Item Number: 415

Meeting Title: Governing Body	NHS Scarborough and Ryedale Clinical Commissioning Group
Meeting Date: 28th March 2018	
Report's Sponsoring Governing Body Member: Richard Mellor	**Report Author: Richard Mellor**

1. Title of Paper: Financial Plan refresh 2018/19

2. Strategic Objectives supported by this paper:

To create a viable & sustainable organisation, whilst facilitating the development of a different, more innovative culture.	☒
To commission high quality services which will improve the health & wellbeing of the people in Scarborough & Ryedale.	☐
To build strong effective relationships with all stakeholders and deliver through effectively engaging with our partners.	☐
To support people within the local community by enabling a system of choice & integrated care.	☐
To deliver against all national & local priorities including QIPP and work within our financial resources.	☒

Executive Summary:

The CCG set a 2 year plan in 2017/18, covering the period 2017/18 and 2018/19. The initial plan identified a financial gap of £(5.3)m in 2017/18, improving by 1% in 2018/19. The CCG has not managed to achieve this financial position, with a current forecast of £(8.5)m deficit in 2017/18. Additionally, there has been some additional funding allocated to the CCG, and changes to the planning rules for 2018/19. The CCG has refreshed its plan taking into account these changes, and the Governing Body are asked to note the process undertaken to determine a plan, the QIPP requirements to achieve our control total, and potential mitigations.

The Governing Body is asked to note that an initial plan, assuming agreement of an Aligned incentive contract with York Foundation Trust, and therefore mitigation of the QIPP risks in the plan to achieve the control total, has been shared with NHS England.

Background

The Governing Body will be aware that a 2 year plan was set for 2017/18 and 2018/19. The plan identified a £5.3m in year deficit in 2017/18, improving to a £3.4m in year deficit in 2018/19. The 2017/18 plan had a QIPP target of £6m (3%) to deliver the plan, and unmitigated risks of £3m were identified.

The CCG is currently forecasting an £8.5m deficit for 2017/18, which will see us entering 2018/19 in a worse position than originally planned. There have been some changes to the planning rules and allocations in 2018/19 as a consequence of additional funding identified in the Autumn budget, and the underlying performance position of the CCG which will impact the plan

for 2018/19.
The main changes are around funding. The government identified additional funds for the NHS in the Autumn budget statement, and NHSE have identified additional allocations to come to CCG's, plus amended the sustainability fund into separate commissioner and provider sustainability funds. Commissioner support funds will be available for CCG's with a deficit, who plan and achieve a deficit control total in 2018/19. Scarborough and Ryedale CCG has an increase in allocation of £1.3m in 2018/19, and has been set a control total of £(4)m. Subject to a plan to achieve a £(4)m deficit position, we will be eligible for £4m of commissioner support funding, which would enable us to deliver a breakeven position in 2018/19.
A number of requirements for planning are amended in the guidance. These are:

- A removal of the requirement to underspend resources by 0.5%
- A removal of the requirement to spend 0.5% of resources non recurrently
- CCG 's to meet a centrally set control total, with overspending CCG's expected to deliver a minimum 1% improvement, with CCG's with greater deficits expected to improve more rapidly
- A requirement to plan and meet the Mental health Investment standard
- Assumption that pay increases are still capped at 1% (or that additional funding will be provided if this is not the case)
- Growth in emergency care activity, and a requirement to return to 95% delivery of the emergency care standard in 2018/19
- RTT performance measured on the number of patients waiting more than 18 weeks is no higher in March 2019 than it is in March 2018.
- No additional funding for winter, so plans need to include this.

<u>Draft proposed plan</u>
Taking into account these changes, the plan has been refreshed based on our outturn position and revised rules. A summary of the plan by area is shown in the table below, with a comparison against 17/18 plan, current outturn, 18/19 original plan and the revised plan. Headline numbers at present are an increase in allocation of £4.5m, a plan before QIPP of £(10.4)m deficit, and currently a QIPP plan of £6.4m. Whilst this would enable us to meet the control total, it has significant risk around our ability to deliver the £6.4m QIPP (17/18 £4.3)m, and we still need to finalise contract values with our providers.

