

**Financial Plan 2016/17
Final Submission Update
18 April 2016**

North Yorkshire County Council

Scrutiny of Health Committee

Friday 22 April 2016

Tracey Preece – Chief Finance Officer

Financial Plan 2016/17

- National submission deadline moved from 11 April to 18 April
- Remit following Governing Body paper 7 April:
 - Improve bottom line ✓
 - Reduce and show mitigation plans for QIPP & overall risk ✗
 - Meet business rules ✓
- And:
 - Agree affordable main contract to include control total/risk share & system approach to achieving financial sustainability ✗
 - Agree BCF plans ✗
 - Undertake further detailed review of plan with NHSE ✓

But...with NHS
England
support

Bottom Line

	2 March Submission	Proposed 11 April & Gov Body 7 April paper	Improvement/ Deterioration	Submitted 18 April Plan	Further Improvement/ Deterioration
Bottom Line:	£m	£m	£m	£m	£m
2016/17 Closing Deficit Position	(18.2)	(16.3)	1.9	(13.3)	3.0
Deterioration from 2015/16 Forecast Outturn	(11.9)	(10.0)	1.9	(7.0)	3.0

- The plan still deteriorates in 2016/17 but the **bottom line has improved** further by £3.0m through the removal of discretionary spend & increase in risk within the plan.
- The long term financial plan still anticipates that this will be the last deterioration with the deficit held in 2017/18 and recovered over 2 years 2018/19 – 2019/20 with a return to surplus by the end of 2019/20 but this needs to be remodelled following 18 April submission of 2016/17 plan.
- A further full detailed financial review has been undertaken with the finance team at NHS England where no further areas for improvement were identified. Further re-alignment of recurrent and non-recurrent spend has been undertaken to ensure presentation of the plan is accurate.

QIPP & Risk

	2 March Submission	Proposed 11 April & Gov Body 7 April paper	Improvement/ Deterioration	Submitted 18 April Plan	Further Improvement/ Deterioration
QIPP Summary & Risk:	£m	£m	£m	£m	£m
QIPP Target	13.8	13.8		12.2	1.6
QIPP Identified	11.1	13.8	2.7	12.2	1.6
QIPP Risk	2.7	6.8	4.0	6.8	0.0
Other Risks	6.6	1.6	5.0	2.5	0.9
Mitigations	3.6	4.1	0.5	2.2	1.9
Net Risk	3.3	4.3	1.0	7.1	2.8
Net Risk Adjusted for Confidence Rating undertaken subsequent to 2 March submission		4.3	7.1		
Net Risk if approval for use of 1% Non-Recurrent given		0.0		2.8	2.8

