

Agenda Item: 11

Indira Patel, Interim Chief Finance Officer
NHS Norwich CCG Governing Body Meeting
27th January 2015

**Norwich****Clinical Commissioning Group**

Subject:	2015/16 Financial Allocations
Presented By:	Indira Patel, Interim Chief Finance Officer, NHS Norwich CCG
Submitted To:	NHS Norwich CCG Governing Body
Purpose of Paper:	Discussion and Information
Summary: <ul style="list-style-type: none">• This paper advises the Governing Body of the 2015/16 programme allocation announced in December 2014 and replaces the indicative allocation that was issued in December 2013.• The paper advises of the additional funding resource received and how this will be spent.• The paper advises of the movement in the CCG distance from target allocation.	
Recommendations: <ul style="list-style-type: none">• The Governing Body is asked to acknowledge the 2015/16 programme allocation and the increase in funding.• To acknowledge the utilisation of the increased funding covering the change in business rules, national priorities and local pressures.• To acknowledge the devolvement of the Better Care Funds.• To acknowledge the favourable move in pace of change towards allocation target.• To acknowledge the decrease in the CCG running cost allowance.	

1. Introduction

In December 2014, NHS England approved the planning guidance 'The *Forward View* into Action: Planning for 2015/16' and 2015/16 Clinical Commissioning Group (CCG) and Area Team programme allocations.

The planning guidance describes the approach that organisations must take in implementing the transformation of NHS services as laid out in the 'NHS Five Year Forward View' (October 2014). The 2015/16 programme allocations have replaced the indicative 2015/16 allocations that were issued in December 2013. The allocations are inclusive of an additional £1.98 billion which has been released to fund pressures in front line NHS services and to implement the NHS programme of transformation; this funding had been announced by the Treasury in the Autumn Statement (December 2014).

In addition to the programme allocations the Better Care Funding (BCF) has also been devolved to CCGs, this amounts to £1.1 billion in total and was previously held by NHS England.

The planning guidance has requested that CCGs refresh their forward financial plans for 2015/16, based upon the changes in the 2015/16 funding allocation, and updated planning assumptions taking into account local financial pressures that have emerged during 2014/15.

This purpose of the paper is to advise the Governing Body of the 2015/16 programme allocation available to NHS Norwich CCG, the CCG's distance from target allocation, the 2015/16 running cost allowance and the total recurrent allocation.

2. 2015/16 Programme allocation

December 2013 saw the release of two year allocations covering both 2014/15 and 2015/16. This provided NHS with the basis develop a 5 year financial strategy. The financial strategy will be updated for the revised 2015/16 programme allocation.

The current planning guidance advises that the additional £1.98 billion of additional resources for the NHS must help to kick start the NHS vision as laid out in 'NHS Five Year Forward View' (October 2014). Of the £1.98 billion, £1.1million has been added to CCG allocations, and incorporates £350 million of seasonal resilience resources which have been historically allocated on a non-recurrent basis.

Table 1 below details NHS England's plan for use of the £1.98 billion additional funding.

Table 1: Breakdown of additional £1.98 billion

	£'b
To kick start transformational programmes	0.20
Stepped change to primary and community care infrastructure	0.25
Increase in Mental Health Access	0.03
Funding pressures in front line NHS services inclusive of £1.1m allocated to CCGs, including seasonal resilience	1.50
Total Additional Funding	1.98

For NHS Norwich CCG this has meant an increase in 2015/16 growth funding over and above that planned for twelve months ago. Table 2 below details the increase in funding, and demonstrates that CCG growth resources are £6.0m over and above that previously planned, and are inclusive of £1.2m seasonal resilience resources that have historically been received in year on a non-recurrent basis.

Table 2: 2015/16 Norwich CCG's Programme Allocation

	Dec 2013 £'000s	Dec 2014 £'000s	Movement £'000s
Opening 2014/15 Baseline	216,236	216,236	
In year recurrent adjustments		612	
Closing 2014/15 Baseline	216,236	216,848	612
Growth Resources	3,677	7,881	4,204
Seasonal Resilience Resources		1,179	1,179
Total Allocation 2015/16	219,913	225,908	5,995
% Increase	1.70%	3.63%	
% Increase including Seasonal Resilience	1.70%	4.18%	

The increase in additional funding resources of £6.0m will be fully utilised as there are fundamental changes in the business rules and the priorities as laid out in the 2015/16 planning guidance. Table 3 below details the planned use of the additional £6.0m of resources.

Table 3: Utilisation of the additional resources

	£'000s
Additional Growth Resources	5,995
Seasonal Resilience	1,179
Increase in the marginal rate credit	1,300
Parity of Esteem	1,200
Increase in emergency and planned activity	2,000
Other Including 14/15 rec commitments	316
Total Utilisation	5,995

It should be noted that BCF monies of £4.3m have been received and are over and above the £225.9m programme allocation.

3. Distance from target allocation

The funding formula for 2015/16 CCG allocations has been adjusted to take into account unmet need and inequalities, and has taken account of those CCGs operating in challenged health economies. The overall additional funding has allowed faster pace of change towards target allocation levels.

NHS Norwich CCG has historically been below its target allocation. The increase in the 2015/16 funding level has helped to bring the CCG closer to target. Table 4 below shows the opening distance from target based upon 2014/15 funding levels and the 2015/16 closing distance from target. There is a clear movement for Norwich where the distance from target has reduced but is still 1.64% below target allocation.

Table 4: 2015/16 Norwich CCG's Distance from Target

	Dec 2013 £'000s	Dec 2014 £'000s
2015/16 Opening Distance from Target	-2.20%	-2.20%
Target Allocation	225,668	229,674
Indicative/ Confirmed Allocation	219,913	225,908
2015/16 Closing Distance From Target	-2.64%	-1.64%

4. Running cost allowance

In December 2013 the CCG was advised of its 2015/16 running cost allowance. The allowance has decreased from £4.998m to £4.5m. The running cost per head of population now moves from £24.73 to £22.07 which is a 10.76% reduction in allowance from one year to the next.

5. Total allocation for Norwich CCG

Table 5 below details the total recurrent notified allocation for Norwich CCG of £234.7m and does not include in year non recurrent allocations and adjustments.

Table 5: 2015/16 Norwich CCG Total recurrent allocation

	£'000s
Recurrent allocation including growth and seasonal resilience	225,908
Better Care Fund	4,343
Running cost allowance	4,500
Total Recurrent Allocation	234,751

6. Next steps and recommendations

The CCG is expected to make a full financial planning submission in mid February 2015. This will hold the detail behind the 2015/16 financial plan. At the meeting of the Governing Body in March, a full financial plan will be presented for approval.

Recommendations:

- The Governing Body is asked to acknowledge the 2015/16 programme allocation and the increase in funding.
- To acknowledge the utilisation of the increased funding covering the change in business rules, national priorities and local pressures.
- To acknowledge the devolvement of the Better Care Funds.
- To acknowledge the favourable move in pace of change towards allocation target.
- To acknowledge the decrease in the CCG running cost allowance.

Indira Patel

**Interim Chief Finance Officer
January 2015**