

Financial Plan - 2018/19

Introduction

1. NHS England planning guidance: 'Delivering the Forward View: NHS Shared Planning Guidance 2016/17 – 2020/21' requires CCGs to develop and approve a financial plan alongside their strategic and operational plans.
2. The CCG's Prime Financial Policies, require the Chief Finance Officer (CFO) to submit a report to the Governing Body prior to the start of the financial year which sets out the total allocations received and their proposed distribution including any sums held in reserve.
3. A report outlining the CCG's draft 2018/19 financial plan was presented to the Finance and Performance Committee in March 2018 and the Governing Body in April 2018. The purpose of this report is to set out the final plan for the year following the conclusion of NHS Provider contracts, for approval.
4. The plan outlined below was submitted to NHS England on 30th April 2018, in line with their financial plan assurance timetable.

Summary financial plan for 2018/19

5. A summary of the CCG financial plan for 2018/19 is set out in table below:

	17/18		17/18	18/19	18/19				18/19	18/19	18/19	
			Non	Recurrent	Activity			Non	Gross	QIPP	Net	
	Outturn	%	Recurrent	Baseline	Growth	Inflation	Other	Recurrent	Total	Plan	Total	%
	£m		£m	£m	£m	£m	£m	£m	£m	£m	£m	
Financial Allocations												
Programme	1,596.7		14.3	1,582.4	45.0		-7.0	1.1	1,621.5		1,621.5	
Co-commissioning	172.1		0.6	171.5	5.3			0.0	176.8		176.8	
Running Costs	26.0		0.1	25.9	-0.0			0.0	25.9		25.9	
Total Allocation Income	1,794.8		15.0	1,779.8	50.3		-7.0	1.1	1,824.2		1,824.2	
Expenditure												
Acute contracts	836.6	47%	-1.5	835.1	24.6	7.9	4.6	0.6	872.8	-17.3	855.5	47%
Community contracts	194.4	11%	3.4	197.9	4.7	0.2	0.6	0.0	203.3	1.9	205.3	11%
Continuing Healthcare	128.5	7%	1.9	130.3	4.9	3.9	0.0	0.0	139.2	-10.6	128.6	7%
Mental Health contracts	152.5	9%	-3.2	149.4	3.7	0.1	0.0	0.0	153.2	0.0	153.2	8%
Learning Disability contracts	42.1	2%	-0.8	41.3	1.6	0.0	0.0	0.0	43.0	0.0	43.0	2%
Primary Care	205.4	12%	-16.0	189.4	6.1	0.0	4.9	13.9	214.3	-1.4	212.9	12%
Prescribing	190.5	11%	1.1	191.6	5.8	0.0	0.0	0.0	197.4	-15.2	182.2	10%
Other Programme	9.6	1%	5.9	15.5	0.1	0.2	1.7	0.0	17.4	-1.0	16.4	1%
Reserves	0.0	0%	1.6	1.6	0	0.0	13.1	8.2	22.9	-13.0	9.9	1%
CCG Running Costs	25.6	1%	-3.1	22.5	0	0.3	0.0	0.0	22.8	-2.0	20.8	1%
Total Expenditure	1785.2	100%	-10.6	1774.5	51.6	12.7	24.7	22.8	1886.4	-58.6	1827.8	100%
In-Year Surplus/(Deficit)	9.7										-3.6	
Prior Year Surplus/(Deficit)	27.9										37.6	
Cumulative Surplus/(Deficit)	37.6										34.0	
Memo: 1% Surplus Requirement	16.2										16.5	
Headroom vs 1% Requirement	21.3										17.5	

6. The key points that should be noted from the summary are as follows:
- NHS England requires each CCG to plan for an under-spend v financial allocation (surplus) of at least 1% each year.
 - In 17/18, the CCG reported a cumulative surplus of £37.6m which is £21.3m ahead of the 1% surplus requirement.
 - The 18/19 plan is based on an in-year deficit of £3.6m, reducing the cumulative surplus from £37.6m to £34m by March 2019.
 - The planned in-year deficit of £3.6m is the 'control total' approved by NHS England. It represents 'good drawdown' or access to the cumulative surplus built up in prior years.
 - Access to further 'drawdown' against the £34m cumulative surplus in 19/20 and subsequent years is subject to further approval by NHS England.
 - Aggregate growth in the CCG's financial allocations for 18/19 is £50.3m (2.9%).
 - However, cost pressures in healthcare contracts from increased activity, tariff inflation and other pressures, exceed the level of income growth.
 - Cost pressures include delivery of the Mental Health Investment Standard.
 - In order to deliver the 18/19 control total, the CCG will need to deliver QIPP savings of £58.6m (3.2%). Further information on the proposed QIPP savings plan is detailed in the QIPP section below.
 - A general contingency of £8.24m has been included in the plan to mitigate adverse variations in contract values and slippage in delivery of QIPP schemes.

