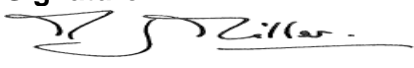


Agenda Item: 16.0

<p><b>Governing Body</b> <i>held in public</i></p>	<p><b>Report</b> Date of Meeting: 1 March 2018</p>
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<b>Report Title</b>	2018/19 Financial Recovery Plan update		
<b>Report Author</b>	<b>Presented By</b>	<b>Responsible Director</b>	
Malcolm Miller, Acting Chief Finance Officer	Malcolm Miller, Acting Chief Finance Officer	<i>Malcolm Miller, Acting Chief Finance Officer</i> <b>Signature:</b> 	
<b>Purpose for presenting report</b>	The report provides the Governing Body with an update on the development of the 2018/19 financial plan.		
<b>Action Required:</b>	To give assurance /For information only		
<b>Approval Route:</b>	<i>Finance and Performance Committee</i>		
<b>Further Assurance:</b>			
<b>Which Strategic Objectives does this report provide evidence for?</b>	<b>Please Tick ✓</b>		
We will commission high quality, safe and sustainable models of care that deliver effective clinical outcomes and patient experience using evidence based decisions and best practice			
We will ensure that there is a financially sustainable and affordable healthcare system in Bedfordshire.	✓		
We will lead, engage and operate as an effective place based and STP wide system partner to achieve greater integration of care delivery.			
We will support local people and stakeholders to have an influence on services we commission to ensure our decisions are informed and shaped by local views and insights.			
We will operate and manage our Governing Body to the highest standards of accountability and transparency.	✓		
<b>Implications/Assessments</b>	<b>Yes</b>	<b>No</b>	<b>N/A</b>
Have any financial implications been signed off by the Chief Finance Officer?	✓		
Have any quality implications been signed off by the Director of Nursing & Quality?			
Have any privacy implications been signed off by the Head of Information Governance?			
Have any conflicts of interest implications been signed off by the Corporate Office?			
Have any public engagement implications been signed off by the Head of Communications & Engagement?			
Has an Equality Impact Assessment been carried out?			
<b>Key Risks</b>	As outlined in the Financial Risk Register		
<b>Executive Summary</b>	<p>Introduction</p> <p>Work on a first draft financial plan for 2018/19 commenced in mid-January 2018 based on known working assumptions at that time. On Friday 2 February 2018 the national planning</p>		

guidelines for 2018/19 were published and on the 5 February Bedfordshire CCG was notified of its control total for 2018/19 of a surplus of £10million. Appendix 1 details some of the main features of the planning guidance and associated timetable.

These new working assumptions and updated position enabled the CCG to present a sensible plan to Dr Paul Watson, Regional Director NHS England, on 7 February.

**Actions required**

A further meeting with Dr Watson to progress the work on the 2018/19 Financial Plan is arranged for 19 February.

Arrangements for agreeing the second year of the acute contracts are under discussion with Bedford Hospital Trust and the Luton & Dunstable Hospital Foundation Trust.

A BLMK STP event has been arranged for 23 February for all three CCGs and all three acute providers to share 2018/19 commissioner QIPP and provider Cost Improvement Plans (CIP) in support of the out of hospital care strategy.

Oversight of the emerging 2018/19 Financial Plan is through the Finance and Performance Committee.

## 2018/19 Financial Recovery Plan update

## Appendix 1

The CCG has been developing its financial and activity plans for 2018/19 since mid-January and has been presenting the draft plans to the Regional NHSE team, responding to feedback and refining accordingly.

On Friday 2<sup>nd</sup> February the national planning guidelines were issued and on the 5<sup>th</sup> February the CCG was notified of its Control Total for 2018/19. The existing draft plan was then modified to ensure compliance with the changes.

### Key Planning Assumptions

The key planning assumptions underpinning the plan can be summarised as follows

- The recurrent funding allocation increases by £4.7m (2.9%) to £569.5m in 2018/19 against a national average increase of 2.2%. This leaves the CCG at -1.55% distance from funding target
- The requirement to provide for a 0.5% (£2.8m) National Risk Reserve has been removed
- The Control Total has been set by NHSE at a surplus of £10.0m down by £1.4m from the previously notified Control Total of £11.4m
- There are no changes to the National Tariff Payment System (PbR) which came into force on 1<sup>st</sup> April 2017 remains in place for 2018-19.
- The national cost pressures impacting on prescribing in 2017/18 in respect of the current high level of discretionary prices for generic drugs in short supply will not persist in 2018/19. This created a significant cost pressure for the CCG in 2017/18 currently estimated to be £3m
- Growth Assumptions:  
The additional recurrent allocation in 2018-19 is designed to allow for:
  - 2.3% growth in Non Elective admissions
  - 1.1% growth in A&E attendances.These are England average growth trends but are intended to accommodate local variation.  
In addition to the above the national planning growth assumptions are as follows:
  - 4.9% growth in total outpatient attendances
  - 3.65 growth in elective admissions
  - 0.8% increase in GP referralsAny local deviation from the national growth assumptions must be clearly explained

- The plan must provide for a 0.5% (£2.8m) contingency provision
- The plan must be compliant with the Mental Health Investment Standard (formerly Parity of Esteem)
- Integrated System Working
  - Shadow Accountable Care systems (Integrated Care Systems) are expected to produce a credible plan that delivers the system control total, resolving any disputes themselves, and no 'shadow' Integrated Care System will be considered ready to go fully operational if it is unable to produce such a plan
  - Integrated Care Systems will be supported by new financial arrangements:
    - They will operate within a single control which is the aggregate position for the trusts and CCGs within the system
    - There will be the flexibility, on a net neutral basis, and in agreement with NHSE and NHSI to vary individual control totals during the planning process and agree in-year offsets of financial over-performance in one organisation against financial under-performance in another

## National Timetable

Item	Date
Regional activity and finance template issued	12 <sup>th</sup> February
CCG activity and finance submission to region	14 <sup>th</sup> February
Regional review of plan, feedback and discussion	14-26 <sup>th</sup> February
Regional activity and finance template reissued	21 <sup>st</sup> February
ICS system control total changes and assurance statement submitted	1 <sup>st</sup> March
Local decision to enter into mediation for 2018-19 contract variations	2 <sup>nd</sup> March
Draft 2018-19 Organisational Operating Plans submitted	8 <sup>th</sup> March
Draft 2018-19 STP Contract and Plan Alignment template submitted	8 <sup>th</sup> March
National deadline for signing 2018-19 contract variations and contracts	23 <sup>rd</sup> March
2018-19 Expert Determination paperwork completed and shared by all parties	27 <sup>th</sup> April
Final Governing Body approved Organisational Operating Plans submitted	30 <sup>th</sup> April
2018-19 Winter Demand & Capacity Plans submitted	30 <sup>th</sup> April
Final 2018-19 STP Contract and Plan Alignment template submitted	30 <sup>th</sup> April
Final date for experts to notify outcome of determination for 2018-19 update	8 <sup>th</sup> June