

NHS NORTH WEST LONDON
Month 6 – 30 September 2012
Finance Report

Jonathan Wise and Clare Parker
NWL Chief Finance Officers

Summary Recommendation

The Board is asked to:

- Note the overall NWL financial position reported at Month 6 and financial risks and mitigations facing the Cluster during 2012/13.
- Approve the transfer of £15m of resource on a repayable basis from Brent PCT to Hillingdon PCT
- Note the individual PCT financial positions and budget movements.*

* NB: Detailed financial reports on each PCT/CCG are set out in the full finance paper which is on the NWL website. Hard copies are available for Board Members on request.

North West London

- As at 30th September 2012, the Cluster is reporting a year to date surplus of £2.9m. The year to date position shows a major financial pressure at NHS Hillingdon and a smaller but significant pressure in NHS Hounslow. These are being offset on a Cluster-wide basis by surpluses in NHS Brent, NHS Westminster, NHS Hammersmith and Fulham and NHS Kensington & Chelsea. All PCTs except for NHS Westminster and NHS Kensington & Chelsea are forecasting that they will meet their Control Totals in the current financial year on the basis of the mitigations set out below. Overall there is a significant 'upside' risk in NWL that the Control Total will be exceeded due to contingencies and reserves, particularly in the Inner PCTs, that will be available. As at Month 6 Westminster and K&C are forecasting an increase on their outturns of £5m and £4m respectively above their Control Total. The Cluster is currently in discussion with NHS London about how these funds will be carried to 2013/14 under the current finance regime or be most effectively used elsewhere, potentially providing repayable support to other London Clusters.

Outer Collaborative PCTs

- Within the Outer Collaboration, Brent is ahead of its year to date target by £1m and has confirmed it has sufficient scope to provide up to £15m of repayable support to other PCTs. This is largely generated through in-year budget under-spends (e.g. prescribing), impact of acute contract caps, slippage in investments and non-requirement of 0.5% contingency.
- Hillingdon has a £6.1m deficit at month 6 due to high SLA over performance at Hillingdon Hospital and significant slippage on its QIPP programme. Its mitigated outturn would be a deficit of £22m, after having taken all reasonable steps internally to recover the position, which are expected to deliver £5m savings. The deficit includes £6.2m of non-recurrent costs, including transition and double-running costs due to the PCT close down. It therefore requires external support from the cluster to achieve the planned break-even outturn and this is planned to come from a resource transfer from Brent PCT of £15m, repayable by Hillingdon CCG in future years, expected over a 3 year period. The terms of the repayment are being agreed by the two CCGs and NCB oversight of this will be sought. The remaining £6.2m will be funded on a non-repayable basis from the Transition funds held by NHS London and a capital to revenue transfer. Bids to the SHA to agree this funding have been submitted. If all of the non-recurrent funding is not available from these sources, alternative support from within the cluster will be sought.
- Ealing is showing a year to date deficit of £602k, reflecting slippage on its QIPP programme and some SLA over performance, though its main provider (Ealing hospital) has a capped contract. While there remains a risk to the forecast outturn the PCT is mitigating the position and expects to break-even.
- Harrow PCT is on target, year to date and is confident it will break-even at the year-end.

Inner Collaborative PCTs

- Hounslow is showing a year to date deficit of £2.4m, reflecting slippage on its QIPP programme and SLA over performance at its main provider, West Middlesex Hospital. The PCT has now agreed a cap on this contract, subject to agreement of contractual terms for 2013/14 to provide recurrent mitigations to the pressures seen in 2012/13, giving some certainty over the year-end position. It is investing in existing QIPP schemes to increase delivery over the latter half of the year, achievement of the plan is still possible but there is £3m risk in the likely case and it is likely that financial support will be required.

North West London

Hammersmith & Fulham, Kensington & Chelsea and Westminster are showing year to date surpluses above their Control Totals of £2.2m, £5m and 3.6m respectively. These are due to the release of contingencies and reserves that current performance suggests will not be required and some non-recurrent benefit from balance sheet write backs. They have factored the potential settlement of NHS Continuing Care claims into their forecast based on a 30% success rate but the maximum risk could be substantial, in the order of £10m+ across the 3 PCTs. Hammersmith & Fulham is forecasting to meet its Control Total at year-end on the basis that any up-side risk will be required to cover risks within the cluster or elsewhere in London. Westminster is reporting a £5m increase in its forecast outturn at month 6 and K&C a £4m increase, reflecting an element of the up-side risk in the Collaborative. The Cluster is in discussion with NHS London as to whether this will remain with originator PCTs or the scale of support it may wish NHS NWL to contribute to other organisations. This would be on a repayable basis to the CCGs.

