

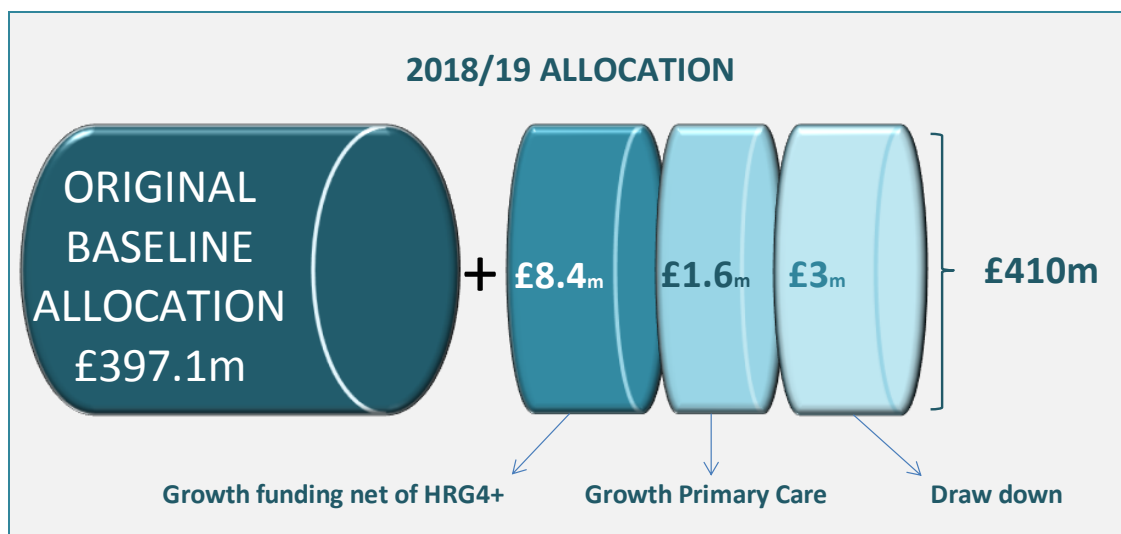
GOVERNING BODY 2 MAY 2018

FINANCIAL PLAN 2018/19

Lead Executive:	Wendy Allott
Lead Officer:	Keely Firth
Lead GP:	Jason Page
Purpose:	
<p>This paper informs Governing Body Members of the final plan for 2018/19 that was submitted to NHSE on 30 April 2018 and seeks approval of the final budget.</p> <p>All contracts have now been agreed therefore the final budget figures under Section 3 have changed slightly but are nonetheless presented for final approval in line with the budget management policy.</p>	
Background:	
<p>Rotherham CCG is obligated to work within the following business rules:</p> <ul style="list-style-type: none"> (i) to operate with the total commissioning allocation and the running costs allocation; (ii) to ensure that a 0.5% contingency is maintained. 	
Analysis of key issues and risks	
<p>As previously reported the position for 2018/19 is extremely challenging for the CCG to deliver the national planning objectives and the national financial requirements.</p> <p>There are risks to achieving financial balance in 2018/19 including those around prescribing, acute contracts and high cost patients, and whilst efficiency intentions are logical and clinically justified the pace at which both the CCG and the wider system are able to reduce costs at the required levels will remain a challenge.</p> <p>The approach to the 2019-20 plan will commence alongside Integrated Care System (ICS) workstreams in order to ensure that a robust strategy for the sustainability of the local health system can be achieved.</p>	
Patient, Public and Stakeholder Involvement:	
N/A	
Equality Impact:	
N/A	
Financial Implications:	
Balanced plan	
Human Resource Implications:	
N/A	
Procurement:	
N/A	
Recommendations:	
<p>Governing Body Members are asked to approve the final financial plan for 2018/19 submitted to NHSE on 30th April 2018.</p>	

1. ROTHERHAM CCG 2018/19 ALLOCATION ASSUMED IN PLANS

- (i) The illustration below shows the increases between the 2017/18 recurrent allocation and the 2018/19 assumed allocation.



