

SUPPLEMENTARY AGENDA

A meeting of the Governing Body Part I

Date: 8 March 2018
Time: 10.00 am - 12.30 pm
Venue: Cantilever House, Eltham Road, London SE12 8RN
Chair: Dr Marc Rowland
Enquiries to: Lesley Aitken
Telephone: 020 7206 3360
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Voting Members

Dr Marc Rowland (Chair)	Chair
Dr David Abraham	Senior Clinical Director
Alison Browne	Registered Nurse
Dr Charles Gostling	Clinical Director
Anne Hooper	Lay Member
Dr Sebastian Kalwij	Clinical Director
Shelagh Kirkland	Lay Member
Dr Faruk Majid	Clinical Director
Dr Jacqueline McLeod	Senior Clinical Director
Professor Simon MacKenzie	Secondary Care Doctor
Dr Angelika Razzaque	Clinical Director
Tony Read	Chief Financial Officer
Ray Warburton OBE (Vice-Chair)	Lay Member
Martin Wilkinson	Chief Officer

Non-Voting Members

Aileen Buckton	Executive Director, Community Services, Lewisham Council
Dr Danny Ruta	Public Health Director, Lewisham Council
Dr Simon Parton	Local Medical Committee Chair
Dr Magna Aidoo	Healthwatch Lewisham Representative

Quorum

The Governing Body will be deemed quorate when a minimum of 7 members, 4 of which must be Clinical Directors, one must be either the Chief Officer or Chief Financial Officer and two must be independent members (Lay Members, Secondary Care Doctor or Registered Nurse).

A member who is present at Governing Body meeting and is conflicted by a particular agenda item will not contribute to the quoracy of the meeting for the duration of that agenda item.

Order of Business

Members of the public are requested to give any questions to the Governing Body in relation to matters not on the agenda before the meeting in writing to the Board Secretary. These will be responded to, at the discretion of the Chair, at the designated time shown on the agenda

	Time	Item	Papers	Presented by
1.	11:10	Item 13 Appendix 2 - Month 10 Finance Report	1 - 12	Tony Read
2.	12:00	Item 18 2018/19 Planning and Draft Budget <i>The Governing Body is asked to:</i> <ul style="list-style-type: none"><i>Note the key aspects of the refreshed planning guidance for 2018/19</i><i>Agree the Financial Framework for 2018/19</i><i>Note the financial allocation to the CCG</i><i>Note the progress towards finalising a start revenue budget for 2018/19 and next steps</i>	13 - 26	Tony Read/Martin Wilkinson

Date of next meeting: Thursday, 10 May 2018, 10.00 am

The Committee to agree that, if required, the public should be excluded from the meeting while the remaining business is under consideration, as publicity would be prejudicial to the public interest by reason of the confidential nature of the business to be transacted.

Managing Conflicts of Interest: Governing Body, committees, sub-committees and working groups

1. The chair of the Governing Body and chairs of committees, subcommittees and working groups will ensure that the relevant register of interest is reviewed at the beginning of every meeting, and updated as necessary.
2. The chair of the meeting has responsibility for deciding whether there is a conflict of interest and the appropriate course of corresponding action. In making such decisions, the chair may wish to consult the member of the governing body who has responsibility for issues relating to governance.
3. All decisions, and details of how any conflict of interest issue has been managed, should be recorded in the minutes of the meeting and published in the registers.
4. Where certain members of a decision-making body (be it the governing body, its committees or sub-committees, or a committee or sub-committee of the CCG) have a material interest, they should either be excluded from relevant parts of meetings, or join in the discussion but not participate in the decision-making itself (i.e., not have a vote).
5. In any meeting where an individual is aware of an interest, previously declared or otherwise, in relation to the scheduled or likely business of the meeting, the individual concerned will bring this to the attention of the chair, together with details of arrangements which have been confirmed by the governing body for the management of the conflict of interests or potential conflict of interests. Where no arrangements have been confirmed, the chair may require the individual to withdraw from the meeting or part of it. The new declaration should be made at the beginning of the meeting when the Register of Interests is reviewed and again at the beginning of the agenda item.
6. Where the chair of any meeting of the CCG, including committees, sub-committees, or the governing body, has a personal interest, previously declared or otherwise, in relation to the scheduled or likely business of the meeting, they must make a declaration and the deputy chair will act as chair for the relevant part of the meeting. Where arrangements have been confirmed with the governing body for the management of the conflict of interests or potential conflicts of interests in relation to the chair, the meeting must ensure these are followed. Where no arrangements have been confirmed, the deputy chair may require the chair to withdraw from the meeting or part of it. Where there is no deputy chair, the members of the meeting will select one.
7. Where significant numbers of members of the governing body, committees, sub committees and working groups are required to withdraw from a meeting or part of it, owing to the arrangements agreed by the Governing Body for the management of conflicts of interest or potential conflicts of interest, the remaining chair will determine whether or not the discussion can proceed.
8. In making this decision the chair will consider whether the meeting is quorate, in accordance with the number and balance of membership set out in the CCG's standing orders or the relevant terms of reference. Where the meeting is not quorate, owing to the absence of certain members, the discussion will be deferred until such time as a quorum can be convened. Where a quorum cannot be convened from the membership of the governing body, committees, sub committees and working groups owing to the arrangements for managing conflicts of interest or potential conflicts of interest, the chair may invite on a temporary basis one or more of the following to make up the quorum so that the CCG can progress the item of business:
 - a) an individual GP or a non-GP partner from a member practice who is not conflicted
 - b) a member of the Lewisham Health and Wellbeing Board;
 - c) If quorum cannot be achieved by a) or b) (above) a member of a governing body of another clinical commissioning group.
9. These arrangements will be recorded in the minutes.

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Finance Report Month 10, period to 31st January 2018.

1. Summary

At Month 10 the CCG is reporting a year to date in year overspend of £1.21m and is forecast to deliver an in year over spend of £1.45m and a cumulative surplus of £7.93m for the year. This is an adverse movement from the position reported at Month 9 and is due to the nationally agreed treatment of No Cheaper Stock Obtainable (NCSO) drugs cost pressure. The reported position includes a forecast cost pressure of £2m relating to NCSO drugs. Lewisham CCG is forecasting an ability to cover approximately £500k of the £2m pressure; creating a net £1.5m that cannot be contained within the targeted in year control total.

The CCG has needed to fully utilise its reserves to achieve the year to date position. There are adverse variances on acute and joint commissioning budgets partially offset by favourable variances against primary care, corporate and earmarked budgets and reserves. QIPP delivery is forecast to be £2.73m worse than plan for the full year.

The CCG headline financial position is provided in the table below.

Table 1: Financial Headline Measures

Measure	Plan / Target	Forecast Outturn	Forecast Variance	Relevant Section
Planned In-year Surplus	£nil	£nil	£0.00m	3
Planned Surplus	£9.38m	£7.93m	£(1.45m)	3
Acute Expenditure	£234.21m	£240.85m	£(6.64m)	3.1
Total Expenditure	£477.04m	£469.12m	£7.92m	3
QIPP Delivery	£14.01m	£11.28m	£(2.73m)	4
Risk Adjusted Surplus	£9.38m	£7.93m	£(1.45m)	5
Underlying Position (1.5%)	£6.92m	£0.30m	£(6.62m)	5
Better Practice Payments Code	95.0%	97.4%	2.4%	6
Cash Drawdown	£465.60m	£465.60m	£0.00m	6

2. Revenue Resource Limit and Start Budget

2.1. At Month 10 the CCG's combined Revenue Resource Limit totals £477.04m. This includes £6.65m for the running cost allowance as included in the budget.

2.2. Table 2 shows the confirmed opening and closing allocations for Month 10 categorised by Running and Programme Costs. Appendix 1 shows the detail of the RRL adjustments for the full year to date.

