

Agenda Item: 5.3

Report to:	Hull Clinical Commissioning Group Committee
Date of Meeting:	22 March 2013
Subject:	2013/14 Financial Plan
Presented by:	Emma Sayner, Chief Finance Officer
Author:	Danny Storr, Head of Finance

STATUS OF THE REPORT:

To approve	<input checked="" type="checkbox"/>	To endorse	<input type="checkbox"/>
To ratify	<input type="checkbox"/>	To discuss	<input type="checkbox"/>
To consider	<input type="checkbox"/>	For information	<input type="checkbox"/>

PURPOSE OF REPORT:
To inform the CCGC of the 2013/14 Financial Plan

RECOMMENDATIONS:
1. That the CCGC approve the 2013/14 Financial Plan

REPORT EXEMPT FROM PUBLIC DISCLOSURE No Yes

If yes, grounds for exemption
(FOIA or DPA section reference)

CCG STRATEGY NUMBER REFERENCE	ASSURANCE FRAMEWORK REFERENCE NUMBER
<p><i>Short summary as to how the report links to the CCG's strategic objectives</i></p> <p>The Financial Plan is a financial quantification of the overall CCG Strategy.</p>	<p><i>Short summary as to how the report adds assurance to the Assurance Framework</i></p> <p>The CCGC can be assured that the CCG has a plan to achieve its planned surplus and complies with the financial requirements as detailed in the DoH's document "Everyone Counts: Planning for Patients 2013/14"</p>

IMPLICATIONS: *(summary of key implications, including risks, associated with the paper),*

Finance	The Financial Plan sets the budgets for the CCG for the forthcoming year. The main risks relate to whether the resources allocated from the former PCT agree to the responsibilities of the CCG (e.g. Specialised Commissioning).
HR	The Financial Plan includes a breakdown of the CCG's running costs and the Running Cost Allowance (RCA) that these must remain within.
Quality	The financial resources allocated to any area of spend has implications for quality. This is monitored via robust contract monitoring and service specifications.
Safety	The financial resources allocated to all areas of spend should be sufficient to ensure that the safety of all involved is not compromised.

ENGAGEMENT: *(Explain what engagement has taken place e.g. Partners, patients and the public prior to presenting the paper and the outcome of this)*

In producing this Financial Plan investments have been discussed and agreed with Prioritisation Panels (a sub-group of the Planning and Commissioning Group). The financial envelopes relating to some providers have been discussed as part of the contract negotiations. Commissioning managers will have undertaken appropriate engagement with partners in respect of specific proposals.

LEGAL ISSUES: *(Summarise key legal issues / legislation relevant to the report)*

No specific legal issues in connection with this report.

EQUALITY AND DIVERSITY ISSUES: *(summary of impact, if any, of CCG's duty to promote equality and diversity based on Equality Impact Analysis (EIA). All reports relating to new services, changes to existing services or CCG strategies / policies **must** have a valid EIA and will not be received by the Committee if this is not appended to the report)*

The financial plan is a financial translation of the Commissioning Strategy within which individual proposals will have been subject to Equality Impact assessments.

THE NHS CONSTITUTION: *(How the report supports the NHS Constitution)*

The 13/14 Financial Plan complies with all relevant elements of the NHS Constitution

Definitions

- To approve - An item of business that requires the Committee to take a formal decision.
- To endorse - An item of business that requires the Committee to endorse the actions taken by the CCG.
- To ratify - An item of business where the Committee is required to ratify the action(s) taken on the behalf of the Committee, for example, by a formal group established by the Committee.
- To discuss - An item of business that requires discussion by the Committee prior to agreement of a formal resolution or a general policy steer to the executive officers.
- To consider - A report containing a positional statement relating to the delivery of the CCG's functions for which the Committee has a corporate responsibility but is not explicitly required to make a decision.
- To note - An item of business for which the Committee is required to give due regard to but for which there is not expected to be discussion.
- For information - An item of information that is of general interest but is not of significance to the Committee's corporate or operational activities. These items will be included on a specific section on the agenda but will not be for discussion unless exceptionally Members have not been able to obtain assurance from the author outside of the meeting *and* the Chair has been notified of the request at least 1 hour in advance of the start of the meeting.

TITLE: 2013/14 Financial Plan

INTRODUCTION

1. The purpose of this report is to request the Clinical Commissioning Group Committee to approve the 2013/14 Financial Plan.

BACKGROUND

2. This is the first Financial Plan that is solely related to NHS Hull CCG. It has been developed through a combination of extracting relevant elements from the predecessor PCT (in line with the methodology used to determine CCG resource allocations) and encompassing the commissioning intentions of the CCG.

INFORMATION

3. Allocation Of Resources:

The CCG has been allocated £347.6m of recurrent resources to be spent on healthcare. This was arrived at from an extraction of the former PCT 2012/13 position, national adjustments for an increase to the procedures that are now classified as specialised and an uplift of 2.3%.

The CCG will also receive £13.5m of the former PCT's surplus to be used non-recurrently on healthcare expenditure.

A recurrent allocation of £7.024m (£25 per head of registered population) will be received to cover the running costs of the CCG. Any underspend against this can be used non-recurrently on healthcare.

