

HSI22/032

GOVERNING BODY

Title of paper	Financial Plan 2022-23		
Agenda item	6.3	Date of meeting	4 May 2022
Executive lead	Roshan Patel, Chief Finance Officer		
Author	Jane Cole, Director of Finance Kay Rothwell, Deputy Director of Finance		

Purpose	For decision	<input checked="" type="checkbox"/>
	To ratify	<input type="checkbox"/>
	To discuss	<input type="checkbox"/>
	To note	<input type="checkbox"/>

Link to strategic objective	Operational service delivery Supporting people and teams Transforming services Strategic planning and engagement Developing our Integrated Care System
------------------------------------	--

Executive Summary	
<p>For 2022/23, Hampshire and IOW ICS has submitted a £105.6m deficit plan against a £3.4bn allocation (3.1%). Within this, Hampshire, Southampton and Isle of Wight CCG has a deficit of £19.2m, on an allocation of £3.1bn (0.62%).</p> <p>The CCG position includes an efficiency requirement of £37.5m (3.97% of targetable spend, i.e., excluding spend with NHS providers where 3.5% efficiency requirement has already been built in).</p> <p>Just under half of the deficit relates to inflationary cost pressures outside the control of the CCG. The remainder relates to run rate pressures on CHC; the full year effect of 2021/22 mental health and primary care investments and mental health investments required to meet the Long Term Plan trajectories.</p> <p>Further work is underway across the ICS and the CCG further improve the position and reduce the deficit further. This includes programmes of work on elective and non-elective activity, reduction of CoVID spend in line with the amended IPC guidance and exploring opportunities for further efficiencies through national benchmarking. The Governing Body will be kept abreast of future improvements and performance against the plan.</p>	
Recommendations	The Governing Body is asked to approve and ratify the Financial Plans for 2022/23 for the CCG
Publication	Include on public website ✓

Please provide details on the impact of following aspects

Equality and quality impact assessment	This paper does not request decisions that impact on equality and diversity
Patient and stakeholder engagement	Not applicable
Financial impact, legal implications and risk	As set out in the paper
Data protection impact assessment	Not applicable

Hampshire, Southampton and Isle of Wight CCG

Update to Governing Body on 2022-33 Financial Plan

May 2022

Contents

Slide 3	-	Financial Summary
Slide 4	-	Assumptions and principles used in planning
Slide 5	-	CCG Financial Plan by Programme
Slide 6	-	CCG Financial Plan by Local Team
Slide 7	-	Investments
Slide 8	-	CCG Efficiency Programme
Slide 9	-	Risks and Mitigations
Slide 10	-	Bridge from 2021/22 outturn to 2022/23 plan

For 2022/23, Hampshire and IOW ICS has submitted a £105.6m deficit plan against a £3.4bn allocation (3.1%). Within this, Hampshire, Southampton and Isle of Wight CCG has a deficit of £19.2m, on an allocation of £3.1bn (0.62%).

CCG allocations from NHSEI are based on double the funding received in the second half of 2021/22, adjusted for non-recurrent funding, known changes and growth. This represents a net reduction in programme allocation for the ICS of £54.5m. Systems are required to return to a level of funding pre-COVID accounting for growth and inflation.

The CCG position includes an efficiency requirement of £37.5m (3.97% of targetable spend, i.e. excluding spend with NHS providers where 3.5% efficiency requirement has already been built in). The governance and monitoring of these programmes will be through existing groups, with enhancements where necessary. A more detailed update on the governance and monitoring arrangements will be provided to the next Quality, Performance, Finance and Workforce Committee.

Just under half of the £19.2m deficit relates to 'allowable' cost pressures outside of our control. These pressures include the cost of inflation above that provided within allocation growth, and relates specifically to inflation within the Care Home sector together with Home Oxygen Service pressures above inflation, in total these amount to £9.1m. The remainder of the deficit relates to further pressures on Continuing Health Care as a result of the exit run rate from 2021/22 (after accounting for efficiencies), the full year effect of primary care and mental health investments from 2021/22 and Mental Health investment required to meet the Long Term Plan trajectories.

Further work is underway across the ICS and the CCG to further improve the position and reduce the deficit further. This includes programmes of work on elective and non-elective activity, reduction of CoVID spend in line with the amended Infection Prevention and Control guidance and exploring opportunities for further efficiencies through national benchmarking. The Governing Body will be kept abreast of future improvements and performance against the plan.

Planning Assumptions and Principles

Growth and Inflation.