Table 2: Revenue Resource Limit

	Admin £'m	Programme £'m	Co-Commissioning £'m	Total £'m
Closing position 31st December 2017	6.65	427.75	43.12	477.53
HLP Contribution		(0.47)		(0.47)
Levies Contribution Programme		(0.14)		(0.14)
Acute hospital urgent & emergency liaison MH		0.13		0.13
Closing position 31st January 2018	6.65	427.27	43.12	477.04

3. Month 10 Financial Performance

At Month 10 the CCG forecasts to deliver a cumulative surplus of £7.93m for the year. The CCG is reporting a cumulative surplus of £6.61m at Month 10, which is off plan by a current year overspend of £1.21m. Cumulatively Programme budgets were under-spent by £6.18m and Running Cost budgets were under-spent by £0.43m on a cumulative basis.

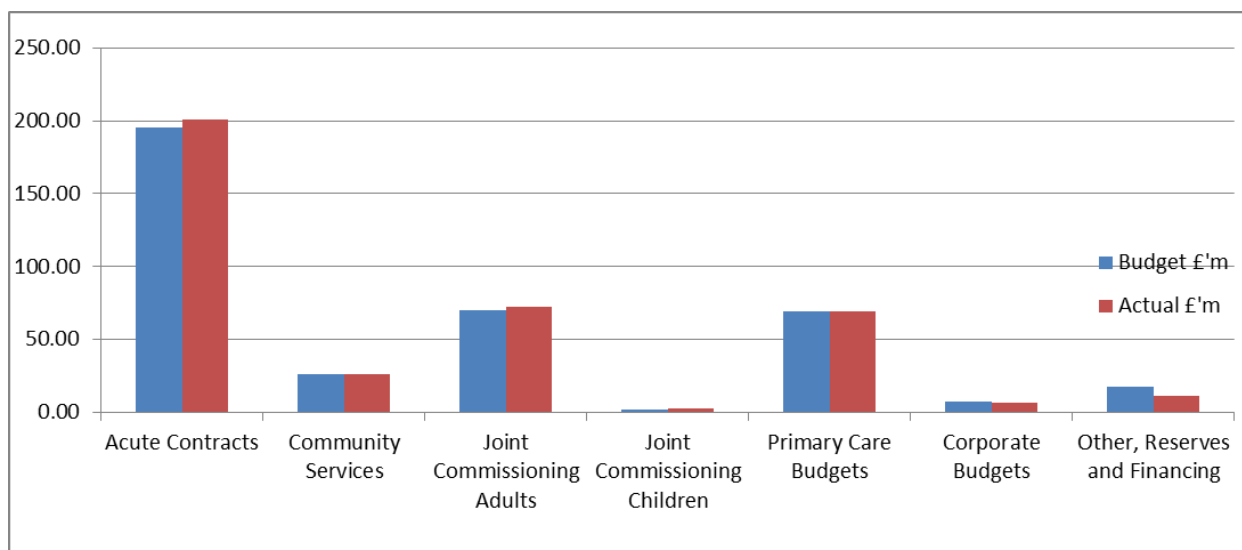
However it should be noted that the current year forecast position shows overspends on acute contracts and joint commissioning adults of £6.64m and £2.75m respectively. Forecast QIPP delivery is £2.73m worse than plan. These forecast overspends are being offset by the full utilisation of the CCG's total allowable reserves.

The position by budget area is summarised in Table 3 below:

Table 3: Headline Financial Performance

Overall CCG Budget	Year to Date			Annual		
	Budget £m	Actual £m	Variance £m	Budget £m	Actual £m	Variance £m
Acute Contracts	195.17	200.70	(5.53)	234.21	240.85	(6.64)
Community Services	26.10	26.09	0.01	31.32	31.32	(0.00)
Joint Commissioning Adults	69.93	72.23	(2.30)	83.94	86.69	(2.75)
Joint Commissioning Children	2.32	2.74	(0.42)	2.61	3.11	(0.50)
Primary Care Budgets	69.59	69.57	0.02	83.51	82.80	0.70
Corporate Budgets	7.14	6.76	0.38	8.57	8.32	0.25
Other, Reserves and Financing	17.79	11.16	6.63	23.51	16.02	7.49
Planned Surplus	7.82	0.00	7.82	9.38	0.00	9.38
Total CCG Budget	395.86	389.25	6.61	477.04	469.12	7.93
	Programme/ Running Costs Split					
Programme Budgets	390.32	384.14	6.18	470.39	462.95	7.44
Running Cost Budgets	5.54	5.11	0.43	6.65	6.17	0.48
	395.86	389.25	6.61	477.04	469.12	7.93

Table 4: Year to Date Spend by Budget Area



3.1 Acute Budgets

3.1.1 The report is based on SLAM activity data from acute providers and also reflects the agreed year end outturn with LGT. The Year to Date (YTD) and forecast year end position for the CCG's acute budgets is an over spend of £5.53m and 6.64m respectively as shown in Table 5 below.

Table 5: Acute Budget Performance

	Year to Date			Annual		
	Budget £m	Actual £m	Variance £m	Budget £m	Actual £m	Variance £m
Local Acute Service Agreements						
Lewisham and Greenwich NHS Trust	110.24	114.44	(4.20)	132.28	137.18	(4.90)
Guy's and St Thomas' NHS Foundation Trust	33.30	33.30	0.00	39.95	39.95	0.00
King's College Hospital NHS Foundation Trust	29.69	29.69	0.00	35.63	35.63	0.00
Total Local Acute Service Agreements	173.22	177.42	(4.20)	207.86	212.76	(4.90)
External Service Agreements	16.30	16.72	(0.42)	19.56	20.25	(0.69)
Non Contracted	3.41	4.32	(0.91)	4.10	5.14	(1.05)
Other Acute	2.24	2.24	0.00	2.69	2.69	0.00
Total Acute Contracts	195.17	200.70	(5.53)	234.21	240.85	(6.64)

3.1.2 Year to date (YTD), the LGT contract is (£4.20m) overspent overall with overspends relating to Emergency (£3.03m), A&E (£0.96m) and net over spends in other points of delivery of (£0.21m).

3.1.3 Across all acute activity YTD is overspent by £5.53m of which £1.80m reflects under achievement of QIPP and £3.73m relates to contractual activity price and performance.

3.1.4 During the year SEL CCGs have been in discussion with NHS England about system wide commitments, such as the implementation of the Trust Special Administrator Agreement relating to LGT and associated options to manage financial risk across SEL

CCGs. It is certain that a support payment will be made this year of up to £1.75m maximum; the last year of such support.

3.2 Community Budgets

3.1.1 The Year to Date (YTD) and forecast year end position for the CCG's community service budgets is shown in Table 6 below:

Table 6: Community Contracts

	Year to Date			Annual		
	Budget £m	Actual £m	Variance £m	Budget £m	Actual £m	Variance £m
Community Service Agreements						
Lewisham and Greenwich NHS Trust	19.18	19.19	(0.01)	23.02	23.04	(0.02)
Guy's and St Thomas' NHS Foundation Trust	0.86	0.86	0.00	1.04	1.04	0.00
Total Community Service Agreements	20.05	20.06	(0.01)	24.06	24.07	(0.02)
UCC/ Out of Hours/ WIC	1.70	1.72	(0.02)	2.04	2.15	(0.11)
Primary Care Transformation Investment	0.40	0.40	0.00	0.48	0.48	0.00
Other Community	3.96	3.92	0.03	4.75	4.63	0.12
Total Community Services	26.10	26.09	0.01	31.32	31.32	(0.00)

3.1.2 Overall community service performance is within plan YTD and also on a forecast outturn basis.

3.2 Adult Joint Commissioning Budgets

Table 7: Adult Joint Commissioning Budgets

	Year to Date			Annual		
	Budget £m	Actual £m	Variance £m	Budget £m	Actual £m	Variance £m
Adult's Service Agreements						
Slam NHS FT	51.93	52.20	(0.26)	62.34	62.61	(0.27)
Guy St Thomas NHS FT	1.92	1.92	0.00	2.30	2.30	0.00
Total Adult Service Agreements	53.85	54.11	(0.26)	64.64	64.91	(0.27)
Mental Health	4.08	4.10	(0.02)	4.89	4.97	(0.08)
Learning Disability	0.09	0.09	(0.00)	0.10	0.10	0.00
Older Adults and Palliative Care	10.10	12.16	(2.06)	12.12	14.58	(2.45)
Younger Physically	1.81	1.77	0.04	2.18	2.13	0.05
Total Joint Commissioning Adult	69.93	72.23	(2.30)	83.94	86.69	(2.75)

3.1.1 The Year to Date (YTD) and forecast year end position for the CCG's Adult Joint Commissioning budget shows an over spend £2.30m and year end forecast over spend £2.75m as shown in Table 7 above. This position reflects actual activity being greater than planned.

