

Governing Body – 3 January 2018	
Lead Executive:	Wendy Allott, Chief Finance Officer
Lead Officer:	Keely Firth, Deputy Chief Finance Officer
Lead GP:	Dr Jason Page, GP lead for Finance and Governance
FINANCIAL PLAN 2018/19	

1. INTRODUCTION

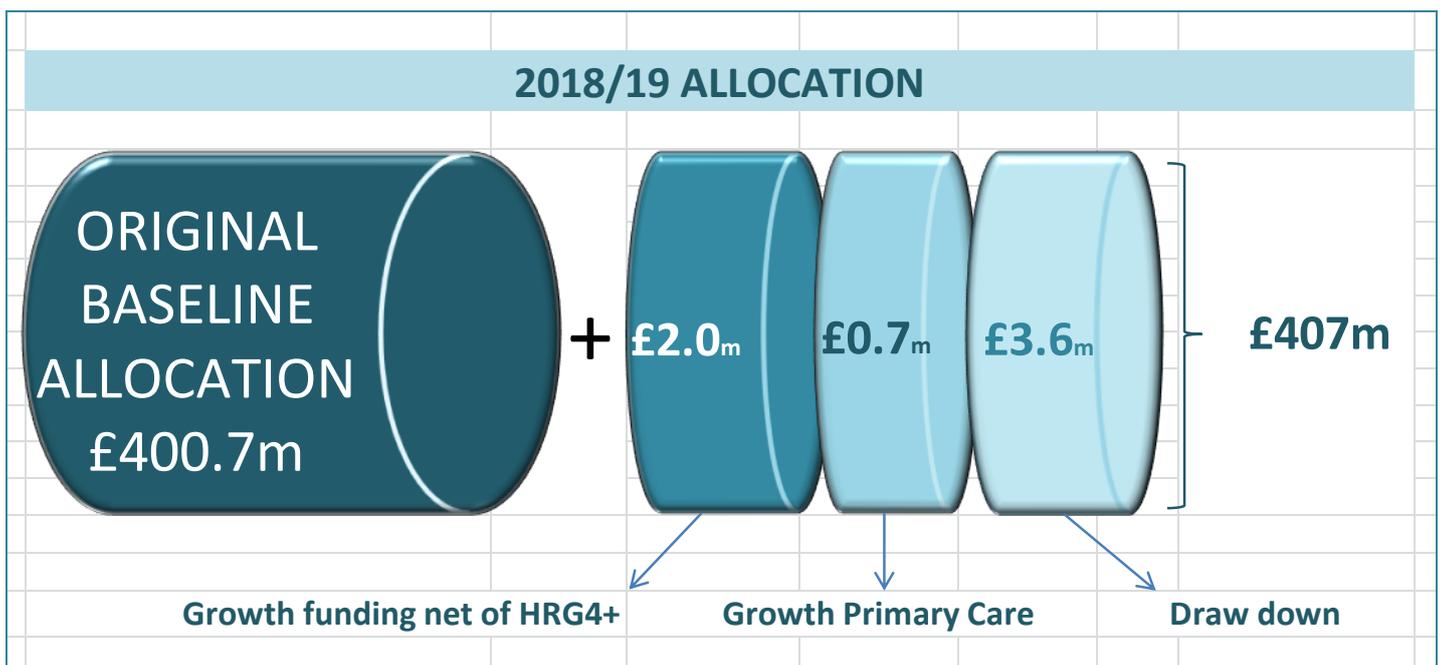
This paper informs Governing Body Members of the draft plan for 2018/19 which will be submitted to NHSE in February 2018 – further updates will be provided prior to final sign off in April 2018.

2. CCG FINANCIAL OBLIGATIONS - CCG is planning to achieve the NHSE business rules as follows:

1%	Operating <u>Surplus</u>	£4m for RCCG
1%	Recurrent <u>headroom</u>	£4m for RCCG
0.5%	Contingency	£2m for RCCG

3. ROTHERHAM CCG 2018/19 ALLOCATION ASSUMED IN PLANS

The illustration below shows the movement between the 2017/18 recurrent allocation and the 2018/19 assumed allocation.



