

MEETING: Governing Body

Item Number: 8.2

DATE: 26th March 2019

REPORT TITLE:	2019/20 Financial Plan
CORPORATE OBJECTIVE ADDRESSED:	4. Function as an organisation that consistently delivers its statutory duties.
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PRESENTED BY:	Craig Hall
RECOMMENDATIONS/DECISION REQUIRED:	For information
<p>EXECUTIVE SUMMARY This document outlines the CCG's 2019/20 proposed Financial Plan.</p> <p>It highlights the CCG's funding via allocations, proposed expenditure, contracting models and the level of financial efficiencies required to deliver the planned expenditure and the risks associated with delivering the CCG's statutory financial duties.</p> <p>This plan, if approved will form the basis of the CCG's operational budgets for the 2019/20 financial year.</p>	
FURTHER ACTION REQUIRED:	Approval
<p>EQUALITY AND DIVERSITY: Confirmed that any changes to service or procedure introduced as a result of this report do not impact adversely on any of the protected groups covered by the Equality Act 2010.</p>	

2019/20 Financial Plan – Final

Date	Version	Author	Notes
12.03.19	V1	C. Hall	Initial draft.
20.03.19	V2	C. Hall	Initial draft to PMcK.
21.03.19	V3	C. Hall	Final - approved by PMcK.

Financial Plan

2019/20

Governing Body – March 2019

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1. Executive Summary

1.1 Introduction

1.1.1 This paper will set out the requirements of the 2019/20 operational financial plan for NHS Wigan Borough Clinical Commissioning Group (the CCG). The guidance issued by NHS England (NHSE) stipulates this is to be a one-year operational financial plan and that it is to be consistent with a separate system wide financial plan.

1.1.2 An updated five-year Sustainability and Transformation Plan (STP) is required for completion by summer 2019, which will include a requirement to achieve financial sustainability.

1.1.3 The financial planning submission due to Greater Manchester Health & Social Care Partnership (GMH&SCP) on the 1st April and NHS England (NHSE) on the 4th April will indicate a QIPP requirement of £27.2m in 2019/20, which equates to 4.99% of allocations (See 3.1.4).

1.1.4 This target must be delivered to ensure the CCG meets the expected statutory financial business duties and to support the single GMH&SCP control total.

1.1.5 The CCG is required to achieve a breakeven position to support the overall GMH&SCP control total.

1.1.6 The CCG Financial Plan meets the control total, other business rules and planning guidance targets. It is based on a sensible level of efficiency which is supported by robust efficiency plans.

1.1.7 The CCG's Revenue Resource Limit for 2019/20 is shown in Table 1.

	2019/20
	£'000
Recurrent Allocations	
Programme Baseline Allocation	490,188
Recurrent Changes In-Year	(526)
Additional Funding	-
Primary Care Co-Commissioning	49,319
Running Cost Allocation	7,069
Total Notified Recurrent Allocation	546,050
Non Recurrent Allocations	
In-Year drawdown/(drawup)	-
Other Non recurrent Allocations	-
Total Notified Non Recurrent Allocation	-
Total Notified Allocation	546,050

Table 1: 2019/20 Financial Summary (Baseline)

The financial outputs are detailed in Appendices 1, 3, 4 and 5 with a supporting glossary in Appendix 2.

1.2 The Requirements of the 2019/20 Plan

1.2.1 As set out in planning guidance, the CCG is required to assume the achievement of the following based upon three year allocations with a further two years indicative until 2023/24.

The key points to note for 2019/20 are:

- Core allocation uplift 5.32% (-0.86% Distance from Target - DFT);
- Primary Care (Delegated) uplift 5.18% (6.52% DFT);
- Total allocations £546.1m (£489.7m Core, £49.3m PC and £7.1m RC);
- This equates to £27.0m of additional allocations;
- Initial cost pressures from guidance equate to £31.3m;
- Deliver a break even financial position;
- Running costs remain static, but reduce by 11.8% in real terms in 2020/21;
- c£1.0b of Provider Sustainability Fund monies funding transferred nationally into CCG allocations and will be paid to Trusts via increase in emergency tariff prices;
- CQUIN reduced by 50% to 1.25% of contract value, with the balance going into national tariffs and local prices;
- By 2023/24 DFT for core services will have worsened to -2.16%;
- By 2023/24 DFT for Primary Care will have reduced to 4.04%;
- This will create additional year-on-year cost pressures over the next five years as allocations move away from optimum funding levels;
- Expectation to fund realistic system growth to meet increasing demand in acute services; and
- Planning submissions to GMH&SCP have activity aligned +/- 1.0% by specialty with WWLFT.

1.3 Wigan Borough CCG Planning Assumptions

1.3.1 The CCG as part of GMH&SCP has analysed the guidance and applied the agreed principles and expectations of the Wigan Locality Plan, GM expectations and known activity trends as per the national guidance shown in section 1.2.

These are:

- Starting position for 2019/20 plans is the 2018/19 forecast outturn;
- Added estimates for uplifts and growth in line with national and GM guidance;
- Included funding to meet the required business rules:
 - Achieve break even position; and
 - Set aside 0.5% as a contingency for in-year risk.
- Set aside investment funding to meet specific priorities that are to be funded from CCG allocations:
 - Mental Health Investment Standard (MHIS) met;
 - Investment in Community Neurology Services in line with GM requirements;
 - Investment in Community Services (Step up/Down beds and Seven Day Community Response Team);
 - 2.3% growth in Non-Elective admissions, 1.1% growth in A&E, 1.75% in Planned Inpatients, and 2.4% growth in Planned Outpatients; and
 - Investment to support Primary care including £1.50 per head funding for Primary Care Network Development; and funding for additional Community Link Workers.
- Set aside 0.3% funding for the GM Levy in line with previous years.

