

Summary of Barnet CCG Operating Plan 2014/15 &15/16

EXECUTIVE SUMMARY

The attached paper summarises Barnet CCGs operating plan which was approved by the CCG Governing Body on the 29th May 2014.

The final detailed Operating Plan was submitted to NHS England on 4th April and was updated from the previous March submission following SMT review and discussions at the Board briefing on 3rd April.

The plan outlines the first two years expenditure in detail and in outline for the following three years. The plan has been amended for changes in planning assumptions and as contract negotiations and other information became clearer.

The budget for 2014-15 shows a net planned deficit of £15.0m and is consistent with the financial operating plan submitted to NHS England.

Discussions are on-going to conclude some 2014-15 contract negotiations with providers and with NHS England in terms of the CCG's overall five year financial recovery plan. Any further adjustments required to the annual budget will be actioned via approved virement processes. The NHS England has recently confirmed that further resubmissions should be made in June 2014 so that CCGs can update their plans in the light of these changes.

The Financial Operating Plan supports the CCG's on-going financial recovery plan. The net planned deficit is to be discussed with NHS England within the context of the CCG's overall recovery plan. The annual budget proposed is consistent with the longer term recovery plan.



Barnet Clinical Commissioning Group

NHSE Financial Operating Plan and Budget 2014-15

1 Introduction

- 1.1 The CCG has been developing its operating plan for the period 2014-15 through to 2018-19 in line with the Strategic Planning Guidance issued centrally by NHS England. The final plan for 2014-15 was submitted to NHS England on 4th April. A further update is required in June for the full five year plan. These plans have been reviewed by the Finance, Performance and QIPP Committee. This paper summarises for information the April submission.
- 1.2 The operating plan forms the basis for the detailed 2014-15 CCG budget. The final budget to be used to monitor the CCG's expenditure as the year progresses is therefore outlined for approval.

2 NHS Operating Plan Submission (April 2014)

- 2.1 The NHS England planning process requires clinical commissioning groups to periodically submit up-dated operating plans as the planning round for 2014-15 and beyond becomes clearer. Strategic Planning Guidance is issued centrally along with model templates for completion. Previous returns were submitted on 14th February and 7th March and were considered by the Finance, Performance and QIPP Committee.
- 2.2 The approach and assumptions underpinning the plan have been considered previously by the CCG Finance Performance and Quality Committee. These have continued to be applied and have not been repeated in this paper.
- 2.3 A final Operating Plan was submitted on 4th April and is the version against which the CCG's performance during 2014-15 will be measured. A further five year submission is required in June 2014.

3 Financial Submission

- 3.1 The position overall shows an improvement in the later years and demonstrates that the CCG returns to in-year breakeven position in 2017-18, a year earlier than previously shown. There is however a short term deterioration in the position for 2014-15 and 2015-16.

£ 000	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Surplus/(Deficit) In-Year (@ March)	(21,586)	(13,081)	(7,399)	(8,097)	(3,803)	(818)
Surplus/(Deficit) In-Year (@ April)	(21,586)	(14,975)	(9,501)	(3,800)	913	6,043
Movement	0	(1,894)	(2,102)	4,297	2,900	6,861

3.2 The overall financial plan was discussed further by SMT and at a Board briefing on 3rd April. The position changed from the earlier version principally due to:

(a)	Updated information on contract negotiations and budget discussions	£0.8m
(b)	The need to re-establish a contingency against possible acute sector activity fluctuations	£3.4m
(c)	The need to provide for RTT backlog issues, particularly at Barnet & Chase Farm Trust	£2.75m
(d)	Additional investment required at Barnet, Enfield and Haringey Mental Health Trust for inpatient episodes	£0.25m

and was mitigated by

(a)	Increasing QIPP target	£0.6m
(b)	Deferring some expenditure on the frail and elderly and Better Care Fund carers investment	£1.75m
(c)	Reducing costs associated with QIPP delivery	£0.2m
(d)	Anticipated increased net contribution from the NCL risk share arrangements	£2.75m

3.3 The impact of the above is then modelled through future years. Of particular interest, the additional investment set aside for RTT pressures and contributions to the national continuing healthcare risk pool is considered non-recurrent and for the next two years only.

