

## **UPDATE ON FINANCIAL PLANS 2009/10**

### **1. Purpose of the Report**

The purpose of the report is to update the Board on any changes to the financial plans of the PCT since the "Financial Plans 2009/10" paper was presented to the Board in March.

### **2. Overview**

There have been no significant changes to the anticipated revenue resource limit or planned expenditure of the PCT since the March Board.

The table below shows the expenditure plans of the PCT submitted to the Board in March and the movements since then.

	<b>March</b>	<b>May</b>
<b>Summary Expenditure Plans 2009/10</b>	<b>£'000</b>	<b>£'000</b>
Commissioning	506,556	505,999
Prescribing & Pharmacy Contract	76,369	75,769
GMS/PMS	55,901	55,699
Management	28,759	29,910
Dental	15,881	16,083
Contingency	987	987
<b>Total Expenditure</b>	<b>684,453</b>	<b>684,447</b>
<b>Planned Surplus</b>	<b>2,447</b>	<b>2,447</b>
<b>Total</b>	<b>686,900</b>	<b>686,894</b>

The change to the resources available for 2009/10 is due to the difference between the planned and actual surpluses in 2008/09.

### **3. Activity since the March Board**

Since the paper presented to the Board in March, detailed budgets have been set for each of the directorates within the resources available.

Appendix one shows the summary financial situation for the PCT in 2008/09, 2009/10 and 2010/11.

### **4. Recommendation**

The Board is asked to approve the 2009/10 budgets as set out in the table above.

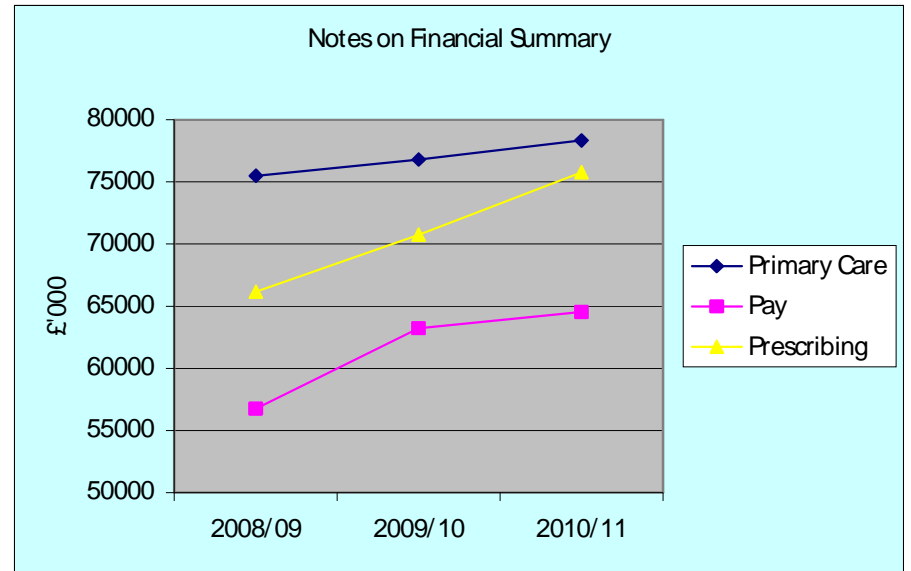
**Appendix One**

Financial Summary	2008/09 £000	2009/10 £000	2010/11 £000	Year on year	
				2009/10 %	2010/11 %
<b>Resources</b>					
Resource Limit	637,210	686,894	724,528	7.80%	5.48%
<b>Expenditure</b>					
Commissioning	590,905	636,673	671,077	7.75%	5.40%
Provider	44,413	47,774	50,447	7.57%	5.60%
	635,318	684,447	721,524	7.73%	5.42%
<b>SURPLUS (DEFICIT)</b>	<b>1,892</b>	<b>2,447</b>	<b>3,004</b>		

Notes	2008/09	2009/10	2010/11	2009/10	2010/11
Primary Care	75,492	76,793	78,339	1.7%	2.0%
Pay	56,746	63,219	64,532	11.4%	2.1%
Prescribing	66,153	70,758	75,793	7.0%	7.1%
Underlying position	0	555	557		0.4%
Control Target	1,893	2,447	3,004	29.3%	22.8%

Cost Improvements & Contingency	2008/09 £000	2009/10 £000	2010/11 £000	Percentage of RFL	
				2009/10 %	2010/11 %
Cost Improvement	1,164	127	131		
Demand Mgt.	440	6,852	7,000		
	1,604	6,979	7,131	1.02%	0.98%
Contingency	0	987	3,000	0.14%	0.41%

Contract Activity	TOTAL				
	2008/09		2009/10 Plan		Change
Activity	£000	Activity	£000	£000	
Elective	45,345	50,082	45,795	49,418	(664)
Emergency	55,289	86,960	49,542	85,522	(1,438)
OP	187,106	13,887	149,882	11,994	(1,893)
OP procedures	436,901	46,298	407,240	40,989	(5,309)
A&E	4,492	943	10,438	2,265	1,322
Other	3,244	29,508	2,366,758	40,449	10,941
MFF/QQUIN	0	0	0	11,304	11,304
	<b>227,678</b>		<b>241,941</b>		<b>14,263</b>



Manpower - permanent staff	2008/09 WTE	2009/10 WTE	2010/11 WTE	2009/10	2010/11
				%	%
Clinical	522	516	575	(1.09%)	11.38%
Other	1,180	1,265	1,304	7.18%	3.11%
	1,702	1,781	1,879	4.64%	5.51%

New Resources and Applications	2008/09	2009/10	2010/11
	£000	£000	£000
Total new resources available in year	54,844	61,697	37,634
Generic cost pressures/ (savings)	12,915	35,756	6,790
Public Health & Improving Inequalities	5,214	9,884	8,904
Other Investment/ (Disinvestment)	33,146	12,623	15,936
Contingency	1,676	987	3,000
<b>TOTAL</b>	<b>1,893</b>	<b>2,447</b>	<b>3,004</b>

**Commentary on Financial Summary**

The PCT is anticipating a 7.8% increase in resources available for 2009/10. This is greater than the 5.5% growth on the PCT's allocation due to the change in the way the Market Forces Factor adjustment is treated. The increase in resources is matched by a significant increase in cost pressures for 2009/10.

For 2010/11 the PCT is anticipating growth of 5.5%, in line with growth on allocations.

The PCT has been issued with target surpluses for 2009/10 and 2010/11 which represent less than 0.5% of the PCT's resource limit.

The graph to the right of the financial summary table shows the increased planned investment in primary care, prescribing and pay.

**Cost Improvements and Contingency**

The PCT is investing a significant amount of resources in 2009/10. The expected savings from these investments is £7.0 million, rising to £7.1 million in 2010/11. This represents 1% of the PCT's resources.

The PCT has a small contingency of just under £1.0 million in 2009/10, rising to a planned contingency of £3.0 million in 2010/11.

**New Resources and Applications**

This table shows the new resources available to the PCT in each of the three years, and the intended application of those resources.

"New resources" is equal to the growth on allocations plus the effect of non-recurrent investment from the previous year.

Cost pressures are significantly higher in 2009/10 due to the change in accounting for Market Forces Factor as mentioned above.