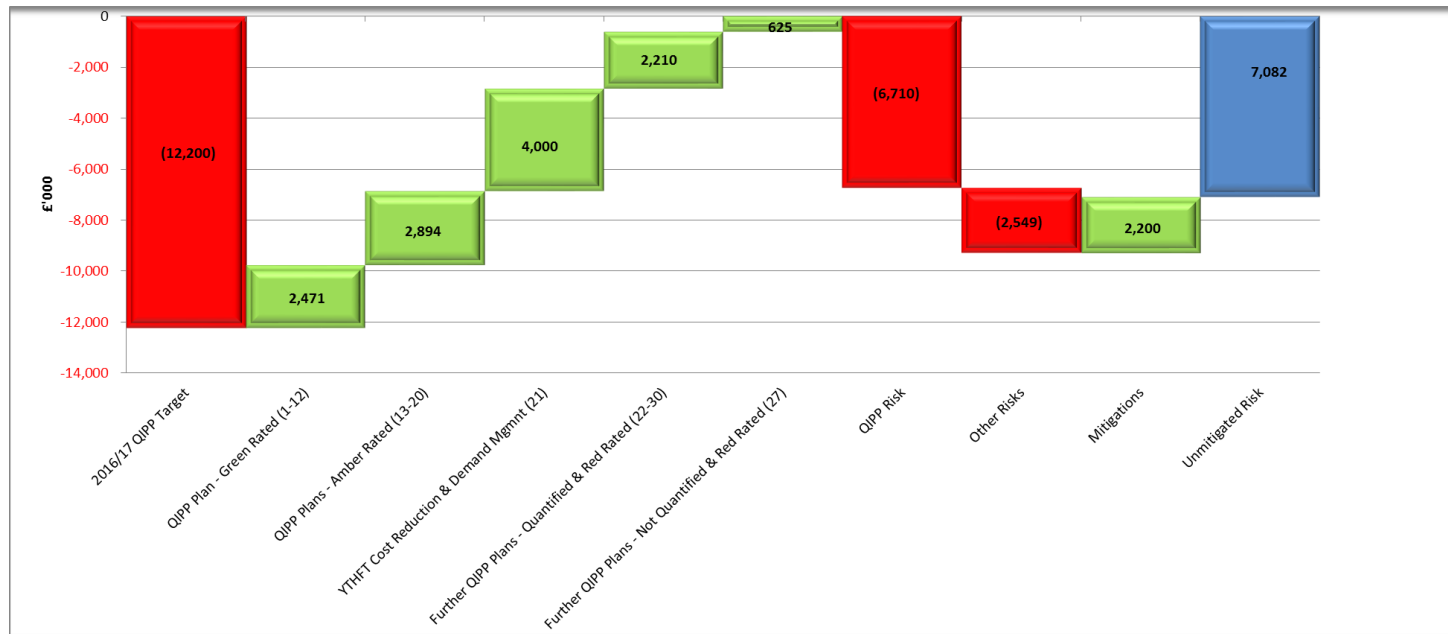
- The **QIPP target has reduced** by £1.6m to £12.2m (3.1%) and the profile of confidence has increased.
- The **overall unmitigated risk in the plan has increased** (worsened) by £2.8m from £4.3m to £7.1m.
- The net unmitigated risk if approval for the 1% non-recurrent resource is given has worsened from nil to £2.8m.

QIPP Plan & Risk Profile

Ref	Schemes	Start Date	2016/17 saving	RAG rating	Work stream	Area of spend
1	Anti Coagulation service	Jul-16	117	G	Primary Care	Acute
2	Paediatric Zero Length of Stay - Pathway review	Apr-16	34	G	Urgent Care	Acute
3	Emergency Department Front Door	May-16	91	G	Urgent Care	Acute
4	Urgent Care Practitioners	Apr-16	161	G	Urgent Care	Acute
5	Integrated Care Team Roll-out	Oct-16	567	G	Integration & Community	Acute
6	Community Intravenous	Jun-16	60	G	Integration & Community	Acute
7	Patient Transport	Apr-16	92	G	Integration & Community	Other programme services
8	Continence & Stoma Care	Apr-16	50	G	Prescribing	Prescribing
9	SIP Feeds	Apr-16	120	G	Prescribing	Prescribing
10	Dressings	Apr-16	63	G	Prescribing	Prescribing
11	Biosimilar Infliximab & Etanercept	Apr-16	366	G	Planned Care	Acute
12	Running costs review & financial controls	Apr-16	750	G	Other	Running Costs
13	Dermatology Indicative budgets	Apr-16	117	A	Primary Care	Acute
14	RightCare programme	Oct-16	317	A	Urgent Care	Acute
15	Wheelchairs & Community Equipment	Jan-17	31	A	Integration & Community	Community
16	Community Diabetes	Apr-16	152	A	Integration & Community	Acute
17	Prescribing schemes - priority schemes (inc Cat M 16/17 NR)	Apr-16	1,247	A	Prescribing	Prescribing
18	ENT service review	Jul-16	58	A	Planned Care	Acute
19	Reduction in S117 spend	Apr-16	250	A	Other	Mental Health
20	CHC packages review	Apr-16	722	A	Other	Continuing Healthcare
21	YTHFT Demand Management & Cost Reduction	Apr-16	4,000	R	Planned Care	Acute
22	Deep Vein Thrombosis Pathway	Apr-16	99	R	Primary Care	Acute
23	Review of Community Service beds	Apr-16	500	R	Integration & Community	Community
24	Assess to Admit	Oct-16	235	R	Urgent Care	Acute
25	Prescribing schemes	Jul-16	519	R	Prescribing	Prescribing
26	Non-Contracted Activity	Apr-16	267	R	Urgent Care	Acute
27	High Cost Drugs & Devices Review	Apr-16	535	R	Planned Care	Acute
28	RightCare programme	Apr-16	11	R	Planned Care	Acute
29	Dressings provided through continuing healthcare	Apr-16	33	R	Other	Continuing Healthcare
30	CHC Respecification of beds	Jul-16	12	R	Various	Various
31	Various schemes in development - identified but not quantified	Jul-16	625	R	Various	Various
Total savings identified			12,200			
QIPP target for 2016/17			12,200			
Unidentified QIPP			0			

