



Northern, Eastern and Western Devon
Clinical Commissioning Group

Governing Body Report

Date	5 November 2014		
Report title	Financial Recovery Plan – Urgent and necessary Measures		
Author(s)	Hugh Groves, Chief Finance Officer		
Supporting Executive(s)	Rebecca Harriott, Chief Officer		
Supporting Executive Approval Date:	29 October 2014		
Purpose of Report	✓	Decision	
		Assurance	✓
		Information	✓
FOI Status	✓	Public	✓
		Private	
Category of Paper	✓	Decision	
		Position Statement	✓
		Information	✓
Does this document place Individuals at the Centre	Y	N	
	✓		
Actions Requested	The Governing Body to approve the urgent and necessary measures required to achieve the CCGs financial plan.		
Which other committees has this item been to?			
Reference to other documents	No		
Have the legal implications been considered?	Yes		
Does this report need escalating?	No		
Equality Impact Assessment			
Who does the proposed piece of work affect?	Staff	✓	
	Patients	✓	
	Carers	✓	
	Public	✓	
		Yes	No
1. Will the proposal have any impact on discrimination, equality of opportunity or relations between groups?			✓*
2. Is the proposal controversial in any way (including media, academic, voluntary or sector specific interest) about the proposed work?	✓		
3. Will there be a positive benefit to the users or workforce as a result of the proposed work?	✓		
4. Will the users or workforce be disadvantaged as a result of the proposed work?			✓
5. Is there doubt about answers to any of the above questions (e.g. there is not enough information to draw a conclusion)?			✓
If the answer to any of the above questions is yes (other than question 3) or you are unsure of your			

answers to any of the above you should provide further information using **Screening Form One** available from *Corporate Services*

If an equality assessment is not required briefly explain why and provide evidence for the decision.

* Refer to Equality and Impact Assessment section of paper

Reference to Core Strategies and Corporate Objectives

Core Strategies, we will:	Corporate Objective	Does this report reference to the Core Strategies/ Corporate Objectives	
		✓	X
1. Take joint ownership with partners and the public for creating sustainable health and care services	1.1 Develop people, and those who support them, to value strengths and personal qualities in all that they do	✓	
	1.2 Listen to people and take action on what they say about services	✓	
2. Implement systems that make the best use of valuable health resources, every time	2.1 Innovate to increase productivity and reduce waste	✓	
	2.2 Commission safe services and reduce avoidable harm	✓	
3. Commission to prevent ill health, promote well being and help people with long-term conditions to live well	3.1 Support people to make healthy lifestyle choices and understand the care, treatment and services available to them	✓	
	3.2 Commission services with partners to reduce health inequalities and improve people's lives	✓	



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Governing Body Meeting 5 November 2014

Financial Recovery Plan – Urgent and Necessary Measures

Background to Current Position

1. Introduction

1.1 Financial Plan 2014/15

Last year NEW Devon CCG returned a £14.6 million deficit (known as the control total) and this year the CCG had been planning the same.

The CCG's confidence in meeting the control total at the end of year has gradually declined as the situation has become clearer; and now – in month 6 – we are at a critical point. Demand for services is outstripping what we can afford.

The increase in demand is having a serious effect on the financial position of the CCG – and if we fail to do deal with it now as the area's main commissioner, services will suffer. While this is primarily an issue of resources, safe, high quality services are and always will be our priority.

The latest health profile of people in Devon (Health Profile 2014, Public Health England) shows that if you are fortunate enough to live here you are likely to have better health than the average person living in England. In Plymouth the picture is more varied.

This following paper outlines a financial programme to bring finances back to the agreed deficit position this year. A longer term project aims to rebalance the NHS in our area over the next five years.

We must act now to protect essential services through our busiest winter months to ensure that care is there for our patients when they really need it and in doing so, we are prioritising those services and requirements in the NHS constitution.

