



Scrutiny of Health Committee

22 June 2018

Item 5 - NHS Clinical Commissioning
Groups and NHS providers funding
position – discussion

2017/18 Financial Performance

	Plan £'000	Actual £'000	Difference £'000
CCG Revenue Resources	230,920	230,920	0
In Year Underspend	1,857	1,857	0
National Reserves Held Locally	0	1,266	1,266
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	1,857	3,123	1,266

Reported Underspend in Annual Accounts was £3,123k

CCG Running Costs	3,418	2,937	-481
Cost Savings Achieved	6,044	6,076	32

2018/19 Financial Plan

	Plan £'000	
CCG Revenue Resources	235,585	
In Year Target Underspend	0	
Savings Required to Deliver Plan <i>(Currently have £2.6m to identify)</i>	6,679	2.76%

Main cost savings expected from prescribing, planned care, and stopping ineffective pilot schemes.

Main risks relate to acute hospital activity and continuing care activity.

2017/18 Financial Performance

I&E performance before technical impairments and donated assets is a surplus of £7.5M

	Control Total Plan	Actual Performance	Diff
	£000`s	£000`s	£000`s
Surplus before STF	305	837	532
STF	4,116	6,692	2,576
Total Surplus	4,421	7,529	3,108

2018/19 Financial Plan

	£000`s	
Surplus	418	CIP target £8.1M
PSF (Was STF)	4,788	
Total	5,206	

At this stage the trust is working towards the delivery of the CIP target.

CIP Delivery for 2017/18

To Trust delivered £9.8M of Cost improvements in 2017/18

During the year the Trust did go into recovery mode which led to weekly finance meetings with the clinical groups to review:

- Income & Activity Levels
- CIP Performance
- Agency & Bank spend

Main areas of improvement

- Reduced Depreciation charges
- Workforce Initiatives – Skill mix and role reviews
Reductions in Bank & agency
- Procurement savings
- Greater controls on non essential non pay spend.

Overview & Scrutiny

Financial overview

22 June 2018

2017/18 outturn and 2018/19 plan

	Original Plan £m	Outturn £m	Sustainability funding (STF) £m	Outturn including STF £m
2017/18	2.1	(2.5)	3.6m	1.1m

	Plan £m	Control Total £m	Sustainability Funding £m	CIP requirement
2018/19	0.0	0.0	4.0	10.2

Savings plans / actions

- Reduction in agency spend through reducing demand and controlling pay rates
- Benefits realisation of our Wholly Owned Subsidiary
- Procurement opportunities locally and across the Provider network
- Reduction in length of hospital stay to manage within our bed base
- Efficiency delivered through the opening of our new endoscopy unit
- Managing staff turnover and vacancies
- Theatre productivity to reduce 'out of hours' operating
- Working with HaRD CCG through an Aligned Incentive Contract to manage financial and activity risk, and assist in the management of winter pressures

Financial Update to the Scrutiny of Health Committee

Friday, 22 June 2018



2017/18 Outturn and 2018/19 Plan

	Original Plan £m	Outturn £m	QIPP Plan £m	QIPP Delivery £m
2017/18	(£6.5m)	(£12.8m)	£8.5m	£3.9m

	Plan	Control Total	Commissioner Support Funding	QIPP requirement
2018/19	(£10.0m)	(£10.0m)	£10m	£5.6m



Recovery Plan and Actions

2018/19 focused on delivering control total requirement of £10m deficit and to qualify for access to Commissioner Sustainability Funding

Medium term financial plans developed with Harrogate system partners to 2020/21 as part of the overall West Yorkshire and Harrogate Health and Care Partnership

Partnership working with main acute provider, HDFT. Aligned Incentives Contract agreed for 2018/19.