4. PLANNING OBLIGATIONS

There are more details about service specific priorities in the main CCG plan narrative which will be submitted alongside plans which will also cover how they link to the STP. Assurance is given in this paper that the financial strategy has been developed to underpin these objectives which include the following:

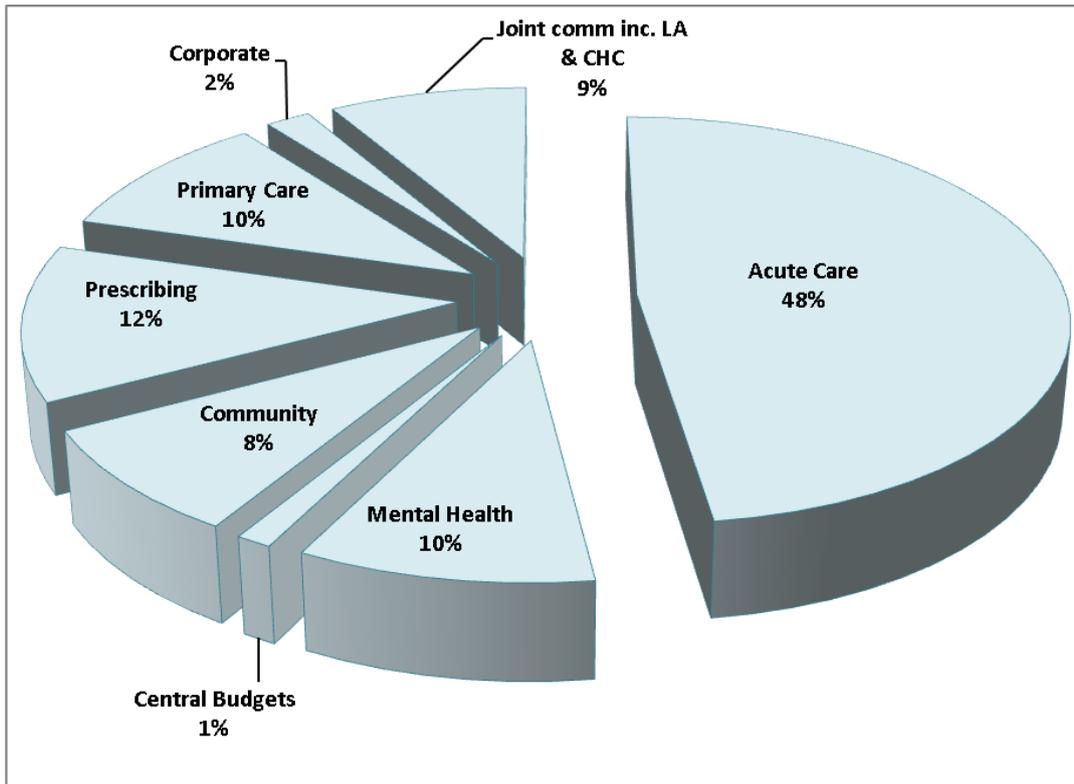
- (i) **Demand management initiatives** in key areas including those highlighted in the Right Care packs, reduced referrals including the implementation and embedding of clinical thresholds and first to follow up activity reduced to peer average.
- (ii) **Elective Care Redesign** - areas of innovation being developed for example the *Virtual Endocrinology clinic*.