The CCG financial plan was set in the context of a £14.6m deficit in 2013/14 and with continuing upward trends in referrals, prescribing and continuing health care expenditure. An in year deficit of £14.7m was planned and approved for 2014/15 with financial risk associated with its delivery. The CCG has an approved resource limit of £1.072bn. The CCG generally records better outcomes compared with NHS England averages and has a higher access rate to health services, particularly on elective care and continuing healthcare. Following the settlement of contracts, some through arbitration, the plan contained minimal headroom, and contingency and a requirement to deliver £34m of

efficiency gains (called “QIPP” – quality, innovation, productivity and prevention in CCGs) together with the reversal or containment of trends experienced in 2013/14. Nevertheless, significant opportunities existed to improve on these patterns of expenditure, which were included in QIPP programme and many included in contracts.

The health system in Devon was identified as one of 11 challenged health communities which brought with it external support to develop sustainable local health services. The strategies that the CCG and the community have developed through this programme are consistent with the recent vision for the future set out by NHS England.

1.2 Current Position (month 6)

- Year to date position at month 6 is over plan by £4.7m - or 0.9% - against a budget to date of £538m
- Reported Forecast outturn above plan by £14.5m to give a revised in year deficit of £29.1m.
- The CCG also has a remaining net risk of delivering the above forecast of £3.0m after risk assessing the current emergency measures plan in place.

2. Analysis Month 6

The main areas of over performance are as follows:

- Royal Devon and Exeter NHS Foundation Trust contract - increase in non-elective activity in total & referral rate increases of 10% compared to 13/14
- Independent Sector - over performance
- Continuing healthcare – we currently support 1,565 patients and are seeing an average net increase in patient numbers of 34 per month (27%) compared to a plan of 5 per month or 4% based on previous experiences. Analysis shows higher unit prices of packages compared with benchmarks
- Care Coordination Team – £1.3m over plan due to increased activity to facilitate discharge from acute providers.
- Some of the above issues are offset through the release of contingency and we are delivering a running cost underspends in the administration of the CCG.

3. Forecast Outturn Summary at Month 6

The forecast outturn (acknowledged by the NHS England Area Team) moved in month 6 by £14.5m variance to report the expected over performance against planned deficit (£29.2m total in-year). The main areas of increase are as follows:

- Previously assessed risks of £19m worsened by £5.8m as a result of increased activity arising from referrals and packages of care within Royal Devon and Exeter NHS Foundation Trust, continuing healthcare and North Devon acute contracts.
- New risks materialised of £1.5m around for example, pricing of particular categories of prescriptions drugs through the national pharmacy contract negotiation.

This is offset by an Urgent and Necessary Measures plan of £11.8m (£6m month 5) of which:

- £7.5m are activity related plans or CCG focused (as summaries in the table in section 9)
- £4.3m are technical accounting issues to be resolved with NHS England (Plymouth Community Healthcare capital charges, Capital Grants, and specialist commissioning costs incorrectly charged).

Year to date over spend extrapolates to a straight line run rate over performance of £9.5m. Adjusting for non-recurrent items in the year to date position gives an adjusted run rate variance of £16m.

4. Key assumptions at month 6

The following key material assumptions have been made in arriving at our month 6 Forecast Outturn (FOT) position from our extrapolated year to date actual position:

- Savings yet to be delivered in acute providers in the form of QIPP schemes to the value of £2.7m.
- Benefit of additional national funding of £2.6m to support additional non elective and emergency activity over winter.
- Forecast delivery of an under spend in running costs of £2m.
- Delivery of contract challenges, technical adjustments and penalties totalling £2.2m to ensure the CCG is correctly charged for services provided.
- Delivery of initial Urgent and Necessary Measures plan of £11.8m.

5. Cash

The current forecast naturally impacts on the cash limit total allocated to the CCG and this presents the CCG with a challenging position. The CCG has therefore considered the steps which will need to be implemented to manage its cash flow during the remaining part of the year.

This is sound financial discipline and will also add to the wider awareness of the serious nature of the need for a sound financial recovery plan both internally and with key providers whose cooperation will also be invaluable in managing this position. In the meantime tighter controls on cash flow are being introduced.

