

<b>Date:</b>	<b>Meeting: Thursday April 14</b>
<b>Item No.</b>	8.2
<b>Public</b> <input checked="" type="checkbox"/>	<b>Private</b> <input type="checkbox"/>

<b>REPORT TITLE: CCG Budgets 2016/17</b>
<b>DECISIONS TO BE MADE: To Approve.</b>

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<b>Continue to improve the quality of services</b>		<b>Improve patient experience</b>	
<b>Reduced unwarranted variations in services</b>		<b>Reduce the inequalities gap in North Lincolnshire</b>	
<b>Deliver the best outcomes for every patient</b>		<b>Statutory/Regulatory</b>	

**Executive Summary (Question, Options, Recommendations):**

The report provides an update on the Finance Plan envelopes and associated initial Budgets for 2016/17.

The budgets are based on the latest available information but it should be noted that the CCG's main NHS contracts with hospital service providers have not been agreed yet, so further in year amendments to these budgets may be required when this occurs.

The Governing Body are asked to approve the Base Budgets shown in Appendix 2.

<b>Equality Impact</b>	<b>N</b>	
<b>Sustainability</b>	<b>N</b>	
<b>Risk</b>	<b>N</b>	
<b>Legal</b>	<b>N</b>	
<b>Finance</b>	<b>Y</b>	

<b>Patient, Public, Clinical and Stakeholder Engagement to date</b>									
	<b>N/A</b>	<b>Y</b>	<b>N</b>	<b>DATE</b>		<b>N/A</b>	<b>Y</b>	<b>N</b>	<b>DATE</b>
<b>Patient:</b>	X				<b>Clinical:</b>	X			
<b>Public:</b>	X				<b>Other:</b>	X			

## **FINANCE PLAN SUBMISSION & BUDGETS 2016/17**

### **1. INTRODUCTION**

- The CCG made its second plan submission on 2<sup>nd</sup> March in line with the national deadline.
- Following an initial review of the Finance Plan and feedback from NHS England a number of changes have been made to the first submission, in order for the plan to become fully compliant with NHS England Plan rules and targets.
- It should be noted that as in previous years, the figures within the submitted Finance Plan have been analysed into Governing Finance Report format by service area to produce Budget envelopes (see Appendix 1 attached).
- Formal Budgets based on these envelopes will be developed and published in a Budget Book in early April 2016, using the latest available updates on estimated contract values and indicative activity values for secondary care Providers in particular, but virements may be required once formal contract values have been agreed.

### **2. KEY PRINCIPLES & ASSUMPTIONS**

In brief, NL CCG's Finance plan now fully complies with the national financial plan business rules, meaning that it includes:

- Achievement of a 1% Target Surplus.
- Provision of a 1% uncommitted Headroom reserve.

- Provision of a 0.5% Contingency fund.
- A planned contribution to the national CHC provisions levy at 2/5ths of the 2015/16 value (i.e. £556k).
- Inflationary uplifts in line with the latest Tariff proposals.
- A minimum 2% saving on all significant budget areas.
- Achievement of the Parity Esteem target for Mental Health, and;
- Explicit triangulation with activity plans and performance targets.

Other significant factors which underpin the CCG's Plan submission include:

- ONS demographic growth on relevant budgets (i.e. for the Main NHS Acute Provider, CHC, and Prescribing) of 0.94% per annum.
- QIPP plans which are mainly extensions of the 2015/16 BCF schemes, and are in line with previous QIPP targets for prior years (i.e. £7.994m gross and £5.439m net of investments for Acute Hospital services but £8.945m gross or £6.390m Net in total for all services).
- Re-admission penalties of £1.239m which are expected to be fully abated in the contract value agreed with our main contractor (i.e. the value shown is inclusive of the full value of this reduction in costs).
- A BCF plan which continues to be in line with the CCG's issued BCF minimum Target expenditure / allocation at 10.930m.

- The cash profile which is provided within the detailed 2016/17 Plan Tab takes into account the CCG's main Provider cash plan, and so does not result in a strict 1/12ths monthly cash drawdown profile.

Finally it should be noted that contract negotiations are currently ongoing but are expected to be concluded for the CCG's April Plan submission.

