

FINANCIAL PERFORMANCE 2007/08 –  
PERIOD ENDING 31 JANUARY 2008

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SECTION ONE – EXECUTIVE SUMMARY

1.1 The PCT has three statutory financial duties to achieve. The table below summarises the performance to date against these duties:-

Table 1: PCT Performance Against Statutory Duties (31<sup>st</sup> January 2008)

Area	Statutory Duty	Year to Date Performance	Forecast Performance
Revenue	Keep expenditure within resource limit set for revenue	GREEN	GREEN
Capital	Keep expenditure within resource limit set for capital	GREEN	GREEN
Cash	Remain within cash limit set	GREEN	GREEN

1.2 The PCT also has two departmental financial duties to achieve. The table below summarises the performance to date against these duties:-

Table 2: PCT Performance Against Departmental Duties (31<sup>st</sup> January 2008)

Area	Departmental Duty	Year to Date Performance	Forecast Performance
Full Cost Recovery	Demonstrate full cost recovery in relation to PCT provider functions	GREEN	GREEN
Better Payment Code	Meet the policy for prompt payment of invoices	RED	RED

1.3 At the end of month ten, the PCT is reporting a year to date position of £2,247k under spent against budgets and a £3,388k surplus against the duty to achieve operational financial balance. This surplus is £722k above the planned variance at this point of the year.

1.4 Activity data used in this report is activity to the end of month nine. Where appropriate this has been extrapolated to month ten.

1.5 This report should be read in conjunction with the quarterly commissioning finance report in appendix one.

1.6 In month ten the PCT received the PPA forecast year end position based on prescribing activity to the end of December 2007. The PPA has once again revised its year end forecast on prescribing outturn to a £2.2 million under spend. The PCT is now reflecting the full forecast under spend in its expected year end position.

- 1.7 The provider arm is reporting an under spend of £2,313k to month ten.
- 1.8 The PCT continues to formally forecast a year end position of a £3.2 million surplus; however, it is likely that a larger surplus will be achieved. In order to get as close as possible to £3.2 million, the PCT has identified a number of areas where investments can be made this year which will bring a benefit next year.

## SECTION 2 – CURRENT POSITION

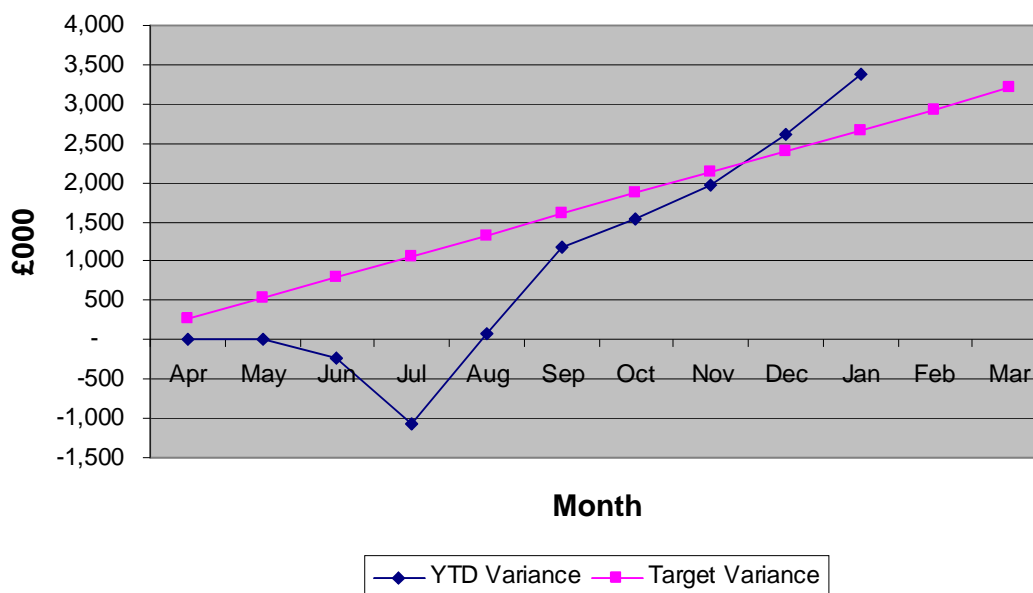
- 2.1 The PCT has recorded an under spend of £2,247k against issued budgets during the first ten months of 2007/08.
- 2.2 There is an element of the PCT allocation that has not been issued as a budget due to the requirement to have a £1,370k surplus on the commissioning budgets. Once this has been taken into account there is a surplus of £3,388 against the PCT's operational balance.
- 2.3 The year to date actual surplus is £722k above the planned surplus at this point of the financial year.
- 2.4 The table below summarises the performance for the year-to-date:-

Table 3: Operational Financial Balance – 31<sup>st</sup> January 2008

	Target Variance (YTD) £000	Actual Variance (YTD) £000	Distance from Target (YTD) £000
Position against commissioning budgets	0	(66)	(66)
Under spend/(overspend) on provider arm	1,525	2,313	788
YTD Position Against Budgets	1,525	2,247	722
Surplus target not issued	1,142	1,142	0
Operational Financial Balance	2,667	3,388	722

- 2.5 The chart below shows how the actual variance on operational financial balance has moved compared to the target variance throughout the financial year:-

**Chart 1: Performance Against Surplus Target Year to Date**



2.6 The Revenue Resource Limit (RRL) was reported to the Board previously as £596.7 million. The table below highlights any changes to the limit which the PCT is working within:-

Table 4: Changes to Revenue Resource Limit (RRL) – 31<sup>st</sup> January 2008

	Opening £m	Movemen t £m	Closing £m
Confirmed revenue resource limit	594.8	1.8	596.6
Notified allocations	(0.3)	0.3	0.0
Anticipated allocations	2.2	(2.2)	0.0
<b>Total Revenue Resource Limit</b>	<b>596.7</b>	<b>(0.1)</b>	<b>596.6</b>

2.7 Reflected in the table are a number of expected allocation adjustments in the month. These are items going from being either anticipated or notified into the confirmed category.

2.8 There was only one unanticipated allocation in month ten. This was a deduction of £118k for the adjustment to the Market Forces Factor.

SECTION 3 – COMMISSIONING ARM

3.1 The PCT has issued expenditure budgets of £595.2 million. There is an additional £1.4 million surplus target that has not been issued into the main PCT budgets.

