NHS
North Yorkshire
Clinical Commissioning Group

Title of Meeting:	**NY CCG Governing Body**	**Agenda Item: 6.1**
Date of Meeting:	**23 June 2022**	
Paper Title:	**NYCCG Financial Update**	

Session (Tick)	
Public	X
Private	
Development Session	

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Purpose – this paper is for:

Decision	Discussion	Assurance	Information
X			

Has the report (or variation of it) been presented to another Committee / Meeting?

If yes, state the Committee / Meeting: Yes.

- A paper was presented to the Governing Body at its meeting in public in March which included information regarding the 1st draft submission of the CCGs plan for 22/23.
- Updates have been received by the Audit Committee and the Executive Directors Group.

Executive Summary

The initial draft plan submission at system level was submitted on the 17 March 2022. The CCG reported a deficit plan at that time of circa £6.6m deficit.

The final plan was required to be submitted to NHS England on the 28 April and required approval of both the designate ICB Executive and each CCG statutory body. The plan submission is a composite plan including detail of the first 3 months of CCG plans and the 9 months of ICB plans which will make up the single year of 2022/23.

Plan submission for the CCG on 28 April 2022 reflected a breakeven position. A further overall ICB plan submission is required on 20th June 2022 to reflect further funding allocated to ICB and CCGs and overall system and organisational level breakeven position.

The CCG has undertaken the following work in compiling the final plans and submission as a breakeven plan:

- Peer review of the six CCGs in Humber and North Yorkshire Integrated Care Board (ICB) financial plans
- Check and Challenge meeting with Providers and CCGs in North Yorkshire and York regarding 'new development initiatives' in draft plans
- A Check and Challenge meeting with the ICB designate Chief Executive and Chief Operating Officer
- A further review of CCG expenditure plans including potential for slippage on expenditure plans and the CCGs savings and efficiency programme

This paper sets out the changes between plan and final submission, the proposed savings and efficiency programme, a table of the main risks and mitigations and a summary of underlying issues.

Recommendations

The Governing Body is asked to **approve** the submission of the final financial plan for 2022/23.

Monitoring

Where required through internal and external audit work, the Executive Directors Group and Governing Body until 30th June and thereafter the North Yorkshire Place Committee and ICB.

CCG Strategic Objectives Supported by this Paper

	CCG Strategic Objectives	X
1	**Strategic Commissioning:** • To take the lead in planning and commissioning care for the population of North Yorkshire by providing a whole system approach and to support the development of general practice. • To make the best use of resources by bringing together other NHS organisations, local authorities and the third sector to work in partnership on improving health and care. • To develop alliances of NHS providers that work together to deliver care through collaboration rather than competition.	
2	**Acute Commissioning:** We will ensure access to high quality hospital-based care when needed.	
3	**Engagement with Patients and Stakeholders:** We will build strong and effective relationships with all our communities and partners.	
4	**Financial Sustainability:** We will work with partners to transform models of care to deliver affordable, quality and sustainable services.	**X**
5	**Integrated / Community Care:** With our partners and people living in North Yorkshire we will enable healthy communities through integrated models of care.	
6	**Vulnerable People:** • We will support everyone to thrive [in the community]. • We will promote the safety and welfare of vulnerable individuals.	
7	**Well-Governed and Adaptable Organisation:** In supporting our objectives we will be a well-governed and transparent organisation that promotes a supportive learning environment.	**X**

CCG Values underpinned in this paper

	CCG Values	X
1	Collaboration	**X**
2	Compassion	
3	Empowerment	
4	Inclusivity	
5	Quality	
6	Respect	

Does this paper provide evidence of assurance against the Governing Body Assurance Framework?

YES		NO	X

Any statutory / regulatory / legal / NHS Constitution implications	The CCG has a financial statutory duty to breakeven and comply with planning requirements with regards to Better Care fund and Mental health investment fund increases.
Management of Conflicts of Interest	No conflicts of interest have been identified prior to the meeting.
Communication / Public & Patient Engagement	Not applicable.
Financial / resource implications	Financial and resource implications are detailed within the paper.
Outcome of Impact Assessments completed	Not applicable.

Financial Planning for 2022/23

1.0 Introduction

The Governing Body received a finance report at its March meeting where it was reported that NYCCGs initial draft plan against the allocation resulted in a draft deficit plan of £3.679m. Within this draft position it was noted that an allocation of £5.898m of Capacity Funding for the NY&Y system was being held and that 50% of this has been released to support the deficit position, with the 'real' CCG deficit draft plan being £6.628m.