- (ii) The table below shows the allocations and percentage increases between the two years and split between Primary Care (delegated co-commissioned) and CCG Commissioning.

	2017/18	2018/19	Increase/(Decrease)	
ALLOCATION	£m	£m	£m	%
RCCG Programme	355.2	360.8	8.5	2.38%
Add'n funding		2.8		
RCCG Admin (Running Costs)	5.5	5.5	0.0	0.00%
Primary Care	36.4	38.0	1.6	4.26% <i>Note 1</i>
Total Recurrent Allocation	397.1	407.1	10.0	2.52%
Previously banked surpluses	1.2	3.0		
Other non recurrent		0.2		
TOTAL ALLOCATION	398.3	410.3		

Note 1: Increase includes £0.85m for GP Access not yet in allocation template but notification from NHSE has been received

2. PLANNING OBLIGATIONS

There are more details about service specific priorities in the main CCG plan under section 9: CCG Clinical Commissioning Priorities, 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) **Primary Care** has been increased by the £0.7m allocated for 2018/19. The increase is preserved and the Primary Care Committee is progressing the developments in line with national requirements and the Rotherham Primary Care Strategy.

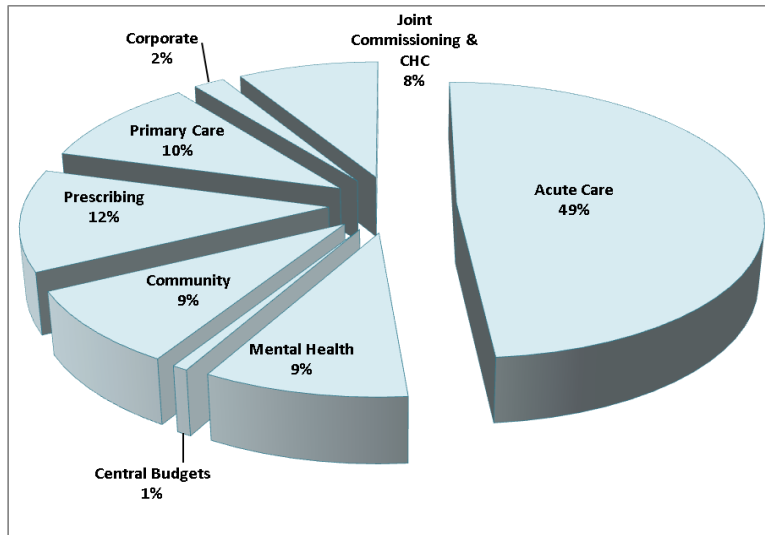
- (v) The award winning social prescribing service will continue to **promote self-care, prevention and better management of long term conditions** as part of the outcomes for those identified at high risk of admission to hospital.
- (vi) Our **Care Coordination Centre** is well established and could 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.
- (vii) Rotherham CCG has a dedicated and **effective medicines' management** team which has successfully improved prescribing processes in GP Practices whilst reducing waste. The team will expand this rolling programme and continue to support specific workstreams such as diabetes which, supported by monies from NHSE, employs a 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** that has demonstrated over the last 12 months that 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 agreements** with providers and activity is built up from the normalised forecast outturn 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) There is a significant investment in **Mental Health and Learning Disabilities (over 3%)**. In addition to national funds (2018/19) for Adult Mental Health Liaison (Core 24), the CCG has earmarked additional funding for Child and Adolescent Mental Health Services (CAMHS), Crisis Response, Early Intervention into Psychosis (EIP) and Serious Mental Illness (SMI) health.
- (xii) There is growth in prescribing, CHC and Community – net of QIPP programmes.

3. PROPOSED BUDGET FOR 2018/19

There have been minor changes since the budget approved in April therefore the final budget has been updated and provided for approval.