Key changes since last report

7. The plan now incorporates the final impact of changes arising from provider contract negotiations for 18/19 and final estimates of all other budget requirements.
8. Overall, planned gross expenditure has increased from draft plan (reported in March) by £1.6m. This is offset by a £0.3m increase in allocations and a £1.3m increase in planned QIPP savings.
9. The table below on the next page summarises the changes:

- Gross expenditure on acute contracts has increased by £1.3m mainly as a result of additional activity growth in planned care in provider contracts. Acute QIPP has reduced by £13.7m to reflect Quality, Innovation, Productivity and Prevention (QIPP) agreed in contracts or planned to be contracted in-year.
- Net expenditure on continuing healthcare has reduced by £6.9m to reflect an increased QIPP savings potential in this area.
- Gross expenditure on mental health has increased by £3.1m to reflect final agreed contract positions and to ensure delivery of mental health investment standard. QIPP of £1.2m has been moved against continuing healthcare.
- Gross expenditure on prescribing has reduced by £9.2m, largely due to reduced expectations of drug price inflation. Prescribing QIPP has increased by £5.8m to reflect impact of out of stock drugs issue.
- Net expenditure on other programme has increased by £4.9m largely due to reclassification of £3.5m of QIPP schemes to reserves.
- The net value of reserves is largely unchanged but the £8m investment reserve intended for pump priming is required to cover a shortfall in the value of QIPP schemes.

	Gross Expenditure				QIPP				Net Expenditure		
	Draft	Final			Draft	Final			Draft	Final	
	Plan	Plan	Variance		Plan	Plan	Variance		Plan	Plan	Variance
Expenditure	£m	£m	£m		£m	£m	£m		£m	£m	£m
Acute	871.5	872.8	1.3		31.0	17.3	-13.7		840.5	855.5	15.0
Community	202.2	203.3	1.1		-3.1	-1.9	1.2		205.3	205.2	-0.1
Continuing Healthcare	139.8	139.2	-0.6		4.3	10.6	6.3		135.5	128.6	-6.9
Mental Health	150.1	153.2	3.1		1.2	0.0	-1.2		148.9	153.2	4.3
Learning Disability	43.2	43.0	-0.2		0.0	0.0	0.0		43.2	43.0	-0.2
Primary Care	214.4	214.3	-0.1		0.0	1.4	1.4		214.4	212.9	-1.5
Prescribing	206.6	197.4	-9.2		9.4	15.2	5.8		197.2	182.2	-15
Other Programme	16.1	17.5	1.4		4.5	1.0	-3.5		11.6	16.5	4.9
Reserves	18.7	22.9	4.2		8.0	13.0	5.0		10.7	9.9	-0.8
Running Costs	22.2	22.8	0.6		2.0	2.0	0.0		20.2	20.8	0.6
Total	1,884.8	1,886.4	1.6		57.3	58.6	1.3		1,827.5	1,827.8	0.3

QIPP savings requirement and plan

- As set out above, the QIPP requirement implied by the financial plan is £58.6m, approximately 3.2% of the financial allocation for the year. This is over and above the level of provider efficiency saving (2%) embedded in tariff prices.
- A summary of the 18/19 final QIPP Plan is set out in Appendix 1. The updated plan took account of the following:
 - The completion of the refresh of the activity and finance elements of the 2018/19 acute contracts, including the QIPP schemes that providers accepted as a reduction within the start point contract values. This reduced the original value

of acute QIPP to £17.3m (from £39m), with adjustments predominantly related to the clinical assessment and triage service (CATTS), musculoskeletal (MSK) and Crisis and Recovery Models (which is now part being progressed as part of the Ageing Well STP programme).

