

## Governing Body (Public) Meeting

DATE: 30<sup>th</sup> May 2013

Title	2012/13 Annual Accounts
Recommended action for the Governing Body	<p>That the Governing Body:</p> <p><b>NOTE</b> that the 2012/13 Annual Accounts were submitted within nationally prescribed timescales;</p> <p><b>NOTE</b> the main areas of interest as outlined in the main report;</p> <p><b>NOTE</b> the draft 2012/13 surplus of £3,581k reported in the Annual Accounts;</p> <p><b>NOTE</b> performance against other areas and targets as detailed in the main report.</p>
Executive Summary	<p>Attached at Appendix 1 is the Annual Accounts briefing that was written for the Cluster Audit Committee.</p> <p>The Care Trust has submitted the 2012/13 Annual Accounts within the nationally prescribed timescales. The draft surplus reported was £3,581k, £73k above the control total of £3,508k. This is within the allowed parameters of £0 - £100k set by the Department of Health. As previously reported, this was achieved with £4.8m non-recurrent financial support and return of 2% non-recurrent headroom funding.</p> <p>The Care Trust spent the majority of its capital limit in 2012/13, with a small underspend of £9k remaining. As a result of the surplus and a large provision for continuing healthcare (£7.2m) the full cash limit was not required during the financial year. Consequently, £10.5m was returned to the department of health unused. Disappointingly, £302k cash balance remained at 31<sup>st</sup> March. This is higher than the expected maximum of £50k.</p> <p>During the year the Care Trust worked hard to improve performance against the Better payments Practice Code (BPPC). However, despite these efforts target achievement was disappointing. This will remain a focus in 2013/14.</p> <p>Running costs reduced in 2013/14 by £227k from the previous year</p>

	<p>and finished at £29 per head for Commissioning and £2 per head for Public health. This was calculated against population for 2012/13 of 212,833.</p> <p>The audit of the Accounts commenced immediately after submission. It is expected that this will be completed by the end of May for the final Cluster Audit Committee on 31<sup>st</sup> May to review.</p>	
Which objective does this paper support?	<b>Patients:</b> Improve the health and wellbeing of people in Bexley in partnership with our key stakeholders	
	<b>People:</b> Empower our staff to make BCCG the most successful CCG in (south) London	
	<b>Pounds:</b> Delivering on all of our statutory duties and become an effective, efficient and economical organisation	√
	<b>Process:</b> Commission safe, sustainable and equitable services in line with the operating framework and which improves outcomes and patient experience	
Organisational implications	Key Risks (corporate and/or clinical)	There is a risk that the Accounts will change during audit if the external auditors consider that there have been material misstatements.
	Equality and Diversity	N/a
	Patient impact	N/a
	Financial	The Care Trust has reported achievement of a £3,581k surplus, £73k above the control total set for 2012/13. A proportion of this surplus will be transferred to the CCG in 2013/14. This is subject to audit.
	Legal Issues	The Care Trust has submitted the draft Annual Accounts within nationally set timescales.
	NHS constitution	N/a
<b>Consultation</b> (Public, member or other)	N/a	
<b>Audit</b> (Considered / Approved by Other Committees / Groups)	<p>The draft Annual Accounts and accompanying report have been considered by the Cluster Audit Committee on 3<sup>rd</sup> May.</p> <p>The Annual Accounts will be externally audited during May and final accounts will be considered by the Cluster Audit Committee on 31<sup>st</sup> May.</p> <p>This report has been presented to the Finance Working Group and the Executive Management Committee.</p>	

Communications Plan	N/a	
Author	Theresa Osborne Chief Financial Officer	
	Clinical Lead  Dr S Deshmukh Finance lead	Executive Sponsor  Theresa Osborne Chief Financial Officer
Date	9 <sup>th</sup> May 2013	

**REPORT TO CLUSTER AUDIT COMMITTEE**

**Report Author:** Theresa Osborne, Chief Financial Officer, NHS Bexley CCG

**Date of meeting:** 3<sup>rd</sup> May 2013

**Subject:** **Bexley Care Trust Annual Accounts 2012/13**

## **1. Introduction and Summary**

This Report summarises the 2012/13 financial performance of the Care Trust, as set out in the draft audited Annual Accounts and Financial Statements. In preparing the draft Accounts the Care Trust has had in place a detailed timetable and project plan. The production of the Annual Accounts was led by the SE London Cluster Finance Directorate and locally based team and overseen by the Audit Committee.