6. Risk position in relation to updated forecast outturn

- The risk position is reported in month 5 now reflected in forecast outturn position.
- The month 6 position reported a £3m risk of non delivery against the Urgent and Necessary measures plan. This was an assessment on the risk of delivering the activity related schemes in full and a reflection of the need to negotiate on a number of technical issues.
- As well as these direct financial risks there are risks relating to the capacity of CCG staff and GPs to deliver these plans.

- The CCG's main providers and partners also have very challenging financial positions to deliver.
- Whilst full year opportunities have been identified and are available the key issue is the financial benefit that can be realised during the remainder of the financial year.

7. Efficiency (QIPP) and Recovery Plans

The CCG has a QIPP plan in place which at month 6 is forecast to deliver a financial saving of £26m against a plan of £34m leaving a shortfall of £8m, this is reflected fully in the month 6 outturn. This incorporates the activity related emergency measures.

In addition, a number of key strategic actions were targeted around the key risk areas of the 3 main acute hospitals, prescribing and continuing healthcare. These have been largely followed through, the actions were a necessary, but not sufficient condition, for the delivery of the individual financial targets.

Further supplementary plans and emergency measures were approved by the CCG in July through to the last Governing Body meeting on 1 October. Whilst an overall programme has met the plan requirement of £12m target identified at month 5, activity and further risks have materialised at the end of quarter 2 to largely offset any financial gains through the emergency measures programme. With headroom contingency having been applied to contract and little or no contingency these financial risks and adverse variations play through directly into the CCG's deficit position.

8. Provider Financial Positions and Forecast Outturn

One of the key risks and areas for mitigation are the main contracts. As well as ensuring that routine and robust contract monitoring remains in place, and where possible strengthened, it is vital that providers are aware of and engaged in the process of recovery. This needs to be established at the top of the organisations with Chairs and Chief Executives supporting the plan and actively committing to the Governing Body's resolve to achieving its year-end target. In addition this approach will need the support of NHS England, NHS Trust Development Authority and Monitor in order for the plan to be successful (being the regulator bodies of the NHS).

Additional communications with Chief Executives have been commenced and a meeting of all Chief Officers has been arranged for 29 October. In addition, individual meetings with providers have been set up to include, where appropriate, the NHS England Area Team.

Work is continuing to triangulate the CCG and provider assumptions on forecast outturn. Whilst differences will exist due to differing assumptions around items such as QIPP delivery and contract challenges it is important that those differences are understood to avoid any year end disputes. The CCG has already held a number of meetings with providers to assess the joint view of forecast outturn and no significant differences have been exposed beyond those expected as mentioned above. This is the position prior to the implementation of the urgent and necessary measures.

The CCG will also be linking with the NHS England triangulation process anticipated over the next few weeks which will ensure consistency of assumption within the provider and commissioning sectors within the NHS.

Recovery Plan – Urgent and Necessary Measures

9. Emergency Measures

- The current plan costed at £11.8m does not deliver the financial control total.
- Forecast over performance of £14.5m needs to be mitigated with further Emergency Measures plans. The total requirement is therefore £26.3m.
- Potential savings (column 1 below) total £34.71m and plans to date show £22.61m, however the CCG will continue to develop the programme to ensure that the target figure of £26.29m is planned.

The plan is summarised below:

Urgent and Necessary Measure type	Potential Savings £'m	Current Risk Assessment £'m	Target Risk Assessment £'m
Referrals Management	0.68	0.61	0.61
Reviewing elective thresholds	1.39	1.20	1.20
Further cost effective prescribing	0.58	0.52	0.52
Out of Area provision, AQP and Independent sector review	0.25	0.21	0.22
Continuing Healthcare Management	4.50	2.70	4.05
Urgent Care Management	2.51	1.29	1.29
Contract Management	4.35	3.01	3.61
Running costs further review	0.55	0.50	0.57
Technical Issues	6.71	4.86	4.94
Anticipated additional resource	5.00	3.72	4.23
Prioritisation of investment	3.50	2.10	3.15
Allocation Issues	4.70	1.90	1.90
Total	34.71	22.61	26.29
Savings Required	26.29	26.29	26.29
Assessment against target	-8.42	3.68	0

10. Process for development and Delivery

The additional recovery plan has been developed through a series of formal meetings of the CCG and with key providers and partners:

- 13 October - Operational Delivery Group
- 14 October - High level review, Audit Committee

15 October - CCG Executive
16 October - Extraordinary Governing Body Meeting
21 October - Finance Committee
22 October - Meetings with Key provider and Devon County Council
23 October - Executive meeting to review recovery plan
24 October - Review of draft plan with NHS England Area Team
28 October – Planning and Assurance meeting NHS England
29 October - Meeting with provider Chief Executives
31 October - Directors of Finance meeting

An additional monitoring process has been established that will provide rapid assessment of scheme impact. This will mitigate the one month time lag that exists before fully reconciled information is available.