- Contract baselines for ICS NHS Providers have been rolled forward (including top-up payments), with 1.7% inflation (per national guidance) and growth of: 2.6% on Acute and Community services; Mental Health total £17.5M (inflation and investments).
- Inter-system NHS Providers – as above for existing providers, plus providers where spend is >£500k in line with NHSE/I guidance and values. The latter have been uplifted by 3.4% in line with allocation growth.
- Independent Sector Acute plans have been set taking into account 2021/22 planned activity levels and recent referral trends – priced at 2022/23 national prices.
- Funding of Hospital Discharge Programme schemes has ceased in 22/23. An impact assessment and benefit analysis of some out of hospital schemes is being undertaken to inform future commissioning plans.
- Continuing Healthcare and Special Placements – inflation of 4.4% to reflect pressures in the market and growth reflecting increasing volumes. Providers have submitted uplift on contract values over and above funding received by £8.7M.
- Prescribing – net uplift of 2.6%, with an efficiency target of 3.5% - total -0.9%.
- Primary Care – assumptions based on the national contract and recent trends in population growth. Plans include increases to Additional Roles in Primary Care.
- Corporate – an estimate of pay inflation has been included and budgets have been set through engagement with budget managers. Efficiency of £10m is included to ensure the CCG lives within future expected running cost allocation which we are assuming to be minimum of 10% reduction.

CCG Financial Plan by Programme

2022/23 Draft Plan	£'M	21/22 FOT (as at M9)	Change	
Allocation		£'M	£'M	%
Programme	2,752.5	2,893.3	(140.8)	(4.9%)
Delegated Primary Medical Services	259.1	244.8	14.3	5.8%
Running Costs	30.8	30.6	0.2	0.7%
Total	3,042.4	3,168.7	(126.3)	(4.0%)
Expenditure				
Acute Commissioning	1,558.5	1,526.7	31.8	2.1%
Mental Health Commissioning	290.1	266.3	23.8	9.0%
Community Services Commissioning	325.6	343.9	(18.3)	(5.3%)
Prescribing	280.7	283.9	(3.3)	(1.2%)
Primary Care (Excluding Prescribing)	62.9	69.4	(6.5)	(9.4%)
Delegated Commissioning	259.1	253.7	5.4	2.1%
Continuing Care	217.5	210.2	7.4	3.5%
Other Commissioning	36.3	184.0	(147.7)	(80.3%)
Running Costs	30.8	30.6	0.3	0.8%
Total	3,061.6	3,168.7	(107.1)	(3.4%)
Hampshire, Southampton and Isle of Wight Surplus / (Deficit)	(19.2)	0.0	(19.2)	

- Change in acute commissioning reflects inflation and growth, offset by reduction in Covid funding
- Increase in Mental Health spending reflects inflationary uplifts and investment against the Mental Health Investment Standard requirement to increase spending by 4.6%
- Change in community spend reflects inflation and growth, offset by reduction in HDP spending
- Prescribing reduction reflects growth and 3.5% efficiency target
- Primary Care and delegated commissioning reflect growth funding, offset by removal of non-recurrent 21/22 funding
- Continuing Care change reflects inflationary and growth pressures, offset by £10.4m efficiencies
- The reduction in other commissioning reflects non-recurrent SDF spending in 21/22

CCG Financial Plan by Local Team

2022/23 Draft Plan	£'M	
Allocation		
Programme	2,752.5	
Delegated Primary Medical Services	259.1	
Running Costs	30.8	
Total	3,042.4	
Expenditure		£ per wtd pop
Isle of Wight Local Team	317.1	£1,947
North and Mid Hampshire Local Team	752.6	£1,648
South East Hampshire Local Team	709.5	£1,649
South West Hampshire Local Team	592.4	£1,724
Southampton Local Team	447.5	£1,593
CCG Hosted and Pass Through	171.6	
Corporate Costs	71.1	
Total	3,061.7	£1,829
Hampshire, Southampton and Isle of Wight Surplus / (Deficit)	(19.3)	

The above is based on the current scheme of delegation, which is being reviewed ahead of the creation of the Integrated Care Board on 1st July 2022

£ per weighted population are subject to changes as final detailed budget setting progresses

Investments

NHS Providers (in system):

£'000 Service Area	Local Delivery System		SC	SE	SW	CCG wide	Total
	IoW	NM					
Baseline pick-up of Ageing Well	768	1,351	280	1,438	1,614	0	5,451
Mental Health	0	0	157	864	0	1,368	2,389
Urgent and Emergency Care	0	0	0	1,256	0	0	1,256
Ambulance	217	0	0	0	0	768	985
End of Life	0	849	0	0	0	0	849
Childrens services - admission avoidance	0	471	66	126	66	0	729
Long Term Conditions	0	473	0	0	0	0	473
Service transfer	0	0	209	0	125	0	334
Dermatology	200	0	0	125	0	0	325
Grand Total	1,185	3,144	712	3,809	1,805	2,136	12,791

In addition to the investments above to in-system NHS providers other Mental Health investments have been made (including full year effects from 2021/22; inflation and new schemes). Through these the CCG will meet the Mental Health Investment standard requirement and expecting to achieve the NHS Long Term Plan trajectories.

