

1. PURPOSE

To inform HWB Board members on the Financial situation of the Clinical Commissioning Group (CCG).

2. RECOMMENDATIONS

That the Board:

- **Note the situation for the current year**
- **Note the work that is happening for the future**

3. BACKGROUND

3.1. The CCG has held delegated responsibility for a large part of the commissioning budget for NHS Telford and Wrekin for the last 18 months. Having taken over the responsibility mid-way through the financial year of 11/12, the CCG oversaw the delivery of a balanced budget with a £1M surplus as required.

3.2. The change to the NHS brought about by the Health and Social Care Act (2012) requires a split of the current PCT budget to match the split of services as they are moved to their new homes.

4. SUMMARY OF ACTIVITY AND PROGRESS

4.1. Throughout this financial year, the CCG has balanced three financial challenges that have substantial interaction.

- Delivery of a further sum of savings under the Quality Innovation Productivity and Prevention (QIPP) initiative from the Department of Health (carrying on with the day job);
- Delivery of an organisational structure and function to fit with the large reduction in funds available. The funding has remained imprecise for a large part of the year;
- Development of plans to deliver ongoing savings in the next five years as the Telford and Wrekin contribution to the estimated £20Bn savings needed nationally over five years (the Nicholson challenge).

Each of these will be covered in turn.

5. QIPP 2012/13

5.1. The CCG has been required to deliver £5M savings through the focus on Quality, Innovation, Productivity and Prevention.

5.2. This programme was designed to make changes both in secondary, and primary care.

5.3. Because the projects involved the development of new services in large part, the savings were projected to fall in the second half of the year.

5.4. The projects identified for QIPP 2012/13 are set out below.

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| • Planned Care | £1.55M |
| • Urgent Care (Frail and Complex Service) | £1.57M |
| • Medicines Management | £0.50M |
| • Rapid Assessment Interface and Discharge (RAID) | £1.00M |
| • Management cost reduction | £0.35M |

5.5. Because of the delay in presentation of the monthly figures (necessary for validation and agreement), progress against the projected savings has been hard to follow. However, performance is still following the projected figures.

5.6. The CCG is working to bring further projects into play that will consolidate the QIPP savings this year and will also go towards QIPP for next year (which is expected to require a similar saving).

5.7. We are predicting the CCG will deliver balanced accounts again this year with a further £1M surplus as required.

6. ORGANISATIONAL COSTS

6.1. The CCG has been required to reduce the administrative costs of the organisation substantially.

6.2. Historically, the PCT operated on a figure of £45 per head of population roughly equating to a total budget annually of £7.5M

6.3. The CCG is required to operate on a figure of £25 per head of population, roughly equating to a total budget of £4.25M.

6.4. Put in the context of the total projected budget for all healthcare that the CCG is responsible for of £180M, the CCG administrative allowance equates to 2.5% of the total budget.

6.5. Delivery of this challenging target has required both a reduction in administrative activity, and sharing of functions with the local authority, our neighbouring CCG and with our chosen commissioning support unit (CSU) – the Shropshire and Staffordshire CSU.

7. FUTURE PROJECT PLANS

7.1. Whilst the detail on next year's financial allocation has yet to be determined, the CCG has started considering plans for next year and the medium to long financial position. This has been limited by delayed detail about the split of PCT funding for the different receiver organisations: The National Commissioning Board, The CCG, Public Health (within the LA).

7.2. **For the coming year**, the CCG is required to make savings of about £5M again. We will also have to decide on priorities for investment and development. Most of which will need to address the priorities of the health and Wellbeing Strategy.

7.2...1. Historically, there has been a scoring exercise to decide on activity, that is beyond the 'routine' provision of care, to be commissioned in the coming year.

7.2...2. For the coming year, the CCG has pursued a similar process:

- providers and commissioners were invited to submit ideas and proposals to be considered. This resulted in a 'long list' of 45 possible developments
- This long list was screened by lead commissioners, the quality team, the finance team and public health.
- Each proposal was assessed by the clinically led Planning and Prioritisation Panel in mid December.

- Projects were rated as Green (recommended), Amber (needs further work to decide) and Red not recommended.
- The resultant 18 projects, which include the mandatory 111 programme, have been presented to the GP practices for their view on the priorities.
- The potential projects can be grouped into several themes: Development or expansion of services in primary care or community care as an alternative to secondary care (11 suggested projects), refinement/change of secondary care services (3 projects), Medicines management changes (1 project), joint commissioned/provided service with social care (1 service). There are two other national projects: expansion of Health Visitor numbers and the development of 111.
- These need to be decided upon by 25th January at this high level, before they are reviewed and approved by the region.
- The CCG also needs to nominate and deliver on three local priorities to be able to earn a “Quality Premium” payment.

7.3. **In the Medium term**, it is estimated that the CCG will have to make savings of £28M in the next five years.

7.3...1. If the whole health economy of Shropshire and Telford and Wrekin is considered, estimates put this figure at anything from £100M to £250M.

7.3...2. It is clear that this level of saving will only be achieved by substantial ‘whole system’ transformation.

7.3...3. The two local CCGs are embarking on a programme of activity to manage this in the current year. This will necessarily involve social care as well as health care.