- The CWHH Collaborative group of PCTs are therefore confident they will meet their control total from within their resources. In the PCT worst case, the risk at Hounslow could lead to a deficit of C£5m if no further action were taken however this is more than off-set by the upside risk in Hammersmith & Fulham, Kensington and Chelsea and Westminster. In the best case outturn, the Inner PCTs could deliver C£27m in additional surpluses above the planned totals.

Cluster Budgets

- The Cluster continues to hold a central contingency of £10m, drawn from its non-recurrent funds. The SHA have stated that claims from the SHA Transition fund (excluding redundancies) should be treated as being 'at risk' until there is more certainty of the SHA's costs and there remain pressures in the system, particularly from Out of Cluster SLAs, for which this contingency provides mitigation. The remaining cluster budgets are forecast to breakeven.

QIPP Performance

At Month 6, the forecast outturn savings reported by the Cluster are £7.9m lower than the planned savings target. If the impact of the SLA caps is excluded, the PCTs would be forecasting £16.4m below target in total. Further detail is set out on slide 6 and the table in slide 7.

PCT Capital Position

- As at Month 6 the Cluster has spent £1.7m out of its total capital allocation of £30.1m. NHS Hillingdon has suspended its programme and £2m is available for the revenue transfer noted above. The other PCTs are reviewing their plans and will be finalising their commitments for the Quarter 3 accounts submission. Due to delays and the profiling of some major capital schemes in Q4, it is likely there will be an under spend across the Cluster, in the order of £5-6m. Commitments for 2013/14 are being assessed and the transfer of these to the new commissioning bodies is being considered.

Conclusion

Based on the above, the Board can be assured that Cluster revenue and capital control totals will be achieved in 2012/13.

The Board is asked to note the position and approve the transfer of £15m resource from Brent PCT to Hillingdon PCT.

Month 06 (1 April - 30 September 2012)	Year to Date Position				Forecast Outturn Position		
Financial Performance	Plan	Actual	Variance from Plan	Previous Month	Plan	Actual	Variance from Plan
	£000	£000	£000	£000	£000	£000	£000
	sur/(def)	sur/(def)	inc/(dec)	inc/(dec)	sur/(def)	sur/(def)	inc/(dec)
NHS Brent	10,742	11,825	1,083	1,200	21,500	21,500	0
NHS Harrow	0	0	0	404	-	-	0
NHS Ealing		(602)	(602)	(342)	-	-	0
NHS Hillingdon	-	(6,075)	(6,075)	(5,003)	-	-	0
Total Outer Federation	10,742	5,148	(5,594)	(3,741)	21,500	21,500	0
NHS Hounslow		(2,444)	(2,444)	(1,995)	-	34	34
NHS Hamm & Fulham	3,546	5,785	2,239	46	7,084	7,084	0
NHS K&C	3,666	8,694	5,028	2,153	7,332	11,332	4,000
NHS Westminster	9,678	13,320	3,642	3,600	19,344	24,344	5,000
Total Inner Federation	16,890	25,355	8,465	3,804	33,760	42,794	9034
Control Total	27,632	30,503	2,871	63	55,260	64,294	9,034

PCT Summary - QIPP Savings Performance

Table 3

Month 06 (1 April - 30 September 2012)	Year to date Position				Forecast Outturn Position			
QIPP Savings Performance	Plan	Actual	This Month Variance	Previous Month - Variance	Plan	Actual	Variance from Plan (SLA cap)	Variance from Plan (uncapped SLA)
	£000	£000	£000	£000	£000	£000	£000	£000
NHS Brent	5,878	5,889	11	(74)	12,991	15,056	2,065	(916)
NHS Harrow	6,754	6,697	(57)	(149)	14,074	14,003	(71)	(3,104)
NHS Ealing	8,105	7,585	(520)	(452)	18,681	17,679	(1,002)	(1,002)
NHS Hillingdon	9,115	5,155	(3,960)	(2,228)	18,103	12,406	(5,697)	(5,697)
Total Outer Federation	29,852	25,326	(4,526)	(2,903)	63,849	59,144	(4,705)	(10,719)
NHS Hounslow	6,204	5,585	(619)	(636)	12,580	12,065	(515)	(515)
NHS Hammersmith & Fulham	7,085	6,321	(764)	1	14,168	13,433	(735)	(1,470)
NHS Kensington & Chelsea	7,423	6,503	(920)	43	14,846	13,999	(847)	(1,471)
NHS Westminster	8,463	7,324	(1,139)	7	16,926	15,834	(1,092)	(2,241)
Total Inner Federation	29,175	25,733	(3,442)	(585)	58,520	55,331	(3,189)	(5,697)
Cluster Total 2012-13	59,027	51,059	(7,968)	(3,488)	122,369	114,475	(7,894)	(16,416)