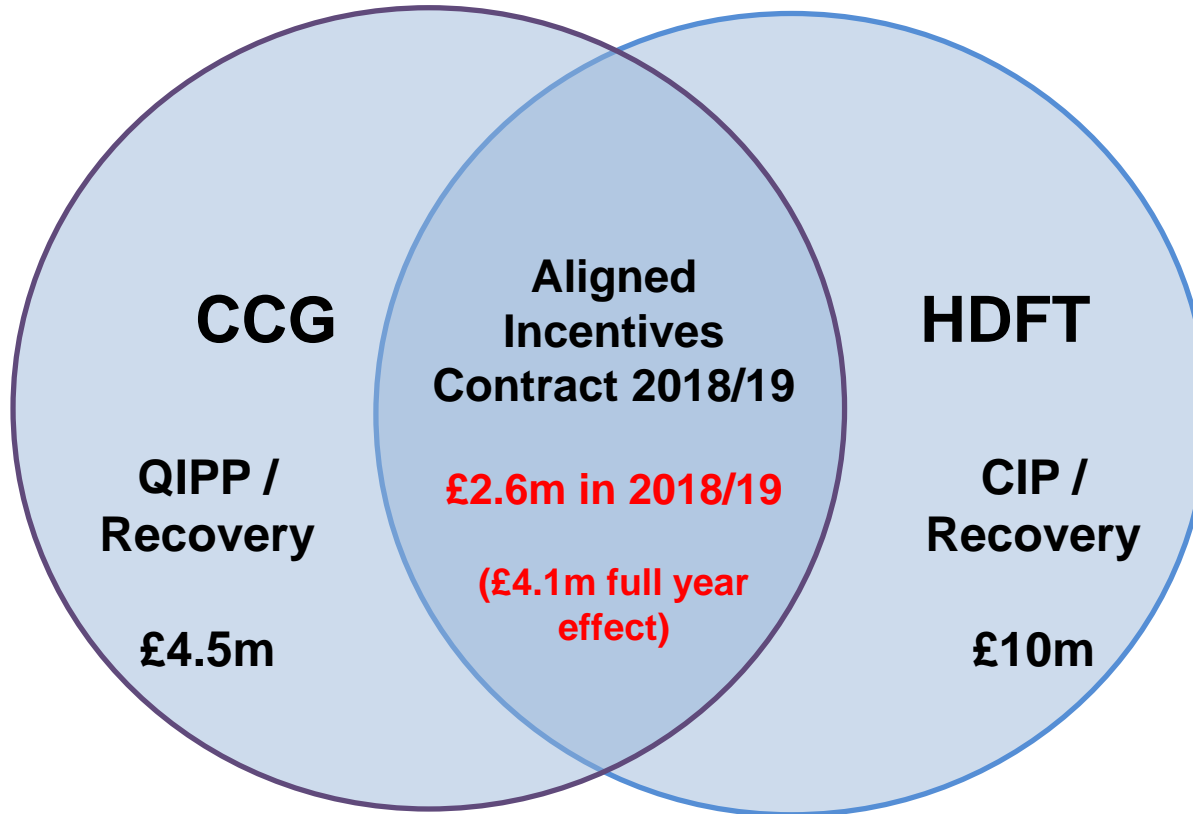
Mental Health – minimum invested standard met – partnership board established to deliver efficiencies and performance

Integrated Community Care – provider collaborative working together to deliver joined up services for local people

Continuing Health Care – redesigned processes to improve value for money and experience

Continued focus on optimal prescribing and reducing medicines waste

Harrogate system - Scale of the Challenge in 2018/19



*Assumes delivery of provider and commissioner control totals in 2018/19

*Assumes receipt of STF and CSF funding



Harrogate and District
NHS Foundation Trust



Harrogate and Rural District
Clinical Commissioning Group

Rationale for Change

Why do we need a different approach?

- PBR doesn't incentivise correctly and creates perverse incentives
- PBR is inflationary – drives up cost
- Current contractual agreements lead to organisational thinking not system
- Contract levers don't work (not always)
- Policy context and financial conditions are changing
- Current systems lead to more of the same – transformation is not enabled

What does different look like?

