

MEETING: CCG GOVERNING BODY IN PUBLIC

AGENDA ITEM: 3.2

DATE: 7 JANUARY 2014

TITLE: FINANCE REPORT – CAMBRIDGESHIRE AND PETERBOROUGH CCG

FROM: TIM WOODS
CHIEF FINANCE OFFICER

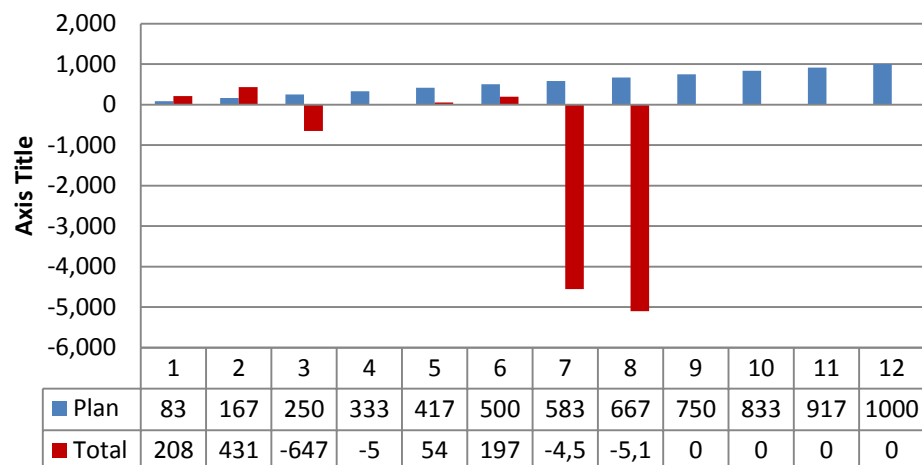
FOR: INFORMATION AND DISCUSSION

1 FINANCIAL OVERVIEW

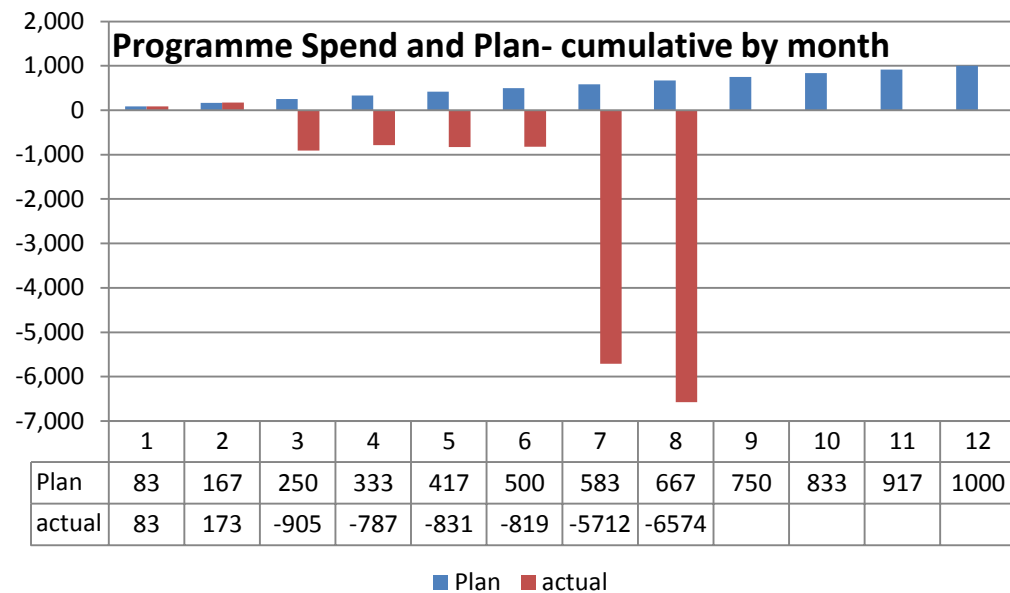
Year to date summary

	I&E Summary - November 2013 (Month 8)							
	Year to Date				Forecast Position			
	Plan	Actual	Variance		Plan	Actual	Variance	
	£'000	£'000	£'000	%	£'000	£'000	£'000	%
Programme	570,242	576,711	(6,468)	(1.1)%	861,941	871,896	(9,955)	(1.2)%
Running Costs	13,761	12,395	1,366	9.9%	20,800	18,953	1,847	8.9%
Total	584,003	589,106	(5,102)	(0.9)%	882,741	890,849	(8,108)	(0.9)%