### **3. QIPP**

The Table below provides a summary of the CCG's QIPP plan for 2016/17.

<b>QIPP CATEGORY</b>	<b>2016/17 GROSS VALUE £000s</b>	<b>2016/17 INVESTMENT £000s</b>	<b>2016/17 NET VALUE £000s</b>
<b>Focused on Acute Care</b>	7,994	2,555	<b>5,439</b>
<b>Focused on CHC</b>	304	0	<b>304</b>
<b>Focused on Prescribing</b>	647	0	<b>647</b>
<b>Total QIPP Schemes</b>	<b>8,945</b>	<b>2,555</b>	<b>6,390</b>

There are detailed proposals for the Acute savings which are mainly based on an extension and re-launch of last year's BCF and QIPP schemes, though there is still some significant discussion with NLAG to be held, before these savings can be confirmed.

However, it is expected once the contract negotiations are completed that the CCG will still require significant further QIPP savings in order to achieve financial balance in 2016/17.

#### **4. RESERVES**

There are essentially no uncommitted Reserves from April 2016. The funds which are shown in Reserves cover:

- The 1% Headroom
- The Top of BCF Direct expenditure to the required minimum.
- Top of Mental Health expenditure to the required minimum.
- The funding of earmarked expenditure, which is no longer covered by non-recurrent in-year allocations.

#### **5. RISK & MITIGATION**

The CCG is entering 2016/17 with the plan minimum contingency of £1.087m to cover all in-year risks from 1<sup>st</sup> April 2016. This is approximately 50% of the value which the CCG has operated with in previous financial years, and re-iterates the need for QIPP savings to be identified as a priority.

#### **6. CONCLUSION & RECOMMENDATIONS.**

- 2016/17 is set to be the most financially challenging year in the CCG's life to date.
- The Finance Plan and associated Budgets currently meet all NHS England's Planning requirements, but as a result have only the minimum level of coverage for any risks that result from the completion of contract negotiations and other in year factors.
- As a result, it is important that the CCG urgently reviews efforts to develop further QIPP schemes for implementation in 2016/17.
- The Governing Body is requested to approve the use of the Budget Envelopes attached at Appendix 1 for the production of initial Budgets and the Budget Book for 2016/17. A summary of the base Budgets produced for 2016/17 is attached at Appendix 2.

