

Agenda Item: 7

Howard Martin Deputy CFO N&W CCGs
 JSCC 20th August 2019



Great Yarmouth and Waveney
 North Norfolk, South Norfolk
 Norwich, West Norfolk
 Clinical Commissioning Groups

Subject:	Norfolk & Waveney Sustainability & Transformation Partnership (STP) Finance Report as at April 2019 (month 4)
Presented By:	Howard Martin, Deputy CFO, Norfolk & Waveney CCGs
Prepared By:	John Hennessey, Chief Finance Officer, Norfolk & Waveney STP Julie Cave, Interim Chief Operating Officer, Norfolk & Waveney STP Howard Martin, Deputy CFO, Norfolk & Waveney CCGs
JSCC Sponsor:	John Ingham, CFO, Norfolk & Waveney CCGs
Submitted To:	N&W CCGs JSCC – 20 th August 2019
Purpose of Paper:	For information and discussion

Summary

In August 2019 the Sustainability & Transformation Partnership (STP) Executive received an update on the financial position across the Norfolk & Waveney STP. This report, which is attached at **Appendix A**, highlights the STP's financial position as at July 2019 (month 4), and outlines the plans to produce a 5 year financial plan for the STP.

Key points within the report are that:

- The financial position for the N&W system at month 4, excluding PSF, FRF, MRET & CSF is £32.8m deficit against a plan of £31.9m deficit, a £0.9m adverse position.
- All organisations remain on forecast for delivery of their financial plans and control totals for 2019/20.
- It has been announced that £133m capital funding has been secured for investment in N&W Health and Care infrastructure.
- The initial five year high level financial projections have been prepared, the next steps are to scope and quantify the potential financial savings opportunities identified in the key workstreams and initiatives and present by N&W organisation for inclusion in their updated five year financial plans.

CCG Financial Recovery Plan

Due to a combination of the requirement for system support both within and external to the STP, and significant financial pressures materialising in South Norfolk CCG, the CCGs of Norfolk and Waveney have developed a financial recovery plan (FRP).

This work has identified risks totalling £48m which are largely offset by potential mitigations of £40m leaving an unidentified balance of £8m which will have to be addressed via non recurrent measures. To date £16m of the identified mitigations have been delivered.

The focus of the FRP is on the delivery of the £24m of open mitigations, the key areas of which are: acute demand management, completing budget reviews, resolving outstanding discussions with other organisations, delivering the contract for mental health out of area placements, and delivering QIPP targets for CHC and Medicines Optimisation.

Month 4 reporting has uncovered a new potential and material risk (circa £3m) related to continuing healthcare and funded nursing care packages. A new working group has been established to mitigate and better understand this risk.

Recommendation:

JSCC is asked to:

- note the attached STP Finance Report as at month 4 2019/20, and to discuss its contents;

Subject:	Appendix A: Norfolk and Waveney System Finance Report (July 2019)
Prepared by:	John Hennessey, STP Chief Finance Officer, and Julie Cave, Interim STP Chief Operating Officer
Purpose	Month 4 Results and Update on Current Issues

1. Executive Summary

Month 4 Financial Position

- The financial position for the N&W system at month 4, excluding PSF, FRF, MRET & CSF is £32.8m deficit against a plan of £31.9m deficit, a £0.9m adverse position.
- All organisations remain on forecast for delivery of their financial plans and control totals for 2019/20.

Capital Investment and System Wide Management Arrangements

- It has been announced that £133m capital funding has been secured for investment in N&W Health and Care infrastructure. The specific projects are:
 - Diagnostic and Assessment Centres at acute hospital sites (c.£70m)
 - To build four new mental health wards, providing 80 beds (c.£38m)
 - To invest in primary care facilities across Norfolk & Waveney (c. £25m).
- These bids formed part of the wave 4 capital investment priorities submitted July 2018
- A Memorandum of Understanding (MoU) has been prepared to enable the effective management of the system wide notified capital “control total”.

Five Year Plan Update

- The initial five year high level financial projections have been prepared.
- Next steps are to scope and quantify the potential financial savings opportunities identified in the key workstreams and initiatives and present by N&W organisation for inclusion in their updated five year financial plans.