3.3 Children Joint Commissioning Budgets

3.3.1 The Children's Joint Commissioning contracts are overspent year to date and forecast to over spend for the year.

Table 8: Joint Commissioning Children Budget

	Year to Date			Annual		
	Budget	Actual	Variance	Budget	Actual	Variance
Children's Service Agreements	£m	£m	£m	£m	£m	£m
Slam NHS FT	0.68	0.70	(0.02)	0.81	0.81	0.00
Guy St Thomas NHS FT	0.22	0.22	(0.00)	0.26	0.26	0.00
Total Children Service Agreements	0.90	0.92	(0.02)	1.07	1.07	0.00
Mental Health	0.56	0.54	0.02	0.50	0.50	0.00
Continuing Care	0.62	1.04	(0.42)	0.75	1.25	(0.50)
Community Childrens Services	0.24	0.24	0.00	0.29	0.29	0.00
Total Joint Commissioning Children	2.32	2.74	(0.42)	2.61	3.11	(0.50)

3.4 Prescribing and Other Primary Care Budgets

3.4.1 The primary care delegated co-commissioning budget is marginally underspent YTD by £20k and on a forecast outturn basis is underspent by £30k.

3.4.2 The CCG is awaiting more up to date information from NHS Prescription Services. Based on the month 8 information available, the Month 10 YTD position is showing an over spend and the full year position is forecast to be over spent, driven by price issues and forecast QIPP under delivery, as shown in Table 9 below:

Table 9: Prescribing and other Primary Care Budgets

	Year to Date			Annual		
	Budget	Actual	Variance	Budget	Actual	Variance
Prescribing and Other Primary Care Budgets	£m	£m	£m	£m	£m	£m
Prescribing Spend	32.19	32.36	(0.17)	38.63	38.70	(0.08)
Primary Care Delegated Co-Commissioning	35.93	35.91	0.02	42.37	42.34	0.03
Other Primary Care	1.47	1.29	0.17	2.51	1.76	0.75
Total Prescribing and Other Primary Care Budgets	69.59	69.57	0.02	83.51	82.80	0.70

3.5 Corporate Budgets

3.5.1 The Year to Date (YTD) and forecast year end position for the CCG's corporate budgets are set out below in Table 10:

Table 10: Corporate Budgets

	Year to Date			Annual		
	Budget	Actual	Variance	Budget	Actual	Variance
	£m	£m	£m	£m	£m	£m
CEO/Board, Chair & Non Execs	1.17	1.11	0.06	1.40	1.33	0.07
Commissioning	0.72	0.68	0.04	0.86	1.03	(0.16)
Corporate	0.70	0.73	(0.03)	0.84	0.91	(0.07)
Finance, Information & Estates	2.29	1.84	0.45	2.75	2.21	0.54
Joint Commissioning	0.86	1.17	(0.31)	1.04	1.35	(0.32)
Nursing & Medicines	1.11	1.04	0.07	1.33	1.25	0.08
Other	0.30	0.19	0.11	0.36	0.25	0.11
Total Corporate Budget	7.14	6.76	0.38	8.57	8.32	0.25

3.5.2 At Month 10 corporate expenditure is within budget year to date and for the full year expenditure is forecast to be under budget.

3.6 Other, Reserves and Financing

3.6.1 The CCG's opening budget includes reserves in line with NHS England business rules, Better Care Fund transfers and budget equal to the CCG's planned surplus.

3.6.2 The CCG is unable to commit half of the 1% non-recurrent (set-aside) reserve. 0.5% of allocation or £2.077m in 2017/18 from this reserve is being treated as part of a national risk reserve pool. NHS England expects the CCG to achieve its forecast surplus without recourse to this national risk reserve contribution.

3.6.3 £650k is set aside for use on south east London related matters, as per the agreed 2017/18 budget, from the drawdown of the CCG's accumulated surplus.

3.6.4 The CCG has utilised all available reserves fully within the reported year end position.

4. Quality, Innovation, Productivity and Prevention (QIPP) Position

4.1. The CCG's agreed budget includes targeted net savings totalling £14.012m (3% of total RRL and 3.3% of RRL excluding Delegated Co-commissioning), from QIPP schemes.

4.2. The performance at Month 10 is summarised below. The CCG is achieving £9.144m against the YTD plan of £10.948m. The current most likely forecast outturn is £11.283m achievement against the £14m plan.

4.3. It is essential that Director QIPP leads continue to deliver recovery actions, in order to stabilise savings plans and bring expenditure closer to plan in order to avoid a significant risk of missing the CCG's financial targets at year end and to ensure maximum delivery for 2018/19. The Chief Officer is overseeing QIPP recovery actions.

Schemes	Annual Plan	Year-to-date: M10			Forecast outturn			
	QIPP	M10 Plan	M10 Actual	M10 Variance	Best	Likely	Worst	Variance: Likely vs Plan
	£	£	£	£	£	£	£	£
Acute Main Providers	5,635	4,189	2,753	-1,435	5,635	3,688	3,477	-1,947
CHC	1,000	792	527	-265	1,000	650	500	-350
Medicines Management	2,005	1,671	1,733	62	3,005	1,963	500	-42
Mental Health	1,521	1,268	1,268	0	1,521	1,521	1,000	0
Other	3,740	2,942	2,776	-166	4,179	3,350	3,350	-390
Running Costs	111	88	88	0	111	111	111	0
Total	14,012	10,948	9,144	-1,804	15,451	11,283	8,938	-2,729

5. Financial Sustainability

5.1. Risks and Mitigation (In Year)

5.1.1 The CCG's general reserves and contingencies are less than 2016/17. In addition the CCG is not permitted to make expenditure commitments against half, i.e. £2.1m of the non recurrent set-aside reserve. Consequently the CCG's capacity to mitigate financial risk within the 2017/18 budget through utilisation of reserves has been less than in previous years.

5.1.2 As previously reported the CCG has crystallised several of its risks into the forecast outturn reflected in Table 3 of this report. The remaining risks which could impact upon delivery of the CCG's financial duties are shown in Table 11 below. Total net risk at month 10 without mitigation has been reduced to zero (month 9 £2.90m).

Table 11: Risks and Mitigation

Risks

		Month 10 Assessment of Risks		
Risk	Detail	Month 9 Full Risk Value £m	Movement In Month 10 £m	Month 10 Remaining Risk £m
Acute Contract/Winter Pressures	CCG estimated cost	1.40	0.00	1.40
Other Risks	1/6th Share of £10.5m run rate deficit	1.75	(1.75)	0.00
Mental Health Services	Charge Exempt Overseas Visitors (CEOV)	0.70	(0.70)	0.00
Community Health Services	Community contract pressures including mental health	0.30	(0.30)	0.00
Primary Care Services - Prescribing	Winter prescribing risk	0.90	(0.63)	0.27
Total Unmitigated Risks		5.05	(3.38)	1.67

Mitigations

		Month 10 Assessment of Mitigations		
Risk	Detail	Month 9 Full Mitigation Value £m	Movement In Month 10 £m	Month 10 Remaining Mitigation £m
Acute Services Commissioning	Joint Commissioning Arrangements	0.00	0.00	0.00
Prescribing	Potential NCSO mitigation	(0.40)	0.40	0.00
Community Health	Oxygen rebate	(0.05)	0.05	0.00
Other Programme Services	SEL CCG collaborative risk arrangement	(1.70)	0.03	(1.67)
Total Mitigations		(2.15)	0.48	(1.67)

Net Risk after Mitigations		2.90	(2.90)	0.00
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5.1.3 The risks presented above are consistent with the likely case QIPP forecast outturn of £11.283m which is already factored into the forecast outturns by operational budget area at Table 3 of this report.

5.2 Underlying Position

5.2.1 The CCG's underlying financial position is 0.07% (previous month 0.07%) surplus against RRL; indicating that the CCG has recurring expenditure commitments that are less than it's notified and estimated recurring income.

