South West London
Merton Clinical Commissioning Group

Report to the Merton Clinical Commissioning Group Governing Body

Date of Meeting: Thursday 24th January 2013

Agenda No: 6.1 **ATTACHMENT 03**

Title of Document: NHS Sutton & Merton Financial Position: Month 09 i) Merton CCG ii) Sutton and Merton PCT	**Purpose of Report:** For Agreement
Report Author: Mark Dowell, Acting Assistant Director of Finance	**Lead Director:** Karen McKinley, Chief Finance Officer.
Contact details: mark.dowell@swlondon.nhs.uk Eleanor.brown2@nhs.net	
Executive Summary: YTD performance The financial performance shows a YTD breakeven against plan and a full year breakeven against plan, due to phasing of the overall QIPP plan. Forecast Outturn The PCT is reporting breakeven at Month 9.	
Key sections for particular note (paragraph/page), areas of concern etc: Key issues of concern have been reflected in the document.	
Recommendation(s): The Clinical Commissioning Group Governing Body is requested to review and agree the financial position.	

Committees which have previously discussed/agreed the report: Merton Executive
PEC Comments where appropriate: N/A
Financial Implications: Financial Balance
Implications for the Sutton and Merton Board or Joint PCT Boards: **Financial Balance**
Implications for transition to future commissioning structures. **N/A**
Other Implications: N/A
Equality Impact Assessment: N/A
Information Privacy Issues: N/A
Communication Plan: N/A

INTRODUCTION

1. This report presents the financial results for the period to 31st December 2012.

FINANCIAL OUTLOOK 2012/13

2. Merton CCG's financial plan is a recurrent surplus of £2.3m which is 0.9% of recurrent revenue resource limit.

3. The financial performance, as detailed in Figure 1a/b**, shows a year to date surplus position against revised plan and a full year forecast surplus against revised plan.** The position assumes utilisation of reserves and contingencies, achievement of Merton CCG's financial and investment plans and delivery of the QIPP (Quality, Innovation, Productivity & Prevention) programme.

4. Merton and Sutton CCG financial results combine to form the bulk of the overall PCT position. Merton CCG shows a favourable variance from its planned surplus (Sutton CCG currently shows an adverse variance from its planned surplus). This is because all CCG budgets have been split on a fair shares basis but expenditure for PbR acute activity and prescribing is attributed on an actual basis. Across the range of Acute providers Merton CCG expenditure is lower than fair share, this is partially offset as Merton CCG prescribing expenditure is above fair share.

KEY FINANCIAL PERFORMANCE INDICATORS 2012/13

5. The table sets out the financial performance targets and indicators against which Merton CCG will be monitored during 2012/13.

Financial Performance Target/ Indicator	Measure	Target	Forecast	Status	Performance Improving?
Statutory Break Even Duties					
Revenue Resource Limit (RRL)	Stay within RRL	£241.3m	£237.6m	Green	↔
Other Significant Financial Targets					
Remain within Control Total	Deliver control total	£2.3mSurplus	£3.7m Surplus	Green	↔
QIPP- Quality, Innovation, Productivity & Prevention Programme (Net)	Delivery of Programme Savings	£9.7m	£8.8m	Amber	↔

KEY FINANCIAL RISKS (Figure 2a)

6. There are a number of risks which may have an impact on the delivery of Merton CCG's 2012/13 plans. Merton CCG has contingencies, reserves and a planned surplus that will be used to manage/mitigate many of these risks in year and within the planning period.

CONTINGENCY RESERVES & PROVISIONS (Figure 3a)

7. Merton CCG has £7.2m of provisions & reserves to mitigate increased activity over funded growth levels and the financial impact of unforeseen events.

CHANGES TO RESOURCE & APPLICATION (Figure 3b)

8. A detailed analysis of the PCT's Resource Limit is provided in Figure 3b. It should be noted that further budget changes will arise throughout the year, particularly as a result of changes to the PCT's Revenue Resource Limit.

