

<b>Subject:</b>	2015/16 Finance & Activity Plan
<b>Presented By:</b>	Jo Smithson, Acting Chief Officer, NHS Norwich CCG
<b>Submitted To:</b>	NHS Norwich CCG Governing Body 24 <sup>th</sup> March 2015
<b>Purpose of Paper:</b>	Discussion and Information
<b>Summary:</b>	
<p>This report summarises the 2015/16 finance and activity plan submitted to NHS England on 27<sup>th</sup> February 2015.</p> <p>The plan adheres to all the business rules required of it e.g. 1% surplus. In order to achieve these requirements, savings of £8.2m will be required in 2015/16. To date, £0.5m remains unidentified.</p> <p>The final plan and budget will be supplied at the next Governing Body in May.</p>	
<b>Recommendation:</b>	
<p>The Governing Body is asked to:</p> <ul style="list-style-type: none"> <li>• Note the CCG's Finance and Activity Plan for 2015/16</li> <li>• In view of the timing of the Governing Body meetings, the Governing Body is requested to authorise the Chair to approve the final updated financial plan to be submitted in the coming weeks</li> <li>• The Governing Body is asked to approve the use of the final submitted financial plan for 2015/16 as the budget for 2015/16</li> </ul>	

## 1. Introduction

NHS Norwich CCG submitted its financial plan to NHS England on the 27 February 2015 in line with national planning timescales. A further and final submission is expected in early April 15, which will incorporate any changes resulting from:

- Agreed contractual discussions with main providers
- Feedback from the Area Team of NHS England
- Any national agreements that need to be implemented locally

## 2. Business Rules

In 2015/16, the CCGs are expected to plan on the basis of making a 1% surplus and holding a minimum of a 0.5% contingency reserve. In addition, the CCG is required to hold a 1% Transformation Fund. The application of the latest tariff changes published jointly by NHS England and Monitor in February 2015 will be reflected in the final submission of plans and

the Parity of Esteem funding requirements in Mental Health are a key requirement which is also incorporated. The plans submitted by NHS Norwich CCG meet all of these business rules.

### 3. Allocation

Further to the paper to the Governing Body in January 2015 which advised of the 2015/16 programme allocation revisions, there has been no change to the recurrent allocation for 2015/16. However, the improved financial position of the CCG in 2014/15 with the increased surplus of £2.335m means that the CCG will have an increase in its non-recurrent allocation equal to this amount.

The table below summarises the CCG allocation for 2015/16.

	£'000s
Recurrent allocation including growth and seasonal resilience	225,908
Better Care Fund s256 monies	4,343
Running Cost Allocation	4,500
	234,751
Planned surplus 2014/15	2,235
Additional surplus 2014/15	2,335
<b>Total Allocation for 2015/16</b>	<b>239,321</b>

### 4. Activity Plans

The activity plan underpins the CCG financial plan and planning assumptions which support the 2015/15 activity plan include the following;

- the additional activity above plan that has happened in 2014/15
- adjustments for additional activity undertaken in 2014/15 and further additional activity to be undertaken in 2015/15 in relation to reducing the waiting list for patients who have waited over 18-weeks for treatment
- planned QiPP schemes and subsequent reductions in activity
- trended growth in activity levels.

The table below summarises the CCGs activity plan for 2015/16.

Norwich CCG	2015/16 Activity Plan		
	14/15 Forecast Outturn	2015/16 Plan	% Increase/ Decrease
Elective Admissions/Daycases	25,749	25,686	-0.2%
Non-Elective Admissions	21,303	20,776	-2.5%
Outpatients	147,654	147,204	-0.3%
A&E	44,266	46,309	4.6%
Total	238,972	239,975	0.4%

### 5. Expenditure Plans

The CCG has increased its investment into healthcare by £25m in 2015/16 above the forecast outturn levels of 2014/15 before the application of £8.2m worth of QiPP schemes. This has been a combination of reflecting the increased demand in services, investment in Mental Health and Community, additional costs to reflect the increase in prescribing and in other programme services which include the Better Care Fund.

The table below summarises the CCGs expenditure plan for 2015/16.

