

UPDATE ON CAMBRIDGESHIRE AND PETERBOROUGH CCG'S FINANCIAL POSITION AND IMPROVEMENT AND DELIVERY PLAN

To: **HEALTH COMMITTEE**

Meeting Date: **08 November 2018**

From: **Louis Kamfer, CCG Chief Finance Officer**

Electoral division(s): **All**

Forward Plan ref: **Not applicable**

Purpose: **To provide the Committee with a briefing on the CCG's 2018/19 financial position and progress against its improvement plan.**

Recommendation: **The Committee is asked to note the CCG's financial position.**

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1. BACKGROUND

- 1.1 The CCG has agreed a planned deficit control total of £35.069m for 2018/19 with NHS England (NHSE), which requires delivery of a £35.142m QIPP savings plan. This report details the CCG's month 5 and forecast financial position, in the context of our Improvement and Delivery Plan (IDP).

2. MAIN ISSUES

2.1 Improvement and Delivery Plan (IDP)

Due to the CCG's deteriorating financial position, early in 2018 the CCG commissioned PricewaterhouseCoopers (PwC) to conduct a Capability, Capacity and Independent Review of our financial plan. The review identified significant failings in financial control, contract and performance management, leadership and governance; which together with instability at an Executive level had contributed to the CCG's position. In addition, the CCG was rated Inadequate by NHSE's CCG Improvement and Assessment Framework (CIAF) for 2017-18, leading to special measures and a continuation of NHSE Legal Directions first put in place in 2016. The CCG's External Auditors also exercised its powers under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014 and issued statutory recommendations to the CCG (also reported to the Secretary of State and NHS England) which required the CCG to develop a detailed improvement plan which should be formally ratified by NHSE; and formally agree a robust medium term financial plan to return to normal NHS business rules in a timeframe agreed by NHSE.

Through our Improvement and Delivery Plan (IDP), the CCG has provided assurance to NHSE of our commitment to sustainable improvement, which will be in three stages:

- Driving Immediate Improvement – delivering the recommendations from the PwC Report and requirements from NHSE
- Meeting National Must Dos and CIAF Domains (Better Health, Better Care, Sustainability and Leadership)
- Transforming to an Integrated Care System.

The CCG's Governing Body is fully committed to delivering the Plan to ensure that there is sustained and embedded improvement. This has required a significant shift in culture and a refreshed Organisational Development programme to support this. Over the last four months, the CCG has made good progress and is on track to deliver the Plan. Key areas of focus have been:

- Recruitment of a substantive Accountable Officer, and new Executive Director Team
- Recruitment of two new Lay Members and a refresh of Committee leadership
- Implementation of a detailed Governing Body Development programme
- Refresh of the CCG's Organisational Development Strategy and Plan, Leadership Strategy and Communications and Engagement Strategy
- Clear focus on delivery of key performance targets, with a taskforce approach on areas of significant risk.

Responsibility for delivering the Plan rests with the Chief Officer (Accountable Officer), supported by the Executive and Clinical Executive leadership team. Regular monitoring

and scrutiny of actions is in place to ensure that the improvements are effectively measured to provide assurance to the Governing Body and to NHSE.