- Identification of QIPP schemes that are expected to be transacted into the contracts in-year during 2018/19 following further development through to implementation, value £6.5m. This will need to be fully worked up and actioned via contract variation order in year, in order to include within provider contracts.
- Identification of additional QIPP opportunities, notably within prescribing and continuing health care, against planned start point budgets. The increase in prescribing QIPP included the benefit of including the expenditure reduction predicted from not having the same levels of concessionary price increases in 18/19 as happened last year.
- A risk assessment of the original QIPP proposals including time line for implementation. This included adjusting the part year benefit for some schemes or recognising that some were now expected to be implemented in 2019/20. This included adjustments against the Right Care opportunities.
- The original QIPP plan included £7.5m of unidentified QIPP. The revised plan has zero unidentified QIPP.
- It has been necessary to utilise the 0.5% / £8m 'system reserve' in order to balance the financial plan. If QIPP delivery can be increased, by bringing forward delivery timescales or stretching existing plans, it may be possible to free-up an element of this reserve for investment in new services.

In support of the Director of Planning and Delivery (responsible for the overall QIPP programme), Deloitte are currently reviewing the governance and programme management arrangements for Birmingham and Solihull CCG. Each QIPP project will have a project lead and will be overseen by a programme lead and senior responsible officer (SRO). Initial meetings have been held with Programme leads but this is to be followed by a further review to update on progress with delivery.

The financial plan submission included an assessment of the delivery risk in the QIPP plan at just over £4million but identified that this would be mitigated by use of 0.5% contingency which the CCG is also holding.

The QIPP schemes which have been removed from the 2018/19 plan, or adjusted for a part year, effect with further benefit expected in 2019/20 have been included on a QIPP pipeline summary. These schemes will also be monitored within the relevant programme to track their development and delivery. If delivery of any can be

expedited these will provide a source of mitigation against 2018/19 QIPP plan; otherwise the schemes will form the basis for the 2019/20 plan.

Risks and mitigations

12. The main risk to the delivery of the 2018/19 financial plan is the delivery of the identified QIPP savings schemes totalling £58.6m. The main mitigation for slippage against the plan is the general contingency reserve of £8.24m.
13. As in prior years, there is a risk of over-performance against agreed contract values, particularly in the acute sector. This is considered to be a low risk in 2018/19 given the level of acute growth that has been factored into the financial plan (3.5%). However, the main mitigation against over-performance in other contracts is also the general contingency reserve above.