	2017/18		2018/19		
	Plan (after capped expenditure)	Forecast	Original Plan before Capped Expenditure	Revised Plan before QIPP	Revised Plan after QIPP
	£ 000's	£ 000's	£ 000's	£ 000's	£ 000's
Acute Services	84,478	89,205	87,470	91,739	88,481
Mental Health	15,044	16,117	15,330	15,616	15,616
Community	12,871	14,052	13,452	14,678	14,678
Continuing Healthcare	15,096	14,834	16,786	16,544	15,544
Primary Care	41,757	42,215	39,411	44,775	43,421
Other Programme	9,198	8,883	10,947	8,283	7,534
Total Programme Spend	178,444	185,306	183,396	191,635	185,274
Running Costs	2,291	2,499	2,477	2,489	2,489
Total Expenditure	180,735	187,805	185,873	194,124	187,763
Level of savings included	8,900	4,300	5,300	N/A	6,361
Resource Allocation	179,297	179,297	182,512	183,763	183,763
Surplus	(1,438)	(8,508)	(3,361)	(10,361)	(4,000)
Control Total				(4,000)	(4,000)
Gap to Control Total				(6,361)	0
CSF available if control total met					4,000

In creating the plan, we have revisited the assumptions on inflation and growth, and the assumptions used are identified in the table below. Additionally, national assumptions on changes in acute demand have been considered when planning for secondary care activity, although we have also taken into account local factors.

Provider inflation		2.1%
Provider efficiency	-2%	
Acute activity growth		1.5%
Mental Health Activity Growth		1.5%
Community Activity Growth		3.0%
Continuing Health Care Growth		4.0%
Primary Care Drugs		4.0%
Other Primary Care		4.9%
Other Programme		4.9%
Primary Care Co-commissioning		3.6%
Running Costs		2.1%
Demographic Growth		0.4%
Non demog prescribing growth		0.6%
Inflation		
SRBI		4.0%
MH Out of Area		4.0%
Medicines Management Team		2.0%
Local Enhanced Services		1.0%
CHC - Fully Funded		4.3%
CHC - Joint Funded		4.3%

CHC - Children	4.3%
Funded Nursing Care	1.0%
Patient Transport	1.0%
Children's Safeguarding	2.0%
Direct Access	1.0%
Hospices	1.0%
Carewatch	1.0%
PCU Team	2.0%

In getting to this stage of planning, we have used our estimates of activity change in acute providers. This work still needs to be triangulated across the STP patch, and may change some of the planning numbers, in order to get alignment between provider and commissioner plans. We have also worked on a Payment by Results basis for the York Foundation Trust contracts, and this may be adjusted if an Aligned Incentive Contract is agreed.

AN Aligned incentive contract is a different contractual form, with the value being fixed for defined levels of activity, and the risk of delivering that activity shared across organisations, and mitigated by working together to manage demand to the levels agreed. The CCG risk could be mitigated by an aligned incentive contract at the levels of our plan, but this would need to be agreed, and alternative values which did not deliver all QIPP may be required. To assist in agreeing a value, the CCG's and York Foundation Trust have shared their savings plans, and confirm and challenge meetings are being held involving all parties to confirm savings values, and determine the risk around delivery. This may widen the system financial gap in the first instance, and work is underway to identify further opportunities for savings.

The CCG currently has a QIPP plan for £5.6m, leaving a £0.75m gap in plans to achieve our control total. However, not all plans are fully worked up, and the level of QIPP is higher than we have previously managed to deliver.

The Governing Body is asked to consider the uplifts applied in setting the plan, and the risks to delivery both under an aligned incentive contract, and under PbR.

The Governing Body is asked to determine whether they will support a plan with this level of QIPP and risk to aim to deliver the control total, or to plan for a reduced level of QIPP, and missing the control total.

3. Risks relating to proposals in this paper:

The CCG ability to meet its control total, and to deliver the level of QIPP required. Ability to agree an Aligned Incentive contract.

4. Summary of any finance / resource implications:

The plan has a signficant level of QIPP, with high risk to delivery of the control total. Agreement of an aligned incentive contract at an appropriate level would mitigate this risk.