Total identified schemes by RAG rating	Count	Rating
	2,471	G
	2,894	A
	6,835	R

QIPP Risk Profile



- The £6.7m QIPP risk represents a scheme-by-scheme assessment of delivery →
- Further £2.5m risk relating to mental health out of contract expenditure, potential pressure in BCF plans, primary care investment & agreement of acute contracts
- Only quantifiable mitigation at this stage is the contingency of £2.2m leaving net risk of £7.1m.

	Scheme Value	Risk of non-delivery	Risk
Red	6,835	77%	5,273
Amber	2,894	42%	1,206
Green	2,471	11%	274
Total	12,200	55%	6,752

Financial Mitigation Plan

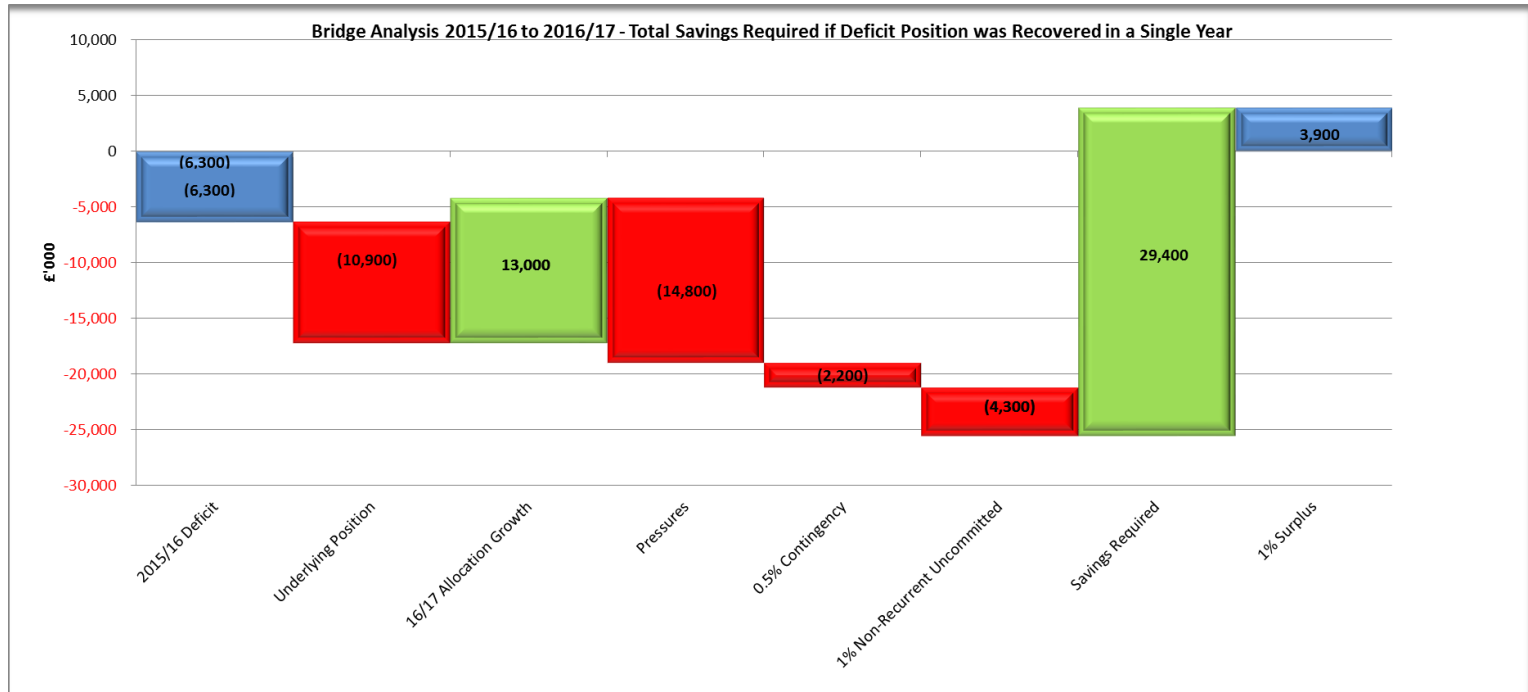
- **Contingency** – business rule 0.5% uncommitted - £2.2m
- **CQUIN** – targeting the scheme at jointly agreed, critical transformational and cost reduction plans provides a direct financial incentive for large scale change programmes to be implemented at pace with a financial consequence equal to the saving not achieved by the required timescale.
- **Activity & Performance** – consideration is being given to affordable levels of activity and performance.
- **BCF** – acknowledging a level of risk in not yet having agreed BCF plans across the 3 local authorities.
- **Further QIPP & Decommissioning** – CoR debating & agreeing
- **Contract with YHFT** – risk and demand management
- **Mental Health Out of Contract spend** – establish baselines
- **Request use of 1% non-recurrent resource**

