



Date: Monday, 14 December 2015  
Time: 10.00 am  
Venue:  
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## HEALTH AND ADULT SOCIAL CARE SCRUTINY COMMITTEE

### TO FOLLOW REPORT (S)

#### **6 Presentation from Shropshire Clinical Commissioning Group (Pages 1 - 8)**

Brigid Stacey, Acting Accountable Officer, and Donna McGrath, Chief Finance Officer, will attend the meeting to explain the current financial status of the CCG, provide a presentation on financial recovery and answer questions, so that the Committee is able to understand any implications for health and social care in Shropshire.

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# Shropshire Health & Adult Social Care Scrutiny Committee

## “Explaining Shropshire CCG Finances”



# Explaining Shropshire CCG Finances

- \* What is the forecast deficit for 15/16
- \* What are the main causes of the deficit
- \* What is the underlying position
- \* Actions in place to control expenditure in year
- \* What does it mean for 16/17 Planning round
- \* CCG Approach to 16/17

# What is the forecast deficit for 15/16?

Plan/Actual	£m
2015/16 Planned Surplus	3.6
2015/16 Forecast Deficit	(6.9)
<b>Overspend against budget</b>	<b>10.6</b>



Key Overspend Areas	£m
CHC	6.6
Acute Contracts	4.0
<b>Total Overspend</b>	<b>10.6</b>

- We started the year with a plan to deliver a £3.6m surplus.
- We have overspent against three key lines of expenditure;
  - Continued Health Care
  - Acute Contracts
  - Preparing for turnaround and winter
- This has created a deficit of £7.9m which is £11.5m adverse to our 2015/16 plan
- This is a change from the widely publicised £10.6m deficit caused, largely, by preparing for financial turnaround.

# What are the main causes of the deficit

Key Overspend Areas	£m
CHC	6.6
Acute Contracts	4.0
<b>Total Overspend</b>	<b>10.6</b>

## CHC

- We were hit, this year, by invoices totalling £2.2m relating to 2014/15
- 2015/16 budget set on the outturn for 2014/15
- Underlying growth in CHC spend also experienced

## Acute Contracts

- We set a plan that would mean activity levels would be similar to 14/15
- We have experienced significant growth in Emergency, Day Case, and Outpatient activity
- We have to pay our hospitals based on activity levels incurred and this has caused a forecast overspend against those contracts of £4m

# What is the underlying position

	£m
2015/16 Headline Deficit	6.9
Less Non Recurrent Items	
Brokerage Repayment from 14-15	(3.2)
Prior Year CHC settlements	(2.2)
One off benefits 15-16	1.4
<b>Underlying Deficit</b>	<b>2.9</b>

- The Headline Deficit which the CCG has identified this year contains a significant amount of non recurrent costs.
- Had these “one offs” not occurred then the CCG would have had a deficit of £2.9m this year.
- This deficit of £2.9m will need to be addressed as part of the bigger challenge in arriving at a balanced budget for 2016/17

# Actions in place to control expenditure in year

## **CCG capacity and capability to deliver financial turnaround**

In order to deliver the in-year Financial Recovery Plan (FRP), the CCG has reviewed its capability and capacity. As a result, the following measures have already been taken:

- Active management and enhanced leadership from the acting Accountable Officer (AO)

- Reorganisation of the executive team structure so that each executive now reports directly to the acting AO

- 26 key priorities allocated to executives

- Weekly executive meetings to report on FRP actions

- PMO launched from 4<sup>th</sup> September

- Additional capacity within the CCG

- Additional governance processes relating to the financial position

- Engagement of external specialists for CHC and finance to undertake diagnostics to ensure all savings opportunities have been identified.

- Tender for turnaround team issued with a view to having a dedicated team with the CCG w/commencing 14<sup>th</sup> December

- Increased grip on expenditure (Vacancy freeze, no off site meetings, Director only authorisation, frozen discretionary expenditure etc)

Increased communication and engagement with GP members, CCG staff, providers and CSU staff



# What does it mean for 16/17 Planning round

Size of Challenge	£m
Recurrent Deficit	2.9
16/17 cost pressures	10.1
<b>Total QIPP requirement 16-17</b>	<b>13.0</b>

- The £2.9m recurrent deficit from 15/16 is carried across into 2016/17 planning round.
- National Guidance means we have to plan to have a 1% contingency next year for unexpected cost pressures.
- The forecast net cost of inflation and growth is £6.4m for next year
- This leaves a total efficiency requirement for 2016/17 of £13.0m or 3.5% of our budget

## Response to Challenge:

- Focus on delivering remaining efficiencies this year which will roll into next year
- Cost reduction plan implemented – vacancy review and expenditure review
- Idea generation workshops with Executives, Providers and Governing Body
- Fortnightly Financial Recovery Plan task and finish group
- Appointment of a turnaround team from 14<sup>th</sup> December
- Robust approach to setting 2016/17 Contracts
- Identified as a CCG to receive Right Care Wave 1 support

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