

INTRODUCTION AND CONTEXT

1. This report presents the 2012/13 PCT high level revenue budget for review and discussion, and outlines the elements delegated on a shadow basis to the CCG. The budget reflects the PCT's current understanding of its financial position, existing commitments and identifies prioritised investment. It also reflects the impact of the financial requirements placed on it by the Operating Framework.
2. The PCT's revenue high level budget for 2012/13 has been prepared in the context of the Operating Framework – for the NHS in England 2012/13 and the PCT's Commissioning Strategy Plan. The initial budgets have been signed off by the Joint Boards in April, with the final budgets to be agreed formally later in May.
3. Kingston PCT has a statutory financial duty to maintain recurrent financial balance to keep expenditure within its resource limits. It is also required by the operating plan to deliver a 1% surplus plan in 2012/13 and additionally in order to assist in the delivery of the South West London Sector and NHS London surplus requirement the PCT's 2012/13 control total should be £3.959m (1.5%).
4. The PCT needs to maintain adequate levels of surplus and contingency funding for future investment and to manage and mitigate risk associated with delivering National Priorities, Commissioning Strategy Plan (CSP) goals and meeting the cost of changes in the financial regime. Achieving this level of financial health is a key priority, clearly set out in the 'operating framework for the NHS in England'.
5. The revenue high level budget covers all of the activities of the PCT: commissioning; primary care; and corporate functions, the summary is shown in Appendix 1a with details shown in appendix 2a to 2e.

FINANCIAL BACKGROUND AND BUDGET SETTING PRINCIPLES

6. There are a number of key factors, which underpin the PCT's finances.
7. During 2011/12 the PCT has experienced pressures primarily in Acute and Continuing Care.
8. For 2011/12 the PCT has declared a surplus of £4.515m compared to the original plan of £3.959m which it intends to carry forward into 2012/13 to support delivery of its 2012/13 control total.
9. The PCT's baseline resource for 2012/13 is £271.826m. This includes £7.857m of recurrent growth. The available resource after allowing for anticipated non recurrent allocations, adjustments and levies brings the total available resource to the PCT to £285m (Appendix 1c).

10. The operating framework required Strategic Health Authorities to work with PCTs, to hold 2% of their resource for transformational and risk management funds. In 2011/12, the PCT held £5.279m (2%). This requirement continues into 2012/13 and for the PCT equates to £5.427m an increase of £148k. The 2% will be held at cluster with 1% identified to support transition and 1% to support strategic investments across the cluster. PCTs have to submit business cases which demonstrate their non recurrent nature to access the strategic investment funding, which are then evaluated on a priority basis.
11. The increasingly challenging financial environment means that central to achieving financial balance, is the continued requirement to maintain the PCT's focus on contingency and surplus planning, careful financial planning and funding prioritisation and the delivery of significant sustainable efficiency savings.

CCG Delegated Budgets

12. In January 2012 the Joint Boards of the PCT approved delegation to the Clinical Commissioning Committee of the commissioning budgets that the CCG will be responsible for when it is created in April 2013.
13. These budgets are a subset of the current PCT budgets, with responsibility for other parts of the budget to transfer to the National Commissioning Board (NCB) and Public Health with the local authority. Appendix 1a outlines how these budgets are apportioned between each destination; it should be noted that these are provisional as more work is required during the year to accurately split out all costs, particularly where costs under a single contract will be divided in future.

Efficiency & Savings Plans

14. The Operating Framework assumes a net national tariff/uplift of -1.5% for PBR and -1.8% for non-PBR after allowing for 4% efficiency. The tariff assumes that all providers will achieve internal efficiencies through: changing the way services are delivered, reducing variations in activity and improving procurement practices.

The commissioning shifting activity and the QIPP (Quality, Innovation, Productivity and Prevention) efficiency plan feed into the PCT's overall financial improvement plan. The PCT is required in 2012/13 to deliver a net savings requirement of at least £10.5m (Attachment D1).

Management of Risk

15. There are a number of risks which may impact on the delivery of the PCT's 2012/13 Revenue Plan, which include risks associated with key NHS policy initiatives. For 2012/13 the PCT has made provision to manage many of the risks identified through ensuring appropriate levels of funding. Additionally the PCT has a contingency reserve and planned surplus that should enable it to manage many of these risks in year and within the planning period.

In summary the key financial risks the PCT are exposed to in 2012/13 and necessary mitigations are outlined in Appendix 1b.