Trust Financial Position

North West London

- As at Month 6, NHS Trusts within the NWL Cluster, including the London Ambulance Service, are reporting a surplus of £2.4m against the year to date planned control totals.
- All NWL Trusts have agreed a surplus plan with the exception of NWL Hospitals NHS Trust which has a deficit plan of £20.6m and Ealing Trust, which has a breakeven plan.
- Imperial, CLCH, WLMHT and West Middlesex reported surpluses against year to date plans of £2,657k, £300k, £220k and £157k respectively while Ealing and NWL Trusts reported marginal deficits. LAS have a deficit of £781k. They have submitted a plan to NHS London to recover the position.
- All Trusts are forecasting break-even position against their year-end target with the exception of Imperial Trust which is forecasting a surplus of £3.415m.
- NWL PCTs have provided non-recurrent funding to North West London Hospitals Trust (£10m), Imperial College (£8m) and West Middlesex Hospital (£3.9m). The SLAs with NWLHT, Ealing and Imperial have been negotiated with capped over performance payments. Caps are being finalised with West Middlesex, which will be factored into their position next month.

Trust Financial Position

North West London

Trust Summary Financial Performance against Control Total

Table 4

Month 06 (1 April - 30 September 2012)	Year to date Position				Forecast Outturn Position			
Financial Performance	Plan	Actual	Variance from Plan	Previous month	Plan	Actual	Variance from Plan	Previous month
	£000	£000	£000	£000	£000	£000	£000	£000
	sur/(def)	surp/(def)	inc/(dec)	inc/(dec)	sur/(def)	surp/(def)	inc/(dec)	inc/(dec)
Imperial College	134	2,791	2,657	1,127	500	3,915	3,415	3,415
North West London	(13,338)	(13,392)	(54)	(55)	(20,600)	(20,600)	0	0
West Middx	913	1,070	157	122	1,602	1,602	0	0
Total: Challenged Trusts	(12,291)	(9,531)	2,760	1,194	(18,498)	(15,083)	3,415	3,415
Ealing Hospital	113	57	(56)	15	0	0	0	0
West London MHT	1,505	1,725	220	258	3,438	3,438	0	0
Central London Community Health	1,448	1,748	300	253	1,814	1,813	(1)	0
London Ambulance Service	516	(265)	(781)	(287)	3,093	3,093	0	0
Total: Other Trusts	3,582	3,265	(317)	239	8,345	8,344	(1)	0
NWL Trusts 2012-13 - Control Total	(8,709)	(6,266)	2,443	1,433	(10,153)	(6,739)	3,414	3,415

Provider QIPP Position

- The NWL Trusts including London Ambulance Service have an annual cost improvement plan of £121m.
- As at month 6, Trusts are reporting slippage of £0.3m (0.6%) against their year to date plan of £48m. Imperial reported a year to date surplus of £1m while NWLHT is reporting a deficit of £382k.
- Ealing (£187k) and CLCH (£743k) have also reported shortfalls against their year to date planned saving targets while LAS and WLMHT reported a break-even position.
- All NWL Trusts have reported a break-even forecast outturn position against their annual saving plans except for Imperial, NWL and CLCH. Imperial is forecasting an over delivery of £864k while CLCH and NWL are reporting slippages of £596k and £1680k respectively.

Provider savings (Table 5)

Trust Summary of QIPP Savings

Table 5

Month 06 (1 April - 30 September 2012)	Year to date Position				Forecast Outturn Position			
QIPP Savings Performance	Plan	Actual	This Month Variance	Previous Month - Variance	Plan	Actual	This Month Variance	Previous Month - Variance
	£000	£000	£000	£000	£000	£000	£000	£000
Imperial	20,507	21,514	1,007	503	52,140	53,004	864	814
North West London	5,219	4,837	(382)	(305)	16,820	15,140	(1,680)	(316)
West Middx	3,786	3,791	5	4	7,000	7,000	0	0
Sub Total: Challenged Trusts	29,512	30,142	630	202	75,960	75,144	(816)	498
Ealing Hospital	4,551	4,364	(187)	(246)	13,122	13,122	0	0
West London MHT	5,172	5,172	0	0	10,716	10,716	0	0
Central London Community Health	4,666	3,923	(743)	(415)	9,197	8,601	(596)	(248)
London Ambulance Service	3,904	3,904	0	0	12,498	12,498	0	0
Sub total: Other Trusts	18,293	17,363	(930)	(661)	45,533	44,937	(596)	(248)
NWL Cluster Trusts 2012-13 - Total	47,805	47,505	(300)	(459)	121,493	120,081	(1,412)	250