# FORECAST OUTTURN 2015-16 COMPARED TO BUDGET ENVELOPES 2016-17 V1

## COMMISSIONED SERVICES

COMMISSIONED SERVICES		FULL YEAR FORECAST MONTH 9 2015/16			BUDGET ENVELOPES 2016/17		MOVEMENT FROM 2015/16 FOT	
		LATEST BUDGET	ACTUAL	VARIANCE	LATEST BUDGET	VARIANCE		
		£ 000s	£ 000s	£ 000s	£ 000s	£ 000s		
<b>1 ACUTE SERVICES</b>								
1	Northern Lincolnshire & Goole Hospitals NHS FT	87,812	87,812	0	83,332	(4,480)		
2	Hull & East Yorkshire NHS Trust	10,786	11,036	250	11,157	121		
3	Doncaster & Bassetlaw NHS FT	3,062	3,402	340	3,439	37		
4	Sheffield Teaching Hospitals NHS FT	1,207	1,257	50	1,271	14		
5	Sheffield Children's Hospital NHS FT	439	439	0	443	4		
6	United Lincolnshire Hospitals NHS Trust	756	849	93	858	9		
7	Leeds Teaching Hospitals NHS Trust	782	782	0	791	9		
8	East Midlands Ambulance Trust	5,136	4,996	(140)	5,193	197		
9	Other Secondary & Tertiary Care Services	1,594	1,813	219	1,854	41		
10	Exclusions / Non-Contract Activity	2,463	2,261	(202)	2,482	221		
11	Resilience	1,110	1,110	0	1,260	150		
		<b>115,147</b>	<b>115,757</b>	<b>610</b>	<b>112,080</b>	<b>(3,677)</b>		
<b>2 MENTAL HEALTH</b>								
12	Rotherham, Doncaster & South Humberstone Foundation Trust	13,245	13,245	0	13,390	145		
		<b>13,245</b>	<b>13,245</b>	<b>0</b>	<b>13,390</b>	<b>145</b>		
<b>3 COMMUNITY HEALTH SERVICES</b>								
13	NLAG Community Services	17,343	17,289	(54)	17,640	351		
14	Other Community Based Services	2,863	2,968	105	3,000	32		
15	Hospices	1,097	1,022	(75)	1,040	18		
16	Voluntary Sector	0	0	0	0	0		
		<b>21,303</b>	<b>21,279</b>	<b>(24)</b>	<b>21,680</b>	<b>401</b>		
<b>4 SERVICES FOR VULNERABLE PEOPLE</b>								
17	CHC Adult Fully Funded	11,912	12,125	213	11,549	(576)		
18	CHC Adult Joint Funded	1,884	1,799	(85)	1,922	123		
19	CHC Assessment & support	710	710	0	723	13		
20	CHC Children	593	542	(51)	552	10		
21	Funded Nursing Care & Other Care Packages	763	743	(20)	757	14		
22	Mental Health Out of Area	3,971	4,049	78	4,128	79		
23	Learning Disabilities	1,480	1,340	(140)	1,411	71		
24	Mental Health Pooled Budget	259	409	150	409	0		
25	Learning Disabilities Pooled Budget	43	51	8	51	0		
		<b>21,615</b>	<b>21,768</b>	<b>153</b>	<b>21,502</b>	<b>(266)</b>		
<b>5 PRIMARY CARE SERVICES</b>								
26	Prescribing Costs *	28,282	29,969	1,687	30,554	585		
27	Central Drugs	616	749	133	756	7		
28	Out Of Hours Service	0	0	0	0	0		
29	Home Oxygen Costs	404	466	62	471	5		
30	Local Enhanced Services	1,179	1,179	0	1,191	12		
31	Primary Care IT	537	527	(10)	532	5		
		<b>31,018</b>	<b>32,890</b>	<b>1,872</b>	<b>33,504</b>	<b>614</b>		
<b>6 OTHER PROGRAMME SERVICES</b>								
32	Pay	125	109	(16)	113	4		
33	Patient Transport	1,451	1,468	17	1,618	150		
34	NHS Property Services	188	118	(70)	119	1		
35	NHS 111	322	340	18	340	0		
36	Other Programme Non Pay	5,441	5,519	78	7,401	1,882		
37	Contingency	2,007	2,007	0	1,087	(920)		
38	Reserves	2,778	140	(2,638)	4,238	4,098		
		<b>12,312</b>	<b>9,701</b>	<b>(2,611)</b>	<b>14,916</b>	<b>5,215</b>		
<b>7 RUNNING COSTS</b>								
39	Pay	1,022	998	(24)	998	0		
40	Consultancy	0	0	0	0	0		
41	Other Non Pay - Including CSU Recharge	3,061	3,085	24	2,769	(316)		
		<b>4,083</b>	<b>4,083</b>	<b>0</b>	<b>3,767</b>	<b>316</b>		
<b>TOTAL DIRECT EXPENDITURE</b>		<b>218,723</b>	<b>218,723</b>	<b>0</b>	<b>220,839</b>	<b>2,116</b>		
<b>SURPLUS</b>		<b>2,204</b>	<b>2,204</b>	<b>0</b>	<b>2,204</b>	<b>0</b>		
<b>TOTAL NORTH LINCOLNSHIRE CCG</b>		<b>220,927</b>	<b>220,927</b>	<b>0</b>	<b>223,043</b>	<b>2,116</b>		