3.2 The table below shows the breakdown of the financial performance of the commissioning arm to 31<sup>st</sup> January 2008:-

Table 5: Summary of Commissioning Budgets – 31<sup>st</sup> January 2008

	Annual	Budget	Expenditure	Variance	Change in Month
	Budget	To Date	To Date	To date	
	£000	£000	£000	£000	
Commissioning					
Acute Services	222,265	185,408	190,141	(4,733)	331
Community Services	61,990	51,560	54,710	(3,149)	(2,051)
Mental Health	45,672	38,234	37,413	821	1,050
Specialised Services	71,960	59,980	59,912	68	63
Learning Difficulties	21,253	17,711	18,028	(317)	(204)
Other Commissioning	3,009	2,507	2,507	0	(116)
Commissioning Reserves	3,946	3,288	0	3,288	328
Sub-Total	430,096	358,688	362,710	(4,022)	(599)
Primary Care Services					
GMS	38,844	30,272	30,221	51	183
Pharmacy Contract	2,600	2,166	2,176	(10)	96
PMS	14,436	11,387	11,514	(127)	(222)
Prescribing	68,129	56,775	55,343	1,432	145
Dental Contracts	15,453	12,892	12,749	143	10
Smoking Cessation	776	647	731	(84)	6
Sub-Total	140,238	114,139	112,734	1,405	218
Organisational Costs					
Management costs	17,760	14,644	14,020	624	(378)
Capital charges	1,447	1,310	1,369	(59)	(36)
Sub-Total	19,207	15,954	15,389	565	(414)
Reserves					

Specific	2,915	0	0	0	0
Developments	1,213	1,011	0	1,011	97
Risks	1,170	975	0	975	975
Must Dos	350	0	0	0	0
Sub-Total	5,648	1,986	0	1,986	1,072
Total BEN PCT	595,188	490,767	490,834	(66)	278
Surplus Target	1,370				
Total BEN PCT RRL	596,558				

3.3 This report contains a limited commentary on the commissioning position as it is accompanied by a detailed briefing note produced by the finance commissioning team. This report can be found in appendix one.

3.4 The supplementary report is designed to give the Board more information about the PCT's commissioning portfolio than can be given in this standard monthly report.

3.5 The report covers year to date activity to the end of quarter three.

3.6 The main points of the commissioning report are:-

- Over performances at Heart of England FT (HEFT) in outpatients, electives and non-PbR activity
- Data errors have occurred in PAS systems at Good Hope and Sandwell Hospitals
- Critical care over performances at University Hospital Birmingham, Walsall Hospital and Coventry and Warwickshire University Hospitals
- Over performance on the contract with Birmingham and Solihull Mental Health Trust
- Care packages are under performing for mental health but over performing in other areas
- Learning difficulties over performance due to adolescent admissions, increasing specialising costs and South Birmingham PCT "Notice to Quit"

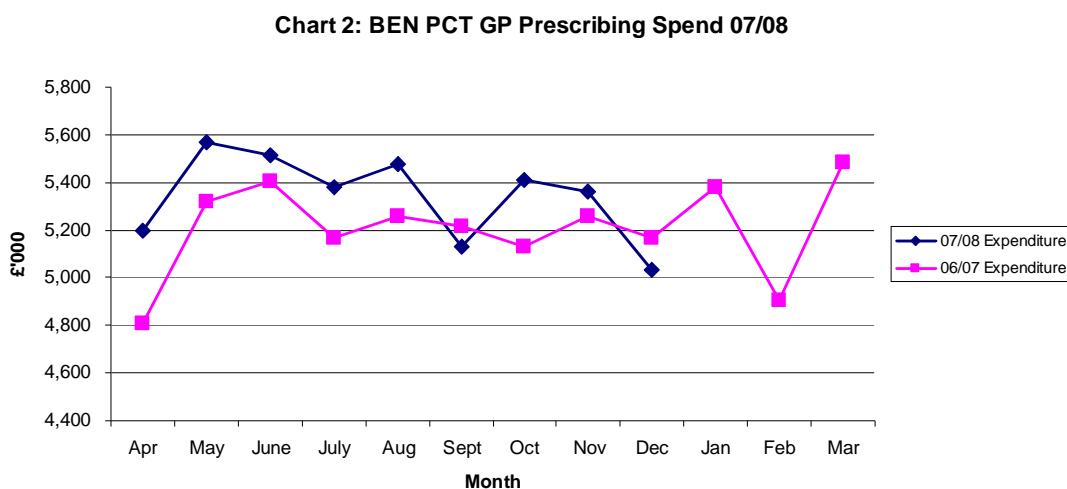
3.9 Primary Care Services

3.10 The in-month £183k improvement and £222k deterioration in the GMS and PMS positions respectively are as a result in the movement of some budget for APMS (Alternative Personal Medical Services)

practices to GMS. This was deemed to be a more accurate classification of the practices.

### 3.11 Prescribing

3.12 The chart below shows the expenditure on prescribing for the year to December against the expenditure last year.



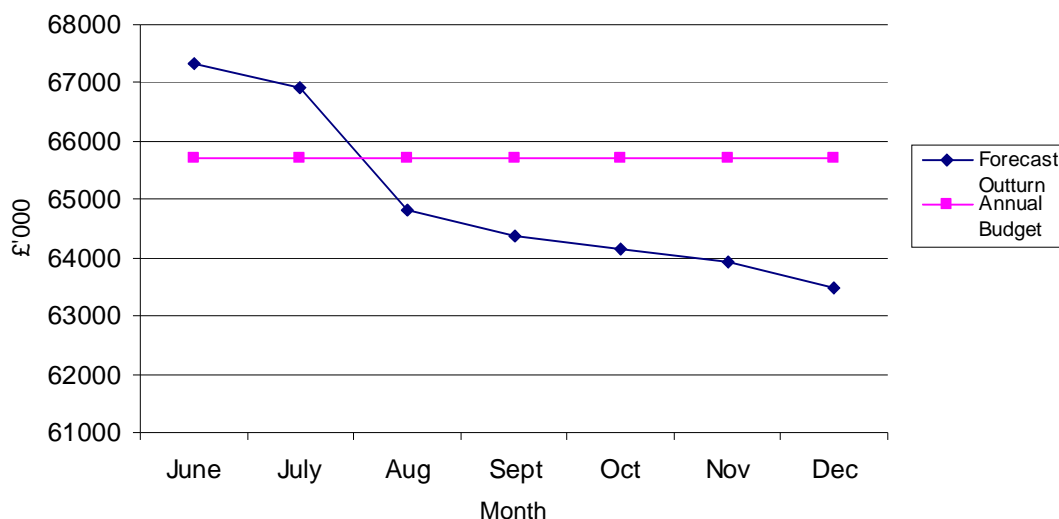
3.13 There has been a decrease in prescribing expenditure of 2.6% when comparing between December this year and the December of the previous year. The cumulative increase in prescribing expenditure year to date is 2.9% when compared to the first nine months of last year.

3.14 This cumulative increase is significantly below the 5.5% growth that was assumed during the budget setting round.

3.15 Once again the PPA forecast for performance against prescribing budgets has been revised; the PPA is now forecasting a £2.2 million underspend. This forecast has improved by nearly £0.5 million between November and December.

3.16 The graph below shows forecast expenditure for the year against the annual budget as predicted by the PPA. This graph shows the dramatic movement from the large forecast overspend predicted in June and July to the large forecast underspend in December. This is a movement of nearly £4 million.

