Agenda item 9
Attachment 04

NHS
Surrey Downs
Clinical Commissioning Group

Title of paper:	**2014 - 2016 Operating Plan, financial plan and five year draft strategy**
Meeting:	Governing Body
Date:	21st March 2014
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Exec Lead:	Karen Parsons, Chief Operating Officer

Purpose	To Agree	
	To Advise	✓
	To Note	

Development

This work has been progressed through the Executive Committee with input from all department of the CCG.

Executive Summary and Key Issues

At the last meeting on the 31st January the Governing Body received an update on planning guidance for 2014/15. The national planning guidance – Everyone Counts: Planning for Patients 2014/15 to 2018/19 – was published shortly before Christmas. The guidance deals with national objectives, the strategic and operational planning processes, as well as financial planning "business rules".

Since the meeting there has been considerable further work done to progress the detail of the plan for 2014/15 and feedback has been received from the Area Team.

The meeting of the Governing Body on the 21st March will receive a presentation bringing this work together. Attached to support this are the "plan on a page" and a paper on 2014/15 finances. This will be accompanied by the full Integrated Commissioning Plan which will be available shortly.

Recommendation(s): This is advisory and should be read in preparation for the presentation at the Governing Body meeting.
Attachments: Plan on a page; Financial planning 2014-16

Agenda item 9
Attachment 04

Implications for wider governance

Quality and patient safety

Of general relevance.

Patient and Public Engagement

Of general relevance.

Equality Duty

Of general relevance.

Finance and resources

There is detailed information in the papers on next year's financial planning assumptions.

Workforce

Of general relevance.

Information Governance

Of general relevance.

Conflicts of interest

Of general relevance.

Communications Plan

These papers are available on the CCG website.

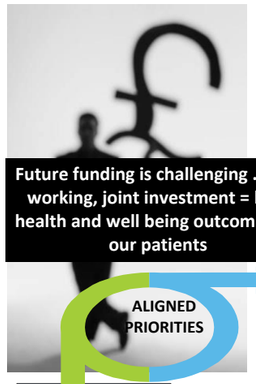
Legal or compliance issues

The CCG works within the national planning guidance issued in December 2013. There are mandatory requirements around finance, patient safety and working with other agencies.

Risk and Assurance

Financial balance is on the CCG's risk register

SURREY DOWNS CLINICAL COMMISSIONING GROUP: PLAN ON A PAGE (APRIL 2014 – MARCH 2019) DRAFT V0.1 KP (270214)



Future funding is challenging . Joint working, joint investment = best health and well being outcomes for our patients

Surrey Downs CCG and the surrounding health economy serves a population of 290,000 and covers Mole Valley, Epsom and Ewell, East Elmbridge and Banstead. We are made up of 33 GP practices and currently operate as four commissioning localities. We face 3 local health economies and hospitals; Kingston Foundation Trust, Epsom Hospital and Surrey and Sussex Hospital with 1 Community Provider, Central Surrey Health. Our vision is simple and patient focused: •To commission high quality healthcare that 'adds value' by improving the health and wellbeing of people living in the area •To ensure strong clinical leadership at every level •To improve healthcare for local people, working in partnership with clinicians, our partners, local people and patients

CCG values and standards
1) An expectation that patients will have equitable access to services and be offered patient choice
2) A focus on continued improvement in patients' experiences of care and their journey through the care system
3) An absolute commitment to commission safe services and robust safe guarding process
4) A drive to adopt the best clinical practice to ensure high quality outcomes

SURREY HEALTH & WELL BEING STRATEGY

Priority 1: Improving Children's health & wellbeing; **Priority 2**: Developing a preventative approach; **Priority 3.** Promoting emotional wellbeing and mental health; **Priority 4**: Improving older adults' health and wellbeing; **Priority 5**: Safeguarding the population

ALIGNED PRIORITIES

SURREY DOWNS CLINICAL COMMISSIONING GROUP PRIORITIES

ALIGNED PRIORITIES

Priority One (P1)
PROJECTS PROJECTS PROJECTS
Maximise integration of community and primary care based services with a focus on frail older people and those with Long Term Conditions
Prevention integrated within each project

P1: 2014 - 2019 OUTCOMES (Benefits/End State)
Within 2 years continuing healthcare assessment process will be steamlined with patch work teams supporting local health economies. **Integrated community teams** will provide health, social, mental health and voluntary sector support for people with LTC, supported by community medical network for chronic disease management. Primary Care standards will be rolled and primary care standards through practice networks. Out of hospital diabetes network; completion of stroke review inc rehab services; promotion of self-care through telehealth; health checks for young people with learning disabilities; promotion of psychological therapies and self-care. Within **5 years** the Better Care Fund will lead to a rapidly different service landscape with integrated care provision, as well as potentially integrated organisations. All diabetes patients managed out of hospital where appropriate; development of new model of stroke care for Surrey; 5 year forecasts for mental health care and learning disabilities; full pathway for alcohol misuse, including brief therapies.

Priority Two
PROJECTS PROJECTS PROJECTS
Provide elective and non urgent care, specifically primary care, closer to home and improve patient choice
Prevention integrated within each project

P2: 2014 -2019 OUTCOMES (Benefits/End State)
Within **2 years**, our Referral Support Service will manage all GP referrals and ensure patient choice for Consultant care. Development of new falls pathway and reduction in fractured neck of femur. Within **5 years** our care pathways will be fully integrated with community diagnostic clinics and more patients receiving follow-up care in the community pathways. This includes a vibrant and diverse provider market with clear contracted outcomes

Priority Three
PROJECTS PROJECTS PROJECTS
Ensure access to a wider range of urgent care services
Prevention integrated within each project

P3: 2014 -2019 OUTCOMES (Benefits/End State)
Within **2 years** GPs and Out-of-Hours services will be integrated to ensure local access for patients and a seamless pathway of care with A&E, 111 and 999. Within **5 years** our Assessment Units, Community Services and rehabilitation beds in the community will ensure early discharge from hospital. Community beds will be at Epsom Hospital and our community hospitals providing specialist rehab care including for stroke and neuro-rehab patients.

Priority Four
PROJECTS PROJECTS PROJECTS
Enhance support for those patients who require End of Life Care
Prevention integrated within each project

P4: 2014 -2019 OUTCOMES (Benefits/End State)
Within **2 years**, all frail, elderly and eolc patients will have voluntary access to an electronic personal care record to coordinate their care. All patients at risk of dementia screened via primary care services, including support for carers. Within **5 years** all patients will be able to die in their preferred setting of care, with their friends and family. Whole system pathway from primary care to tertiary services for dementia patients

Priority Five
PROJECTS PROJECTS PROJECTS
Improve the access and experience of children's and maternity services
Prevention integrated within each project

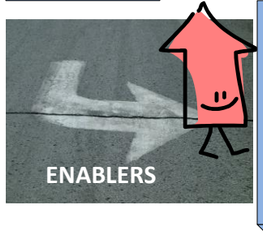
P5: 2014 -2019 OUTCOMES (Benefits/End State)
Within **2 years** all patients and their families will have equitable access to high quality therapies; diagnoses will be a standard MDT assessment and treatment will be delivered in a timely fashion. Management of chronic conditions will be undertaken by primary and community care and pathways for onward treatment will be clear to all referrers in every Health Economy. Health and Education will jointly commission services to provide person centred care. Within 5 Years children with complex needs will receive joined up care from health and social care professionals; access to care will be equitable irrespective of geographic location and all services quality driven. Transition from children's to adults services will be a managed process which does not disrupt care and focuses on delivering services best suited to the individual. Children will have dedicated specialists across all services from A&E to Mental health services and parents and carers can be clear about support services available to them.