In addition:

- Extended individual follow up with practices on referral and prescribing data
- Full involvement, understanding and commitment of the Governing Body to resolve and assure the position and actions being taken
- Active involvement of internal and external audit services

Communications with strategic stakeholders

Communication on this issue has been strategically managed with one approach across the whole CCG.

The head of communications worked with members of the Governing Body and a specific communications strategy was agreed. This highlighted why the proposed measures were necessary and how they would help the CCG to both reduce spend and prioritise the requirements laid out in the NHS Constitution.

A briefing video was produced in-house for staff and shown across the organisation at the monthly staff briefing. This was backed by a written briefing for the organisation.

Verbal briefings with key strategic stakeholders began three days prior to the public launch with clinicians and managers using agreed messages. MPs and other elected officials were also updated.

Communications with locality stakeholders

Localities followed a similar process above (with GP members, district and parish councils, councillors and key locality stakeholders)

Media

The communications team coordinated the media response, sending a prepared press release after stakeholders had been contacted to all media in the area on Sunday evening. Interviews were offered and the following morning Dr David Jenner conducted a series of interviews with local radio and TV to ensure the main messages were conveyed. Chief Officer Rebecca Harriott also carried out interviews throughout the day.

The delivery arrangements will include formal review dates involving the Governing Body and the NHS England Area Team and follows:

End of November 2014
3rd Week of December 2014
2nd Week of January 2015
1st Week of February 2015
1st Week of March 2015

11. Urgent and Necessary Measures

The full recovery plan has been developed in two parts – a) and b) below. Henceforth it will be consolidated into a single integrated recovery plan and programme of delivery.

- a) Those plans approved at the Governing Body meeting on 1 October totalling £11.8m the benefit of which is included in the CCG's month 6 outturn forecast position. It is important that these are incorporated into the new programme of work.
- b) Additional recovery plan measures which have an overall target of £26.29m (see section 9) with the objective of fully covering the adverse forecast variance of £14.5m.

The CCG has developed a quality and equality impact assessment tool (QEIA). The QEIA will take into account the evidence base and clinical effectiveness, safety, and the impact on patient experience for each of the measures. It is proposed that this QEIA is applied to the measures which are set out within the recovery programme, and will also be informed by the health economist work which is undertaken in early November.

The Governing Body is asked to support the temporary suspension of access to services ahead of the usual consultation process, following an overall positive quality and equality impact assessment. A revised permanent commissioning policy will be implemented following consultation. This does not prevent applications by individuals to the CCG's exceptional treatment panel.

In the event where a decision to cease access to services is taken following the QEIA, and is overturned following consultation, individuals affected by the suspension will be treated under the revised commissioning policy.

The key recovery measures are set out below.

12. Acute Contracts

This is a targeted programme of work ensuring that all contract conditions are strictly adhered to; it will include a review of all penalties, detailed review of coding, and delivery of referral to treatment targets.

A review and resolution of outstanding referral to treatment allocations and performance to ensure for example that the appropriate funding of orthopaedic backlog is made and that premium rates are agreed in line with NHS England guidelines at no loss to the health economy.

