

MEETING: GOVERNING BODY MEETING IN PUBLIC

AGENDA ITEM: 3.2

DATE: 4 JUNE 2013

TITLE: FINANCE REPORT – CAMBRIDGESHIRE AND PETERBOROUGH CCG

FROM: TIM WOODS
CHIEF FINANCE OFFICER

FOR: DISCUSSION

1 FINANCIAL OVERVIEW

Year to date summary

	I&E Summary - April 2013 (Month 1)							
	Year to Date				Forecast Position			
	Plan	Actual	Variance		Plan	Actual	Variance	
	£'000	£'000	£'000	%	£'000	£'000	£'000	%
Programme	68,906	68,823	82	0.1%	853,942	852,942	1,000	0.1%
Running Costs	1,320	1,210	110	8.3%	20,800	20,800	0	0.0%
Total	70,226	70,033	192	0.3%	874,742	873,742	1,000	0.1%

Key Points

- The CCG is reporting a year to date surplus of £192,000 (£82,000 programme and £110, 000 running costs) and is forecasting a year end surplus of £1m which is the control total agreed with NHS England.
- It should be noted that due to the timing of this report, the CCG has received very limited information regarding acute services and has not yet received month 1 prescribing figures from the PPA. More detail is found in section 4 of this report.
- The running costs underspend consists of a pay underspend of £81,000, due to staff vacancies and £29,000 non pay. It has been assumed that the contingency will be spent in future months as the expenditure for the older peoples programme and other programme areas takes place. It is expected that these underspends will not continue and the CCG is still anticipating to breakeven on running costs at year end.
- Due to the lack of acute activity information, it is not possible to produce LCG reports this month, however a template for future reports is included in section 3 for consideration by the committee.
- There are significant financial risks to the CCG which are not included in the above forecast, these are detailed in section 5.

2. STRATEGIC AIMS/EQUALITY AND DIVERSITY GOALS AND CCG GOVERNING BODY ASSURANCE FRAMEWORK & RISK REGISTER REFERENCE

- 2.1 The paper links to Strategic Aims 2 (Finance) and 3 (Change Management and Transformation) and links specifically to the following risks on the CCG Governing Body Assurance Framework and Risk Register : F2 – Achievement of the Financial plan for 2013/14: F2 – Risks associated with the on-going retrospective NHS CHC claims process; and CMT1 – Risk to delivery of QIPP and the System Reform Plan.

2.2 It also links to EDS Goal 1 – Better health outcomes for all.

3. CCG Assurance – Financial Performance

Financial Performance			Individual indicator RAG Rating Threshold				
No.	Indicator	Primary / supporting indicator	CCG performance	Green	Amber Green	Amber / Red	Red
1	Underlying recurrent surplus	Primary	1.1%	>= 2%	1% - 1.99%	0% - 0.99%	< 0%
2	Surplus - year to date performance	Primary	0.1%	>=1%	>= 0.8%	>= 0.5%	< 0.1%
3	Surplus - full year forecast	Primary	0.1%	>=1%	>= 0.8%	>= 0.5%	< 0.1%
4	Management of 2% NR funds within agreed process	Supporting	Yes	Yes			No
5	QIPP - year to date delivery	Primary	*	>= 95% of plan	>= 80% of plan	>= 50% of plan	< 50% of plan
6	QIPP - full year forecast	Primary	0.95	>= 95% of plan	>= 80% of plan	>= 50% of plan	< 50% of plan
7	Activity trends year to date	Supporting	*	<101% of plan	<102% of plan	<103% of plan	< 104% of plan
8	Activity trends - full year forecast	Supporting	*	<101% of plan	<102% of plan	<103% of plan	< 104% of plan
9	Running costs	Primary	= RCA	<=RCA			> RCA
10	Clear identification of risks against financial delivery and mitigations	Primary		Indicator met in full	Indicator part met - limited uncovered risk	Indicator part met - material uncovered risk	Indicator not met
*	Not yet available						

NHS England has produced a CCG assurance process, the table above covers the financial performance element . The column “CCG Performance” shows our assessment of the CCG against the standards. Further clarity is needed from NHS England on some of the standards ie numbers 2 and 3 have an amber/red rating for surpluses greater than or equal to 0.5% but the red rating does not start until the surplus is less than 0.1%. Therefore, in this report, the CCG has assumed that its surplus of 0.1% is amber / red but this may be a red rating.

4. LCG Performance

There is no LCG report for month one, due to a lack of acute and prescribing information.

5. Programme Spend – April 2013 (Month 1)

- The programme budget is showing a year to date underspend of £82,000 and a forecast underspend of £1m. £142,000 of the contingency has been played in to the year to date position.
- The CCG has received fastrack reports from Hinchingsbrooke and CUHFT. Peterborough were not able to submit a fastrack due to internal problems.
- There are issues regarding the accuracy of both the Hinchingsbrooke and CUHFT reports. However, after review, it is felt that the Hinchingsbrooke report was accurate enough to be included in this report. As can be seen, Hinchingsbrooke is showing a year to date overspend of £0.5m. The main areas of overspend are non electives £144k, electives £189k and OP £136k.
- For information, the CUHFT report showed a £0.7m overspend for month 1 but due to the number of errors found, the CCG is not able to give any assurance as to the accuracy of these figures, so has not included the fastrack in this report.
- The CCG total QIPP requirement for the year is £26.8m, £14.1m of which has been built into budgets, leaving £12.7m still held centrally. A proportion of this central QIPP will be devolved, in month 2, to LCGs in accordance with the QIPP values in the LCG accountability agreement s.