**Chart 3: Forecast Outturn Expenditure in 2007/08 from the PPA**



3.17 Although prescribing expenditure is notoriously difficult to forecast, the variance between the positions forecast in June and December is beyond the level of volatility that the PCT expects to deal with in the year. This has inevitably made meeting the PCT forecast of a £3.2 million surplus challenging. However, within the position now is an expectation that prescribing will have a total year end under spend of £2.2 million.

#### SECTION 4 – PROVIDER ARM

4.1 The table below gives a summary of the position of the provider arm at the end of January 2008.

Table 6: Summary of Provider Arm – 31<sup>st</sup> January 2008

	Annual Budget £000	Budget To Date £000	Expenditure To Date £000	Variance To date £000	Change in Month £000
Expenditure	38,135	31,773	29,421	2,352	393
Income	(38,135)	(31,780)	(31,741)	(39)	(4)
<b>TOTAL</b>	<b>0</b>	<b>(7)</b>	<b>(2,320)</b>	<b>2,313</b>	<b>389</b>

4.2 Cost Improvement Programmes (CIPs)

4.3 The provider arm has a programme of CIPs to the value of £831k in 2007/08. At month ten, £693k of cost improvements have been achieved.

SECTION 5 – BALANCE SHEET

5.1 The balance sheet for month ten is shown in the table below:-

Table 7: Balance Sheet as at 31st January 2008

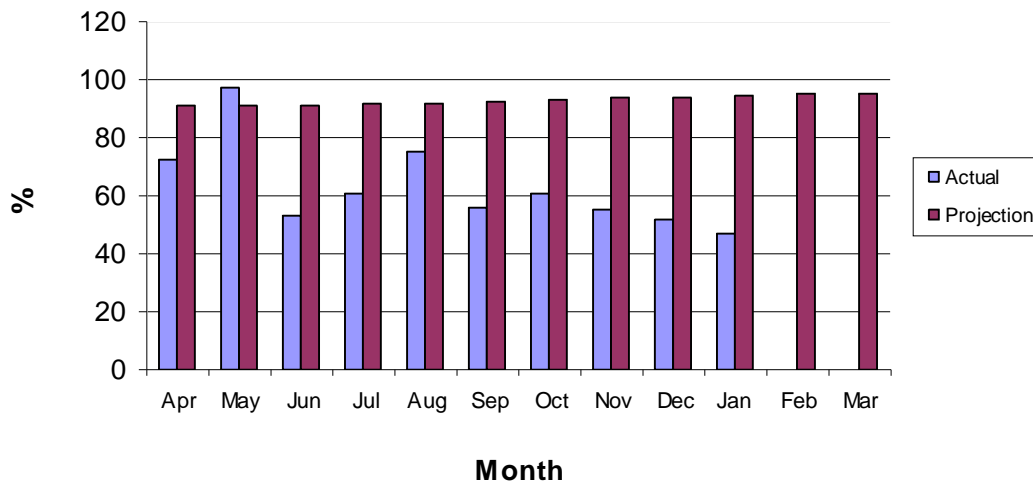
BALANCE SHEET	Opening Balance £000 01/04/07	Closing Balance £000 31/01/2008	Forecast Year End £000 31/03/2008
Total Fixed Assets	31,234	31,848	35,197
Current Assets			
Debtors	21,858	10,126	16,687
Cash at bank	15	40	15
Total Current Assets	21,873	10,166	16,702
Current Liabilities			
Creditors due < 1 year	(76,022)	(53,766)	(62,274)
Total Current Liabilities	(76,022)	(53,766)	(62,274)
Net Current Assets	(54,149)	(43,600)	(45,572)
Total Assets Less Current Liabilities	(22,915)	(11,752)	(10,375)
Provisions for Liabilities & Charges	(5,074)	(4,257)	(3,958)
Total Assets Employed	(27,989)	(16,009)	(14,333)
Financed by:			
Tax Payers' Equity			
General fund	(32,433)	(21,961)	(20,265)
Revaluation Reserve	1,642	2,991	2,993
Donated Reserve	2,802	2,961	2,939
Total Taxpayers' Equity	(27,989)	(16,009)	(14,333)

- 5.2 The movement in debtors when compared to month 9 is in part due to the large value of invoices raised to Birmingham City Council to recharge for the Birmingham Health and Wellbeing Partnership (BHWP) in December. The £1.2 million worth of invoices were raised after an exercise to ensure all BHWP funding was committed in 2007/08.
- 5.3 The movement in creditors from month 9 is due to the incorrect treatment of a transaction with the PPA. This has now been correctly identified as a creditor.

## SECTION 6 – BETTER PAYMENT CODE

- 6.1 The PCT must meet the target of paying 95% of NHS and non-NHS invoices within 30 days.
- 6.2 The graph below shows the current performance for NHS only invoices against this target and the original projection for the year.

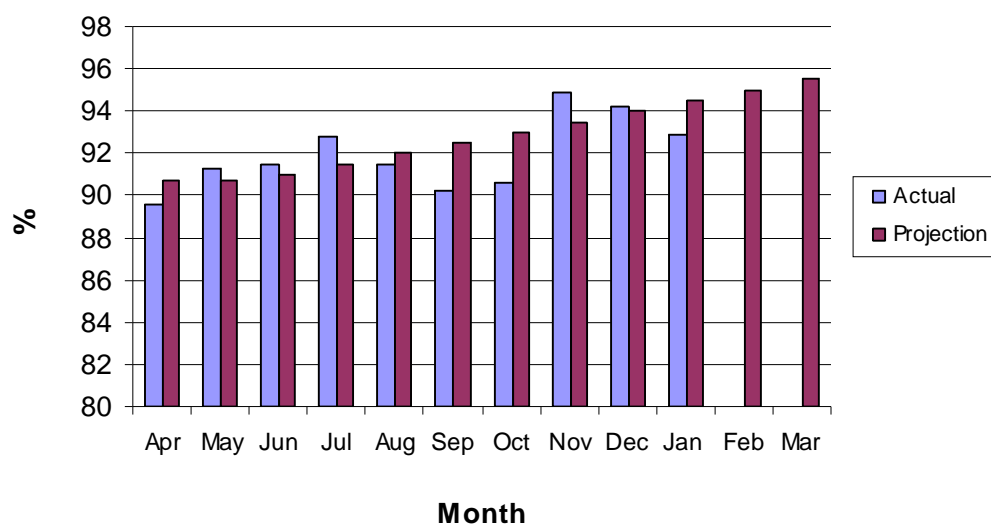
**Chart 4: Performance Against Better Payment Code 2007/08 - NHS Invoices**



- 6.3 This performance has been highlighted as red as it has fallen significantly below the 95% requirement and it is not possible at this stage of the year for the PCT to meet the annual requirement.

