

**HARINGEY CLINICAL COMMISSIONING GROUP  
GOVERNING BODY – MARCH 2017  
2017/18 FINANCIAL PLAN**

## **1. Introduction**

The purpose of this paper is to set out for the Governing Body the CCG's 2017/18 Financial Plan. This paper builds on the updates provided to both the Governing Body and the Finance and Performance Committee earlier in the year.

## **2. 2017/18 Financial Allocation**

As previously notified, the CCG was informed of its overall 2017/18 financial allocation as part of the five year allocation process announced in 2015/16. The amount allocated to the CCG was £358.7m which included a Running Cost allocation of £6.4m. The increase in funding for 2017/18 was £8.2m, which equated to an increase of 2.39%. The CCG has been notified of a further net allocation increase of £0.7m to meet the costs of HRG4+ tariff changes and identification rules (IR) changes, which transfers commissioning responsibility of some services between NHSE and CCGs. The 2017/18 allocation is set out in the table below:

<b>Allocation</b>	<b>£'000</b>
Initial Baseline	344,095
Growth @ 2.39%	8,226
HRG4+	1,576
IR changes	(833)
<b>Total Revised Programme Allocation</b>	<b><u>353,064</u></b>
Running Cost Allocation	6,363
<b>Total 2017/18 Allocation</b>	<b><u>359,427</u></b>

## **3. 2017/18 Financial Plan**

The CCG has set indicative budgets for 2017/18. The starting point for budget setting was the underlying financial position of the CCG as it entered 2017/18. Following the implementation of the CCGs recovery plan the CCG starts 2017/18 with a balanced position.

While there has been growth of 2.39% there are a number of areas that the CCG must include in its financial plan for 2017/18. Provision has therefore been made for the following:

- The impact of the HRG4+ national tariff for NHS services. This represents an increase of £4.0m which is £2.4m over and above the additional funding received;
- Growth in hospital activity of around 3%;
- Inflation for services not covered by the NHS tariff;
- GP Forward View investment of £3 per head over two years (£0.5m in 2017/18);
- Provision has been made within the overall financial allocation for increases to the CAMHS and Eating Disorders budget (£0.3m);
- Mental Health Investment Standard increasing spend in line with the CCGs allocation growth of 2.39%;
- A contingency equating to 0.5% (£1.8m) of the CCG's overall budget;
- An uncommitted reserve equating to 1.0% (£3.5m) of the CCG's 2016/17 allocation. 0.5% must remain uncommitted and held as a risk reserve with the other 0.5% available to spend non-recurrently to support STP priorities.

The impact of applying the above assumptions/budget provisions to the CCG's financial position is to generate a financial gap of approximately £10.0m. This is before the delivery of the 2017/18 STP Interventions and QIPP plan.

#### **4. 2017/18 Budget Setting**

##### **4.1 Acute Budgets**

Acute contracts have been agreed with the CCGs main acute providers and incorporate the agreed STP planning assumptions for growth, tariff impact and STP interventions. Commissioners and providers are working collaboratively to develop and implement the detailed interventions by 31 March 2017.

As in previous years, budgets have been set for acute expenditure outside the main contracts. These budgets include funding for seasonal resilience, non-contracted activity and contract exclusions. These budgets have been set in accordance with the local and national planning assumptions.

##### **4.2 Non-Acute CCG Budgets**

Mental health contracts have been agreed and budgets have been set for Learning Disabilities, Continuing Healthcare and Prescribing services. These are largely based upon the 2016/17 outturn expenditure, anticipated growth and the impact of agreed QIPP projects. Further savings of £2.4m are being sought to cover the gap resulting from the unfunded impact of the HRG4+ tariff.

##### **4.4 Better Care Fund**

The CCG's contribution to the Better Care Fund in 2017/18 is £17.8m. This exceeds the minimum required contribution of £17.4m. Full provision for the CCG's contribution to the Better Care Fund has been included within the Financial Plan. Financial governance of the Better Care Fund is the responsibility

of the Finance and Performance Partnership Board, whose membership consists of senior representatives from both the CCG and the Council.

#### 4.5 Running Costs

The Running Cost allocation for 2017/18 for Haringey CCGs is £6.4m. This funding is used both for staff and other expenditure within the CCG and also funds the CCG's contract with the North and East London Commissioning Support Unit.

#### 5. Overall 2017/18 Financial Plan

The above sections of this paper, have described how the key individual elements of the Financial Plan have been derived. A summary is set out in the table below. The CCG's Financial Plan is based upon delivering an in year break-even position in 2017/18.