16. The demographic and residual growth reserve of £3.6m has been created to mitigate against the risk of increased demand in service areas outside of acute commissioning activities. In particular it is intended to manage the type of pressure experienced in 2011/12 in acute, continuing care, and other non acute budgets.
17. The PCT has created the required Contingency Transition Fund which is 2% of the PCT RRL.

Key NHS Policy Drivers

18. Limited technical tariff changes to the operation of Payment by Results (PbR) and quality payments will be made during 2012/13. There will be continuation of; the emergency care threshold at 30% tariff over the agreed activity baseline (marginal saving of 70% to be held by SHAs for the transformational fund)
19. Additionally, CQUIN quality payments have been increased from the 2011/12 level of 1.5% to 2.5% with a tighter application of performance and outcomes.
20. Key services, which continue to be excluded from the scope of PbR, are community, mental health, learning disabilities, continuing/intermediate care, respite, direct access radiology & pathology and rehabilitation in discrete wards. Payment by Results is operating in shadow form for some mental health services in 2012/13. Specific community service tariffs are planned to be developed in future years.

RECOMMENDATIONS

21. That the Governing Body acknowledges the interim PCT revenue budget outlined in Appendix 1 to 3, and the apportionment of them in to delegated shadow budgets.
22. That the Governing Body acknowledges the risks identified in the budget, in particular the reliance on savings, which in the main will not be realisable until possibly six months into the financial year.

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AD Finance - Kingston Borough Team

NHS Kingston - 2012/2013 Budget

Appendix 1a NHS KINGSTON 2012/13 Summary				
	Budget	Delegated Shadow Budgets		
		CCG	PH	NCB
Commissioning	£	£	£	£
RESOURCES				
Revenue Resource Limit	285,000,000	231,248,197.86	8,238,228	45,513,574
APPLICATION OF FUNDS				
Acute Commissioning				
General Acute (FTs & Non FTs)	126,777,489	123,673,489	2,174,000	930,000
Specialist Acute	8,355,750		-	8,355,750
Non Contract Activity	2,261,793	2,261,793		
GPWSI Services/PBC	498,882	498,882		
Non SLAs/Acute Other	2,073,695	2,073,695		
Total Acute	139,967,608	128,507,858	2,174,000	9,285,750
Non Acute Commissioning				
Mental Health	25,126,796	23,734,796	1,392,000	
Learning Disabilities	1,060,659	1,060,659		
Hospices	595,797	595,797		
Disabilities	3,639,114	3,639,114		
Community Health Services	21,372,456	18,376,456	865,000	2,131,000
Other Non Acute	12,101,427	12,101,427		
Total Non Acute	63,896,249	59,508,249	2,257,000	2,131,000
Primary Care				
Prescribing	19,941,338	19,941,338		
Pharmacy	3,882,215			3,882,215
GP Services	24,225,501	1,865,000	790,000	21,570,501
Out of Hours	1,199,803	1,199,803		
Dentistry	4,865,823			4,865,823
General Ophthalmic Services	1,349,293			1,349,293
Other Primary Care	1,200,601			1,200,601
Total Primary Care	56,664,574	23,006,141	790,000	32,868,434
Total Commissioning Costs	260,528,431	211,022,248	5,221,000	44,285,183
Corporate				
Borough	2,992,630	2,992,630		
Cluster recharge	1,294,850	1,294,850		
Total Corporate Costs	4,287,480	4,287,480		
Estates Costs (Borough)				
Capital Charges	1,882,391			1,882,391
Provider Rental Income	(800,000)			- 800,000
Total Estates Costs	1,082,391			1,082,391
Public Health				
Public Health Dept	1,817,358	578,000	1,239,358	
Public Health Projects	1,923,870		1,777,870	146,000
Total Public Health Costs	3,741,228	578,000	3,017,228	146,000
Surplus before reserves utilisation	269,639,529	215,887,728	8,238,228	45,513,574
Reserves				
Demographic growth	3,652,545	3,652,545		
2% Reserve	5,427,203	5,427,203		
0.5% Additional Contingency	1,356,800	1,356,800		
Pass Through Payments	968,037	968,037		
Total Reserves	11,404,585	11,404,585		
Total Applications	281,044,114	227,292,313	8,238,228	45,513,574
In Year Deficit/(Surplus)	(3,955,886)	(3,955,885)		

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Appendix 1b NHS Kingston 2012/13 – Key Financial Risks