	Year to Date				Forecast Position			
	Plan £'000	Actual £'000	Variance £'000	%	Plan £'000	Actual £'000	Variance £'000	%
ACUTE SERVICES								
CUHFT	14,601	14,601	0	0.0	178,827	178,827	0	0.0
Peterborough	9,698	9,698	0	0.0	116,378	116,378	0	0.0
Hinchingsbrooke	6,821	7,332	(511)	(7.5)	81,955	81,955	0	0.0
Kings Lynn & Wisbech	2,120	2,120	0	0.0	25,445	25,445	0	0.0
Papworth	1,097	1,097	0	0.0	13,168	13,168	0	0.0
East of England Ambulance	2,099	2,099	0	0.0	25,192	25,192	0	0.0
Other Acute	2,501	2,501	0	0.0	30,012	30,012	0	0.0
Subtotal	38,938	39,449	(511)	(1.3)	470,978	470,978	0	0.0
MENTAL HEALTH SERVICES								
Cambs and Pboro FT	5,843	5,843	0	0.0	70,118	70,118	0	0.0
Other	2,289	2,289	0	0.0	27,473	27,473	0	0.0
Subtotal	8,133	8,133	0	0.0	97,591	97,591	0	0.0
COMMUNITY SERVICES								
Cambs Community Services	6,354	6,354	0	0.0	76,251	76,251	0	0.0
Other Community Services	1,893	1,893	0	0.0	22,718	22,718	0	0.0
Individual Placements	3,653	3,653	0	0.0	43,842	43,842	0	0.0
Subtotal	11,901	11,901	0	0.0	142,811	142,811	0	0.0
PRIMARY CARE								
GP Prescribing	8,463	8,463	(0)	(0.0)	101,555	101,555	0	0.0
Prescribing Support	361	40	321	88.9	4,331	4,331	0	0.0
Other Primary Care	968	838	130	13.5	11,617	11,617	0	0.0
Subtotal	9,792	9,341	451	4.6	117,503	117,503	0	0.0
TRANSFORMATION								
LCG agreed business cases (2%)	0	0	0	0.0	3,588	3,588	0	0.0
Subtotal	0	0	0	0.0	3,588	3,588	0	0.0
LCG DEVOLVED BUDGETS	68,764	68,823	(60)	(0.1)	832,471	832,471	0	0.0
CCG CENTRAL BUDGETS								
Contingency	142	0	142	100.0	4,270	4,270	0	0.0
Innovation fund 2% reserve	0	0	0	0.0	13,491	13,491	0	0.0
QIPP not in budgets / contracts	0	0	0	0.0	(12,732)	(12,732)	0	0.0
Earmarked Reserves	0	0	142	0.0	16,442	15,442	1,000	6.1
	142	0	142	100.0	21,471	20,471	1,000	4.7
TOTAL EXPENDITURE	68,906	68,823	82	0.1	853,942	852,942	1,000	0.1

6. Financial Risks not included in the I&E position

- This table shows the current assessment of the CCGs risks and what resources are available to offset those risks.
- As can be seen, there is a current shortfall in mitigations of £9.1m.
- There are four main areas where the CCG needs to focus its attention to mitigate the financial risk. These are:
 - A strong focus on QIPP delivery, to be lead by LCGs supported by central CCG management.
 - Robust contract management, to be lead by the LCG contract teams supported by finance and information. It should be noted that the new information governance rules which limit access to patient identifiable information could seriously compromise the CCG's ability to manage contracts and deliver QIPP.
 - Agreeing a correct transfer for specialist services, to be lead by CCG finance supported by contracts and information.
 - Review all vol org and third sector commitments, to be lead by finance supported by contracts.
- If the CCG delivers on the above four actions it should be able to manage the risks and achieve its planned surplus of £1m. If the shortfall in funding due to the transfer of specialist services to the NCB is not resolved favourably then this shortfall in resource will push the CCG into deficit.

	Total Risk £'000	Risk assessment %	Assessed Risk £'000
Current identified risks not included in CCG forecast			
Specialist	(7,600)	100%	(7,600)
QIPP non delivery	(19,000)	40%	(7,600)
Contract Overperformance	(12,000)	50%	(6,000)
CHC	(8,000)	50%	(4,000)
Baseline issues emerging in year	(5,600)	46%	(2,590)
Reprovision of Pathology	(1,000)	100%	(1,000)
Current assessment of Risk	(53,200)		(28,790)

Reported forecast surplus			1,000
Forecast deficit if risks crystalise			(27,780)

Current Mitigations			
Estimate of contingencies			18,640
Current shortfall in mitigations			(9,140)

7. Recommendation

The Finance and Performance Committee is asked to not the financial position at month 1 and the risks associated with the year end forecast.

Author: Wanda Kerr
Title: Deputy Chief Finance Officer
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