13. Continuing Healthcare

Indicative comparative data on continuing health care provision suggests that the CCG invests £20m more on continuing health care compared to other CCGs in the south of England. The existing Quality Improvement Effectiveness plan will be continued with a particular focus on the following:

- a) Undertaking a review of all new cases to fully understand the relationship between cases presented and the underlying need and the appropriate use of the full range of potential funding streams to ensure packages of care meet the needs of the individual and satisfy the relevant criteria.
- b) To ensure there is no unwarranted variation which would undermine the CCG's duty to provide an equitable service that makes best use of resources available
- c) The CCG recognises that the retrospective claims should be resolved as quickly as possible in order to bring closure for families, noting that risk pooled monies are available for eligible cases.
- d) Work with social care partners to ensure effective market and provider management is in place in order that individuals receive the right level of care that meets their needs, ensuring quality, safety and clinical and cost effectiveness.
- e) A review across all thresholds to ensure that decision-making processes are appropriately configured to address the ongoing needs of the individual and provide assurance quality, safety and clinical and cost effectiveness of that ongoing provision by virtue of this a subsequent reviews at appropriate intervals.
- f) Concerns arising from the Quality and Capacity Audit require consideration of the most appropriate future configuration for the provision of the assessment process. Potential options for consideration are repatriation to the CCG of assessment and approval functions, repatriation of the approval function with the assessments continuing with community providers or embedding of CCG clinical teams within the existing arrangements.

14. Referral Management

A series of plans have been developed. These are largely approved and in place. Those with an in year benefit of greater than £250k are set out below:

a) Dermatology

Three different audits have been undertaken with secondary care, GPs with a special interest, and GPs. The results have been used to produce new planning assumptions based on a significantly higher proportion of activity being undertaken by GPs with a special interest, ensuring full utilisation of those clinics. This will result in much greater access for patients to dermatology services as they move from acute hospital settings to doctors' surgeries. These ways of working are already in place in some areas of Devon and will now be rolled out across the CCG bringing benefits to patients across the area.

GPs with a special interest are now working with the Devon Referral Support Service to ensure correct triage decision and support to the administration team.

Financial impact: **In-year £360,000 full year effect £720,000**

b) Approval of new threshold limits for elective activity: Body Mass Index (BMI) >35 for hips and knees

NICE guidance recommends weight loss and exercise as a core treatment for osteoarthritis – the main cause of hip and knee elective activity. Patients with a higher Body Mass Index have a greater surgical risk and worse outcomes than patients with a healthy Body Mass Index.

During 2012/13 GPs were required to include Body Mass Index, smoking status and other measures relevant to surgical procedures for all referrals where they anticipated surgery. Body Mass Index was then captured within the referral database for each patient. This data has been matched to the surgical procedures those patients went on to have.

The calculated impact is based on a 6 month's weight loss programme for those patients. The capacity of the weight management service in Devon was tripled from January 2014, this is commissioned and funded from public health.

As yet, no assumption is made about the success of weight loss and patients who would subsequently go on to have surgery. Patients who are morbidly obese will not be funded, unless via the treatment appeals panel.

The Referral pathways will be completed in October 2014 as implementation of this policy was agreed by Governing Body at the beginning of October.

Financial Impact: **In-year £521,000 full year effect £1,383,000**

c) Morbid Obesity for routine surgery

Given the better outcomes described above for some surgeries, the CCG intends to increase the range of procedures that require weight loss. The CCG will now work with public health colleagues and other partners to see where this approach can bring real benefit to patients.

The dataset is the same as for patients with a Body Mass Index (BMI) >35 for hips and knees detailed above.

Patients excluded from the analysis:

- those with a diagnosis of cancer
- those undergoing neurological procedures
- those undergoing cardiology procedures

Financial impact: **In-year £286,000 full year effect £1,371,000**

This work intends to ensure that patients are seen in the right place, first time.

As part of the process associated with 'Urgent Measures' NEW Devon CCG has been examining all existing and proposed work streams and transformation projects. One of the limiting factors identified in accelerating such projects is the workforce, workload and financial pressures in General Practice.

In the coming weeks NEW Devon CCG will draw up a proposal to release clinical (GP and Nursing) capacity from elements of the Quality and Outcome Framework and the Unplanned Admissions and Extended Hours Directed Enhanced Services towards the identified emergency measures. This will retain patient benefits where appropriate but provide a vital clinical focus on the recovery plan.

The financial impact will be determined as part of the detailed development of the proposal:
In year and full year effect to be agreed.