## **2. Care Trust Financial Performance 2012/13**

### **2.1 Introduction & Overview**

The Care Trust has complied with all of its 2012/13 statutory financial targets, both in its financial performance and in the preparation of its draft Annual Accounts and Annual Report.

The draft accounts show a surplus of £3,581k (revenue) and £9k (capital). For revenue, this is against a control total of £3,508k surplus. The Care Trust met its statutory duties to live within its cash limit. At 31 March 2013 cash balances were £302k, which is above that expected of no more than £50k and is explained further below.

The Care Trust set out its initial 2012/13 resource framework, investment proposals and service and financial risks to the SE London Joint PCT Boards and the Bexley Clinical Commissioning Cabinet in March 2012 for approval. The report highlighted a number of risks to the planned position. The Care Trust has had controls in place through the Board, Clinical Cabinet, Programme Management Office / Finance Working Group and Executive Management Team to address the financial challenges faced in year and to ensure that the Care Trust financial targets can be met. The financial standing of the Care Trust has been monitored throughout the year in regular reports sent to the Joint Board, Clinical Cabinet and the Audit Committee.

The Care Trust financial position has been helped in 2012/13 by the receipt of £4,815k financial support and the return of 2% non-recurrent headroom.

## 2.2 Financial balance

The Care Trust's draft annual accounts show a surplus of £3,581k on revenue and £9k on capital. These are subject to audit.

	2012/12 Revenue £'000	2012/13 Capital £'000	2012/13 Total £'000
Resource Limit	378,847	1,185	380,032
Net Operating Costs	375,267	1,176	376,443
Surplus/(Deficit)	<b>3,581</b>	<b>9</b>	<b>3,590</b>
Control Total	<b>3,508</b>	<b>0</b>	<b>3,508</b>
Variance	<b>73</b>	<b>9</b>	<b>81</b>

The Care Trust's control total of £3,508k was exceeded by £73k, within the £0 to £100k parameters set by NHS England.

## 2.3 Cash Performance

The Care Trust drew down £364,621k of its £375,121k cash limit in 2012/13 (returning £10,500k). The Department of Health has also set a maximum year-end cash balance for PCTs of £50k. The Care Trust's cash balance as at 31st March 2013 was £302k.

	Cash Limit £'000
Cash outflow before financing	(360,565)
Cash inflow from financing activities	360,866
Increase in cash / cash equivalents	301
Balance brought forward from 2011/12	1
Cash Balance at 31/3/2013	<b>302</b>

The reason for this balance being above the £50k is as follows:

The base draw down for March 2013 was £26.8m. Further draw downs up to the cash limit were made of £0.263m. This combined with the brought forward balance of £16.8m gave £43.9m available cash for March. Cash was also received during the month. Up to the 22nd March this totalled £2.6m.

As many payments as possible were made during March to clear the balance to as low as possible. By Friday 22nd March payments of £31.3m had been made. A balance of £15.2m remained. An assessment was made of the maximum potential further payments and £10.5m was returned to the Department of Health (DH). The DH had confirmed that returns were not needed but a legacy drawdown for April had already been requested.

A further £4.5m of payments were made in the final four working days of the year. Receipts of £0.09m were also received. This left a balance of £302k.

## 2.4 Capital Charges

The capital charges for Bexley Care Trust and paid over to the Department of Health for 2012/13 were as follows:

	<b>£'000</b>
Depreciation	778
3.5% cost of capital charge on net relevant assets	(385)
<b>Total</b>	<b>393</b>

## 2.5 Public sector payment targets

The Care Trust's performance against the better payment practice code (BPPC) target of 95% is reported below:

<b>Non-NHS creditors</b>	<b>2012/13 Number</b>	<b>2012/13 £'000</b>
Total bills paid in the year	7,509	37,927
Total bills paid within target	6,385	34,215
Percentage of bills paid within target	85.03%	90.21%

<b>NHS creditors</b>	<b>2012/13 Number</b>	<b>2012/13 £'000</b>
Total bills paid in the year	3,663	294,266
Total bills paid within target	3,147	290,788
Percentage of bills paid within target	85.91%	98.82%

The Care Trust has worked hard to improve the performance against this target in year, including further training and constant reminders to budget holders regarding timely approval of invoices. However this target remains of concern and will need to be a focus for Bexley CCG.

