

**NHS BOLTON CLINICAL COMMISSIONING GROUP**  
**Public Board Meeting**

**AGENDA ITEM NO: .....9(ii).....**

**Date of Meeting: ...23<sup>rd</sup> March 2018.....**

<b>TITLE OF REPORT:</b>	Financial Plan 2018/19	
<b>AUTHOR:</b>	Ian Boyle/Claire Donovan	
<b>PRESENTED BY:</b>	Ian Boyle, Chief Finance Officer	
<b>PURPOSE OF PAPER: (Linking to Strategic Objectives)</b>	To inform the Board of the Financial Plan for 2018/19, notify of the associated risks and seek approval.	
<b>LINKS TO CORPORATE OBJECTIVES (tick relevant boxes):</b>	Delivery of Year 2 Locality Plan.	
	Joint collaborative working with Bolton FT and the Council.	
	Supporting people in their home and community.	
	Shared health care records across Bolton.	
	Regulatory Requirement	√
Standing Item		
<b>RECOMMENDATION TO THE BOARD: (Please be clear if decision required, or for noting)</b>	<ol style="list-style-type: none"> <li>1. Approve the Financial Plan 2018/19.</li> <li>2. Support the £7.1m recurrent QIPP programme for 2018/19.</li> <li>3. Note that a further QIPP update will be provided to Board in April providing further detail of the delivery and strategy.</li> <li>4. Note the level of risk identified within the Financial Plan and the process put in place by the Executive to review scenarios.</li> </ol>	
<b>COMMITTEES/GROUPS PREVIOUSLY CONSULTED:</b>	<p>The CCG Executive has discussed and supports the recommendations to the Board.</p> <p>The CCG Finance &amp; QIPP Committee has discussed and supports the recommendations to the Board.</p> <p>The Board has been kept up to date on financial plans and the QIPP target required.</p>	

<b>VIEW OF THE PATIENTS, CARERS OR THE PUBLIC, AND THE EXTENT OF THEIR INVOLVEMENT:</b>	Views of stakeholders will be obtained as part of the CCG commissioning plans.
<b>EQUALITY IMPACT ASSESSMENT (EIA) COMPLETED &amp; OUTCOME OF ASSESSMENT:</b>	An EIA assessment is not required necessary for the report.

# **BOLTON CCG – FINANCIAL PLAN 2018/19**

## **1. Introduction**

The CCG is required to refresh its operational plan for 2018/19 and prepare detailed revenue budgets for the forthcoming financial year.

This paper sets out the following:-

1. The high level financial performance framework.
2. Summary budgets.
3. The required level of savings to be delivered through the CCG's Quality Innovation Productivity and Prevention (QIPP) programme.

The CCG will receive a further allocation for Transformation Funding, however this is excluded from the paper and planning assumptions are being dealt with separately.

## **2. Financial Performance Framework**

The CCG is required to deliver the following business rules:

- Deliver in year break even position.
- Hold a contingency of at least 0.5% to manage in year pressures and risks;
- Not to exceed the recurrent running cost allowance of £6,302k in 2018/19;
- Not exceed a 1.25% cash balance at year end; and
- Comply with the Better Payments Practices Code.

CCG financial plans have been formulated to ensure that these requirements are met. In addition, the following strategic financial objectives set for 2017/18 continue to be in place for 2018/19:

- Deliver financial balance across the Bolton health economy by working in close partnership with our main providers, in particular Bolton Foundation Trust;
- Support the delivery of the Locality Plan;
- Identify local funding sources for transformation; and
- Alignment of financial incentives within the system using Aligned Incentives Contracting
- Support development of the Integrated Care System and the Strategic Commissioning Function.

The planning guidance for CCG's for 2018/19 indicated clear requirements in respect of delivery of additional activity and of patient waiting times for planned care. Offers have been made to all the CCG's main providers, including BFT, in response to national parameters, and the financial consequences of these offers is accounted for below.

## **3. Summary Budgets**

The opening forecast revenue position for 2018/19 is summarised in Table 1 below. This shows that the CCG needs to deliver efficiencies through its QIPP programme of £7.1m in 2018/19.

**Table 1: Overall Forecast Revenue Position 2018/19**

	<b>£m 2018/19</b>	
<b>Revenue Resources Available for 2018/19</b>	<b>460.4</b>	(See Table 2)
Opening Expenditure Budgets	460.1	} <b>£465.2m</b> (See Table 3)
Required Investments & Pressures	5.1	
NHS E mandated 0.5% contingency	2.3	} (See Section 6)
<b>Total Expenditure before QIPP delivery</b>	<b>467.5</b>	
<b>Required QIPP Programme</b>	<b>(7.1)</b>	(See Section 7)

#### 4. Revenue Resources Available

The CCG has been notified of a total revenue allocation of **£460.4m** in 2018/19 analysed in Table 2 below:-

**Table 2: Total Revenue Resources Available 2018/19**

	<b>£m 2018/19</b>	
Opening Recurrent Baseline	440.6	
Growth	13.3	
Non-recurrent adjustments	0.2	
Running Cost Allowance	6.3	
<b>Total Resources available</b>	<b>460.4</b>	(See Table 1)

#### 5. Expenditure Budgets

The CCG's opening recurrent expenditure budgets are **£465.2m** in 2018/19. Details are shown in Table 3 below.

