

BOARD PAPER - NHS ENGLAND

Title: Consolidated 2014/15 Financial Report (Month 10)

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Purpose of paper:

- To update the Board on the financial results for the first ten months of 2014/15.

Actions required by Board Members:

- To note the Month 10 position and discuss risks, mitigations and any further action required.

Introduction

1. This paper sets out the financial results for the first ten months of 2014/15.

Month 10 2014/15 financial performance

2. The forecast for the year is a 0.2% overall underspend against our core performance metric. This is driven primarily by one-off factors described below.

2014/15 Month 10 £m or %	Net expenditure							
	Plan	YTD	Under/(over) spend		Plan	FOT	Under/(over) spend	
CCGs	55,381	55,399	(18)	0.0%	67,046	66,911	135	0.2%
Social care	860	856	4	0.4%	1,100	1,100	0	0.0%
Direct Commissioning	23,358	23,438	(79)	-0.3%	28,294	28,244	50	0.2%
Running, programme costs and other	1,119	989	130	11.6%	1,612	1,520	92	5.7%
Total before Technical Adjustments	80,718	80,682	36	0.0%	98,052	97,775	277	0.3%
Remove AME/Technical items					(21)	(34)	13	
Total RDEL under/(over) spend					98,032	97,742	290	
Remove ring-fenced under/(over) spend					(160)	(67)	(93)	
Total non ring-fenced RDEL under/(over) spend					97,872	97,674	197	0.2%

3. Across all 211 CCGs there is a forecast underspend of £135m, which includes a £67m underachievement on the Quality Premium. In addition, CCGs have recently reassessed their rate of spending against legacy continuing healthcare provisions, which indicates that £94m of the risk pool of £250m will be required in 2014/15, with a proportion of the liability moving to 2015/16. The resulting rebate has led to 148 CCGs revising their forecasts upwards. Excluding the impact of CHC, 150 CCGs are forecasting in line with plan, 30 will exceed their plans, and 31 CCGs are forecasting overspends against plan.
4. All CCGs at risk of failing to deliver their financial plans are receiving support from their local NHS England teams, and the five most significant deviations from plan – which together account for £82m of shortfall in the forecast position – are subject to in-depth regional oversight of their recovery plans, supplemented by national support and review. The number of CCGs with a cumulative deficit has reduced from January by 1 to 18. Key challenges continue to be activity over-performance and QIPP realisation.
5. The position within Specialised Commissioning has remained stable since Month 8, reflecting stronger grip following our leadership interventions in this area. £110m of the forecast variance is related to the Cancer Drugs Fund. The improvement in the forecast position for primary care relates to the release of a risk reserve for direct commissioning taken at the start of the year, and the resulting surplus will be carried forward for investment in the context of Forward View implementation over the next few years. We have also made further cuts across virtually all areas of running and central programme costs.

6. £2,075m of savings through commissioner-driven QIPP were planned for 2014/15; actual delivery is currently projected to be £1,813m, which is 13% below plan but 5% ahead of 2013/14.
7. Most risks and mitigations have now been factored into the forecast, such that the risk-adjusted forecast is not materially different from the headline forecast as reported.
8. In view of the challenging overall financial position in the health sector, all opportunities to contain expenditure further are being scrutinised with a view to improving bottom line delivery, and to help manage the overall DH revenue position.
9. The tables in Annex A show the overall surpluses by commissioning sector as well as more detailed information relating to Quality, Innovation, Productivity & Prevention (QIPP) and to NHS England running cost and central programme spend.

