NHS
Lewisham
Clinical Commissioning Group

A meeting of the Governing Body
12th January 2017

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Operating Plan and Contracting Framework for 2017-18 and 2018-19

CLINICAL LEAD: Dr Marc Rowland	CCG Chair
MANAGERIAL LEAD: Tony Read	Chief Financial Officer
AUTHORS: Tony Read	Chief Financial Officer

RECOMMENDATIONS:

The Governing Body is asked to

- Note the current position of the operating plan and contracts
- Agree the approach being taken to achieve our commissioning and financial targets for the next two years.
- Note the activity data quality

SUMMARY:

This paper introduces the December 2016 submission of the Lewisham CCG operating plan.

It summarises the draft

- Financial plan
- NHS Constitutional targets plan
- Activity and data assurance
- Contract status

KEY ISSUES:

Background

We submitted financial plans as part of the operating plan for 2017-18 to 2018-19 on 31 October (draft) and financial, activity and constitutional standards plans on 24 November (draft) and 23 December.

The CCG's opening resource allocation, adjusted for HRG4+ and specialised commissioning changes is £418m for 2017-18 and £428m.

Uplifts of 2.5% each year are the lowest experienced in the 5 year planning period of the STP.

The CCG financial plan has minimal reserves and requires £14m and £13m of QIPP savings to be delivered in the two years. The net financial risks are not fully covered.

On constitutional standards the CCG is planning to meet all standards apart from:

- A&E 4 hour at Lewisham and Greenwich Trust (LGT)
- Referral to Treatment Incomplete standard

The activity in the NHS Lewisham CCG Final Operating Plan is:

- based on Secondary User Service Standard Extract Mart (SUS-SEM) and Monthly Activity Returns (MAR) by Trusts; as required by guidance.
- In line with Commissioner agreed Provider based Forecast Outturns

At 23 December the CCG had agreed start contracts with LGT and South London and Maudsley. Work is in progress to finalise contracts with GSTT and Kings.

CORPORATE AND STRATEGIC OBJECTIVES

The operating plan is aligned with the CCG's strategic framework and will inform the one and two year corporate objectives and priorities within the organisational planning framework.

ENGAGEMENT HISTORY:

Integrated Governance Committee

PUBLIC ENGAGEMENT

None specifically

HEALTH INEQUALITY DUTY

The operating plan is a two year commissioning plan which supports the CCG's objectives to improve health, reduce health inequalities and deliver NHS constitutional standards, within available resources.

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PUBLIC SECTOR EQUALITY DUTY Not specifically impacted
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NHS Lewisham CCG

Operating Plan and Contracting Framework for 2017-18 and 2018-19

1. Introduction

The expectation of the NHS is that there will be an overall balanced financial position across the DH governmental department; CCGs, Trusts, NHSE and the DH, including specialised commissioning, and primary care. This is one of the key conditions, along with agreed trajectories to improve NHS Constitutional standard performance towards standard in all sectors of care and waiting times where performance levels are currently below standard.

We submitted financial plans as part of the operating plan for 2017-18 to 2018-19 on 31 October (draft) and financial, activity and constitutional standards plans on 24 November (draft) and 23 December.

This paper covers the following components of the CCG's operating plan as at 23 December 2016:

- Financial plan
- NHS Constitutional targets plan
- Activity and data assurance
- Contract status

2. Resources Available in 2017-18 and 2018-19

The allocations included in the "Five Year Forward View" were issued in December 2016. There have been adjustments relating to changes in specialised commissioning identification (IR) rules and the introduction of HRG4+.

The rates of allocation increases indicated over the period reduce in the coming two years, and increase in 2020. In 2016-17 Lewisham CCG received an uplift of 3.0%. This is lower than the London average of 4%, as we are deemed over our capitation target spend level. For 2017-18 and 2018-19 we shall receive circa 2.5% in each year. This increases to 3.7% in 2020-21.