No.	Risk Description	Potential Risk	Impact on Performance Indicator	Mitigation	Risk
1	Acute Overperformance	There is a high risk that SLA's will overperform. Acute activity historically increases in both elective and particularly non-elective care.	RRL control total	Close working with ACU and Trusts to act promptly to minimise risk. Use of reserves if necessary.	High
2	Non Acute Overperformance e.g. Continuing Care	In previous years there have been significant cost pressures on non-acute budgets, especially continuing care and placements.	RRL control total	Monitoring of new client costs and prompt identification of in year pressures. Use of reserves if necessary	Medium
3	Non-Achievement of Savings Plans	There is some risk that the savings required within budgets will not be delivered in year. Failure to deliver will result in over-reliance on PCT contingency funds.	RRL control total	Regular intensive review and monitoring of savings plans. Identification of additional savings schemes where necessary.	Medium

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Appendix 1c

2012/13 ALLOCATION MOVEMENTS					
	REVENUE RESOURCE LIMIT			CAPITAL	CASH
	REC	NON- REC	TOTAL	RESOURCE LIMIT	LIMIT
	£000	£000	£000	£000	£000
2011-12 RECURRENT AT MONTH 12 - Final	263,969		263,969		263,969
2011/12 OPENING BASELINE	263,969	0	263,969	0	263,969
12/13 Recurrent Resource Increase	7,857		7,857		7,857
2012/13 OPENING RECURRENT ALLOCATION (per Expo Book)	271,826	0	271,826	0	271,826
NCG Lewy - Programme Budget for Existing Services		(1,098)	(1,098)		(1,098)
NCG Lewy - New Designations		(29)	(29)		(29)
NCG Lewy - Protom Beam Therapy		(58)	(58)		(58)
NCG Lewy - Safe & Sustainable Paediatric Review		(10)	(10)		(10)
NCG Lewy - High Cost Drugs (LSD & PNH)		(554)	(554)		(554)
NCG Lewy - Newly Designated High Cost Drugs & Service 2012/13		(34)	(34)		(34)
Central Budget Deduction: Free School Fruit Scheme		(137)	(137)		(137)
Cancer Drugs clawback		(435)	(435)		(435)
Primary Dental Services		5,606	5,606		5,606
General Ophthalmic Services		1,184	1,184		1,184
Pharmaceutical Services		1,906	1,906		1,906
Joint Working Between Health & Social Care		1,456	1,456		1,456
2010/2011 Allocation for Adult Pooled Treatment Budget		784	784		784
Young People s Pooled Drug Treatment		60	60		60
DIP Funding		123	123		123
HPV Vaccine Programme		30	30		30
PMEDS: Personal Admin Costs for Non Dispensing Doctors		49	49		49
Mental Capacity Act est as 11/12		31	31		31
PCT Recharge aka Pooled budgets		(25)	(25)		(25)
Pan London Programmes Lewy		(41)	(41)		(41)
Funds for London Health Programmes and TB (75%)		(76)	(76)		(76)
Nhs Support For Social Care: Provision Of Support For Memory Services		25	25		25
Dental Vocational Training est same as 11/12		36	36		36
Cancer Drugs funding months 1 - 6		308	308		308
Cancer Drugs funding Mths 7 - 12		188	188		188
Charge Exempt Overseas Visitors adj - PCT Ropslice (CEOV & Gibraltar adjustment)		(165)	(165)		(165)
2011-2011 70% Marginal Tariff Benefit Estimate			0		0
Resource c/f		4,050	4,050		0
£2 per head GP Commissioner Dev. Fund 11-12 and 12-13 (PCT will get back as per LB 27.06.11)		0	0		0
£2 per head GP Commissioner Dev. Fund 11-12		0	0		0
PCT Initial (Baseline) CRL/CCL			0	0	0
2% Resource Transfer to SHA (PCT will get back as per LB 27.06.11)		0	0		0
Total Resource Limit as at Month 0 - March FIMS	271,826	13,174	285,000	0	280,950

