



Month 9 Budget Update

SaHF & NWL Strategy and Transformation Programmes

February 2015

Summary

This paper provides the month 9 budget update for NWL-wide financial strategy/ SaHF including Strategy & Transformation programmes.

The main points to note are:

1. Sources of funding and total budget, including split across the programmes, has remained the same from last month;
2. The YTD position for S&T continues to be £2.6m underspent, with the forecast position being break-even. There NHSE approval has now been received for the finance and activity support to the ImBC, and other projects are progressing with the Academic Health Science Network and individual CCGs which will account for the swing between YTD and year end forecast outturn (*slides 7&8*);
3. Harrow have not yet had their recovery plan fully assured by NHSE, although significant progress has been made (*slides 9-12*).

The Collaboration Board are asked to:

- a) Note the current YTD and forecast outturn position;
- b) Note the risks to the current outturn;
- c) Note the progress made on Harrow CCG's sustainability plan; and
- d) Recommend for GB approval the transfer of the remaining £4m of support to Harrow CCG.

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Sources of funding

	TOTAL
CCGs contribution to the programme	£55.1m
NHSE contribution (<i>An extra £1m from NHSE to Support SaHF has been added</i>)	£14.6m
Total resource available	£69.7m¹

The proposed application of this resource is as per the previous papers:

- £30m to Strategy & Transformation;
- £37.7m to Provider support; (increase of £3.5m, funded by £2.5m which is no longer required by NHS Harrow and an extra £1m from NHSE)
- £2.5m to Harrow CCG.

The overcommitment of £0.5m is covered by carried forward underspend from 14/15. An update on each of these areas is given in the following slides.

¹ Funding was subject to overall agreement of 15/16 plans by NHSE, and in particular surplus 'drawdown' applications made by NWL CCGs – these have now been agreed



Application of funds (1)

The budget allocations for Strategy and Transformation are shown in the table below:

Initial Plan	Initial Budget		Revised Budget
	(agreed March 2015)	Revised Budget July 2015	(agreed September 2015)
			Total
S&T projects	£m	£m	£m
Enhanced Integration/Whole Systems	10.0	10.0	10.0
Primary care transformation	4.4	4.4	4.3
SaHF implementation	4.5	5.5	6.8
Transforming Mental Health Services	4.4	3.4	2.5
Other costs (core team, non-pay, events)	6.7	6.7	6.4
Total	30.0	30.0	30.0

Application of funds (2) Provider support

The forecast for provider support costs as at M9 is shown in the table below. The provider support budget has been increased by £3.5m, funded by:

1. £2.5m from NHS Harrow due to their reduced requirements;
2. An extra £1m from NHSE.

Provider support	Committed as at M8	Forecast outturn as at M9	Variance
	£m	£m	£m
<i>Maternity</i>	7.2	6.8	0.4
<i>Paediatrics</i>	6.1	5.9	0.2
<i>Main SaHF</i>			
Double running:			
a) THH	3.0	3.0	0.0
b) Chel West	2.3	2.3	0.0
c) LNWHT	11.0	11.0	0.0
- CW/ West Mid merger	4.0	4.0	0.0
ImBC costs	0.7	0.7	0.0
Trust Support to CIP Identification process		0.6	(0.6)
Trust ImBC Support*	3.3	3.3	0.0
Delivery Architecture*	0.2	0.2	0.0
Total	37.7	37.7	(0.0)

* £3.3m of the additional £3.5m to be used for Provider Support as approved last month. The remaining £0.2m has been used to fund the McKinsey Delivery Architecture Extension.