North West London - Cluster Budget (Table 6)

- The Cluster HQ budget is showing an under-spend of £548k for the period to September 2012, largely due to non-recurrent slippage. The slippage will be fully utilised in later months and the overall budget is forecast to be in balance by the year end.
- The non-recurrent funding agreed by the Board for the HR and Strategy Budgets has been profiled across 12 months, the additional ACV budget for Q1 and Q2 is profiled across M1-6.
- The Cluster-wide FHS service has begun in Quarter 2, the part-year budget of £3,871 is shown in the table, which includes exceptional non-recurrent costs for list cleaning in Brent and Hillingdon.
- Funding was received in 2011/12 for London 2012 (Olympics) which the Cluster was unable to carry forward and this cost pressure has been shown in the budget table.
- The shadow CSU will be managing the ACV related budgets for the remainder of the year. Principles have been agreed between the PCT CFOs and the CSU Commercial Director to safely manage the transition of staff and resources under the shadow arrangements.

Cluster HQ Budgets

North West London

2012-13 Financial Position

Table 6

Month 06 (1 April - 30 September 2012)	Year to date versus Plan			Forecast Outturn versus Plan		
Financial Performance	Budget to date	Expenditure to date	Variance to date – over/(under)	Annual Budget	Forecast Outturn	Variance to date - over/(under)
Income Summary	£000	£000	£000	£000	£000	£000
PCT Income	8,730	8,730	0	(18,188)	(18,188)	0
Non Recurrent Income			0	(2,624)	(2,624)	0
Total	8,730	8,730	0	(20,812)	(20,812)	0

Expenditure Summary	£000	£000	£000	£000	£000	£000
NWL Management	1,478	1,805	327	2,957	2,957	0
NWL Finance	300	232	(68)	600	600	0
Acute Commissioning	1,837	1,637	(200)	2,630	2,630	0
Performance & Informatics	1,720	1,506	(214)	2,500	2,500	0
ACV Finance	556	406	(150)	881	881	0
Workforce & HR	465	467	2	931	931	0
Communications & Engagement	276	273	(3)	551	551	0
Individual Funding Reviews	571	411	(160)	1,143	1,035	(108)
Strategy & Planning	788	731	(57)	1,576	1,576	0
Professional Clinical	712	646	(66)	1,424	1,324	(100)
Primary Care	637	551	(86)	1,273	1,273	0
Family Health Service	1,290	1,290	0	3,871	3,871	0
LAS Commissioning	268	243	(25)	583	583	0
Olympic assurance	(54)	98	152	(108)	100	208
Total	10,844	10,296	(548)	20,812	20,812	0

Summary CCG Delegated Budget Performance

North West London

- The following table shows a summary of the shadow CCG delegated budgetary positions at Month 6 and forecast outturn.
- Overall, the Inner Collaboration of CCGs have a year to date surplus of £4.6m. All Inner Federation CCGs are reporting year to date surpluses with the exception of Hounslow CCG which is reporting a year to date deficit of £2.4m.
- Overall, the Outer Collaboration of CCGs have a year to date deficit of £4.5m. This is mainly due to Hillingdon , Ealing and Harrow CCGs reporting a year to date deficit of £5.7m, £1.5m, £0.4m respectively, while Brent CCG is reporting a year to date surplus of £3m.
- Overall, Outer Federation CCGs are reporting forecast outturn deficit of £25m against their annual delegated budgets, £23m of the forecast deficit relates to Hillingdon CCG and the position exclude external non-recurrent finance support. This emphasises the higher risk budgets that CCGs will be responsible for from April next year. The CCG financial plans for 2013/14 will need to demonstrate that the impact of this has been taken into account and that they are in recurrent underlying balance for their authorisation applications.

NB: All Public Authorities are required to publish any invoice payments over £25,000 each month.