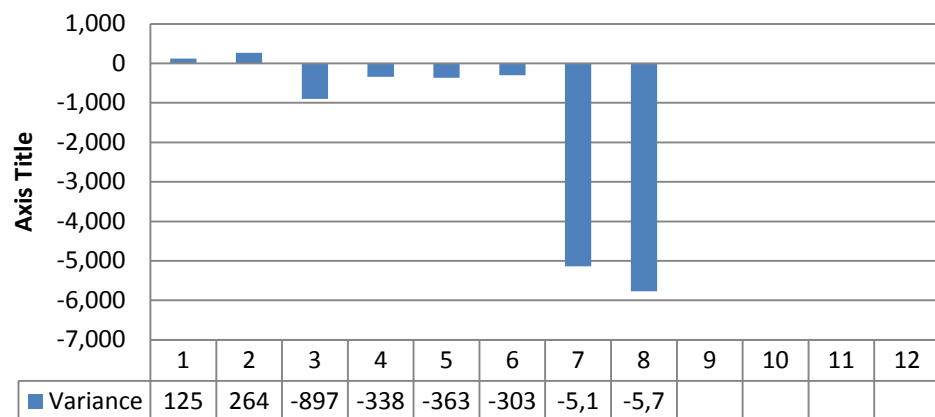
Total Programme + Running Costs



Programme Spend and Plan- cumulative by month



Variance from Plan



Key Points

- Table 1, above, shows the CCG is reporting a year to date programme deficit of £6,468,000, this is partially offset by the year to date surplus on running costs of £1,366,000 leaving the CCG with a year to date combined deficit of £5,102,000. Based on this, the forecast deficit made in early December was £8.1m, a £0.5m improvement since month 7.
- The CCG had disputed some elements of the specialist rebasing exercise; the result has been a £2.5m return of resource to the CCG, £1.9m less than anticipated at month 7. The impact of this £1.9m reduction in resource has been offset by the impact of £1.3m of financial recovery plan actions and other spending reductions.
- The remaining impact of the Financial Recovery Plan is excluded from this forecast but will be included at month 9; it is anticipated that when this is done and following the work done with the Turnaround team, we should be able to reduce the forecast end of year deficit to circa £5.0m.

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

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 where we have one red indicator.

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	-0.8%	>= 2%	1% - 1.99%	0% - 0.99%	< 0%
2	Surplus - year to date performance	Primary	-0.9%	>=1%	>= 0.8%	>= 0.5%	< 0.1%
3	Surplus - full year forecast	Primary	-1.0%	>=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	63%	>= 95% of plan	>= 80% of plan	>= 50% of plan	< 50% of plan
6	QIPP - full year forecast	Primary	88%	>= 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

4. LCG Performance – November (Month 8)

- The tables across and on the next page show the LCG performance at month 8 for programme and running cost budgets.
- The programme LCG budgets are based on the historical spend for each area. Actuals reported against this, where ever possible, are based on usage.
- LCGs need to focus on the devolved line as this is the area of spend over which they have most control and/or influence. As at month 8, all LCGs except Hunts Health have an adverse variance on this line. The most significant in % terms is CamHealth.
- With respect to the CCG central budgets, these have been allocated to LCGs to minimise LCG overspends.