1.4 NHS Additional Growth

1.4.1 The formal announcement of CCG allocations confirmed an allocations increase which totalled £27.5m. A notified allocation reduction of £0.5m has also been applied relating to the transfer of responsibility for some additional specialised services to NHS England thus reducing the total allocation growth to £27.0m.

1.5 Additional Expenditure Expectations

1.5.1 Whilst recognising the benefits of these additional funds, the guidance also places on the CCG additional expenditure expectations totalling £31.3m (See Appendix 1).

1.5.2 This represents an additional net cost pressure to the CCG for 2019/20 of £4.3m.

1.5.3 In addition to the national requirements, the CCG has identified further local proposed investment requirements of £1.9m (See Section 4 of Appendix 1).

1.5.4 These additional cost pressures taken with an underlying recurrent structural deficit generates a funding shortfall between allocations and planned application of £27.2m, which represents 4.99% of allocations.

1.6 Underlying Structural Deficit

1.6.1 The CCG has through its internal and external reporting throughout 2018/19 highlighted a historic underlying structural deficit of £24.6m between its allocations and spend on healthcare.

1.6.2 Because of the work undertaken during 2018/19, £3.6m of recurrent costs have been taken out of the CCG's expenditure;

1.6.3 The resulting structural deficit prior to application of 2019/20 allocations and costs is £21.0m.

1.6.4 As a result of applying 2019/20 allocations and planning costs the underlying deficit is now projected at £27.2m, which represents a projected recurrent increase of £6.2m.

1.7 System Support Requirement

1.7.1 Due to the underlying structural deficit, the CCG is also required to repay £16.2m of non-recurrent support received in 2018/19.

1.7.2 This will be reported as a mitigated net risk in the April planning submission linked to the system wide three-year financial plan.

1.7.3 This also supports the STP submission highlighted in Section 1.1.2.

1.8 Benchmarking

1.8.1 The planning process has indicated significant savings targets are being identified by many CCGs to enable them to deliver statutory business rules. Table 2 shows a representative sample of CCGs within Greater Manchester and those with a similar profile to that of Wigan Borough across the North. Please note the values for other CCG's are as per the draft financial plan submissions made 19th February 2019 so are subject to change.

	Total QIPP 19/20 (incl FYE) £000	% Notified Resource £000
CCG1	14,267	4.1%
CCG2	16,342	4.9%
CCG3	9,227	1.9%
CCG4	11,000	2.7%
CCG5	6,161	1.3%
CCG6	19,890	4.9%
WBCCG	27,238	4.9%

Table 2: Sample of GM/North West CCG 2019/20 QIPP Targets

1.9 Better Care Fund (BCF)

1.9.1 The joint Wigan Borough CCG and Wigan Council BCF Plan operates under a Section 75 agreement.

1.9.2 The CCG have set aside the nationally required funding level and allocated a total value to the BCF in 2019/20 of £23.8m.

1.10 Key Financial Risks

1.10.1 At the time of writing this report the CCG faces significant financial risks and the following, though not an exhaustive list, are the key risks for 2019/20:

- SDF based GP schemes do not materially reduce or move activity from secondary care into alternative settings;
- Mobilisation of SDFs is not sufficiently aligned to support material activity reductions from the 1st April 2019;
- Inability to control system demand in secondary care;
- Payment by Results (PbR) contracts over perform;
- Regional pressure to deliver constitutional targets requires further unplanned expenditure into secondary care or other providers;
- Anticipated financial benefits of transformational schemes are not of the required magnitude;
- Insufficient capacity to deliver large scale transformation plans and projects through competing objectives or workforce capacity;
- Non-identification/delivery of efficiency schemes leading to a failure to achieve statutory financial business rules;
- Further system financial support may not be available in 2019/20;
- That those CCG budgets that are variable in nature are not contained and additional expenditure is incurred above that planned due to increasing levels of demand;
- Continuing Healthcare (CHC) cost instability issues lead to providers exiting the market with mitigations requiring high-cost solutions; and
- Running Costs constraints impact on workforce capacity.

1.11 Financial Control and Governance

1.11.1 To assure the member practices (through the Governing Body) of the organisation's ongoing capability and capacity to meet its duties and responsibilities including arrangements for good financial governance, the following are in place:

- Robust financial procedures and controls;

- Effective financial management and financial planning arrangements; and
- Comprehensive financial systems operated by well-managed, adequately resourced and suitably trained staff.

1.11.2 This plan recognises the requirements of the devolution agenda and national strategic requirements for the Wigan health economy. This document also highlights the significant financial impact on health budgets if major strategic change is not enacted to mitigate the spiralling demand and cost of services, especially in secondary care and the move to a population, place based health outcomes wrapped around primary care and out of hospital community based services.