3.4 This improvement in future years is in part through re-assessing opportunities for QIPP which has been increased across the years as follows:

£ 000	2014/15	2015/16	2016/17	2017/18	2018/19
QIPP target (@ March)	10,293	10,488	8,000	8,000	8,000
QIPP Target (@ April)	11,200	12,106	10,024	10,000	10,000
Movement	907	1,618	2,024	2,000	2,000

4.0 Business Rules

4.1 The annual figures shown above are the in-year positions only. The full Operating Plan submission applies NHS Business Rules whereby previous years' surplus or deficits are returned to the CCG. A surplus is being added to an organisation's annual resource allocation and therefore available to manage risks. Deficits are deducted from the annual resource allocation and consequently may be reflected in a reported worsening financial position.

4.2 When applying NHS Business rules, the financial position across the five year plan is:

Surplus/(Deficit) £ 000	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
In-Year	(21,586)	(14,975)	(9,501)	(3,800)	913	6,043
Cumulative	(19,500)	(34,476)	(43,977)	(47,777)	(46,864)	(40,822)
Updated for 13-14 outturn	(9,000)	(23,975)	(33,476)	(37,276)	(36,363)	(30,320)

It should be noted that 2013-14 deficit is based on month 9 forecast position as required by the NHS model. The actual outturn is significantly better than this at £9m deficit. Rather than a deduction of £19.5m from the CCG's 2014-15 allocation, it is expected that the £9m deficit will be used. It is also anticipated that an opportunity will become available before June to refresh the Operating Plan to reflect the actual 2013-14 outturn once the annual audits have been completed.

4.3 Discussions continue with NHS England on the CCG's overall financial recovery plan and the request to suspend normal business rules whilst the CCG works to eliminate the in-year deficit position. NHS England has recently confirmed that business rules will apply and that the brought forward deficit will need to be funded within the North Central London Risk Share arrangement. NHS England had previously indicated that it would be willing to contribute to the risk share arrangement but this has subsequently been withdrawn. Discussions are to be held with the other NCL Commissioners.

4.4 At present only 0.5% contingency has been shown whereas planning guidance under NHSE business rules requires that 2.5% should be set aside for contingency and headroom to manage unexpected pressures. Given that Barnet CCG is overspent and in financial recovery, it is unlikely that any additional funds can be set aside unless better than expected financial positions can be agreed when concluding the outstanding provider contracts.

4.5 To further the discussions with NHS England, bridge analysis has been completed for the in-year positions starting with the PWC initial plan through to the 13-14 outturn and for the next two years' plans. These are attached for information at appendix A

5.0 Delivering Better Outcomes for Patients

Since the inception of NHS England & CCG's in April 2013, one of the key drivers for us as a new organisation is to ensure the investment we receive from Central Government will deliver greater outcomes for our patients.

To support CCG's in effectively plan, NHS England have circulated the national planning guidance – Everyone Counts: Planning for patients 2014/15 to 2018/19.

This guidance sets out how “the NHS budget is invested so as to drive continuous improvement and to make high quality care for all, now and for future generations”.

The five NHS Outcomes are the key Government mandate which will drive this improvement;

1. We want to prevent people dying from prematurely with an increase in life expectancy for all sections of society.
2. We want to make sure that those people with long term conditions, including those with mental illnesses, get the best possible quality of life.
3. We want to ensure patients are able to recover quickly and successfully from episodes of ill-health or following an injury.
4. We want to ensure patients have a great experience of all their care.
5. We want to ensure that patients in our care are kept safe and protected from all avoidable harm.

The NHS ambitions will be focussed around achieving these five outcomes.

Barnet CCG is currently working up these planning grids, including the usage of Quality Premiums which will reward CCGs for the improvements in the quality of the services that we commission and for the associated improvements in health outcomes and reducing inequalities.