Local Commissioning Group		Year to Date				Forecast Position			
		Plan £'000	Actual £'000	Variance Fav/(Adv) £'000 %		Plan £'000	Actual £'000	Variance Fav/(Adv) £'000 %	
Borderline	Programme devolved	71,656	71,970	(314)	(0.4)	108,208	108,836	(628)	(0.6)
	Running Costs	1,688	1,535	153	9	2,551	2,325	226	9
	Total LCG devolved	73,344	73,505	(161)	(0.2)	110,759	111,161	(402)	(0.4)
	CCG Central	1,023	619	403	39.4	3,013	2,611	402	13.3
	Total	74,367	74,125	242	0.3	113,772	113,772	0	0.0
Peterborough	Programme devolved	93,968	94,981	(1,013)	(1.1)	142,408	144,714	(2,306)	(1.6)
	Running Costs	2,158	1,983	175	8	3,262	3,003	259	8
	Total LCG devolved	96,126	96,964	(838)	(0.9)	145,670	147,717	(2,046)	(1.4)
	CCG Central	1,684	840	843	50.1	4,088	2,042	2,046	50.0
	Total	97,810	97,805	5	0.0	149,759	149,759	(0)	(0.0)
Camhealth	Programme devolved	47,532	50,110	(2,578)	(5.4)	71,194	75,345	(4,151)	(5.8)
	Running Costs	1,347	1,213	134	10	2,037	1,810	227	11
	Total LCG devolved	48,879	51,323	(2,444)	(5.0)	73,231	77,154	(3,924)	(5.4)
	CCG Central	2,020	441	1,579	78.2	2,145	292	1,854	86.4
	Total	50,899	51,764	(865)	(1.7)	75,376	77,446	(2,070)	(2.7)
CATCH	Programme devolved	119,194	123,395	(4,202)	(3.5)	180,052	187,421	(7,369)	(4.1)
	Running Costs	3,374	3,019	355	11	5,108	4,614	494	10
	Total LCG devolved	122,568	126,414	(3,847)	(3.1)	185,160	192,035	(6,875)	(3.7)
	CCG Central	4,124	1,060	3,064	74.3	5,154	1,077	4,078	79.1
	Total	126,691	127,474	(783)	(0.6)	190,314	193,112	(2,798)	(1.5)

	Local Commissioning Group		Year to Date				Forecast Position			
			Plan	Actual	Variance Fav/(Adv)		Plan	Actual	Variance Fav/(Adv)	
			£'000	£'000	£'000	%	£'000	£'000	£'000	%
<ul style="list-style-type: none"> All LCGs are under spending against running costs and this is mitigating but not eliminating the adverse variances. 	Hunts Care Partners	Programme devolved	78,384	80,899	(2,514)	(3.2)	117,395	120,577	(3,182)	(2.7)
		Running Costs	1,780	1,612	168	9.4	2,690	2,411	279	10.4
		Total LCG devolved	80,164	82,511	(2,346)	(2.9)	120,085	122,988	(2,903)	(2.4)
		CCG Central	1,522	668	854	56.1	3,251	890	2,361	72.6
		Total	81,686	83,179	(1,493)	(1.8)	123,336	123,878	(542)	(0.4)
	Hunts Health	Programme devolved	49,545	49,584	(39)	(0.1)	74,780	74,451	329	0.4
		Running Costs	1,198	1,046	152	12.7	1,811	1,642	169	9.3
		Total LCG devolved	50,743	50,630	113	0.2	76,591	76,093	498	0.7
		CCG Central	1,030	426	604	58.6	2,074	2,073	0	0.0
		Total	51,773	51,056	717	1.4	78,665	78,166	498	0.6
	Isle of Ely	Programme devolved	59,853	63,084	(3,231)	(5.4)	89,858	94,403	(4,545)	(5.1)
		Running Costs	1,483	1,307	176	11.9	2,242	2,090	152	6.8
		Total LCG devolved	61,336	64,391	(3,055)	(5.0)	92,100	96,493	(4,394)	(4.8)
		CCG Central	2,120	520	1,600	75.5	2,531	378	2,153	85.1
		Total	63,455	64,911	(1,456)	(2.3)	94,630	96,871	(2,241)	(2.4)
	Wisbech	Programme devolved	36,322	37,780	(1,458)	(4.0)	54,173	56,463	(2,290)	(4.2)
		Running Costs	731	679	52	7.1	1,106	1,059	47	4.3
		Total LCG devolved	37,053	38,459	(1,406)	(3.8)	55,279	57,522	(2,243)	(4.1)
		CCG Central	266	332	(66)	(24.7)	1,613	324	1,290	79.9
		Total	37,319	38,791	(1,471)	(3.9)	56,893	57,846	(954)	(1.7)

5. Programme Spend – November 2013 (Month 8)

- The programme budget is showing a year to date overspend of £6.5m and a forecast overspend of £10.0m, this is partially offset by an underspend on running costs but the CCG is now forecasting a year end deficit of £8.1m. The impact of the specialist services rebasing materialised has now been included in the year to date position.
- 8/12ths of all contingencies have been played in to the year to date position.
- The main reasons for the year to date overspend are acute contract over performance shortfalls in some of the QIPP schemes, the wheelchair service within the “other community” line and the shortfall in specialist rebasing.
- As can be seen, the three acute Trusts are over performing. More detail in respect of this can be found in the performance report.
- The CCG total QIPP requirement for the year is £26.8m, £18.2m of which has been built into budgets, leaving £8.5m. The forecast deficit is reliant on an additional savings of £1.9m to be found, mainly from contract penalties and challenges.
- This is a serious position which means the CCG will not be able to meet its statutory financial duty. Hence, a financial recovery plan has been produced and a financial turnaround team appointed.