	<b>£'000</b>
<b><u>Resource Limit</u></b>	<b><u>359,427</u></b>
<b><u>Acute Expenditure:</u></b>	
Acute & Integrated Care NHS SLA – In Sector	197,304
Acute & Integrated Care NHS SLA – Out of Sector	26,117
Other Acute	5,331
<b>Total Acute &amp; Integrated Care</b>	<b><u>228,752</u></b>
<b><u>Non-Acute Expenditure:</u></b>	
Mental Health & Learning Disabilities	39,024
Continuing Care	19,998
Community	5,568
Better Care Fund	17,809
Prescribing	29,899
Primary Care (GPIT, Out of Hours, NHS 111, Local ~Enhanced Services and GPFV)	3,267
<b>Total Non-Acute</b>	<b><u>115,565</u></b>
<b><u>Other Expenditure:</u></b>	
Running Costs	6,290
Programme Costs	3,340
Contingency	1,797
1% Non-Recurrent Provision	3,523
<b>Total Expenditure</b>	<b><u>359,268</u></b>
<b><u>Surplus/(Deficit)</u></b>	<b><u>159</u></b>

## 6. 2017/18 QIPP Plan

The delivery of a break-even Financial Plan is dependent upon the achievement of significant STP Interventions and QIPP plans in 2017/18 of £10.0m. The agreed acute contracts include £6.6m of STP interventions. In addition the CCG has identified £3.0m of QIPP savings to be delivered from the Non-Acute budgets. In order to support the delivery of the STP interventions the CCG has set aside a budget of £2.0m. The CCG currently has no coverage for the cost pressure associated with the unfunded HRG4+ tariff of £2.4m and will need to develop further Non-Acute QIPP schemes or identify other mitigations in year to cover this.

Any slippage in QIPP delivery will need to be covered by a combination of additional QIPP projects and/or non-recurrent mitigations or funding.

Financial and clinical oversight of the CCG's QIPP plan is the responsibility of the QIPP Delivery Group. The CCG's QIPP Plan is also a standing item for Finance and Performance Committee meetings.

A summary of the 2017/18 QIPP Plan is set out below:

<b>2017/18 Haringey CCG QIPP</b>	<b>Net Savings £000s</b>
<b>STP Interventions</b>	
Care Closer to Home	903
Urgent & Emergency Care	1,756
Mental Health	296
Outpatient	2,963
Non workstream	660
<b>sub-total STP Interventions</b>	<b>6,578</b>
<b>Non-Acute QIPP</b>	
Medicines Management	1,040
Community	500
Continuing Healthcare	330
Mental Health	390
CCG Budget Reductions	802
<b>sub-total BAU QIPP</b>	<b>3,062</b>
<b>Total STP Interventions/QIPP</b>	<b>9,640</b>
STP Investments	(2,000)
Unfunded HRG4+ cost pressure	2400
<b>Total 2017/18 QIPP Plan</b>	<b>10,040</b>

The QIPP plan for 2017/18 consists of schemes continuing from 2016/17, STP Interventions and new QIPP areas which will commence in 2017/18.

STP interventions totalling £6.6m have been agreed in acute contracts. NCL commissioners and acute providers are working collaboratively to develop and implement the detailed interventions by 31 March 2017.

Monitoring reports setting out in-year QIPP delivery will be presented to the QIPP Delivery Group on a monthly basis. Regular updates will also be presented to the Finance and Performance Committee as well as the Governing Body.

## **7. NHS England (NHSE) Assurance Process**

NHS England (NHSE) require CCGs to deliver a cumulative 1% surplus and set a break-even Financial Plan for 2017/18 as a minimum.

The CCG plan is to breakeven in-year and will utilise the carry forward of the 2016/17 uncommitted 1% reserve to generate a cumulative 1% surplus at the end of 2017/18. This has been reflected in the submission of the Operating Plan on 27 February 2017.

## **8. Financial Risks and Mitigations**

The Governing Body will be aware that the delivery of a balanced financial position for 2017/18, depends upon the mitigation of a number of significant financial risks. The key risks facing the CCG in 2017/18 are:

- Increases in hospital activity beyond that included in 2017/18 contracts;
- Financial pressures on Non-Acute budgets;
- Slippage in the CCG's STP Interventions and QIPP plan; and
- Delivery of the additional £2.4m QIPP to cover the unfunded HRG4+ tariff impact.

As in 2016/17, financial risks and mitigations will be reported to both the Governing Body and the Finance and Performance on a regular basis.

## **9. Recommendations**

The Finance and Performance Committee reviewed and discussed the CCG's 2017/18 Financial Plan at its meeting on 23 March. At this meeting, the Committee recommended that the Governing Body approved the 2017/18 Financial Plan at its meeting on 30 March.

The Governing Body is therefore asked to **APPROVE** the CCG's 2017/18 Financial Plan.

**Scott Hunn**  
**March 2017**