

GOVERNING BODY MEETING

27 April 2016

Agenda Item 3.1

Paper Title	2016/17 Financial Plan
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Purpose of paper / report

To provide the Governing Body with a summarised overview of NHS Eastern Cheshire Clinical Commissioning Group's (ECCCG's) Financial Plan for 2016/17.

Outcome Required:	Approve	<input checked="" type="checkbox"/>	Ratify		Decide	<input checked="" type="checkbox"/>	Endorse		For information	
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Recommendation(s)

The Governing Body is asked to consider and approve the:

- 2016/17 Financial Plan with an agreed planned deficit of £3.853m.

In approving the plan, the Governing Body is aware that:

- £9.7m of Quality, Improvement, Productivity and Prevention (QIPP) is required to deliver the planned deficit.
- Significant risk of not delivering £9.7m QIPP in year (estimated £3.1m non delivery).
- 2016/17 forecast outturn deficit is likely to be between £3.8m - £6.9m.

Benefits / value to our population / communities

The report outlines the 2016/17 Financial Plan and provides transparency on the challenges being faced by ECCCG in commissioning services and remaining within its financial resources.

Key Implications of this report – please indicate

Strategic	<input checked="" type="checkbox"/>	Consultation & Engagement	<input checked="" type="checkbox"/>
Financial	<input checked="" type="checkbox"/>	Equality	<input checked="" type="checkbox"/>
Quality & Patient Experience	<input checked="" type="checkbox"/>	Legal / Regulatory	<input checked="" type="checkbox"/>
Staff / Workforce		Safeguarding	

Governing Body Assurance Framework Risk Mitigation:

This paper supports the continued progress in managing the risks associated with:
 1) GBAF22 NHS Eastern Cheshire Planned 2016/17 Financial

Report Author	Contributors
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Date of Report	21 April 2016

2016 /17 Financial Plan

1. Executive Summary

- 1.1 This report provides an overview of NHS Eastern Cheshire Clinical Commissioning Group's (ECCC CG's) 2016/17 Financial Plan for the Governing Body. The Financial Plan underpins the delivery of ECCC CG's strategic objectives and intentions as defined within the Plan on a Page.
- 1.2 The 2016/17 financial year is set to be a challenging year for ECCC CG. The Financial Plan, as summarised in **Table One-A**, predicts a forecast annual deficit of circa £3.8m including the requirement to deliver a Quality Innovation, Productivity & Prevention (QIPP) reduction of £9.7m.

Table One-A: NHS Eastern Cheshire Clinical Commissioning Group's (ECCC CG's) 2016/17 Financial Plan Summary			
Category	Income £000s	Spend £000s	(Surplus) / Deficit £000s
15/16 Forecast Outturn	(243,837)	242,424	(1,413)
Less Non Recurrent	2,166	(2,778)	
Plus 15/16 Full Year Effect		3,674	
15/16 Underlying Position	(241,671)	243,320	1,649
16/17 Additional Spend			
Primary Care (tfr)	(25,564)	25,564	
Recurrent	(7,513)	17,290	
QIPP		(9,660)	
Non Recurrent (15/16 Surplus)	(1,413)	3,500	
16/17 Financial Plan	(276,161)	280,014	3,853

- 1.3 Throughout the 2016/17 financial planning submission process, NHS England has been actively engaged in reviewing and impelling ECCC CG in setting its Plan at the current deficit of £3.853m. Whilst this is an indicative Plan, the in year position is likely to be up to circa £3m worse than the planned deficit. This reflects the phasing associated with the implementation of the QIPP schemes. **Table One-B** provides an overview of the position from NHS England's perspective on what our planned deficit should be set at versus the current Plan and likely outturn.
- 1.4 NHS England has appointed PricewaterhouseCoopers to undertake an independent assessment on our Financial Plan (Phase 1) along with Phase 2 which assesses the capability and capacity of ECCC CG, all of which is part of the Special Measures guidance for CCGs. It is unclear as to how the results will be used by NHS England in

reviewing our plans, although initial conclusions with PWC have highlighted a range of risks not too dissimilar to those identified by ECCCCG as part of its Financial Plan submission.

- 1.5 The proposed deficit of £3.853m is currently not approved by NHS England and discussions remain ongoing. It is likely that further submissions will be required and as such the Governing Body is asked to consider approving the current planned deficit of £3.853m, acknowledging that there is high probability of a £3m risk associated with the delivery of QIPP. This would result in a 2016/17 estimated outturn position up to circa £6.9m deficit.
- 1.6 The drawdown reflects the movement from the 2015/16 surplus of £1.4m to the planned deficit for 2016/17 and is an indicator that is used by NHS England.