- Place based, system working
- Focus of value - cost, efficiency, effectiveness
- Equitable contracting arrangements and allocation of resources
- Contracts that enable transformation
- Risk sharing, joint planning and joint savings programme
- Transparent behaviour
- Alignment of system incentives

***Collaborative Framework to align effort to deliver something sustainable
Focus on cost and value for money***



Scarborough and Ryedale CCG

Financial update to Scrutiny of Health Committee

2017/18 Outturn and 2018/19 Plan

	Original Plan	Capped Expenditure Plan	Outturn	QIPP Plan	QIPP delivery
2017/18	£(5.3)m	£(1.4)m	£(7.5)m	£6.2m	£4.3m

	Plan	Control Total	Commissioner Support Funding	QIPP requirement
2018/19	£(4)m	£(4)m	£4m	£5.5m

Surplus / (Deficit)

Recovery Plan and Actions

- To improve the in year financial position from £(7.5)m deficit to £(4)m deficit in 2018/19, to obtain £4m of Commissioner Support Funding.
- To continue a trajectory of financial recovery, with the in year deficit reducing to £(2.1)m in 2019/20 and a surplus of £0.3m in 2020/21. At this time the CCG will have a cumulative deficit of £(10.9)m.

This will be achieved through:

- Continued demand management, through thresholds and pathway management, and supporting more self care
- Work with York NHS FT under an Aligned Incentive contract to manage patients differently, including advice and guidance and virtual clinics, to manage demand within existing resources
- Strategic review of estates and clinical services
- Control demand for urgent care through improved primary and community care
- Review of CHC processes to efficiently manage packages and care needs
- Continued work on management of prescribing, and optimum product use

Financial update to Scrutiny of Health Committee

NHS Vale of York CCG

2017/18 Outturn and 2018/19 Plan

	Original Plan £m	Capped Expenditure Plan £m	Outturn £m	Underlying £m	QIPP Plan £m	QIPP delivery £m
2017/18	(£16.1m)	(£6.3m)	(£20.1m)	(£21.7m)	£14.4m	£7.9m

	Plan	Control Total	Commissioner Support Funding	QIPP requirement
2018/19	(£14.0m)	(£14.0m)	£14m	£14.5m

Surplus / (Deficit)

Recovery Plan and Actions

- The Vale of York CCG has developed a 2018/19 Financial Recovery Plan ('FRP') totalling £15.4m, with a plan requiring £14.5m to achieve an in-year deficit of no more than £14.0m.
- A stable Executive and Clinical Leadership team is now in place and has made significant progress in structuring the FRP to address all major areas of financial opportunity.
- The CCG has taken a fundamentally different approach to the development of its strategy based on a detailed understanding of its population needs.
- The CCG believes that, in order to deliver real change, a radical new approach to system leadership, commissioning and delivery is required.
- Up until now, the health and social care system which VoY is part of has failed to produce the correct incentives and behaviours that lead to large scale efficiency savings.



Financial update to Scrutiny of Health Committee

2017/18 Outturn and 2018/19 Plan

	Original Plan	Capped Expenditure Plan	Outturn	QIPP Plan	QIPP delivery
2017/18	£ Breakeven	N/A	£(5.6)m	£8.6m	£5.8m
	Plan	Control Total	Commissioner Support Funding	QIPP requirement	
2018/19	£(3)m	£(3)m	£3m	£7.7m	

Surplus / (Deficit)

Recovery Plan and Actions

Overall Objectives:

- To improve the in year financial position from a £5.6m deficit in 2017/18 to a £(3)m deficit in 2018/19, If this plan is delivered, the CCG will receive £3m of Commissioner Support Funding.
- To continue a trajectory of financial recovery, with the in year deficit reducing to £0.8m in 2019/20 and a surplus of £2.23m in 2020/21.
- The CCG is currently planning to recover its cumulative deficit by 2022/23.