Priority Six
PROJECTS PROJECTS PROJECTS
Improving patient experience, outcomes and parity of esteem for people with Mental Health and Learning Disabilities (including Dementia)
Prevention integrated within each project

P6: 2014 -2019 OUTCOMES (Benefits/End State)
Within **2 years**, we will have a Surrey wide joint 5 year commissioning strategy. We will have preventative programmes to improve heath and reduce health inequalities for people with MH or LD. We will aim for early identification and intervention, specifically focusing on IAPT psychological therapies and Dementia, improved response time for older adults with mental health. We will have Psychiatric Liaison Service interventions at acute hospitals for MH & LD. Within **5 years w**e aim to have significant joint commissioning partnerships in place that supports the delivery of the Health and Wellbeing Boards priorities for emotion wellbeing and adult mental health pathway. We aim to being care closer to home where possible and appropriate.

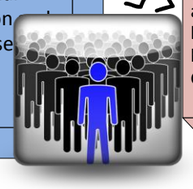
Metrics used to underpin benefits for patients
- Improved points of access across the local health care system
- Better organisation and integration of care pathways outside of hospital
- Decrease in Delayed Transfers of Care
- Increase in number of patients receiving 3-5 day rehabilitation in the community
- Increase in number of people acessing community reablement services to support independent living
- Increased number of people with Personal Health Budgets being supported in the decisions they make about their care
- No CHC backlog – all CHC first assessments being complete within 28 days of referral

Reduction in the number of avoidable emergency admissions
- General Practice standards improve access to primary care services

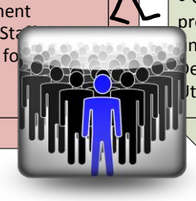


ENABLERS

Shared system leadership
• NHS England Commissioning Board • CCG Collaborative (Hosting Arrangements) •Surrey Health and Wellbeing Board (JSNA) •Surrey Transformation Board •Better Care Fund Board •National and Regional Clinical Networks •Priorities Committee •SEC Senate • Transformation Urgent Care Boards across 3 local health economies •Surrey and Susse Quality Surveillance Group • Surrey Lay Panel Members Network • Regulating Bodies i.e. CQC



SDCCG Leadership
Leadership is at the heart of our organisation from our Clinical Membership Council to our Governing Body through our 4 localities and external facing to enhance partnerships. We have: • Clinical Leadership aligned to key priorities • Governance and accountability structure fit for purpose • Strategic and operational management leadership aligned to support programme/project delivery of key priorities Sta have a patient centred and 'can do' attitude •Talented Lay Panel leadership fo Governance and Patient & Public



Integration through Partnerships
Transformation can only happen through meaningful and success based partnerships. We have:
• Good stakeholder engagement • Shared service strategy with key providers, including Local Authority and Voluntary Sector • Shared nderstanding or workforce challenges, particularly primary care• eveloping opportunities for joint strategic opportunities i.e. Estates tilisation, IM&T strategies

Surrey Downs CCG
Financial Plan 2014/15 – 2018/19

Surrey Downs has had to manage several financial challenges and pressures in the first year of operation. The Surrey Health economy has not been in recurrent financial balance for a number of years and there have been particular issues associated with the disaggregation of funds to Surrey CCGs and other newly formed NHS bodies.

Surrey Downs CCG has prepared a 5 year financial plan which provides the detailed financial breakdown to support the 2 year Operational and 5 year Strategic plans.

The financial plans reflect NHSE guidance included in, *Everyone Counts: Planning for Patients 2014/15 to 2018/19*

The plans for 2014/2015 and 2015/1016 have been prepared in more detail than the following three years and it is these two years that this report focuses.

1. Resource Allocation

The resource allocations have been received from NHSE for 2 years for Healthcare Programme costs and 5 years for Running costs.

The overriding funding objective of NHSE is to provide a transparent allocation process to ensure “equal access for equal need”. In order to deliver this, the intention is to implement an approach to allocation of funding that has regard for population on a per capita basis and takes into account both inequalities and the impact of an ageing population on demand for healthcare.

The table below summarises Surrey Downs CCG notified allocations:

Year	2014/15 £’000	2015/16 £’000	2016/17 £’000	2017/18 £’000	2018/19 £’000
Programme	326,479	332,029	Uplift 1.8%	Uplift 1.7%	Uplift 1.7%
BCF Additional		4,467	Uplift 1.8%	Uplift 1.7%	Uplift 1.7%
Running Costs	7,053	6,358	6,369	6,381	6,395

Running costs allocation remains flat in cash terms for 2014/2015 but reduces by 10% from 2015/16 onwards.

Healthcare Programme allocations have been given for the first two years, for years 2016/17 to 2018/19 Commissioners are required to assume a continuity of the

current allocations policy and those allocations will grow in line with the GDP (note 1) deflator. The rates included in the table above have been provided by NHSE.

Attached are Appendix 1 Financial Plan for 2014/2015 and Appendix 2 Financial Plan for 2015/2016. These appendices summarise the resource allocation movement and by programme spend category, the adjustments made to an opening baseline to arrive at a financial plan for the year.

2. Financial Plan 2014/15

The table below is a summary of Appendix 1 and it highlights the notified resource allocation for 2014/15 and the movement from the current year forecast outturn position to the final plan.

Summary of Financial Plan 2014/15	£'000	£'000
Notified Revenue Resource Allocation		
Programme	326,479	
Running Costs	7,053	333,532
Surplus Brought Forward		67
Total Revenue Resource		**333,599**
Month 9 2013/14 Forecast Outturn	322,265	
Non Recurrent Adjustments	- 1,612	
Forecast Exit Run Rate		320,653
Net Tariff (Deflation)/ Inflation		- 1,272
Activity Growth		7,442
Recurrent Cost Pressures		5,926
QIPP Gross Savings		- 12,382
2014/2015 Recurrent Expenditure		320,367
0.5% Contingency		1,668
2.5% Non Recurrent Investment		8,163
Surplus Brought Forward		67
Total 2014/15 Expenditure Plan		**330,265**
Planned Surplus 1%		**3,334**

The paragraphs below describe and make reference to the detail included in Appendix 1.

Note 1 – GDP Deflator is a national index that measures price changes in a current year compared to those in a base year, for all goods and services produced within a country.

2.1 2013-2014 Forecast Outturn (column a)

The opening Revenue Resource allocation for 2013/14 of £322.3 has been automatically fed into the plan template; the original resource for 2013/14 has been adjusted in year for agreed allocation changes. These changes reflect corrections to the original NHS Surrey baseline organisational splits.

The opening position for the 2014/15 expenditure plan is the forecast outturn as reported at month 9 £322.3m, this baseline will be updated in the final plan to reflect month 11 forecast outturn for the final submission of the 2 year plan to NHSE on 4th April 2014.

