

**CAMBRIDGESHIRE AND PETERBOROUGH CLINICAL COMMISSIONING GROUP
FINANCIAL REPORT**

To: **HEALTH COMMITTEE**

Meeting Date: **12 May 2016**

From: **Jessica Bawden, Director of Corporate Affairs,
Cambridgeshire and Peterborough CCG**

Electoral division(s): **All**

Forward Plan ref: **Not applicable**

Purpose: **To update the Committee on the financial position of
Cambridgeshire and Peterborough Clinical
Commissioning Group (CCG)**

Recommendation: **To note the financial position of the CCG**

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1. BACKGROUND

- 1.1 All NHS organisations have a statutory responsibility to balance their budget, and to 'break even' at the close of the financial year.
- 1.2 In 2015/16 Cambridgeshire and Peterborough Clinical Commissioning Group (CCG) ended the year with a deficit of £8.4 million. The CCG had originally planned to deliver a year end surplus of £4m, which the organisation had been on target to deliver until the termination of the UnitingCare contract on 2 December 2015. The revised £8.4m control total was agreed with NHS England.
- 1.3 NHS England (NHSE) is not requesting that the CCG repay its 2015/16 overspend, but do require the CCG to progress towards achieving in year financial balance. In 2016/17 this will require improving to a deficit position of £3m. The total savings the CCG thus needs to deliver, to achieve this net improvement, equates to £43.8m, which is 4.4% of our resource. An acknowledgement of the high level of savings required is reflected in NHSE agreeing the deficit control total. It should be noted that this control total will be stretching for the CCG to realise and will not be achieved without taking challenging decisions.

2. MAIN ISSUES

- 2.1 Cambridgeshire and Peterborough Clinical Commissioning Group has been reviewing all areas of spend in order to meet its financial commitments. The CCG's financial plan must be robust, realistic and achievable if it is to deliver the required savings.
- 2.2 The CCG has received an uplift of 4.7% to its overall programme budget for 2016/17. However, due to the requirement to address underlying deficits, the national requirement to make efficiency savings, the effect of the NHS tariff inflator¹, and growth pressures, the CCG is left with a significant net financial pressure.
- 2.3 The total savings the CCG needs to make in 2016/17 is £43.8 million. This figure is approximately 4.4% of the CCG's budget.
- 2.4 The NHS nationally is subject to financial pressures. The NHS Planning Guidance for 2016/17 – 2020/21 states that "deficit reduction in providers will require a forensic examination of every pound spent on delivering healthcare and embedding a culture of relentless cost containment." (NHS England, December 2015).
- 2.5 This is also in the context of a financially challenged local health system. Cambridgeshire and Peterborough has been designated as one of the eleven most financially challenged areas in the country. There are also demographic challenges with a growing, but aging, population as well as pressures on our hospitals and rising numbers of people attending A&E.
- 2.6 In order to deliver savings the CCG will need to make tough decisions on the services it commissions. These decisions need to be balanced against the need to provide high quality services for patients.

¹ Changes to the national prices for NHS services, the "NHS tariff", are set out in 'Delivering the Forward View: NHS planning guidance 2016/17 – 2020/21' (NHS England, December 2015).

- 2.7 The CCG is reviewing all areas of spend, including service provision and pathways, thresholds for certain services, tightening and ensuring adherence to clinical policies, reducing waste (e.g. wasted medicines) and ensuring appropriate referrals to services. The CCG will also be reviewing its own running costs (including estate usage and staffing costs).
- 2.8 The CCG has been working to agree its financial plans for 2016/17. An update will be given to the CCG Governing Body at its meeting in public on 10 May 2016.
- 2.9 The CCG is committed to engaging with the public and their representatives over any significant changes that it may need to make in the future and will keep the Committee updated over coming months about proposals and engagement plans.

Source Documents	Location
<p><i>Delivering the Forward View: NHS planning guidance 2016/17 – 2020/21</i></p> <p>The NHS Five Year Forward View sets out a vision for the future of the NHS. It was developed by the partner organisations that deliver and oversee health and care services.</p> <p><i>December 2015</i></p>	<p>https://www.england.nhs.uk/wp-content/uploads/2015/12/planning-guid-16-17-20-21.pdf</p>