Planned Financial Recovery measures

- PbR contracts have been signed with all of its acute providers.
- QIPP targets have been agreed for all of our main budgets (acute services, CHC & prescribing). The CCG is receiving additional QIPP support (as part of a national QIPP programme);
- Review of CHC processes to efficiently manage packages and care needs
- Continued work on management of prescribing, and optimum product use
- Continued demand management, through thresholds and pathway management, and supporting more self care;
- Working with practices (prioritising the highest cost practices) to control demand for urgent care through improved primary and community care (agreement of a new frailty specification);

Future Years:

- Continuing to work collaboratively with STCCG and STHFT to assess the opportunities presented by an aligned incentive contract focused on reducing overall costs to the system and delivering a sustainable system model of healthcare delivery to our population.

Financial Performance 2017-2019

Key Metrics	2017/18		2018/19
	Plan	Actual	Plan
Income & Expenditure: Surplus/ (-)Deficit (£m)	3.3	-20.1	-1.9
NHSI Control Total: Surplus/ (-) Deficit (£m)	3.2	3.2	-1.9
Sustainability & Transformation Fund Earned (£m)	11.8	3.1	-
Provider Sustainability Fund Earned (£m)	-	-	12.5
Cost Improvement Programme (£m)	22.8	23.3	21.7
Cost Improvement Programme (% of Spend)	4.7%	4.6%	4.3%

2017/18

- Deficit primarily due to loss of STF, and safer staffing issues.
- Interim revenue support to working capital of £23m borrowed from DoH in 2017/18.

2018/19

- Forecast to meet plan.
- Further interim revenue support to working capital of £1.8m expected during 2018/19.

Financial Management and Recovery Plan, Features & Challenges 2018/19

- Financial Recovery Plan - commenced during 2017/18 reduced underlying spend by £14m.
- Cost Improvement Programme – new target for 18/19 of £21.7m, representing 4.3% of spend v national efficiency requirement of 2%.
- NHSI Control Total – reduced requirement of £7.5m from NHSI over previously notified expectation, in part recognising the provision of uneconomic services on the east coast.
- Local Health System – current gap between the Trust's income expectation from CCGs, and CCGs spend plans with the Trust of £21m. The system is now working collaboratively to deliver an ambitious QIPP (Quality, Innovation, Productivity and Prevention) programme designed to bridge the gap, supporting by a prospective new contracting arrangement.



South Tees Hospitals
NHS Foundation Trust

North Yorkshire County Council Scrutiny of Health Committee

22 June 2018



Excellence in Patient Outcome and Experience



South Tees Hospitals
NHS Foundation Trust

Financial Position



Excellence in Patient Outcome and Experience

South Tees Hospitals Foundation Trust

2017/18 performance and 2018/19 plans

Area	2017/18 Plan	2017/18 Outturn (pre-determination settlement)	2018/19 Plan
Acute	£69,733,371	£71,263,328	£71,562,321
Better Care Funding	£1,413,999	£1,409,861	£1,415,413
Community	£8,772,892	£8,812,112	£8,833,790
Total (excl. QIPP)	£79,920,262	£81,485,301	£81,811,524
QIPP	(£4,545,046)		(£1,928,079)
Total (incl. QIPP)	£75,375,216	£81,485,301	£79,883,445

2018/19 Delivery Plan and Recovery Plans

Area	2017/18 Plan £m
Clinical Income	545.9
Non-Clinical income	39.9
Income	585.8
Pay	(358.0)
Non-Pay	(223.9)
Technical	(40.9)
Productivity and Efficiency programme	26.8
Expenditure	(595.9)
Control Total Deficit	(10.1)

Clinical Income breakdown

	£m
South Tees	226.2
HRW	81.8
Specialised	162.4
Contracted	71.1
Non Contracted	4.4
	<u>545.9</u>