GIG CYMRU NHS WALES | Bwrdd Iechyd Prifysgol Betsi Cadwaladr University Health Board

FP11/095.5

Briefing paper for Finance & Performance Committee on Activity Based Budgeting

1. Background

In accordance with the Health Board Strategy to support the CPGs and Corporate Departments with financial performance, the Finance and Performance Departments have developed a Directory of Services / Activity Based Budgeting model.

Whilst this is in its implementation stages, and current activity recording and reporting processes only allow month 4 reporting, the model clearly demonstrates the resource implications of both under and over performance of activity against plan.

2. Executive Summary

The financial implications of the under or over-performance of activity for the first four months of this financial year has been calculated. This is referred to as the Activity Based Budget (ABB) outturn.

This has been added to the month 4 delegated budget financial position to give an overall Gross Activity Based surplus or deficit for each CPG.

The table below shows the summary for each CPG, with a more detailed example of the Surgery position enclosed in Appendix A.

	Surgery £000s	Medicine £000s	Cancer £000s	Children's £000s	Anaesthetics £000s	MHLDS £000s	Women's £000s
Delegated Budget Outturn	3,637	5,457	410	540	428	122	887
ABB Performance Outturn	3,138	(137)	(378)	42	76	1,891	(542)
Gross Month 4 Position	**6,775**	**5,320**	**32**	**582**	**504**	**2,013**	**345**

(Note: positive number is an overspend, negative is an underspend or financial resource gain)

3. Approach to costing performance

There are two key elements to this Model:

- Cost of services or equivalent BCU tariff.
- Contracted activity.

Cost of Services

The full cost of BCU activity by specialty and CPG is identified and analysed as part of the Annual Costing Returns.

The Directory of Services is based upon the full 2010/11 costs by specialty and by point of delivery.

Direct costs relating to the CPG budgets were identified, removing any elements of overhead costs, and the Activity Based Budgeting unit costs calculated using BCUHB's 2011/12 Planned activity.

Activity Based Budgeting Performance Out-turn for the period is then calculated using the Actual activity against Planned on a Specialty and Point of Delivery basis, at the agreed cost rates per element.

Contracted Activity

Planned activity for 2011/12 has been agreed between the Planning Department and the CPGs and is monitored on a monthly basis in the Monthly Activity Profile reports available on the intranet.

The baseline activity plan was set after allowing for the efficiency and productivity targets. As such CPGs must not only deliver planned activity but in order to achieve financial balance, they must also hit the productivity and efficiency targets.

4. Conclusion

The Finance & Performance Committee are asked to:

a) Note the implications on each CPG as at July 2011.

b) Note the development of this Model to date, and the information recording issues that are being worked through.

APPENDIX A

Detailed extract of Surgical Activity Based Budgeting analysis to July 2011

	Variation from Planned Performance April - July 2011/12, activity and direct budget										
	Inpatient		Daycase		Endoscopy		MOPS		Outpatients		TOTAL
	FCEs	£000s	FCEs	£000s	FCEs	£000s	FCEs	£000s	Attendances	£000s	£000s
General Surgery	383	486	(311)	(241)	(69)	(23)	(21)	(3)	(1,387)	(84)	**134**
Urology	420	429	(579)	(228)	(100)	(21)	(64)	(4)	259	14	**189**
T&O	(760)	(1,925)	(1,003)	(907)	(0)	(0)	7	1	(4,636)	(316)	**(3,147)**
ENT	(52)	(59)	(188)	(125)	(0)	(0)	(54)	(4)	1,217	53	**(134)**
Ophthalmology	(17)	(21)	(342)	(211)			1	0	3,509	232	**0**
Dental Specialties	27	53	(296)	(157)	1	0	51	9	(1,065)	(85)	**(180)**
Total Surgery	**0**	**(1,037)**	**(2,718)**	**(1,869)**	**(170)**	**(44)**	**(81)**	**(1)**	**(2,103)**	**(186)**	**(3,138)**

Notes:

- A Positive number indicates over-performance of activity and therefore additional financial resource (an underspend).
- A negative number indicates under-delivery of activity and therefore less financial resource, (an overspend).
- Outpatient activity is counted as Attendances, with other activity counted in Finished Consultant Episodes (FCEs).
- Each element of activity has a different cost basis, reflecting the complexity of the point of delivery (POD).