5.2.2 The position has deteriorated in year as was signalled might be the case in the 2017/18 budget paper.

Table 12: Underlying Financial Position

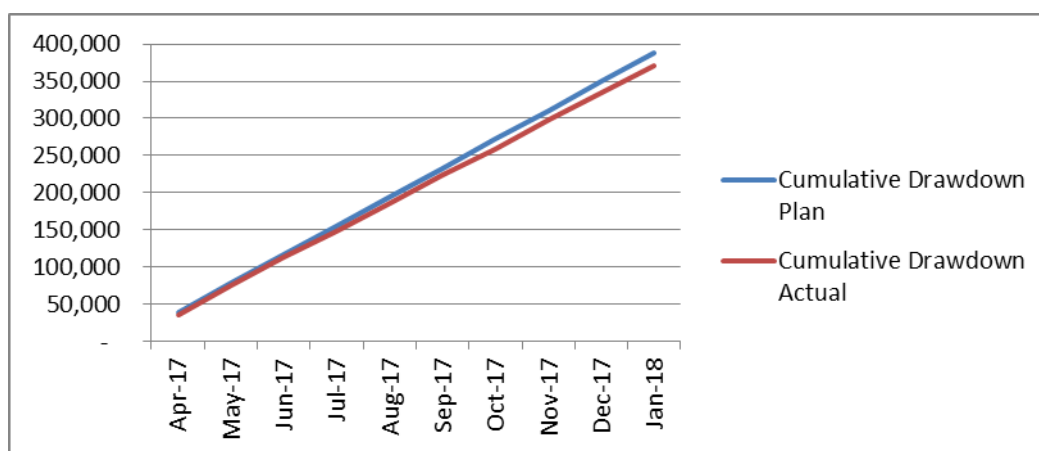
	201718 Plan	201718 FOT
Underlying Position – Surplus/ (Deficit) Cumulative	£6.92m	£0.31m
Underlying Position – Surplus/ (Deficit) Cumulative %	1.5%	0.07%

5.2.3 This underlying position of 0.07% reflects forecast under delivery of QIPP £2.73m and use of the CCG’s contingency £2.15m to effectively fund recurrent expenditure. The CCG will need to significantly increase its delivery of QIPP to more than 3% of RRL per annum in order to recover the underlying surplus towards 1.5%.

6 Financial Control

6.1 Cash and Maximum Cash Drawdown

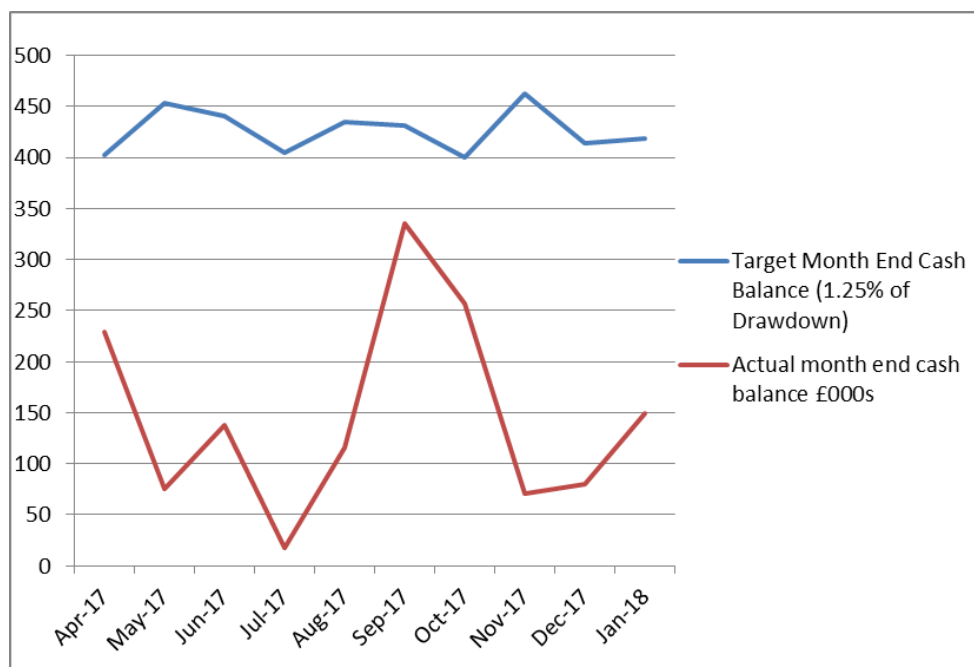
6.1.1 The CCG’s advised maximum cash drawdown is £465.60m for the year. As at Month 10 the CCG has drawn down £371.5m (80%). This is in line with the CCG’s cash forecasts.

Table 13: CCG Cash drawdown


6.1.2 At the end of each month the CCG expects to hold a cash balance that is not in excess of 1.25% of its monthly drawdown. The CCG’s cash balance at the end of January was £149k compared to a target of £419k maximum.

6.1.3 The year to date performance is shown in Table 14.

Table 14: Cash Drawdown



6.1.4 The CCG expects to spend its annual maximum cash drawdown in total by 31st March 2018.

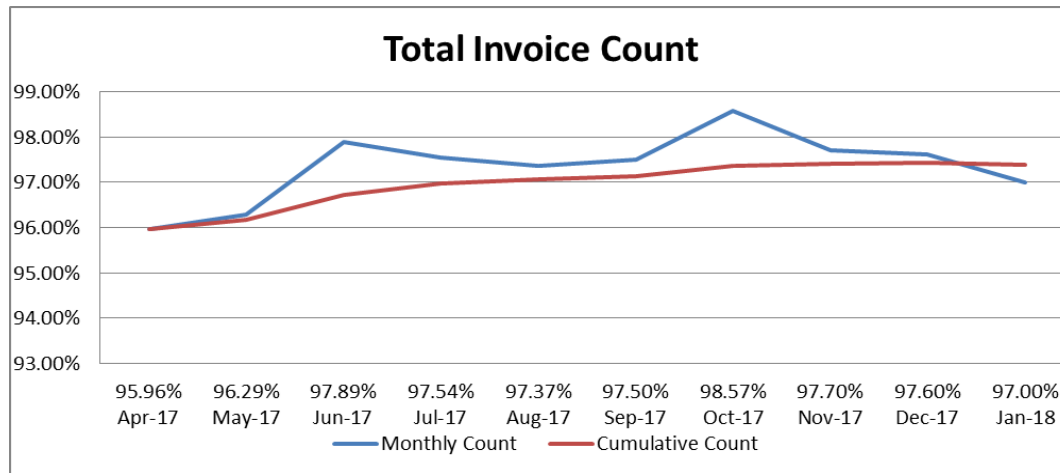
6.2 Creditors and Debtors

6.2.1 Tables 15 and 16 below show the performance against the Better Practice Payments Code (BPPC) in terms of the total value of invoices and the number of invoices by count.

Table 15: Better Practice Payments Code

	January 2018			Cumulative		
	NHS	Non-NHS	Total	NHS	Non-NHS	Total
% of Invoices Paid within Target (Count)	95.7%	97.4%	97.0%	96.9%	97.6%	97.4%
% of Invoices Paid within Target (Value)	99.3%	97.3%	99.0%	99.6%	97.0%	99.1%