	Year to Date £'000				Forecast Position £'000			
	Plan	Actual	Variance		Plan	Actual	Variance	
ACUTE SERVICES								
CUHFT	119,380	122,150	(2,770)	(2.3)	178,545	183,242	(4,697)	(2.6)
Peterborough	79,861	83,335	(3,474)	(4.3)	119,792	125,003	(5,211)	(4.3)
Hinchingsbrooke	54,907	57,433	(2,526)	(4.6)	82,014	84,919	(2,905)	(3.5)
Kings Lynn & Wisbech	16,477	17,040	(564)	(3.4)	24,715	25,561	(846)	(3.4)
Papworth	8,781	8,781	0	0.0	12,938	12,938	0	0.0
East of England Ambulance	16,655	16,136	520	3.1	24,983	24,383	600	2.4
Other Acute	22,116	24,081	(1,964)	(8.9)	38,124	41,181	(3,057)	(8.0)
Subtotal	318,178	328,956	(10,779)	(3.4)	481,111	497,226	(16,116)	(3.3)
MENTAL HEALTH SERVICES								
Cambs and Pboro FT	44,565	44,494	71	0.2	66,847	66,741	106	0.2
Other	17,738	18,051	(313)	(1.8)	26,607	26,895	(288)	(1.1)
Subtotal	62,303	62,545	(242)	(0.4)	93,454	93,636	(181)	(0.2)
COMMUNITY SERVICES								
Cambs Community Services	49,483	49,411	72	0.1	73,854	73,804	50	0.1
CPFT Pboro children's	2,292	2,216	76	3.3	3,438	3,324	114	3.3
Other Community Services	13,434	14,636	(1,202)	(8.9)	20,522	22,575	(2,054)	(10.0)
Individual Placements	30,416	30,857	(440)	(1.4)	45,625	46,736	(1,111)	(2.4)
Subtotal	95,625	97,120	(1,495)	(1.6)	143,438	146,439	(3,001)	(2.1)
PRIMARY CARE								
GP Prescribing	68,526	70,239	(1,713)	(2.5)	102,789	103,750	(961)	(0.9)
Prescribing Support	2,449	2,452	(3)	(0.1)	3,674	3,652	22	0.6
Other Primary Care (OOHs & PDMA)	10,731	9,578	1,153	10.7	16,522	14,971	1,551	9.4
Subtotal	81,706	82,269	(563)	(0.7)	122,985	122,373	612	0.5
TRANSFORMATION								
LCG agreed business cases (2%)	913	913	0	0.0	2,534	2,534	0	0.0
LCG QIPP not in budgets / contracts	(2,271)		(2,271)	1.0	(5,451)		(5,451)	
Subtotal	(1,358)	913	0	0.0	(2,917)	2,534	0	0.0
LCG DEVOLVED BUDGETS	556,454	571,804	(15,350)	(2.8)	838,071	862,209	(24,138)	(2.9)
CCG CENTRAL BUDGETS								
Contingency	2,847	0	2,847	100.0	4,270	0	4,270	100.0
Innovation fund 2% reserve	10,403	330	10,073	0.0	14,440	2,989	11,451	79.3
QIPP not in budgets / contracts	(3,439)	0	(3,439)	0.0	(3,114)	(1,900)	(1,214)	39.0
Earmarked Reserves	8,836	4,577	4,259	0.0	15,570	8,598	6,972	44.8
Specialist shortfall	(4,858)	0	(4,858)	1.0	(7,296)	0	(7,296)	100.0
TOTAL EXPENDITURE	570,242	576,711	(6,468)	(1.1)	861,941	871,896	(9,955)	(1.2)