A consistent set of planning assumptions across the ICS has been agreed and the CCGs plan includes these assumptions:

- All acute, community and MH providers have been uplifted by the net tariff inflationary uplift of 1.7% (2.8% inflation net of 1.1% efficiency) as per planning guidance.
- Additional growth uplift of 2.3% to all acute and community providers
- Additional efficiency (convergence adjustment) of 0.5% has been applied to all Intra (within system) contracts.
- Mental Health Investment Standard (MHIS) uplift of 4.53% applied in line with planning guidance
- An allowance made for 5.7% Better Care Fund (BCF) uplift
- Overall, 4% uplift for CHC and Prescribing

2.0 Revised Plan for Final Submission

A significant amount of work has been undertaken to conclude planning across the Integrated Care System (ICB) as follows:

i. The release of ICB level income into organisational positions, including capacity funding, all contingencies, and System Development Funding (SDF).
ii. A review of initial costs within the plan, particularly in terms of any additional new development costs. The ICB has asked for all such costs to be removed as a principle of no 'new' developments in 22/23 due to funding restrictions and focus on elective recovery as the main priority.
iii. A consistency of assumption review across the six CCGs which has resulted in a number of changes, for example the reduction of Clinical Advisory Service (CAS) costs in plans, and a consistent approach to likely slippage in year on SDF funding.
iv. A further ask in terms of cost reduction (QIPP) plans

In terms of the CCG bridge from the draft plan the main adjustments are shown below:

Allocations

Initial allocations as part of the first draft submission for NY are shown in table 1.

Table 1

2022/23 NY&Y Allocation/Funding Schedule		
Calculation of H2*2 baseline	**£'000**	
H2 system envelope funding	415,116	Same basis as H2 allocation split
Exclude:		
Covid funding	(21,253)	Removed as per H2
CCG allocations - delegated primary care	(34,290)	Removed as per H2
CCG allocations - running costs	(3,932)	Removed as per H2
Support for NHS provider other income loss	(653)	Removed as per H2
Funding for H1 backpay	(5,740)	Removed as per H2
Adjusted H2 envelope	**349,249**	
Adjusted H2*2	**698,497**	
Adjustments, Allocation Growth, Efficiency		
Removal of funding for LVA from provider system (inc. ODC)	19,313	ICB level/host CCG - £899k from NL additional to allocation
Add back funding for NCA/LVA to ICB commissioner system	(10,515)	Based on Trust level analysis
Removal of mental health SDF from baseline	(198)	Based on CCG split
V2 ODC/Spec Comm Adjustment	657	Split as per NHSEI detail provided
V2 ODC/Spec Comm Adjustment Growth	13	
Net Growth	27,605	Net 1.7% Inflation to contracts
Convergence Adjustment	(3,629)	0.5% Adjustment, may need further review
ICB Contingency - 0.5% reduction in allocation	(3,655)	Contingency top slice
Total Recurrent Allocation	**728,088**	
Ockenden funding	955	Fair share splits to providers
Primary Medical Care Services	73,701	As per allocation info
Running costs	9,437	As per refreshed ICB allocation (£2m adj for ICB held as host)
Total Recurrent Allocation	**812,182**	
Non-Recurrent Allocation:		
COVID funding	18,291	Split based on H2 ICB and NY&Y split
Service Development Fund (SDF)	TBC	TBC
Total Non-Recurrent Allocation	**18,291**	
Total 2022/23 Allocation	**830,473**	

Changes between draft and final plan submission

At draft submission the CCG reported a deficit plan position of £6.628m.

The following changes to income and expenditure have resulted in a final breakeven plan submission.

	Income £000	Expenditure £000	(deficit)/surplus £000
Draft Plan position	**830,473**	**834,152**	
Capacity Funding held at ICB level	(2,949)		
	827,524	**834,152**	**(6,628)**
Adjustments for 28 April Submission			
Contingency Return from ICB	1,716	0	
Health Inequalities Funding (share of £3m)	792	0	
Ageing Well & SDF Allocation	2,367	2,367	
10% SDF for overheads contribution	1,365	0	
Virtual Wards - SDF funding distributed to CCGs	1,373	1,030	
Capacity Funding - adjustments	1,975	1,001	
Elective Recovery Funding (ERF) for HDFT	4,534	4,534	
Reduction in planned investments in draft plan		(988)	
Additional savings requirement		(450)	
	841,646	**841,646**	**0**
Adjustments for 20 June Submission			
Additional Inflationionary pressures	3,491	3,491	
FNC uplift	853	853	
SDF - CDH	386	386	
SDF - Primary care, Mental health & Learning Disability	7,270	7,270	
Reallocation of LVA contracts	(3,283)	(3,283)	
Flow Business Case	933	933	
Contibution to ICB breakeven position & reduced expenditure	(560)	(560)	
Revised Position for Final plan	**850,736**	**850,736**	**0**

The final plan submission at a breakeven position in shown in the table below.