5. Any statutory / regulatory / legal / NHS Constitution implications:

Failure to plan to hit the control total will mean the CCG missing its statutory duty to live within its

allocation. Failure to deliver a plan that hits the control total will meant eh CCG missing its statutory duty
6. Equality Impact Assessment Completed? (Yes/No/Not Relevant):N/A
7. Quality Impact Assessment Completed? (Yes/No/Not Relevant): N/A
8. Any related work with stakeholders or communications plan: Work will need to be undertaken with the System Transformation Board, and partner organisations to argee an Aligned incentive contract and deliver the necessary savings.
9. Recommendations / Action Required Governing Body to discuss and agree the approach to agreeing a plan, including consideration of meeting the control total and the risk of high QIPP plans.
10. Assurance Finance and Contracting Committee, System Transformation Board

For further information please contact:

Name:
Title:
Phone number:

NHS Scarborough and Ryedale CCG QIPP Plan 2018-19

Position at Month: 0

Planned Care		comments	Activity Target	2018-19 Target Value	Gain type	Project/Scheme details	Target Calculation methodology	POD/Activity Type	Efficiency Type		
Ref	Name										
2018/01	RightCare - Circulation (Heart Disease)	Identified as a joint priority area of work: CARDIOLOGY SRCCG Trust Cardiology costs down by 30% YTD Service/pathway review - Priorities: Invasive angio reduction (70% of invasive angio could be CT Angio)	182 procedure Convert to CT angio	£182,000	Productivity	Cardiology Pathway and Service review - reduction of Invasive angio	RC Data packs, 16/17 activity and spend data (GS) YFT clinical opinion - 70% (182 Procedures) invasive angio could be converted to CT angio at reduction of @£1000 per procedure	Daycase			
2018/01a	POLCV Outlier - Coronary Artery Stents	HCV STP POLCE Benchmarking tool suggests SRCCG outlier for CAS on asymptomatic patients (16/17 data).	27 procedures	£51,000	Productivity	- Develop Thresholds for stents for asymptomatic patients - consider IFR only	FOT 17-18 = 43 procedures. £82k spend POLCE Benchmarking tool suggested a reduction of 27 procedures for a saving of £51K	Elective			
2018/02	General Surgery/Gastroenterology	Price increase of £46,000 17/18 YTD. Reduce spend to 16/17 levels (FYE)		£61,333	Productivity		To Be Confirmed	Elective			
2018/02a	Cholecystectomy for Asymptomatic Gallstones	HCV STP POLCE Benchmarking tool suggests SRCCG outlier for Cholecystectomy for asymtomatic gallstones (16/17 data).	50 Procedures	£100,000	cash releasing	Decommission/Make IFR only Cholecstectomy for Asymptomatic gallstones	FOT 17-18 = 65 procedures. £128k spend Reduce by 50 procedures for £100k saving	Elective			
2018/02b	Varicose Veins Surgery	HCV STP POLCE Benchmarking tool suggests SRCCG outlier for Varicose veins surgery (16/17 data).	45 procedures	£54,000	cash releasing	- IFR only without exceptionality guidelines	FOT 17-18 = 61 procedures £76k spend Reduce by 45 procedures for £54k saving	Elective			
2018/03	Ophthalmology	Trust have advised changes required to service. No savings committed as YTD activity is costing £440k less		£0		- Opthalmology Pathway and Service review					
2018/03a	POLCV Outlier - Second Eye Cataract surgery	HCV STP POLCE Benchmarking tool suggests SRCCG outlier for second eye cataracts (16/17 data).	207 procedures	£155,000	cash releasing	- Second eye cataract surery to be IFR only	FOT 17-18 = 440 procedures £312k spend Reduce by 207 procedures for £155k saving	Elective			
2018/04	Trauma and Orthopaedic Surgery	SRCCG spend at YFT down by £810k YTD. Reliance on independent sector is low, and thresholds applied at point of referral. Further analysis required to confirm size of opportunity. Used HCVRightCare (£1.8m less £810k) *Note this was based on identified RightCare opportunities from the initial MSK Datapack. Need to check what has been delivered in 2017/18 versus plan and confirm this is still valid		£1,000,000				Elective			