The available revenue resources consist of our recurrent revenue resource limit, running cost budget, and any non-recurrent sums we are anticipating. This presentation excludes primary care budgets that may be delegated as part of level 3 co-commissioning.

Table 1 gives comparative allocations year on year of:

Table 1 Draft Opening Resources 2017-19 as at December 2016

Financial Year	2016-17	2017-18	2018-19
	£000	£000	£000
Recurrent Allocation	405,174	415,400	437,585
Running Costs allocation	6,608	6,651	6,694
Total Opening Resources	**411,782**	**422,051**	**432,862**

The opening revenue allocation for 2017-18 and 2018-19 has been reduced by £4.236m and £4.303m respectively for IR and HRG4+ changes as follows.

Revenue Resource Limit	2016/17	2017/18	2018/19
	£000	£000	£000
Recurrent	**411,782**	**422,051**	**432,862**
Non-Recurrent	4,217	(4,236)	(4,303)
Total In-Year allocation	415,999	417,815	428,559
Target surplus	7,643	7,643	7,643
Surplus as %age of allocation	1.8%	1.8%	1.8%

The national business rules state that the minimum requirement is a 1% surplus for CCGs. Lewisham CCG's 2016-17 planned surplus is 1.8% of RRL. The CCG had been intending to drawdown £1.1m in 2017-19 and £0.7m in 2018-19. This has not been possible in order to meet NHS England's issued Sustainability and Transformation Plan (STP) control total for SEL CCGs.

Financial Year	2016-17	2017-18	2018-19
	£000	£000	£000
Amount of Drawdown of surplus requested in our plan, to tie in with NHSE control targets	Nil	Nil	Nil
Amount of Drawdown of surplus requested in our draft plan, pre NHSE control targets	Nil	1,101	702

The business rules also set out that the CCG must maintain a 1% reserve for non-recurrent pressures (c. £4m for Lewisham). In 2016-17 CCGs were unable to commit expenditure against this 1% reserve. For 2017-18 CCGs may commit 0.5%. This effectively releases £2m, to use in year as a general risk/investment reserve, compared to 2016-17.

The CCG budgets need to fully utilise the recurrent and non-recurrent resources available to it to set contracts and to allow it to maintain a minimum level of reserves to deal with the risks it faces.

Table 2 shows the revenue resource limit for each year.

Table 2 Revenue Resource Limit for 2016-17 to 2018-19

	2016/17 £000	2017/18 £000	2018/19 £000
Programme Baseline Allocation	405,174	415,400	426,168
Recurrent Changes In-Year	-	-	-
Primary Care Co-Commissioning	-	-	-
Running Cost Allocation	6,608	6,651	6,694
Total Notified Allocation	**411,782**	**422,051**	**432,862**
Non Recurrent Allocations			
Other Non Recurrent allocations	4,215	(4,236)	(4,303)
In-Year drawdown/(drawup)	2	-	-
Non Recurrent Requirement	(4,052)	(4,154)	(4,262)
Non Recurrent Return	4,052	4,154	4,262
Marginal Rate Non Elective Collection	-	-	-
Marginal Rate Non Elective Return	-	-	-
Total Non Recurrent Allocation	**4,217**	**(4,236)**	**(4,303)**
Total In-Year Allocation	**415,999**	**417,815**	**428,559**

Table 3 shows the non-recurrent revenue resource allocation for each year.

Table 3 non-recurrent revenue resource allocation for 2016-17 to 2018-19

Other non-recurrent allocation	2016/17 £000	2017/18 £000	'2018/19 £000
Quality Premium	-		
CEOV	3,075		
Winter Funding	-		
GP Access	27		
Vanguard Funding	-		
Capital Grants	-		
Additional MH	252		
Other	-		
Public Health (latent TB)	46		
IM&T / Dispensing doctors(16/17)	-	-	-
IR Changes		(3,043)	(3,091)
HRG4 changes		(1,193)	(1,212)
Other Inter Org Non-Rec Transfers	815		
Total	**4,215**	**(4,236)**	**(4,303)**

3. Distance From Target

Table 4 shows the deemed distance from targeted allocation for the CCG. The CCG is deemed to be 2.5% over target in 2016-17 falling to 2% in 2018-19.

