

Report To:	Governing Body 13 October 2016
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Title of Report:	Draft Financial Plan 2017/18 – 2020/21
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FOI Exemption Category:	Open
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Responsible Officer:	Neil Smurthwaite – Chief Finance Officer and Deputy Chief Officer
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CCG Leads:	Nigel Taylor
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Report Author and Job Title:	Lesley Stokey – Head of Finance
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Executive Summary:	The draft financial plan for the period 2017/18-2020/21
Finance/Resource Implications:	Any implications informed within the body of the paper
Risk Assessment:	As above
Legal Implications:	Risks identified within the body of the paper
Health Benefits:	No change arising from this report
Staffing/Workforce Implications:	No change arising from this report
Outcome of Equality Impact Assessment:	None identified
Sub Group/Committee:	Governing Body
Recommendation (s):	It is recommended that the Governing Body: Receives the report, notes the financial position and provides any comment on the draft financial plan for the period 2017/18 to 2020/21

1.0 Purpose of the Report

The purpose of the report is to present to the Governing Body the draft financial plan for 2017/18 to 2020/21.

2.0 Overview of Financial Targets and planning assumptions:

Our key financial targets for the period are:

- Delivery of at least 1% planned surplus
- Maintenance of at least 1% headroom
- Delivery of our QIPP target
- Managing running cost spend within our running cost allocation

The 2017/18 – 2020/21 draft financial plans are included in the Appendices.

3.0 CCG Income Assumptions

NHS England published CCG allocations in January 2015 to cover the period 2016/17 to 2020/21.

Calderdale CCG is classed as an over target CCG as it has an historic budget level higher than the national funding formula would suggest it should have. The national policy direction is that CCGs should ideally be within +/- 5% of their target allocations. An individual CCGs distance from its target allocation has an influence on the growth in allocations that the CCG has been allocated, with an overarching aim to get CCGs to their target allocation by the 2020/21. As a result of this Calderdale CCG has received low levels of growth which presents a significant financial challenge over the five year period.

	2017 - 2018		2018 - 2019		2019-2020		2020-2021	
		£'m		£'m		£'m		£'m
CCG Core Allocation		277.2		281.0		285.2		290.1
Growth	1.38%	3.8	1.50%	4.2	1.69%	4.8	3.46%	10.0
Primary Care Allocation		27.8		28.6		29.4		30.3
Growth	3.00%	0.8	3.02%	0.9	2.93%	0.9	4.11%	1.2
Total		309.6		314.7		320.3		331.7

The STP Financial template guidance indicates that there are significant amounts of national policy investment requirements, the funding for which is included in CCG published allocations.

CCG policy funding in allocations					
£'m	2016/17	2017/18	2018/19	2019/20	2020/21
Other policy commitments					1,024
CAMHS transfer out to CCGs	119	140	170	190	229
Mental Health New Policy		64	75	69	103
Eating disorders		30	30	30	30
Total	119	234	275	289	1,386

An estimate of the impact of these national priority investment requirements has been included in our draft financial plans.

4.0 Expenditure Assumptions

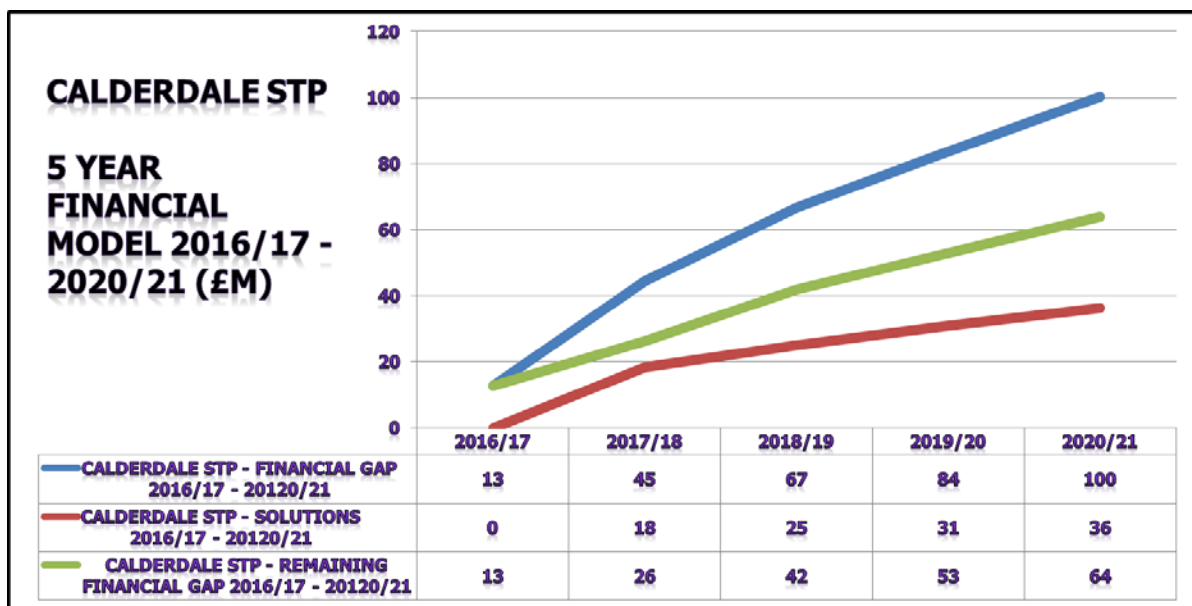
The plan is based on a number of assumptions including:

