Appendix 1

NHS
Calderdale
Clinical Commissioning Group

Financial Recovery
(draft plan for comment)

Content

NHS Calderdale Clinical Commissioning Group

1. Intro/Context
2. Principles
3. Framework for the plan
4. Risks to manage
5. Governance
6. Action plan

1 - Context

- **2016/17 is extremely challenging year financially**
  - **Below national average growth in allocation**
  - **Increased pressure from change in PBR rules**
  - **Trading activity with main acute hospital providers**
  - **Additional costs of Funded nursing care pricing**

- **Whils the CCG is reporting that it will achieve is planned surplus position, as at month 5 for 2016/17 the CCG are showing unmitigated risks of £4m to achieve it planned surplus. The gross level of risk a reported to F&P Committee is £10.8m and we have recurrent mitigations of £2.8m and non recurrent mitigations of £4m. If we declare we are unable to mitigate this risk and not achieve our plan the CCG will be placed into financial recovery.**

- **As part of raising the awareness and implementing financial turnaround/recovery the CCG (through Senior management and clinical discussion) has developed a set of principles to work to.**

- **Whilst the CCG has in year risks to manage to deliver its statutory targets the most significant part of recovery is to address this years adverse financial trend on our medium term financial plan. Risks are predominantly being mitigated by one off non recurrent budgets. This years movement in acute activity significantly increases our cash releasing QIPP requirements in 2017/18 onwards. If the in year trend continues then there is a significant increase in QIPP requirements in our Medium Term Financial Plan (MTFP).**

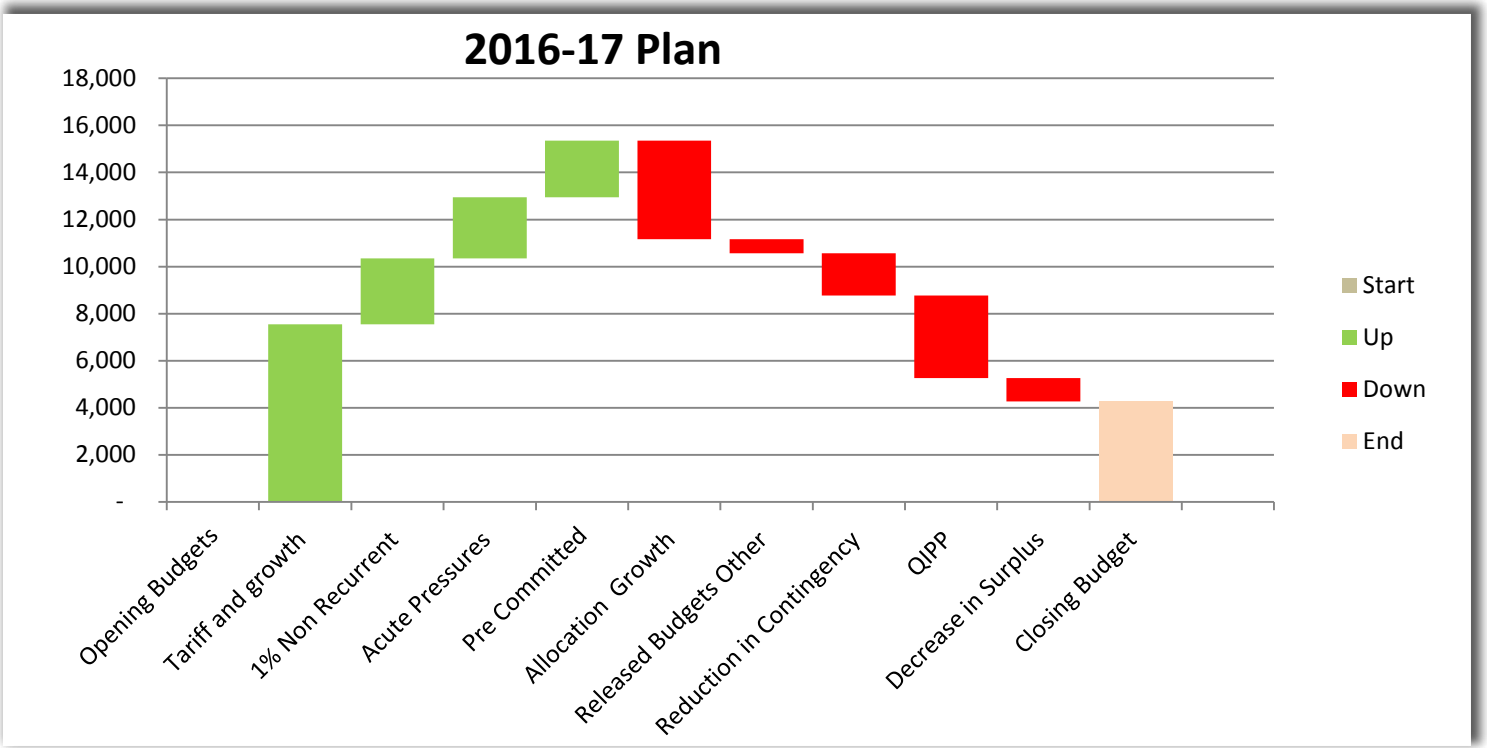
- **Whilst acute activity cost has increased this indicates our current run rate (this is the percentage of potential recurrent expenditure that exceeds our annual recurrent allocation) is between 1.5-2%. This is a significant indicator NHS England use to assess the CCGs overall financial position. This level of growth has not been built into the MTFP.**