Table 16: Better Practice Payments Code

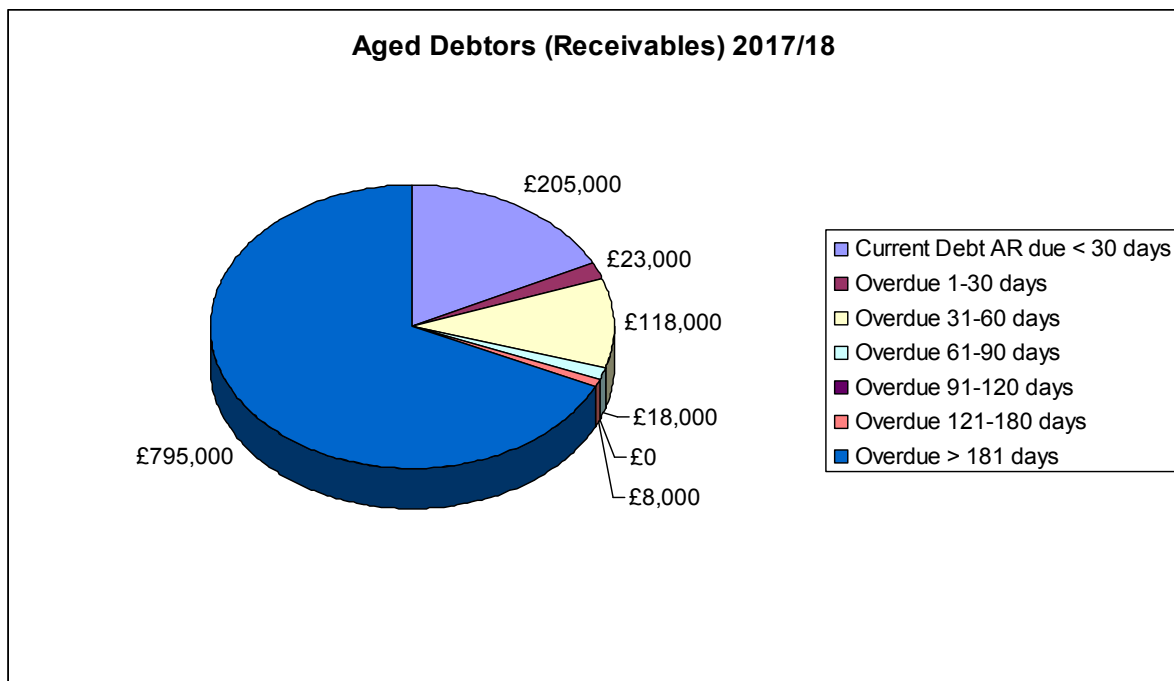


6.2.2 The CCG’s aged debt position is outlined in Table 17 below. The main category of overdue debt is in the category over 181 days. Within this category the main debts overdue relate to

6.2.2.1 2016/17 IT capital funded by NHSE £719k. Between closing the financial position for Month 10 and the time of writing this report the CFO has received confirmation that this invoice has been authorised for payment by NHS England.

6.2.2.2 £60k due from Lewisham Council, of which £38k has been agreed to date.

Table 17: Aged Debt



6.3 Statement of Financial Position

6.3.1 The Statement of Financial Position is presented in table 18 below. The CCG has a negative value of total assets deployed and therefore taxpayers' equity. This is due to the CCG owning no fixed assets, holding a low cash position (as it draws down cash on a monthly basis), low debtors and a high level of creditors at any one time.

Table 18: Statement of Financial Position

	31st January 2018	31 st March 2017
	£m	£m
Total Non Current Assets	-	-
Current Assets		
Trade & Other Receivables	4,738	4,453
Cash & Cash Equivalents	113	397
Total Current Assets	4,851	4,850
Total Assets	4,851	4,850
Current Liabilities		
Trade & Other Payables	(46,206)	(28,309)
Provisions	(141)	(323)
Total Current Liabilities	(46,347)	(28,632)
Total Assets Less Current Liabilities	(41,496)	(23,782)
Total Non Current Liabilities	0	0
Total Assets Employed	(41,496)	(23,782)
Financed by Taxpayers Equity		
General Fund	41,496	23,782
Total Taxpayers	41,496	23,782

Michael Cunningham
 Head of Finance
 February 2018

2017-18 CCG Opening Baseline	6.65	411.81	43.12	461.59
<u>2017-18 Surplus Carry Forward Requirement :</u>				
Comprising - Planned Surplus Carry Forward		10.03		10.03
less - permitted drawdown		(0.65)		(0.65)
sub total 17-18 Requirement		9.38		9.38
Start position - 1st April 2017	6.65	421.194	43.12	470.97
Liaison and Diversion/CYP Co-commissioning		0.11		0.11
Reception and clerical training - (Training Care Navigators and Medical Assistants)		0.06		0.06
Diabetes Treatment and Diabetes Treatment and Care Transformation Fund - Intervention funded: Treatment Targets- Bid ID DTCL07 TT		0.07		0.07
NHS WiFi		0.02		0.02
Market rents adjustment		(0.14)		(0.14)
Paramedic Rebanding Additional Funding 17/18		0.21		0.21
TB allocations Qtr 1		0.04		0.04
£76,981 - HSCN - GP funding		0.08		0.08
CYPT IAPT Trainee staff support costs		0.02		0.02
Perinatal Community Services Development Payment 1		0.90		0.90
Acute hospital urgent & emergency liaison mental health services		0.13		0.13
Acute hospital urgent & emergency liaison mental health services		0.13		0.13
Maternity Transformation LMS Funding		0.08		0.08
DWP Employment Advisors		0.01		0.01
Additional Month 5 IR Changes		0.00		0.00
Mental Health New Care Models support funding		0.10		0.10
CYP IAPT Trainee staff support costs		0.02		0.02
Acute hospital urgent and emergency liaison mental health services		0.13		0.13
CYP Crisis Acceleration Funding		0.42		0.42
Community Services Development Funds		0.90		0.90
Major Incident Funding		0.25		0.25
Charge Exempt Overseas Visitor (CEOV)				
Adjustment - tim.heneghan@nhs.net		2.97		2.97
Online Consultations		0.08		0.08
HLP Contribution		(0.47)		(0.47)
Levies Contribution Programme		(0.14)		(0.14)
Acute hospital urgent & emergency liaison MH		0.13		0.13
Closing position 31st January 2018	6.65	427.27	43.12	477.04

A meeting of the Governing Body 8 March 2018

Refreshing NHS Plans 2018/19

RESPONSIBLE LEAD: Tony Read, Chief Financial Officer

AUTHOR: Tony Read, Chief Financial Officer
Michael Cunningham, Head of Finance

Summary:

This paper sets out the refreshed NHS England Planning guidance for 2018/19 and provides an update and next steps on the progress of the CCG's draft revenue budget for 2018/19, in support of the CCG's 2018/19 operating plan.

There is currently a large gap to be bridged in developing the budget for 2018/19. CCG reserves are set at minimum levels required by NHS England planning guidance. There is a high risk of under-delivery against the required QIPP programme.

The budget gap needs to be bridged quickly in order to agree a budget ahead of April 2018. This will require the CCG to operate strict and rigorous financial discipline in its decision making. Ways to restrict expenditure in the short term will need to be quickly considered by the Governing Body that will probably involve difficult and potentially unpopular decisions.

RECOMMENDATIONS:

The Governing Body is asked to:

- Note the key aspects of the refreshed planning guidance for 2018/19
- Agree the Financial Framework for 2018/19
- Note the financial allocation to the CCG
- Note the progress towards finalising a start revenue budget for 2018/19 and next steps

KEY ISSUES:

1. In 2016, NHS England and NHS Improvement set out planning guidance, including contracts and improvement priorities, for the period from 2017 to 2019. At that time NHS England published CCG target allocations, revenue allocations for the two years 2017/18 to 2018/19 and indicative allocations for the two years 2019/20 to 2020/21. In March 2017 a budget for 2018/19, in support of the CCG's operating plan for 2017/18 – 2018/19, was agreed by the Governing Body.