Table One-B: NHS Eastern Cheshire Clinical Commissioning Group's (ECCCCG's) 2016/17 Financial Plan Options			
Category	NHS England Preferred Plan	NHS England / ECCCCG Plan	ECCCCG Deliverable Plan
	£000s	£000s	Plan £000s
Income	(276,161)	(276,161)	(276,161)
Expenditure			
Spend	289,674	289,674	289,674
QIPP	(11,913)	(9,660)	(6,644)
Sub Total	277,761	280,014	283,030
Deficit/Surplus	1,600	3,853	6,869
Drawdown	3,013	5,266	8,282

2. Recommendation(s)

- 2.1 The Governing Body is asked to consider and approve the:
- 2016/17 Financial Plan with an agreed planned deficit of £3.853m.

In approving the Plan, the Governing Body is aware that:

- £9.7m of QIPP is required to deliver the planned deficit.
- Significant risk of not delivering £9.7m QIPP in year (estimated £3.1m non delivery).
- 2016/17 forecast outturn deficit is likely to be between £3.8m - £6.9m.

3 Reasons for Recommendation(s)

- 3.1 The recommendations highlight ECCCG's assumptions and actions required in discharging its financial duties in 2016/17.

4 Peer Group Area / Town Area Affected

- 4.1 This relates to all of NHS Eastern Cheshire geographical areas.

5 Population affected

- 5.1 This relates to all of NHS Eastern Cheshire population.

6 Context

- 6.1 The 2016/17 Financial Plan is prepared by the Chief Finance Officer to ensure the Governing Body is informed and where necessary takes appropriate decisions concerning the setting of ECCCG's Financial Plan.

7 Finance

- 7.1 Not applicable.

8 Quality and Patient Experience

- 8.1 Not applicable.

9 Consultation and Engagement (Public/Patient/Carer/Clinical/Staff)

- 9.1 Not applicable.

10 Health Inequalities

- 10.1 Not applicable.

11 Equality

- 11.1 Not applicable.

12 Legal

- 12.1 Not applicable.

13 Communication

- 13.1 Communication with the public and other interested parties via the publication of the 2016/17 "Draft" Financial Plan paper on ECCCG's website.

14 Background and Options

- 14.1 Not applicable.

15 Access to further information

15.1 For further information relating to this report contact:

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16 Glossary of Terms

CHC	Continuing Healthcare
ECCCCG	NHS Eastern Cheshire Clinical Commissioning Group
ECT	East Cheshire Trust
QIPP	Quality, Innovation, Productivity and Prevention
PWC	PricewaterhouseCoopers

17 Appendices

Appendix A	Click here for 2016/17 Financial Plan
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Prior Committee Approval / Link to other Committees	
Not applicable	

CCG 5 Year Strategic Plan programme of work this report is linked to <input checked="" type="checkbox"/>			
Caring Together	<input checked="" type="checkbox"/>	Quality Improvement	<input checked="" type="checkbox"/>
Mental Health & Alcohol		Other	

CCG 5 Year Strategic Plan ambitions addressed by this report <input checked="" type="checkbox"/>			
Increase the number of our citizens having a positive experience of care	<input checked="" type="checkbox"/>	Increase the proportion of older people living independently at home and who feel supported to manage their condition	<input checked="" type="checkbox"/>
Reduce the inequalities in health and social care across Eastern Cheshire		Improve the health-related quality of life of our citizens with one or more long term conditions, including mental health conditions	
Ensure our citizens access care to the highest standard and are protected from avoidable harm	<input checked="" type="checkbox"/>	Secure additional years of life for the citizens of Eastern Cheshire with treatable mental and physical health conditions	
Ensure that all those living in Eastern Cheshire should be supported by new, better integrated community services	<input checked="" type="checkbox"/>		

CCG Operational Plan 2015/16 programme of work this report links to <input checked="" type="checkbox"/>			
Integrated Care	<input checked="" type="checkbox"/>	Specialist & Direct Care	<input checked="" type="checkbox"/>
Systems Resilience	<input checked="" type="checkbox"/>	Continuous Quality Improvement	
Duty of Care			

CCG Values supported by this report – please indicate <input checked="" type="checkbox"/>			
Valuing People		Innovation	<input checked="" type="checkbox"/>
Working Together		Quality	
Investing Responsibly	<input checked="" type="checkbox"/>		

NHS Constitution Values supported by this report – please indicate <input checked="" type="checkbox"/>			
Working together for patients		Compassion	
Respect and dignity		Improving lives	