Appendix 2a

Acute ACU Summary

		Annual Budget
		£
Foundation Trusts		
K05001	SLA Guy's & St Thomas'	2,205,081
K05003	SLA Royal Marsden	7,201,271
K05005	SLA Royal Brompton & H	2,705,962
K05010	SLA Royal Surrey County	258,468
K05014	SLA King's College Hosp	512,792
K05017	SLA Moorfields Eye Hosp	738,762
K05018	SLA Chelsea & Westminster	812,337
K05019	SLA UCL Hospital	1,146,515
K05020	SLA Ashford & St Peter's	393,742
		15,974,930
Acute Trusts		
K05000	SLA Kingston Hospital	70,900,022
K05002	SLA St Georges H/care	18,500,336
K05004	SLA Imperial College	1,405,173
K05006	SLA Epsom & St Helier	5,856,937
K05008	SLA SWL Elective Ortho	3,013,852
K05009	SLA Non-Elective Threshld	0
K05011	SLA Royal Free Hospital	238,317
K05012	SLA Royal National Ortho	195,731
K05013	SLA West Midlxs Univ Hosp	224,327
K05015	SLA Barts & The London	402,272
K05016	SLA Great Ormond Street	625,956
K05021	SLA North West London Hos	210,479
K05022	SLA Contingency DrugExIns	1,916,189
K05140	Emergency Services Agmts - London Ambulance	4,400,313
		107,889,904
PCTs		
K05007	SLA Wandsworth PCT	2,912,655
		2,912,655
Total Acute SLA		126,777,489

Appendix 2b

Acute Specialist Commissioning & Other Providers

		Annual Budget
		£
<u>Specialist Commissioning</u>		
K05150	Spec Comm AIDS/HIV	1,864,069
K05151	Spec Comm NICU	1,319,671
K05152	Spec Comm BMT Adult	427,497
K05153	Spec Comm Spinal Injuries	243,621
K05154	Spec Comm PICU	549,120
K05155	Spec Comm ClinicGenetics	185,968
K05156	Spec Comm NCAs specialisd	35,773
K05157	Spec Comm CleftLip&Palate	113,100
K05158	Spec Comm GenderDysphoria	22,848
K05159	Spec Comm Haemophilia	899,006
K05160	Spec Comm SpecialistPharm	29,391
K05162	Spec Comm AIA Unit	4,665
K05163	Spec Comm SCG Centrl Budg	112,549
K05165	Spec Comm Burns	136,668
K05166	Spec Comm CAYPOC-GOSH	22,640
K05167	Spec Comm Neuro-Rehab	411,739
K05168	Spec Comm LondonWide Proj	366,895
K05169	Spec Comm Major Trauma	222,632
K05170	Spec Comm BowelCancerScrn	110,383
K05171	Spec Comm Antenatal&Nwbrn	43,477
K05172	Spec Comm Paediatric BMT	232,807
K05173	Spec Comm Practitioner Health Programme	20,755
K05174	Spec Comm DSPD	38,708
K05175	Spec Comm Havens	45,776
K05176	Spec Comm SCBU	850,512
K05177	Adult Renal Dialysis and TRX	45,626
Total Acute Specialist Commissioning		8,355,894

Appendix 2c

Acute Services Commissioning – Non-SLA Items

		Annual Budget
		£
Non SLAs/Acute Other		
K05205	Private Providers	640,293
K05226	HCA International	82,887
K05291	Environmental Control	27,412
K05215	Cancer Services	148,237
K05250	Modernisation Acute	374,107
K05251	Modernisation Other	219,572
K05230	Diabetic Retinopathy Serv	246,490
K05228	MSK/Rhuematology	215,799
K05229	Urology	42,660
K05231	Falls Management	76,238

Total Non SLA/Acute Other **2,073,695**

Non Contractual Activity		
K05200	Non Contract Activity	2,261,878

Total NCA **2,261,878**

		Annual Budget
		£
GPWSI/PBC Services		
K05220	Dermatology	83,611
K05221	Neurology	49,066
K05222	Foot & Ankle	236,133
K05223	Vasectomy	42,845
K05224	Ophthalmology Services	87,226
		498,882

Total GPWSI/PBC **498,882**

**Appendix 2d
Mental Health Commissioning Summary**

	Annual Budget
	£
<u>Mental Health - Contracts</u>	
K05260 Service Agreement MH	17,743,487
K05261 MH Specialist Comm	1,734,461
K05262 MH Secure Facilities	855,936
	20,333,884
<u>Mental Health - Placements</u>	
K05263 MH Long Stay Placements	825,206
K05264 Section 256/257 MH	371,280
K05265 CAMHS	0
K05266 Forensic MH	2,160,743
K05267 South Bank Re provision	222,618
	3,579,846
Total Mental Health Non Acute	23,913,730

**Appendix 2e
Learning Disability Commissioning Summary**

	Annual Budget
	£
<u>Learning Difficulties</u>	
K05270 Service Agreements PLD	229,041
K05271 Long Stay PLD	829,403
K05272 Section 28a PLD	2,215
	1,060,659
Total Learning Disabilities	1,060,659

