

Thurrock NHS Clinical Commissioning Group
2014/15 – 2018/19 Operational and Strategic Planning

Progress Update

1. Introduction

1.0 This paper provides the Board with an update on the planning process for the five-year period 1st April 2014 to 31st March 2019, and the progress made since the last report in January. The background and planning guidance underpinning this was summarised in the report presented in January.

1.1 Since the update provided to the Board in January, CCG Running Cost Allowances (RCA) have now been published for the five-year planning period. The values for the CCG are as shown in Table 1, and these have been adjusted for population change based on the Office of National Statistics latest available population projections. The expected 10% reduction in 2015/16 has also been reflected. Taking account of population growth, the RCA per head are:

2013/14 £25.00
2014/15 £24.73
2015/16 £22.07 – indicative
2016/17 £21.88 – indicative
2017/18 £21.70 – indicative
2018/19 £21.53 – indicative

1.2 Indicative CCG Programme Allocations have also now been published for Years 3 to 5 of the planning round to support CCGs in their financial planning and these are also reflected in Table 1.

1.3 It should be noted that NHS England have developed a CCG Allocations Policy that aims to move CCGs from a 'quantum funding' uplift to a 'funding per capita' basis. This is new formula is deemed to be fairer and more equitable as it balances the three main factors in healthcare needs: population growth, deprivation, and the impact of an ageing population. A pace of change, moving CCGs from their actual allocation shares to their target allocation shares is then applied, recognising the need to address underfunding whilst not destabilising health economies.

1.4 The allocations indicated in Table 1 imply that the CCG's allocation per head in 2014/15 is £1,090 against a closing target of £1,079 hence a distance from target (DFT) of 1.02%. In 2015/16, the allocation per head (excluding BCF) is £1,097, against a closing target allocation of £1,092 resulting in a DFT of 0.44%. For context, the 2015/16 Closing DFTs for Essex CCGs ranges from -5.21% to +2.84%. Similarly, the uplift in allocations for the CCG together with the range for Essex CCGs are as follows:

2016/17 2.28% (Essex range from 1.78% to 3.20%)
2017/18 2.26% (Essex range from 1.70% to 2.63%)
2018/19 2.23% (Essex range from 1.70% to 2.63%)

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Actual CCG allocations will be notified to CCGs for 2016/17 to 2018/19, during the second half of 2015/16, so the above information is indicative but should aid CCG financial planning.

2. Financial Planning

- 2.0** The first draft of the financial plan was shared at the last board and submitted to the Local Area Team of NHS England on the 31st January. The plan has been refined further as additional information becomes available and also in the light of initial feedback received.
- 2.1** The first formal submission was made on 14th February to the National, Regional and Local Area Offices of NHS England, including the Operational Plan, BCF Plan and Activity Plan in line with the national time-table. The updated financial plan is depicted in Table 1 below, and it reflects the allocations that have been confirmed. The detail underpinning the plan and current assumptions were shared at Finance Committee on the 18th February. A summary of the Operational Plan is also attached as a separate paper.

Table 1

Thurrock NHS Clinical Commissioning Group

NHS THURROCK CCG						
2014/15 - 2018/19 DRAFT FINANCIAL PLAN						
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
	Forecast	Plan	Plan	Plan	Plan	Plan
	£000s	£000s	£000s	£000s	£000s	£000s
Allocation:						
Programme Allocation	180,498	183,333	190,061	191,324	195,649	200,013
Running Cost Allocation	4,100	4,121	3,727	3,746	3,766	3,785
Revenue Resource Limit	184,598	187,454	193,788	195,070	199,415	203,798
Expenditure:						
Acute Services	103,501	104,669	105,925	106,984	108,482	110,001
Mental Health	18,769	18,703	18,927	19,117	19,384	19,656
Community Services	20,165	20,583	20,830	21,039	21,333	21,632
Continuing Health Care	7,181	6,643	6,843	7,048	7,259	7,477
Prescribing & Primary Care	25,335	26,474	27,798	29,188	30,647	32,179
Other	3,512	3,651	3,761	3,836	3,913	3,991
Running Costs	3,883	4,121	3,727	3,746	3,766	3,785
Contingency, Reserves & Non-Recurrent Headroom	474	9,417	6,667	6,800	6,936	7,075
Better Care Fund			2862	2862	2862	2862
Total Expenditure	182,819	194,261	197,339	200,619	204,582	208,657
QIPP Required		(8,682)	(5,489)	(7,500)	(7,161)	(6,897)
Surplus	1,779	1,875	1,938	1,951	1,994	2,038
QIPP Required (as a % of Programme Allocation)		4.7%	2.9%	3.9%	3.7%	3.4%
Surplus (as a % of Revenue Resource Limit)	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%

3. Contract Negotiations and QIPP

3.0 NHS Contracts are still being negotiated and are expected to be signed by 28th February 2014. QIPP Plans are being developed by Commissioning Officers working closely with QIPP Lead Clinicians and other CCG and CSU staff. Proposed schemes agreed by the QIPP Committee have been shared with Providers in order to be factored into the finance and activity models. Finally agreed metrics will be reflected within the contract schedules, with the CCG Finance Plan updated in the light of the outcomes of contract negotiations.

3.1 The current QIPP requirement for 2014/15 is £8.62m; of which £7.3m have been identified as shown in Table 2 below. Commissioning Officers are developing plans to cover the current shortfall of £1.3m with further schemes also identified to cover slippage in project implementation and delivery. A stock take on the position regarding QIPP Planning will be undertaken by the QIPP Committee at their next meetings of 27th February and 6th March to ensure that there are detailed plans underpinning the programme, which will be monitored by the PMO.

Table 2 – 2014/15 QIPP Programme Summary

Work stream	Savings
Planned care	£2.2m
Unplanned care	£1.6m
Paediatrics	£0.3m
Mental health	£1m
Medicines management	£1.3m
Other schemes	£0.9m
Total	£7.3m

4. Planning Time Table

NHS England’s planning guidance stipulates the timelines for the production of the required plans and remains as follows:

Activity	Deadline
First submission of plans	14 February 2014
Contracts signed	28 February 2014
Refresh of plan post contract sign off	5 March 2014
Reconciliation process with NHS TDA and Monitor	From 5 March 2014
Plans approved by Boards	31 March 2014
Submission of final 2 year operational plans and draft 5 year strategic plan	4 April 2014
Submission of final 5 year strategic plans Years 1 & 2 of the 5 year plan will be fixed per the final plan submitted on 4 April 2014	20 June 2014

A full report on the Operational and Financial Plan will be presented to the Board at its meeting of 26th March for sign off, prior to the commencement of the 2014/15 financial year.

5. Conclusion

The board is asked to note the planning process and progress made thus far.