



Briefing note for Kent County Council

Health Overview and Scrutiny Committee (HOSC)

Financial Recovery in east Kent 2017/18

Introduction

The four CCGs in east Kent have been working to contain expenditure over the year. As the year end progressed a key issue has been an “external determination process” which has sought to identify the correct payment to East Kent Hospitals University NHS Foundation Trust based on the activity for the year. The CCGs have now prepared their initial draft of the final accounts for this year. These accounts include the result of the determination process.

Whilst the specific contracting and accounting issues for the year have been important the health system as a whole has been working on plans for the future. These plans have been rooted in the Sustainability and Transformation Plan process and have concentrated on better ways of providing care out of hospital. Overall these plans have identified savings of approximately £55m across the four CCGs. The phasing of these savings depends on the work done in each CCG. A significant proportion of these savings are expected to be made by 2019/20.

Draft Accounts for 2017/18

The accounts prepared reflect the outcome of the external determination process. The process showed that improvement was needed in the way activity was recorded in the east Kent health system and set out arrangements for this to be done. The determination stated that the CCGs should be paying an additional £14m for 2017/18. This outcome so close to the year-end has had a significant impact on the financial position of the CCGs and the draft accounts show figures with an aggregate deficit for the four CCGs of £29m.

Savings achieved in 2017/18

The four CCGs have worked hard to successfully achieve savings in the year. The main areas of success have been:

- Drug spending
- Continuing Health Care
- Non-acute contracts

As set out above there has been substantial work on the development of care outside of hospital. Detailed plans for implementation have been a key element of the workload in the current year and will continue to be at the centre of work in 2018/19. External research work has

demonstrated that the Encompass model of local care in the Canterbury and Coastal area has delivered significant reductions in hospital usage.

Recovery Plan

The CCGs will pull together a recovery plan for 2018/19. This plan will have three key components:

1. **QIPP stretch targets** – this addresses the forecast under-performance in the current QIPP programme by supporting and challenging the project leads in the existing schemes to produce a higher financial return from the original agreed projections.
2. **Reduction in expenditure run rate** – this addresses the CCGs forecast commissioning and running costs with a focus on those areas that the CCG can control and affect by agreed management action.
3. **Commissioning spend reduction** – these address the remaining gap by looking at the full range of contractual levers in all sectors.

CCG governance to deliver savings

The four east Kent CCGs have commissioned a review of their governance structures to ensure that they can deliver financial recovery. This plan will ensure that staff resources are appropriately prioritised across QIPP and financial recovery projects.

Update on initiatives under consideration

The four east Kent CCGs are currently considering implementing a small group of savings schemes based on a Kent and Medway analysis of a list of initiatives that have been introduced elsewhere in the NHS.

They include:

Prescribing guidance for gluten free foods - Following the outcome of the national consultation on the availability of gluten free foods on prescription in primary care, the east Kent CCGs have confirmed their commitment to support the recommendation which is to retain a limited range of bread and mix products on prescription. This means that the following gluten free foods will no longer be available for prescribing: biscuits, cereals, cooking aids, grains/flours and pasta.

In vitro fertilisation (IVF) – The CCGs across Kent and Medway are currently working together to review provision of Assisted Reproductive Technologies, including IVF, for effectiveness, quality and equity of access as well as the impact of potential changes in line with national guidance and clinical evidence. This will be undertaken in the context of local priorities and limited resources. At present Kent and Medway provide up to two full cycles of IVF whereas the majority of CCGs now commission one cycle. A pre-consultation public engagement plan is currently being

developed. NHS South Kent Coast CCG has still to agree to the review and this will be considered by the governing body.

Direct Access Magnetic resonance imaging (MRI) – Direct GP Access to MRI scans for orthopaedic conditions is being reviewed as part of the work to redesign musculoskeletal conditions (MSK) pathways in east Kent. This review has been clinically driven and will set clear diagnostic pathways for MSK related conditions.

Conclusion

The east Kent CCGs have prepared financial plans for 2018/19 which are currently with NHS England. The achievement of these plans will be challenging. The main emphasis of the recover process is based on the implementation of local care in line with the Kent and Medway Sustainability and Transformation Plan (STP).