2. Since April 2017 there has been a two year approach to CCG baseline funding allocations, national Payment By Results (PBR) tariff, NHS England service priorities and local contracts covering 2017/18 to 2018/19.
3. For 2018/19 NHS England's intention is that CCG's undertake quick and modest updates to their plans for 2018/19 incorporating NHS England's guidance.
4. On 2 February 2018 NHS England published updated guidance for 2018/19 "Refreshing NHS Plans for 2018/19". On 8 February 2018 NHS England confirmed that additional funding for the NHS, over and above that indicated in the Spending Review 2015, is to be made available to NHS England and, in turn, resources available to CCGs will be increased by £1.4 billion nationally.
5. The expectation is that the additional resources to CCGs will be used to
 - 5.1 purchase additional and realistic levels of emergency activity
 - 5.2 purchase additional elective activity and outpatients to tackle waiting lists
 - 5.3 create universal adherence to the Mental Health Investment Standard and
 - 5.4 support the commitment to reaching standards set for cancer services and primary care.
6. Since last year's NHS budget the government has confirmed that NHS England funding will grow by £2.14 billion more than the 2015 Spending Review. . This comprises £1.6 billion announced in the Autumn Budget in November 2017, and a further £540 million that the Department of Health and Social Care (DHSC) has subsequently agreed to make available.
7. The additional £1.4 billion resources to CCGs have been made available through
 - 7.1 Removal of the requirement for CCGs to underspend their allocation by 0.5% in 2018/19 (circa £370 million nationally)
 - 7.2 £600 million additional CCG allocations for 2018/19; distributed in proportion to target allocations.
 - 7.3 Creation of a new £400 million Commissioner Sustainability Fund to enable deficit CCGs to return to in-year balance
8. There is no increase in CCG allocations for funding winter resilience plans
9. NHS England has updated CCG target allocations from those published in 2016; taking into account the latest GP registered lists and ONS population projections.
10. For 2018/19 the CCG's baseline total recurrent revenue allocation is £476.640m.
 - £425.105m relates to Programme expenditure
 - £6.694m relates to CCG Running Cost Allowance.
 - £44.841m relates to Primary Care Co-Commissioning delegated budgets
11. To enable the CCG to maintain a planned 2018/19 in-year control total of nil movement the maximum expenditure for the year is £476.640m.

Clinical Commissioning Group

- 12.** In November 2016 NHS England advised SEL CCGs that their collective control total for 2018/19 would be an in year surplus of £3.221 million. Whilst NHS England has indicated that it expects SEL CCGs to agree individual control totals that in aggregate total £3.221m surplus there has been no agreement to date on that distribution. It is reasonable to assume that Lewisham CCG will be expected to contribute to the £3.221m surplus and for the purpose of this paper £644k has been assumed by the CFO. This assumption means that the CCG will need to reduce its maximum expenditure of £476.640m by £0.644m in 2018/19.
- 13.** The budget includes a minimum required level of net QIPP savings at £20.3m, which may increase dependent on the outcome of ongoing contract negotiations.
- 14.** The planning guidance creates some additional previously unplanned expenditure commitments which require funding; notably additional acute elective and non elective activity.
- 15.** The guidance also reaffirms existing commitments such as mandatory compliance with the Mental Health Investment Standard (MHIS) requirement and continuation of Five Year Forward View and GP Forward View priorities
- 16.** There are also some relaxations in the value of mandated non recurrent reserves the CCG is required hold. For example there is no requirement to set aside 0.5% contribution to the national risk reserve that was required in 2017/18. For 2018/19 expenditure may be committed in the CCG plan.
- 17.** The 2018/19 draft budget includes a 0.5% (£2.383m) contingency reserve only.
- 18.** The draft budget recognises that whilst the planning guidance creates some additional expenditure commitments, there is an 0.8% increase to the CCG's 2018/19 allocation. Together with the relaxation in non recurrent reserve requirements referred to above, these enable the QIPP savings target to be retained at £20.3m (subject to contract negotiations and final budget agreements). They do not currently enable the QIPP target to be reduced or for reserves to be increased.
- 19.** Subject to the identification of and delivery of £20.3m QIPP savings, the start revenue budget does not exceed the CCG confirmed allocations, and supports the CCG's Operating Plan for 2018/19. It delivers the following key planning requirements of NHS England:
- Delivers a minimum 1% cumulative surplus
 - Includes a 0.5% general contingency
 - Includes the Better Care Fund contribution as per the advised CCG allocations
- 20.** However, QIPP savings targets are £20.3m (4.27% of total RRL). At the time of this report £9.58m is either unidentified or not yet signed off in budget terms. There is therefore currently a high risk of under-delivery against the required QIPP programme.
- 21.** CCG reserves are set at minimum levels required by NHS England planning guidance.

CORPORATE AND STRATEGIC OBJECTIVES

The 2018/19 start revenue budget is aligned to the published CCG allocations, the 2018/19 Operating Plan and SEL STP and national and local planning assumptions.

CONSULTATION HISTORY:

2017/18 to 2020/21 CCG allocations - Governing Body January 2016

2017/18 to 2018/19 Operating Plan and Contracts – Governing Body Part II January 2017

2017/18 to 2018/19 Budgets – Governing Body March 2017

2018/19 Planning Guidance and Allocations – CDs and SMT 15 February 2018

2018/19 Planning Guidance and Allocations and Budget Planning Assumptions – Finance and Investment Committee 15 February 2018

PUBLIC ENGAGEMENT

2017/18 to 2018/19 Budgets – Governing Body March 2017

HEALTH INEQUALITY DUTY AND GENERAL EQUALITY DUTY

The CCG's financial plans support the strategic and operational commissioning plans and objectives which include delivering the health inequality and the public sector general equality duties

STAKEHOLDER INVOLVEMENT

To be communicated to the GP Membership.

To be agreed by the Governing Body in public

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NHS Lewisham Clinical Commissioning Group Financial Framework 2018/19

1. Introduction

- 1.1 This paper presents the financial framework within which the draft revenue budget for 2018/19 is being developed.
- 1.2 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.
- 1.3 We submitted final financial plans as part of the operating plan for 2017-18 to 2018-19 in early 2017. These are in the process of being updated in line with new guidance for 218/19.
- 1.4 The budget will be used as the basis for monitoring and reporting the CCG's financial operations throughout the year. Changes to allocations and budgets will be reported in the monthly finance report throughout the year.
- 1.5 The budget should be considered in conjunction with the CCG's Operating Plan 2017/18 – 2018/19, the NHS national priorities for 2018/19 and associated NHS England planning guidance and the South East London Sustainability and Transformation Plan (STP).
- 1.6 The financial scenario for 2018/19 is more challenging than ever and becomes increasingly challenging through to 2020/21. This will require a constant and strong focus on expenditure decisions, disinvestment considerations, efficiencies and financial controls.
- 1.7 The CCG Governing Body will need to consider how best resources are deployed to support broader transformational changes going forward and will need to critically appraise how to maximise benefits to the CCG.
- 1.8 The CCG will need to identify and deliver further cost savings schemes to achieve its financial targets in 2018/19 and beyond. At present the programme for 2018/19 needs to be strengthened and the programme for 2019/20 onwards lacks detail. This is a key priority for the Governing Body.

2. Recommendation

2.1 The Governing Body is asked to:

- Note the key aspects of the refreshed planning guidance for 2018/19
- Agree the Financial Framework for 2018/19

Clinical Commissioning Group

- Note the financial allocation to the CCG
- Note the progress towards finalising a start revenue budget for 2018/19

3. Planning Guidance

3.1 In 2016, NHS England and NHS Improvement set out planning guidance, including contracts and improvement priorities, for the period from 2017 to 2019. At that time NHS England published CCG target allocations, revenue allocations for the two years 2017/18 to 2018/19 and indicative allocations for the two years 2019/20 to 2020/21. In March 2017 a budget for 2018/19, compiled at a controls total level in support of the CCG's operating plan for 2017/18 – 2018/19, was agreed by the Governing Body.

3.2 On 2 February 2018 NHS England published updated guidance for 2018/19 "Refreshing NHS Plans for 2018/19". On 8 February 2018 NHS England confirmed that additional funding for the NHS, over and above that indicated in the Spending Review 2015, is to be made available to NHS England and in turn resources available to CCGs will be increased by £1.4 billion nationally.

3.3 The expectation is that the additional resources to CCGs will be used to

- 3.3.1 purchase realistic levels of emergency activity
 - 3.3.1.1 allow for 2.3% growth in non-elective admissions and ambulance activity
 - 3.3.1.2 1.1% growth in A&E attendances
- 3.3.2 additional elective activity to tackle waiting lists
 - 3.3.2.1 RTT waiting list will be no higher in March 2019 than in March 2018 and where possible it should be lower
 - 3.3.2.2 Halve (nationally) by March 2019 the number of patients waiting over 52 weeks for treatment
 - 3.3.2.3 National planning assumption of 4.9% growth in total outpatient attendances (4% per working day) and up to 3.6% growth in elective admissions (2.7% per working day)
- 3.3.3 create universal adherence to the Mental Health Investment Standard and
- 3.3.4 support the commitment to reaching standards set for cancer services and primary care.