The Quality Premiums are a combination of national and local priorities which will be based on 6 measures:

- Reducing potential years of lives lost through causes considered amenable to healthcare & addressing locally agreed priorities for reducing premature mortality
- Improving access to psychological therapies
- Reducing avoidable emergency admissions
- Addressing issues identified in the 2013/14 Friends and Family Test & support the roll out of FFT in 2014/15

- A further local measure that should be based on local priorities such as those identified in joint health and wellbeing strategies

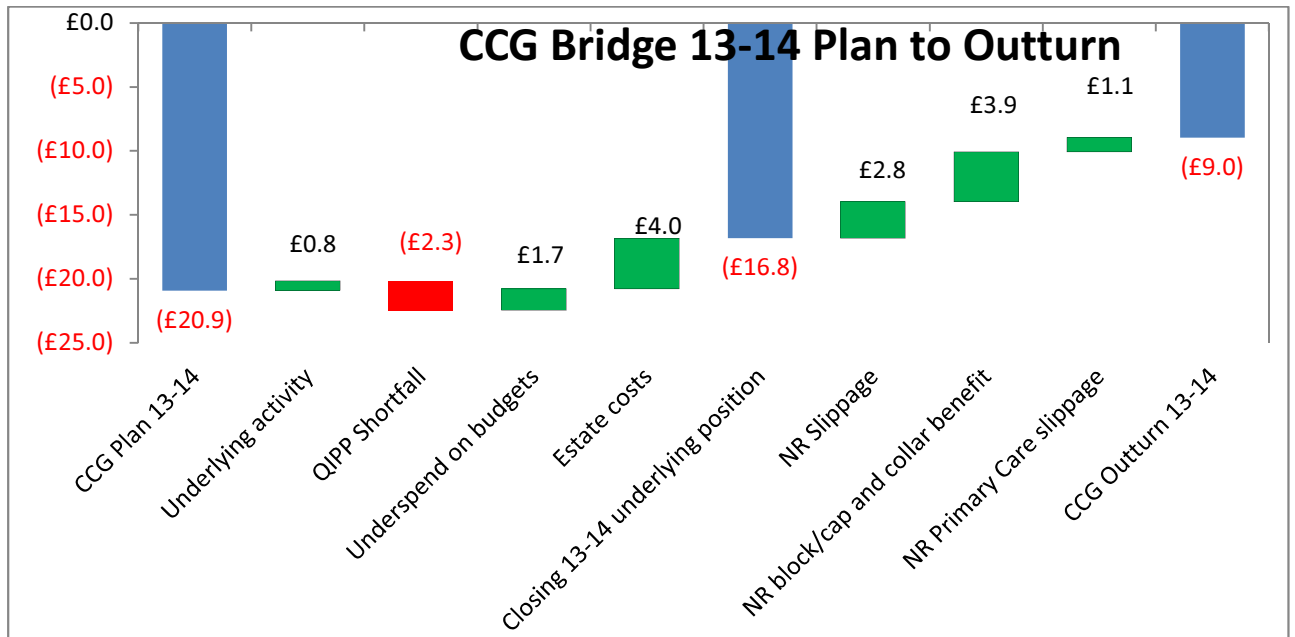
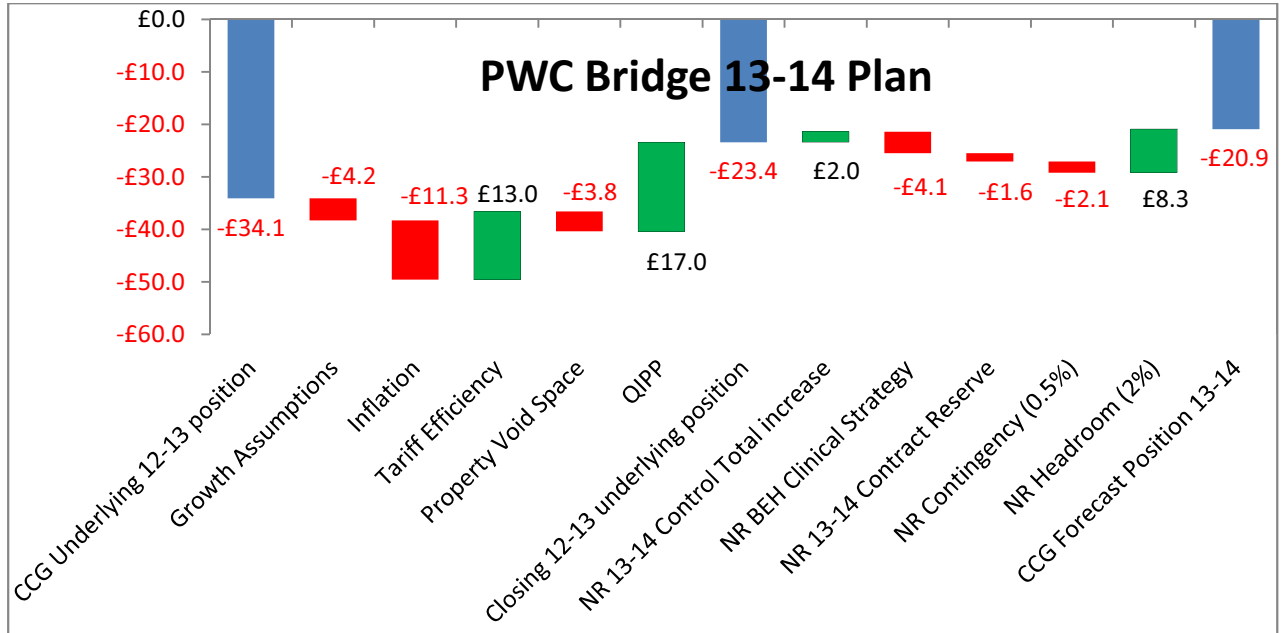
Final submissions for these plans to NHS England are scheduled for the end of June, which stakeholder engagement will be sought accordingly.