1 - Context (continued)

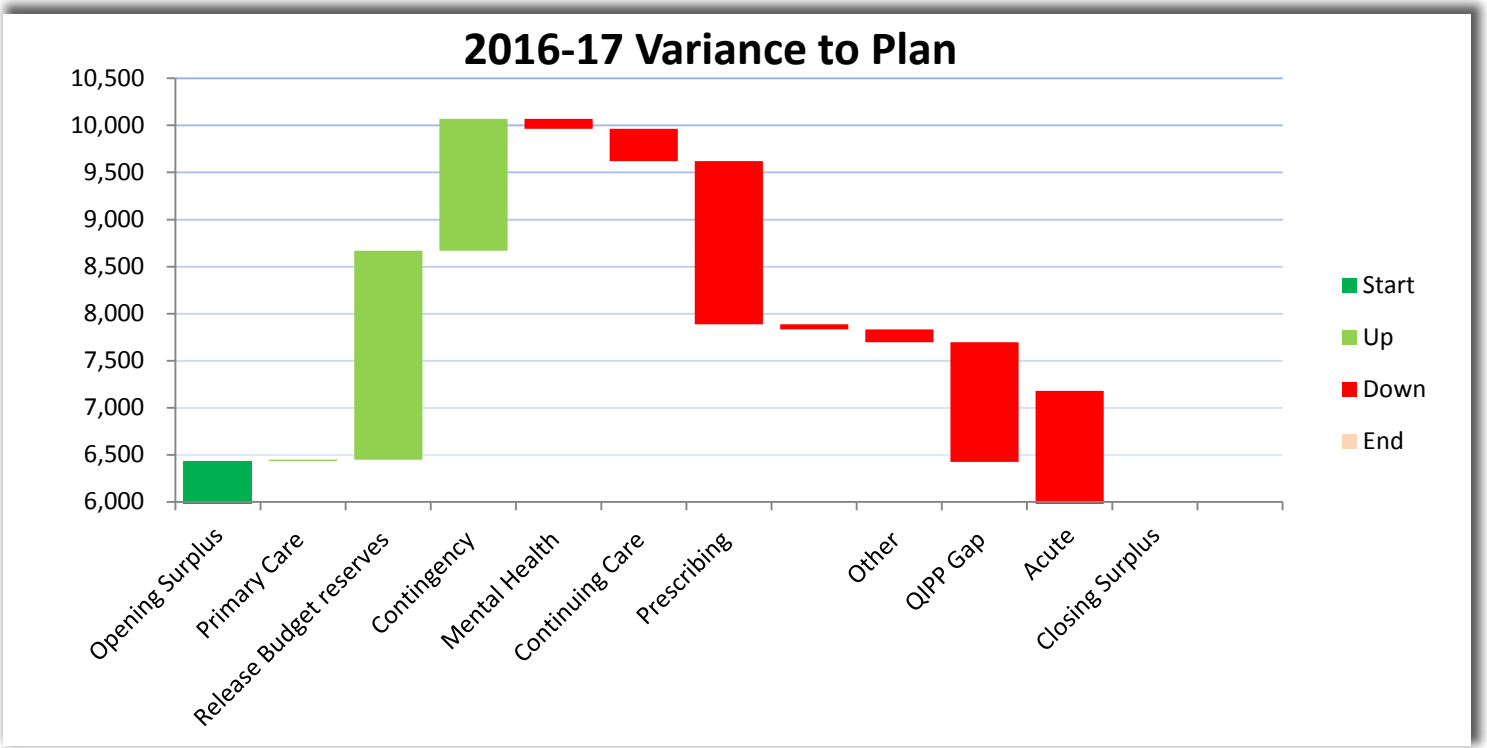
- **In addition to our acute hospital pressures the CCG is seeing increases in the cost of prescribing. This growth is mainly as a result of unidentified prescribers now being allocated to the CCG, showing a growth pressure of 9%/£1.7m compared to expected budgeted levels of 4%. Whilst this growth level is expected to be a one off issue it does create increased in year and long term financial pressures.**

