

**GOVERNING BODY MEETING** held in public

**27 April 2016**

**Agenda Item 1.5**

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<b>Paper Title</b>	<b>Chief Officer Report</b>
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**APPENDIX A**

**CCG Budgets: Allocation Growth**



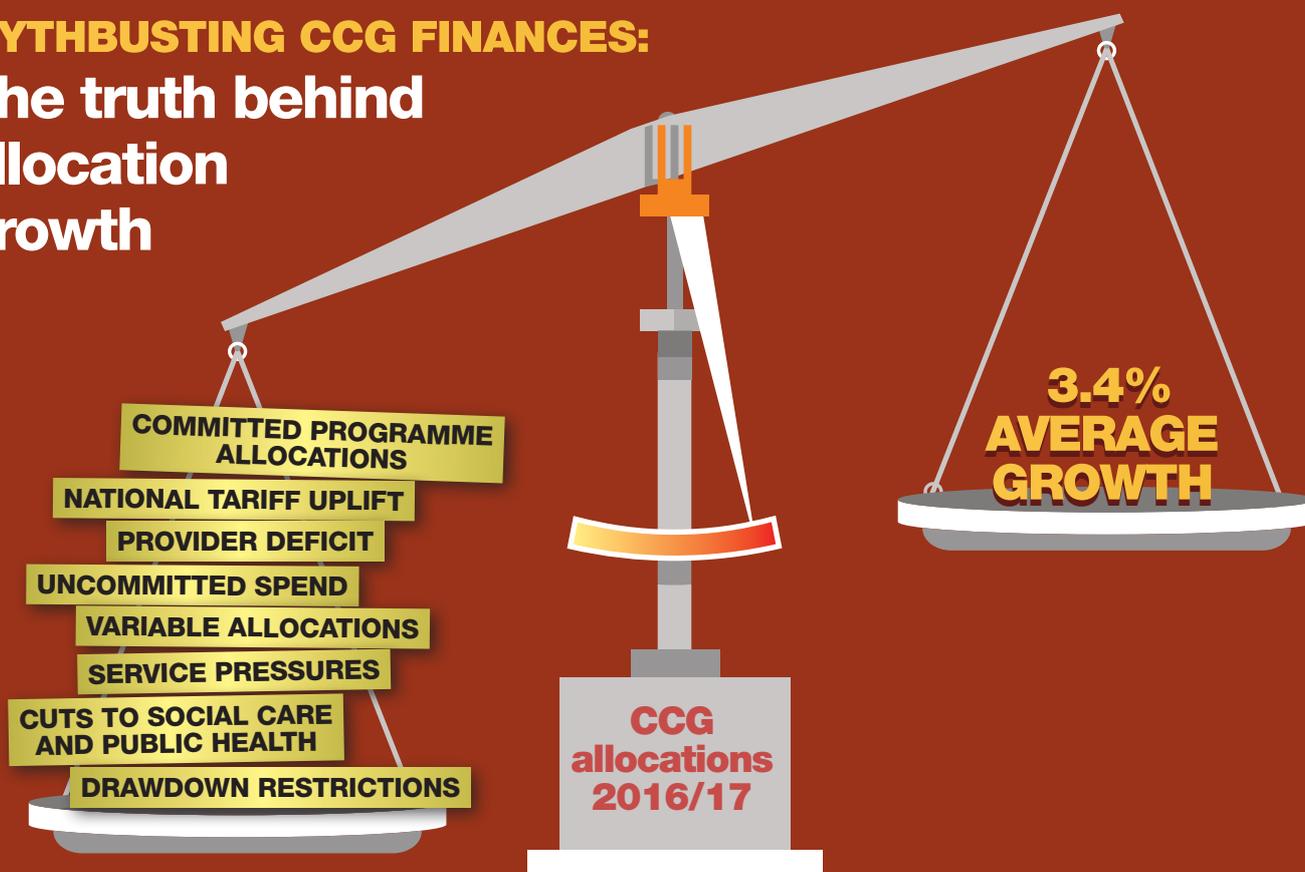
While the average CCG's budget grew by 3.4% in 2016/2017, this hides the fact that there are a number of existing and new pressures on CCGs that will make it difficult to sustain services locally and deliver transformation. The messages below illustrate the strain on CCG finances and why many may struggle to balance their budgets for the first time.

# NHS Clinical Commissioners

The independent collective voice of clinical commissioning groups

## MYTHBUSTING CCG FINANCES:

### The truth behind allocation growth



#### COMMITTED PROGRAMME ALLOCATIONS

CCGs are required to contribute to a number of existing programmes out of their core budgets, such as the Better Care Fund, Child and Adolescent Mental Health Services, and GP IT.

#### NATIONAL TARIFF UPLIFT

Tariff prices, or the fees CCGs pay for certain services, will increase this year by up to 1.8%.

#### PROVIDER DEFICIT

The provider deficit, which is predicted to reach at least £2.8bn, means that CCGs will have to dedicate more of their resources to sustaining rather than transforming the current health and care system.

#### UNCOMMITTED SPEND

CCGs are required to put 1.5% of their budgets aside as contingency to buffer against costs and/or risks, of which some must be held in aggregate across an STP area. In some cases, this amounts to the entirety of a CCG's growth.

#### VARIABLE ALLOCATIONS

Average CCG growth of 3.4% does not reflect variation locally. Whilst some areas will receive greater increases, many will receive substantially less, worsening the effect various pressures will have.

#### SERVICE PRESSURES

- Allocation regulations require CCGs to increase their investment in certain areas of care regardless of local circumstances, meaning that CCGs have less flexibility in how to allocate their budget to best meet local differences.
- While the new funding formula brings some investment into primary care, the sustainability of many primary care providers remains challenging.
- CCGs are committed to doing more to help patients with mental illness. The government's targeted investment in mental health is subsumed within allocations, making it difficult to clearly identify the amount available for specific services.
- New continuing health care claims are taking an increasing proportion of commissioner budgets, which places additional strain on CCG resources.

#### CUTS TO SOCIAL CARE AND PUBLIC HEALTH

Reduced government spending on social care and public health will create more pressure on the health service.

#### DRAWDOWN RESTRICTIONS

CCGs are required to deliver surpluses of at least 1%, and those with surpluses greater than 1% have been planning to 'draw down' the additional money to support local services. Access to this money has been severely restricted, which will significantly impact CCG plans.