Business Rules

	2 March Submission	Proposed 11 April & Gov Body 7 April paper	Improvement/ Deterioration	Submitted 18 April Plan	Further Improvement/ Deterioration
Business Rules:	£m	£m	£m	£m	£m
Cumulative surplus equal to or greater than 1% of allocation	No	No		No	Same
1% of allocation ring fenced for non-recurrent investment	Yes	Yes		Yes	Same
Contingency provided for at 0.5% of allocation	Yes	Yes		Yes	Same
Increase Mental Health spend in line with allocation growth	No	No		No	Same
Provide for Better Care Fund minimum contribution	Yes	Yes		Yes	Same

- Business rules are met with the exception of the 1% surplus and the Mental Health Parity of Esteem requirement which is due to the re-specification and procurement of all mental health services with a new contract in place from 1 October 2015.
- Under one of the principles for financial recovery agreed with NHS England (flexibility on business rules), the CCG will be requesting approval for use of the 1% non-recurrent contingency to help fully mitigate the risk in the plan.

LT Financial Recovery Plan Clinical Commissioning Group



- Further removal of discretionary spend has improved the overall position by a further £4.7m so the total gap is now £29.4m.
- This would represent savings in 1 year of 7.5% and is therefore unrealistic.
- A set of 12 Principles & Parameters has been developed, widely consulted on and refined to those shared in the Governing Body paper for April.

Modelling Options

Option	Savings £m	% of Core Allocation £m	16/17 Year-end Surplus/(Deficit) £m	Improvement/ (Deterioration) in year £m	Description
1	29.4	7.5%	3.9	10.2	Business rules & surplus achieved, recurrent deficit position recovered & all in-year pressures
2	25.5	6.5%	0.0	6.3	Year-end break-even, including recovery of part of the 15/16 deficit
3	19.2	4.9%	(6.3)	0.0	In-year standstill, recover recurrent deficit, meet all in-year pressures & business rules (excl surplus)
4	14.9	3.8%	(10.6)	(4.3)	In-year deficit £4.3m, equivalent to pressure of 1% NR business rule
5	12.7	3.2%	(12.8)	(6.5)	Recover underlying deficit position plus meet 16/17 in-year pressures but no business rules
6	12.2	3.1%	(17.9)	(11.6)	3.1% savings level
7	11.8	3.0%	(18.4)	(12.1)	3.0% savings level
8	5.4	1.4%	(20.1)	(13.8)	Savings at level of Green & Amber rated QIPP schemes

- Scenarios have been re-modelled and considered in light of the planned improvement in the bottom line and increase in risk profile within the submitted 2016/17 financial plan.
- 1-4 still preferable but the chosen option (6) is very close to recovering the whole underlying position and meeting 16/17 in-year pressures.

Principles & Parameters

1. Plans must be realistic & deliverable
2. 3-4% savings per annum maximum
3. Outline strategy backed by detailed plans – ‘top-down & bottom-up’
4. No short term measures that result in long term pressure
5. Transformational and transactional plans both required
6. Multi-year recovery timeframe
7. Flexibility on NHS England business rules during recovery period
8. Must support & deliver the operational plan & enable realisation of the CCG vision
9. Aim to reduce overall cost in the system & with providers
10. Stabilisation period leading to financial sustainability
11. System focus – work in partnership & with stakeholders
12. Accountability for delivery critical