- **The next two charts which show the use of allocation in setting the plan in 2016/17 and the actual impact seen during the year.**

1 - Context (continued)



1 - Context (continued)



1 - Context (continued)

- As shown in the MTFP the CCG will have a significant QIPP challenge over the next few years. In the short term the CCG may be able to draw down some of its historic surplus to help mitigate the QIPP required in year. The table below summaries the QIPP challenge over the next 2 years and the potential surplus drawdown options. Surplus drawdown is subject to NHS England approval.

Surplus Drawdown & QIPP target	2017 - 2018 £'m	2017 - 2018 £'m	2017 - 2018 £'m	2017 - 2018 £'m
Surplus Drawdown	3.2	2.2	1.2	0.0
QIPP	5.5	6.5	7.5	8.7
Surplus Delivered	**3.2**	**4.2**	**5.2**	**6.4**

	2018 - 2019 £'m	2018 - 2019 £'m	2018 - 2019 £'m	2018 - 2019 £'m
Surplus Drawdown	0.0	1.0	2.0	3.2
QIPP	6.3	5.3	4.3	3.1
Surplus Delivered	**3.2**	**3.2**	**3.2**	**3.2**

2 - Principles of turnaround agreed

- Any change must support the overall strategic direction for the system. Specifically, schemes will operate in line with our strategies to
  - Deliver more care close to home.
  - Develop new and innovative ways of delivering care
  - Empower and support independence.
  - Developing the capacity and capability of the voluntary and third sector.
- We will explicitly consider the impact of proposals upon safety, equality and quality.
- We will balance our requirement to deliver statutory financial duties with our duty to commission the best possible outcomes for our population.
- All schemes within the plan will have clear clinical and managerial leadership
- We will use the best available evidence and the best available data.
- We will balance our duty to our population with the responsibility to meet the needs of individuals
- We will be open and transparent
- We will take into account the views of individuals, communities and our population.
- We will work openly and in partnership with providers and stakeholders to co-produce plans where potential schemes will require provider costs to come out.
- We will be clear about the schemes we are going to deliver, and will be clear about how they will be measured, monitored and reviewed.