4. Planned Surplus

The CCG has submitted plans to the NHS Commissioning Board (NCB) for the CCG to deliver a surplus of £7.5m. This is above the minimum surplus of 1% of recurrent resources (c£3.5m) and has the impact of carrying forward some additional non-recurrent resource into future financial years

5. 2% Recurrent Headroom

The financial plan includes a mandatory requirement for 2% of the recurrent allocation being earmarked as 'headroom' which can only be invested in non-recurrent expenditure. This equates to £6.952m in 2013/14 for which proposed expenditure plans have been prepared. Proposed non-recurrent investment includes enabling investment for transformational change linked to the programmes outlined in the Commissioning Strategy.

6. Expenditure Assumptions

NHS Hull CCG has made the following assumptions in the financial plans in respect of expenditure:

Tariff reduction -1.1% i.e.net efficiency included in expenditure plans.

Non-Tariff reduction -1.1% i.e. net efficiency included in expenditure plans for NHS / Community Services providers.

CQUINS – There has been no increase to the 2.5% of CQUINS funded in contracts in accordance with Department of Health guidance.

Prescribing – 1% uplift included in expenditure plans.

Contingency - The financial plan includes a 1% non-recurrent contingency of £1.7m that will be used to fund costs / pressures that arise during the year.

Running Costs – Running costs are £300k below the allocation. This resource will be made available for non-recurrent investments in healthcare.

7. Operational Financial Plan

The NHS Hull CCG Operational Financial Plan for 2013/14 has been prepared in detail and the following schedule presents the delegation:

NHS Commissioning	£000's
Hull & East Yorkshire Hospitals	159,748
Leeds Teaching Hospitals	1,466
Humber FT	34,923
Yorkshire Ambulance Service	11,730
Other NHS SLAs	3,610
	211,477

Non NHS Commissioning	£000's
Care in the Community	3,574
Free Nursing Care	1,273
Continuing Healthcare	21,587
City Healthcare Partnership	26,836
Other Non NHS Providers	15,948
	69,219

Corporate Budgets	£000's
NHS PROPERTY SERVICES	3,709
Corporate Budgets	842
	4,551

Primary Care	£000's
LES funding	1,007
Prescribing	46,647
Other Primary Care	156
	47,810

Programme Reserves	£000's
2% Non Recurrent Reserve	6,952
Earmarked reserves	12,181
Contingency	1,738
Planned Surplus	7,200
	28,071

Total 2013/14 Programme Budget	361,128
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Running Cost	£000's
Pay Costs	2,569
Non-Pay Costs	390
Commissioning Support Unit	3,253
Earmarked reserves	513
Planned Surplus	300
Total 2013/14 Running Cost Budget	7,024

Total 2013/14 CCG Budget	368,153
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8. Investment Programme

The investment programme is well developed and includes further investments in initiatives to deliver the refreshed Commissioning Strategy, unavoidable cost pressures and QIPP efficiency savings.

The total investment programme by programme is as follows:

Programme Area	Rec £000's	Non-Rec £000's
Partnerships	447	2,667
Planned Care	4,830	5,300
Unplanned Care	992	0
Primary Care	1,430	1,870
Corporate	3,805	3,429
Running Costs	516	0
Total	12,020	13,265

9. Cash

The CCG will work in conjunction with the CSU to ensure that a robust cash management strategy is in place therefore no cash issues are anticipated in 2013/14 i.e the CCG will remain within its available cash limit for the financial year.

10. QIPP

The CCG has set ambitious savings targets which will be monitored on a monthly basis. The CCG will be working with both commissioner and provider partners to enable transformational change and identify savings consistently and adopt a whole systems approach to change across the local health economy.

The 2013/14 NHS Hull CCG QIPP programme for cash releasing savings is summarised as follows:

QIPP category	Planned savings in year (£000s)
QIPP Capita (procedures of limited clinical value & Shared Decision Making)	(500)
Reduction in excess bed days	(500)
QIPP – Paediatric Assessment Short Stay Unit – Full Year Effect	(202)
QIPP - GP Stream Saving – Full Year Effect	(1,720)
QIPP - E-Consultation – Full Year Effect	(402)
Continuing Healthcare - Review Nurses	(574)
	(3,898)

11. Risks to the Finance Plan

Activity

The contract negotiation with the main providers is well underway and there remains a residual risk on secondary care activity. Ongoing monitoring and the development of practice-based information across the CCG will assist with the mitigation of this risk as well as the implementation of the agreed schemes within the Commissioning Strategy.

Continuing Healthcare

Continuing Care remained relatively stable throughout 2012/13 however there is a risk that this may not continue and growth could increase at a rate above that accounted for in the Financial Plan so continual monitoring is essential and planned.

Specialised Commissioning

The CCGs allocation was reduced by £17.3m to take account of an increase in the number of procedures that constitute specialist commissioning. There is a risk that this reduction will not be matched by a reduction in activity associated with non-specialist

procedures and as such would put the CCG under financial pressure. The CCG is working with the main provider and the NHS Commissioning Board in order to monitor and mitigate this risk.

Transitional Instability

The impact of the redesigned healthcare system presents a risk in terms of the diversion of management capacity as the new organisations adapt to their new roles and responsibilities.

RECOMMENDATIONS

12. It is recommended that this report be noted and NHS Hull CCG's 2013/14 Financial Plan be approved.