1.12 Overall Conclusions

1.12.1 In summary the 2019/20 financial plan details the following:

- Wigan Borough CCG has a detailed operational financial plan that delivers all its statutory financial duties and business rules;
- Has planned to deliver a break even position, as confirmed by GMH&SCP;
- Delivers national and regional requirements, such as business rules and the Mental Health Investment Standard;
- Efficiency based transformational savings are integrated within the plan;
- The delivery of a Wigan strategy that meets the requirements of the Wigan Locality Plan, which is key to the delivery of a sustainable health economy;
- Has identified and will seek to manage the risks identified in Section 1.10;
- Sets out how the CCG will operate within its management allowance; and
- Reflects any known requirements of GMH&SCP and where appropriate NHS England.

2. Summary Financial Position 2019/20

2.1 Introduction

2.1.1 As highlighted in Section 1, the CCG's summary baseline financial position projected over the next twelve months of the planning cycle is shown in Table 3.

Wigan Borough CCG	2019/20 £000
Programme Baseline Allocation	464,896
Inflation/growth at 5.32%	24,766
Delegated Primary Care Allocation	49,319
Running Costs Allocation	7,069
Sub Total Notified Allocations	546,050
Planned Expenditure	573,288
Required Surplus	0
Funding Gap	(27,238)

Table 3: 2019/20 Financial Summary (Baseline)

2.1.2 This projection assumes published levels of NHS England growth funding.

2.1.3 Expenditure assumes cost inflation and activity growth uplifts in line with national guidance. It is the view of the CCG and GMH&SCP that appropriate local interpretation of trend information should be factored into activity projections and associated funding. These projections have been agreed with Wrightington, Wigan & Leigh NHS FT (WWLFT) and GMH&SCP.

2.1.4 In the event that commissioning expenditure increases above growth forecasts or transformational efficiency schemes fail to deliver the level of recurrent savings planned then the pressure on the subsequent years funding gap will increase as these recurrent costs are carried forward.

2.1.5 The CCG has planned to meet the Mental Health Investment Standard (MHIS) in mental health funding and has formally confirmed this to North West Boroughs FT (NWBFT). This investment is also subject to external audit scrutiny.

2.1.7 The CCG has also identified the continued funding for Primary Care via a £15.00 per head investment linked to specific commissioning intentions that support the locality QIPP programme. The CCG is also expected to meet the national guidance regarding the £1.50 per head investment in Primary Care Networks (PCNs). However, full details are not expected until the 29th March.

2.2 Proposed use of Non-Recurrent Funds in 2019/20

2.2.1 The CCG will have limited non-recurrent funds to utilise during the financial year that is primarily the business rule requirement to hold a 0.5% (£2.5m) contingency reserve for in-year risk mitigation.

2.2.2 This contingency reserve will be released by the Chief Finance Officer to offset financial pressures within the CCG position as required. At present the use of this fund is linked to the potential under-delivery of efficiency savings in 2019/20. This 0.5% is non-recurrent and therefore can only be used to offset in-year financial pressures.

2.3 Planning Requirements 2019/20

2.3.1 Where necessary the plan takes into consideration any guidance issued. However, at present any potential impacts based upon the direction taken by GMH&SCP in future years, which are not yet known, are not recognised in the assumptions contained within this plan.

2.3.2 Allocations to the CCG show an increase in recurrent programme funding of 5.32%. This is in the context of the 2.82% growth received in CCG allocation the previous financial year.

2.3.3 The CCG has £546.1m of expenditure commitments for 2019/20. This is inclusive of QIPP schemes of £27.2m which are described further in Section 3.

CCG Programme/ Running Costs Plans	2018/19 Plan £000	2019/20 Plan £000	% Change
Acute (Secondary Care)	253.1	279.0	10.2%
Mental Health Services	39.1	39.9	2.0%
Community Services	38.8	39.7	2.4%
Continuing Care	32.0	32.8	2.4%
Prescribing and Primary Care Other	72.9	76.6	5.0%
Primary Care Co-Commissioning	46.0	48.9	6.2%
Other Programme Services	28.8	20.6	-28.6%
Total Programme Commitments	510.7	537.4	5.2%
Contingency Costs	2.5	2.5	0.0%
Running Costs	6.3	6.2	-1.6%
Grand Total	519.5	546.1	5.1%

Table 4: CCG Plans by Programme Area including Contingency and Running Costs

2.3.4 Before the inclusion of QIPP schemes the CCG's expenditure commitments total £573.3m, which when applied against the CCG's available resources of £546.1m results in the initial funding gap of £27.2m for the commissioning of services and to meet the statutory financial targets as per issued planning guidance.

2.3.5 As outlined in Section 1.9 there still remains a requirement in 2019/20 for CCGs to continue with the Section 75 pooled budget with the local authority for investment in the integration of health and social care.

2.3.6 The investment in BCF will be in line with appropriate national planning guidance and will form part of the wider pooling of locality resources via an expanded Section 75 agreement that has been through CCG and council governance.

2.3.7 GMH&SCP have confirmed that the CCG is required to deliver a break even financial position in 2019/20.

2.3.8 The achievement of the break even position is heavily reliant upon the delivery of a significant QIPP savings target and the requirement to ensure waiting list and other constitutional targets are delivered. Failure to do so will be seen as a significant issue for the CCG requiring in-year mitigation and a formal recovery process.

3. QIPP – Transformational Efficiency Savings

3.1 Introduction

3.1.1 The CCG's financial efficiency challenge for 2019/20 is particularly demanding and will require a substantial shift in how and where services are delivered, whilst improving outcomes for patients and maintaining a safe environment.