The month 9 position for Surrey Downs CCG has expenditure variations against the budget in the different programme areas. Overall within the original plan there was a planned surplus of £1.6m (0.5%), however at month 9 the forecast position was a surplus of £72k which is £1.5m adverse to original plan.

The main area of over performance at month 9 is in the acute services. There has been unplanned growth in the key providers which together with a non-achievement in the delivery of QIPP has led to significant pressures on acute budgets. In addition the planned savings for prescribing have not materialised leading to an over performance against budget. There have been some areas of spend that have mitigated against the financial pressures including Mental Health and Continuing Health care services and running cost spend. In addition the 2% reserve set up for non-recurrent expenditure and the contingency reserve have been used to support general contract over performance, including the non-delivery of QIPP, additional transfers for specialist commissioning and other unplanned expenditure.

A more detailed explanation of current performance is covered in the month 11 Finance Report.

It is this increased level of Programme spend in 2013/2014 that forms the opening baseline for the plans going forward.

2.2 Non-Recurrent Adjustments (columns b and c)

To reflect an underlying annual run rate the opening baseline has been adjusted for both items of spend in 2013/14 that will not recur in future years and for areas of spend for which the full year impact has not been reflected in the opening forecast numbers.

Non-recurrent expenditure, totalling £1.7m has been deducted from the opening position and includes the contribution to the BSBV project, legal fees, costs of the move to Cedar Court and the investment costs for the End of Life Care IT package.

Adjustment for the full year impact of expenditure totalling £125k includes the Referral Support Service that commenced mid-year less an adjustment for non-recurring corporate pay costs.

After reflecting the non-recurrent adjustments the net result is a forecast exit annual run rate (column d) of £320.7m, and it is this adjusted run rate that is forms the baseline upon which the 2014/15 planning assumptions are applied.

2.3 Financial Planning Assumptions

A number of planning assumptions are built into the finance model.

These are the tariff and growth assumptions that are applied to the adjusted baseline expenditure described above and the core financial planning assumptions or business rules that are required under NHSE planning guidance.

Table 1 below summarises the assumptions that have been used in the financial modelling for each of the 5 years. The column entitled FY14/15 are the assumptions applied to 2014/15 adjusted baseline.

Table 1 - Planning Assumptions

	FY 14/15	FY 15/16	FY 16/17	FY 17/18	FY 18/19	Assumption basis
Net tariff uplift / (deflator)						
Acute	-1.5%	-1.1%	-0.4%	-0.6%	-0.7%	NHSE advised
Non acute *(note 1)*	-1.8%	-1.8%	-1.0%	-0.6%	-0.6%	NHSE advised
Continuing Health Care	2.5%	1.5%	1.5%	1.5%	1.5%	Local Determination
Prescribing	5.0%	5.0%	5.0%	5.0%	5.0%	Local Determination
Demographic Growth	1.2%	1.4%	1.4%	1.4%	1.4%	Local Determination
Demographic Growth	*0.85%*	*0.83%*	*0.81%*	*0.78%*	*0.77%*	*National Comparison*
Non Demographic Growth						
Acute	1.0%	1.0%	1.0%	1.0%	1.0%	Local Determination
Non acute *(note 1)*	1.0%	1.0%	1.0%	1.0%	1.0%	Local Determination
Continuing Health Care	1.5%	1.5%	1.5%	1.5%	1.5%	Local Determination
Prescribing	2.2%	2.2%	2.2%	2.2%	2.2%	Local Determination
	FY 14/15	**FY 15/16**	**FY 16/17**	**FY 17/18**	**FY 18/19**	
Business Rules						
Contingency	0.5%	0.5%	0.5%	0.5%	0.5%	NHSE advised
Surplus	1.0%	1.0%	1.0%	1.0%	1.0%	NHSE advised
Non Recurrent Reserve	2.5%	1.0%	1.0%	1.0%	1.0%	NHSE advised
Better Care Fund (BCF)		as notified				NHSE advised

note 1: Non acute includes Mental Health, Community and Ambulance Services

2.4 Net Tariff (Deflation)/Inflation (column e)

The net tariff adjustment for Acute expenditure is the impact of the 2013/14 National Tariff prices rolled forward and adjusted for inflation and efficiency. For 2014/15 the cost uplift is 2.5% and the efficiency requirement is 4%, giving an overall deflator adjustment to tariff prices of 1.5%, as shown in the table above. Planning Guidance from NHSE requires CCGs to use this net deflator as a starting point for planning purposes for all Acute services. In addition NHSE recommend a 1.8% tariff deflator is applied to non-acute prices as a starting point for planning and local price negotiations.

Historical experience has shown that the full impact of the net deflator is unlikely to be achieved at individual Acute contract level. This is due to a different activity case mix at an Acute provider compared to the national average and also the application of new areas of the National Tariff by a provider. The real financial impact will be calculated when the 2014/15 National Tariff is applied to historic levels of activity for each Trust. This work is currently in progress by Surrey Downs contract team and any actual deviation from the planning assumption will be reflected and updated in the final plan. For this iteration of plan a risk adjustment of £700k has been built in as a recurring cost pressure, see section 2.7.

Whilst the Acute and Non-Acute inflators are set at a national rate for planning the tariff inflator rates for Continuing Health Care and Prescribing are set at local levels. Using historical trends and knowledge of expected price shifts, local rates have been derived. Both local rates included in Table 1 fall within recommended NHSE national ranges.

2.5 Demographic and Non-Demographic Activity Growth (column f)

Both demographic and non-demographic growth assumptions are based on local trends.

Demographic growth uplift reflects population changes. The Population Multiplier with 5 years growth predicts activity growth based on the changes to a CCG's population. It reflects how different age groups currently use health services and grows it at the different rates of growth in for those age groups.

The population that is used is Surrey Downs population as predicted by the Office of National Statistics from 2014 to 2019. Demographic changes are applied consistently to all areas of programme spend. As a comparison the table above highlights the demographic increases for England as a whole. Surrey Downs demographic growth is significantly higher than the national predicted annual rates.

Non-Demographic growth pressures arise from technological developments, increased prevalence etc. To calculate non-demographic growth local historical trends are reviewed together with known future changes. Non-demographic growth

is calculated separately for each main area of programme expenditure reflecting the different rates in Table 1. There is no national Non Demographic growth comparator. Guidance on how this rate should be calculated is not available and a review of the rates applied by comparable organisations suggests that there is considerable variation in rates applied.

2.6 Core business rules (columns j, m, and n)

NHSE planning guidance specifies the key business rules that each CCG needs to build into its planning model. For 2014/15 a minimum of 0.5% contingency needs to be included in the plans, together with a 2.5% non – recurrent reserve to be established to fund investment and other non- recurring expenditure, and a 1% surplus. Surpluses will be carried forward into the following years.