Month 9 S&T budget report

Committed Spend YTD

		BUDGET ANNUAL £m	BUDGET YTD £m	COMMITTED YTD £m	VARIANCE YTD £m	
1	Whole Systems Integrated Care	Transition and Shadow Running (to CCG's)	6.8	6.8	6.8	-
		Whole systems implementation	2.5	1.6	0.7	(0.9)
		Workforce & Change Academy	0.7	0.4	-	(0.4)
		TOTAL	10.0	8.8	7.5	(1.3)
2	Primary Care Transformation	Primary Care Network Support (to CCG's)	2.0	2.0	2.0	-
		Primary Care System Wide Support	1.0	0.7	0.7	-
		Hub OBC Development	1.3	1.0	0.2	(0.8)
		TOTAL	4.3	3.7	2.9	(0.8)
3	Acute Reconfiguration	ImBC and OBC Development	3.7	2.8	3.1 ³	0.3
		Paediatric Implementation	1.3	0.9	0.9	-
		Maternity Implementation	0.8	0.6	0.5	(0.1)
		System Wide Support & Ops Leadership	1.0	0.5	-	(0.5)
		TOTAL	6.8	4.8	4.5	(0.3)
4	Mental Health Transformation	Mental Health Wellbeing & Strategy	-	-	-	-
		Mental Health Urgent Care	1.5	1.2	1.0 ²	(0.2)
		Mental Health Transformation (to CCG's)	1.0	1.0	1.0	-
		TOTAL	2.5	2.2	2.0	(0.2)
5	Cross Cutting and Core Team	Communications and Engagement	1.0	0.7	0.7	-
		5 Year Strategy	0.5	0.3	0.8	0.5
		Core Team, non-pay, events	4.2	3.0	2.8 ¹	(0.2)
		Informatics	0.7	0.6	0.3	(0.3)
		TOTAL	6.4	4.6	4.6	-
Total		30.0	24.1	21.5	(2.6)	

NB 'Committed' includes items for which invoices have not yet been received.

Year end forecast

As at month 9 the forecast year end position for the S&T operational budget (excluding the CCG managed elements) is shown below:

Strategy and Transformation - core budgets			
Initial Plan	Revised Budget M9	Forecast Outturn as at M9	Variance
	£m	£m	£m
S&T projects			
Enhanced Integration/Whole Systems	3.3	2.6	0.7
Primary care transformation	2.3	2.3	0.0
SaHF implementation	6.8	7.0	(0.2)
Transforming Mental Health Services	1.5	1.6	(0.1)
Other costs (core team, non-pay, events)	6.4	6.8	(0.4)
Total	20.3	20.3	0.0

There are small under and overspends across the work streams but overall the S&T directorate is forecasting a breakeven position for the year end. The large reported underspend in the year to date position is due to a number of outstanding issues:

- Change Academy (£0.85m), negotiations continue with the Academic Health Science network regarding this;
- Primary Care Models of Care (£0.5m) - this is being taken forward with individual CCGs;
- Finance and Analytical support to the ImBC (£0.6m) – now approved and work has begun; and
- Provision for tax liabilities (estimated £0.4m).

Harrow CCG Sustainability Plan Update

Harrow CCG support from SAHF in 2015/16 is made up of:

- £5.0m from part A (non-recurrent)
- £8.3m from part C (recurrent). £4.3m was a continuation of the support agreed in 2014/15 and £4m subject to an approved recovery plan in 2015/16.

At month 7, Harrow reduced the request for in-year support from (part A) from £5m to £2.5m.

During 2015/16 Harrow CCG has submitted three iterations of the sustainability plan and the first draft of the 16/17 finance operating plan in February, the following reflects the latest position following feedback from NHSE.

The table below sets out the progress the CCG has made since the first submission of the Sustainability plan made in July 2015.

£'m	July Submission	October Submission	December Submission	Current Position	Change
2015/16 Position					
Forecast Position	(5.3)	-	-	2.0	7.3
Underlying Position	(12.6)	(11.3)	(11.3)	(11.3)	1.3
QIPP Forecast	8.3	8.3	8.3	8.3	-
2016/17 Underlying Position					
Best Case	(1.9)	-	-	-	1.9
Mid Case	(17.4)	(12.0)	(6.0)	0.3	17.7
Worse Case	(27.7)	(20.8)	(15.0)	(9.4)	18.3
16/17 QIPP Plan	5.6	8.4	9.8	9.8	4.2

Key points to note are:

- Improvement in forecast outturn – achieved through non-recurrent measures in 2015/16.
- Improvement in the underlying position by £1.3m.
- Improvement in the forecast underlying position under all scenarios for 2016/17.
- Identification of further QIPP plans in 2016/17.