### 3. Comparisons of 2012/13 Annual Accounts with 2011/12

#### 3.1 Comprehensive net expenditure

The growth in the Comprehensive net expenditure for the year is £22.6m (6.4%) since 2011/12. The main reasons for this are as follows:

Expenditure area	Growth £'000	Reason
Healthcare	5,021	Increase in amount of specialist commissioning being transacted with Croydon PCT from previous year (minimum take).
Goods & Services from NHS Trusts	8,142	Over-performance on acute contracts compared to last year outturn.
Purchase of Healthcare from Non-NHS bodies (excluding grants)	9,473	Inclusion of £7.2m of continuing care provision, & pump priming for invest to save to Bexley & Greenwich hospice and the London Borough of Bexley.
<b>Total</b>	<b>22,636</b>	

	2011/12	2012/13	Change from 2011/12	
	£m	£m	£m	%
Comprehensive gross expenditure for the year	359,273	383,256	23,983	6.7%
Including income of:	(5,682)	(7,019)	(1,337)	23.5
<b>Comprehensive net expenditure for the year</b>	<b>353,591</b>	<b>376,237</b>	<b>22,646</b>	<b>6.4</b>

#### 3.2 Fixed assets

All of Bexley Care Trust's assets have been revalued by the District Valuer as at 31 March 2013. This resulted in the net increase in asset values of £106k. During the year the Care Trust incurred capital spend of £1,176k. The net movement in fixed assets of £(572)k reflects these transactions as well as the depreciation charges.

2011/12 £'000	2012/13 £'000	Change £'000
17,717	17,145	(572)

### 3.3 Net liabilities

	<b>2011/12 £'000</b>	<b>2012/13 £'000</b>	<b>Change £'000</b>
Current Assets	6,019	3,274	2,745
Current liabilities	(22,461)	(32,381)	(9,920)
<b>Net current liabilities</b>	<b>(19,442)</b>	<b>(29,107)</b>	<b>(7,175)</b>
Non-current liabilities	(4,811)	(6,941)	(2,130)

During 2012/13 the Care Trust was proactive in trying to reduce creditors and debtors in preparation for transfer to other organisations from 1<sup>st</sup> April 2013. However, inevitably there are creditors that will be in the year end accounts for accruals or for invoices that were unable to be paid by 31<sup>st</sup> March. Additionally, included within the current and non-current liabilities is a provision of £7.2m for the most likely case for Continuing Healthcare unassessed periods of care claims, which accounts for a substantial proportion of the increase.

## 4. Other Issues

### 4.1 Running Costs

Bexley Care Trust's total expenditure on running costs for 2012/13 is £6,403k. This is a reduction of £227k against management cost expenditure of £6,630k in 2011/12. The £6,403k equates to £31 per head measured against a population for 2012/13 of 212,833.

### 4.2 Redundancy costs

The total Care Trust expenditure on redundancy costs included within the draft Annual Accounts is £226k, including creditors of £70k for those that are yet to be resolved. This relates to the restructure of the organisation in preparation for the introduction of the Health & Social Care Act and Clinical Commissioning Groups on 1<sup>st</sup> April 2013.

The Care Trust received return of 2% non-recurrent headroom to fund these redundancies.

## 5. Next Steps

The Annual Accounts were submitted on 22nd April 2013, in line with required timescales. Audit commenced straight after submission to ensure completion before the final audit committee. The Final Accounts are due to be signed off at the Cluster Audit Committee on 31<sup>st</sup> May.



## **6. Conclusion**

The Care Trust has met all of its statutory duties in relation to its financial performance and in the preparation of its draft Annual Accounts for 2012/13. However, the Better Payments Practice Code was not achieved consistently between NHS and Non-NHS throughout the financial year.