**Table 3: Expenditure Budgets including Investments & Pressures**

	<b>£m 2018/19</b>	
Acute Services	219.4	
Community Services	68.6	
Mental Health	40.8	
Learning Disabilities	5.2	
Other Healthcare Contracts	5.9	
Prescribing	51.4	
Primary Care	10.6	
Primary Care Co-Commissioning	41.0	
Continuing Healthcare	14.7	
Corporate Costs – running costs	6.3	
Corporate non – running costs	1.3	
<b>Total Expenditure Budgets</b>	<b>465.2</b>	(See Table 1)

The Board should note that these are opening budgets and will need to be adjusted during the year to take account of the impact of QIPP schemes and other approved changes.

Strategic commissioning discussions remain ongoing at this time which will determine the level of investment across the expenditure budgets, the quantum of reserves and contingencies held for the financial year.

6. Risk Reserves

The CCG has set aside £2.3m in 2018/19 to ensure delivery of statutory and performance duties. This relates to the 0.5% uncommitted non-recurrent reserve for system risk.

At the time of writing, the CCG is concluding contractual negotiations with all providers. Until these negotiations are finalised, it is difficult to quantify further levels of reserves that the CCG will be able to set aside. The Governing Body will receive an update on the full quantum of reserves at the April meeting. Reserves will then be reported monthly through the Finance & QIPP Committee.

7. Required QIPP Programme

The CCG will need to deliver a QIPP programme of £7.1m in 2018/19. The initial QIPP plan is set out in Table 4 below and will be achieved through commissioning plans, risk management and medicines optimisation. A detailed programme of work is underway to fully identify the QIPP target and finalise figures for each scheme. A detailed paper will be brought to the board in April.

**Table 4: CCG QIPP Plan 2018/19**

	<b>£m 2018/19</b>
Transactional Schemes	2.9
Transformational Schemes	2.7
Unidentified QIPP	1.5
<b>Grand Total</b>	<b>7.1</b>

In addition, as the CCG and Bolton FT move into the third year of the Aligned Incentive Contract, a joint savings programme is being developed to achieve system savings which will support clinical and financial sustainability.

8. Financial Risk

An evaluation of CCG financial risks has been undertaken. Table 5 below shows the risk areas, probability, value and mitigation in place to manage the risk. These will be closely monitored during the year.

**Table 5: Evaluation of Financial Risks**

<b>Risk</b>	<b>Gross Value £m</b>	<b>H/M/L</b>	<b>Net Value £m</b>	<b>Mitigating Actions</b>
Acute Performance Issues	10.00	M	5.00	Alternative contract agreed for a third year with Bolton FT. Activity linked with financial programme meaning that commissioning intentions can be transacted into the contract and monitored effectively.
Failure to control prescribing spend and deliver efficiency	2.00	M	1.00	Bolton Quality Contract continues into a fourth year and medicines management QIPP programme established. Regular monitoring in place.
Increased costs of Continuing Health Care	2.00	M	1.00	Increase in patients eligible for CHC/PHB's. Implementation of personalisation and choice on a wider proportion of patients.
Increased costs of Estate following review of costs by NHS Property Services and CHP	1.60	M	0.80	Health Economy Estates Strategy Group in place.
MH/LD high cost placements.	4.00	M	2.00	Risk of additional high cost Out of Area Placements. Risk reserve to be established.
Running costs	0.40	M	0.20	Failure to deliver non-recurrent efficiency savings through Corporate Budgets
Unidentified QIPP	1.50	H	1.50	QIPP monitoring meetings have been established and Clinical Leads assigned where appropriate.
<b>Total</b>	<b>21.50</b>		<b>11.50</b>	

The executive team and members of the Finance & QIPP Committee will review the level of financial risk every month and review the full range of financial scenarios to ensure mitigations are in place and keep the Board fully apprised of the forecast outturn.

#### 9. Action Requested

The CCG Board is asked to:

1. Approve the Financial Plan 2018/19.
2. Support the £7.1m recurrent QIPP programme for 2018/19 to be delivered through a combination of cost reduction and risk management.
3. Note that a further QIPP and reserves update will be provided to Board in April providing further detail of the delivery and strategy.
4. Note the level of risk identified within the Financial Plan and the process put in place by the executive to review scenarios.

**Ian Boyle**  
**Chief Finance Officer**