2.2 Financial Overview

Financial Overview	YTD Month 5				Forecast Position			
	Plan	Actual	Variance		Plan	Actual	Variance	
			Fav / (Adv)				Fav / (Adv)	
	£'000	£'000	£'000	%	£'000	£'000	£'000	%
Allocation	492,023	492,023	0	0.0	1,185,343	1,185,343	0	0.0
Programme Expenditure								
Acute Services	251,359	253,972	(2,613)	(1.0)	603,156	605,818	(2,662)	(0.4)
Mental Health Services	48,845	50,697	(1,852)	(3.8)	117,227	120,289	(3,062)	(2.6)
Community Services	43,312	43,832	(519)	(1.2)	103,950	104,428	(478)	(0.5)
Continuing Care	28,243	27,765	478	1.7	67,784	66,825	959	1.4
Primary Care (incl Delegated)	109,877	108,235	1,642	1.5	268,847	268,625	222	0.1
Central Budgets and Reserves	16,403	14,699	1,704	10.4	38,820	34,505	4,314	11.1
Total Programme Expenditure	498,040	499,200	(1,160)	(0.2)	1,199,784	1,200,490	(706)	(0.1)
Running Costs	8,595	8,166	428	5.0	20,628	19,922	706.0	3.4
Total Expenditure	506,635	507,366	(731)	(0.1)	1,220,412	1,220,412	(0)	(0.0)
In year deficit	(14,612)	(15,343)	(731)	5.0	(35,069)	(35,069)	(0)	0.0
B/Fwd Cumulative Deficit	(24,184)	(24,184)	0	0.0	(58,042)	(58,042)	0	0.0
Total Surplus / (Deficit)	(38,796)	(39,528)	(731)	1.9	(93,111)	(93,111)	(0)	0.0

The table above shows that the CCG is reporting an adverse variance to plan of £0.731m but is forecasting to recover this position and to achieve its planned deficit of £35.1m by year end. A brief description of the main areas is given below.

- **Acute** – The CCG has agreed Guaranteed Income Contracts (GICs) with its main providers, which has significantly reduced the in-year financial risk to the CCG and also enables the system to work in partnership to reduce costs across the system.

The overspend is driven by costs of Discharge to Assess (D2A), winter bed provision, increased costs at Addenbrooke's (CUHFT) for High Cost Drugs (HCD) that sit outside of the GIC also; and the impact of the Delayed Transfers of Care (DToCs) penalties at CUHFT. Managing DToCs and resolving the D2A overspend are two of the CCG's priorities, and task groups are in place to focus on these areas.

- **Mental Health services** – the overspend is due to pressure on S117 cases and LD

Pool charges. S117 is the third priority of the CCG and a task force has been established to manage this expenditure.

- **Community Services** – the year to date overspend is mainly the result of under delivery of QIPP savings, along with some small community contract overspends. The forecast assumes that these smaller contracts continue to overspend but the QIPP savings will be identified.
- **Continuing Care** – this underspend is due to tighter control on high cost Stroke and ABI placements.
- **Central budgets** – this underspend is a result of the release of contingency and uncommitted reserves budgets to mitigate against the pressures realised above.

2.2 QIPP Delivery

Workstream	Full Year Plan	YTD Plan	YTD Actual	YTD Variance	Forecast
	£'000	£'000	£'000	£'000	£'000
Acute	14,000	5,936	6,035	99	14,321
CHC	7,500	3,125	3,125	0	7,500
Community Services	5,500	2,292	1,975	(317)	4,793
Mental Health	300	125	125	0	300
Prescribing	5,700	2,375	2,576	201	5,700
Primary Care	2,000	833	833	0	2,000
Corporate Affairs	142	59	208	149	528
Total	35,142	14,745	14,877	132	35,142

The above table shows a small £0.01m favourable position, against the QIPP target at Month 5. The risk to non-delivery against any acute QIPP schemes has been managed in-year by agreeing Guaranteed Income Contracts (GICs) with CUHFT, NWAFT and Papworth. As a result of progress to date, the CCG is forecasting full delivery of the QIPP target for 2018/19.

2.3 Risks

Key Financial Metrics	Plan £m	Actual £m	Variance £m
Gross Risks	(25.2)	(28.1)	(2.9)
Risk mitigation plans	22.0	25.0	3.0
Contingency Reserve	3.2	3.2	0.0
Forecast Net Risk Position	0.0	0.0	0.0

The CCG has significant in year financial risks of £28.1m; however, there are currently sufficient mitigations in place as well as contingency release which reduce the net risk position to break even.

3. CONCLUSION

It is clear that the CCG still faces significant financial challenges as it is required to deliver a £35.1m savings programme, but this still results in a year end deficit position of £35.1m. There are risks to delivery of this £35.1m control total and the CCG currently has sufficient mitigating actions to mitigate this risks. However, we need to ensure that these actions are delivered and this will be the focus of the CCG over the coming months.