16. Prioritisation of investment

Investment decisions are required to ensure we meet our aim of prioritising health services and requirements as set out in the NHS Constitution.

The CCG has secured the assistance of a health economist and international expert on priority setting and methods of reallocation of health resources.

In particular this will involve rapid reprioritisation methods to overcome a deficit position before moving on to strategically reallocate budget to explicit health priorities and services.

Our intention is to make this a sustainable resource allocation process, firstly to tackle the deficit and implement a sustainable trajectory; secondly, to allocate funds strategically and explicitly disinvest or decommission areas of lesser priority.

The implementation plan together with recommendations and the commensurate financial impact will be presented to Part 2 of the Governing Body on 5 November. This will also make a recommendation for areas of temporary immediate suspension of service provision in advance of a critical examination of the key priorities. The Governing Body will also devolve the implementation process to the CCG executive committee. This will involve a quality and equality impact assessment to be undertaken for each proposal and ensuring that there are appropriate mechanism to approve exceptional cases of clinical need where this is appropriate.

This is a key part of the financial recovery programme. Examples of area for disinvestment that will be considered are: shoulder impingement, shockwave therapy for tendonopathies, ultrasound guided steroid injections. The scope of the work will also include prescribing.

Financial impact: **In year and full year effect to be agreed but will have a minimum in year target of £3.5m.**

17. Prescribing

The Prescribing team is continually looking at ways to deliver cost reductions without compromising the quality of patient safety and care. The following are some areas of prescribing focus:

- Review patients on high intensity statins moving to one with lower acquisition costs in line with NICE guidance
- Review of gonaderelin analogues as per revised formulary choice.
- Review of strong opioid medication to lower acquisition cost options in line with local formulary choices.
- Continue to ensure the use of low cost Pen needles and Blood Glucose Testing Strips where clinically appropriate.
- Review of hypnotic prescribing moving to drugs of lower acquisition costs.

Financial impact: **In-year £225,000**

Home Oxygen - There are currently significant challenges in validating invoices from our oxygen provider due to information governance requirements. This project will focus on developing an invoice reconciliation and business intelligence process within information governance requirements. Whilst the full benefit may be in 2015/16 there may be some benefit which is realised in 2014/15.

18. Urgent Care

Importantly this will tie in with the operational plan for resilience during the next 5 months and the associated financial plan. A review of financial allocations has been undertaken to direct resources to areas of certain and unavoidable expenditure. There are additional schemes which will have a direct operational and economic benefit during the last period of the financial year. The schemes with an economic benefit of over £250k in 2014/15 are set out below:

a) Reduce A&E attendances and emergency admissions

To obtain data from the ambulance service. Working with the ambulance service to identify themes/patient cohorts and agree remedial/mitigating actions. Consistent with action 8 of the urgent care action plan to review projects funded by the first tranche of winter resilience monies to support actions identified by the ambulance service.

b) Review all projects funded in local providers

Projects focusing on reduced length of stay will be reconsidered against projects aimed at reducing total attendances and admissions.

c) Appraise all Locality urgent care QIPP schemes

The urgent care project team will with Locality commissioning leads share QIPP plans confirm progress against implementation and opportunities to share best practice across the CCG. Revised QIPP plans will be agreed by 31 October. The CCG will lead the

production of Locality based System Resilience Groups (SRGs) recovery plans aimed at specifically reducing A&E attendances and emergency admissions.

The above actions will have a financial impact of **£520,000 in year**

d) Special Patient Messages

Quicker access to a clinician has been shown to reduce hospital admissions. We intend to introduce flagging on calls to the urgent NHS 111 number to identify patients who need quicker access to the out-of-hours doctor service in Devon. They will then be transferred to a clinician more quickly. We aim to ensure that this service is available for at least 2 per cent of the population in our area.

To ensure that the NHS 111 service is able to use the Special Patient Messages as an indication that a patient either has an LTC or a predetermined management plan and to allow rapid access to a GP consultation.

Financial Impact: **In year £1,080,000**

e) GP Visiting Service

To introduce a GP home visiting service across the CCG, starting each morning, to anticipate the care needs of particularly frail people. It builds on the example provided by the Beacon practices in West Devon and is a pilot scheme funded from the Prime Ministers' Challenge Fund.