3.1.2 In recent years the CCG has struggled to deliver the recurrent element of its transformational schemes, relying on non-recurrent one-off savings and external support to meet targets. This has been evidenced over the last three financial years by the requirement to seek support from the Greater Manchester Risk Reserve and in 2018/19 locality support from Wigan Council.

3.1.3 The identified underlying savings requirement for 2019/20 as identified in Section 1 is £27.2m, or 4.99% of allocations.

3.1.4 In a letter from GMH&SCP, dated 5th March it was stated that the CCG's overall savings target in its February submission was greater than 5.0% of allocations and this would need rectifying prior to the final planning submission (See section 3.1.3).

3.1.5 In addition the CCG has received non-recurrent support in 2018/19 of £16.2m that is repayable in 2019/20 (See section 1.7).

3.1.6 The CCG has undertaken a stringent review, over an extended period to identify what it believes are deliverable savings schemes to meet the significant savings target. These are shown in Appendix 5.

3.1.7 The £6.1m of savings unidentified will be subject to further reductions as schemes listed in Appendix 5 are worked up, such as those identified by the Healthier Wigan Partnership.

3.2 Evaluation and Monitoring Processes

3.2.1 The CCG has worked through a process to identify schemes and opportunities to deliver the scale of savings required. These have been subject of discussion and challenge through the CCG's internal groups, committees and Governing Body.

3.2.2 To ensure greater ownership and challenge regarding the delivery of these schemes the CCG has established a weekly meeting in 2018/19 chaired by the Accountable Officer and with a membership of the clinical chair, CFO, directors and senior members of the CCG.

3.2.3 The schemes are designed to enable the seven GP clusters as part of the wider SDFs to be supported in delivering, from the 1st April, transformational change linked to specific commissioning intentions that improve quality, whilst supporting financial sustainability requirements.

3.2.4 This crucial work will be supported by the CCG's internal teams as it is fundamental to the long-term financial viability of the organisation and the wider Wigan locality by 2020/21.

3.2.5 The CCG also expects that the positive work being undertaken by the Healthier Wigan Partnership (HWP) will facilitate closer integration of provider services to support the longer term locality strategy to deliver financial sustainability by 2020/21.

3.2.6 The CCG was also engaged in the nationally directed QIPP Phase 3 & 4 work being led by NHSE in 2018/19 and continues to utilise this resource, which is director led to identify further savings schemes.

3.2.7 It is essential that these schemes are delivering the necessary activity reductions and savings from 1st April 2019 to prove that the identified schemes will deliver the necessary level of savings each month.

3.3 External Scrutiny

3.3.1 The planning submissions to GMH&SCP are based upon the national timetable and contain a requirement to detail the CCG's QIPP plan for the year. This forms the basis of GMH&SCP and NHSE's monitoring throughout 2019/20, which in previous years could not be adjusted after submission of the final plan in April.

3.3.2 Mersey Internal Audit Agency (MIAA) has undertaken a review of the CCG's QIPP processes and the finding of that review will be circulated to the appropriate committees with any agreed recommendations incorporated into the CCG's processes.

3.4 High-level Risks

3.1 In addition to the general risk associated with non-delivery impacting upon the 2019/20 efficiency challenges, there are further risks, which if not mitigated or controlled may lead to savings targets not being achieved.

These include, but are not limited to:

- SDF based GP schemes do not materially reduce or move activity from secondary care into alternative settings;
- Mobilisation of SDFs not sufficiently aligned to support material activity reductions from the 1st April 2019;
- Inability to control system demand into secondary care;
- PbR contracts over perform against plan;
- Regional pressure to deliver constitutional targets requires further unplanned expenditure into secondary care or other providers;
- Anticipated financial benefits of transformational schemes are not of the required magnitude;
- Insufficient capacity to deliver large scale transformation plans and projects through competing objectives or workforce capacity; and
- Non-identification/delivery of efficiency schemes leading to a failure to achieve statutory financial business rules.

4. Co-Commissioning of Primary Care

4.1 Introduction

4.1.1 The CCG was approved in February 2015 to take on Level 3 (full delegation) Co-Commissioning arrangements. The CCG has been responsible for decision making around primary care services with effect from the 1st April 2015. This does not include decisions related to performance of individual primary medical care practitioners, and complaints relating to primary care medical practitioners which have been retained by NHS England.

4.1.2 Full delegation allows the CCG to have greater oversight of the local health system thereby supporting delivery of strategic plans. The Co-Commissioning Programme will continue to deliver GP contracts to 60 practices (54 GMS/PMS and 6 APMS), offer Quality Outcome Framework (QOF) and national Directed Essential Services (DEs) and Local Enhanced Services (LESs).

4.2 Planning for 2019/20

4.2.1 The CCG's Primary Care Co-Commissioning allocation in 2019/20 is £49.3m.

4.2.2 The CCG has also allocated £15.7m to other areas of non-delegated Primary Care including £2.3m for General Practice IT, and £4.2m for Other Primary Care services including Locally Commissioned services and Out of Hours services. Additional Primary Care Investments total £9.2m.

4.2.3 This represents an overall increase of £10.1m compared to the total resource available for primary care commissioning in 2018/19 of £120.1m.

4.2.4 Further to this the CCG has allocated £65.2m funding for GP prescribing. Therefore the total available for Primary care and Prescribing is £130.2m. (See Table 5).

