

Item: 10(iv)

Date	Tuesday 8 th May 2018
-------------	----------------------------------

Title of paper	CCG Budget and Financial Planning Update 2018/19
-----------------------	---

Presenter	John Leslie Interim Director of Finance Tri Borough			
Author	John Leslie Interim Director of Finance Tri Borough			
Responsible Director	Neil Ferrelly CFO			
Clinical Lead				
Confidential	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/> Items are only confidential if it is in the public interest for them to be so

The Governing Body is asked to:

To **approve** the CCG budget for 2018/19 and to note the significant QIPP requirement of £17.3m (5.8% of RRL) to deliver the same.

To note that the CCG will embark upon a formal process of financial improvement and will engage support accordingly.

Summary of purpose and scope of report

This paper presents the budget for 2018/19 for the CCG which includes Primary Medical Services Allocation.

The presentation sets out the need for the CCG to enter into formal financial improvement to address the challenging financial position it will face in 2018/19 and to stem the current deterioration in the recurrent underlying position of the CCG.

Quality & Safety/ Patient Engagement/ Impact on patient services:

- No direct impact

Finance, resources and QIPP

The plan sets out how the CCG can deliver an in year surplus of £0.387m.

Equality / Human Rights / Privacy impact analysis

- No direct impact

Item: 10(iv)

Risk	Mitigating actions
Failure to approve the budget	Was discussed at the Governing Body Seminar and Finance and Performance Committee
Failure to identify sufficient level of QIPP	A revised governance process is being established for financial recovery and continue to explore opportunities to close the gap

Supporting documents

18-19 Budget

Governance and reporting

(list committees, groups, other bodies in your CCG or other CCGs that have discussed the paper)

Committee name	Date discussed	Outcome
Finance and Performance	8/5/18	Outcome to be discussed at governing body

Context

The CCG ended the 2017/18 financial year with an in year surplus of £1.251m against a plan of £0.926m. Whilst this appears at headline level a good outcome, it should be set in the context that this was only achieved by securing financial support from West London CCG of £5m in year (of which £2m will be repayable). In addition to this the underlying or recurrent run rate (the difference between the amount of money we spend and the amount of money received) was a deficit of £10m

Against the backdrop of this deteriorating run rate and providing for the national planning assumptions and requirements, together with the delivery of a very challenging QIPP programme of £17.3m, means that in year the CCG can produce a 2018/19 plan that generates a surplus of £0.387m.

Contained within this though are two crucial elements that the Governing Body needs to understand:

1. The plan requires £18m of external support from NHSE to cover the GP at hand accelerated costs
2. The plan is only achieved by "drawing down" £3.879m of the historic surplus of £6.585m from previous years.

The CCG has also previously been able to rely on utilisation of previously provided accruals during the year to help balance the position. During 2017/18 £6.6m of these were used and this has exhausted this avenue of flexibility, the CCG therefore will have to ensure that it

Item: 10(iv)

delivers its QIPP programme in a fully cash releasing fashion to avoid a significant variance from its financial plan.

Financial Improvement

The CCG has decided to place itself into a formal financial improvement process. As part of this it will redesign the existing reporting structures that cover QIPP and replace this with an overarching process that looks at wider financial performance issues. It is likely that external support will be needed to deliver this change which will necessitate a significant cultural shift and some staff will need extra support during this change.

A dedicated session for the Governing Body is being developed and all aspects of expenditure will be reviewed, it is highly likely however that the level of savings required to balance the plan will require a number of de-commissioning decisions to be made.

QIPP

H&F CCG has a target of at least 5.8% of total Allocations, or £17.3m. At this point the majority of these are being targeted from the CCG wider allocations and does not impact on Primary care. Whilst it is important that Primary care is developed to enable it to play its part in the wider system transformations consideration needs to be given to how meeting the delegated budget spend pledge can be matched with a reduction in wider expenditure from core CCG allocations.

Of the current QIPP requirement there is still some £7m to be identified, this poses a significant delivery risk and must be addressed urgently. Various dedicated sessions are being set up.

Summary

The CCG has a very challenging financial outlook for 2018/19 and beyond. The attached plan whilst achieving the current control total requirements will not be without its risks in terms of delivery, particularly the very challenging QIPP plan.

The Governing Body are asked to approve the plan and the following components of the same:

- The plan requires £17.3m of QIPP, of this some £7m is still to be identified
- There is limited if any flexibility in the Balance Sheet
- The plan is only achieved through:
 - £18m of external Support from NHSE (expected but not confirmed at this point)
 - £3.879m of draw down

The CCG Governing Body and the various supporting Governance committees will need to play a very active part in ensuring the necessary financial discipline is applied to deliver this plan. The amount of support and work required to deliver this should not likewise be underestimated and the Executive team will need to give consideration as to how this is best provided.

The budget attached at Appendix 1 is still subject to final approval by NHSE, but it is likely that only minor changes will be required to finalise the same.

The Governing Body are therefore asked to approve this plan to enable the mobilisation and delivery of the same to commence with pace and urgency