6.4 The PCT is performing better for non-NHS invoices as shown in the graph below:-

**Chart 5: Performance Against Better Payment Code 2007/08 - Non-NHS Invoices**



## SECTION 7 - CAPITAL

7.1 The sources of funding and the proposed applications are laid out in the tables below:-

Table 8: Sources of Capital Funds in 2007/08

Sources of funds	£000
Allocations via CRL	
Notified Allocations	3,829
Proposed Allocations / Transfers	0
Capital receipts	2,196
<b>TOTAL</b>	<b>6,025</b>

Table 9: Proposed Application of Funds

Applications of funds	Annual Plan £000	Expenditure YTD £000
PCT Schemes - Capital Team	900	59
Health Centres & Clinics	118	47
PCT Other Schemes	214	242
GP's IT System of Choice	707	
LIFT	3,744	1,719
Slippage into further years	342	
<b>TOTAL</b>	<b>6,025</b>	<b>2,067</b>

7.2 Capital spending plans have been loaded towards the end of the financial year and as such the PCT is expecting to commit substantial expenditure during February and March; including two land purchases for LIFT schemes.

7.3 There has been a reduction in the sources of capital funds due to the SHA taking back £1,050k of capital funding that will not be spent in 2007/08. This will still leave £342K of slippage into future years, which might increase if all plans are not realised within the year.

## SECTION 8 – CASH MANAGEMENT

8.1 The changes to the cash limit in January are outlined below:-

Table 10: Summary of Changes to Cash Limit – 31<sup>st</sup> January 2008

	£000
Month 9 closing cash limit 2007/08	609,470
Month 10 adjustments:-	
Exempt overseas visitors adjustment	(304)
NCG adjustment	45
Part repayment of 2006/07 top slice	1,000
Pandemic flu preparedness	51
Clinical Excellence awards	715
Dental vocational training	370
PBR pilot	200
Dental allocations	28
MFF adjustment	(118)
ISTC programme activity allocation	(56)
Reduction to CRL	(1,050)
Transfer to SHA reserve	(1,009)
<b>Month 10 Total Cash Limit</b>	<b>609,342</b>

8.2 In the month the PCT drew down £47.6 million against the cash limit, which is in line with the planned cash profile.

## SECTION 9 – RISKS

9.1 The largest financial risk is that the surplus that is achieved at the end of the financial year is larger than the surplus planned for at the beginning of the year.

- 9.2 Several items were identified last month as contributing to this position: slippage on PBC incentive monies, unused NICE drugs reserve and the forecast prescribing underspend.
- 9.3 Another significant item however is the slippage against the budgets for funding specific projects agreed by the Surplus Group earlier in the financial year. £1.6 million of funding was earmarked for these developments and to date only £0.4 million has been committed to specific projects.
- 9.4 It is now assumed that there will be no more significant expenditure against the earmarked Surplus Group developments budget in this financial year. This additional pressure on achieving the surplus target has been factored into both the year to date position and the forecast outturn.
- 9.5 The PCT is planning to commit a further £12 million in new investments in the next financial year. It is important to ensure that robust plans for investing the funding are built up and that mechanisms are developed to track that the expected expenditure occurs.

## SECTION 10 – FORECAST FOR THE YEAR

- 10.1 The PCT is monitoring closely the year end position and is continuing to formally forecast a year end surplus of £3.2 million.
- 10.2 Each directorate has carried out a detailed analysis of the forecast year end position. The following table shows the likely outturn position of the PCT based on this analysis:-

Table 11: Likely Forecast Year End Position

	2007/08 Forecast Under/ (Over) Spend Against Budget £000
Commissioning	(4,826)
Primary care (exc. prescribing)	0
Prescribing	2,235
Provider arm	2,509
Corporate	(43)
Reserves	
- Planned surplus	1,370

- Specific reserves not required	573
- Slippage against £1.6 million Surplus Group investments	1,213
- Release of risk reserve	1,170
<b>Total Forecast Surplus/ (Deficit)</b>	<b>4,201</b>
Surplus Target	3,200
<b>Gap between Forecast Surplus and Surplus Target</b>	<b>1,001</b>

10.3 This analysis shows that there is a £1 million gap between the control total for 2007/08 surplus, set by the SHA, and the likely PCT outturn position.

10.4 The PCT is currently working through plans to allow this expenditure to be committed in this financial year on investments which will bring benefits in the next financial year.

## SECTION 11 – RECOMMENDATIONS

11.1 The Board is asked to:

- Note the financial position as set out to January 2008.
- Note the formal forecast of a £3.2 million surplus at year end.
- Note the risk that the surplus will be in excess of £3.2 million.

**APPENDIX 1**

BRIEFING NOTE

To: Birmingham East and North Primary Care Trust Board

Prepared by: Michael Hau, Adrian Griffiths and Robert Pickup  
(Senior Commissioning Accountants)

Date: 27<sup>th</sup> February 2008

Re: Commissioning Finance Detailed Report-  
Quarters One to Three, 2007/08

SECTION 1 - INTRODUCTION

The aim of this report is to provide more detail on the performance of contracts and SLAs commissioned from Community, Secondary, and Tertiary Care providers based on activity information that covers the first three quarters of the financial year.

SECTION 2 - ACUTE CONTRACTS

The plans for all acute contracts for 2007/08 were derived in a consistent manner: activity for October 2005 to September 2006 was used as a baseline and adjusted for:-

- Demand Management Initiatives
- Prior Approval Schemes
- Underlying growth
- Delivery of progress towards 18 Weeks

The following section shows performance against plan for each of the main contracts the PCT has with acute trusts.

The tables included are based on CBSA supplied data to month 9. The year to date and forecast outturn positions contained within the Board report to month 10 are based on this information, with account taken of monitoring information provided by each Trust, and additional information gained from performance monitoring meetings.

### Heart of England NHS Foundation Trust (HEFT)

The following table shows the Month 9 summary after HEFT have made a number of adjustments following challenges from the CBSA and the PCT that has resulted in their year end forecast reducing from £8m overspent to circa £4.5m overspent. This represents a 3.5% overspend against the budget.

The three main areas of over performance on the HEFT contract are outpatients, electives and non-PBR activity.

### Heart of England NHS FT Activity Data to Month 9 (December) 2007/08

Activity type	Activity			Finance		
	Budget (Units)	Actual (Units)	Variance (Units)	Budget (£'000)	Actual (£'000)	Variance (£'000)
Outpatient appointments	198,974	202,887	(3,913)	21,389	22,548	(1,158)
Elective admissions (inc. day cases)	21,532	22,813	(1,281)	21,235	22,376	(1,141)
Non-elective admissions	25,748	27,088	(1,340)	44,722	44,633	89
Maternity and Transfers	7,112	5,693	1,419	7,776	7,140	635
Accident and emergency attendances	143,846	140,849	2,997	10,737	10,110	627
Non-PBR	1,291,231	1,338,510	(47,279)	16,729	18,538	(1,809)
HEFT M9 position				122,588	125,345	(2,757)

Outpatient activity is over performing largely due to the high first to follow-up ratio. Work carried out with HEFT has identified an error in the PAS system used by HEFT that has been installed at the Good Hope site from the 1<sup>st</sup> April 2007. This has resulted in a number of follow-up outpatient appointments being classed as first outpatient appointments. HEFT have adjusted the data resulting in a £1.8m reduction in the over performance, this is reflected in the table above.

