

GOVERNING BODY

LEAD: Hardev Virdee, Interim Director of Financial Strategy	ATTACHMENT: <div style="border: 1px solid black; display: inline-block; padding: 5px; margin-left: 20px;">D</div>
REPORT AUTHOR: Yarlini Roberts, Associate Director for Finance	AGENDA ITEM: 4
RECOMMENDATION: The Governing Body is asked to: <ul style="list-style-type: none"> • acknowledge the interim PCT revenue budget outlined in Appendix 1 to 3, and the apportionment of them in to delegated shadow budgets; and • acknowledge 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 	MEETING DATE: 12 th June 2012

2012/13 BUDGET

EXECUTIVE SUMMARY: 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
KEY SECTIONS FOR PARTICULAR NOTE: 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%). 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'.
RECOMMENDATIONS: 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.

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.

RISKS IDENTIFIED:

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.

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.

The PCT has created the required Contingency Transition Fund which is 2% of the PCT RRL.

FINANCIAL IMPLICATIONS:

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).

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.

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.

NATIONAL DOMAINS - TOWARDS AUTHORISATION:

All papers to the Governing Body are assumed to be evidence towards authorisation.

Please indicate below all the domains which the paper provides evidence for

- Clinical focus adding value
- Patient, carer, community engagement
- Planning and QIPP delivery
- Corporate and clinical governance incl. non financial risk management
- Finance incl. financial risk management
- Collaborative or joint commissioning, commissioning support
- Leadership

EQUALITY IMPACT ASSESSMENT:

No Equality Impact Assessment has been completed in the writing of this report.

PRIVACY IMPACT ASSESSMENT:

No personally identifiable data was used in the writing of this report.