

Meeting: Governing Body			
Meeting Date	23 May 2018	Action	Receive
Item No.	14b	Confidential	No
Title	2018/19 Final Financial Plan		
Presented By	Mike Woodhead, Interim Chief Finance Officer		
Author	Mike Woodhead, Interim Chief Finance Officer		
Clinical Lead	-		

Executive Summary

This paper updates members on the CCG's financial plan, based on the final submission to GMHSCP on 26 April 2018. There is no material change to the headline figures already shared with members in April. These plans were therefore submitted as our final iteration under the delegated authority given to the Interim CFO by the Governing Body in April.

The CCG plans to break even in-year including:

- Holding the required 0.5% contingency of £1.5m
- Planning to make efficiency savings (QIPP) of £8.5m, of which 34% has no identified scheme yet
- A net risk position of £5.4m
- An underlying deficit of £3.2m
- Meeting minimum requirement for Better Care Fund (BCF) pooling
- Staying within the reduced running cost allocation of £4.32m

The CCG is required to produce a Financial Improvement Plan for GMHSCP.]

Recommendations

It is recommended that the Governing Body :

- Members are asked to note the contents of the report and the key risks to achievement of the plans.
- Members are asked to agree an approach to the production of an Improvement Plan, to be submitted to GMHSCP by the end of May (proposals will be tabled at the meeting, following discussion with GMHSCP colleagues).

Links to CCG Strategic Objectives

To empower patients so that they want to, and do, take responsibility for their own healthcare. This includes prevention, self-care and navigation of the system.	<input type="checkbox"/>
To deliver system wide transformation in priority areas through innovation	<input type="checkbox"/>

To develop Primary Care to become excellent and high performing commissioners	<input type="checkbox"/>
To work with the Local Authority to establish a single commissioning organisation	<input type="checkbox"/>
To maintain and further develop robust and effective working relationships with all stakeholders and partners to drive integrated commissioning.	<input type="checkbox"/>
To deliver long term financial sustainability in partnership with all stakeholders through innovative investment which will benefit the whole Bury economy.	<input checked="" type="checkbox"/>
To develop the Locality Care Organisation to a level of maturity such that it can consistently deliver high quality services in line with Commissioner's intentions.	<input type="checkbox"/>
Supports NHS Bury CCG Governance arrangements	<input type="checkbox"/>
Does this report seek to address any of the risks included on the Governing Body Assurance Framework? If yes, state which risk below:	
GBAF <i>[Insert Risk Number and Detail Here]</i>	

Implications						
Are there any quality, safeguarding or patient experience implications?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>	N/A	<input type="checkbox"/>
<i>If you have ticked yes provide details here. Delete this text if you have ticked No or N/A</i>						
Are there any conflicts of interest arising from the proposal or decision being requested?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>	N/A	<input type="checkbox"/>
<i>If you have ticked yes provide details here. Delete this text if you have ticked No or N/A</i>						
Are there any financial Implications?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input type="checkbox"/>
<i>If you have ticked yes provide details here. Delete this text if you have ticked No or N/A</i>						
Has a Equality, Privacy or Quality Impact Assessment been completed?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>	N/A	<input type="checkbox"/>
Is a Equality, Privacy or Quality Impact Assessment required?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>	N/A	<input type="checkbox"/>
Are there any associated risks?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>	N/A	<input type="checkbox"/>
Are the risks on the CCG's risk register?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input type="checkbox"/>
<i>If you have ticked yes provide details here. If you are unsure seek advice from Lynne Byers about the risk register.</i>						

Governance and Reporting		
	Date	Outcome
Finance, Contracting and Procurement Committee	17/05/2018	Report discussed

2018-19 Financial Plan

1. Purpose of the Paper

- 1.1. This paper updates members on the CCG's financial plan, based on the final submission to GMHSCP on 26 April 2018.
- 1.2. There is no material change to the headline figures already shared with members in April. These plans were therefore submitted as our final iteration under the delegated authority given to the Interim CFO by the Governing Body in April.

2. Headlines

- 2.1. The table overleaf shows an extract of the key headlines from the detailed planning submission.
- 2.2. Revenue allocations have increased from £292.7m to £294.1m.
- 2.3. The CCG plans to break even in-year including:
 - 2.3.1 Holding the required 0.5% contingency of £1.5m
 - 2.3.2 Planning to make efficiency savings (QIPP) of £8.5m, of which 34% has no identified scheme yet
 - 2.3.3 A net risk position of £5.4m
 - 2.3.4 An underlying deficit of £3.2m
 - 2.3.5 Meeting minimum requirement for Better Care Fund (BCF) pooling
 - 2.3.6 Staying within the reduced running cost allocation of £4.32m

3 Assumptions

- 3.1 The CCG has produced these plans in line with NHSE planning guidance. Key assumptions include:
 - 3.1.1 Deflator of 2% and inflation of 2.1% applied to secondary, mental health and community contracts
 - 3.1.2 Demographic growth of 0.54% has been built into appropriate budgets (in line with Bury ONS data) with non-demographic growth included at varying rates based on detailed analysis.

