

**CAMBRIDGESHIRE AND PETERBOROUGH CCG FINANCIAL POSITION AT
MONTH 9**

To: **HEALTH COMMITTEE**

Meeting Date: **14th March 2019**

From: **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**

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

1. BACKGROUND

- 1.1 The CCG has agreed a planned deficit control total of £35.069m for 2018/19 with NHSE, this requires delivery of a £35.142m QIPP savings plan. This report details the CCG's month 9 and forecast financial position.

2. MAIN ISSUES

2.1 Financial Overview

Financial Overview	YTD Month 9				Forecast Position			
	Plan	Actual	Variance		Plan	Actual	Variance	
			Fav / (Adv)				Fav / (Adv)	
	£'000	£'000	£'000	%	£'000	£'000	£'000	%
Allocation	890,274	890,274	0	0	1,187,576	1,187,576	0	0
Programme Expenditure								
Acute Services	453,013	458,155	(5,141)	(1.1)	603,946	609,134	(5,188)	(0.9)
Mental Health Services	88,064	91,993	(3,929)	(4.5)	117,418	122,638	(5,220)	(4.4)
Community Services	78,027	78,593	(566)	(0.7)	104,036	104,747	(711)	(0.7)
Continuing Care	50,838	52,659	(1,821)	(3.6)	67,784	69,378	(1,594)	(2.4)
Primary Care (incl Delegated)	198,711	197,395	1,316	0.7	267,508	268,066	(558)	(0.2)
Central Budgets and Reserves	32,453	23,994	8,459	26.1	41,325	28,760	12,565	30.4
Total Programme Expenditure	901,105	902,788	(1,682)	(0.2)	1,202,017	1,202,723	(706)	(0.1)
Running Costs	15,470	14,948	522	3.4	20,628	19,922	706	3.4
Total Expenditure	916,576	917,736	(1,160)	(0.1)	1,222,645	1,222,645	(0)	(0.0)
In year deficit	(26,302)	(27,462)	(1,160)	4.4	(35,069)	(35,069)	(0)	0.0
B/Fwd Cumulative Deficit	(43,532)	(43,532)	0	0.0	(58,042)	(58,042)	0	0.0
Total Surplus / (Deficit)	(69,833)	(70,993)	(1,160)	1.7	(93,111)	(93,111)	(0)	0.0

The table above shows that the CCG is reporting an adverse variance to plan of £1.16m at month 9 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, this 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 CUH for High Cost Drugs (HCD) that sit outside of the GIC also and the impact of the DTOC penalties at CUH. Managing DTOCs and resolving the D2A overspend are two of the CCGs priorities.

- Mental Health – The overspend due to pressure on S.117 cases and LD Pool charges. The LD Pool Forecast has worsened as, following the conclusion of discussions with the Local Authority, the CCG has agreed to fund its share of the LD Pool in year overspend. S.117 is the third priority of the CCG and PWC have been working with the CCG to improve the management of this area and have produced a set of recommendations for the CCG to implement.
- Community Services – The year to date overspend is mainly the result of under delivery of QIPP, along with some smaller community contract overspends. The forecast assumes that these smaller contracts continue to overspend and that the QIPP does not deliver in full.
- Continuing Care – This area continues to have a higher than planned increase in patients.
- Central budgets – this underspend as a result of release of contingency and uncommitted reserves budget to mitigate against the pressures realised above.

2.2 QIPP Delivery

	Full Year Plan	YTD Plan	YTD Actual	YTD Variance	Forecast
Workstream	£'000	£'000	£'000	£'000	£'000
Acute	14,000	10,454	10,477	23	14,114
CHC	7,500	5,625	5,625	0	7,500
Community Services	5,500	4,325	3,596	(729)	4,844
Mental Health	300	225	225	0	300
Prescribing	5,700	4,289	4,986	697	5,870
Primary Care	2,000	1,500	1,500	0	2,000
Corporate Affairs	142	124	375	251	514
Total	35,142	26,542	26,784	242	35,142

- The above table shows a small £0.24m favourable position, against the QIPP target at Month 9.
- The risk to non delivery against any acute QIPP schemes has been managed in year by agreeing Guaranteed Income Contracts with CUHFT NWAFT and Papworth.
- As a result of the progress to date the CCG is forecasting full delivery of the QIPP target for 2018/19.

2.3 Risks

	Month 9				
	Total	Risk	Assessed	In	Residual
	Risk	Assessment	Risk	Forecast	Risk
	£'000	%	£'000	£'000	£'000
Total Current Risks Identified	(29,001)	73%	(21,131)	(16,454)	(4,677)
Total Current Mitigations					
Contingency 0.5%	3,011	100%	3,011	3,011	0
Other mitigations	24,876	73%	18,120	13,443	4,677
Current Mitigations	27,887		21,131	16,454	4,677
Current shortfall in mitigations	(1,114)		0	0	0

The CCG has a identified total risks of £29m, these have been risked assessed down to £21.1m. As the year has progressed, £16.5m of these risks have crystallised and have been included in the CCG's I&E forecast leaving £4.7m of residual risk. The CCG currently has identified sufficient mitigations to offset these risks and is reporting a balanced net risk position.

3. 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. At month 9, 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.

The CCG sought independent assurance on delivery of the Plan through a follow up review undertaken by PwC in November/December 2018. In summary, they have concluded that the CCG has made good progress against a very significant improvement agenda, but remains in the early stages of their overall organisational turnaround journey. They acknowledged that the scale of the challenge is significant and continued focus, drive and energy is required to build on the progress made to date. The CCG has made significant progress against the Improvement Plan, which addresses all of the recommendations included in the March 2018 PwC Capability, Capacity and Independent Financial Review report. Their view of the CCG's progress aligns with the CCG's reporting. The CCG is reporting that it will deliver its £(35.1m) planned deficit. There are a number of risks to this position, which are understood by the CCG.

Responsibility for delivering the Improvement and Delivery 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.

The CCG will meet with NHSE for its annual Assurance meeting at the end of March 2019. We anticipate that the ratings CCG's rating for 2018-2019 will be published in July 2019. The CCG's Chief Officer Team is now developing the 2019-2020 Improvement Plan which will be presented to the Governing Body in public at a future meeting.

4. CONCLUSION

The Committee are asked to note the contents of the report. It is clear that the CCG still faces significant financial challenges, 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 continue to ensure that all of these actions are delivered in the last months of the year in order to achieve our financial control total.