2.7 Recurrent Cost Pressures (column g)

Table 2 below details the current identifiable cost pressures of £5.9m included in the plan for 2014/15. Most are specific to contracts or known areas of pressure but a £700k general reserve has been built into the plans to cover the non-realisation of the planned tariff deflator in acute contracts as described above in section…

Table 2 - 2014/15 Cost Pressures

Cost Pressures	Programme Area	Other Recurrent Cost Pressure £'000	Notes
IAPT	Acute	484	Additional costs associated with increasing level of service to 15% target
Tariff Deflator risk	Acute	700	Risk adjust tariff deflator impact plus cost and counting changes
Specialist Commissioning	Various	1,053	Further anticipated Specialist Commissioning adjustments
Overseas Visitors	Acute	150	Expenditure not provided in 2013/14
Estates	Various	2,171	The additional costs of the Surrey Downs estate as provided by NHS Property services compared with the original baseline allocation for 2013/14
Dementia Project	Mental Health	250	Recurrent funding to support Mental Health initiative, post grant
Specific cost pressures over assumption levels	Various	367	Provider contract specific adjustments
Presentational for planning return			
Running Costs Adjustment	Corporate	873	Adjusted to bring back to 7050 to apportion QIPP
Growth and Tariff adjustments		-122	Adjusted to reflect actual rates
Total Cost Pressures		**5,926**	

2.8 QIPP gross savings (column h)

The QIPP target is a derived number after all the assumptions, cost pressures and core business rules are applied in the financial model. It is the amount that Surrey Downs needs to achieve in order to deliver the1% planned surplus.

The target QIPP for 2014/2015 is £12.382m.

A summary of the schemes included in the 2014/15 Financial Plan are detailed below in table 3.

Table 3 - QIPP Schemes identified for delivery

	£'000
Extension of contractual KPI targets and challenges	1,435
CHC- Review of processes and contracts	440
Prescribing, efficiency and activity savings	1,352
Community Contracts efficiency savings	500
Out of Hospital Reviews	555
Planned Running costs savings	873
Discharge Planning, reduction excess bed days	809
Non Elective Avoidance	1,497
Non Elective activity shift to short stay	377
Estates rationalisation	500
Other small schemes less than £0.5m	774
Unidentified Schemes	3,270
Total	**12,382**

Delivery of the schemes has been profiled over the financial year reflecting the expectation that the financial benefits from some of the major schemes will not be realised until partway through the year.

Whilst there are a number of schemes which are expected to deliver against QIPP there remains an unidentified element in the target of £3.3m. In addition 2013/14 rates of QIPP delivery are below 50% of original plan. (This is discussed in detail in Section 3 of the Integrated Commissioning Plan.) Both of these factors highlight the need for Surrey Downs to continue to be proactive in identifying further saving opportunities and to ensure that the enablers are in place to deliver the schemes already identified.

2.9 Non-Recurrent Investment (columns k and l)

It is a requirement of the business rules that 2.5% of Programme Resource allocation is set aside as a non-recurrent reserve. For 2014/15 this totals £8.23m. Details of how this reserve will be applied are provided below in Table 4.

There are plans to fund the initial costs of delivery of the QIPP schemes. These include the financial support required by Continuing Health Care (CHC) to deliver operational changes, additional in year costs associated with the new diabetes pathway, and community investment to support discharge planning and the

Community Medical Model in order to avoid hospital admissions and support patient care in the community.

In addition to supporting specific QIPP projects other areas of potential investment and spend have been allocated against the non-recurrent reserve. These projects are still in the early stages of development but it is expected that the reserve will support 7 day working in both the acute and community, it will provide resource to develop and implement Vulnerable Patient plans and it will be required to fund the contribution to the national pool for Retrospective CHC claims.

Table 4 **Investment Planning 2014/2015**

		2014/15	
	QIPP	£'000	£'000
CHC	**Intensive Scrutiny of Contracts**		
	CHC, increase running costs to save operational costs	188	
	Joint post	100	288
Community	**Discharge Planning**		
	Primary Care Standard: Discharge Review (within 5 days post discharge)	170	
	Project Support Manager	110	280
Community	NEL avoidance delivery over 75s and NEL shift to short stay		
	Costs to support the Community Medical Model		750
Primary care	**Other schemes**		
	Primary Care Standard - Integrated Diabetes Care		250
	Total QIPP Investment 2014/15		**1,567**
	Non Recurrent Funding		
Primary care	**Vulnerable patient initiative**		
	Community Medical Network (GPs/Consultants) inc. bed cover	900	
	Primary Care Standard: Enhanced Access	300	
	Primary Care Standard: QoF review	270	1,470
Acute contracts	**7 day working**		
	Acute Hospitals (7 day working)		1,080
Community	**Community Transport**		
	Community Transport		150
Prescribing	**Primary care out of Hospital Model**		
	Increased medicines management costs		750
CHC	National Pool Retrospective CHC contribution		1,269
Other Programme Services	To be identified		1,944
	Total Other Investment 2014/15		**6,663**
	Total Investment 2014/15		**8,230**

2.10 Total 2014/15 Plan (column n)

The final column in Appendix 1 is the Financial Plan for 2014/15, the Revenue Resource, including a small surplus brought from the previous year totals £333.6m and the Application of Funds totals £330.3m, this results in a planned surplus of 1% or £3.3m.

3. Risks 2014/15

A number of risks have been identified that need highlighting.

Surrey Downs will be contributing to a national pool that will fund retrospective Continuing Health Care claims. NHSE will use the pool to settle all in year approved claims. However if there are insufficient resources in the pool CCGs will be asked to contribute an amount to cover the shortfall, the risk will be limited to a risk share based on population but at this time it is not possible to calculate any financial risk.

In the 2013/14 a considerable amount of work has been undertaken to ensure that the newly created NHS organisations hold the correct funds to cover their areas of financial responsibility. Specialised Commissioning has provided particular challenges and Surrey Downs transferred c£5m more to NHSE than originally planned. Nationally there are still concerns around the amount of resource being held by NHSE to cover the Specialist Commissioning contracts. It is unclear whether this will continue to be an issue and therefore a potential ongoing risk for the CCG.

As noted in the QIPP commentary above, delivery against plan for 2013/2014 has been less than 50% in 2013/14. There is therefore a clear risk that the CCG will fail to deliver in the 2014/15; this risk is compounded by the fact that to date there remains an unidentified amount of QIPP against the target. Non-delivery of QIPP needs to be identified early and mitigating actions need to be identified to strengthen full achievement.

4. Financial Plan 2015/16

The table below is a summary of Appendix 2 and it highlights the notified resource allocation for 2015/16 and the movement from the outturn position of the 2014/15 plan to the final calculated plan for 2015/16.

The principles applied to calculate the model in 2014/15 have been applied to 2015/16, therefore the supplementary commentary below to support the plan for 2015/16 will focus on key differences only or relevant points only.

Summary of Financial Plan 2015/16	£'000	£'000
Notified Revenue Resource Allocation		
Programme	332,029	
Additional Allocation BCF	4,467	
Running Costs	6,358	342,854
Surplus Brought Forward from 2014/15		3,336
Total Revenue Resource		**346,190**
Planned Outturn 2014/15	330,264	
Non Recurrent Adjustments	- 9,897	
Full Year Effect QIPP	- 1,726	
Forecast Exit Run Rate		318,641
Net Tariff (Deflation)/ Inflation		- 850
Activity Growth		8,031
Recurrent Cost Pressures		3,354
QIPP Gross Savings		- 11,277
2015/2016 Recurrent Expenditure		**317,899**
BCF minimum contribution		16,398
0.5% Contingency		1,731
1.0% Non Recurrent Investment		3,365
Surplus Brought Forward		3,336
Total 2015/16 Expenditure Plan		**342,729**
Planned Surplus 1%		**3,461**

4.1 2014-2015 Forecast Outturn (column a) and Non-Recurrent and Full Year Adjustments (columns b and c)

The opening position for the 2015/2016 plan is the closing outturn of the previous year plan as described above.