Harrow CCG Sustainability Plan Update

Harrow CCG Bridge	£'m	% of recurrent allocation
2015/16 Exit Rate Underlying Deficit	(11.3)	-4.0%
Allocation Uplift	15.9	5.6%
Tariff Deflator/Inflator	(3.8)	-1.3%
QIPP Plan	9.8	3.4%
Demographic Growth	(3.3)	-1.2%
Non Demographic Growth	(4.9)	-1.7%
Other Recurrent Cost Pressures	(2.1)	-0.7%
2016/17 Underlying Position	0.3	0.1%
Non Recurrent		
Bought Forward (Deficit)/Surplus	2.0	0.7%
Repayment of £2.5m of non-recurrent support	(0.5)	-0.2%
Contingency	(1.4)	-0.5%
London Healthcare Commission Strategy	(0.4)	-0.1%
Total Non-recurrent	(0.3)	-0.1%
Total Surplus/(Deficit)	0.0	0.0%

The table shows the bridge between 2015/16 exit underlying deficit and 2016/17 planned position. Key points are:

- the CCG is in recurrent surplus in 2016/17; and
- the non-recurrent elements off-set the underlying surplus in 2016/17 resulting in a planned breakeven position.

The current position is not compliant with NHSE business rules namely:

- a deterioration in the year on year position;
- achieving a 1% cumulative reserve (surplus); and
- holding 1% of allocation non-recurrently that should be uncommitted at the start of the year.

Some of the requirements of the planning guidance are not factored into the sustainability plan:

- mental health parity – requirement to match growth in allocation with growth in spend on mental health
- the 9 ‘must do’s’ – further work required to establish what resource would be required to deliver these; and
- any impact of changes to BCF funding.

Key risks in addition to the above for 2016/17 include;

- delivery of the QIPP plan; and
- impact of tariff, which is expect to be higher than the 1.1% included within the model.

Harrow CCG Sustainability Plan Update

£'000	2016/17	2017/18	2018/19	2019/20	2020/21
2015/16 Exit Rate Underlying Deficit	(11.3)	0.3	3.8	4.8	5.5
Allocation Uplift	15.9	8.0	8.3	8.8	14.5
Tariff Inflator / Price Increase	(3.8)	(4.0)	(4.0)	(4.1)	(4.2)
QIPP Plan	9.8	9.0	9.0	9.0	9.0
Demographic Growth	(3.3)	(3.3)	(3.4)	(3.2)	(3.3)
Non Demographic Growth	(4.9)	(5.8)	(6.0)	(6.1)	(6.3)
Other Recurrent Cost Pressures / Investments	(2.1)	(0.4)	(2.9)	(3.7)	(9.9)
2016/17 Underlying Position	0.3	3.8	4.8	5.5	5.3
Non Recurrent					
Bought Forward (Deficit)/Surplus	2.0	-	1.0	3.1	3.2
Repayment of £2.5m of non-recurrent support	(0.5)	(0.8)	(0.8)	(0.4)	-
Contingency	(1.4)	(1.5)	(1.5)	(1.5)	(1.7)
1% Non-Recurrent Reserve				(3.1)	(3.3)
London Healthcare Commission Strategy	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)
Total Non-recurrent	(0.3)	(2.7)	(1.7)	(2.3)	(2.2)
Total Surplus/(Deficit)	-	1.0	3.1	3.2	3.1
Total Surplus/(Deficit) %	0.0%	0.3%	1.0%	1.0%	1.0%

The table shows Harrow's sustainability plan over the five years. Key points are:

- Harrow is underlying surplus in each of the five years of the plan;
- The CCG will achieve compliance with achieve 1% cumulative surplus in 2018/19;
- The CCG would need to deliver £9m of recurrent QIPP savings in each year; and
- Planning assumptions are in line with those used in 2016/17.

The current plan is based on Harrow receiving £8.3m of support in each year. Discussions are underway about this support being tapered and the plan will be revised once the financial strategy for NWL has been agreed.

Harrow CCG Sustainability Plan Update

As part of NHS England's assurance of the sustainability plan, the CCG has provided full responses to the queries and questions raised, these included:

- requests for further information on activity;
- further detail on activity trends;
- narrative explaining growth in 2014/15 and measures to control growth in 2015/16;
- further detail on 16/17 QIPP plans in terms of development / implementation of each scheme;
- how the Harrow plan interfaces with LNWH recovery;
- further details on both wider clinical engagement and the outcomes from the practice visit programme;
- the financial model and QIPP plans extended to 5 years to demonstrate on-going sustainability; and
- further update on capacity / capability to deliver.

