



Bedfordshire CCG

Financial Plan 2017/18

Governing Body
30th March 2017



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Commentary

- Strategic direction to move spending from acute setting to non-acute; currently 56.6% of CCG funds spent on acute care, 2017/18 plan is for 55.5%.
- Control total requires high QIPP target (2017/18: 4.6%/£25.5m)
- Plan seeks to deliver control total (deficit recovery plus 1% surplus), also business rules and mental health ‘parity of esteem’
- Plan has significant risk arising from:
 - the gap between provider tariff expectations and available funds,
 - ongoing growth pressure, and
 - a high QIPP target not backed by investment capacity (£22m backed by plans)



Source & Application of Funds

	2017-18 Plan £m	
Recurrent Surplus Brought Forward	10.7	
Source of Funds		
Increase in Recurrent Programme Funding	18.2	As notified by NHSE
HRG4+ funded impact	1.1	Funding increase to compensate for impact of HRG4+
IR allocation adjustment	(3.4)	Activity transferred to Specialised Commissioning
Increase in Running Cost Allowance	0.1	As notified by NHSE
QiPP	25.5	Overall target 4.6% of recurrent spend
Total Source of Funds	52.2	
Recurrent Application of Funds		
National Tariff Uplift - 0.8%	(2.0)	0.1% tariff uplift plus 0.7% CNST uplift
Impact of HRG4+	(1.1)	Cost of implementing HRG4+
IR adjustment	3.4	Activity transferred to Specialised Commissioning
Growth (pre-QiPP)	(13.0)	Growth (Average 3.0% plus Demographic 1.2%)
Cost Pressures	(2.3)	PTS £0.4m, ABI £0.4m, BCF £1.5m
Commissioning Intentions	(3.5)	Assumed £3.3m funded by MRET/Readmissions
Investments to deliver QiPP	(4.6)	Per PMO
Medicines Management	(4.2)	Based on 7% uplift (price & volume)
Continuing Healthcare	(1.6)	Based on 6% uplift (price & volume)
Recurrent Applications	(28.9)	
Shortfall after Recurrent Application of Funds	23.3	
Non-Recurrent Application of Funds		
MRET/Readmissions	(3.7)	Based on 16/17 trend (net of £3.3m investment above)
CEOV contribution to overseas visitors	(0.4)	Based on historic charges
Uncommitted Non-recurrent Headroom	(2.7)	0.5% per Business Rules
Committed Non-recurrent Headroom	(2.8)	0.5% per Business Rules (CSU, STP, CSP)
Contingency	(2.7)	0.5% per Business Rules
Non-Recurrent Applications	(12.3)	
Surplus 2017/18	11.0	



Key planning assumptions

- Net tariff inflator 0.1%, CNST allowance 0.7%
- IR allocation adjustments included; HRG4+ adjustment included
- Acute growth 4.2% (incl 1.2% Demographic growth)
- Non acute growth 1.6% (incl 1.2% Demographic growth)
- CHC inflation (price & volume) 6%
- Prescribing inflation (price & volume) 7%



Plan complies with business rules

Business rules

- 0.5% Contingency Reserve
- 0.5% Non-recurrent Reserve (national risk reserve guidance)
- 0.5% Non-recurrent Reserve (uncommitted)
- 0.5% CQUIN Reserve

Control total

- 1% surplus
- 1% deficit recovery



Summary Income & Expenditure Account

	Act	FOT	Yr on Yr	Plan	Yr on Yr	Movement
	2015/16	2016/17	movement	2017/18	movement	15/16-17/18
	£000	£000	%	£000	%	%
Total Income	449,897	480,808	6.9%	498,438	3.67%	10.8%
Program Costs:						
Acute top 6*	223,554	235,965	5.6%	233,461	-1.06%	4.4%
Other Acute	28,627	27,938	-2.4%	28,039	0.36%	-2.1%
Circle MSK	28,733	29,757	3.6%	30,708	3.19%	6.9%
Mental Health**	47,193	48,765	3.3%	49,167	0.82%	4.2%
Learning Disabilities CHC	9,562	9,866	3.2%	10,374	5.15%	8.5%
Better Care Fund	9,150	10,624	16.1%	11,119	4.66%	21.5%
Children's Services**	7,274	7,887	8.4%	7,673	-2.71%	5.5%
SEPT Community Services	27,955	28,680	2.6%	30,846	7.55%	10.3%
Other out of hospital	30,740	34,057	10.8%	35,132	3.16%	14.3%
Continuing Healthcare	23,570	24,508	4.0%	27,393	11.77%	16.2%
Prescribing	59,855	59,506	-0.6%	60,320	1.37%	0.8%
Other	1,587	1,669	5.2%	1,997	19.65%	25.8%
Total Program costs	497,800	519,223	4.3%	526,229	1.35%	5.7%
Reserves	6,383	9,753	52.8%	8,422	-13.65%	31.9%
Total Program post reserves	504,183	528,976	4.9%	534,651	1.07%	6.0%
Running Costs	8,863	8,881	0.2%	9,835	10.75%	11.0%
In Year Surplus/ deficit	(19,921)	6,101	130.6%	11,000	80.30%	155.2%

* Acute Top 6 2017/18 plan figure is net of IR adjustment of -£3.5m and HRG 4+ uplift of £1.1m

** ELFT adjustment in 2017/18 has been removed to give like for like comparison



QIPP Programme 2017/18 (1)

- **Context**: BCCG QIPP plan is 4.6%; Local average is 4.2%; Regional average is 4.3%; highest is above 7%, lowest is 2.6%.
- **Risk**: identified as £4.7m (difference between plan and average) reflects value of higher risk schemes



QIPP Programme 2017/18 (2)

Sub-Programme	Savings £'000	Number of Schemes	Description of Sub-Programme
CHC	100	1	Identifying and implementing CHC efficiencies
Children, Young People & Maternity	397	1	Commissioning bespoke packages of care for individual children with Continuing Care needs
Finance & Contracting	1,475	5	Transactional schemes
Medicines Management	2,200	4	Drug switching and the better management of drugs
Mental Health & Learning Disability	762	3	Strengthening the Street Triage service and Dementia services
Planned Care	10,962	21	Implementing the opportunities identified in Right Care. Scoping and implementing a discharge to access service and MDT model in the community
Primary Care	504	2	Eye services and referral guidance for GPs
Unplanned Care	1,541	8	Improving flow at the acutes with the aim of reducing A&E attendances and admissions
Sub Total	17,941	45	
Stretch Opportunity	4,120	9	The potential to strengthen current schemes to gain greater savings
STP Efficiencies	3,470	1	The potential to identify efficiencies across the STP
Sub Total	7,590	10	
Grand Total	25,531	55	



Risks

The planning process has identified a number of risks, including

- Current activity has increased above the levels previously planned for, leading to misalignment within the plan.
- Adequacy of QIPP to mitigate these demand increases.
- Ongoing changes to national policy (e.g. impact of budget announcements for social care investment, STP development).

It is proposed that further work is undertaken to review the impact of these and to delegate the finalisation of the 2017/18 plan through a future report to Finance and Performance Committee.