QUALITY, INNOVATION, PRODUCTIVITY & PREVENTION (QIPP) (Figure 4a)

9. With the devolvement of budgets from NHS Sutton & Merton to the two CCG's, Merton CCG must deliver a balanced financial position in 2012/13 to achieve authorisation. In order to meet this requirement and with the financial pressures faced the CCG must implement a QIPP plan. An overall target of £9.7 million has been set for Merton CCG. This report attempts to provide an update on the CCG's QIPP plan for 2012/13.

10. The QIPP report for month 8 shows a year to date net shortfall of £0.6m against plan. The year-end outturn position is forecast to be a net shortfall of £0.9m. The table below identifies the number of projects developed to achieve the QIPP target, split by the current risk rating and forecast out-turn. Overall, 40% of schemes are RAG rated as Red or Black, representing planned savings of £3.1m and forecast out-turn savings of £0.7m.

48 Projects	12 projects	7 projects	6 projects	23 projects
Plan £9.7m	£2.0m	£1.1m	£1.8m	£4.8m
FOT £8.8m	£0.0m	£0.1m	£1.0m	£7.7m

11. Urgent Care and Planned Care projects together account for £3.9m, (38%) of the required £9.7m target. The £2.6m originally expected from the Urgent Care projects mainly comprise the establishment of Urgent Care Centres at both St Helier and St Georges. The St Helier UCC is currently a red-rated project as the Trust is not delivering against the KPI's in the contract (an audit is being undertaken to identify root causes of the under-performance). Whilst St Georges UCC was late in opening, mitigation is in place to offset the decrease in QIPP savings through a year end agreement with Wandsworth PCT. The Urgent Care projects are forecast to have a net shortfall of £1.3m against the £2.6m target.

12. The £1.3m expected from Planned Care projects is not being met due to over-performance on activity, particularly at St Helier. The ACU are leading an investigation into possible causes but a shortfall of £0.8m is currently expected.

13. Other projects which are currently RAG rated as black or red, and their shortfall against plan, include impact of PMS review (-£0.8m), virtual care home (-£0.2m), and activity management (-£0.5m). Medium risk projects include cancer service redesign (-£0.1m).

14. Although there are a number of QIPP schemes that are currently not delivering there are a number of schemes that are exceeding the targets which is mitigating some of this risk, these include Acute KPI's & challenges and back office & estate savings.

15. The QIPP project groups for Merton meet monthly to identify mitigations to offset any current risk within the overall programme. It is clear that a number of existing projects must be tightly managed and monitored to maximise savings and there is still a requirement to identify additional projects in order to meet the QIPP target.

COMMISSIONED SERVICES

Acute Services

16. It should be noted that the actual year to date is based on November monitoring reports and agreed challenges straight line extrapolated to report at month 9.

17. An assessment of the likely value of key performance indicators has been included for all South West London providers based on the QIPP plans. Given that KPI's will be calculated on a quarterly or even annually there is some risk that if performance improves this will minimise the impact. Additionally some of the KPI's are based on audits or data sources such as secondary user services may have incomplete data contained within it which may reduce the value.

18. The single biggest risk to the PCT is the level of KPI's and demand management which has been taken out of provider plans. This totals £6.5m with the majority included against the local providers of Epsom St Helier and St Georges

19. Overall the extrapolated PCT acute position year to date with a most likely estimate for challenges and KPI's results in a £8.3m over spend (M7 £7.4m). St Georges (Acute) accounts for £4.3m, Epsom and St. Helier accounts for £3.1m, with the balance being split over the remaining contracts.