The non-recurrent adjustments reflects a reversal of those identified in the plan for 2014/15, that is the 0.5% contingency of £1.7m and the 2.5% non-recurrent reserve expenditure of £8.2m described in section 2.9 above.

The adjustment in column c of represents the balance of the full year impact of ongoing QIPP schemes whose financial benefits were only part year reflected in the 2014/2015 outturn numbers, as noted in section 2.8 above.

4.2 Net Tariff (Deflation)/Inflation and Activity Growth (columns e and f)

Having adjusted for the non-recurrent items and full year impact of QIPP the exit run rate of £318.6m is the basis on which the assumptions in Table 1, section 2.3 above are applied. The net deflator/inflation and growth rates are fairly consistent year on year the only exception is that the Acute deflator falls to 1.1% in 2015/16.

4.3 Core business rules (columns j, m, and n)

For 2015/16 NHSE planning guidance specifies the key business rules that each CCG needs to build into its planning model, these include a minimum of 0.5% contingency, a 1% non – recurrent reserve (2014/15 2.5%), and a 1% surplus.

In addition CCGs are required to make a minimum transfer to the Better Care Fund (BCF). For Surrey Downs £16.398m will be transferred to the BCF fund in 2015/16.

4.4 Recurrent Cost Pressures (column g)

Specific cost pressures have not been identified yet for 2015/16. A pragmatic cost pressure provision has been identified in areas of spend which historically require additional in year support.

It has been assumed that the contingency treated as non-recurring and reversed as described in section 4.1 above will be required recurrently to cover acute over performance, an additional £1m has also been identified to support the non-achievement of the tariff deflator in year.

4.5 QIPP Gross savings (column h)

The caculated QIPP target for 2015/16 is £11.2m. Table 5 details the planned schemes.

Table 5 - QIPP Schemes identified for delivery

	£'000
Extension of contractual KPI targets and challenges	1,100
Prescribing, efficiency and activity savings	1,016
Community Contracts efficiency savings	550
Planned Running costs savings	250
Non Elective Avoidance Under 75s	1,901
Estates rationalisation	1,000
Unidentified Schemes	5,460
Total	**11,277**

Detail to support the schemes is still in the early stages but is consistent with the plans included in the operational plans.

Again delivery remains a challenge and potential risk. In 2014/15 it is planned that QIPP schemes are supported from the non-recurrent reserves. In 2015/16 it is anticipated that the BCF fund will provide additional investment support to the delivery of some of the QIPP initiatives. Other investment will be from the non-recurrent reserve.

4.6 Non-Recurrent Cost Pressures and Investments (columns j and k)

The transfer to the BCF fund has been treated as a non-recurring pressure in column j. The only investment that has been identified against the non-recurrent reserve and surplus brought forward is the financial support to practices, to provide additional services in primary care and the community for vulnerable patients. The balance of the reserve has been treated as non-specific until there is greater clarity and understanding of specific projects that BCF will be providing financial support.

4.7 Total 2015/16 Plan (column n)

The final column in Appendix 2 is the Financial Plan for 2015/16, the Revenue Resource, including the surplus brought from the previous year totals £346.2m and the Application of Funds totals £342.7m, this results in a planned surplus of 1% or £3.5m.

5. Financial Plans for 2016/17 to 2018/19

Summary of Financial Plan 2016/17 onwards	2016/17 £'000	2017/18 £'000	2018/19 £'000
Revenue Resource Allocation			
Programme	342,553	348,377	354,298
Additional Allocation BCF			
Running Costs	6,399	6,381	6,395
Surplus Brought Forward from 2014/15	3,462	3,525	3,583
Total Revenue Resource	**352,414**	**358,283**	**364,276**
Prior Year Outturn	342,728	348,890	354,700
Non Recurrent Adjustments	- 24,830	- 25,343	- 25,817
Full Year Effect QIPP	-		
Forecast Exit Run Rate	317,898	323,547	328,883
Net Tariff (Deflation)/ Inflation	2,899	1,418	1,374
Activity Growth	8,152	8,517	8,864
Recurrent Cost Pressures	5,541	6,318	6,352
QIPP Gross Savings	- 10,943	- 10,877	- 11,053
2015/2016 Recurrent Expenditure	**323,547**	**328,923**	**334,420**
BCF minimum contribution	16,693	16,977	17,266
0.5% Contingency	1,762	1,791	1,821
1.0% Non Recurrent Investment	3,426	3,483	3,543
Surplus Brought Forward	3,462	3,525	3,583
Total 2015/16 Expenditure Plan	**348,890**	**354,699**	**360,633**
Planned Surplus 1%	**3,524**	**3,584**	**3,643**

The above table is a summary of the outline plans for 2016/17 to 2018/19.

The assumptions included in Table 1 section 2.3 have been applied to the annual models. There is no granularity or detail within the plans and all QIPP and the application of the non-recurrent reserve is still non-specific. Detail will be added to support the plans alongside the ongoing development of the 5 year strategic plan.

Appendix 1

Financial Plan 2014/2015

Revenue Resource Limit £'000	2013/2014 Forecast Outturn	Non Recurrent Allocations		Forecast Exit Run Rate (underlying position)			Increase in allocations		2014/2015 Recurrent Resource Limit				Total Non Recurrent Resource	Total - 2014/2015 Resource
Recurrent - Programme	315,287			315,287			11,192		326,479					**326,479**
Recurrent - Running Costs	7,050			7,050			3		7,053					**7,053**
Non recurrent - Surplus from previous year				-					-				67	**67**
Total Revenue Resource	**322,337**			**322,337**			**11,195**		**333,532**				**67**	**333,599**