The latest feedback from NHS England following submission of the operating plan was that;

- CCGs are expected to produce plans compliant with business rules; and
- the sustainability plan will be reviewed and assured in line with the national planning timetable.

The Board is asked to:

Note the progress made on Harrow CCG's sustainability plan; and

Approve the transfer of the remaining £4m of support to Harrow CCG.

Risks to outturn

In previous reports a number of risks to outturn were identified, particularly in relation to the ImBC and the support required both within S&T and in the Trusts in order to complete the work necessary to achieve the deadlines set by NHSE.

A number of these risks have now crystallised and have been funded either from S&T budgets, internally by the Trusts, or, in some cases, have been referred to commissioners for further consideration.

In addition there may still be costs associated with the transition of the Delivery Architecture work to Business as Usual across North West London. The figure is not yet known but it should be noted that the Financial Strategy funding is now fully committed.



Appendix A

Month 9 Budget Update

Consultancy Contracts Let
SaHF & NWL Strategy and Transformation Programmes
February 2015

S&T consultancy contracts let since 1st April 2015 (1/3)

Contract Let	Contract	Value	Provider	Decision-making panel	NHSE	Contract Summary
Jun 2015	WSIC Early Adopters Go Live	£206,985	McKinsey	Single Tender Waiver ¹ Signed by C Parker (AO) and R O'Hare (Chair)	Approved	Contract to support handover of Data Warehouse from McKinsey to CCG/Strategy and Transformation team;
Jun 2015	SaHF ImBC Development - Joint PMO ^b	£190,500	Moorhouse	Single Tender Waiver ² Signed by C Parker (AO) and R O'Hare (Chair)	Approved	Contracts to support the ImBC refresh in July/August;
Jun 2015	SaHF ImBC Development - Productivity Analysis	£791,778	McKinsey	Single Tender Waiver ² Signed by C Parker (AO) and R O'Hare (Chair)	Approved	Contracts to support the ImBC refresh in July/August;
Jun 2015	SaHF ImBC Development - Financials	£203,145	NEL CSU (Deloitte)	Single Tender Waiver ² Signed by C Parker (AO) and R O'Hare (Chair) – SLA signed by C Parker plus Finance Director NELCSU	Approved	Contracts to support the ImBC refresh in July/August;
Jun 2015	SaHF ImBC Development - Re-write	£17,351	Carnall Farrar	Signed by C Parker (AO)	N/A as below £50k threshold	Contracts to support the ImBC refresh in July/August;
Aug 2015	Portfolio and PMO Support for S&T Directorate	£863,604	PA Consulting	Contract (tbc – pending NHSE approval) Evaluation panel: Director of S&T (acting), Deputy Director S&T, Deputy Director Reconfiguration (S&T), Programme Director Reconfiguration (S&T), Deputy CFO CWHHE, and two Lay Members	Approved	Contract to support Portfolio Management Office in Strategy & Transformation to March 16, to allow time for recruitment to substantive roles;



S&T consultancy contracts let since 1st April 2015 (2/3)

Contract Let	Contract	Value	Provider	Decision-making panel	NHSE	Contract Summary
Aug 2015	SaHF ImBC Development - Joint PMO (extension to Jun 2015 letting)	£35,200	Moorhouse	Single Tender Waiver ¹ Signed by C Parker (AO)	N/A as below £50k threshold	Contracts to support the ImBC refresh in July/August;
Aug 2015	Delivery Architecture	£549,828	McKinsey	Evaluation panel: Director of S&T (acting), Deputy Director Strategic Financial Planning (S&T), Deputy Director S&T (WSIC), Deputy Director Reconfiguration (S&T), Lay Member.	Approved	Contracts to support the creation of the NWL Delivery Architecture to allow the delivery of pan-NWL savings across agreed areas of joint working;
Sept 2015	SaHF ImBC - Additional Support for Finance Plans for 8 NWL CCGs	£50,000	Deloitte LLP	Single Tender Waiver ² Signed by Clare Parker	N/A as below £50k threshold	Contract to create model required to allow consolidation of 8 CCG 5-year financial plans;
Oct 2015	Supporting SaHF Programme – CCG QIPP Plan for CWHHE and BHH	£208,733	GE Healthcare Finnamore	Single Tender Waiver ¹ Signed by Clare Parker, CFO, and Chair, CLCCG	Approved	Contract to support consolidation of QIPP plans and benefits realised to support ImBC process;