- Consistency with those included within the NHS England planning guidance
- That all current recurrent budgets continue to be funded
- That non recurrent budgets are released
- Tariff and inflation assumptions are in line with the STP finance template assumptions (and therefore do not include any additional tariff changes or any impact of the proposed implementation of HRG 4+)
- A 1.0% demographic growth increase on our main contracts
- A parity of esteem uplift to mental health contracts
- A shift in expenditure from acute to community in line with our strategy
- All recurrent budget overspends are funded and any underspends released
- That a number of Investment Funds are created as per the guidance
 - Non Recurrent 1% pot
 - Readmissions Fund
 - Emergency Threshold Fund and Systems Resilience Fund (£1.5m)
 - Better Care Fund (£13.8m)
 - Contingency of at least 0.5%
 - General Practice Forward View investment of £2 per head of population for 2017/18 and 2018/19 non recurrently only

- A number of national priority investments which are classed to be part of CCG baselines from 2017/18 onwards including:
 - Children and Young Peoples
 - Mental Health
 - Eating Disorders.
 - Other policy commitments (2020/21)

4.0 System Financial Challenge

All STP footprints have been required to submit finance and efficiency templates on the 16th September. The Calderdale system challenge has been disaggregated from the West Yorkshire position and is estimated as a gap of £64m by 2020/21 after known solutions have been applied. This gap includes CCG, provider trust and social care deficits.



5.0 QIPP Plans

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.

	2017 - 2018	2017 - 2018	2017 - 2018	2017 - 2018
	£'m	£'m	£'m	£'m
<u>Surplus Drawdown & QIPP target</u>				
Surplus Drawdown	3.2	2.2	1.2	0.0
QIPP	5.4	6.4	7.4	8.6
Surplus Delivered	3.2	4.2	5.2	6.4
	2018 - 2019	2018 - 2019	2018 - 2019	2018 - 2019
	£'m	£'m	£'m	£'m
Surplus Drawdown	0.0	1.0	2.0	3.2
QIPP	7.3	6.3	5.3	4.1
Surplus Delivered	3.2	3.2	3.2	3.2

6.0 Recommendations

It is recommended that the Governing Body receives the report, notes the financial position and provides any comment on the draft financial plan for the period 2017/18 to 2020/21.

7.0 Appendices

[Appendix A](#) – shows a summary of the draft financial plan for 2017/18.

[Appendix B](#) – shows a summary of the draft financial plan for 2018/19.

[Appendix C](#) – shows a summary of the draft financial plan for 2019/20.

[Appendix D](#) – shows a summary of the draft financial plan for 2020/21.

NHS Calderdale CCG MTFP

Appendix A

		YEAR 1		
		2017 - 2018		
		RECURRENT £'000	NON- RECURRENT £'000	TOTAL £'000
Allocation/Money In				
		277.2	0.0	277.2
		3.8	0.0	3.8
	1.4%	0.0	0.5	0.5
		27.8	0.0	27.8
		0.8	0.0	0.8
	3.0%	0.0	0.0	0.0
		0.0	3.0	3.0
		0.0	6.4	6.4
		309.6	9.9	319.6
Planned Spend/Money Out				
		273.1	0.0	273.1
		27.8		27.8
		-2.0	0.0	-2.0
		298.9	0.0	298.9
Tariff & Growth				
		4.4	0.0	4.4
		-3.8	0.0	-3.8
		4.9	0.0	4.9
Recurrent Pressures/Savings B'fwd				
		7.2	0.0	7.2
		0.9	0.0	0.9
		0.4	0.0	0.4
		0.0	0.0	0.0
Pre Commitments				
		2.0	0.0	2.0
		0.0	0.0	0.0
		0.0	0.0	0.0
		0.0	0.5	0.5
		0.0	0.5	0.5
		0.0	0.7	0.7
		0.0	0.1	0.1
		0.6	0.0	0.6
		0.0	2.9	2.9
Investments				
		0.0	0.0	0.0
		0.0	0.0	0.0
		1.6	0.0	1.6
	0.5%			
Efficiency Schemes				
		-5.3	0.0	-5.3
		-0.1	0.0	-0.1
		311.6	4.7	316.3
		-2.0	5.2	3.2
	1.0%	Required Surplus		3.2
		Variance		0.0
		Increased Drawdown NR		3.2