Phil Johns
Chief Finance Officer

Appendix 1: 2018/19 CCG QIPP plan

Programme	Project Name	Executive Lead	Total 2018/19 QIPP as per NHSE Financial Plan	Risk to QIPP delivery	Project description
CHC	Additional CHC QIPP	Carmel O'Brien	£ 5,653,000	£1,500,000	Expected benefit within current database from further review post step-in arrangements including review of high cost packages, specialising and validity of FYE of packages within current broadcast database. High cost packages to be reviewed through specific panel.
	BCHC Package Transfer	Carmel O'Brien	£ 485,000	£ -	FYE of impact of adult care packages transfer to non NHS providers following notice from BCHC
	Birmingham Pricing Model - Nursing Homes (Adults)	Carmel O'Brien	£ 1,062,000	£ -	Pricing model in place for new packages from 1/4/17 - expect full year impact into 18/19. 3 tiers of care funding
	BSOL Pricing Model - Domiciliary Care (Adults)	Carmel O'Brien	£ 500,000	£ -	Pricing model in place for new packages from 1/10/17 - expect full year impact into 18/19. Established a set fee for dom care per relevant grade of staff required as fair price for care.
	Children's Packages Review	Carmel O'Brien	£ 950,000	£ -	Review of care packages to establish requirement for contribution from education and social care (tripartite) where currently health funded
	Improved Controls	Carmel O'Brien	£ 750,000	£ -	Improved system controls to ensure timely review and application of eligibility criteria, adhering to national framework
	Personal Health Budgets	Carmel O'Brien	£ 600,000	£ -	Expansion of PHBs (under personalisation agenda) will deliver reductions in CHC package commitments
CHC Total			£ 10,000,000	£1,500,000	
CYP	Children and Young People MDTs	Rachel O'Connor	£ 307,000	£ -	Supporting management of most common childhood conditions resulting in outpatients, A&E or emergency admissions. Optimal design workshop undertaken in May 18 with case for change in development. Implementation planned for Oct 18
	Rapid Response Team	Rachel O'Connor	£ 248,821	£ -	Service in place with BCHC, supports children with chronic conditions to avoid frequent A&E and emergency admissions
CYP Total			£ 555,821	£ -	
Medicines Management	Community Wound Care Prescribing	Richard Mendelsohn	£ 439,000	£ 110,000	FY impact of savings against nurse led prescribing for wound care pass through costs at BCHC post implementation of revised prescribing formulary
	Cost Improvement Plan	Richard Mendelsohn	£ 1,163,000	£ -	Business of usual focus for medicines management team working with primary care. Targets based on benchmarks to move to top 25% centile of performance
	High Cost Drugs in Secondary Care incl. Biosimilars	Richard Mendelsohn	£ 925,000	£ 500,000	Adoption of biosimilar medicines in secondary care linked to risk share to support implementation for new and existing patients
	Items Which Should not be Routinely Prescribed in Primary Care (incl. Drugs of Limited Clinical Value and Prescribing Low Value Medicines)	Richard Mendelsohn	£ 330,000	£ -	Restricting 18 items which should not be routinely prescribed in primary care as per NHS guidance.
	My Healthcare Repeat Prescription Hub - BSC	Richard Mendelsohn	£ -	£ -	Performance metrics from the 'My Healthcare Repeat Prescription Hub' will be monitored for any deliverable savings
	National Guidance on over-the-counter Medicine	Richard Mendelsohn	£ 337,000	£ -	Restricting OTC medicines that should no longer be prescribed for 35 minor health conditions as per NHS Guidance on 29 March
	NCSO - Costs Incurred in 17/18 vs. 18/19	Richard Mendelsohn	£ 6,780,000	£ -	Predicted expenditure reduction from not having the same level of concessionary prices in 2018/19 as in 2017/18
	Operational Change Projects	Richard Mendelsohn	£ 500,000	£ -	Savings anticipated across primary care prescribing, specific at practice level, through BAU work of medicines management team
	Patent Expiries	Richard Mendelsohn	£ 1,500,000	£ -	Anticipated benefits in cheaper medicine costs as patents expire.
	Polypharmacy Reviews - BSol	Richard Mendelsohn	£ 866,000	£ 173,000	Optimising medicines use through reviewing the clinical appropriateness of polypharmacy for patients.
	Pregabalin Patent Expiry	Richard	£ 1,798,000	£ -	Switching branded Pregabalin to a generic substitute drug.
	Rebates	Richard Mendelsohn	£ 200,000	£ -	Contractual arrangements with pharmaceutical companies for financial rebates on selective branded medicines.
	Waste Management	Richard Mendelsohn	£ 1,500,000	£ 338,000	Repeat Prescription Order Direct service, which aims to optimise medicine use (i.e. reduce the amount of prescription waste) through medical reviews.
	Waste Management - Medicines Technicians - BXC and Solihull	Richard Mendelsohn	£ 269,600	£ 54,000	Undertaking medication reviews to identify how medicines use can be optimised i.e. patients avoid taking unnecessary medicines; reduce wastage of medicines; and improve
Medicines Management			£ 16,607,600	£1,175,000	