3-Framework to recveory

The CCG has identified five key areas to focus resource whilst in recovery these are:

- **Eliminating Waste**
- **Ensuring services are performing as expected**
- **Transactional work**
- **New models of funding and financial flows**
- **Stopping things**

Work has been ongoing in a number of these in a number of area's, some require further development to understand the impact they will have and some are new areas for the CCG to consider and take action on. The action plans are broken down into these areas of focus and highlight specific work ongoing, responsible officer/clinical leadership & engagement, governance, timelines and outcomes/impact.

Over the coming months each area will report on the actions and quantify how they will contribute to in year mitigation and future years QIPP requirements.

4 - Governance

The CCG has good formal and internal governance arrangements in place to monitor and implement its financial recovery led primarily through the Finance and Performance Committee and Governing Body.

The QIPP group will be the leading operational group for the development and delivery of a significant portion of the framework. This will require a refocus/reframing of its remit and potential membership over the coming months to ensure not finance drive and will review a number of elements such as ensuring existing spend is delivering desired outcomes, this will include reviewing the ROI of existing services/investments, quality impact assessment benchmarking/delivery of Right Care opportunities.

The CCG engages with stakeholders through a variety of partnership meetings, the CCG and partners will need to review and build on existing arrangements and how they assist in delivery both strategic direction and financial sustainability.

How the CCG works to develop both financial sustainability and CC2H will need to be reviewed to ensure the most efficient and effective governance is in place. A review will need to be conducted of both managerial and clinical capacity as well as governance arrangement by the end of the calendar year to align resource most efficiently.

5 – Risks

- The success of the CCGs financial recovery will be monitored by expanding its financial reporting to both the Governing Body and Finance & Performance Committee.
- The reporting and monitoring of risks is well embedded within the CCG, the purpose of this section is to highlight future risks that cant be fully mitigated or quantified at this moment in time.
- These risks will be regularly reviewed through monitoring at the Finance and Performance Group

5 – Risks

Risk	Mitigation
• Continued trend of acute hospital cost growth above activity growth	• Monitored through transactional work (contracting/right care)
• Tariff changes/Planning guidance	• Awaiting complete guidance but 5YFVs and STP information incorporated in plans
• Regulator interpretation	• Work through Partnerships board to agree interpretations
• Partnership working	• Continue open dialogue with all stakeholders,

6 – Recovery Action Plan

Eliminating Waste

Waste will be a key theme for the QIPP Group to challenge and lead on. Focus at this meeting we will be prioritising the range of opportunities such as

- Right Care
- Ambulatory care sensitive conditions
- Conditions not requiring hospital admission
- Restricted procedures
- Use of technology

We recognise the considerable work done on Right Care and now we need to accelerate this work and realise the potential efficiencies across the system.

- The QIPP group is asked to quantify and report by the end of October the value of efficiency the Right Care opportunities that can be released from contracts or budgets.
- Develop a prescribing recovery plan (learning from the acute hypothesis and other CCG and consultations (ensuring consistent approach). Detailed and quantifiable plan and proposals to be considered by end of October by QIPP group (work has started here and proposals are due?)
- Develop a time line and quantify plan for elective procedures – again using work undertaken in West Yorkshire and ensuring work is led through Elective Care Improvement Board (ECIB).
- The QIPP group will review existing activity for ACS conditions and hospital admission avoidance to ensure/identify where action is needed (this work needs to be aligned with section on services performing as expected).
- Through the ECIB work with the Trust to jointly identify areas of waste and efficiency. Identify a list of quick wins by December 2016.
- Design framework and roll out plan for use of Primary Care dashboard by end of October

Ensuring services are performing as expected

The CCG has invested in recent years in a number of initiatives such as the BCF, QUEST etc to avoid and reduce demand on acute services. Whilst it is recognised a number of schemes are success a review is needed of all services to ensure they are aligned to CCG strategy, contracted outputs, original goals and they deliver a return on investment/ contribute to an efficiency to the system.

