


<b>MEETING DATE:</b>	14 March 2013	  <b>North Lincolnshire Clinical Commissioning Group</b>  <b>REPORT TO THE CLINICAL COMMISSIONING GROUP COMMITTEE/GOVERNING BODY</b>
<b>AGENDA ITEM NUMBER:</b>	Item 8.4	
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<b>JOB TITLE:</b>	Chief Financial Officer	
<b>DEPARTMENT:</b>	Finance and Business Support	

## DRAFT CCG ANNUAL BUDGET 13/14

<b>PURPOSE/ACTION REQUIRED:</b>	Decision for Approval
<b>CONSULTATION AND/OR INVOLVEMENT PROCESS:</b>	CCG Engine Room and Council of Members have approved the Financial Plan and assumptions on which this budget is based, subject to minor changes requested by the Commissioning Board Area Team
<b>FREEDOM OF INFORMATION:</b>	Public This budget is only available at summary level until the detailed work to set cost centre level budgets has been completed and circulated as a budget book for the CCG. It is subject to further change before final submission of the Plan to Commissioning Board expected 25 <sup>th</sup> March.

<b>1. PURPOSE OF THE REPORT:</b>			
To approve the CCGs first 'official' annual budget as a fully authorised body.			
<b>2. STRATEGIC OBJECTIVES SUPPORTED BY THIS REPORT:</b>			
<b>Continue to improve the quality of services</b>			<b>x</b>
<b>Reduce unwarranted variations in services</b>			<b>x</b>
<b>Deliver the best outcomes for every patient</b>			<b>x</b>
<b>Improve patient experience</b>			<b>x</b>
<b>Reduce the inequalities gap in North Lincolnshire</b>			<b>x</b>
<b>3. IMPACT ON RISK ASSURANCE FRAMEWORK:</b>			
	Yes	x	No
The financial risks and mitigations to these budgets remain the same as highlighted in the Financial Plan circulated to the CCG Engine Room and COM.			

<b>4. IMPACT ON THE ENVIRONMENT – SUSTAINABILITY:</b>			
Yes	x	No	
Provides overall resource envelope for investment in sustainability and other issues.			
<b>5. LEGAL IMPLICATIONS:</b>			
Yes	x	No	
The CCG under its Constitution is required to have set a budget and sufficient resources to cover its plans, liabilities and statutory financial duties by the 1 April. Any 'old PCT' liabilities will be provided for in 12/13 accounts, the provision passing to successor bodies or paid for by the DOH on the old system.			
<b>6. RESOURCE IMPLICATIONS:</b>			
Yes	x	No	
Provides the overall resource framework for authorised spend.			
<b>7. EQUALITY IMPACT ASSESSMENT:</b>			
Yes		No	x
This is a draft summary of budgets which is neither a policy, procedure or guidance. The overall Commissioning Plan will possibly need this when completed.			
<b>8. PROPOSED PUBLIC &amp; PATIENT INVOLVEMENT AND COMMUNICATIONS:</b>			
Yes		No	x
Currently no public or patient involvement is planned on overall budgets per se although the JSNA has influenced the plans development. Further public involvement will follow mainly as part of Sustainable Services Review action plan.			
The process/ principles for setting Practice level budgets will be discussed at the CCG Engine Room 21 March and COM 28 March.			
<b>9. RECOMMENDATIONS:</b>			
The CCG is asked to: -			
<ul style="list-style-type: none"> <li>• Approve the CCGs draft Budget for 13/14</li> <li>• Approve the on-going processes outlined in the paper</li> </ul>			

## **DRAFT 2013/14 BUDGET SUMMARY**

### **1) INTRODUCTION**

The Financial strategy development paper and initial draft plans was agreed pre authorisation and forms the basis for on-going CCG financial development. The latest Draft Financial Plan was agreed at the Council of Members (CoM) and CCG Engine Room in January. This has provided the 'financial envelope' within which budgets can be set. A budget setting principles papers and timetable was produced for the CCG Engine Room on 21<sup>st</sup> February.

Small revisions to the Financial Plan were made following discussions with the NHS Commissioning Board Area Team before being resubmitted by the deadline of 1 March. As the CCG is required under its Constitution to set a budget for the 1 April that meets its statutory financial duties etc. detailed draft CCG budgets have been calculated ready for CCGs approval which may be subject to any minor changes as a result of contract negotiations (agreed financial value by 15 March) any further iterations of the Financial plan finally due 26 March (subject to confirmation).

### **2) MAIN POINTS**

The Summary Budgets are attached at Appendix 1 for review and approval.

The Draft CCG Budgets (at cost centre level) will be presented to the relevant Budget Holders / Budget Managers for formal sign off, in accordance with the timetable so that Budgets are finalised before 31<sup>st</sup> March 2013. These meetings will also agree the necessary budget delegations to ensure a validated authorisation matrix, is available along with agreed budgets.