Despite this adjustment, work carried out by the PCT in conjunction with the CBSA has shown that the ratio of first to follow-up outpatient appointments at Good Hope has risen substantially. The PCT has challenged with HEFT the method used to count activity which has resulted in a further reduction. Further challenges are continuing to capture all of the areas that need to be assessed and should these challenges be accepted a further reduction in outpatient activity against plan would result.

Day cases are over performing in a small number of relatively high cost low volume HRGs. Seven HRGs account for over £1 million of the over spend and circa 1,000 spells. The PCT has challenged the over performance of these HRGs with HEFT to ensure that there has not been a coding change.

Non-PBR activity is over performing in three main areas:

Manual activity that is agreed on a case-by-case basis and drugs and devices that are excluded from PBR. In total these amount to circa £700k with the largest areas being Bariatric Surgery, Anti TNF and Immunology Drugs.

The PCT have negotiated with HEFT a reduced rate for maternity patients that are not admitted; this is to be coded as N12a. This adjustment is outside the scope of PBR and as such is shown as non-PBR activity worth £650k.

HEFT have over performed against the plan for critical care by £550k or 515 bed days. 200 of these bed days relate to 3 patients.

## Other Issues

### Waiting Lists

In common with most providers in relation to the 18 weeks target, waiting list times have fallen progressively over the first 9 months of the year. However, whilst both the length of waiting time and numbers of patients waiting has reduced, the number of people on the list has done so less significantly.

HEFT have planned to reduce this amount in the final quarter of the year by managing the shape of the waiting list, although it is still believed by the PCT that they will need to conduct extra activity to meet the 11 week wait target. There is a risk that this additional activity would result in an increased over performance of circa £250k.

## Other HEFT Contract Developments

### Unbundling

The PCT along with Solihull Care Trust and South Staffordshire PCT are in the process of unbundling both diagnostics and rehabilitation with HEFT. Detailed proposals for the unbundling process are to be submitted to tri-partite with a view to expanding the areas covered in future years. It has been agreed that changes in year will be backdated to 1<sup>st</sup> April 2007.

This exercise will have a limited financial benefit in year but will help facilitate the development of new and expanded community services in future.

## SECTION 3 – OTHER LARGE ACUTE CONTRACTS

### Sandwell and West Birmingham Hospitals NHS Trust

The current forecast outturn position is for the Trust to breakeven for the year.

Year to date activity data (see table below) shows underperformance of £482k. However, the implementation of a new PAS in the second half of the financial year at Sandwell and West Birmingham has led to a significant number of patient episodes being un-coded on the new system.

There are approximately 1,700 patients un-coded for October, increasing to 1,900 for November. There are a further 1,100 un-coded patients for December.

None of the un-coded patient costs are included in the activity data or values shown below. The un-coded activity will be corrected for month 10 monitoring information.

Excluding un-coded activity the activity data shows significant underperformance on inpatient activity and significant over performance on outpatient activity, particularly non-PbR outpatients; much of this over performance is in Ophthalmology. Overall the activity data suggests a small underperformance to date for the year, but until the un-coded activity is corrected and an accurate picture of the activity levels and values is achieved the PCT will continue to forecast a prudent breakeven position.

Sandwell and West Birmingham Hospitals NHS Trust Activity Data to M9 (December) 2007/08

Activity type	Activity			Finance		
	Budget (Units)	Actual (Units)	Variance (Units)	Budget (£'000)	Actual (£'000)	Variance (£'000)
Outpatient appointments	23,826	24,929	(1,103)	2,220	2,362	(142)
Elective admissions (inc. day cases)	3,407	3,064	343	3,451	3,111	339
Non-elective admissions	2,201	1,867	334	4,571	3,320	1,251
Maternity and Transfers	608	439	169	630	373	257
Accident and emergency attendances	0	0	0	0	0	0
Non-PBR	4,063	8,948	(4,885)	3,075	3,713	(638)
Emergency Threshold			0	651	1,236	(586)
SWBH M9 Position	34,105	39,247	(5,142)	14,597	14,116	482

University Hospital Birmingham NHS Foundation Trust

The reported financial over performance against this contract for the nine months to December is £437k or 6% over plan, of which, £500k was attributable to activity outside of national tariff.

The increase in non-PbR is entirely due to increased cost per case drug issues but has been partially offset by a marked reduction in a number of emergency admissions over the third quarter.

Critical Care

At month 9, the Trust had over performed by £289k compared to £364k in quarter 2. This was mainly caused by two patients with a length of stay in critical care in excess of 90 days. Both have now been discharged.

As with the similar activity at HEFT, work by the relevant locality team is being done to establish the cause of the long stay. The forecasting effect of these has have been excluded from the year end forecast position as this is not expected to be replicated in the second half of the year; there are currently no patients in Critical Care who have exceeded 30 days.

### Excluded Drugs and Procedures

Costs for drugs and procedures excluded from tariff for the first nine months have increased from £953k at quarter 2 to £1.5 million. This is in line with previous forecasts. During the year, a number of new drug approvals have been charged against the contract and this is reflected in the current overspend. Examples of drugs and procedures approved this year include Rituximab and autologous ear reconstruction.

### Head Injuries

The year to date over performance of £102k is solely due to a single patient who was recently discharged after a length of stay of 98 days. Again this has been excluded from future forecasts and reasons behind the long length of stay are being investigated.

### University Hospital Birmingham NHS FT Activity Data to Month 9 (December) 2007/08

Activity type	Activity			Finance		
	Budget	Actual	Variance	Budget	Actual	Variance
	(Units)	(Units)	(Units)	(£'000)	(£'000)	(£'000)
Outpatient appointments	10,791	10,588	203	977	953	24
Elective admissions (inc. day cases)	1,927	1,757	170	2,365	2,353	12
Non-elective admissions	866	807	59	1,662	1,575	87
Maternity and Transfers	65	63	2	214	231	(17)
Accident and emergency attendances			0			0
Non-PBR	3,695	6,282	(2,587)	2,558	3,058	(500)
Emergency Threshold				0	43	(43)
CBSA M9 position	17,284	19,577	(2,293)	7,776	8,213	(437)

Birmingham Children's Hospital NHS Foundation Trust

The reported financial over performance against this contract for the eight months to November is £342k. This compares to the forecast of £292k over performance at month 6. This forecast was based an extrapolation of the first quarter's data due to the lack of information from the Trust.

Most of the issues with monitoring data from the trust have now been resolved. However, due to submission problems, the month 9 position is

currently unavailable, but we are expecting activity to increase in the last quarter.