NHS Calderdale CCG MTFP

Appendix B

		YEAR 2		
		2018 - 2019		
		RECURRENT £'000	NON- RECURRENT £'000	TOTAL £'000
Allocation/Money In				
		281.0	0.0	281.0
		4.2	0.0	4.2
	1.5%	0.0	0.5	0.5
		28.6	0.0	28.6
		0.9	0.0	0.9
	3.0%	0.0	0.0	0.0
		0.0	3.2	3.2
		0.0	3.2	3.2
		314.7	6.9	321.6
Planned Spend/Money Out				
		311.6	0.0	311.6
		0.0		
		-2.0	0.0	-2.0
		309.6	0.0	309.6
Tariff & Growth				
		3.9	0.0	3.9
		-3.9	0.0	-3.9
		5.1	0.0	5.1
Recurrent Pressures/Savings B'fwd				
		1.6	0.0	1.6
		0.0		0.0
		0.0		0.0
		0.0		0.0
Pre Commitments				
		2.0	0.0	2.0
		-2.0	0.0	-2.0
		2.0	0.0	2.0
		0.0	0.5	0.5
		0.0	0.5	0.5
		0.0	0.7	0.7
		0.0	0.0	0.0
		1.1	0.0	1.1
		0.0	2.9	2.9
Investments				
		0.0	0.0	0.0
		0.0	0.0	0.0
Contingency				
	0.5%	1.6	0.0	1.6
Efficiency Schemes				
		-6.4	0.0	-6.4
		-0.9	0.0	-0.9
		313.7	4.6	318.3
		0.9	2.3	3.2
	1.0%	Required Surplus		3.2
		Variance		0.0
		Increased Drawdown NR		-0.0

NHS Calderdale CCG MTFP

Appendix C

		YEAR 3		
		2019 - 2020		
		RECURRENT £'000	NON- RECURRENT £'000	TOTAL £'000
Allocation/Money In				
		285.2	0.0	285.2
		4.8	0.0	4.8
	1.7%	0.0	0.5	0.5
		29.4	0.0	29.4
		0.9	0.0	0.9
	2.9%	0.0	0.0	0.0
		0.0	3.3	3.3
		0.0	3.2	3.2
		320.4	7.0	327.4
Planned Spend/Money Out				
		313.7	0.0	313.7
		0.0		
		-2.0	0.0	-2.0
		311.7	0.0	311.7
Tariff & Growth				
		3.9	0.0	3.9
		-3.9	0.0	-3.9
		5.3	0.0	5.3
Recurrent Pressures/Savings B'fwd				
		1.6	0.0	1.6
		0.0		0.0
		0.0		0.0
		0.0		0.0
Pre Commitments				
		2.0	0.0	2.0
		-2.0	0.0	-2.0
		2.0	0.0	2.0
		0.0	0.5	0.5
		0.0	0.5	0.5
		0.0	0.0	0.0
		0.0	0.0	0.0
		0.9	0.0	0.9
		0.0	3.0	3.0
Investments				
		0.0	0.0	0.0
		0.0	0.0	0.0
Contingency				
	0.5%	1.6	0.0	1.6
Efficiency Schemes				
		-2.3	0.0	-2.3
		-0.8	0.0	-0.8
		320.1	4.0	324.1
		0.3	3.0	3.3
	1.0%	Required Surplus		3.3
		Variance		0.0

NHS Calderdale CCG MTFP

Appendix D

		YEAR 4		
		2020 - 2021		
		RECURRENT £'000	NON- RECURRENT £'000	TOTAL £'000
Allocation/Money In				
		290.1	0.0	290.1
		10.0	0.0	10.0
	3.5%	0.0	0.5	0.5
		30.3	0.0	30.3
		1.2	0.0	1.2
	4.1%	0.0	0.0	0.0
			3.4	
		0.0	3.3	3.3
		331.7	7.2	335.4
Planned Spend/Money Out				
		320.1	0.0	320.1
		0.0		
		-2.0	0.0	-2.0
		318.1	0.0	318.1
Tariff & Growth				
		5.7	0.0	5.7
		-4.0	0.0	-4.0
		6.4	0.0	6.4
Recurrent Pressures/Savings B'fwd				
		1.6		1.6
		0.0		0.0
		0.0		0.0
		0.0		0.0
Pre Commitments				
		2.0	0.0	2.0
		-2.0	0.0	-2.0
		2.0	0.0	2.0
		0.0	0.5	0.5
		0.0	0.5	0.5
		0.0	0.0	0.0
		0.0	0.0	0.0
		4.4	0.0	4.4
		0.0	3.1	3.1
Investments				
		0.0	0.0	0.0
		0.0	0.0	0.0
	0.5%	1.7	0.0	1.7
Efficiency Schemes				
		-7.3	0.0	-7.3
		-0.6	0.0	-0.6
		328.0	4.1	332.1
		3.7	3.1	3.3
	1.0%	Required Surplus		3.4
		Variance		-0.0