Table 4 Distance From Target

	2016/17	2017/18	2018/19
Estimated registered population	**317,375**	**321,807**	**326,227**
Final per capita allocation	**1,277**	**1,291**	**1,306**
Final per capita growth	**1.56%**	**1.11%**	**1.20%**
Final closing DfT	**2.52%**	**2.21%**	**2.06%**

4. STP Planning Context and CCG Control Totals

It is envisaged that, as organisations return to balance, the STF fund can be invested locally in new services and transformation. For SEL this is £134m per annum.

The STP for SE London was submitted on 21 October 2016 showing the application of this money, our control totals, and how the economy intends to address quality, performance and productivity, to get into recurrent balance by 2021. The do nothing scenario still shows a circa £1bn financial challenge, on a "no action" scenario. In addition SEL local authorities estimate a do nothing shortfall of £240M across SEL by 2021.

5. Approach to Budget Setting in Lewisham

The senior team at the CCG have been working on our contracting portfolio and budget position over the recent weeks, focussed on the national operating planning guidance issued in August.

We have reviewed all budget areas and considered how we will afford appropriate envelopes for negotiating the acute and mental health contracts. All budget areas have been reviewed with heads of service and directors and a budget agreed for contract negotiation.

We have little opportunity to invest. We need to focus on expenditure reduction and "invest to save" opportunities, to achieve permanent change. This needs us to have some flexibility to vary contracts at relatively short notice, at the same time as mitigating risk. We have also reviewed our contracts to identify opportunities for re-commissioning at greater scale and impact or de-commissioning services that have come to the end of their contract.

We have invested already in medicines optimisation, dementia, continuing healthcare capacity, establishing Local Care Networks and GP Federations. Our investments targeting reductions in activity and delayed transfers of care have largely been sourced from the BCF. We will need to consider how best these and other resources are deployed to support broader transformational changes going forward and we will need to critically appraise how to maximise benefits to the CCG.

In 2016-17 we deferred investments in enhanced care and support, rapid response services and home ward.

6. Current position in terms of Financial Plans

Our first financial plan was submitted on 31 October, and for Lewisham this showed a £6.4m surplus and £1.1m drawdown in line with financial planning assumptions. Subsequent submissions show no drawdown with £7.6m surplus being maintained in line with STP wide control totals, as above.

We will to look for opportunities to bid for other sources of funds for our transformation work, and across SEL generally.

We are planning to achieve the Mental Health Investment Standard (MHIS) (ex parity of esteem target), matching our growth in mental health and learning disability (LD) investment, to the increase in our overall allocation, of circa 2.5% per annum going forward.

There should be some further GP Forward View (GPFV) monies to be agreed, that will give some local discretion on primary care investment. We need to identify further cost savings schemes, and "invest to save" schemes to achieve our financial

targets. At present we do not have a detailed enough programme for future years. This is a key priority.

Expenditure by key spend category is as follows:

Income and Expenditure	2016-17 £000	2017-18 £000	2018-19 £000
Acute	233,962	231,529	237,789
Mental Health	67,324	66,004	66,253
Community	42,408	43,710	45,902
Continuing Care	14,354	13,427	13,048
Primary Care	43,655	44,622	45,885
Other Programme	7,709	9,722	10,782
Primary Care Co-Commissioning	-	-	-
Total Programme Costs	**409,412**	**409,014**	**419,660**
Running Costs	6,587	6,651	6,694
Contingency	-	2,150	2,205
Total Costs	**415,999**	**417,815**	**428,559**

7. Quality Innovation Productivity and Prevention (QIPP) savings plans overview

We are required to meet a 3% QIPP savings target under national guidance - an increase from 2% last year. We have a well developed programme and detailed schemes are being reviewed by the Joint Clinical Directors and Senior Management Team (SMT) meeting on 19 January 2017.