3.4 The additional resources to CCGs have been made available through

- 3.4.1 Removal of the requirement for CCGs to underspend their allocation by 0.5% in 2018/19 (circa £370 million nationally)
- 3.4.2 £600 million additional CCG allocations for 2018/19; distributed in proportion to target allocations.
- 3.4.3 Creation of a new £400 million Commissioner Sustainability Fund to enable deficit CCGs to return to in-year balance

3.5 There is no increase in CCG allocations for funding winter resilience plans

3.6 NHS England has updated CCG target allocations from those published in 2016; taking into account the latest GP registered lists and ONS population projections.

4. STP Footprint Planning Context and CCG Control Totals

For 2017-18 Lewisham CCG's financial position includes considerable cost pressures and the underlying financial position deteriorated by over £6m to be near breakeven.

Across SEL there are a number of NHS organisations that have severe financial pressures, and as a result, have not been able to deliver their financial targets for 2017/18. This includes Bexley CCG, Kings NHSFT and Lewisham and Greenwich Trust. Kings are in the *Financial Special Measures* regime overseen by NHS Improvement.

Under the Controlled Expenditure Process (CEP), which was introduced from April 2017 in SEL, the six SEL CCGs were collectively required by NHS England to achieve a "system control total" outturn position for the year. It is expected that this or similar will remain in place for future years. Consequently the SEL CCG's are continuing to work collectively to maximise savings and manage risk across SEL CCGs.

5. 2018/19 Budget and Contract Setting

We agreed two year contracts for 2017/18 and 2018/19 with our main NHS providers and refreshed our commissioning intentions in September 2017. We are currently working with providers to agree the required variations to these two year contracts to reflect those commissioning intentions, activity, pricing and efficiency adjustments and meeting the refreshed planning guidance.

The impact on QIPP savings and programme expenditure is covered elsewhere in this paper. However, it should be emphasised that the 2018/19 QIPP savings targets envisaged in 2017/18 are now significantly higher. This requires existing QIPP plans to be stretched further, new CCG led QIPP to be identified and a renewed effort on delivering savings collaboratively across SEL or parts of SEL. We are continuing to seek to identify further QIPP savings schemes and have increased the target from £18m to £20.3m for 2018/19. This represents a considerable challenge and risk to the CCG's financial position and will be challenging to obtain provider agreement for inclusion in contract variations.

The two year CCG control totals for SEL CCGs issued in November 2016 give an additional pressure for 2018/19 as SEL CCGs are required to collectively increase their in year surplus by £3.221 million. This is being discussed by SEL CCGs and no decision has been made to date. For the purpose of this paper the CFO has assumed that Lewisham will be expected to make a contribution to that increased surplus and has included an assumed contribution of £644k.

We are working on the draft financial plans and draft operating plan and the recently released new guidance. We have reviewed all budget areas and considered how we will

Clinical Commissioning Group

afford appropriate envelopes for acute, mental health, client groups and primary care 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. The 2017/18 budget paper advised the need to focus on expenditure reduction and “invest to save” opportunities, to achieve permanent change. This year the short term emphasis needs to be on expenditure reduction. This will inevitably mean considering and enacting difficult decisions, such as not renewing some service contracts when they expire, that might be unpopular with our public, our members, our staff and wider stakeholders, but nevertheless necessary.

In 2017/18 we invested in enhanced care and support services to support people at home or community settings, discharge to assess services to enable earlier discharges from hospital, primary care extended access to increase bookable GP appointment capacity, primary care urgent care streaming and mental health services in support of A&E systems.

6. Resources Available in 2017/18 and 2018/19 - Revenue Resource Limit (RRL or allocation), Target and Distance From Target (DfT)

- 6.1 The allocations included in the “Five Year Forward View” were issued in January 2016. This gave CCGs certainty of their budgets for 2016-17 and 2017-18, and a forecast for later years to 2020-21.
- 6.2 There was a financial reset in summer 2016, and the allocation for the CCG has not been changed as a consequence. There have been adjustments relating to changes in specialised commissioning identification (IR) rules, the introduction of HRG4+ and the move to market rents by NHS Property Services (NHSPS)
- 6.3 The rates of allocation increases for Lewisham CCG indicated over the two years period 2017/18 – 2018/19 are at the lowest of the five years and are due to increase in 2020. In 2017-18 Lewisham CCG received an uplift of 2.5%. This is lower than the London average of 4%, as we are deemed over our capitation target spend level by approximately 2%. For 2018-19 we were expecting to receive 2.59%. This increases to 3.7% in 2020-21.
- 6.4 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.
- 6.5 The available revenue resources consist of our notified recurrent revenue resource limit, a revenue resource limit for the delegated primary care functions, running cost allowance, and any non-recurrent sums notified by NHS England. The budget excludes anticipated allocations in respect of the national GP forward view to improve extended access to primary care which is anticipated as an additional and separate in year allocation in respect of Lewisham CCG’s GP Extended Access service.

6.6 The adjustments relating to changes in specialised commissioning identification rules (IR), the introduction of new prices based on HRG4+ and changes to NHS Property Services market rents that were made by NHS England in 2017/18 are repeated for 2018/19.

6.7 The CCG will receive funding growth of 2.59% on the programme allocation (adjusted baseline) for 2018/19, over the recurring revenue allocation for 2017/18 based on allocations published in January 2016. A further 0.80% (£3.377 million) will be received as a result of the additional funding announced for 2018/19 in the 2017 Autumn budget.

6.8 The additional funding increases our growth uplift from 2.59% to 3.42%. It will be helpful to support the CCG's requirement to purchase additional hospital activity and comply with the MHIS. It will not assist the closure of the CCG's considerable savings requirement for 2018/19.

6.9 Table 1 gives comparative allocations year on year of:

Table 1 Opening Resources 2017-18 to 2018-19 and Indicative for 2019-20 to 2020-21

Financial Year	2017-18	2018-19	2018-19	2019-20	2020-21
Allocation published in	Jan 2016	Jan 2016	Feb 2018		
	£000	£000	£000	£000	£000
Recurrent Allocation	415,400	426,168	426,168	436,494	452,470
Adjustment IR changes	-3,043	-3,091	-3,091	Made recurrent	Made recurrent
Adjustment HRG4+	-1,193	-1,212	-1,212	Made recurrent	Made recurrent
Adjustment NHSPS	-137	-137	-137	Made recurrent	Made recurrent
Adjusted Baseline	411,027	421,728	421,728		
In-Year Drawdown	650				
Additional Allocation	0	0	3,377	Made recurrent	Made recurrent
Final Allocation	411,677	421,728	425,105	436,494	452,470
Running Costs allocation	6,651	6,694	6,694	6,781	6,869
Primary Care Co-Commissioning	43,121	44,841	44,841	46,621	48,840
Total Opening Resources	461,449	473,263	476,640	489,896	508,179

Financial Year	2017-18	2018-19	2018-19	2019-20	2020-21
CCG Baseline Growth per January 2016 allocations – adjusted February 2018	3.0%	2.5%	3.4%	2.7%	3.7%
RCA Growth	1.7%	1.4%	1.4%	1.3%	1.3%
Primary Care Growth	3.6%	6.3%	4.0%	4.0%	4.8%

Financial Year	2017-18	2018-19	2018-19	2019-20	2020-21
	£000	£000	£000	£000	£000
Target Cumulative Surplus For Year including Drawdown	9,380	tbc	tbc	tbc	tbc
% of RRL	2.3%	tbc	tbc	tbc	tbc

6.10 Target surplus will be reset based on 2017/18 actual out-turn and other planning requirements

6.11 Allocations beyond 2018/19 are indicative only and based on growth rates published in January 2016 applied to allocations known for 2018/19.

6.12 Table 2 shows the revenue resource limit for each year. The opening revenue allocation for 2017-18 and 2018-19 has been reduced by £4.236m and £4.303m respectively for changes in specialised commissioning Identification Rules (IR) and the introduction of new national prices based on HRG4+. 2018/19 has further been reduced by £0.137m in respect of NHS Property Services market rents changes.

6.13 The total in-year allocation is therefore £476.640m (£481.080m less £4.440m) for 2018/19. This is the maximum expenditure for the year to enable the CCG to deliver a targeted in-year control total in 2018/19.

