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## **CCG Financial Recovery Plans**

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Patient focused,  
providing quality,  
improving outcomes

## Introduction

- 1.1. The CCG financial plan agreed with NHS England in 2016/17 was to achieve a surplus position of 1 per cent (£5.6m), which was in accordance with the national financial framework for all CCGs. Annual budgets were established on this basis.
- 1.2. During the financial year, certain elements of the CCG budget have performed in excess of these agreed plans – specifically in Acute Hospital Care, and Continuing Care. The reasons for these adverse variances are multi-factorial, as follows:
  - 1.2 a) **Acute hospital care** – activity and spend levels has been significantly in excess of planned levels, both in the NHS sector and with Independent Sector providers. Within the NHS, and specifically Maidstone & Tunbridge Wells NHS Trust, it has been a combination of high levels of urgent care activity throughout the year and aspects of planned care activity – especially outpatient appointments. Within the Independent Sector, planned care activity and cost has significantly exceeded plans.
  - 1.2 b) **Continuing Care** – the principal reason for over spend in this area has been driven by a national directive to increase the rate payable to care homes (Funded Nursing Care). This was advised to all CCGs in the early part of 2016/17, but was not anticipated during budget setting. The cost of this directive to NHS West Kent CCG was approximately £2.5m.
- 1.3. It is in this context that the CCG has considered the means by which these excess costs may be managed in order to comply with the financial control total that has been agreed with NHS England. The attached Governing Body **Financial Recovery Plan** paper was considered by the CCG Governing Body in December 2016.
- 1.4. It is essential that the CCG does all it can to achieve the surplus in 2016/17 in order to avoid a resultant cost pressure next year as well as the additional scrutiny and reputational risk that accompanies failure to achieve planned surplus levels. The actions being taken by the CCG should be seen as preventative and geared toward the avoidance of even more significant impacts for service that might otherwise be necessary during the coming year.

## 2. Recovery Plan

- 2.1. In December 2016, the Governing Body was invited to consider additional measures that may be taken, some for immediate implementation, and some for further consideration and possible implementation in 2017/18, when the financial challenge for the NHS generally and NHS West Kent CCG will be similarly challenging.

- 2.2. The actions to be taken during the final quarter of 2016/17 were intended to bring excess and unplanned activity and financial performance back toward the initial plans for the CCG and to do so in a manner that ensures that patients whose need for treatment is most essential (for example, those on a cancer pathway, or who are otherwise designated as urgent by a clinician) continue to receive timely treatment. The Governing Body supported these recommendations in full.
- 2.3. Three measures were agreed for immediate implementation so as to address the 2016-17 financial position and these have all been implemented. All the other measures raised in the Governing Body paper are under active consideration and could only be implemented following further work and consideration of engagement or consultation.

<b>Immediate Implementation</b>	2016/17 PYE £000
a) Compliance with criteria	375
b) Reduction in non-urgent surgery	3,200
c) Male and Female sterilisation	30
Grand total	3,605

- 2.4. The CCG does not assess these three changes as service changes appropriate for consultation. The number of patients affected by the change of approach on sterilisation is relatively small and access to these services is still possible through the CCG's **Individual Funding Requests** Panel route. The approach to delaying some patients' treatments is not a service change. It means that some patients whose need is less urgent may have to wait a little longer for treatment while more urgent cases are dealt with. The approach to compliance with criteria is only an exercise in holding providers to account to work within agreed policies and contracts.
- 2.5. The number of patients affected by these measures is difficult to assess. Item a), compliance with criteria, will not affect patients but only affect payments to providers and item c), sterilisation, relates to around 300 patients per year. The number of patients whose treatment will have been delayed through item b) has been much affected by the A&E pressures at MTW which have led to elective surgery cancellations. In the middle of February we would estimate that at the end of March (when this initiative ends) the number of patients whose treatment may have been delayed by some days or weeks will be between 1,500 and 1,800.

### 3. **Current Situation**

- 3.1. As at the end of January, and based upon presumed successful implementation of the Governing Body decisions, the planned financial target is still achievable, although there are a large number of variables that will finally affect the eventual position.

#### 4. **Next Steps**

- 4.1. The financial framework for the CCG during the next two years, 2017-19, are expected to be more challenging. The overall growth uplift for the NHS is lower than previous years, and the needs and expectation of the service are expected to grow. Therefore the local NHS needs to continue to examine ways in which the finite resource available can be deployed in a manner that delivers the best possible value for the taxpayer. This is the context for the wider strategic discussion across Kent & Medway (STP – Strategic Transformation Plan).
- 4.2. The CCG is assessing any savings opportunities in the areas outlined in the December Governing Body paper and specific proposals are under development. Any substantive proposals will be the subject of appropriate engagement and any substantive service change proposals will be considered only in the context of appropriate consultation.