    Below is a short summary by provider of the main issues. Note any values quoted are based upon month 8 SLAM before challenges unless stated:

20. **St Georges:** This contract continues to over perform above the plan but has maintained its run rate at M8. Most of the over performance is within A&E, critical care and emergency admissions although this latter service line has some mitigation due to the fact that the activity is above the emergency threshold and is therefore only payable at 30% of tariff. Drugs and devices is another area of significant performance although some of this can be attributed to the cancer drugs fund which had not been included in the plan but for which the PCT receives additional funding. The specialities where most of the over performance has been seen is general medicine, renal medicine, cardiology, neurology, rheumatology and T&O. Some of the specialities where under performance has been seen is obstetrics, general surgery and vascular surgery. Discussions are still ongoing with the Trust to agree a settlement for the remainder of the year.

21. **Epsom and St Helier University Trust:** This contract is over performing by £3.1m year to date maintaining its recent run rate. Areas of over performance remain the same as last month i.e. unplanned care, outpatients and planned care. A&E continues to perform above plan although this is more to do with case mix rather than volume when compared with the same period last year. Main specialties where over performance has been seen is general medicine (mainly emergency), dermatology (outpatient plan set too low), neonatology and ophthalmology. This latter area has seen an increased usage of day cases although the OCT has successfully challenged the charging of lucentus patients as a day case rather than an outpatient procedure.

22. **Royal Marsden:** The year to date over performance (£0.1m) has seen a stable month which has performed slightly under plan. Activity is still over-performing overall in elective and day-case work. Additional over-performance in critical care and radiotherapy contribute to the overall position. The Elective work was particularly high in Q1 but has dropped off in M5 – M8 (against plan). The Trusts plan is phased for seasonality, but an equal twelfths position would show these areas roughly at break even. The radiotherapy costs have seen significant increase in month trust-wide and this could be a result of an agreed PACE trial, however, we should not be charged for additional costs and are still awaiting credit information from the Trust. The Trust is validating this work and we should see a credit in the future SLAM reports.

23. **Kingston:** This contract continues to under-perform (£0.2m) in a month that has seen significant movement (over-performance) trust-wide. There are some pockets of pressures on outpatients which are being offset by under-spends against planned and emergency care. Critical care also shows a continued under-performance.

24. **Queen Marys Roehampton:** This contract shows an over-performance of £0.4m. The contract over-performance has moved by £0.2m between month 07 and 08. The movement results from an exceptional charge within Non PbR rehab at month 08.

25. **Royal Surrey County:** Over-performance continues to grow particularly across PbR particularly around OP attendances. Spend on non-PbR high cost drugs have also moved adversely and is now reporting an overspend.

26. **Other Trusts:** As in previous months Ashford St peters, GOSH, Guys, Royal Brompton ,Royal Surrey and Bart's are the other Trusts showing continued over-performance. This is mainly due to critical care and high cost drugs

ACUTE CHALLENGES (NHS SUTTON AND MERTON)

27. The table below summarises all the challenges raised up to Month 8 by the Acute Commissioning Unit on behalf of the PCT based on the best case scenario, for the overall position these challenges have been risk assessed, and the risk assessed figures have been factored into the overall position

Provider	Gross Challenge (YTD) £000	Agreed (YTD) £000	Unagreed (YTD) £000
Epsom & St Helier University NHS Trust	3,311	943	2,368
St Georges Healthcare NHS Trust	1,548	Nil	1,548
Kingston NHS Trust	331	122	209
Other Trusts	206	191	15
Total	**5,396**	**1,256**	**4,140**

NON ACUTE SERVICES

28. **Mental Health** - Overall the CCG's mental health service budgets are reflecting a break-even position both year-to-date and forecast outturn.

29. **People With Learning Disabilities** – The CCG has a year-to-date underspend of £0.6m and a forecast outturn of £0.8m underspent. This has arisen mainly as a result of additional income from the Orchard Hill site together with an underspend against the London Borough of Sutton section 75 agreement and non-recurrent underspends on PLD special contractual placements.