2018/04a	Sub-acromial Decompression	HCV STP POLCE Benchmarking tool suggests SRCCG outlier for Subacromial Shoulder decompression (16/17 data). Need updated activity data to confirm savings.(£156,000) ***Contributes to T&O total***	40 Procedures		cash releasing	- Sub acromial decompression to be IFR only/decommission - Other shoulder surgery to be IFR only	FOT 17-18 = 76 procedures £259k spend Reduce by 40 procedures for £156K saving	Elective			
2018/04b	Bunion Surgery	HCV STP POLCE Benchmarking tool suggests SRCCG outlier for Bunion Surgery (16/17 data). Need updated activity data to confirm savings. (£56,000) ***Contributes to T&O total***	18 Procedures		cash releasing	- Bunion surgery to be IFR only	FOT 17-18 = 47 procedures £152k spend Reduce by 18 procedures for a saving of £56k	Elective			
2018/04c	Carpal Tunnel Surgery	HCV STP POLCE Benchmarking tool suggests SRCCG outlier for Carpal tunnel Surgery (16/17 data). Need updated activity data to confirm savings. (£68,000)***Contributes to T&O total***	68 Procedures		cash releasing	Carpal tunnel surgery to be	FOT 17-18 109 procedures £129k spend reduce by 68 procedures for £68k saving	Elective			
2018/05	Neurology	Reduction of CT Head Activity (RC opportunity)		£24,000	Productivity	Review Head CT pathway	TBC	OP Procedures.		G	1
2018/06	Rheumatology	- Continue/extend Rheumatology pilot - pursue options for cross practice referrals - Fibromyalgia pathway - Pathway redesign to reduce costs - DEXA scan EYE (Live Sep 17) included in this line		£67,000	Productivity		To Be confirmed - Reduction in OP activity	First OP			
2018/07	General Medicine	SRCCG £50k down YTD (17/18) unlikely to achieve further - however must ensure 0% activity growth		£0							
2018/08	Bring POLCVs that increased in 2017/18 back in line with 2016/17 activity	Current SRCCG data shows a reduction in spend of £727k (including Hip and Knee replacement and Cataracts) £20k increase if these are excluded. (GS POLCV Data - does not include some procedures listed elsewhere)		£20,000	cash releasing		Based on Current avtivity for POLCV procedures not elsewhere counted	Elective			
2018/09	Additional POLCV outliers: Interventional treatments for back pain Occipital nerve stimulation for headaches	Opportunity identified against best 5 RightCare CCG peers (ref:POLCE) - need to check against actual 2017/18 activity/cost. Savings target based on bringing in-line with 'best 5' not eliminating activity altogether. The data used for this analysis is 2016/17 SUS data, so need BI to run report to check 2017/18 progress - also need to prioritise spend against procedures in order to assess pathway redesign requirement and work prioritisation	Back pain: 47 Procedures Headaches: 63 Procedures	£115,000	cash releasing		Back Pain: FOT 17-18 132 procedure £225k spend Reduction of 43 procedures for a saving of £69K 16-17 POLCE data 162 procedures spend £122k redcution of 63 procedure for a saving of £46k (TBC local data does not replicate this)	Elective			
2018/10	Tarrif Activity Repatriation	Rapid review of IS spend for 16/17 and 17/18 shows a 30% reduction in spend (James Mearns Data). 18/19 target based on a further reduction of 30% (7-18 FOT £980k) Need to analyse increase in T&O spend to HEY Target includes all Tarrif activity (out of AIC)		£300,000	cash releasing			Elective			
2018/11	Gynaecology	Further transformation of Outpatients, PMB pathway refinement		£67,000	Productivity		To Be confirmed - Reduction in OP activity	OP Procedures.			
Planned Care (Total)				**£2,196,333**							