S&T consultancy contracts let since 1st April 2015 (3/3)

Contract Let	Contract	Value	Provider	Decision-making panel	NHSE	Contract Summary
Oct 2015	Delivery Architecture - Bridging to Implementation	£263,250	McKinsey & Company	Single Tender Waiver ¹ Signed by Clare Parker	Approved	Contracts to support the creation of the NWL Delivery Architecture to allow the delivery of pan-NWL savings across agreed areas of joint working;
Oct 2015	Change Academy	£690,921	GE Healthcare Fynamore	Contract - Evaluation panel: Director of S&T (acting), Deputy Director S&T, Work Force Lead S&T, Head of Education Transformation ICH, Clinical lead HENWL and one Lay Member	Not approved - discussions now ongoing with AHSN	Contract to support Organisational Development for new ways of working in an Whole Systems environment.
Oct 2015	New Models of Primary Care	£471,645	PA Consulting	Contract – Evaluation Panel: Director of S&T (acting), Deputy Director Strategic Financial Planning, Deputy Director S&T, MD, West London CCG, 2 Lay members	Not approved – Discussions taking place with individual CCGs	Contract to support development of locally-designed primary care offer initially taking forward the work of 3 NWL CCGs focusing on the design and roll-out of new models of primary care, aligned to the Strategic Commissioning Framework
Nov 2015	Support to ImBC Out of Hospital Plans	£49,900	GE Healthcare Fynamore	Single Tender Waiver ² Signed by Clare Parker	N/A as below £50k threshold	Contract to Support the development of Strategic Outline Case level models for OOH delivery
Nov 2015	Review of the 2015 Maternity Services Transition in North West London	£49,750	GE Healthcare Fynamore	Contract - Evaluation panel: Director of S&T (acting), Programme Director Reconfiguration, Deputy Director Reconfiguration.	N/A as below £50k threshold	Contract to conduct a review of the changes as a result of the planned closure of birthing services at Ealing Hospital.
Nov 2015	Support to S&T-Supporting SaHF programme	£49,000	GE Healthcare Fynamore	Contract - Evaluation panel: Director of S&T (acting), Programme Director Reconfiguration, Deputy Director Reconfiguration.	N/A as below £50k threshold	Contract to provide strategic support to the reconfiguration programme by K. Atkin



Contract Let	Contract	Value	Provider	Decision-making panel	NHSE	Contract Summary
Nov 2015	Equalities Review for Paediatric Transition	£29,918	Deloitte LLP	Contract – Evaluation Panel: Director of S&T (acting), Assistant Director Communications and Engagement	N/A, as below \$50k threshold	Contract to provide support for the transition of paediatric in-patient services from Ealing Hospital, specifically with regard to the impact on protected characteristics, inequality of access and inequality of outcomes.
Dec 2015	PTS Survey	£35,544	365Response	Contract – Evaluation Panel: Assistant Director Communications & Engagement, Travel & Transport Lead, Travel Adviser	N/A, as below the threshold of £50k	Contract to provide survey in the area of patient travel services, data capture, handling of patients, collate and analyse patient travel experiences.
Dec 2015	Finance and Activity work stream for the SaHF ImBC (by Jonathan Wise)	£585,000	Deloitte	Contract – Evaluation Panel: CFO for BHH, Lay Member, Financial Adviser SaHF, Director of Financial Strategy NHSE	Submitted to NHSE on 08/01/2015 – Approved	Contract to provide services in the following key activities: <ul style="list-style-type: none"> • preparation/planning phase • collection and analysis to feed into the ImBC • support to post-ImBC submission response to queries etc.

Single Tender Waivers have been agreed in line with the CLCCG Prime Financial Policies section 14 for the following reasons:

¹ When the task is essential to complete the project, and arises as a consequence of a recently completed assignment and engaging different consultants for the new task would be inappropriate (Para 14.8.7);

² Where the timescale genuinely precludes competitive tendering (Para 14.8.5).