Primary Care	2018/19 Plan £m	2019/20 Plan £m	% Change
GMS	18.4	19.4	
PMS	8.8	9.3	
APMS	3.9	2.8	
Premises	7.4	7.6	
QOF	4.6	4.5	
Other	3.0	5.7	
Sub-Total Primary Care Co-Commissioning	46.0	49.3	7.16%
<i>Local Primary Care Schemes:</i>			
GP IT	2.3	2.3	
Other Primary Care	1.9	4.2	
Sub-Total Local Primary Care Schemes	4.2	6.5	54.14%
<i>Primary Care Investments:</i>			
Quality & Engagement Scheme	5.3	5.4	
Community Link Workers	0.4	0.4	
GP Fellowship	0.0	0.0	
Extended Access	2.1	2.2	
Cluster Development	1.2	0.7	
Network Payment	0.0	0.5	
Sub-Total Primary Care Investments	9.1	9.2	1.50%
Sub-total Primary Care Investments and Local Schemes	13.3	15.7	18.25%
Sub Total Primary Care excluding Prescribing	59.3	65.0	9.64%
Prescribing including Medicines Management Team	60.8	65.2	
Total Primary Care	120.1	130.2	8.45%

Table 5: Breakdown of Primary Care Budgets 2019/20

4.3 Primary Care Commissioning Intentions

4.3.1 Across Wigan Borough there are currently 60 General Practices, who on a yearly basis sign up to deliver a range of different services. This individualised approach leads to variation in service provision and accessibility, puts additional pressures on stretched clinical resources and creates an increased administration burden for practices.

4.3.2 Through utilising an approach that focusses more on place and the opportunities brought by practices working together, we believe that services will not only be delivered equitably but be better aligned to the needs of the local population and complementary to other services offered within the place. For practices, we believe that there will be the additional benefit of creating the capacity and capability within GP Clusters to maximise the potential from both locally and nationally commissioned services.

4.3.3 The Commissioning Intentions are designed to improve outcomes and reduce variation across the whole of the Wigan Borough covering a population base of approximately 329,000 patients.

4.4 Primary Care Investments

4.4.1 Investments included in the £9.2m have been identified to continue to support the sustainable transformation of Primary Care which can be analysed under the following headings as set out in the NHS Long Term Plan:

- Quality and Engagement scheme – £5.4m investment to improve standards and reduce variability across Primary Care;
- Workforce and Workload – £0.4m for the Community Link Workers scheme to reduce demand and help manage workload;
- GP Extended Access – £2.2m to support Practices working at scale to provide improved access to general practice services by offering pre-bookable and same day appointments in the evenings and at weekends across a number of Hub sites;
- Cluster Development - £0.7m to fund new ways of working at scale; and
- Primary Care Network Contract entitlement - £0.5m to develop integrated care.

4.5 Potential Risks

4.5.1 Key risks associated with delegated primary care co-commissioning are:

- Financial risk of overspend on the primary care allocation delegated to the CCG;
- Potential additional staffing costs within a constrained running cost budget;
- Risk of conflict of interest for the CCG with GPs involved in decision-making;
- Commissioning intentions for primary care have not yet been formally developed;
- The required developments within primary care are delayed or at insufficient scale thus impacting on transformational pathway redesigns and associated savings to the health economy; and
- Relations with member practices may be adversely affected by the above risks.

5. Contracts – Main NHS Providers

5.1 Background

5.1.1 This is a new contracting cycle following the previous two-year cycle, as per national planning guidance. The latest national guidance requires a one-year contract to be agreed in 2019/20.

5.1.2 The national deadline for 2019/20 contracts to be signed is the 21st March 2019.

5.2 Main NHS Providers

5.2.1 The main NHS contracts held by the CCG are:

- Wrightington Wigan & Leigh NHS Foundation Trust (Secondary Care and Community Care); and
- North West Boroughs NHS Foundation Trust (Mental Health).

5.3 Wrightington, Wigan & Leigh NHS Foundation Trust (WWLFT) - Acute

5.3.1 The CCG, with the support of the Governing Body agreed with WWLFT a two-year, non-tariff minimum value block contracting arrangement for 2017/18 and 2018/19.

5.3.2 For 2019/20 and following national guidance the CCG has agreed a contract value with WWLFT of £199.49m, which was signed on the above deadline.

5.3.3 This value recognises national and regional expectations that reflect current levels of acute demand and also realistic levels of in-year growth. It does not reflect the aspirations outlined in Section 3 to reduce levels of demand on acute services, nor any additional requirements to meet in-year regional or national performance targets.

5.3.4 The agreed contractual value also reflects the transfer of Provider Sustainability Funds (PSF) into emergency tariff prices, which had previously been paid directly to providers.

5.3.5 The amount attributable to quality targets under CQUIN, 2.50% of contractual value, has also been reduced nationally to 1.25% with the balance included in national tariff and local price uplifts.

5.3.6 There is an expectation, agreed with WWLFT's senior leadership that they will work constructively with the CCG and system stakeholders to transform pathways and processes to reduce activity. This agreement has been endorsed by both CCG and WWLFT.

5.4 Wrightington, Wigan & Leigh NHS Foundation Trust - Community

5.4.1 As part of the developments of an integrated health and social care system in Wigan Borough, the CCG in conjunction with Wigan Council took the decision to move the provision of its community care services from Bridgewater Community Healthcare FT (BCHFT) to WWLFT from 1st April 2019.