				Recurrent							Non Recurrent			
Income and Expenditure £'000	2013/2014 Forecast Outturn	Non Recurrent Adjustment	Other Full Year Effects	Forecast Exit Run Rate (underlying position)	Net tariff (Deflation)/Inflation	Activity Growth	Other Recurrent Cost Pressures	QIPP Gross Savings	2014/2015 Recurrent Expenditure	Other Non Recurrent Cost Pressure	Investment	QIPP Investment	Total Non Recurrent	Total - 2014/2015 Plan
Acute	195,072		165	**195,237**	- 2,733	4,296	1,737	- 8,717	**189,820**		1,080		**1,080**	**190,900**
Mental Health	23,784			**23,784**	- 428	523	1,247		**25,126**				**-**	**25,126**
Community	28,515			**28,515**	- 513	627	1,836	- 1,000	**29,465**		150	1,030	**1,180**	**30,645**
Continuing Care	22,022			**22,022**	551	594	19	- 440	**22,746**		1,269	288	**1,557**	**24,303**
Primary Care	42,815			**42,815**	1,851	1,402	- 228	- 1,352	**44,488**		2,220	250	**2,470**	**46,958**
Other Programme	4,282	- 1,737		**2,545**	-				**2,545**		1,943		**1,943**	**4,488**
Total Programme Costs	**316,490**	**- 1,737**	**165**	**314,918**	**- 1,272**	**7,442**	**4,611**	**- 11,509**	**314,190**	**-**	**6,662**	**1,568**	**8,230**	**322,420**
Running Costs	5,775	-	40	**5,735**			1,315	- 873	**6,177**				**-**	**6,177**
														-
Contingency				**-**					**-**	1,668			**1,668**	**1,668**
														-
Total Application of Funds	**322,265**	**- 1,737**	**125**	**320,653**	**- 1,272**	**7,442**	**5,926**	**- 12,382**	**320,367**	**1,668**	**6,662**	**1,568**	**9,898**	**330,265**
Actual/Planned Surplus 1%	72													**3,334**
Column reference	*a*	*b*	*c*	*d*	*e*	*f*	*g*	*h*	*i*	*j*	*k*	*l*	*m*	*n*

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2014/15 Operating Plan, Financial Plan and draft Strategy

Karen Parsons, Chief Operating Officer and Matthew Knight, Chief Financial Officer

21 March 2014

Approvals

Delegated authority is requested for the CO and CFO to submit on 4 April:

1. “Plan on a page”
2. 2014/15 – 2015/16 Operating Plan and Financial Plan and draft 5 year Strategy
3. Integrated Commissioning Plan

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2014/15 Operating Plan

Karen Parsons
Chief Operating Officer

21 March 2014

Surrey Downs CCG: 2-5 year Plans (2014 – 2019)

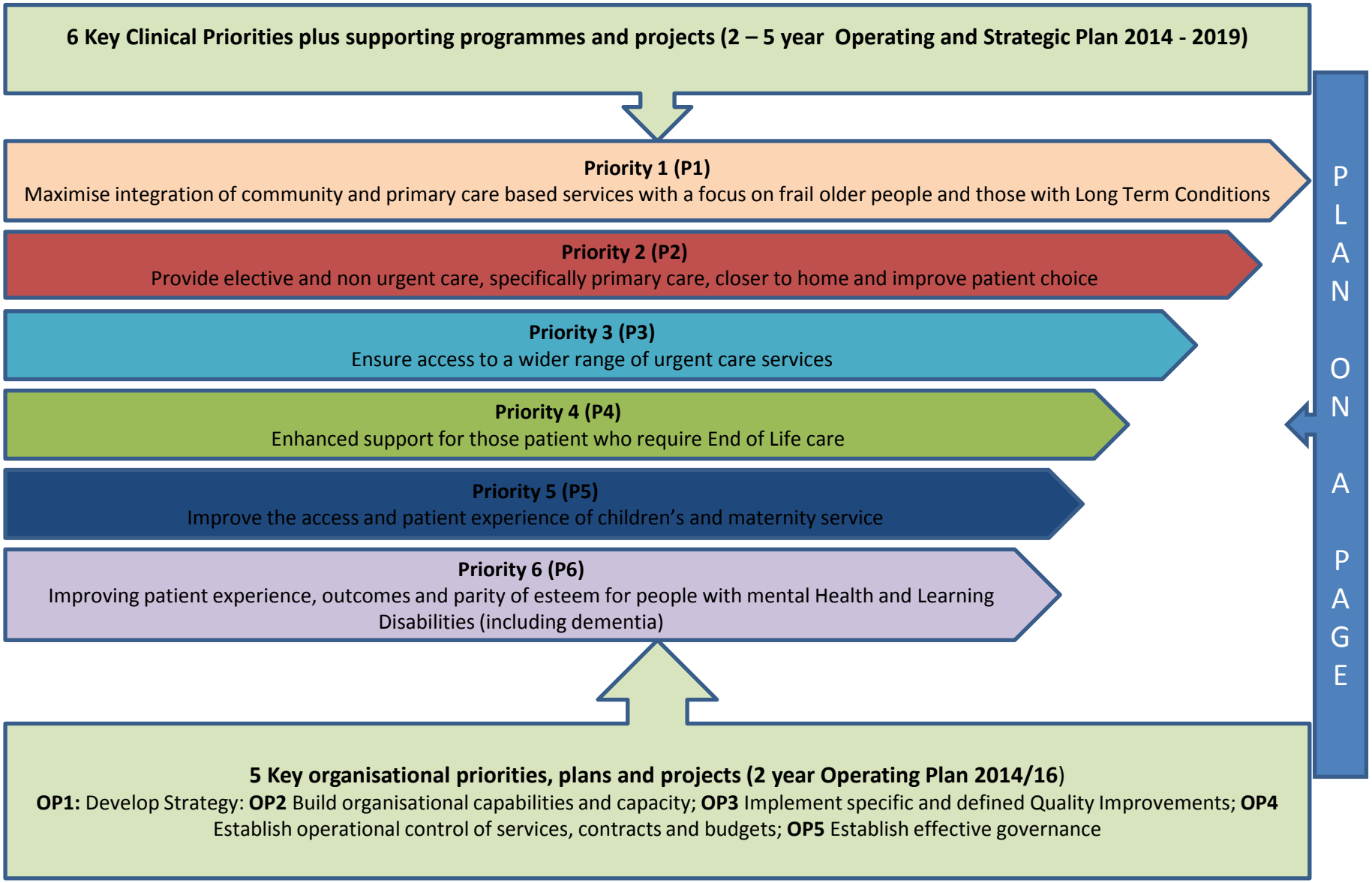
Clinical Commissioning Groups are required to submit their planning assumptions for the next 2 - 5 years as part of the national planning round

It need to have the 'golden thread' running through it, much the same as we did for authorisation. This means that we need to triangulate our health needs to our priorities to the money to any changes in activity.

The key priorities need to be aligned to our CCG Assurance Framework and transformational change, specifically focusing on enhancing Quality and Patient Safety

So what does it look like so far…….

SUMMARY OF SDCCG PRIORITIES FOR 2014 - 2016



NATIONAL AND LOCAL REQUIREMENTS

2 year operational Strategy (2024/- 2016)

2 year (2014 – 2016) and 5 year 2016 – 2019) Financial Plan

5 year strategic plan

Surrey Wide Better Care Fund plan populated by individual CCG and Local Authority Plans

In response we have a:

1) **Draft 2 year operating plan** (final submission 4th April 14)

2) **Draft 2 & 5 year Financial Plan** (2 year final submission 4th April and Final 5 year submission 21st June 2014)