<b>Expenditure</b>	<b>2014/15 Forecast Outturn</b>	<b>Remove Non- Recurrent</b>	<b>2014/15 Restated Forecast Outturn</b>	<b>Efficiency, Inflation, Growth etc.</b>	<b>QiPP</b>	<b>2015/16 Restated Plan</b>
	£'000s					
Acute	113,988	-1,144	112,844	7,490	-5,604	114,730
Mental Health	29,607	-236	29,371	1,307	-91	30,587
Community	20,923	-71	20,852	1,941	0	22,793
Continuing Care	17,121	-840	16,281	1,375	-1,036	16,620
Primary Care	35,021	-2,036	32,985	4,889	-923	36,951
Other Programme Costs	2,525	-461	2,064	8,037	-516	9,585
<b>Total Programme Costs</b>	<b>219,185</b>	<b>-4,788</b>	<b>214,397</b>	<b>25,039</b>	<b>-8,170</b>	<b>231,266</b>

The table above demonstrates the following:

- Net overall expenditure has increased by 5.4%
- Latest Tariff guidance has been applied:
  - Efficiency at -3.5% for contracts
  - Inflation of 1.9% for contracts
  - The application of the revised Marginal Rate
- QiPP of £8.2m

As per the business rules for Parity of Esteem in 2015/16 for Mental Health services, the CCG has applied the 4.2% uplift in resource, equivalent to the CCG uplift in allocation, as per the guidance. The guidance requires the uplift to be across all mental health services including Continuing Healthcare and GP Prescribing for mental health.

## 6. Summary Income and Expenditure 2015/16

The table below summarises the CCGs income and expenditure plan for 2015/16.

<b>Income and Expenditure</b>	<b>2015/16 Plan</b>
<b>Resource Limit (Income)</b>	<b>239,321</b>
<b>Expenditure</b>	
<b>Programme Costs</b>	<b>231,266</b>
<b>Running Costs</b>	<b>4,500</b>
<b>Contingency</b>	<b>1,185</b>
<b>Surplus</b>	<b>2,370</b>
<b>Total Expenditure 2015/16</b>	<b>239,321</b>

## 7. Financial risks not included in expenditure forecast

The CCG has identified a number of risks for 2015/16. While these are not included in the expenditure plan, they do pose a risk for the CCG in 2015/16. The CCG has drawn up a

number of schemes to mitigate the risk that involve utilising the contingency, releasing investments and requiring further QiPP schemes, including a number of non-recurrent measures.

The table below summarises the CCGs financial risks and mitigations for 2015/16.

	Potential Risk Value £'000
Acute SLAs	500
Community SLAs	125
Mental Health SLAs	125
Continuing Care SLAs	250
QiPP Under-Delivery	1,000
Prescribing	375
BCF	125
Other Risks	1,900
<b>TOTAL RISKS</b>	<b>4,400</b>

  

	Expected Mitigation Value £'000
Mitigations	
Contingency Held	1,185
Reserves	500
Investments Uncommitted	713
<b>Uncommitted Funds Sub-Total</b>	<b>2,398</b>
Actions to Implement	
Further QiPP Extensions	1,235
Non-Recurrent Measures	520
Delay/ Reduce Investment Plans	250
<b>Actions to Implement Sub-Total</b>	<b>2,005</b>
<b>TOTAL MITIGATION</b>	<b>4,403</b>
<b>NET RISK / HEADROOM</b>	<b>3</b>

## 8. QiPP

The target for the QiPP Plan 2015/16 previously report to the Governing Body was £8m. With the introduction in February 2015 of the voluntary tariff the impact of this, with no additional funding increase, is to increase the QiPP target to £10m. However, with the additional surplus we are able to carry forward of £2.3m from 2014/15, less the £0.5m set aside for the Local (primary care) Quality Improvement Incentive Scheme, the net QiPP target for 2015/16 is £8.2m. This will be delivered through a mixture of transactional and transformational initiatives grouped under work programmes which is detailed in a separate paper to the Governing Body.

## 9. Recommendations

The Governing Body is required to:

- Note the CCG's Finance and Activity Plan for 2015/16
- In view of the timing of the Governing Body meetings, to authorise the Chair to approve the final updated financial plan to be submitted in the coming weeks
- The Governing Body is asked to approve the use of the final submitted financial plan for 2015/16 as the budget for 2015/16.