- (iii) The opening of the new **Urgent and Emergency Care Centre** has ensured that primary and secondary care services will be safeguarded for the future and delivered 24 hours a day, seven days a week.
- (iv) The award winning social prescribing service will continue to **promote self-care, prevention and better management of long term conditions** as part of the outcomes for those identified at high risk of admission to hospital.
- (v) Our **Care Coordination Centre** is well established and could expand to cover a wider cohort of services including mental health, voluntary and social care sector services with improved access through a comprehensive directory of services.
- (vi) Rotherham has a place based plan and **operates an Accountable Care Partnership**.
- (vii) Rotherham CCG has a dedicated and **effective medicines' management** team who have already successfully improved prescribing processes in GP Practices whilst reducing waste. They will expand this rolling programme and continue to support specific workstreams such as Diabetes which - supported by monies from NHSE - employs an extra Diabetes Nurse and Dietician in order to accelerate the education provided to Primary Care and to patients (including a particular emphasis on the BME community) in order to improve outcomes for patients with Diabetes.
- (viii) Rotherham CCG has a **strong in-house Continuing Healthcare (CHC) team** who have demonstrated over the last 12 months that their strict adherence to the assessment framework has ensured that the appropriate care packages have been made available to patients. Costs have been controlled in an area experiencing significant increases in demand.
- (ix) **Financial plans have been reflected in contract offers** to providers and activity is built up from the normalised FOT position with growth added and the impact of the interventions mentioned above reducing specific specialties' activity by point of delivery.
- (x) Rotherham CCG has a place based plan and this includes both commitments and timelines for the implementation of specific objectives. The plan encompasses **better utilisation across the wider public estate, more integrated primary, community, acute and social care services and promotes prevention and early intervention**.
- (xi) Rotherham CCG has continued to invest in Mental Health and LD services to achieve **parity of esteem**.

5. PROPOSED BUDGET FOR 2018/19

Rotherham CCG Summary Plan 2017/18	Opening Recurrent Plan £m	REASONS FOR CHANGES BETWEEN YEARS				Recurrent Plan 18/19 £m	Non recurrent spend 2018/19 £m	TOTAL Plan 2018/19 £m
		Tariff efficiency built into contracts £m	Inflation & Tariff Price changes £m	Savings from QIPP schemes £m	Growth & New Services £m			
Acute & Mental Health	229.9	(4.3)	5.4	(5.5)	7.7	233.2	1.6	234.7
Community	32.4	(0.6)	0.7	(0.5)	0.5	32.5	0.0	32.6
Prescribing	49.1	0.0	3.4	(3.2)	1.0	50.3	(0.2)	50.1
Primary Care	39.4	0.0	0.5	0.0	0.2	40.1	0.6	40.7
Corporate	8.0	0.0	0.0	(0.1)	0.2	8.1	(0.1)	8.0
Partnerships inc. CHC	34.4	(0.0)	0.0	(1.0)	1.0	34.4	1.7	36.1
Central Budgets	1.6	0.0	0.0	0.0	1.9	3.5	1.3	4.8
Grand Total	394.8	(4.9)	10.0	(10.2)	12.4	402.1	4.9	407.0

