

**Meeting:** Social Care, Health and Housing Overview and Scrutiny Committee  
**Date:** 17<sup>th</sup> November 2014  
**Subject:** Bedfordshire Clinical Commissioning Group Financial Recovery Plan  
**Report of:** James Corrigan, Chief Finance Officer, Bedfordshire CCG  
**Summary:** The purpose of this paper is to provide a briefing on the financial position of Bedfordshire CCG and outline the actions being taken to recover the financial deficit in 2014/15 and beyond.

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Advising Officer: James Corrigan, Chief Finance Officer, Bedfordshire CCG  
Contact Officer: As above  
Public/Exempt: Public  
Wards Affected: All  
Function of: Council

## **CORPORATE IMPLICATIONS**

### **Council Priorities:**

#### **Financial:**

2. BCCG has a planning duty to deliver financial balance in year whilst delivering nationally defined financial plan requirements.

#### **Legal:**

3. There are no legal implications for Central Bedfordshire Council.

#### **Risk Management:**

4. No direct impact applicable to this paper.

#### **Staffing (including Trades Unions):**

5. No direct impact applicable to this paper.

#### **Equalities/Human Rights:**

6. No direct impact applicable to this paper.

#### **Public Health**

7. No direct impact applicable to this paper.

#### **Community Safety:**

8. No direct impact applicable to this paper.

#### **Sustainability:**

9. No direct impact applicable to this paper.

#### **Procurement:**

10. No direct impact applicable to this paper at this point.

**RECOMMENDATION(S):**

**The Committee is asked to:-** Note the steps BCCG is taking to achieve financial recovery

**Background**

11. Historically, Bedfordshire has been well below its target funding allocation and so is underfunded in comparison with some other CCG areas. As a result it has struggled to achieve financial balance.
12. The national policy for funding CCGs has seen some movement to close this gap which has resulted in BCCG receiving an above average increase in funding. In 2014/15 we received an increase of £16.9 million (3.96%) and in 2015/16 £16.1 million (3.62%).
13. We welcomed this increase in funding which is above the minimum 2.14%. However, Bedfordshire remains below its target funding allocation by 8.45% (£40 million) in 2014/15 and 7.45% (£37 million) in 2015/16. Recently published projections from NHS England suggest Bedfordshire will continue to be a beneficiary as a result of the move towards fairer funding beyond 2015/16.

**Financial Context**

14. The CCG ended 2013/14 with a £1.4 million surplus. However, in delivering this surplus the CCG had unresolved issues moving from 2013/2014 to 2014/2015. These included brokering £5 million from elsewhere in the NHS which is repayable in the future, and a number of remaining areas of dispute in the 2013/2014 accounts.
15. The CCG prepared a revised financial plan for 2014/15 with the aim of returning the organisation to financial balance. This included deferring repayment of the £5 million we had brokered to 2015/16 and it allowed the CCG to produce a plan to deliver the required planning surplus of 1% or £4.6 million.
16. The total savings required to ensure the CCG delivered its planned surplus in 2014/15 was £30 million or 6.6% of the total funding of £458 million allocated to the CCG. We recognised at the time that this was a very ambitious target and prepared a plan detailing the interventions to be delivered, the governance of the plan and the communications required to support the delivery of the surplus. A summary of our original savings plan follows.

<b>Programme</b>	<b>Savings</b>
	<b>£'000</b>
Adults and Older People	2,340
Quality and Productivity	2,763
Medicines Management	3,400
Children, Young People and Maternity	105
Mental Health & Learning Disabilities	1,613
Effective Contract Management	8,415
Running Costs	300
Suspend Investment Reserve	11,169
<b>Total</b>	<b>30,105</b>

17. Since approval of the plan in April 2014/15, the CCG has continued to see growth in costs significantly above expectation. In particular we have seen a rise in emergency hospital admissions, continuing healthcare placements and mental health needs.
18. This continued increase in costs and the fact that we have only partially achieved our £30 million savings plan means the CCG is unlikely to achieve financial balance in 2014/15.
19. As a consequence the CCG is now in formal turnaround and is developing a detailed recovery plan to achieve financial balance.
20. We are also working with our providers and partners to make the longer term changes required to ensure a sustainable health system for the future, as set out in the Case for Change (published in April 2014), part of the Bedfordshire and Milton Keynes Healthcare Review.