Programme	Project Name	Executive Lead	Total 2018/19 QIPP as per NHSE Financial Plan	Risk to QIPP delivery	Project description
Mental Health (Cont care)	Personality Disorder - Birmingham	Rachel O'Connor	£ 600,000	£ 300,000	Reduction in package costs for out of area placements linked to development of PD pathway and care management with BSMHFT
Mental Health CC Total			£ 600,000	£ 300,000	
Other	Better Care Fund Related	Phil Johns	£ 1,000,000	£ 250,000	Review of BCF commitments
	Budgets	Phil Johns	£ 11,000,000	£ -	Includes application of 0.5% system reserve, deferred investment in primary care and rebasing of specific budgets
	CFO Review of Baseline Budgets	Phil Johns	£ 2,000,000	£ -	Identification of in-year flexibility within start point budgets
	Premises Costs	Paul Sherriff	£ 1,000,000	£ 200,000	Range of schemes in progress to look at reduction of void charges incurred by CCG through alternative use of sites and HQ premise savings being progressed
	Quality Premium	Phil Johns	£ 1,000,000	£ 175,000	QP expected to be paid in 2018/19 linked to 2017/18 outturn performance
	Running Costs	Phil Johns	£ 2,000,000	£ 400,000	Contribution to delivery of 20% running costs savings. Implementation of structure planned to deliver savings at this level.
Other Total			£ 18,000,000	£1,025,000	
Planned Care	Clinical Peer Review	Rachel O'Connor	£ 673,596	£ -	The Full Case for Change is planned for completion in May 2018, after which it will be presented at SPB for discussion and sign-off. May be slightly delayed to take account of specific existing locality schemes (further evidence of impact).
	Community Medical Ophthalmology PYE (9 months)	Rachel O'Connor	£ 393,000	£ -	The Community Medical Ophthalmology service is currently being procured, alongside the Minor Eye Conditions Service, and is expected to mobilise at the start of October 2018.
	GOALS (Geriatric Liaison Optimisation for Surgery MDT) - HGS (60%) and ROH	Rachel O'Connor	£ 1,749,000	£ -	Geriatric Liaison Optimisation for Surgery MDT at HGS and ROH. HGS are currently recruiting sufficient ortho-geriatrician staff. The ROH element is dependent on the HGS service being
	GPSI MSK Triage - Birmingham	Rachel O'Connor	£ 191,799	£ -	The CCG is engaging with BSol MSK providers to discuss the emerging model for the service. An Optimal Design Workshop is scheduled for 23 May 2018 to discuss the proposed solution.
	Minor Eye Conditions Service (MECS) PYE	Rachel O'Connor	£ 282,631	£ -	The Minor Eye Conditions Service is currently being procured, alongside the Community Medical Ophthalmology service, and is expected to mobilise at the start of October 2018.
	PLCV Phase 2	Rachel O'Connor	£ 954,514	£ -	Updating the CCG's Procedures of Limited Clinical Value (PLCV) Policy for implementation from October 1 2018.
Planned Care			£ 4,244,540	£ -	
Primary Care & LTC	RightCare - Diabetes	Karen Helliwell	£ 66,901	£ -	Based on the RightCare opportunity for Diabetes, for which a potential provider model is being developed.
	RightCare - Respiratory	Karen Helliwell	£ 709,000	£ -	Based on the RightCare opportunity for Respiratory, for which a potential provider model is being developed.
Primary Care & LTC Total			£ 775,901	£ -	
RightCare	RightCare - Circulation / CVD	Richard Mendelsohn	£ 270,996	£ -	Based on the RightCare opportunity for Circulation / CVD. The approach is to improve the pathway of patients presenting at A&E with chronic chest pain, where discharge occurs following a short stay emergency admission.
	RightCare - GI	Richard Mendelsohn	£ 567,291	£ -	Based on the RightCare opportunity for GI. The approach is to improve the pathway of patients presenting at A&E with Abdominal Pain and Gastrointestinal Issues, where discharge occurs following a short stay admission.
	RightCare - GU	Richard Mendelsohn	£ 314,092	£ -	Based on the RightCare opportunity for GU, for which a potential intervention model is being developed.
	RightCare - MSK	Richard Mendelsohn	£ 814,978	£ -	Based on the RightCare opportunity for MSK, for which a potential intervention model is being developed.
	RightCare - Neurological	Richard Mendelsohn	£ 627,570	£ -	Based on the RightCare opportunity for Neurological. The approach is to improve the pathway of patients presenting at A&E with Headaches, Epilepsy and Migraines, where discharge occurs following a short stay admission.
	RightCare - Trauma & Frailty	Richard Mendelsohn	£ 649,851	£ -	Based on the RightCare opportunity for Trauma & Frailty, for which a potential intervention model is being developed.
RightCare			£ 3,244,777	£ -	
Urgent Care	Ambulance Triage FYE	Karen Helliwell	£ 609,245	£ -	Based on assumptions that Sandwell and West Birmingham CCG and the ambulance service would be successful in ambulance crews being able to access advice through 111 clinical hub.
	Crisis and Recovery Model and Urgent Care Pathways	Karen Helliwell	£ 1,713,907	£ -	Also known as the 'Ageing Well' model, which is currently being developed at an STP-level to transform the approach to urgent care across the BSol health economy.
	DVT - BSol	Karen Helliwell	£ 233,000	£ -	Implement the community pathway (currently in UHB) at Solihull so that significant numbers of DVT patients are managed in the community, thereby reducing current 0-1 Length of Stay patients in an acute setting.
	Falls - BSol	Karen Helliwell	£ 552,481	£ -	A new falls pathway across BSol with four key levels that include public awareness raising, early identification of those at risk, specialist clinical support for those at high risk and acute-led clinics, which include identification and treatment to reduce the risk of fractures.
	FAST (Phase 2)	Karen Helliwell	£ 738,200	£ -	Reducing admissions through a combination of 'pull' from the front door of the hospital of patients who would have otherwise have been admitted; and by offering Comprehensive Geriatric Assessment with identification of appropriate options of care as an alternative to a ward admission.
	High Intensity Service Users (HISU) FYE	Karen Helliwell	£ 748,063	£ -	Targeted intervention by nurses (employed by BCHC) for the most frequent users of urgent care services across BSol.
Urgent Care			£ 4,594,896	£ -	
Grand Total			58,623,535	4,000,000	