5.4.2 The proposed contractual value is £37.64m

5.4.3 This transition is going to WWLFT's board to be ratified on 27th March.

5.5 North West Boroughs Partnership NHS Foundation Trust

5.5.1 In line with the local Joint Mental Health Strategy and the Greater Manchester Mental Health Strategy the CCG has included in the financial plan, investments which deliver the MHIS.

5.5.2 The majority of this investment has been included in the 2019/20 contract with our main mental health provider, North West Boroughs NHS Foundation Trust.

5.5.3 The CCG has continued to fund the Rapid Assessment Interface and Discharge Service (RAID), Haven House, Sanctuary and the Mental Health Pathways and in particular crisis care access and providing alternative solutions within the community.

5.5.4 The proposed contractual value is £28.07m and the contract is expected to be signed by the 31st March which has been confirmed with GMH&SCP.

5.6 Other Providers

5.6.1 The CCG in conjunction with the seven SDFs is currently analysing and reviewing Out of Area referrals patterns to ensure that scarce resources are used to maximise both clinical and patient experience within the borough.

6. CCG Running Costs

6.1 2019/20 Allocations

6.1.1 The allocation for running costs in 2019/20 is £7.1m, which is the same as that received in 2018/19, with no uplift for inflationary pressures.

6.1.2 The CCG will continue to utilise its staffing resources effectively, but recognises that 2019/20 is also a key year in terms of the development of SDFs and the Integrated Care Organisation (ICO) in the form of the HWP.

6.1.3 As part of the CCG's QIPP planning for 2019/20 (see Section 3) it has identified potential savings in respect of running costs of £0.835m. This will be subject to review and the operational requirements of the CCG.

6.1.4 In 2018/19 the CCG reviewed the establishment and frequency of its committee structure to support the move to the integrated locality approach required to support the development of the LCO.

6.1.5 The Governing Body should also note current guidance still confirms that underspends on running costs can be used in year to fund Programme spend, but Programme underspends cannot be used to support running costs (Administration).

6.2 2020/21 Expectations

6.2.1 The national planning guidance placed a requirement upon CCGs to prepare for a 20% reduction in their Running Cost allocation in 2020/21.

6.2.2 This reduction, which equates to £0.835m (11.8% in real terms), must be achieved by the end of the 2019/20 financial year as the reduction applies from the 1st April 2020.

6.2.3 The CCG has taken the appropriate steps to ensure this planned reduction is achieved in 2019/20. Any savings made in-year will contribute to the QIPP target identified in 6.1.3.

7. Risks to the CCG's Financial Plan

7.1 Highlighted Key Risks

7.1.1 As in previous years the financial plan has been developed to meet the requirements of WBCCG within the available resources allocated to it. However, there are always risks that need to be highlighted as part of the planning process, which may need mitigating action by the Governing Body during the financial year. Though not exhaustive the following are key risks to the CCG:

- SDF based GP schemes do not materially reduce or move activity from secondary care into alternative settings;
- Mobilisation of SDFs not sufficiently aligned to support material activity reductions from the 1st April 2019;
- Inability to control system demand into secondary care;
- Payment by Results (PbR) contracts over perform;
- Regional pressure to deliver constitutional targets requires further unplanned expenditure into secondary care or other providers;
- Anticipated financial benefits of transformational schemes are not of the required magnitude;
- Insufficient capacity to deliver large scale transformation plans and projects through competing objectives or workforce capacity;
- Non-identification/delivery of efficiency schemes leading to a failure to achieve statutory financial business rules;
- Further system financial support may not be available in 2019/20;
- That those CCG budgets that are variable in nature are not contained and additional expenditure is incurred above that planned due to increasing levels of demand;
- Continuing Healthcare (CHC) – cost instability issues leading to providers exiting the market with mitigations requiring high-cost solutions; and
- Running Costs constraints impact on workforce capacity.

7.2 Summary of Risks

7.2.1 If the risks outlined are not mitigated then the CCG would inevitably move into a financial deficit position during 2019/20.

8. Conclusions

8.1 Introduction

8.1.1 The financial plan represents output from a lengthy dialogue within the CCG and the Executive Management Team. It recognises increasing demands on services and cost pressures significantly outweighing resources available.

8.1.2 The financial plan has been developed following extensive consultation within the CCG, its partners as well as GMH&SCP.

8.1.3 The plan delivers its mandatory surplus at the end of the financial year. This position is not without significant risks based upon the value of efficiency schemes that need to be delivered.

8.1.4 Even with the additional funding made available to the CCG, 2019/20 remains challenging for both the CCG and the wider Wigan health economy. All organisations are financially challenged with their own significant internal savings programmes requiring delivery.

8.2 Summary of Conclusions

8.2.1 The Governing Body are asked to note that:

- The CCG has met the requirements of GMH&SCP and national planning guidance;
- A financial plan with a break even position has now been produced;
- That £27.2m (4.99%) of financial efficiency schemes need to be delivered by the CCG to support achievement of its business rules and statutory duties;
- Current plans show that the Wigan Borough CCG running costs are affordable within the cost envelope available to Clinical Commissioners for 2019/20; and
- Timely and challenging monitoring of QIPP efficiency starting in quarter one will be required to convince the system that agreed savings schemes and targets are deliverable in 2019/20.

