. The full year forecast outturn is £300k based upon performance to date and current knowledge of financial plans and risks. This is consistent with the control total now agreed with NHS North East (NHSNE).

Despite the PCT reporting an overall under-spend year to date, the budget areas included within Practice Based Commissioning (PBC) show an over-spend of £2,682k or 3.09%, which is being offset by excluded budgets as can be seen in the table below.

Included/Excluded Items

	Annual Budget £'000	Year to Date Budget £'000	Year to Date Actual £'000	Variance to date £'000
Items Included in PBC	130,069	86,781	89,463	2,682
Items Excluded from PBC	44,090	24,604	21,729	(2,875)
PCT Total	174,159	111,385	111,192	(193)

(£2k difference results from roundings during apportionment to Practices)

Items Included within PBC

The main over / under-spending areas within the PBC Budgets are:

	£'000
NHS Providers	2,211
Section 23/64 Agreements	239
APMS	188
Continuing Care	657
Offset by:	
Section 28a Agreements	(456)

The figures for NHS Providers reflect refreshed data from the performance team for actual activity to month 7. This data is currently unvalidated but is the most accurate available and

as such has been used to update the practice allocations and determine year to date expenditure.

Key Issues for the Month

- **NHS Darlington – NHS Acute and Community Providers November 2009**

At month 8 Acute and Community Providers budgets show an over-spend of £2,101k, the position is based on the data available up to month 7. This position shows a movement of £7k from month 7 which is a slight increase in the position. The over performance against acute contracts continues to be of significant concern and is a high risk for the PCT.

- **Independent Sector Care (£239k over-spend)**

This position is made up of section 23/64 agreements relating to acute & non acute providers. The acute providers are showing an over-spend to date of £291k against a year to date budget of £1,130k.

The over-spend is a result of increased activity among independent sector acute healthcare providers. This forecast outturn reflects not only increasing activity over the past seven months but also the impact of management action to encourage use of independent sector to support delivery of 18 week commissioning targets. The increased activity in this sector is not matched by a corresponding reduction in activity at NHS providers.

- **Continuing Health Care (£657k over-spend)**

The continued adverse variance in NHSD is a result of increasing client numbers and the impact of high cost cases.

Significant resources have been deployed through the AOP and work continues with commissioning colleagues to further improve the data quality in this area and seek improved value for money.

- **APMS Budget (£188k over-spend)**

The over-spend in primary care principally relates to the APMS budget and the Darzi health centre. It is now confirmed that operating costs in the financial year will create a financial pressure, requiring budget management this year and permanent resolution through the financial planning process for 2010/11 and subsequent years.

Included Items by Practice

Within the Cluster there are 2 practices showing an under-spend on items included in PBC.

Practice	Annual Budget £'000	Year to Date Budget £'000	Year to Date Actual £'000	Variance to Date £'000	Variance to Date
PARKGATE SURGERY	5,513	3,681	3,511	(170)	-4.62%
CARMEL MEDICAL PRACTICE	12,081	8,065	7,899	(166)	-2.06%
BLACKETTS MEDICAL PRACTICE	11,718	7,815	7,832	17	0.22%
ORCHARD COURT SURGERY	9,318	6,208	6,237	29	0.47%
NEASHAM ROAD SURGERY	12,786	8,537	8,733	196	2.30%
MOORLANDS SURGERY	19,594	13,053	13,408	355	2.72%
WHINFIELD SURGERY	14,540	9,694	10,015	321	3.31%
CLIFTON COURT MEDICAL CENTRE	14,796	9,906	10,412	506	5.11%
ROCKLIFFE COURT SURGERY	5,821	3,878	4,124	246	6.34%
FELIX HOUSE SURGERY	6,426	4,281	4,593	312	7.29%
DENMARK STREET SURGERY	17,475	11,663	12,567	904	7.75%
Unallocated			132	132	
Total included in PBC	130,069	86,781	89,463	2,682	

NHS County Durham & NHS Darlington Practice Based Commissioning (PBC) October 2009 Prescribing Analysis

Summary key points

- This month is the first month we start to see the effects of lower Category M prices which has seen an improvement in both PCT's forecast outturns. The category M prices remain low for the next quarter
- Q1 2009/10 data for Better Care Better Value Indicators has recently been released. There are 3 indicators that relate to prescribing; low cost prescribing for lipid modification, proton pump inhibitor prescribing and drugs affecting the rennin-angiotensin system. For all 3 indicators both PCT's are in the top quartile of performance and the Institute for Improvement and Innovation state that there is no productivity opportunity for either PCT in any of the three indicators. Full details are included in Table 2 of this report.
- County Durham PCT has improved from a forecast overspend from 2.14% (£1,820,054) to 1.45% (£1,227,106), while Darlington PCT has reduced its forecast overspend from 1.42% (£216,091) to 0.91% (£139,406)
- For the month of October 09 all localities except Derwentside were under spent. Varying from 0.28% overspend in Derwentside to 4.05% under spend in Easington.
- All areas have shown an improvement from last month in the forecast overspend due to the reduction in Category M prices. However Derwentside still have the greatest forecast overspend of 2.68%
- With PPI's we see a decrease in total spend in all areas but Derwentside (graph 4). Graph 5 shows that Sedgefield have increased their spend on generic lansoprazole and omeprazole both of which are the drugs of choice while Easington has decreased over the quarter and further practice level data is being analysed.
- Sedgefield practices have started to address the concerns over the past few months regarding their statin prescribing with a marked increase in simvastatin prescribing illustrated in Graph 6 and a decrease in rosuvastatin prescribing costs in Graph 7. Therefore Sedgefield has now increased their percentage of statin items prescribed as simvastatin or pravastatin to 78% which is just below the better care better value indicator of 79%. However DCLS has decreased slightly its percentage as generic statins due to an increase in rosuvastatin prescribing over the last 2 months and needs monitoring again next month to see if this trend continues
- Graph 9 shows the effect of the Category M generic drug price decreases as the total spend in ACEI shows a decrease in all areas.
- Graph 10 and 11 focus on the diabetic drugs Sitagliptin and Exenatide which are again showing further dramatic increases in DCLS and Derwentside. However, this spend is due to the Community Diabetes Clinic and needs to be addressed with GPSI. Audits of the prescribing of these drugs are planned to be part of the Medicines management elements of QOF 2010/11 to try and address the prescribing trends seen.