Birmingham Children's' Hospital NHS FT Activity Data to Month 9 (December) 2007/08

Activity type	Activity			Finance		
	Budget (Units)	Actual (Units)	Variance (Units)	Budget (£'000)	Actual (£'000)	Variance (£'000)
Outpatient appointments	5,201	1,503	3,698	525	214	311
Elective admissions (inc. day cases)	817	673	144	1,229	976	253
Non-elective admissions	852	885	(33)	1,045	1,265	(220)
Maternity and Transfers	30	45	(15)	61	131	(70)
Accident and emergency attendances	0	0	0	0	0	0
Non-PBR	745	7,191	(6,446)	1,827	2,443	(616)
Emergency Threshold	0	0	0	0	0	0
CBSA M8 position	7,645	10,297	(2,652)	4,687	5,029	(342)

### Royal Orthopaedic Hospital NHS Foundation Trust

The current forecast outturn position is over performance of £38k. The main area of overspend is in Spinal and Musculoskeletal elective procedures which form over 90% of all elective activity.

The Trust continues to have capacity problems for Spinal activity that has led to difficulties in reducing in waiting times; hence the Trust is underperforming in elective admissions. The PCT expects the capacity to improve in the second half of the year and has made an adjustment to the year end forecast accordingly.

The most significant change which has moved this position is attributable to elective surgery for scoliosis/ spinal deformity. The Trust has seen an increase of 10 admissions in the third quarter, costing £20k per case.

### Royal Orthopaedic Hospital NHS FT Activity Data to Month 9 (December) 2007/08

Activity type	Activity			Finance		
	Budget (Units)	Actual (Units)	Variance (Units)	Budget (£'000)	Actual (£'000)	Variance (£'000)
Outpatient appointments	6,192	6,673	(481)	609	650	(41)
Elective admissions (inc. day cases)	1,401	1,442	(41)	3,244	3,045	199
Non-elective admissions	27	29	(2)	116	153	(37)
Maternity and Transfers	0	7	(7)	0	34	(34)
Non-PBR	1,671	1,157	514	538	681	(143)
Emergency Threshold				2	(16)	18
CBSA M9 position	9,291	9,308	(17)	4,509	4,547	(38)

## Walsall Hospitals NHS Trust

The financial position against this contract for the nine months to December is £292k over plan. This represents a movement of £120k when compared to quarter 2 position. This is, in part, attributable to an increase in elective and non elective activity where there has been an over performance of 103 spells costing £135k.

The other area of over performance is in non-PbR activity.

### Critical Care and Rehabilitation Bed Days

At month 9, the Trust had over performed by £70k or 151 days. 117 days were in critical care where 3 patients had lengths of stay each lasting in excess of 30 days. A further 34 days were due to a single long stay outlier in intensive care.

All these patients have now been discharged with no further admissions into ITU in quarter 3. The risk of further activity over plan for quarter 4 in this area is considered low.

### Walsall Hospitals NHS Trust Activity Data to Month 9 (December) 2007/08

Activity type	Activity			Finance		
	Budget (Units)	Actual (Units)	Variance (Units)	Budget (£'000)	Actual (£'000)	Variance (£'000)
Outpatient appointments	961	1,217	(256)	95	131	(36)
Elective admissions (inc. day cases)	98	186	(88)	147	263	(116)
Non-elective admissions	123	138	(15)	231	250	(19)
Maternity and Transfers	26	34	(8)	31	45	(14)
Non-PBR	718	961	(243)	101	218	(117)
Emergency Threshold				(7)	(17)	10
<b>CBSA M9 position</b>	<b>1,926</b>	<b>2,536</b>	<b>(610)</b>	<b>598</b>	<b>890</b>	<b>(292)</b>

### University Hospital Coventry and Warwickshire NHS Trust

The financial position against this contract for the nine months to December is an overspend of £130k which has not changed from quarter 2.

The main areas of over performance occurred in Critical Care and Head and Neck, which together accounted for £72k of the total over performance. The remainder were the result of increased levels of elective and non-elective activity general surgery, which also resulted in 14 excess bed days.

A more detailed review of the Head and Neck data is being carried out, as this is the area with largest financial risk.

### University Hospital Coventry & Warwickshire NHST Activity Data to Month 9 (December) 2007/08

Activity type	Activity			Finance		
	Budget (Units)	Actual (Units)	Variance (Units)	Budget (£'000)	Actual (£'000)	Variance (£'000)
Outpatient appointments	176	152	24	20	26	(6)
Elective admissions (inc. day cases)	17	38	(21)	44	72	(28)
Non-elective admissions	40	25	15	69	42	27
Maternity and Transfers	5	14	(9)	8	26	(18)
Non-PBR	25	138	(113)	105	197	(92)
Emergency Threshold				(5)	8	(13)
CBSA M9 position	263	367	(104)	241	371	(130)

### SECTION FOUR – OTHER SMALLER ACUTE CONTRACTS

The following section gives a brief summary of the smaller acute contracts where there are no issues or limited issues in relation to the total acute commissioning portfolio.

### Royal Wolverhampton Hospitals NHS Trust

The reported position for the nine months to December continues to be breakeven. The CBSA position at month 9 was £24k under performance. The difference is due to charges for tariff excluded devices which have not been picked up in the monitoring and an over performance in non-elective obstetrics.

### Birmingham Women's Healthcare NHS Trust

The forecast outturn position is for the Trust to under perform by £25k for the year, an underperformance of 1.8% against the budget.

The majority of the underperformance is in PbR inpatient activity, particularly Gynaecology elective inpatients. There is also underperformance in non-PbR outpatients, and an offsetting over performance in Maternity services and PbR outpatients.

Currently there are no activity trends causing particular concern at the Trust.

### Mid Staffordshire General Hospital NHS Trust

The forecast outturn position is for the Trust to under perform by £25k for the year, an underperformance of 6% against the budget.

### The Dudley Group of Hospitals NHS Trust

The forecast outturn position is for the Trust to over perform by £14k for the year, an over performance of 5% against the budget. The over performance is within direct access diagnostic tests.

### George Eliot Hospital NHS Trust

The current forecast outturn position for the Trust is an over performance of £38k for the year, an over performance of 8.7% compared to the annual budget.

The over performance to date is in non-PbR lines, particularly direct access diagnostic tests for Pathology.

### Worcestershire Acute Hospitals NHS Trust

The current forecast outturn position for the Trust is £30k under spent for the year, an underperformance of 15% compared to the annual budget.

The contract overall has small levels of activity, and is showing underperformance against PbR elective, non-elective, and outpatient activity, with a small over performance in non-PbR activity.

#### West Midlands Ambulance Service NHS Trust

This remains a block contract for 2007/08. However, as a result of the Call Connect arbitration, the SHA have now agreed a settlement for both 2007/08 and recurrently from 2008/09. Whilst the PCT has benefited from the settlement in 2008/09, it was decided that the set up costs requested by the Trust were reasonable. Although the PCT had reserved £121k for this, the outcome has resulted in a further pressure of £153k for the full year.

#### Acute Other

The position to month 10 is an underspend of £1.7 million. The full year projected underspend is £2 million.