9. Recommendations

9.1 Summary of Recommendations

Recommendations to the Governing Body are:

- To approve the 2019/20 financial plan for the CCG; and
- That the submitted financial plan forms the basis of the 2019/20 detailed budgets devolved to budget holders within the CCG or delegated via the Section 75 agreement.

Paul McKevitt
Chief Finance Officer
NHS Wigan Borough Clinical Commissioning Group

March 2019

APPENDICES

- Appendix 1 - Financial Plan (Resources and Applications);
- Appendix 2 – Glossary to support Resources & Applications;
- Appendix 3 - Summary of 2019/20 to 2023/24 CCG Allocations;
- Appendix 4 - Financial Planning Guidance 2019/20;
- Appendix 5 – 2019/20 CCG QIPP Savings Schemes.

Appendix 2

Supporting Narrative to the Resources and Applications Model 2019/20

This appendix is to be read in conjunction with Appendix 1: 2019/20 Financial Plan.

1. 19/20 Total Allocations

Recurrent Programme Resources

This represents the amount of resource the CCG receives on a recurrent basis from the Department of Health (DH) for healthcare (programme) services. The closing recurrent resources in any year are rolled forward to become the opening resources in the following year.

Recurrent Resources – Growth %

This is the amount of money the CCG receives in addition to the recurrent resources. The basis of this growth value is expressed as a percentage of the recurrent resources.

Running Cost Allowance

The CCG receives an annual allowance for the running costs of the organisation.

Delegated Primary Care Allocation

The CCG receives a separately allocated sum for the delegated primary care each financial year. For 2019/20 this is £49.3m, an increase from the £46.9 m allocated in 2018/19.

NWAS

This is the recurrent funding for Ambulance winter resilience and paramedic staff re-banding.

IR/PEL adjustment

This is the recurrent adjustment for the transfer of specialist services from CCG to NHSE.

Total Resources

This is the total value of the resources available to the CCG in each year.

2. Expenditure – Brought Forward Commitments

Brought Forward Commitments

These are the recurrently committed budgets from the previous financial year (2018/19) that are required in the new financial year.

3. Inflation, Cost Pressures & National Guidance

Contract inflation & Growth

This represents inflation on the brought forward budgets. For NHS contracts inflation ranges from 3.44% to 5.16%. It also includes growth of 1.87% on Acute Contracts.

Provider Efficiency

This represents the deflator applied to NHS contracts in line with the national guidance (1.1%).

Prescribing Inflation and growth

This uplift was locally determined. The CCG have uplifted this budget for inflation and growth by 3.2%.

In addition the CCG has funded the prescribing budget to the expected 2018/19 recurrent outturn.

Primary Care Inflation

Primary Care budgets have been uplifted by 1.7%.

Primary Care Delegated Funding

The CCG has received an additional £2.4m for 2019/20 – this represents an increase of 5.18% on the 2018/19 value.

CHC (Continuing Care) Inflation and cost pressures

This was locally determined. The CCG chose to uplift by 4.5% for inflation and growth.

In addition the CCG has funded the CHC budget to the expected 2018/19 outturn.

Acute Contract Pressures

This is the additional costs required to reflect the anticipated contract values in 2019/20. £0.9m relates to WWLFT contract and £1m Ambulance contract (£0.3m of which is the NWAS allocation received for winter resilience and paramedic re-banding).

MH Pressures

This is the additional costs required to reflect the anticipated contract values in 2019/20. It includes £0.2m in relation to North West Boroughs Health NHS FT.

Better Care Fund

The inflation uplift in relation to Better Care Funding is 1.8%.

Other Pressures and Inflation

Cost pressures relating to all other CCG budgets.

0.5% Contingency

As required the CCG has set aside a contingency of 0.5% within its financial plan for the financial year.

Mental Health Investments

In line with national guidance the CCG is required to ensure that mental health services are uplifted in line with the growth in the Programme allocation plus 0.7%. This has been achieved by investing in various schemes including Improving Access to Psychological Therapies (IAPT), community and perinatal services.

4. Other Local Investments

Other Investments

The CCG has set aside funding for other investments requirements as listed.

5. Summary

Total Resources

This is sum of those allocations available to the CCG as identified in Section 1.

Total Commitments

This is the sum of identified CCG expenditure as identified in Sections 2, 3 & 4.

Financial Gap

This is the funding variance between the CCG's 'Total Resources' and 'Total Commitments' before the application of identified financial savings.

6. Memorandum re Surplus Requirements

The CCG is required to achieve a minimum surplus equal to the higher of either 1% of allocation or the prior year surplus.

In the financial plan submission the required surplus is held and reported centrally outside of the CCG plans, therefore to meet business rules the CCG position is reported as break-even with a memorandum note to confirm that the surplus requirements have been met.

The surplus requirement is therefore met from the prior year underspend held centrally. The total surplus held is £12.4m.