2. Financial Position: Month 4

The month 4 financial position is based on the day four “heads up” call that each organisation has with the regulator. At the time of preparing all figures below are draft with significant caveats for the year to date position and the delivery of CIPs & QIPPS. With this in mind, the 1st draft reported position to NHSI/E, at organisational level, is as follows:

Norfolk & Waveney STP
2019/20 Month 4 YTD Financial Performance

Adjusted financial performance surplus/(deficit) **excluding** PSF, FRF, MRET, CSF

	Month 4			FOT			CT		
	Actual	Plan	Variance	FOT	Plan	Variance	FOT	CT	Variance
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
NNUH	(22,332)	(21,423)	(909)	(54,340)	(54,340)	0	(54,340)	(55,340)	1,000
QEH	(10,722)	(10,613)	(109)	(25,589)	(25,589)	0	(25,589)	(25,898)	309
JPUH	(4,447)	(4,447)	0	(6,081)	(6,081)	0	(6,081)	(6,381)	300
NCH&C	(1,085)	(1,158)	73	(2,474)	(2,474)	0	(2,474)	(2,775)	301
NSFT	(1,209)	(1,209)	0	(3,317)	(3,317)	0	(3,317)	(3,517)	200
Subtotal Providers	(39,795)	(38,850)	(945)	(91,801)	(91,801)	0	(91,801)	(93,911)	2,110
North Norfolk CCG	1,427	1,418	9	4,255	4,255	0	600	0	600
Norwich CCG	3,477	3,469	8	10,407	10,407	0	700	0	700
South Norfolk CCG	807	807	0	2,420	2,420	0	2,420	2,120	300
GY&W CCG	789	760	29	2,880	2,880	0	2,880	2,200	680
West Norfolk	513	513	0	1,640	1,640	0	1,640	1,040	600
Subtotal CCGs	7,013	6,967	46	21,602	21,602	0	8,240	5,360	2,880
TOTAL STP	(32,782)	(31,883)	(899)	(70,199)	(70,199)	0	(83,561)	(88,551)	4,990

Note: ECCH YTD @ Mth 3 performance is £101k adverse to plan FOT £185 deficit as per plan

Plan figures as per regulatory submissions.

Month 4 actuals/FOT from Trust & CCG Draft "Heads Up" regulatory call

The table above shows that at the end of month 4, excluding PSF, FRF MRET & CSF, N&W NHS organisations have under delivered against plan by £0.9m (month 3 £0.6m favourable), a £1.5m adverse movement in the month. The deterioration between month 3 and month 4 has occurred in the financial positions of NNUH £0.9m, NCH&C £0.3m and QEH £0.2m, other minor movements account for the final £0.1m.

Adjusted financial performance surplus/(deficit) including PSF, FRF, MRET, CSF

	Month 4			FOT			CT		
	Actual	Plan	Variance	FOT	Plan	Variance	FOT	CT	Variance
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
NNUH	(13,981)	(13,072)	(909)	(20,691)	(20,691)	0	(20,691)	(21,691)	1,000
QEH	(5,262)	(5,153)	(109)	(2,287)	(2,287)	0	(2,287)	(2,596)	309
JPUH	(2,268)	(2,268)	0	1,859	1,859	0	1,859	1,559	300
NCH&C	(484)	(557)	73	300	300	0	300	0	300
NSFT	(447)	(447)	0	200	200	0	200	0	200
Subtotal Providers	(22,442)	(21,497)	(945)	(20,619)	(20,619)	0	(20,619)	(22,728)	2,109
North Norfolk CCG	1,427	1,418	9	4,255	4,255	0	600	0	600
Norwich CCG	3,477	3,469	8	10,407	10,407	0	700	0	700
South Norfolk CCG	807	807	0	2,420	2,420	0	2,420	2,120	300
GY&W CCG	789	760	29	2,880	2,880	0	2,880	2,200	680
West Norfolk	513	513	0	1,640	1,640	0	1,640	1,040	600
Subtotal CCGs	7,013	6,967	46	21,602	21,602	0	8,240	5,360	2,880
TOTAL STP	(15,429)	(14,530)	(899)	983	983	0	(12,379)	(17,368)	4,989

Note: ECCH YTD @ Mth 3 performance is £101k adverse to plan FOT £185 deficit as per plan

Plan figures as per regulatory submissions.