This underspend includes the impact of prior year accruals for which expenditure will not now be incurred, budgetary provisions for 18 week diagnostic tests, NICE drug exclusions, and acute funding requests. In most cases costs incurred against these lines are reported by NHS providers in their monthly SLA monitoring statements and are reflected in the NHS Acute costs above; the underspend in this area nets off against those costs as part of the overall acute commissioning position.

#### Acute Non-NHS

The position to month 10 is an over performance of £651k. The full year projected over performance is £781k and is attributable to increased activity at Aston Academy of Life Sciences, Midland Eye Institute, and Spire Healthcare (previously BUPA hospitals) as part of the extended choice network.

### SECTION FIVE – COMMUNITY SERVICES

#### South Birmingham PCT

This contract is forecast to overspend by £203k at year end; as at month 9, the PCT is reporting a position of £169k overspent. This is made up of cost pressures in complex care packages that the PCT disputed in 2005/06 but has now agreed to fund. The impact of this is an in-year cost pressure of £152k. In addition, the latest monitoring from the wheelchairs service has indicated a shortfall in funding.

## Complex Care Packages

At month 10 non-mental health complex care packages are overspent by £1,828,000, with a forecast outturn overspend of £2,193,000.

This projected overspend takes into account all known commitments to the year end, and includes increased costs for patients assessed or re-assessed under the new continuing care legislation.

The overspend is in part offset by a projected underspend in mental health complex care packages (see section six below). The net forecast outturn position of all care package commissioning is an overspend of £515,000, 4.7% of the overall budget.

## RNCC – Free Nursing Care (FNC)

At month 10 FNC is overspent by £790,000. The projected year end overspend is £948,000.

This is due to both increasing numbers of patients who are eligible for FNC and the recent continuing care legislation. From October 2007, a new single band replaced the existing low and medium bands; the forecast outturn position includes the costs of all patients reassessed to date under the new legislation.

## SECTION SIX – MENTAL HEALTH SERVICES

### Birmingham and Solihull Mental Health NHS Trust

Monitoring data from the Trust shows a forecast outturn position of £540,000 overspent for the year; an over performance of 1.3% compared to the annual budget.

The major areas of overspent activity are Adult Inpatients, Adult Community, and Older Adults (£53k over-spent to date). These are offset to some extent by underspends in Deaf Mental Health and Eating Disorders.

2007/08 is the first year that the contract with the Trust has been based on cost and volume in many areas; some of the currencies used within the contract are subject to revision based on the experience of monitoring by cost and volume, and there are also some discrepancies in the underlying patient data that may have a slight impact on the overall contract outturn position.

## Mental Health Complex Care Packages

At month 10 non-mental health complex care packages are underspent by £1,398,000, with a forecast out-turn underspend of £1,678,000.

The underspend offsets some of the forecast overspend in non-mental health complex care packages. Complex care packages are traditionally a high cost, low volume area of commissioning with a volatile trend profile, reflecting an area of commissioning where one additional care package commissioned can generate costs of many thousands of pounds.

## SECTION SEVEN – OTHER AREAS

### Specialised Services

There are reported under spends in both the regional specialised services portfolio and Pan Birmingham LCCB of £3m across both portfolios. This takes into account the increased activity that is expected in the second half on the year to meet waiting times and also the impact of increasing issues of high cost drugs.

The PCT's share of this is £257k. However during budget setting an under spend of £126k was anticipated; the under spend is therefore forecast to be £131k at the year end.

### Learning Disabilities

The citywide Learning Disabilities budget hosted by the PCT is overspent by £735k as at month 9. The PCT's share of this is £279k. The forecast full year overspend for Learning Disabilities as a whole is £980k. This has moved significantly from quarter 2.

The main factors which have contributed to this are adolescent hospital admissions and increase in specialising costs and the effect of the PCT's main provider, South Birmingham PCT, serving notice on a number of care homes.

### Adolescent Hospital Admissions

There has been a significant increase in admissions over and above the original growth estimates for the first nine months of the year. The PCT is expecting these to continue in the short term in what is a highly volatile area.

### Increase in Specialising Costs for adolescent patients

This has arisen from a number of clients within the Learning Disabilities portfolio whom it has been necessary to increase the level of care thus resulting in non-recurring cost pressures for this financial year.

#### South Birmingham 'Notice to Quit'

As a result of this, the service is facing a recurrent cost pressure of around £700k as a direct result of South Birmingham PCT serving notice to continue as a care provider to a number of homes.

#### Other Commissioning

##### Projects

The underspend in other commissioning projects is £167k at month 9. This is made up of a £150k under spend in the Birmingham, Sandwell and Solihull Cardiac Network (BSSCN) that is hosted by the PCT. Due to uncertainty over future funding of the network, recruitment based on fixed term contracts has been the biggest problem.

##### Digital Diabetic Retinopathy Screening

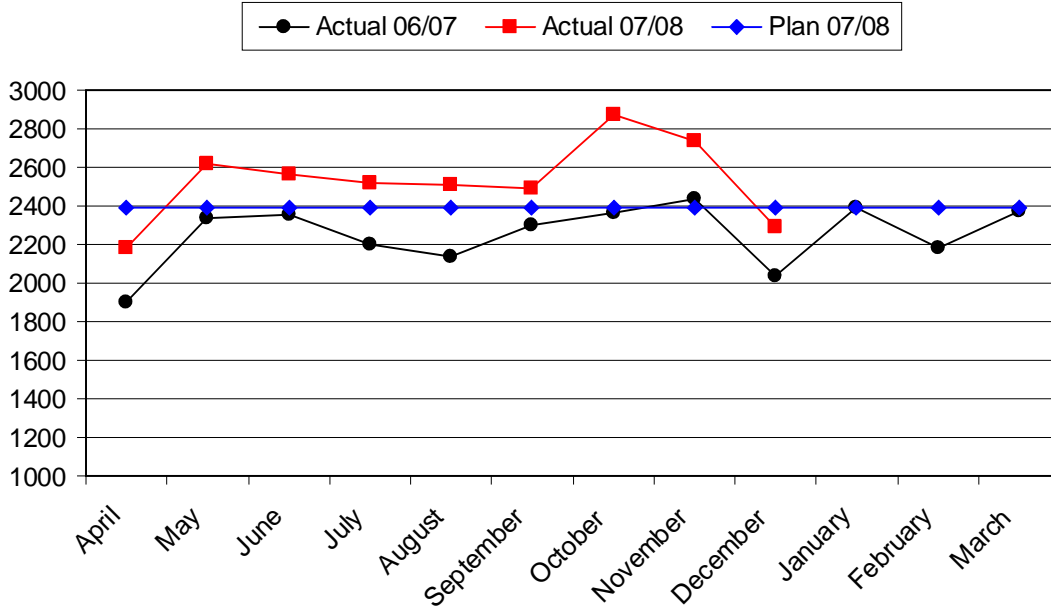
At month 10 the project is overspent by £166,000, with a forecast outturn overspend of £200,000. The forecast outturn includes the costs of delivering the target levels of screens for the year (16,000 screens).