30. **Community Services** – There is a year-to-date underspend of £0.3m with a forecast underspend of £0.2m. This mainly relates to the late start of the Musculoskeletal Service and slippage against Continuing Care budgets. An additional piece of work is being undertaken to assess the levels of Continuing Care restitution payments. The PCT had set aside a provision for claims and there is a risk that this is not sufficient to meet potential liabilities.

PRIMARY CARE SERVICES

31. **Primary Care Services –** There is currently a £0.2m year-to-date underspend on Locally Enhanced Services, with a full year forecast underspending of £0.2m.

PRESCRIBING

32. The CCG has received the Month 7 (October) prescribing data and this has been extrapolated to month 9. Overall the prescribing budget is reporting a year-to-date underspend of £0.5m mainly due to the pricing of category M drugs. This is then extended to a year-end forecast underspending of £0.7m

CORPORATE SERVICES

33. There are a number of underspends on corporate services mainly arising from PCT estates and central reserves. The headquarters function has a small year-to-date and forecast outturn underspend against budgets, there are no other issues to report at Month 9.

RECOMMENDATION

34. To note the forecast financial position for 2012/13 and the assumptions contained within it.

Mark Dowell
Acting, Assistant Director of Finance
January 2013

Finance Report – December 2012

INTRODUCTION

1. This report presents the financial results for the period to 31st December 2012.

FINANCIAL OUTLOOK 2012/13

2. NHS Sutton & Merton's financial plan is a recurrent surplus of £4.5m which is 0.7% of recurrent revenue resource limit.

   The financial performance, as detailed in Figure 1a/b**, shows a year to date break-even position against revised plan and a full year forecast of break-even against revised plan.** The position assumes utilisation of reserves and contingencies, achievement of NHS Sutton & Merton's financial and investment plans and delivery of the QIPP (Quality, Innovation, Productivity & Prevention) programme.

KEY FINANCIAL PERFORMANCE INDICATORS 2012/13

3. The table sets out the financial performance targets and indicators against which NHS Sutton & Merton will be monitored during 2012/13.

Financial Performance Target/ Indicator	Measure	Target	Forecast	Status	Performance Improving?
Statutory Break Even Duties					
Revenue Resource Limit (RRL)	Stay within RRL	£615.4m	£610.9m	Green	⟷
Capital Resource Limit	Stay within CRL	£0.6m	£-4.8m	Green	⟷
Cash Resource Limit	Stay with Cash Limit	£607.3m	£591.3m	Green	⟷
Administration Duties					
Better Practice Payment Policy	Payment of valid invoices within 30 days.	95%	Value 97.6% Number 85.2%	Amber	⟷
Other Significant Financial Targets					
Remain within Control Total	Deliver control total	£4.5mSurplus	£4.5m Surplus	Green	⟷
QIPP- Quality, Innovation, Productivity & Prevention Programme (Net)	Delivery of Programme Savings	£19.1m	£17.6m	Amber	⟷
Running Costs	Stay within running cost envelope.	£13.5m	£12.9m	Green	⟷

KEY FINANCIAL RISKS (Figure 2a)

4. There are a number of risks which may have an impact on the delivery of NHS Sutton & Merton 2012/13 plans. NHS Sutton & Merton has contingencies, reserves and a planned surplus that will be used to manage/mitigate many of these risks in year and within the planning period.

CONTINGENCY RESERVES & PROVISIONS (Figure 3a)

5. NHS Sutton & Merton's has £14.3m of provisions & reserves to mitigate increased activity over funded growth levels and the financial impact of unforeseen events.

CHANGES TO RESOURCE & APPLICATION (Figure 3b)

6. A detailed analysis of the PCT's Resource Limit is provided in Figure 3b. It should be noted that further budget changes will arise throughout the year, particularly as a result of changes to the PCT's Revenue Resource Limit.