County Durham PCT

Year to Date (Apr 09 – October 09)

- ❖ Estimated Spend to date (based on PPA forecast allocation) = £48,551,964
- ❖ Actual Spend to date = £49,268,348
- ❖ This means an over spend £716,384 (1.45%) for year to date

The practice based elements of the PBC prescribing budget are therefore forecast to over spend by £1,227,106 (1.45%) at end of year

Darlington PCT

Year to Date (Apr 09 – October 09)

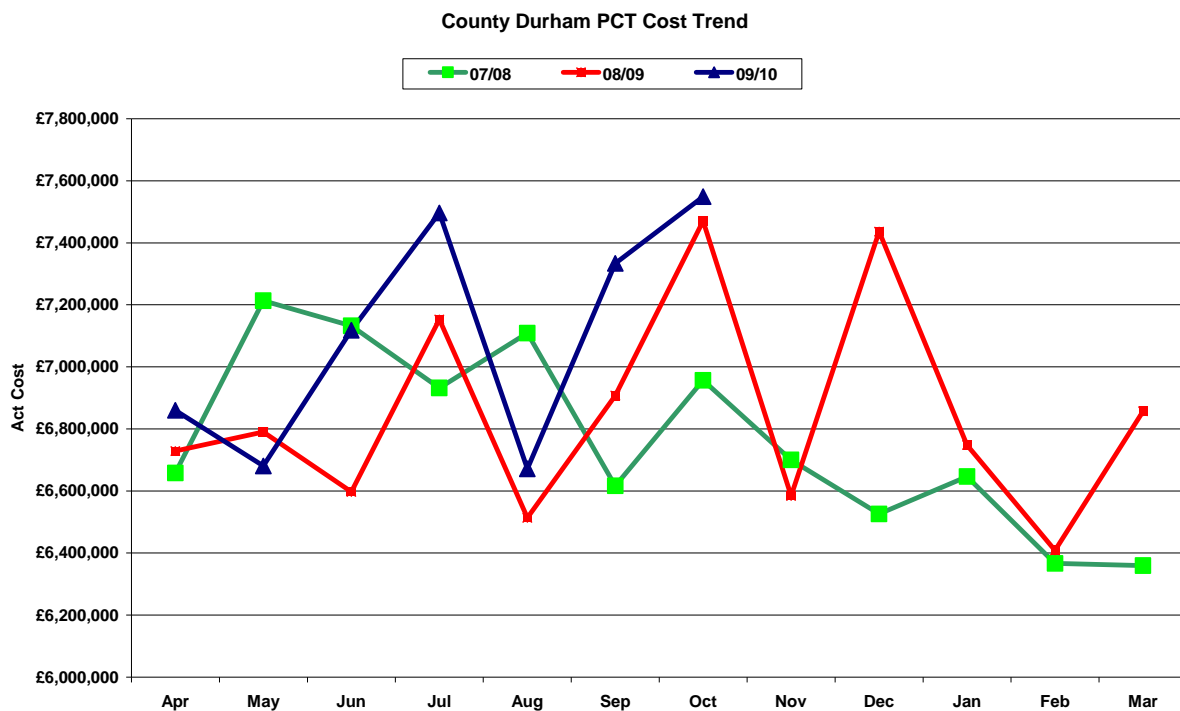
- ❖ Estimated Spend to date (based on PPA forecast allocation) =£8,904,736
- ❖ Actual Spend to date = £8,986,121
- ❖ This means an over spend of £81,385 (0.91%) for year to date

The practice based elements of the PBC prescribing budget are therefore forecast to over spend by £139,406 (0.91%) at end of year

LOCALITY DETAILS

Locality	Estimated Spend in Oct 09 (based on PPA forecast allocation)	Actual Spend in Oct 2009	Actual YTD Spend	Over / under Spend for Oct 2009	Forecast Outturn (£)	Forecast Outturn (%)
<u>Durham Dales</u>	£1,386,998	£1,365,126	£8,898,386	Under spend £21,872 (1.58%)	£182,489 over	1.21% over
<u>Durham & Chester le Street</u>	£1,976,649	£1,923,241	£12,642,737	Under spend £53,408 (2.70%)	£193,947 over	0.90% over
<u>Derwentside</u>	£1,305,730	£1,309,328	£8,498,282	Over spend £3,598 (0.28%)	£379,534 over	2.68% over
<u>Easington</u>	£1,582,112	£1,518,039	£10,176,840	Under spend £64,073 (4.05%)	£253,865 over	1.48% over
<u>Sedgefield</u>	£1,408,045	£1,365,258	£9,052,103	Under spend £42,787 (3.04%)	£217,271 over	1.42% over
<u>Darlington</u>	£1,404,807	£1,379,940	£8,986,121	Under spend £24,867 (1.77%)	£139,406 over	0.91% over

Graph 1



Graph 2