5 Next Steps

- 5.1 There will be on-going discussions with NHS England around the Operating Plan 2014-15 position and future financial trajectories. The Board will be kept up to date as necessary.
- 5.2 Work will continue to develop the full five year model for June in conjunction with the CCG's financial recovery plan. Any opportunity to refresh the model before June to reflect the CCG's improved 2013-14 outturn position will be taken.

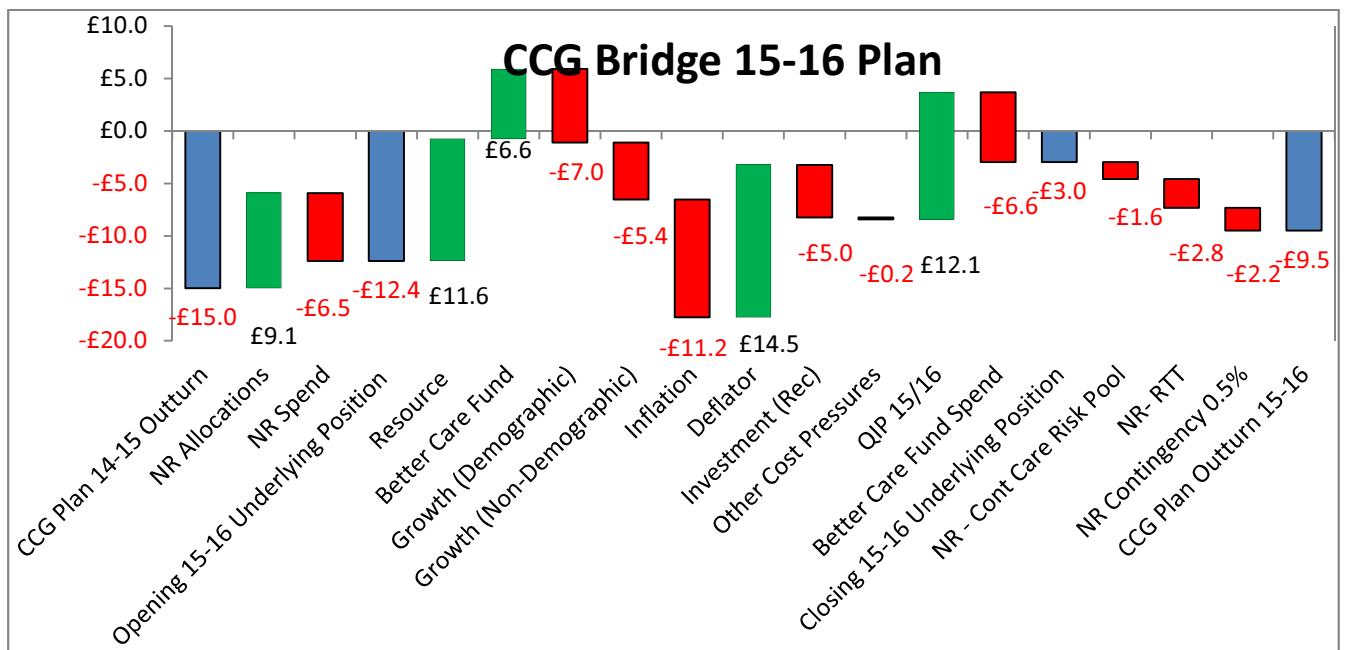
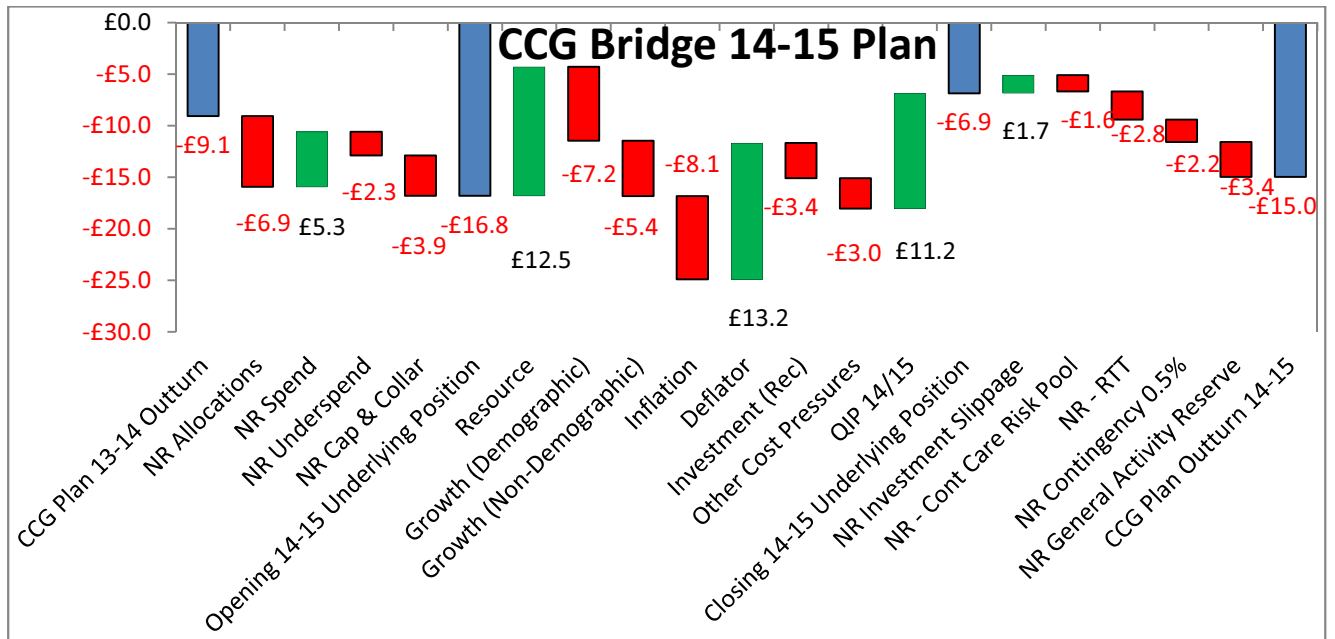
Appendix A (i)

Various Bridge Analysis



Adjustments are considered to be recurrent unless shown as NR (non-recurrent)

Appendix A (ii)



Adjustments are considered to be recurrent unless shown as NR (non-recurrent)