QUALITY, INNOVATION, PRODUCTIVITY & PREVENTION (QIPP) (Figure 4a)

7. In 2011/12 NHS Sutton & Merton was in its second year of a 2 year turnaround programme, with a net QIPP plan of £23.4m. In 2012/13 Sutton & Merton continues with a net QIPP plan of £19.1m and will continue building on the successes of the year 2

8. The QIPP report for month 8 shows a year to date net shortfall of £1.1m against plan. The year-end outturn position is forecast to be a net shortfall of £1.5m. The table below identifies the number of projects developed to achieve the QIPP target, split by the current risk rating and forecast out-turn. Overall, 44% of schemes are RAG rated as Red or Black, representing planned savings of £5.9m and forecast out-turn savings of £0.2m.

52 Projects	13 projects	10 projects	6 projects	23 projects
Plan £19.1m	£3.8m	£2.1m	£3.6m	£9.6m
FOT £17.6m	£0.0m	£0.2m	£1.9m	£15.5m

9. Urgent Care and Planned Care projects together account for £7.9m, (41%) of the required £19.1m target. The £5.3m originally expected from the Urgent Care projects mainly comprise the establishment of Urgent Care Centres at both St Helier and St Georges. The St Helier UCC is currently a red-rated project as the Trust is not delivering against the KPI's in the contract (an audit is being undertaken to identify root causes of the under-performance). Whilst St Georges UCC was late in opening, mitigation is in place to offset the decrease in QIPP savings through a year end agreement with Wandsworth PCT. The Urgent Care projects are forecast to have a net shortfall of £2.8m against the £5.3m target.

10. The £2.7m expected from Planned Care projects is not being met due to over-performance on activity, particularly at St Helier. The ACU are leading an investigation into possible causes but a shortfall of £1.5m is currently expected.

11. Other projects which are currently RAG rated as black or red, and their shortfall against plan, include impact of PMS review (-£1.5m), virtual care home (-£0.3m), and activity management (-£1.1m). Medium risk projects include cancer service redesign (-£0.1m).

12. Although there are a number of QIPP schemes that are currently not delivering there are a number of schemes that are exceeding the targets which is mitigating some of this risk, these include Acute KPI's & challenges and back office & estate savings.

13. The QIPP project groups for both Sutton & Merton meet monthly to identify mitigations to offset any current risk within the overall programme. It is clear that a number of existing projects must be tightly managed and monitored to maximise savings and there is still a requirement to identify additional projects in order to meet the QIPP target.

COMMISSIONED SERVICES

Acute Services

14. It should be noted that the actual year to date is based on November monitoring reports and agreed challenges straight line extrapolated to report at month 9.

15. An assessment of the likely value of key performance indicators has been included for all South West London providers based on the QIPP plans. Given that KPI's will be calculated on a quarterly or even annually there is some risk that if performance improves this will minimise the impact. Additionally some of the KPI's are based on audits or data sources such as secondary user services may have incomplete data contained within it which may reduce the value.

16. The single biggest risk to the PCT is the level of KPI's and demand management which has been taken out of provider plans. This totals £6.5m with the majority included against the local providers of Epsom St Helier and St Georges

17. Overall the extrapolated PCT acute position year to date with a most likely estimate for challenges and KPI's results in a £8.3m over spend (M7 £7.4m). St Georges (Acute) accounts for £4.3m, Epsom and St. Helier accounts for £3.1m, with the balance being split over the remaining contracts.

Below is a short summary by provider of the main issues. Note any values quoted are based upon month 8 SLAM before challenges unless stated:

18. **St Georges:** This contract continues to over perform above the plan but has maintained its run rate at M8. Most of the over performance is within A&E, critical care and emergency admissions although this latter service line has some mitigation due to the fact that the activity is above the emergency threshold and is therefore only payable at 30% of tariff. Drugs and devices is another area of significant performance although some of this can be attributed to the cancer drugs fund which had not been included in the plan but for which the PCT receives additional funding. The specialities where most of the over performance has been seen is general medicine, renal medicine, cardiology, neurology, rheumatology and T&O. Some of the specialities where under performance has been seen is obstetrics, general surgery and vascular surgery. Discussions are still ongoing with the Trust to agree a settlement for the remainder of the year.