Month 4 actuals/FOT from Trust & CCG Draft "Heads Up" regulatory call

The table above shows the month 4 financial performance including PSF, FRF, MRET & CSF.

The tables show that all organisations at the end of month 4 are forecasting delivery of their financial plans and control totals and hence receipt of full PSF, FRF, MRET & CSF. Also that the organisations in the N&W system are still forecasting to overachieve and provide the financial support to the Cambridgeshire & Peterborough system.

3. CIPs & QIPPs Month 4

The month 4 CIP & QIPP delivery as reported to NHSI/E is shown in the table below

CIP & QIPP delivery

	Month 4			FOT		
	Actual	Plan	Variance	FOT	Plan	Variance
	£000s	£000s	£000s	£000s	£000s	£000s
NNUH	4,020	4,277	(257)	26,600	28,558	(1,958)
QEH	847	1,142	(295)	6,015	6,015	0
JPUH	2,140	1,217	923	9,298	9,298	0
NCH&C	1,246	1,224	22	4,019	4,500	(481)
NSFT	2,617	3,142	(525)	10,862	10,862	0
Subtotal Providers	10,870	11,002	(132)	56,794	59,233	(2,439)
North Norfolk CCG	2,790	2,948	(158)	8,370	9,100	(730)
Norwich CCG	3,130	3,480	(350)	9,389	10,100	(711)
South Norfolk CCG	3,686	4,433	(747)	11,059	15,025	(3,966)
GY&W CCG	5,379	5,405	(26)	16,136	16,136	0
West Norfolk	4,119	4,112	7	12,380	12,461	(81)
Subtotal CCGs	19,104	20,378	(1,274)	57,334	62,822	(5,488)
TOTAL STP	29,974	31,380	(1,406)	114,128	122,055	(7,927)

Plan figures as per regulatory submissions.

Month 4 actuals/FOT from Trust & CCG Draft "Heads Up" regulatory call

At month 4 N&W STP organisations achieved £30m of CIPs & QIPPs against a plan of £31.4m, £1.4m adverse to their plans (Month 3 £1.4m adverse). Overall CCGs are forecast to under deliver £5.5m of QIPPs and providers (NNUH & NCH&C) are forecasting to under deliver their CIPs by £2.4m, a total of £7.9m (6.4%) adverse to plan (Month 3 £6.4m adverse).

Forecast CIP delivery for providers has improved by £0.2m from month 3, the improvement being in the NCH&C forecast. CCG forecast QIPP delivery has deteriorated significantly by £1.8m although important to note is that all organisations have utilised estimates with regard to month 4 delivery and forecast figures.

At the end of month 4 all N&W STP organisations are forecasting achievement of their control totals, therefore other mitigating factors are generating favourable variances that offset the £7.9m forecast under delivery of CIPs & QIPPs.

4. Capital

Infrastructure Investment

It has been announced that £133m capital funding has been secured for investment in N&W Health and Care infrastructure. The specific projects to receive funding are:

- Norfolk & Norwich University Hospitals NHS Foundation Trust (NNUH) – £69.7 million to provide Diagnostic and Assessment Centres at Norfolk’s three acute hospital sites to aid rapid diagnosis and assessment of cancer and non-cancerous disease.
- Norfolk and Suffolk NHS Foundation Trust (NSFT) – £38 million to build 4 new hospital wards in Norwich, providing 80 beds.
- NHS South Norfolk CCG – £25.2 million to develop and improve primary care services across Norfolk and Waveney.

These bids formed part of the wave 4 capital investment priorities submitted July 2018 and are aligned with the strategic requirements of the LTP to provide safe, modern and clinically appropriate environments for the population of Norfolk & Waveney.