2018/19 Financial Plan Summary

	2017/18 £000	2018/19 £000
Revenue Resource Limit		
Recurrent	282,024	293,819
Non-Recurrent	10,628	271
Total In-Year allocation	292,652	294,090
Income and Expenditure		
Acute	147,545	151,916
Mental Health	28,282	28,183
Community	24,445	25,209
Continuing Care	12,592	13,694
Primary Care	37,334	37,428
Other Programme	10,458	5,397
Primary Care Co-Commissioning	23,309	23,787
Total Programme Costs	283,965	285,614
Running Costs	4,346	4,319
Contingency	2,657	4,157
Total Costs	290,968	294,090
Underspend/(Deficit) In-Year Movement	1,684	-
In-Year (RAG)	GREEN	GREEN
Net Risk/Headroom		(5,353)
Risk Adjusted Underspend/(Deficit)		(5,353)
Risk Adjusted Underspend/(Deficit) (RAG)		RED
Underlying position - Underspend/ (Deficit)	(3,680)	(3,161)
Underlying position - Underspend/ (Deficit) %	-1.3%	-1.2%
Underlying position (RAG)	RED	RED
Contingency		1,471
Contingency %		0.5%
Contingency (RAG)		GREEN
Notified Running Cost Allocation	4,346	4,319
Running Cost	4,346	4,319
Under / (Overspend)	-	-
Running Costs (RAG)	GREEN	GREEN
Population Size (000)	203.0	205.0
Spend per head (£)	21.41	21.07
Net Efficiency Savings		
Recurrent (inclusive of full year effect)		5,600
Non-Recurrent		2,890
Total		8,490
% of Notified Resource		2.9%
Unidentified		2,890
% Unidentified		34.0%

- 3.1.3 NHSE business rules have been complied with, i.e. the CCG is planning for in-year breakeven whilst holding a 0.5% contingency.
- 3.1.4 Required investment levels in primary care co commissioning have been made
- 3.1.5 additional expenditure on Mental Health in line with the CCG's increased allocation, meeting Parity of Esteem expectations
- 3.1.6 Increased inflation for CHC to cover the increases in minimum wage costs
- 3.1.7 All NHS contracts have been agreed and are reflected in the plans.

4 Notes

- 4.1 The £1.7m underspend reported in 2017/18 represents achievement of business rules for that year. That underspend is added to the CCG's cumulative surplus, held centrally by NHSE, which is not available for CCG use in 2018/19.
- 4.3 7 out of 10 GM CCGs are reporting a planned net risk for 2017/18, all of whom have now been asked to produce an Improvement Plan for GMHSCP by the end of May.

5 Risks and Mitigations

- 5.1 The table, below, summarises the risks and mitigations that have been included in the plans.

	Risks		Mitigations		Total £000
	Under achievement of QIPP £000	Other £000	0.5% contingency £000	Other £000	
Acute	760	2,000			2,760
Community Health	1,300				1,300
Mental Health		500		500	-
Primary Care	160				160
Other	2,940	200	1,470	537	1,133
Total	5,160	2,700	1,470	1,037	5,353

- 5.2 All key acute and mental health providers have presented pressures in 2017-18 and this is likely to continue.
- 5.3 Financial risks relating to the pressures within PCFT, specifically relating to safer staffing are highlighted. Should the CCG need to support these pressures, investment in other mental health services might need to be reduced/ delayed.
- 5.4 A significant proportion (34%) of our QIPP target has no schemes identified. Opportunities for further savings have been identified through a Task and Finish Group and also using Right Care analysis. Work is underway to develop PIDs and business cases. However, there is a high risk of material slippage/under-achievement.
- 5.5 The CCG is working to identify sufficient non recurrent mitigations to support delivering a balanced position; however there is a high likelihood that additional support will be required to mitigate risks. Until that time, the plan shows a net risk position of £5.4m.
- 5.6 The need to focus on short-term financial fixes could be to the detriment of the long-term transformation plan.

6 Recommendations

- 6.1 Members are asked to note the contents of the report and the key risks to achievement of the plans.
- 6.2 Members are asked to agree an approach to the production of an Improvement Plan, to be submitted to GMHSCP by the end of May (proposals will be tabled at the meeting, following discussion with GMHSCP colleagues).