PLANNED BUDGET 2018/19	£m	%
Rotherham NHS Foundation Trust - Acute	143.4	34.9%
Sheffield Teaching Hospital NHS FT	20.7	5.1%
Doncaster & Bassetlaw NHS FT	10.2	2.5%
Ambulance & Patient Transport Services	12.5	3.1%
Mental Health	38.5	9.4%
Other Acute	12.6	3.1%
Rotherham NHS Foundation Trust - Community	29.4	7.2%
Other Community	5.2	1.3%
Prescribing	48.7	11.9%
Primary Care Co Commissioning	36.1	8.8%
Local Enhanced Services	3.2	0.8%
Other Primary Care	2.5	0.6%
Corporate	7.7	1.9%
RMBC Joint Commissioning	12.1	3.0%
Voluntary Sector	1.6	0.4%
Continuing Healthcare / Funded Nursing Care	22.8	5.6%
Central Budgets	3.0	0.7%
TOTAL EXPENDITURE	410.3	1.00

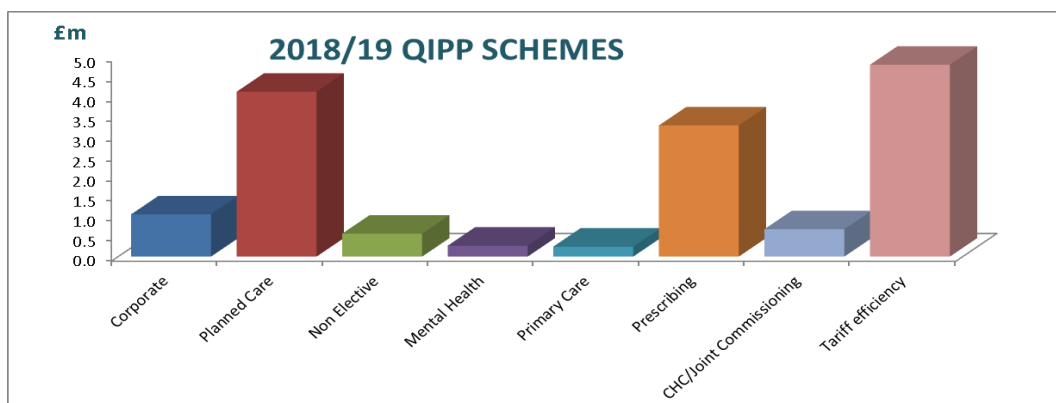
4. PERCENTAGE SPLIT OF PROPOSED FINANCIAL PLAN



5. **SOURCE AND APPLICATION OF FUNDS** – the table below gives more information around the source of funds such as growth funds and funds generated through QIPP schemes. The table also gives a high level summary of the types of cost pressures funded and investments made to deliver the 2018/19 planning guidance obligations.

SOURCE AND APPLICATION OF FUNDS	
SOURCE	£m
PC Growth	1.6
CCG Growth	8.5
2018/19 QIPP	15.2
Drawdown	3.0
1% Headroom	3.8
TOTAL SOURCE OF FUNDS	32.0
APPLICATION	£m
Primary Care	1.6
Inflation & Tariff changes	5.3
MH & LD growth and developments	2.6
Acute growth	7.8
Prescribing Growth	4.3
Better Care Fund	0.5
Continuing Healthcare	1.1
Stroke Transition (Use of drawdown)	0.8
Place plan (use of drawdown)	2.2
2017/18 recurrent pressures CHC/LD	2.4
2017/18 recurrent outturn other	3.3
Miscellaneous	0.2
TOTAL APPLICATION OF FUNDS	32.0

6. **QUALITY, INNOVATION, PREVENTION AND PRODUCTIVITY (QIPP) SAVINGS** - the table below sets out the QIPP assumptions for the forthcoming year. Quality Impact Assessments (QIAs) have been completed for the clinical schemes.



7. 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. Have been completed and approved at the April governing body meeting. 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.

8. CONCLUSION AND SUMMARY OF FINANCIAL PLAN

The position for 2018/19 is extremely challenging for the CCG to deliver the national planning objectives and the national financial requirements.

There are risks to achieving financial balance in 2018/19 particularly around prescribing acute care and high cost patients. Whilst the efficiency intentions are logical and clinically justified, the pace at which both the CCG and the Foundation Trust are able to reduce costs at the required levels will remain a challenge.

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