Un-Planned Care		comments	Activity Target	Target	Saving	Project/Scheme details	Target Calculation methodology	POD/Activity Type	Efficiency Type
Ref	Name								
2018/12	ED activity management								
2018/12a	Reduce ED Attendances	Various schemes to set target, mitigate growth or aim for reduction in A&E attendances through service improvement, Comms and diversion of demand	1688 attendances	£422,000	productivity		SRCCG FOT 21,363 attendances (type 1) @ £250 per attendance Combination of 1% growth mitigation and 6.6% activity reduction to bring back to 2016/17 activity (YFT activity only) (19675)	A&E Type 1	
2018/13	Non elective admissions Management								
2018/13a	Paediatric Emergency Pathways	Work to reduce demand will need to focus on primary care. Continue to work to refine pathways and develeop Assessment unit capacity and capability. *Renegotiation of Tariff to include assessment tarff unlikely (not applicable under AIC).* (£65,000)		£65,000	productivity		FOT 17-18 1679 admissions for cost of £1.3M (YFT activity only) further reduction of 5% (84 admissions) for a saving of £65,000 (at average cost of £775)	Non elective zero LoS	
2018/13b	Metabolic Conditions (Diabetes)	Continue to implement the projects associated with NHSE funding: Transformation Fund/Diabetes Prevention Programme/Digital Diabetes Programme. (£30,000)		£30,000	productivity		TBC awaiting data	Non Elective non zero LoS	
2018/13c	Respiratory Diversionary Pathways	Respiratory Diversionary Pathway work under Winter Planning (£100,000)		£100,000	productivity		FOT cost Increase in 17/18 is £200,000. Based on reduction of 50% of activity increase.	Non Elective non zero LoS	
2018/13d	UTI reduction/management	Reduce Admissions due to UTI by 10% (£20,000)		£20,000	productivity		TBC	Non Elective non zero LoS	
2018/13e	Gastroeneterology Emergency Admissions	Need to confirm if Faecal Calprotectin effect is sustainable. Need to look at colonoscopies demand and volume management/alcohol strategy. Initial clinical engagement occurred but needs further scoping with clinical and operational teams. Priority is to understand the impact of the new endoscopy suite under AIC and joint aspirations for managing the volumes of scopes moving forward with a different approach to just developing additional capacity. AIC will present opportunities for whole pathway redesign and capacity adjustment. ?combine across pathways with NE Gastro for best effect? Work with PC to reduce demand and increase self care for self limiting conditions (£150,000)	70 admissions	£150,000	productivity		2017/18 QIPP showing reductions in emergency admission activity. 2017/18 FOT currently showing a 4% reduction in activity. If 1% growth was applied to 1718 FOT, and an expectation of 4% reduction in activity once again in 2018/19, this would equate to around £150K saving, and a reduction of 4-5 admissions per month.	Non Elective non zero LoS	
2013/13f	Care Homes Support Strategy Work (reduced admissions)	Estimate of admissions reduction effect - 5% of total admissions from care homes 18-19(£120,000)	41 admissions	£120,000	productivity		FOT 17-18 821 admissions (14% increase on 16-17), Aim to mitigate 1% growth in 18-19 and reduce activity by further 4% - redcution of 41 admissions saving of £120K	Non Elective non zero LoS	
2018/114	Reduce Delayed Transfers of Care	Delivery of BCF target to reduce DToC rate from 4.2% to 3.5% (reduction of 680 lost bed days per year @ £250 per XBD above trim point) Potential for additional system funding from Quality Premium achievement (not quantified yet)		£155,000	productivity		25% of YTHFT Total DTOC requirement DTOCs QIPP Calculation.msg	Non Elective non zero LoS	
2018/13a	Community Services Transformation (MCP)	Contribution to overall targets - not costed.							
Un-Planned Care (Total)				**£1,062,000**					

Prescribing		comments	Activity Target	Target	Saving	Project/Scheme details	Target Calculation methodology	POD/Activity Type	Efficiency Type
Ref	Name								
	17/18 FYE	From Meds Management plan		£472,212	cash releasing				
	Meds Management Financial Recovery Plan 18/19	From Meds Management plan		£881,500	cash releasing				
Prescribing (Total)				**£1,353,712**					

Complex Care		comments	Activity Target	Target	Saving	Project/Scheme details	Target Calculation methodology	POD/Activity Type	Efficiency Type
Ref	Name								
	Mental Health			£0					
	CHC - Review			£1,000,000	cash releasing				
Complex Care (Total)				**£1,000,000**					

Running Costs		comments	Activity Target	Target	Saving	Project/Scheme details	Target Calculation methodology	POD/Activity Type	Efficiency Type
Ref	Name								
	Reduce Running Costs			£0					

Unidentified QIPP		comments	Activity Target	Target	Saving	Project/Scheme details	Target Calculation methodology	POD/Activity Type	Efficiency Type
Ref	Name								
	Unidentified QIPP			£0					

TOTAL			**£5,612,045**				