Once the review is conducted proposals will be submitted to the relevant committees for approval

- Through the QIPP group and BCF Board a timeline will be developed by mid October to review key services/investments to ensure they are delivering/performing as expected. These include but not limited to:
  - BCF schemes
  - Assessment Units
  - Community Services
  - Hospital avoidance schemes
  - Early supported discharge
  - RAID
  - SRG investments
- It is envisaged that all reviews will need to be completed by the end of November to ensure adequate assessment of impact and potential discussion with stakeholders/providers
- In addition and to help with the above the CFO is undertaking a detailed budget/contracts review. This will be completed by mid October, purpose is to identify areas for potential review (as above), potential double funding, areas of slippage for in year realise, findings and actions will be reported to the F&P Committee. Items to be reviewed include:
  - Readmissions funding
  - NE threshold funds
  - SRG funds
  - It is recognised a number of areas will have recurrent commitments against them and any impact will be taken into account in any recommendations or actions. No recommendations will be made without stakeholders discussion as recognised in the principles for recovery.

Transactional

The CCG has undertaken detailed hypotheses work on the contract variation with our main acute provider to understand key issues such as coding/counting, is activity real, activity required and alternatives.

Findings have been classified into 6 main themes:

1. Demand
2. Money
3. Patient flow
4. Effectiveness of other services
5. Staff
6. Regulation

In addition to contribute to the work on ensuring the services commissioned by the CCGare performing as expected a review of the contracts register will identify areas for the QIPP/BCF groups to focus on.

- Hypotheses work will be discussed at the September F&P Committee with agreed actions, by whom and when.
- Agreed action from hypothesis will be designated under the key headings from the framework and reported in the core finance and performance reports.
- Work will continue on the hypotheses to calculate the value this work can contribute to mitigating in year financial risks. This will be concluded by the end of October 2016.
- Review contracts register to inform service review work

New models of funding and financial flow

Current funding and contracting models report a significant level of perverse incentive in patient flow and care with different methods employed from tariff based.

It is recognised that without a fundamental change in payment mechanisms and alignment of incentives that demand and cost growth will never be addressed or potentially in balance.

There have been steady stream of information from NHS England and NHSI around new payment models, specifically capitated payment.

- As part of the Care Closer to Home (CC2H) phase two work will be undertaken to understand how different contracting and payment models can help delivery of both CC2H and financial sustainability.

- As part of the STP work and CC2H the basis of a financial strategy for the health and care system, such as capitated budgets for an ACO, needs to be developed and signed up to by all partners in the system as per our principles of working in partnership. Ensuring financial stbaility/balance is achieved for all parties. It is not expected this will be implemented by the end of 2016/17 but an agreement on the direction of its financial strategy needs to be reached by the end of 2016/17 to move this work. This will be explored through the Partnerships Boards.

- Updates on delivery of the key task will be reported as part of the update to F&P

Stopping things

CCGs have significantly reduced levers to effect demand and cost of services.

This work stream clearly needs to work to the key principle around partnership working. There are a number of risks in delivery of these efficiencies if all partners are not signed up deliver especially clinical leaders.

The QIPP Group will be charged with working up a detailed plan for consideration.

There are a number of groups where this work needs to be undertaken/discussed, such as Partnership Boards, Elective Care Improvement Board, Transformation Group, SRG.

- As recognised in the Governance section, a number of forums/meetings. The CCG will review these to ensure the appropriate engagement on recovery and action is taken in right forum.

- However the CCG QIPP group will be charged with developing a high level options plan/list, building on work already done such as procedures of limited clinical value and the work ongoing in the transformational and elective care groups. Recognising in its reports which forums discussions will take place on these options, either in design/work up/consultation etc.

- Build up potential financial benefit including an assessment of ability to delivery, risks and quality impact of the Initial suggestions from the CDF:
  - 18 weeks/constitutional standards
  - ECRs
  - Restricting thresholds such as smoking/BMI
  - Working to NICE/Clinical guidance and thresholds
  - Referral management schemes