Paul Baumann
Chief Financial Officer
March 2015

Annex A

Summary of year to date and forecast expenditure by area of commissioning

2014/15 - Month 10 Net Expenditure	Year to Date Net Expenditure				Forecast Net Expenditure				
	Plan £m	Actual £m	Var £m	Var % of planned spend	Plan £m	Forecast £m	Var	£m	Var % of planned spend
Local Net Expenditure									
North	16,961.8	16,949.6	12.2	0.1 %	20,540.0	20,512.4	27.6	0.1 %	
Midlands & East	16,165.7	16,225.7	(60.1)	(0.4%)	19,472.8	19,502.2	(29.4)	(0.2%)	
London	8,639.2	8,603.6	35.7	0.4 %	10,574.1	10,495.1	79.0	0.7 %	
South	13,614.4	13,619.9	(5.5)	(0.0%)	16,393.2	16,401.2	(8.0)	(0.0%)	
Quality Premium	0.0	0.0	0.0	0.0 %	65.6	0.0	65.6	100.0 %	
Total Local Net Expenditure	55,381.1	55,398.8	(17.7)	(0.0%)	67,045.8	66,911.0	134.8	0.2 %	
Direct Commissioning									
Specialised Commissioning	11,608.6	11,757.7	(149.1)	(1.3%)	13,946.7	14,114.5	(167.8)	(1.2%)	
Armed Forces	37.7	38.3	(0.6)	(1.6%)	46.1	46.0	0.0	0.0 %	
Health & Justice	376.7	372.0	4.7	1.3 %	457.2	452.4	4.8	1.0 %	
Primary Care & Secondary Dental	10,043.7	9,985.7	58.0	0.6 %	12,266.4	12,067.2	199.2	1.6 %	
Public Health	1,291.6	1,283.8	7.8	0.6 %	1,577.9	1,564.2	13.7	0.9 %	
Social Care	860.3	856.4	3.8	0.4 %	1,100.0	1,100.0	0.0	0.0 %	
Total Direct Commissioning	24,218.5	24,293.9	(75.4)	(0.3%)	29,394.2	29,344.2	50.0	0.2 %	
Other (excluding Technical)									
NHS England Running Costs	432.2	404.9	27.3	6.3 %	601.1	560.3	40.8	6.8 %	
CSUs	(0.3)	(11.2)	10.9	0.0 %	0.0	(0.0)	0.0	0.0 %	
NHS England Central Programme Costs	672.4	597.3	75.2	11.2 %	932.5	864.4	68.1	7.3 %	
Other	14.2	(1.9)	16.2	0.0 %	78.8	95.4	(16.5)	(21.0%)	
Use of Draw down	0.0	0.0	0.0	0.0 %	0.0	0.0	0.0	0.0 %	
Total Other (excluding Technical)	1,118.6	989.1	129.5	11.6 %	1,612.5	1,520.1	92.4	5.7 %	
Total before Technical Adjustments	80,718.1	80,681.8	36.4	0.0 %	98,052.5	97,775.3	277.1	0.3 %	
Remove AME/Technical items					(20.7)	(33.5)	12.8		
Total RDEL under/(over) spend					98,031.8	97,741.8	289.9	0.3 %	
Remove ring-fenced under/(over) spend					(160.0)	(67.3)	(92.7)		
Total non ring-fenced RDEL under/(over) spend					97,871.8	97,674.5	197.2	0.2 %	

Annex A

QIPP summary

	Year To Date QIPP				Forecast QIPP				
	Plan £m	Actual £m	Var £m	Achieved %	Plan £m	As % of Allocation	Forecast £m	Var £m	Achieved %
Local QIPP									
North	253.6	235.6	(17.9)	92.9 %	338.1	1.6%	298.7	(39.5)	88.3 %
Midlands and East	396.8	318.5	(78.3)	80.3 %	519.7	2.7%	418.5	(101.2)	80.5 %
London	251.9	236.7	(15.2)	94.0 %	314.7	2.9%	297.1	(17.6)	94.4 %
South	330.6	281.2	(49.5)	85.0 %	436.9	2.7%	368.5	(68.4)	84.4 %
Total Local QIPP	1,232.9	1,072.0	(160.9)	87.0 %	1,609.4	2.4%	1,382.8	(226.6)	85.9 %
Direct Commissioning QIPP									
Specialised	254.5	240.4	(14.2)	94.4 %	308.5	2.2%	288.1	(20.4)	93.4 %
Health & Justice	4.2	4.0	(0.1)	96.7 %	5.1	1.1%	4.9	(0.2)	96.8 %
Armed Forces	0.0	0.0	0.0	0.0 %	0.0	0.0%	0.0	0.0	0.0 %
Primary Care and Secondary Dental	105.6	93.3	(12.3)	88.4 %	133.3	1.1%	119.7	(13.6)	89.8 %
Public Health	14.5	14.5	(0.1)	99.5 %	18.3	1.2%	17.4	(0.9)	95.2 %
Total DC QIPP	378.9	352.2	(26.7)	93.0 %	465.2	1.6%	430.2	(35.1)	92.5 %
TOTAL QIPP	1,611.7	1,424.2	(187.6)	88.4 %	2,074.7	2.2%	1,813.0	(261.7)	87.4 %