Detailed financial risks, mitigations and risk sharing were highlighted in the financial plan commentary and not repeated here but will be updated and included within the overall Commissioning plan commentary. These will be incorporated and monitored as part of monthly financial reporting.

### **3) NEXT STEPS**

In year budget changes may be necessary where allocations (the money) are in the wrong place following the Health Service Reforms and confirmation of functions etc. These will be advised separately and dealt with on a case by case basis. 'Old PCT' liabilities will be provided for in 12/13, the provision passing to the successor body or paid for by the DoH on the old system.

The budget setting timetable including CCG and CSU responsibilities as well as the updated Commissioning Plan sent to the CCG Engine Room have confirmed the deadlines the CCG is working to and are not repeated here.

Further Budget holder training will be provided on the new ledger system once the budgets are loaded on and fully working.

The process and principles for agreeing Practice level budgets for 13/14 are outside the scope of this paper and will be discussed at CCG Engine Room 21 March and COM on 28 March.

#### **4) CONCLUSION/RECOMMENDATION.**

The CCGC is requested to approve the Draft Budgets and processes outlined for 2013/14.

**Therese Paskell**  
**Chief Financial Officer and Business Support**

## NORTH LINCOLNSHIRE CLINICAL COMMISSIONING GROUP (CCG) 2013/14. FINANCE PLAN SUMMARY & MAIN BUDGET FUNDING ENVELOPES

### 1) NET EXPENDITURE SUMMARY

The last standardised Finance plan submission before formal agreement of NHS contracts, at the end of February 2013, was based on the following resource and expenditure projections:

		Recurrent	Non Recurrent	Total
		£000s	£000s	£000s
*	Available Resources (Programme & Running Costs)	200,111	1,836	201,947
*	Total Expenditure	187,798	12,149	199,947
*	<b>Surplus</b>			<b>2,000</b>

However, taking into account the element of recurrent income which has been utilised to fund non recurrent expenditure, the CCG's financial position can be more accurately summarised as follows:

		Recurrent	Non Recurrent	Total
		£000s	£000s	£000s
*	Available Resources (Programme & Running Costs)	192,525	9,422	201,947
*	Total Expenditure	187,798	12,149	199,947
*	<b>Surplus</b>	<b>4,727</b>	<b>-2,727</b>	<b>2,000</b>
		<b>2.5%</b>		<b>1.0%</b>

The breakdown of gross expenditure by main budget area is shown below.

### 2) GROSS EXPENDITURE SUMMARY

DESCRIPTION		RECURRENT BUDGET 2013/14 £000s	NON RECURRENT BUDGET 2013/14 £000s	TOTAL BUDGET 2013/14 £000s
<b>A) PROGRAMME BUDGETS</b>				
1	Acute NHS contracts (including Ambulance services)	113,821	6,156	119,978
2	SCG Defund	-11,975	0	-11,975
3	Acute contracts - Other Providers (Non-NHS, including Voluntary Sector)	563	0	563
4	Acute Services - Other	1,597	0	1,597
5	Non Contract Activity	1,267	750	2,017
6	Out of Hours Services	2,034	0	2,034
7	Enhanced Primary Care Services	362	0	362
8	Non Practice Specific PPA Costs	1,084	0	1,084
9	Practice Based Pharmacy Costs (Prescribing)	29,953	0	29,953
10	NHS North Lincolnshire Community Provider Services	11,006	0	11,006
11	Private & Voluntary Sector Services (Including : Continuing & Funded Care etc)	18,558	0	18,558
12	Local Safeguarding of Adults & Children	166	0	166
13	Main Mental Health Contract - RDASH	13,463	0	13,463
14	Exclusions - Contract Based & Mental Health	395	0	395
15	Mental Health - Non Contract Activity	217	0	217
16	Pooled Learning Disability Services	423	0	423
17	Pooled Mental Health Services	298	0	298
18	Other Community Based Services	2,318	0	2,318
19	All Other Commissioned Services	884	0	884
20	QIPP	-5,144	0	-5,144
21	Commissioning Budget Efficiency Savings	0	-1,135	-1,135
22	Technical & Provision Costs	766	3,200	3,966
23	Contingency	1,513	500	2,013
24	Non Elective Marginal Rate Investment Reserve (subject to AT Business Cases)	0	2,678	2,678
	<b>Total</b>	<b>183,568</b>	<b>12,149</b>	<b>195,717</b>
<b>B) RUNNING COST ALLOWANCE BUDGET COSTS</b>				
	Total CCG and CSU charge against RCA (including Prop Co Charge).	4,230	0	4,230
	<b>TOTAL EXPENDITURE</b>	<b>187,798</b>	<b>12,149</b>	<b>199,947</b>