Beacon practices in Western locality integrated a home visiting service using an additional GP to undertake visits starting at 9am each morning. The scheme has only been operational since the beginning of October. Visits are averaging about 3 a day, but in the first three weeks they estimate they have saved 9 admissions. The scheme has cost £48,000 for a six month pilot – taking the service closer to the patient and making savings for investment in the NHS.

Financial Impact: **In year £400,000**

19. Other Budgets and Contracts including Any Qualified Provider (AQP)

A review of contracts was completed in August with some financial benefit. A focus on other budgets and contracts included Any Qualified Provider to ensure appropriate financial controls are in place including when choice is being exercised. A reduction of £200k has been identified as part of the programme agreed by the Governing Body on 1 October.

20. Running Costs

At month 6 the forecast underspend is projected to be £2m and this allows for additional support for NHS Futures and a strengthening of internal governance structure relating to corporate services, finance and contracting. A small group of the CCG Executive Team has been established to ensure delivery of an additional £950k target using general austerity measures across the CCG. These will include central control of recruitment, planned slippage in IT developments and Organisational Development programmes. As

well as delivering savings, these plans also provide an important signal and backdrop to staff and members regarding the importance of all actions in the delivery of the CCGs financial target.

21. Technical Schemes

There are a number allocation issues that the CCG needs to resolve which particularly impact on where resource changes have been made which had unplanned or an unintended adverse impact on the CCG budget. The CCG believes it has a sound case to ensure these are corrected through the matching of income and expenditure for these services.

22. Capacity and Resources to Support the Plan

The CCG Governing Body and its Executive Team have undertaken a short term capacity review to ensure there is the appropriate level of internal and additional short term resources focused on the recovery plan. Executive and other senior clinicians and commissioning staff have been aligned to each programme. In addition arrangements have been made to ensure important business as usual tasks are covered with the appropriate level of seniority and capacity. Additional capacity is being procured in the form of an Interim Turnaround Director, Interim OD capacity to review the structure and capacity and further expertise in relation to continuing health care and contracting.

23. Impact on 2015/16 plan and NHS Futures programme

The CCG is currently leading and supporting, with a number of its' senior staff, NHS Futures work which aims to deliver the implementation of the community's sustainable financial and service strategy for the next 5 years. This is a critical programme of work. However, it is inevitable with the additional focus now required in delivering the 2014/15 financial target that two risks in relation to NHS Futures now emerge:

- a) The planned timetable for the delivery of detailed project initiation documents and business cases planned for the end of November may now not have sufficient staffing and leadership capacity.
- b) The collaborative approach to planning, contracting and resource allocation may be put at risk as a more transactional and robust approach is adopted during the last part of the financial year in order to maximise any financial benefit to the CCG.
- c) These risks will be mitigated through the NHS Futures governance groups and incorporation of some of the short term measures into the priority work-streams.

24. Summary

- Without decisive action CCG is heading for an over performance against plan of £14.5m which would result in a cumulative deficit of £43.7m.
- A deficit of this magnitude will have a significant impact on the CCG as under the Resource Accounting and Budgeting finance regime the CCGs allocation in 2015/16 would be reduced by this value.

- A Financial Recovery Programme is in place which will require detailed and focused action to ensure the necessary scale of financial savings are delivered to ensure the CCG meets its 2014/15 control total.

25. Recommendations

The Governing Body is requested to:

- Note and review the financial forecast at month 6.
- Approve the financial recovery programme to ensure delivery of the CCGs financial plan for 2014/15.
- The Governing Body is asked to support the temporary suspension of access to services ahead of the usual consultation process, following an overall positive quality and equality impact assessment. A final revised commissioning policy would be implemented following consultation.
- Require the CCG Executive to continue to identify further areas for cost saving as necessary to ensure delivery of the financial plan.
- Require the Chief Finance Officer to assess the financial impact of this programme on the recurrent financial position of the CCG, and on the NHS Futures programme of work.

Hugh Groves
Chief Finance Officer
29 October 2014