The Diagnostic and Assessment Centres (DAC) will incorporate some outpatient capacity to offer enhanced ‘one-stop’ services to aid rapid diagnosis and assessment of cancer and non-cancerous disease. The DACs initiative is aligned to two strategic objectives of the STP; (i) care closer to home and (ii) sustainable and effective services. Other key benefits of the bid are related to delivery of access targets and improved clinical outcomes from earlier diagnosis and assessment. Investment in diagnostic capacity will correlate directly with the system’s ability to achieve the target of 62% of all cancer diagnosed in disease stage 1 or 2.

The new hospital wards at NSFT will comprise four 20 bedded wards operating under a new care delivery model that will introduce a three-tiered pathway, focusing on assessment, treatment and rehabilitation and recovery. The unit will be built to state-of-the-art modern standards with improved line of sight and ligature risks that will reduce the risk of suicides and self-harm. In addition to the clinical and patient safety aspects, the scheme also enables the eradication of private sector out of trust placements and reduces private sector specialist placements. This will lead to cash releasing efficiencies and ensure current best practice principles are used.

The Primary Care investment will be across a number of individual developments. To summarise; the individual projects will enhance and develop GP premises to make them fit for purpose. Modern and effective Primary Care facilities are the foundation to supporting sustainable primary and community services. These projects will also support the integration of health and social care delivery in a primary care setting. The individual projects will have the additional benefits of improved training facilities for staff, supporting new initiative such as tele-medicine and creating the appropriate environments for patients and staff.

2019/20 Revised CDEL (Capital Delegated Expenditure Limit) Management

NHSE/I have confirmed that the N&W system wide revised capital “control total” received via the individual provider returns aligned to the system wide prioritisation work undertaken during July.

A Memorandum of Understanding (MoU) has been prepared to enable the effective management of the system wide capital “control total” and is included as Appendix I. The N&W DoF/CFO group have reviewed and agreed the content MoU and it is requested that the STP Executive formally ratify the arrangements for jointly managing N&W CDEL.

5. Five Year Financial Plans

As reported previously the initial 5 year N&W system financial projections have been prepared. The final version of the strategic guidance from NHSE/I may have some changes in assumptions but overall the baseline 5 year position is not expected to materially change.

In a workshop on the 31st July, N&W system DoFs/CFOs and Deputies identified the themes, workstreams and initiatives that would form the long term system sustainability Financial Recovery Plan and deliver a sustainable breakeven position for the N&W system as required by the LTP.

The overarching themes, workstreams and initiatives are shown in the table below:

No	Theme Title	Potential Areas	No	Theme Title	Potential Areas	No	Theme	Potential Areas
1.	Workforce	Policies / procedures Workforce transformation Bank Recruitment Pay/rewards/A4 C consistency Retention Rostering Shared roles	7.	Estate	Rationalisation /co-location Sustainability / carbon footprint Single team / shared service S106 / CIL opportunities Valuation opportunities	13.	Administrative functions - shared services	Training / education Clinical audit Medical staffing Occupational Health Governance / risk Legal
2.	BCG	Acute bed days Demand management Prevention	8.	Back office	Finance Payroll HR Comms	14.	Benchmarking	Model Hospital WSOA Rightcare GIRFT
3.	Prescribing	Primary Care Acute Mental Health	9.	Procurement	Single function/ shared service Shared contracts	15.	Acute Repatriation	Private sector Out of area
4.	Mental Health Out of Area Placements	Single function	10.	Review of loss making specialties		16.	Pathway Review / Models of Care	
5.	CSU		11.	Outpatient Transformation		17.	PFI review	
6.	Digital		12.	Acute Integration		18.	Pooled funds / BCF	

Next steps are to scope and quantify the potential financial savings opportunities identified in each key workstream or initiative. The objective being to understand the workstream and assess the estimated financial impact that the workstream/initiative will have over the duration of the LTP.

In addition, the key deliverables as per the LTP implementation framework will be assessed and costed.

The summary of these will then be overlaid (by each organisation) onto their five year baseline position and then summarised by the STP team to show the N&W system financial plan (draft) for submission to NHSE/I on the 27th September.

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Russell Pearson - STP Deputy CFO

Julie Cave - STP COO