Our track record is of fully achieving the programme we set. This is £6.8m in 2016-17.

Table 7 Net QIPP programme 2017-18 and 2018-19

	2016-17	**2017-18**	**2018-19**
	£000	£000	£000
Acute services and Community services	3,920	7,518	
Mental health /client groups	1,300	1,521	1,200
Corporate services	0	86	108
Continuing Care/ primary care / transformation	0	1,000	
Prescribing	1,500	2,427	1,982
Running costs	100	25	
Unidentified	0	1,278	8,352
Total QIPP programme- net of investment	**6,820**	**14,012**	**13,309**
% of notified resource	**1.6%**	**3.3%**	**3.1%**
% unidentified	**0.0%**	**9.1%**	**62.8%**

NB- 2018-19 includes many provisional figures- to be redistributed across budget areas

8. Reserves Position

The national business rules change in 2017. The CCG must keep 0.5% Non-recurrent reserve uncommitted, so our plans assume application of the remaining funds here. There is still a requirement to keep 0.5% general contingency.

We have been successful in some of our bids for capital monies through the Estates and Technology Transformation Fund (ETTF) with awards for the development of a primary care hub for Neighboruhood 2 and for the population based IT programme.

9. Financial Risk

The CCG plans identify negative net financial risk in 2017-18 of £7m, worsening to £12m in 2018-19. It is essential that we promptly identify actions to improve the risk profile.

10. Governance processes in the CCG and across the STP

There will be regular involvement of the Integrated Governance Committee and Clinical Directors Committees, and the Governing Body, in the discussions on our commissioning intentions, and as our QIPP plans are developed for 2018-19.

11. Constitutional Standards and New Measures

On constitutional standards the CCG is planning to meet all standards apart from:

- **A&E 4 hour** at Lewisham and Greenwich Trust (LGT) – Planned for circa 89% for 2017-18, which will be a step forward from the 2016-17 current run rate of 85%. It aligns to LGT's 2017-18 plan. 2018-19 is for further a minor improvement towards the national standard of 95%.
- **Referral to Treatment Incomplete standard**. Kings College Hospitals, currently has a large proportion of Lewisham's waits and, currently, is planning to improve, but does not plan to achieve the standard over the next two years. Because other Trusts will improve, the CCG just meets the standard in March 2019.

For these two measures there will be further review by Commissioners, NHS England and NHS Improvement to agree the two Trust positions and, therefore, there may be further subsequent changes to our operating plan.

In addition the CCG has been requested by NHS England to plan to meet the Cancer Waiting Time 62 Day standard of 85%. Guys and St Thomas (GSTT) have planned to improve significantly, but is still short of the standard. This will affect

Lewisham CCG as 60% of treatments in 2016-17 take place at GSTT. Hence, there is a risk of underperforming the standard by 2-3%.

There are two new standards for Children and Young People's Mental Health

- The number of new children young people accessing NHS funded mental health services
- The number of children and young people accessing treatment in any one year compared to a prevalence model.

Current performance is 20% accessing the service compared to prevalence. The standards are 30% in 17-18 and 32% in 18-19. The Children and Young People's commissioners have commissioned new services - including a website and a voluntary sector body - with both aimed at early intervention services. We have also funded the Child and Adolescent Mental Health Service (CAMHS) service to cut waiting times in order to see more people. It is believed that while the CCG can meet 32% for 2018-19 it will need to stage an improvement to 26% in 2017-18 as the new services bed in and reporting to Mental Health Services Data Set (MHSDS) for these services via South London and Maudsley Mental Health Trust (as a key partner of the new system) is established.

For waiting times for Children and Young People's Eating Disorder Services, the CCG is planning to improve to the standards – 1 week for urgent referrals and 4 weeks for routine referrals - in later 17-18 and into 18-19.