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

	Total Risk £'000	Risk assessment %	Assessed Risk £'000	In Forecast £'000	Residual Risk £'000
<ul style="list-style-type: none"> This table shows the current assessment of the CCGs risks, those risks that have been built into the month 8 forecast, the residual risk and the resources available to offset these risks. As can be seen, the risks relating to specialist services have been built into the forecast and the CCG does not have sufficient mitigations to offset this and is therefore reporting a deficit. The current reported financial position and additional risks identified, confirms that without continued and further action the CCG will miss its financial plan. In addition to the actions below, the CCG has also produced a financial recovery plan a final version of which will be sent to NHSE at the end of November. <ul style="list-style-type: none"> A strong focus on 'Living within our means'. This will include practices, LCG and central CCG actions. Focused contract management, to be led by the LCG contract teams supported by finance and information. Line by line forensic review across all budget areas. Complete the review of all third sector commitments. This is being led initially by finance supported by contracts. Due to the extent of the financial problem it is unlikely the CCG will achieve its duty to breakeven even with delivery of the above actions and financial recovery plan. However, minimising this year's deficit will improve the financial position of the CCG in 2014/15. 					
Current identified risks not included in CCG forecast					
Specialist	(15,641)	81%	(12,691)	(12,691)	0
QIPP non-delivery	(26,700)	32%	(8,567)	(8,567)	0
Contract Over performance	(15,000)	93%	(13,875)	(13,875)	0
CHC in year costs & assessment of provision	(8,000)	50%	(4,000)	(3,000)	(1,000)
Baseline issues emerging at year-end	(4,000)	85%	(3,400)	(1,400)	(2,000)
GP Prescribing	(6,000)	16%	(961)	(961)	
Other budget overspends			(1,806)	(1,806)	
Current assessment of Risk	(75,341)		(45,300)	(42,300)	(3,000)
Planned surplus			2,441	2,441	0
Forecast deficit if risks crystallise			(42,859)	(39,859)	(3,000)
Current Mitigations					
Contingency 0.5%			4,240	4,240	0
2% trans uncommitted			11,451	11,451	0
Reserves			6,972	6,972	0
Running costs underspend			1,847	1,847	0
Additional QIPP identified			2,700	2,700	0
Non-recurrent B/fwd PCT surpluses			2,641	2,641	0
Current Mitigations			29,851	29,851	0
Current shortfall in mitigations			(13,008)	(10,008)	(3,000)
Further actions to be implemented					
Actively participate in specialist rebasing	8,800	0%	0	0	0
Continue to drive QIPP (living within or means)	5,867	60%	3,500	200	
Robust contract management not already in FOT	2,600	65%	1,700	1,700	0
Further actions to be implemented	17,267		5,200	1,900	0
Potential headroom			(7,808)	(8,108)	(3,000)

6. Conclusions

It is clear that the CCG is facing a significant financial challenge in 13/14 due a combination of factors a) pressure on acute contracts; b) issues with respect to our baseline allocation; c) less than full delivery of planned savings. This is a serious financial position and the organisation is doing its utmost to mitigate this in order for the CCG to meet its statutory financial duty.

This position after eight months informs us that in addition to the current actions and planned savings, we need further savings. As reported previously, we have begun to implement further actions called 'Living within our means'. This has focused on referrals, prescribing; contract challenges, clinical thresholds, individual placement costs in Peterborough; in addition all, other areas of spend have been reviewed on a line by line basis. This has been further strengthened in the last four weeks with weekly task and action meetings plus the appointment of an external Turnaround Team. Based on the early turnaround work, it is forecast that the deficit will be able to be reduced within the range of £3.0 to £5.0m. Nevertheless, all effort will continue to be made to enable further improved assessments to be made as we approach the end of the financial year.

The Governance for this approach is being led by the Chief Clinical Officer with the Chief Operating Officer deputising. Co-ordination of the recovery programme will also be the responsibility of the Director of Director of Delivery and the Chief Finance Officer. The Turnaround Director will be accountable to the Chief Clinical Officer with a reporting line to the Area Team of NHS England.

7. Recommendation

The Finance and Performance Committee is asked to note the financial position at month 8, the risks associated with the year end forecast and the actions being taken to address these and mitigate the adverse financial outlook.

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Date: 31 December 2013

Reviewed and presented by: Tim Woods, Chief Financed Officer.