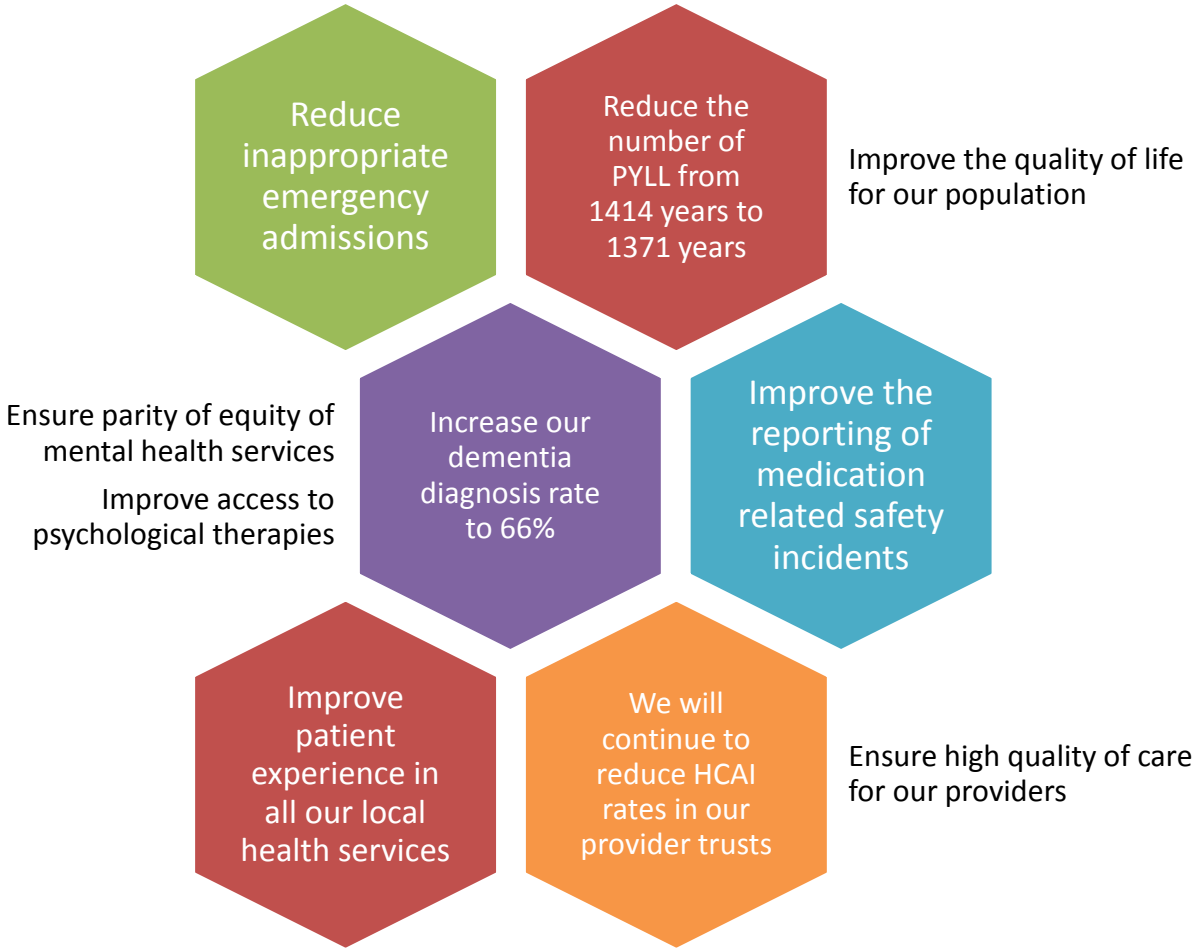
3) **'Plan on a Page'** (4th April 2014)

4) **Draft SDCCG Integrated Commissioning Plan** - the golden thread document (Final submission 4th April 2014)

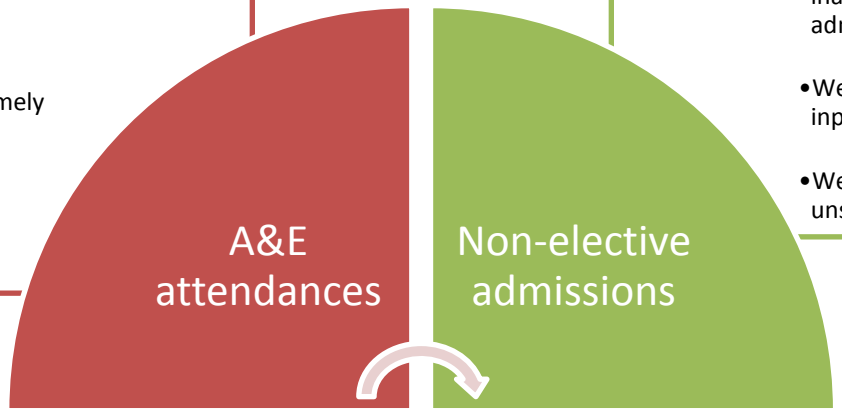
5) **Draft 2 year clinical priorities** (April 2014 – internal working document)

6) **Draft 1 year organisational priorities** (April 2014 – internal working document)

Key Headlines from our 2 year Operating Plan



Our interventions will have an impact in how our population uses health services



- We will create services which will contain the growth of A&E attendances
- Our patients will be seen in a timely manner according to the NHS constitution
- We will prevent over 900 A&E attendances

- We will reduce the number of inappropriate emergency admissions
- We will reduce the length of inpatient stays
- We will prevent over 900 unscheduled admissions

- We will introduce clinical networks
- We will create an effective community medical model of care

- We will ensure all referrals to services are timely and appropriate
- We will support our clinicians in making better referral decisions
- We will save over £400K in inappropriate outpatient appointments

Key Headlines of Transformational Clinical Programmes

- Locality Integrated Teams providing 5 day rehabilitation at home and 2 hour rapid response services.
- Transform Continuing Health Care Services. **(P1)**

- Developing Primary Care Clinical Networks, providing a community medical network for chronic disease management **(P2)**

- Developing an Urgent Care and Discharge system that works to enable people to return to a suitable care environment earlier in their recovery pathway **(P3)**

- Improving our End of Life care pathway focusing on person centred care **(P4)**

- Surrey Wide redesign and recomissioning of Child and Adolescent Mental Health Service **(P5)**

- Continued developed of Dementia Services moving away from bed model of care by increasing community support
- Increase annual health checks for people with a learning disability **(P6)**

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Clinical Commissioning Group

2014/15 – 2018/19 Financial Plan

Matthew Knight

Chief Finance Officer

21 March 2014

Recap - 2013/14 opening position

NHS
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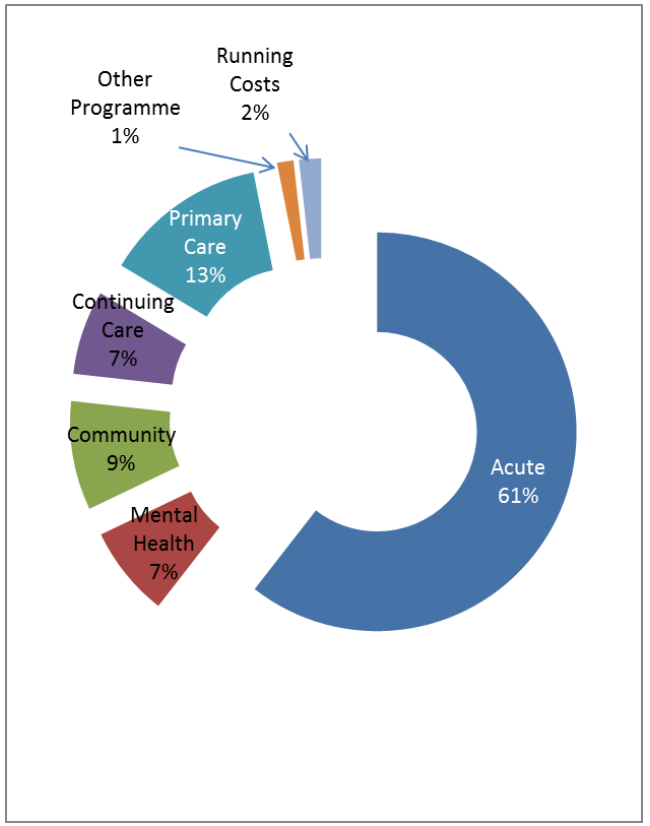
Clinical Commissioning Group