6. PERCENTAGE SPLIT OF PROPOSED FINANCIAL PLAN

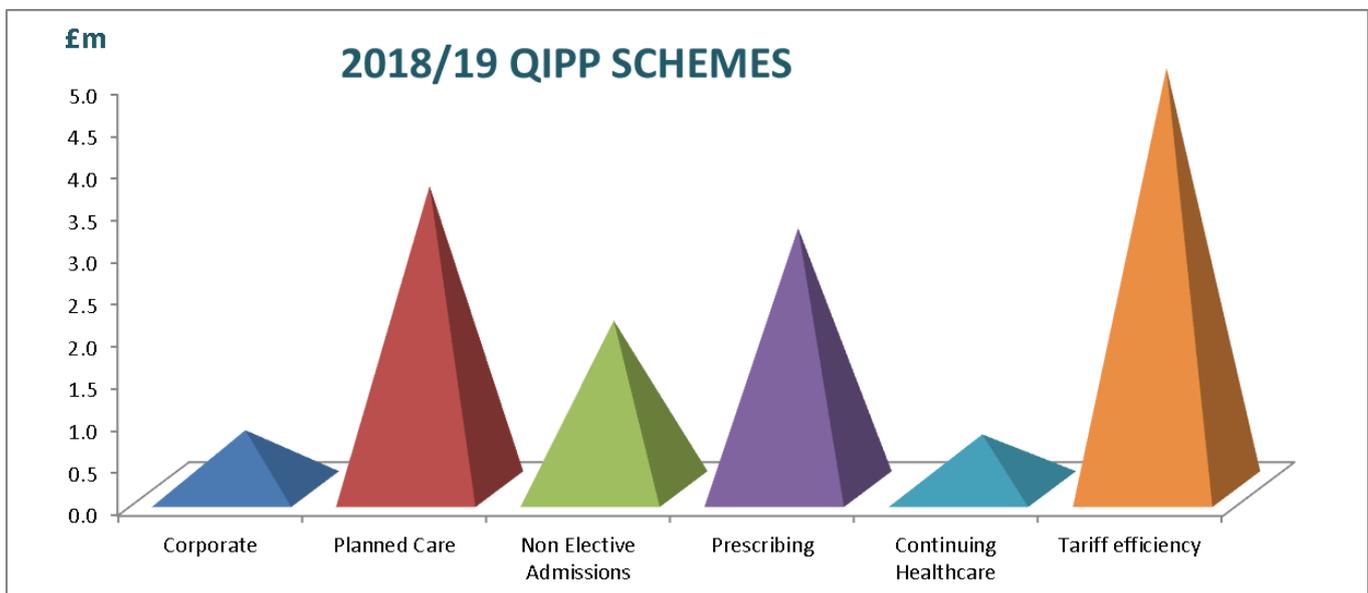


KEY MESSAGES

- 6.1. Primary Care has been increased by the £0.7m allocated for 2018/19. The increase is preserved and the Primary Care Committee will progress the developments in line with national requirements and the Rotherham Primary Care Strategy over the next few months.
- 6.2. There is a significant investment in Mental Health and Learning Disabilities. In addition to national funds (2018/19) for Adult Mental Health Liaison (Core 24), the CCG has earmarked additional funding for CAMHs, Crisis Response, EIP (Early Intervention in to Psychosis) and SMI (serious mental illness) Health.
- 6.3. There is growth in prescribing, CHC and Community – net of challenging QIPP programmes.
- 6.4. Increases in prices and activity are built into Acute Care net of challenging QIPP programmes.

7. QUALITY, INNOVATION, PREVENTION AND PRODUCTIVITY (QIPP) SAVINGS

The table below sets out the QIPP assumptions for the forthcoming year:



8. RISKS - There are a range of risks to the delivery of the financial plan:

- (i) Failure to manage growth in hospital activity will create financial pressure – both for the CCG and RFT if costs cannot be reduced as planned. However, the CCG's QIPP delivery governance structure is well placed to identify where plans are not working and, with the relevant clinicians engaged, action can be taken to rectify problems during the year.
- (ii) Linked to (i) above, the plans are predicated in part upon Primary Care having the appropriate capacity to deliver the services required in Rotherham. This is already being addressed through the Primary Care strategy and 2018/19 will be year three of a four year plan to strengthen primary care and ensure that all practices achieve a minimum standard and quality requirement.
- (iii) Previous years have seen significant increases in Prescribing volume and price growth and there is an assumption that this will continue to some extent. This is exacerbated by shortages in the pharmaceutical supply chain which can occur at any time forcing category M prices to suddenly increase. In addition, NICE guidance may also have an adverse effect on cost growth.
- (iv) The CCG has a challenging QIPP plan. Quality impact assessments (QIAs) will be completed for governing body approval. Local providers are in the process of finalising their plans and will sign off impact assessments with their respective Boards and will confirm to the CCG when this is complete.
- (v) Failure to obtain the drawdown funds (£3.6m) from NHSE to fund the final year of the Emergency Centre costs will result in creating further risk.

9. CONCLUSION AND SUMMARY OF FINANCIAL PLAN

The position for 2018/19 is extremely challenging for the CCG is to deliver the planning objectives and the obligations 1% recurrent headroom, a 1% operating surplus and 0.5% contingency.

There are risks to achieving financial balance in 2018/19 particularly around the contract with Rotherham FT. Whilst the efficiency intentions are logical and clinically justified, the pace at which both the CCG and the FT are able to reduce costs at the required levels will remain a challenge.

The approach to the 2019-20 plan will commence alongside STP workstreams in order to ensure that a robust strategy for the sustainability of the local health system can be achieved.

10. RECOMMENDATION

Governing Body Members are asked to note the *draft* financial plan for 2018/19 and acknowledge that detailed work is still in progress and that the figures are likely to change.