Other significant costs for the project are support for the nationally contracted database provider, rental of N3 links to Optometrist's premises, and staffing costs at Heart of England Foundation Trust for Ophthalmology staff time spent supporting the project and screening patients.

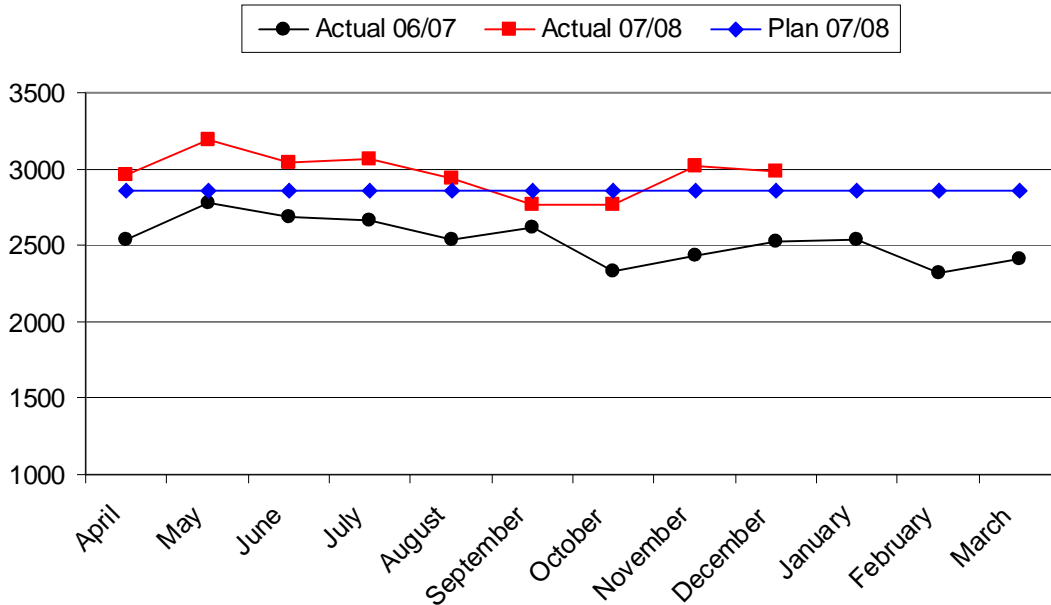
Overall the other commissioning element of the commissioning portfolio is forecast to break even.

APPENDIX 2

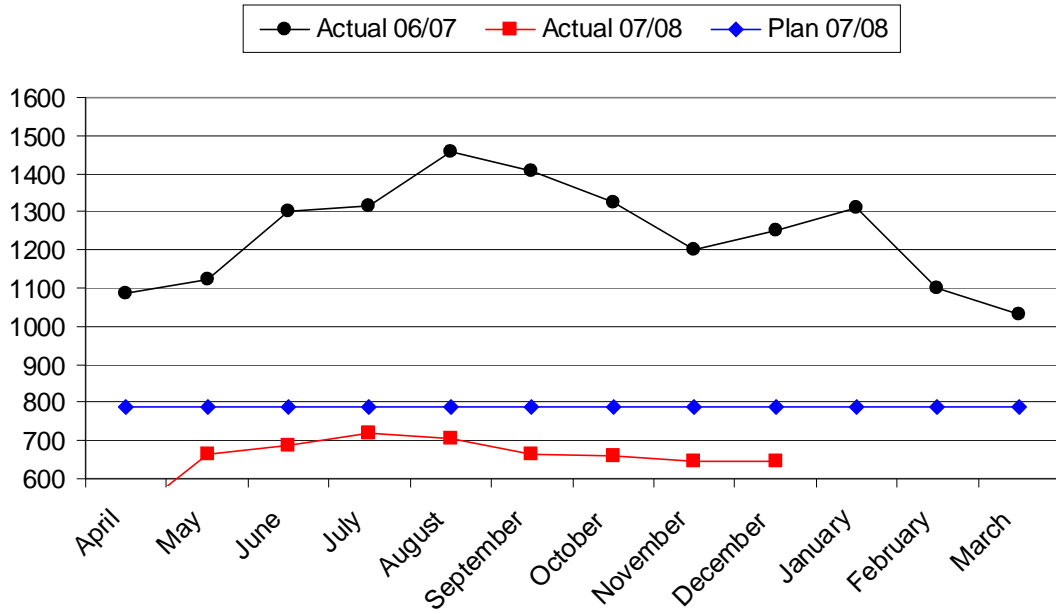
**HEFT Elective Activity**



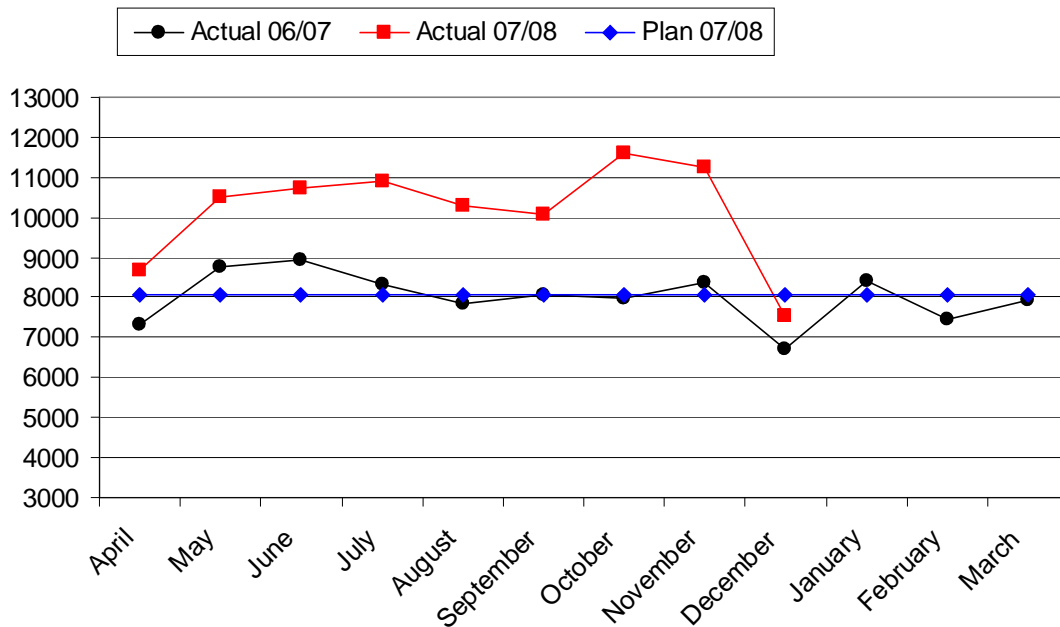
**HEFT Emergency Activity**



### HEFT Non-Elective Non Emergency Activity



### HEFT Outpatient First Attendances



### HEFT Outpatient Follow Ups