Primary Care investments include the further expansion of Additional Roles and plans to be developed on remaining primary care allocations around sustainability and inequalities.

CCG Efficiency Programme

CCG CIP Category	Source	Opportunities	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
			Indicative	South West	South East	North and Mid	Southampton	Isle of Wight	Corporate	Red	Amber	Green
Continuing Health Care												
Hampshire	From the National CHC opportunities model	review retros; care audits	£8,088	£2,572	£2,724	£2,792						
Southampton	"	"	£1,260				£1,260					
Isle of Wight	"	"	£1,100					£1,100				
			£10,448	£2,572	£2,724	£2,792	£1,260	£1,100				
Prescribing	3.5% of the prescribing budget	use of the Savings group ; adjusting the Committees; increased rebates	£9,292	£2,137	£2,488	£2,450	£1,267	£950				
Corporate	Required to meet the budget	reduce vacancies; review balance sheet	£10,080						£10,080			
Local Systems	To ensure % parity between Local Teams	POD budget management; review discretionary spend; review primary care growth & LCS's	£7,700	£1,298	£1,199	£2,630	£1,303	£1,270				
Total CIP			£37,520	£6,007	£6,411	£7,872	£3,830	£3,320	£10,080	£7,700	£17,641	£12,179

CIP %	3.97%
-------	-------

- The efficiency programmes have been RAG rated
- CCG efficiency schemes will be monitored and reported monthly to Quality, Performance, Finance and Workforce (QPFW) Committee and the ICB equivalent from July 1st.
- Schemes will be monitored through existing groups and committees (Prescribing Savings Group; Continuing Health Care oversight groups; Place Senior Leadership Teams; and Executive Team). Where necessary groups will be strengthened. A further update will be provided to QPFW explaining the detail of the governance and monitoring process
- Local system efficiency target is 3.5% of non-NHS spend, excluding prescribing and Continuing Health Care, which have separate efficiency schemes.
- Local teams are reviewing all budget areas for opportunities to reduce spend, using benchmarking information and national support tools to inform this. A thorough review of any new investments to identify slippage is also underway.

Risks and Mitigations

Risks

- Efficiency schemes do not deliver in full
- Other non-recurrent measures included in plans do not materialise
- Continuing Healthcare and Special Placement activity increases and market rates are higher than planned
- Continuing high demand in the acute sector impacts on out of hospital demand, increasing costs

Mitigations

- Impact of the programmes of work around Elective and Non-Elective activity
- Explore further efficiency savings through use of National benchmarking
- Scaling back of investments
- Non-recurrent measures
- Regular detailed monitoring of progress and impact with escalation to Quality, Performance, Finance and Workforce Committee and Executive Team.

	Ref	£M
2021/22 break-even		0.0
Change in Allocation (from M9)	1	(131.9)
NR and FYE	2	315.2
Inter system NHS	3	(11.3)
Inflation and growth	4	(96.9)
NHS in system investments	5	(12.8)
Investments in MH and Primary Care	6	(10.4)
Efficiencies (CHC, prescribing, corporate)	7	37.5
22/23 NR (Covid, ERF, SDF)	8	(167.7)
Agreed provider adjustment	9	55.0
Improvement and further non-recurrent adjustment	10	4.0
2022/23 Plan		(19.2)

1. Change in allocation is driven by reduced NR allocations, offset by growth. As we know compared to H2 x 2 our allocation has reduced by £54m
2. NR adjustments include removal of 21/22 spend on Covid; System Development Fund (SDF) and Elective Recovery Fund (ERF). Offset by full year impact of 21/22 MH investments and run rates (particularly on Continuing Health Care)
3. Inter-system NHS – providers >£500k per NHSE guidance
4. Inflation and growth per assumptions on slide 4
5. NHS investments as agreed at ICS – to be reviewed at Local Delivery System meetings (see breakdown on slide 7)
6. MH and Primary Care investments – see slide 7
7. CCG Efficiencies – see slide 8
8. 2022/23 non-recurrent spending of Covid, Elective Recovery Fund (ERF) and System Development Funding (SDF) as per allocations received
9. Adjustment to NHS provider contract values to correct previous top-up adjustments (as agreed through ICS Chief Finance Officers)
10. Further improvement between draft and final submission