E referrals – There is a NHS England request to improve the percentage of referrals (including Cancer 2 week waits) completed by E referrals. Currently the CCG is at 31% of referrals. The standards are 80% by October 2017 and 100% by October 2018. There are twin issues of both improving slot availability at LGT specifically and improving E referrals from GPs, including use of the Referral Support Service. The CCG originally proposed a lower improvement trajectory for the draft plan, which is still challenging, but has a slower improvement path given the changes to clinical and administrative behaviour across the system. There is, therefore, a risk that the higher standards will not be met.

12. Operating Plan Activity Data Quality Assurance

The activity in the NHS Lewisham CCG Final Operating Plan is:

- based on Secondary User Service Standard Extract Mart (SUS-SEM) and Monthly Activity Returns (MAR) by Trusts; as required by guidance.
- In line with Commissioner agreed Provider based Forecast Outturns

There has been work to make sure that any MAR refreshes (Guys and St Thomas - GSTT), misattributions of specialist outpatients (GSTT in early part of the 2016-17 –

now solved going forwards) and anticoagulation reporting (Kings) have been built into the forecast outturn or plan changes.

For 17-18 there is differential demographic and non-demographic growth between activity lines. Outpatients and elective growth are higher in line with RTT and Cancer Waits requirements. First outpatients grow by 4.1% and Electives grow by 5.5% with non-elective admissions and A&E just slightly above population growth of 1.4%.

NHS England has informed us that there will be further reviews of the RTT plan and trajectory for Kings College Hospitals, which may have an impact on outpatient and elective growth, subsequent to agreement of the contract.

The Ambulatory Care Unit at Lewisham and Greenwich Trust - Lewisham site (opened in November 16) has been planned in as a full year for 2017-18 (because the Provider based forecast outturn has not included it –see below). This has a sizable impact: it reduces non- elective admissions (by 13%), but increases first outpatients (by 4%). This is in line with the business case for the Unit recorded into Operating Plan currencies (see above). This is the best view possible at this stage, because the SUS-SEM freeze data is not yet available for November 16 and December 16, so it is not yet possible to judge the effectiveness of the unit in making this shift between activity lines. It may, therefore, be possible that the CCG may make a request for an adjustment to our final plan, based on the experience of the unit. This would be in late April 2017, before monitoring for 2017-18 begins.

Mitigations. In addition to the Ambulatory Care Unit, the CCG has planned the following:

- 2017-18 is the CCG acute based QIPP schemes – in line with the STP, plus the continuation and widening of our Referral Support Service to reduce first outpatients and follow ups. The scheme effects by Point Of Delivery (POD) are:
    - Referral Support Service and new outpatient schemes reducing first and follow up outpatients by 1.5%%.
    - Schemes focused on the Urgent and Emergency Pathway reducing non- elective admissions by 2.5% and A&E attendances by 2.4%
    - Naturally, there are other schemes (e.g. prescribing) in the CCG QIPP that do not affect the activity planning lines.
    - 2018-19 is in line with South East London's Sustainability and Transformation Plans with 3.4% demographic and non-demographic growth along with mitigations for the CCG. This is because, the QIPP for 2018-19 is being further developed in combination with RightCare to identify schemes to be delivered in late 2017-18 or early 2018-19.

13. 2017-18 to 2018-19 Contract Status

By 23 December 2016 the CCG had agreed start contracts with LGT and South London and Maudsley. Work is in progress to finalise contracts with GSTT and Kings.

14. Conclusions

We must achieve a recurrently balanced position each year. Although we can make good use of any non-recurrent funding the CCG is required to show it is operating within its means from year to year.

Local NHS provider need to improve their financial, activity, and quality performance.

The CCG's operating plan must be delivered in the context of implementing the SEL STP programme faster to achieve the changes required across the whole health sector.

15. Recommendations

Lewisham CCG governing body members are asked to:

- Note the current position of the operating plan and contracts
- Agree the approach being taken to achieve our commissioning and financial targets for the next two years.
- Note the activity data quality

Tony Read

Chief Financial Officer

January 2017