**BASELINE BUDGETS FOR 2016/17**

**SUMMARY - BOARD REPORT FORMAT**

**NORTH LINCOLNSHIRE CLINICAL COMMISSIONING GROUP**

		Recurrent	Non- Recurrent	Total	Pages
		£ 's	£ 's	£ 's	
<b>1</b>	<b>ACUTE SERVICES</b>				
1	Northern Lincolnshire & Goole Hospitals NHS FT	83,503,000	0	83,503,000	B-1
2	Hull & East Yorkshire NHS Trust	11,157,000	0	11,157,000	B-2
3	Doncaster & Bassetlaw NHS FT	3,439,000	0	3,439,000	B-3
4	Sheffield Teaching Hospitals NHS FT	1,271,000	0	1,271,000	B-4
5	Sheffield Children's Hospital NHS FT	443,000	0	443,000	B-5
6	United Lincolnshire Hospitals NHS Trust	858,000	0	858,000	B-6
7	Leeds Teaching Hospitals NHS Trust	791,000	0	791,000	B-7
8	East Midlands Ambulance Trust	5,193,000	0	5,193,000	B-8
9	Other Secondary & Tertiary Care Services	1,854,000	0	1,854,000	B-9
10	Exclusions / Non-Contract Activity	2,482,000	0	2,482,000	B-10
11	Resilience	1,110,000	0	1,110,000	B-11
		<b>112,101,000</b>	<b>0</b>	<b>112,101,000</b>	
<b>2</b>	<b>MENTAL HEALTH</b>				
12	Rotherham, Doncaster & South Humberside Foundation Trust	13,390,000	0	13,390,000	B-12
		<b>13,390,000</b>	<b>0</b>	<b>13,390,000</b>	
<b>3</b>	<b>COMMUNITY HEALTH SERVICES</b>				
13	NLAG Community Services	17,207,000	0	17,207,000	B-13
14	Other Community Based Services	3,453,000	0	3,453,000	B-14
15	Hospices	615,000	0	615,000	B-15
16	Carers	425,000	0	425,000	B-16
		<b>21,699,999</b>	<b>0</b>	<b>21,699,999</b>	
<b>4</b>	<b>SERVICES FOR VULNERABLE PEOPLE</b>				
17	CHC Adult Fully Funded	11,549,000	0	11,549,000	B-17
18	CHC Adult Joint Funded	1,922,000	0	1,922,000	B-18
19	CHC Assessment & support	665,964	0	665,964	B-19
20	CHC Children	609,037	0	609,037	B-20
21	Funded Nursing Care & Other Care Packages	757,000	0	757,000	B-21
22	Mental Health - Out of Area Packages	4,019,793	0	4,019,793	B-22
23	Mental Health - Voluntary Sector	108,207	0	108,207	B-23
24	Learning Disabilities	1,411,000	0	1,411,000	B-24
25	Mental Health Pooled Budget	409,000	0	409,000	B-25
26	Learning Disabilities Pooled budget	51,000	0	51,000	B-26
		<b>21,502,000</b>	<b>0</b>	<b>21,502,000</b>	
<b>5</b>	<b>PRIMARY CARE SERVICES</b>				
27	Prescribing Costs	30,554,000	0	30,554,000	B-27
28	Central Drugs	756,000	0	756,000	B-28
29	Out Of Hours Service	0	0	0	B-29
30	Home Oxygen Costs	471,000	0	471,000	B-30
31	Local Enhanced Services	840,154	0	840,154	B-31
32	Medicines Management Team	350,846	0	350,846	B-32
33	Primary Care IT	532,000	0	532,000	B-33
		<b>33,504,000</b>	<b>0</b>	<b>33,504,000</b>	
<b>6</b>	<b>OTHER PROGRAMME SERVICES</b>				
34	Pay	113,000	0	113,000	B-34
35	Patient Transport	1,618,000	0	1,618,000	B-35
36	NHS Property Services	119,000	0	119,000	B-36
37	NHS 111	340,000	0	340,000	B-37
38	Other Programme Non-Pay	7,401,000	0	7,401,000	B-38
39	Contingency	0	1,087,000	1,087,000	B-39
40	Reserves	4,197,001	0	4,197,001	B-40
		<b>13,788,001</b>	<b>1,087,000</b>	<b>14,875,001</b>	
<b>7</b>	<b>RUNNING COSTS</b>				
41	Pay	998,000	0	998,000	B-41
42	Non Pay	2,769,000	0	2,769,000	B-42
		<b>3,767,000</b>	<b>0</b>	<b>3,767,000</b>	
	<b>TOTAL APPLICATION OF FUNDS</b>	<b>219,752,000</b>	<b>1,087,000</b>	<b>220,839,000</b>	
	<b>SURPLUS</b>	<b>2,204,000</b>	<b>0</b>	<b>2,204,000</b>	
	<b>TOTAL ALLOCATION</b>	<b>221,956,000</b>	<b>0</b>	<b>223,043,000</b>	