Annex A

NHS England Running Costs 2014/15

	Year to Date Net Expenditure				Forecast Net Expenditure			
	Plan £m	Actual £m	Var £m	Var %	Plan £m	Forecast £m	Var £m	Var %
Medical	11.7	10.5	1.2	9.9%	14.2	13.1	1.2	8.2%
NHS IQ	8.5	7.2	1.3	15.4%	10.2	10.0	0.3	2.5%
Nursing	9.2	8.3	0.9	10.2%	11.7	10.9	0.8	6.8%
Commissioning Operations	192.1	183.1	9.0	4.7%	237.1	228.6	8.5	3.6%
Commissioning Development	0.0	0.0	0.0	0.0%	0.0	0.0	0.0	0.0%
Patients & Information	15.4	13.0	2.4	15.8%	18.5	16.2	2.3	12.6%
Finance	38.0	35.5	2.6	6.8%	50.8	45.0	5.8	11.5%
Commissioning Strategy	17.7	13.8	3.9	22.0%	22.7	19.3	3.4	14.9%
Transformation & Corp Office	52.1	50.9	1.3	2.4%	62.7	61.9	0.8	1.3%
Chair & Chief Executive Office	1.2	1.2	0.0	0.0%	1.4	1.4	0.0	0.0%
Reserves / transition costs	0.0	(6.0)	6.0	0.0%	23.6	23.2	0.4	1.7%
Depreciation/Other	10.8	4.3	6.5	59.9%	13.0	13.5	(0.5)	(4.2%)
TOTAL excl PCS	356.9	321.8	35.1	9.8%	465.9	443.0	23.0	4.9%
PCS	75.3	83.1	(7.8)	(10.4%)	135.2	117.4	17.8	13.2%
TOTAL Running Costs	432.2	404.9	27.3	6.3%	601.1	560.3	40.8	6.8%

Annex A

NHS England Programme Costs 2014/15

	Year to Date Net Expenditure				Forecast Net Expenditure			
	Plan £m	Actual £m	Var £m	Var %	Plan £m	Forecast £m	Var £m	Var %
Medical	87.0	81.2	5.8	6.6%	106.1	103.9	2.2	2.1%
Innovation Health & Wealth	17.3	17.5	(0.2)	(0.9%)	25.6	25.9	(0.3)	(1.0%)
Improvement Body	21.9	10.2	11.7	53.4%	34.2	25.1	9.1	26.7%
Nursing	10.5	7.5	3.0	28.5%	17.9	16.4	1.4	8.1%
Commissioning Operations	77.0	71.1	5.9	7.7%	101.2	94.6	6.5	6.5%
Commissioning Development	0.0	0.0	0.0	0.0%	0.0	0.0	0.0	0.0%
Patients & Information	48.4	34.8	13.7	28.2%	60.0	51.8	8.2	13.7%
NHS Direct/111	36.8	19.0	17.8	48.4%	46.1	37.6	8.5	18.3%
Finance	0.4	0.5	(0.1)	(14.0%)	2.0	1.4	0.6	31.0%
Commissioning Strategy	3.4	1.4	2.0	59.3%	4.9	3.4	1.5	30.4%
Transformation & Corp Office	9.8	11.2	(1.4)	(14.6%)	9.8	9.9	(0.1)	(1.3%)
Leadership Academy	67.7	67.7	0.0	0.0%	67.7	67.7	0.0	0.0%
Clinical Excellence Awards	83.5	83.5	(0.0)	(0.0%)	174.0	169.0	5.0	2.9%
Provider Support	168.3	168.3	0.0	0.0%	206.0	199.5	6.5	3.2%
Other Programmes	38.6	21.8	16.8	43.4%	51.1	30.8	20.3	39.8%
Other Reserves	0.0	0.0	0.0	0.0%	(1.5)	0.0	(1.5)	(100.0%)
Contingency	0.0	0.0	0.0	0.0%	20.3	20.3	0.0	0.0%
Specialist Pharmacy Services	1.7	1.6	0.2	10.1%	7.1	7.1	0.0	0.0%
TOTAL NHSE PROGRAMME COSTS	672.4	597.3	75.2	11.2%	932.5	864.4	68.1	7.3%