19. **Epsom and St Helier University Trust:** This contract is over performing by £3.1m year to date maintaining its recent run rate. Areas of over performance remain the same as last month i.e. unplanned care, outpatients and planned care. A&E continues to perform above plan although this is more to do with case mix rather than volume when compared with the same period last year. Main specialties where over performance has been seen is general medicine (mainly emergency), dermatology (outpatient plan set too low), neonatology and ophthalmology. This latter area has seen an increased usage of day cases although the OCT has successfully challenged the charging of lucentus patients as a day case rather than an outpatient procedure.

20. **Royal Marsden:** The year to date over performance (£0.1m) has seen a stable month which has performed slightly under plan. Activity is still over-performing overall in elective and day-case work. Additional over-performance in critical care and radiotherapy contribute to the overall position. The Elective work was particularly high in Q1 but has dropped off in M5 – M8 (against plan). The Trusts plan is phased for seasonality, but an equal twelfths position would show these areas roughly at break even. The radiotherapy costs have seen significant increase in month trust-wide and this could be a result of an agreed PACE trial, however, we should not be charged for additional costs and are still awaiting credit information from the Trust. The Trust is validating this work and we should see a credit in the future SLAM reports.

21. **Kingston:** This contract continues to under-perform (£0.2m) in a month that has seen significant movement (over-performance) trust-wide. There are some pockets of pressures on outpatients which are being offset by under-spends against planned and emergency care. Critical care also shows a continued under-performance.

22. **Queen Marys Roehampton:** This contract shows an over-performance of £0.4m. The contract over-performance has moved by £0.2m between month 07 and 08. The movement results from an exceptional charge within Non PbR rehab at month 08.

23. **Royal Surrey County:** Over-performance continues to grow particularly across PbR particularly around OP attendances. Spend on non-PbR high cost drugs have also moved adversely and is now reporting an overspend.

24. **Other Trusts:** As in previous months Ashford St peters, GOSH, Guys, Royal Brompton ,Royal Surrey and Bart's are the other Trusts showing continued over-performance. This is mainly due to critical care and high cost drugs

ACUTE CHALLENGES

25. The table below summarises all the challenges raised up to Month 8 by the Acute Commissioning Unit on behalf of the PCT based on the best case scenario, for the overall position these challenges have been risk assessed, and the risk assessed figures have been factored into the overall position.

Provider	Gross Challenge (YTD) £000	Agreed (YTD) £000	Unagreed (YTD) £000
Epsom & St Helier University NHS Trust	3,311	943	2,368
St Georges Healthcare NHS Trust	1,548	Nil	1,548
Kingston NHS Trust	331	122	209
Other Trusts	206	191	15
Total	**5,396**	**1,256**	**4,140**

NON ACUTE SERVICES

26. **Mental Health** - Overall the PCT's mental health service budgets are reflecting a minor £0.2m underspending year-to-date and a forecast underspend of £0.3m. This has mainly arisen due to notification of underspending from the London SCG regarding the Specialist Mental Health contracts.

27. **People With Learning Disabilities** – The PCT has a year-to-date underspend of £1.1m and a forecast outturn of £1.5m underspent. This has arose mainly as a result of additional income from the Orchard Hill site together with an underspend against the London Borough of Sutton section 75 agreement and non-recurrent underspends on PLD special contractual placements.

28. **Community Services** – There is a year-to-date underspend of £0.6m with a forecast underspend of £0.4m. This mainly relates to the late start of the Musculoskeletal Service and slippage against the Continuing Care budgets. An additional piece of work is being undertaken to assess the levels of Continuing Care restitution payments. The PCT had set aside a provision for claims and there is a risk that this is not sufficient to meet potential liabilities.