**Appendix 2f
Special Placements (Community and other)**

	Annual Budget
	£
<u>Service Agreement Disability</u>	
K05225 Community Neuro-rehab	94,117
K05282 YPD	1,715,891
	1,810,008
<u>Children's Disabilities</u>	
K05026 SLA Disabled Chldn RBK	1,032,097
K05280 Service Agreement Disability	0
K05281 ChildrenWithDisabilities	425,193
K05283 BUPA Dom Chldrn's Care	371,906
	1,829,196
Total Disabilities	3,639,204

**Appendix 2g
Community, Elderly and Children Services – Non SLA Items**

	Annual Budget
	£
<u>Provider Services/Your Healthcare</u>	
K05300 Community Health Services	21,255,330
K07025 Security services	117,127
Total Community Healthcare	21,372,456

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	Annual Budget
	£
<u>Drug Rehabilitation</u>	
K05293 Drug Rehabilitation	1,213,066
	1,213,066
<u>Continuing Care</u>	
K05310 Continuing Care	7,752,400
K05311 Continuing Care Hobkirke	356,930
	8,109,330
<u>Funded Nursing Care</u>	
K05305 Funded Nursing Care	1,538,926
	1,538,926
<u>Other Non-Acute Budgets</u>	
K05290 Partnerships	167,849
K05292 Specialist Drugs	360,321
K05240 Chlamydia Project	0
K05315 Social Care Comm	1,925,000
	2,453,170
Total Other Non Acute	13,314,493

	Annual Budget
	£
<u>Hospices</u>	
K05210 Hospices	595,797
Total Hospices	595,797

**Appendix 2h
Primary Care**

	Annual Budget
	£
<u>Prescribing and Pharmacy</u>	
K06231 GP Prescribing	19,941,338
Total Prescribing	19,941,338
Pharmacies	3,323,700
Other Pharmacy Costs	323,634
Reserves	405,010
Total Pharmacy	4,052,343
Total Prescribing and Pharmacy	23,993,681
<u>GMS/PMS Expenditure</u>	
Total PMS Practices	10,505,291
Total GMS Practices	9,101,917
K06018 GMS-PMS Enhanced Other	22,940
K06020 APMS -AT Medics Choudhry	345,123
K06021 APMS -Gosbury Hill GP Clinic	990,445
Total Practice Expenditure	20,965,716
Total Enhanced Services	3,191,495
Total GMS/PMS Expenditure	24,157,211
<u>Out of Hours</u>	
K06175 Out Of Hours	1,200,000
Dentistry	4,867,845
Ophthalmic Services	1,245,638
<u>Other Primary Care</u>	
Community Pharm Other	757,850
PMS GMS Improvement Grant	53,523
Gms/Pms IT Services	311,967
GP Fees	76,858
Total Other Primary Care	1,200,199
Total Primary Care	56,664,574

**Appendix 2i
Corporate Services**

		Annual Budget
		£
K07001	ACU	401,688
K07006	Finance Department	494,829
K07041	Primary Care	289,455
K07031	Communications	108,889
SW London Cluster Recharge		1,294,861
<u>Offices of Chairman and Chief Exec</u>		
K07011	PEC	234,773
K07012	Chief Executive	111,882
		346,655
<u>Corporate Affairs & Communication</u>		
K07013	Corporate Office	285,843
K07032	Borough Comms	129,640
		415,483
<u>Performance Directorate</u>		
K07036	Performance	335,000
K07037	Provider Performance	160,678
K07038	PMO	0
K07039	Information Services	144,275
K07040	KCI	428,552
K07002	CSL	0
		1,068,505
<u>Finance & Project Management Office</u>		
K07007	PCSS	132,035
K07008	GP Consortia	382,000
K07009	Borough Finance	159,347
		673,382
<u>Professional & Clinical Development</u>		
K07014	PCD	197,574
K07124	Expert Patient Programme	28,000
		225,574
<u>Corporate Business Services</u>		
K07021	Corporate HR	98,104
K07024	Operational Services	164,902
		263,006
Total Borough Costs (excluding Estates)		4,287,466
<u>Estates Costs</u>		
K07022	Provider Rental Income	(800,000)
K07023	Capital Charges	1,882,392
Total Estates Costs		1,082,392
Total Corporate		5,369,858

**Appendix 2j
Public Health**

Public Health

K07056 Public Health
 K07057 KVA
 K07058 Quality Assurance
 K07059 Pharmacy Team

Total Public Health

Public Health Projects

Total Public Health

Annual Budget	
£	
	1,168,072
	108,124
	4,908
	536,415
	1,817,519
	1,923,709

	3,741,228
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