Table 2: Revenue Resource Limit for 2017-18 to 2018-19

	2017/18	2018/19	% change
	£000	£000	%
Programme Baseline Allocation	415,400	426,168	2.59%
Additional Allocation		3,377	0.80%
Recurrent Changes In-Year	-	-	
Primary Care Co-Commissioning	43,121	44,841	3.98%
Running Cost Allocation	6,651	6,694	0.65%
Total Notified Allocation	465,172	481,080	3.42%
Non Recurrent Allocations			
Other Non Recurrent allocations	(4,236)	(4,440)	
In-Year drawdown/(drawup)	650	-	
Non Recurrent Requirement	(4,585)	(4,811)	
Non Recurrent Return	4,585	4,811	
Marginal Rate Non Elective Collection	-	-	
Adjustment NHSPS	(137)		
Marginal Rate Non Elective Return	-	-	
Total Non-Recurrent Allocation	(3,586)	(4,440)	
Total In-Year Allocation	461,449	476,640	

6.14 Separate allocations are received for Programme expenditure and for CCG Running Cost Allowances (RCA). For 2018/19 the CCG's final baseline recurrent revenue resource limit is £476.640m, comprising £425.105m for Programme expenditure, £44.841m Delegated Primary Care and £6.694m for the CCG's running costs.

6.15 The NHS business rules state that the minimum requirement is a 1% cumulative surplus for CCGs. Lewisham CCG's forecast 2018/19 closing cumulative surplus will be in excess of 1% of adjusted baseline RRL. Existing NHS England planning

Clinical Commissioning Group

guidance indicated that CCGs should seek to reduce their surplus, through drawdown of funding (i.e. part of our surplus carried forward from year to year under Treasury rules) where surpluses are greater than 1%. This is to be applied over 2017/18 to 2019/20. The drawdown can be used non-recurrently to support transformation. NHS England authorised £0.65m draw down for the CCG in 2017/18. This draft budget makes no assumption about the availability of draw down in 2018/19.

6.16 The business rules also set out that CCGs must maintain a 1% reserve for non-recurrent pressures (c. £4m for Lewisham). In 2017/18 CCGs were able to commit expenditure against 50% of this 1% reserve. For 2018/19 CCGs may commit the full 1%. This has effectively released £2m in 2018/19 as additional resource relative to 2017/18.

6.17 Distance From Target

Table 3 shows the deemed distance from targeted allocation for the CCG. For CCG programme allocations Lewisham was deemed to be over target by 2.52% in 2016/17. By the close of 2018/19 this is expected to be 1.81% over target.

Table 3 Distance From Target

	2018/19
Updated 2017/18 closing Dft	2.07%
Registered population Oct 2017	327,824
Final per capita allocation	£1,278
Final per capita growth	1.96%
Final 2018/19 closing DfT	1.81%

7. Current Status of Expenditure Plans

7.1 The main planning assumptions in developing the start revenue budgets are outlined below and are in line with NHS England's Planning guidance:

- The CCG is required to plan for a 0.5% general contingency on a recurring basis. This equates to £2.38m
- For 2018/19 the CCG is no longer required to set aside 1.0% of its total programme allocation on a non-recurrent basis.
- The budgets include the impact of projected population (c.0.8%) and non-demographic growth (c.2%) against activity based contracts.

7.2 The CCG has little scope to invest in quality improvements and/or new activities. Instead the financial position requires a sharp and constant focus on expenditure reductions/efficiencies to achieve permanent change in the local health system. This requires some flexibility to vary contracts at relatively short notice and to have adequate risk mitigations. We have reviewed our contracts to identify opportunities

Clinical Commissioning Group

for re-commissioning at greater scale and impact or de-commissioning services that have come to the end of their contract.

7.3 The planning assumption in our financial plan maintained the 2017/18 surplus into 2018/19

7.4 A further assumption has been made that an in year surplus of £644k will be planned for, increasing the cumulative surplus by £644k.

8. Quality, Innovation, Productivity and Prevention Savings (QIPP)

8.1 The CCG's financial plan for 2018/19 requires a QIPP savings target of £20.3m (4.3%) to be delivered; and agreed.

8.2 A requirement of £20.3m is considered the minimum QIPP savings required to be delivered and stretch is required to mitigate under-delivery.

8.3 Identified QIPP plans totalling circa £11m for 2018/19 are reasonably well developed with detailed project implementation documents being prepared for challenge sessions with the Clinical and other Executive Directors.

8.4 However there is a significant amount, circa £9m, for which plans have either yet to be identified or have been identified but not yet agreed.

8.5 The challenge of £20.334m is almost double the forecast outturn for 2017/18 QIPP delivery. This illustrates the scale of the challenge to not only identify plans but to also deliver them.

9. Reserves, Risk and Risk Mitigation

9.1 The most significant risk to the CCG's financial position in recent years has been the growth in acute hospital non elective activity costs, the costs associated with delivering the A&E 4 hour standard and elective activity to meet the referral to treatment standards. This budget is based on 2017/18 out-turn activity plus estimates for population and non-demographic growth, including the planning assumptions per the NHS England planning guidance, before applying the impact of demand management plans.

9.2 Prescribing, which has delivered savings each year, is expected to continue at a lower than previous levels due to the impact of national price changes and QIPP plans.

9.3 We have seen some variability in the activity and cost associated with continuing healthcare placements in recent years and this is a focus for collaborative QIPP efforts across SEL CCGs.

9.4 Table 4 shows the planned reserves for 2018/19 and the opening reserves in 2017/18. The 2017/18 reserves started at £4.9m and were fully utilized in 2017/18 to

Clinical Commissioning Group

manage in year cost pressures and to meet additional in year investments against NHS priorities such as the urgent and emergency care pathway and A&E 4 hour standard. It should be noted that the only reserve included in the budget in 2018/19 budget is a 0.5% contingency equating to £2.383m.

9.5 The CCG’s capacity to manage in year risk is as a consequence significantly less than 2017/18, which was a year that required the full utilisation of higher reserves to manage in year pressures.

Table 4 Overall level of reserves 2017/18-2018/19

	2017/18	2018/19
	£000	£000
Set aside for Non recurrent pressures	2,077	0
General contingency 0.5 %	2,150	2,383
General risk reserve	0	0
Contract reserve	0	0
Approved drawdown of surplus	650	0
Total Reserves available	4,872	2,383
% of Total Budget	1.2%	0.5%

10. Budget Exclusions and Changes

10.1 The CCG’s published allocations and the draft budget excludes specialised services that are commissioned by NHS England. Separate work streams will determine the CCG allocations, budgets and financial implications if and when further commissioning responsibility is delegated by NHS England.

10.2 The Chief Financial Officer will report all budget changes to the Governing Body in year.

11. Next Steps

11.1 Work continues to refresh and refine the QIPP plan and draft budget in order to eliminate the current budget planning gap.

11.2 There are some specific areas of uncertainty, further work required and/or risk to the development and agreement of the budget:

- 11.2.1 The ability to agree acute contracts within budget assumptions
- 11.2.2 The ability to manage risk with the contract forms agreed
- 11.2.3 The ability to agree mental health contracts within budget assumptions
- 11.2.4 The identification and delivery of the QIPP requirement in full
- 11.2.5 The low level of reserves

11.3 In particular the following actions will be completed by the Executive management team:

Clinical Commissioning Group

- 11.3.1 Alignment of activity requirements with contracts and budgets through operating plan and associated NHS constitutional standard requirements
- 11.3.2 Proposals for the use of the £3.377 million additional resource allocation
- 11.3.3 Finalise proposals for MHIS
- 11.3.4 Continue to develop the local QIPP plan, collaborative QIPP plan and eliminate unidentified QIPPs
- 11.3.5 Review and eliminate any budgets that are duplicated, not required or overestimated
- 11.3.6 Work with other SEL CCGs to agree approach to meeting the SEL 2018/19 in year financial control total and allocation of CCG specific control totals
- 11.3.7 Agree 2018/19 contracts
- 11.3.8 Complete internal budget sign off by budget holders and Executive Directors
- 11.3.9 Present a draft budget to the Governing Body for approval

Tony Read
Chief Financial Officer
4th March 2018