	Final Plan 2022/23 £000
Revenue Resource Limit	**850,736**
Acute Services	**457,010**
Acute services - NHS (Block)	443,972
Acute services - Independent/commercial sector (outside of Nationally procured)	11,118
Acute services - Other non-NHS	1,884
Acute Services - Other Net Expenditure	36
Mental Health Services	**75,671**
MH Services - NHS (Block)	57,527
MH Services - Independent / Commercial Sector (outside of Nationally procured)	15,920
MH Services - Other non-NHS	1,421
MH Services - Other net expenditure	803
Community Health Services	**63,362**
Continuing Care Services	**62,152**
Primary Care Services	**89,469**
Prescribing	79,278
Community Base Services	6,956
GP IT Costs	1,790
PC - Other	1,445
Primary Care Co-Commissioning	**76,608**
Other Programme Services	**17,527**
Total Commissioning Services	**841,799**
Running Costs	**8,937**
Total CCG Net Expenditure	**850,736**
In Year Surplus/(Deficit)	**0**

3.0 Savings and Efficiency Plans

Savings targets have been set against the areas that are directly influenceable by CCG action as we directly employ medicines management and continuing care professionals and work with colleagues in primary care and the care market and council to make efficiencies.

Project plans have been developed and delivery performance is being reported through to the Clinical Executive &Transformation and Financial Recovery Group. There is further work to do with the Meds Management Team to finalise the prescribing savings plans.

Approximately 30% of savings are expected to be delivered non-recurrently.

QIPP Programme- NY CCG/Place	Total QIPP £000	Recurrent £000	Non Recurrent £000
CHC	3,463	2,201	1,262
Prescribing	1,848	1,848	
Running Costs	500		500
Other Programme - COVID	238		238
Total efficiency requirement	**6,049**	**4,049**	**2,000**

The savings programme includes the following plans/projects:

1. CHC
    a. The release of accruals with the Council for the year 19/20 following full reconciliation of that year. The lateness of the reconciliation is due to the displacement of this work by Covid specific tasks conducted by Council and CCG staff.
    b. A full invoice review of the latest invoice amounts from Care Providers against the annual original plan recorded on the QA system
    c. A number of priority actions identified by the work the CCG conducted with Mid Lancashire CSU to improve processes within the CHC contracting process.
    d. Review top 10 % (cost) of care packages

2. Prescribing
    a. Continuation of rebate schemes. Any increase in rebates above last years baseline count towards the 22/23 savings plans.
    b. Roll over effects of the 21/22 schemes
    c. Liothyronine product change
    d. Primary Care incentive scheme allowing reinvestment of a % of savings generated from an approved list of Medicines Management changes and quality improvements in prescribing. Likely to begin in Q2 22/23 under similar processes and quantification reporting as the previous project undertaken with Optum.
    e. Continued drive for patients to purchase products that are widely available in supermarkets or similar.

3. Equipment
    a. A project with Val of York CCG to reduce equipment costs is underway.

4. Running costs
    a. Vacancy control measures to deliver at least £500k.

4.0 Financial Risks and Mitigation Plans

The following table provides the main risks and mitigations relating to the financial plan.

Risk Area	Specific Risk	Mitigations
Savings & Efficiency Project Delivery	Delivery in 22/23 of full savings projects and the impact into 23/24 of delivering non-recurrent savings	• Robust PMO support • Oversight by Clinical Executive &Transformation and Financial Recovery Group • Track record of delivery
Out of Area placements & high-cost placement costs following patient discharges from the Transforming Care Programme (TCP)	Care breakdown and clinical deterioration of patients may result in very high-cost placements for patients requiring hospital/NHS care	• Partnership working with TEWV • Savings project to reduce out of area costs where possible
Hospital Flow and ability of Providers to deliver elective recovery – pressure on urgent care system and patient discharge	Costs above planned levels may need to be incurred in crisis/extremis in terms of Providers ability to manage system pressures.	• Funding is available to implement virtual ward transformation which will aid flow through winter 2023 • National directive received to ensure plans exclude any costs related to the previous Hospital Discharge programme
Increased cost of activity conducted in the Independent Sector	Where Elective Recovery Funding (ERF) does not cover the cost of IS activity above the CCGs base budget. Where NHS England have quantified the CCGs base budget above the CCGs actual budget.	• Agreed risk share across the ICS

5.0 Underlying Financial Issues

The underlying position of the CCG has significantly improved due to the new financial regime which effectively moves the organisation towards breakeven. There are still however underlying financial issues due to the use of non-recurrent measures to deliver the plan.

Below are a number of underlying issues that need to be recognised and managed in future years.

Underlying Position	£000
Non Recurrent Savings delivered	2,000
Non recurrent expenditure slippage - SDF	343
Non recurrent expenditure reduction - Contribution to ICB breakeven	561
Non recurrent allocation - 10% SDF for overheads	1,365
Underlying Deficit Position	**4,269**