North West London

No.	Provider	Description	Total Maximum Value £'000	Element funded by 3rd Parties £'000	Cost to Sub-Cluster £'000	Process	Reference	Date
Inner Federation:								
1	McKinsey	2013/14 QIPP Support - NHS Hounslow	333	0	333	Framework Tender. Funded through DSU & Hounslow £900k non-recurrent recovery support funding.	Panel decision authorised by DoF.	Jul-12
2	PWC	CWHH -Provide support to CCG Authorisation-Central London CCG	32		32	Waiver	Authorised by Accountable Officer	Sep-12
3	PWC	CWHH -Provide support to CCG Authorisation-Hounslow CCG	30		30	Waiver	Authorised by Accountable Officer	Sep-12
4	PWC	CWHH -Provide support to CCG Authorisation-West London CCG	20		20	Waiver	Authorised by Accountable Officer	Sep-12
5	PWC	CWHH -Provide support to CCG Authorisation-H&F CCG (estimate)	30		30	Framework tender	Authorised by Accountable Officer	Sep-12
	Sub-total		445	0	445			
Outer Federation								
1	Attain	NHS Hillingdon - development of 13/14 consultancy tender	31		31	Funded from non-recurrent £900k recovery support.	Authorised Budget holder.	Jun-12
2	Moorhouse / Finnamore	NHS Ealing CCG Support	228		228	Framework tender. Funded from non-recurrent £900k recovery support.	Panel Decision, authorised Dir of Strategy	Jun-12
3	Moorhouse / Finnamore	NHS Harrow CCG QIPP & 13-14 Plan Support	245		245	Buying Solutions Tender Tender; Panel Assessment approved by Cluster DoF in May-12	Panel Decision, authorised Dir of Strategy	Sep-12
4	PricewaterhouseCoopers LLP	NHS Harrow - CCG Project support	26		26	Waiver	Tender Waiver Agreed CEO & Director of Finance	Sep-12
5	Private Public Limited	NHS Brent - Outpatient procurement project	35		35	Waiver	Tender Waiver Agreed CEO & Director of Finance	Sep-12
6	Ashridge	NHS Brent CCG Authorisation Support	70		70	Waiver	Tender waiver Agreed, Authorised by Accountable Officer	Sep-12
7	Ernst Young	NHS Brent Social integration with the Council	40		40	Tender	Authorised Budget holder.	Sep-12
8	Finnamore	BEHH - Support for QIPP Plans and Commissioning Intentions	101		101	Waiver	Tender Waiver Agreed Accountable Officer and Chief Finance Officer	Sep-12
	Sub-total		776	0	776			

North West London

NWL Cluster:								
1	PA/Mckinsey	Extension of modelling, Analytical & Programme support to SHF reconfiguration.	820	0	820	Waiver agreed for extensions of previous tender.	NWL Board 23rd April	Apr-12
2	McKinsey	CSS Business Intelligence Development Support Framework.	74		74	Waiver agreed due to continuity and urgency	Cluster CEO	May-12
3	KPMG	Outer NWL QIPP review	23		23	Waiver agreed due to continuity and urgency and scale	CET Approved	Apr-12
4	McKinsey	Whole Systems Integrated Care	500	500	0	Framework tender, funded by NHS London, hosted NWL.	Commissioner & Provider panel decision. CET Approved	Jul-12
5	Moorhouse / Finnamore	Out of Hospital Cluster Programme Management office	247		247	Framework tender, DSU funded.	Panel decision, authorised Dir of Strategy	Jul-12
6	McKinsey / PA Consulting	NWL Commissioning Support Development. Call off contract up to a maximum sum.	1,500		1,500	Framework tender, CSU development funded	Approved NWL Board 9th July	Jul-12
7	Ipsos Mori	Shaping a Healthier Future - Consultation response reporting and analysis	248		248	Framework tender, SHF budget	Panel decision, authorised Dir of Strat.	Jul-12
8	OPM	Shaping a Healthier Future - Consultation events Delivery	289		289	Framework tender, SHF budget	Panel decision, authorised Dir of Finance	Jul-12
9	PA Consulting	Shaping a Healthier Future - Consultation programme management Support (Jul-Dec)	876		876	Framework tender. SHF budget	Panel decision approved by the CET	Jul-12
10	Mott McDonald	Shaping a Healthier Future - Equalities impact assessment	39		39	Framework tender	Approved by budget holder.	Jul-12
11	Good Decision Partnership	Simul8 modeling tool for dental reform on behalf of the DH	25	25	0	Single tender Action, waived and signed off.	Approved by budget holder.	Apr-12
12	Cross Roads Care/Private Public Limited	Shaping a Healthier Future - OOH and Carers	70		70	Framework tender, DSU funded.	Panel decision, Approved by Dir Strategy	Sep-12
13	McKinsey / Drivers Jonas Deloitte	Shaping a Healthier Future - OOH Estates planning	978		978	Framework tender, DSU + SaHF funded.	Panel decision, Authorisation by Dir of Strategy & Programme SRO	Sep-12
14	McKinsey	Shaping a Healthier Future - OOH Workforce	399		399	Framework tender, DSU funded.	Panel decision, Authorisation by Dir of Strategy	Sep-12
Sub-total			6,088	525	5,563			

Totals	7,309	525	6,784
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