Appendix 3 – CCG Allocations 2019/20- 2023/24

The CCG Allocation schedules issued by NHS England can be found at:

<https://www.england.nhs.uk/publication/ccg-allocations-2019-20-to-2023-24-core-services/>

<https://www.england.nhs.uk/publication/ccg-allocations-2019-20-to-2023-24-primary-care-medical/>

<https://www.england.nhs.uk/publication/ccg-allocations-2019-20-to-2020-21-running-cost-allowances/>

<https://www.england.nhs.uk/publication/ccg-allocations-2019-20-to-2023-24-total-place-based/>

Appendix 4 – Financial Planning Guidance

The CCG is planning to meet the requirements of the 2019/20 national planning guidance. The national planning guidance can be found at:

<https://www.england.nhs.uk/publication/preparing-for-2019-20-operational-planning-and-contracting/>

QIPP Schemes 2019/20

Version: 5 - FINAL

Scheme Description	2019/20 £,000	2020/21 £,000	2021/22 £,000	Invest to Save £'000	SLT Owner	Ops Owner	Comments
1	2	3	4	5	6	7	
Prescribing Schemes	2,600	2,600	2,600	-	LS	AS	Reflects £3m new plus £600k from prior year. £3.3m uplift And growth applied. No Cat M recurrently achieved. 18 national items and national over the counter items. Pacific Dashboard.
Review of GPIT	200	-	-	-	JK	-	May be further potential in-year.
Review of estates recharging to NHS providers	-	-	-	-	CH	EB	Estates recharged by providers that could be covered by PbR tariff - TBC.
Review funding/contribution of LIFT utility costs	-	-	-	-	JK	EB	Potential recharging/contribution of practices occupying LIFT premises - TBC.
Continuing Healthcare (CHC) Programme	1,600	1,600	1,600	125	LS	LN	Benchmarking of framework with NHSE - Accelerate if nurses x 2 + Admin.
APMS Re-procurement	432	-	-	-	JK	HS	FYE of saving - £864k already assumed achieved through reserve adjustment in opening plan. FYE = £1,296k.
Sub-Total - Budgetary (Remove at Source)	4,832	4,200	4,200				
SDFs Savings Plan (Total)	7,809	13,500	13,500	5,200	SLT	-	See breakdown and supporting schemes in table below.
NHS QIPP 4 Schemes	-	-	-	-	CH	-	Scheme not already identified in original CCG list being worked up - TBC.
HWP Schemes	-	-	-	-	RM	HS	Schemes not already identified in original CCG list - TBC.
Sub-Total - SDF & System Schemes	7,809	13,500	13,500				
Reduction of National EBI / Local EUR activity	1,000	1,000	1,000	50	JC	PE	National EBI suggests a potetnial reduction of £1.6m on these 17 items. Targetting top eight. Accelerate with specialist AfC 7.
Ophthalmology Service Redesign	100	100	100	-	JC	RW	Resources required.
Rehab Inpatient reductions (via Community Neuro Service)	50	50	50	-	JC	GR	FYE of Taylor Ward move.
Increased uptake of AAA (SDEC)	-	100	100	-	JC	SC	In-Year business case TBC (WWL-CCG Frailty Integrated model).
Faecal Protectein Testing (Reduced colonoscopies)	1,000	1,000	1,000	-	CR/JG/JK	-	Based upon Pacific Dashboard analysis - implementation phase.
Digital Care Home offer	350	1,000	1,000	-	JC	DO'B	Reflects PYE roll-out in Year 1 and subsequent FYE based upon Tameside model.
Outpatient - Ratio Reductions	-	-	-	-	JC	PE	Specific specialties might benefit from review by overall subject to challenge process, so limited scope for significant saving.
Total - Variation, Referral and Demand Management	2,500	16,750	16,750				
GP OOHs - aligned to phase 2 of Primary Care Centre business case	480	700	1000	-	JC	HS	Contractual realignment benefits.
MSK Service review	675	975	975	40	JC	GR	Six months investment in AfC 8b to implement work identified.
Locality system rationalisation	-	-	-	-			TBC.
Sub-Total - System Rationalisation	1,155	1,675	1,975				
CCG Management Costs	835	-	-	-	CH	EB	Can only be non-recurrent in 2019/20 as allcoation reduced from 2020/21.
Committee Restructuring	-	-	-	-	CK	EB	Reduction in session numbers - TBC.
Sub-Total - Corporate	835	-	-				
Review areas of in-year discretionary spend	-	-	-	-	PMcK	CH	Additional to that agreed at planning stage - TBC.
Local pricing review of WWL services	-	-	-	-	CH	BS	Possible in-year savings against PbR - TBC.
Efficiencies of wider pooling of system budgets (Sec 75)	2,867	-	-	-			BCF as part of Sec 75 arrangements.
Sub-Total -Other	2,867	-	-				
Sub-Total Identified Schemes	19,998	-	-				
Prescribing	1,337	-	-	-			Removed from budget at source based upon achievement of prior year delivery.
Continuing Health Care (CHC) Programme	158	-	-	-			Removed from budget at source based upon achievement of prior year delivery.
CCG Management Costs	835	-	-	-			Removed from budget at source based upon achievement of prior year delivery.
Sub-Total Budgets Reduced at Source	2,330	-	-				
Grand Total	17,668	22,625	22,925				
Contingency Offset	2,700	-	-				Deployed for in-year risk of non-delivery.
Quality Premium Estimate offset	800	-	-				Estimated based upon prior years and 50% of potential £1.6m.
Net Schemes Identified	21,168	22,625	22,925				
2019/20 Savings Target	27,252	-	-				Need to project this based upon a scenario analysis that splits recuurent and non-recurrent achievement of prior year schemes
Variance to Savings Target	6,084	-	-				Those schemes identified as 'TBC' will seek to reduce this value in-year.