- 2013/14 allocation £322.3m; planned surplus of £1.6m
- Forecast exit run rate £320.7m excluding non-recurring BSBV, legal, move and project costs
- Year forecast outturn at month 11 is a surplus of £0.1m, -£1.5m below budget:
  - Overspend on Acute (£3.4m), Primary Care (£1.6m)
  - Offset by underspend on Mental Health (£0.9m), Community Services (£0.5m), Continuing Care (£1.1m), Running Costs (£0.8m) and programmes/reserves (£0.2m)
- Acute overspend due to +3% A&E activity, +2% non-elective and increased Outpatient activity (as much as +35% on Consultant led)
- Primary Care overspend due to GP prescribing costs; continuing upward trend (recurring risk)
- Mental Health underspend due to slower IAPT build up
- Continuing Health underspend due to lower volume of Learning Disability patients



Planning assumptions – 2014/15 to 2018/19

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	FY 14/15	FY 15/16	FY 16/17	FY 17/18	FY 18/19	
Net tariff uplift/(deflator)						
Acute	-1.5%	-1.1%	-0.4%	-0.6%	-0.7%	NHSE advised
Non acute	-1.8%	-1.8%	-1.0%	-0.6%	-0.6%	NHSE advised
CHC	2.5%	1.5%	1.5%	1.5%	1.5%	Local Determination
Prescribing	5.0%	5.0%	5.0%	5.0%	5.0%	Local Determination
Demographic growth	1.2%	1.4%	1.4%	1.4%	1.4%	Local Determination
National	*0.85%*	*0.83%*	*0.81%*	*0.78%*	*0.77%*	*National Comparison*
Non-demographic growth						
Acute	1.0%	1.0%	1.0%	1.0%	1.0%	Local Determination
Non acute	1.0%	1.0%	1.0%	1.0%	1.0%	Local Determination
CHC	1.5%	1.5%	1.5%	1.5%	1.5%	Local Determination
Prescribing	2.2%	2.2%	2.2%	2.2%	2.2%	Local Determination
Business rules						
Contingency	0.5%	0.5%	0.5%	0.5%	0.5%	NHSE advised
Surplus	1.0%	1.0%	1.0%	1.0%	1.0%	NHSE advised
Non-recurrent reserve	2.5%	1.0%	1.0%	1.0%	1.0%	NHSE advised
Better Care Fund		As notified				NHSE advised

Headlines – 2014/15 to 2018/19

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£ '000	FY 14/15	FY 15/16	FY 16/17	FY 17/18	FY 18/19
Resource allocation	**333.6**	**346.2**	**352.4**	**358.3**	**364.3**
Total Programme Costs	322.4	335.1	341.2	347.0	352.9
Running Costs	6.2	5.9	5.9	5.9	5.9
Contingency	1.7	1.7	1.8	1.8	1.8
Total Costs	**330.3**	**342.7**	**348.9**	**354.7**	**360.6**
Surplus/(Deficit)	**3.3**	**3.5**	**3.5**	**3.6**	**3.7**
Surplus/(Deficit) %	1.0%	1.0%	1.0%	1.0%	1.0%
Contingency	1.7	1.7	1.8	1.8	1.8
Contingency %	0.5%	0.5%	0.5%	0.5%	0.5%
Under/(Overspend) on running cost allocation	0.9	0.4	0.5	0.5	0.5
Population Size ('000)	300	303	306	309	312
Spend per head on programme costs (£)	1,076	1,107	1,115	1,123	1,131
Spend per head on running costs (£)	20.61	19.58	19.37	19.18	19.00

Movement from 2013/14 to 2014/15 costs

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	£ '000	
2013/14 exit run rate costs	**320.7**	
Net tariff deflation	-1.3	Cost uplift 2.5%, efficiency -4.0%, gives overall -1.5%
Activity growth	7.4	Demographic and non demographic growth
Recurrent cost pressures	5.9	£1.1m contract pricing pressures, £2.2m estates, £0.9m running cost budgetary provision, £0.5m IAPT, £0.7m tariff deflator risk, £0.5m other
QIPP cost savings	-12.4	£9.1m identified, £3.3m unidentified
2014/15 recurrent spend	**320.3**	
0.5% contingency	1.7	
2.5% non recurrent investment	8.2	QIPP £1.6m, vulnerable patients £1.5m and related medicines costs £0.8m, 7 day working £1.1m, CHC retrospectives national pool £1.3m, to be identified £1.9m
Brought forward surplus	0.1	
Total 2014/15 costs	**330.3**	
Planned surplus	3.3	

2014/15 Risks

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- Continuing Health Care – Surrey Downs CCG contribution to the national pool to fund retrospective claims may be insufficient in the next year (£1.3m budgeted).
- Transfer of resource to NHS England for Specialised Commissioning. In 2013/14, an additional £5m was transferred above the value originally budgeted.
- QIPP achievement – this was less than 50% in 2013/14 against identified plans. Of £12.4m identified savings for 2014/15, we are currently working on identifying £3.3m.
- Agreement of remaining 2014/15 contracts within the budget envelope.
- Contract pricing pressures and unexpected acute activity.

Overview – 2014/15 to 2018/19 costs

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	FY 14/15	FY 15/16	FY 16/17	FY 17/18	FY 18/19	
Prior year exit run rate costs	**320.7**	**318.7**	**317.9**	**323.6**	**328.9**	
Net tariff deflation	-1.3	-0.9	2.8	1.4	1.4	National guidance
Activity growth	7.4	8.0	8.2	8.5	8.9	See planning assumptions
Recurrent cost pressures	5.9	3.4	5.5	6.3	6.4	
QIPP cost savings	-12.4	-11.3	-10.9	-10.9	-11.1	15/16 - £5.8m identified
Recurrent spend	**320.3**	**317.9**	**323.5**	**328.9**	**334.5**	
BCF contribution		16.4	16.7	17.0	17.2	National requirement
0.5% contingency	1.7	1.7	1.8	1.8	1.8	Per NHSE budget rules
Non recurrent investment	8.2	3.4	3.4	3.5	3.5	Per NHSE budget rules
Brought forward surplus	0.1	3.3	3.5	3.5	3.6	
Total costs	**330.3**	**342.7**	**348.9**	**354.7**	**360.6**	
Planned surplus	3.3	3.5	3.5	3.6	3.6	1.0% per NHSE budget rules

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Our Plans are ambitious and revolutionary but they will make a difference to the people we serve.

ANY QUESTIONS?