PRIMARY CARE SERVICES

29. **GMS/ PMS Services –** There is currently a break-even year-to-date position on GMS PMS Services, with a full year forecast underspending of £0.2m.

30. **General Ophthalmic Services –** The current year to date position is an overspend of £0.5m given that November activity was comparatively high and includes nine months of actual activity from March 2012 and the monthly average accrual. The projected forecast outturn is a £0.5m overspend consisting of the £0.2m 2011/12 inherent cost pressure, monthly accrual, 2.5% price increases and an increase in activity

31. **Dental –** At M9 the position is a £0.3m underspend and a favourable year-end forecast underspend of £0.3m .Activity is predominantly based on nine months of available NHSBSA Payments Online activity and three months of analytically projected activity. The 2011/12 claw-back is £0.2m and is deducted over 6 months to January 2013

32. **Pharmacy –** There is currently a year-to-date overspend on Pharmacy of £0.3m. The forecast is currently £0.9m adverse. The estimated NHSBSA Payments Online (POL) figure is based on projected April to October 2012 activity. The forecasting is based on seasonality trends observed in 2011/12 and 2010/11. The potential overspend is being addressed by proactive collaboration between the Community Pharmacy Lead, Primary Care Finance and the Prescribing Team.

PUBLIC HEALTH

33. Overall the Public Health budget is reporting break-even year to date, and break-even forecast outturn.

PRESCRIBING

34. The PCT has received the Month 7 (October) prescribing data and this has been extrapolated to month 9. Overall the prescribing budget is reporting a year-to-date underspend of £1.2m mainly due to the pricing of category M drugs. This is then extended to a year-end forecast underspending of £1.6m

CORPORATE SERVICES

35. The headquarters function has a year-to-date break-even position with a forecast overspending of £0.2m. This is due to double site running costs whilst organisations go through transition to their new NHS structures.

CAPITAL POSITION (Figure 5a)

36. The capital plan reflects Capital Resource Limit (CRL) for 2012/13 of £0.6m which the PCT has received. NHS Sutton and Merton are anticipating capital receipts this financial year in respect of the sales of Carshalton War Memorial, Osborne House, The Nelson Hospital Car Park and Homeland Drive.

    Spend against programme to Month 9 is £0.4m, with the sale of the Nelson Hospital cark park still pending. A recent review of the forecast capital expenditure shows that the PCT may have a net underspend of £5.4m against its CRL. This has arisen as NHS London has provided additional CRL support of £1.8m in the likelihood that the sale of the Nelson Hospital car park does not go through in this financial year. The PCT is still forecasting that this event will occur in 2012/13 hence the £5.4m underspend, however should the sale not occur the PCT will break-even against its CRL limit.

CASH POSITION (Figure 5b)

37. Sutton & Merton's cash position reflected in Figure 5b shows that the cash drawn down to the 31st December 2012 is £16m less that the straight line monthly plan. The PCT could potentially receive £24m cash this year from asset disposals and it would be very difficult to spend this all of this cash before 31st March 2013. It is estimated that the PCT could potentially underdraw against its cash limit by £16m this year, however, this is subject to a wide number of variables, the biggest being the final £8m tranche of Orchard Hill receipts which is due at the end of March 2013.

BALANCE SHEET (Figure 5c)

38. Sutton & Merton's balance sheet reflected in Figure 5c, which shows the position as at Month 9.

BETTER PRACTICE PAYMENT POLICY

39. There has been significant change to the PCT's performance against the better payment practice policy. NHS Sutton & Merton is achieving the target against invoice values (97.6%) but not invoice volumes (85.2%); the escalation period on an invoice has now been reduced to 7 days to ensure prompt action.

RECOMMENDATION

40. To note the forecast financial position for 2012/13 and the assumptions contained within it.

Mark Dowell
Acting, Assistant Director of Finance
January 2013