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Agenda Item: 151/16

NHS
Bexley
Clinical Commissioning Group

Governing Body meeting (held in public)

DATE: 24 November 2016

Title	**2017/18 – 2018/19 Operating & Financial Plan Update**
This paper is for **Discussion & Information**	
Recommended action for the Governing Body	That the Governing Body: 1. **NOTE** the Process to be applied to deliver the Operating Plan. 2. **NOTE** the Operating Plan and Contracting Round process and timeframes. 3. **NOTE** the initial financial planning update
Potential areas for Conflicts of interest	None identified.
Executive summary	• This paper sets out the CCG's approach to delivering the 2017/18 contracting and planning round with particular focus on delivery of the operating plan requirements. This traditionally includes the agreement of provider contracted activity and finance plans. The 2017/18 contracting and planning round is unprecedented, in that it will require both operating and contracted planned activity to be agreed by December 2016, ahead of the release of the national tariff and associated guidance known as The National Payment System. • This change was set out in the publication, 'Strengthening Financial Performance & Accountability in 2016/17' (NHS Improvement and NHS England, 21 July 2016). The document set out that the contracting round for the next two financial years will begin in September 2016 with contracts and operating plan activity agreed by the end of December 2016. Bringing forward the historical deadline from February 28th to 31st December 2016 with 2 year contracts commencing from the 1st April 2017. • This much shortened national timetable will be challenging. It will require commissioners and providers to work together in a pragmatic way to ensure contract assumptions can be aligned early, as we move

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<table>
<tr><td></td><td colspan="3">through the contract negotiation process at pace.

Sections 1-5 of this paper sets out the approach taken by SEL Directors of Commissioning and Chief Financial Officers including (i) timelines for delivery the production of SEL CCG' Commissioning Intentions; (ii) approach to contract modelling; (iii) alignment to the SEL Sustainability and Transformation Planning priorities and (iv) alignment of contracts with operating plan submissions.

Section 6 of the paper summarises the expectations regarding financial planning and the current status of the CCG's financial submission for 2017/18 and 2018/19.</td></tr>
<tr><td colspan="4"></td></tr>
<tr><td rowspan="4">How does this paper support the CCGs objectives?</td><td>Patients:</td><td colspan="2">The CCG ensures that it commissions services on behalf of all Bexley residents.</td></tr>
<tr><td>People:</td><td colspan="2">N/A</td></tr>
<tr><td>Pounds:</td><td colspan="2">The operating plan outlines the CCG's financial duties.</td></tr>
<tr><td>Process:</td><td colspan="2">The CCG has a well-defined process to manage the completing and submission of the operating plan.</td></tr>
<tr><td rowspan="6">What are the Organisational implications</td><td>Key risks</td><td colspan="2">That contracts cannot be negotiates with providers in required timescales.</td></tr>
<tr><td>Equality</td><td colspan="2">None.</td></tr>
<tr><td>Financial</td><td colspan="2">There is a risk that contracts cannot be agreed within set financial envelopes.</td></tr>
<tr><td>Data</td><td colspan="2">There is a risk that activity data is not robust for contract negotiation.</td></tr>
<tr><td>Legal issues</td><td colspan="2">None.</td></tr>
<tr><td>NHS constitution</td><td colspan="2">None.</td></tr>
<tr><td>Engagement</td><td colspan="3">None.</td></tr>
<tr><td>Audit trail</td><td colspan="3">The operating plan guidance has been discussed at DoCs & CFOs. This information has also been presented and discussed at the Finance Sub-Committee.</td></tr>
<tr><td>Comms plan</td><td colspan="3">None.</td></tr>
<tr><td>Author:
Theresa Osborne
Chief Financial Officer</td><td colspan="2">Clinical lead:
Dr Sid Deshmukh
Finance lead</td><td>Executive sponsor:
Theresa Osborne, Chief Financial Officer
Sarah Valentine, Director of Commissioning</td></tr>
<tr><td>Date</td><td colspan="3">9 November 2016</td></tr>
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2017/18 – 2018/19 Operating Plan & Financial Plan update

1. Contracting and Planning Approach

In July 2016, south east London CCGs' Directors of Commissioning & Chief Financial Officers (DoCs & CFOs) held a workshop in response to notification of the shortened contracting round. This resulted in a task and finish group being established with a contract and planning work stream governed by DoCs & CFOs. This group is formed from members of DoCs & CFOs across SEL, Our Healthier South East London (OHSEL) Programme Leads and the South East CSU. The group agreed tasks to be delivered by the end of September including each CCG ensuring the assumptions contained within the Sustainability Transformation Plan (STP) are accurate in relation to their respective CCGs. With the requirement to add additional QIPP to contracts to support CCGs in achieving required service transformation and productivity gains.

For the 2017/18 contract and planning round it was agreed that productivity and clinical priorities would be determined by the STP as this is recognised as the formal agreed priorities for SEL CCGs and providers and has been signed off by both NHSE and NHSI. It is recognised that the majority of productivity gains are of benefit to providers in relation to focus on back office functions and therefore there are likely to be additional local priorities e.g. additional QIPP and stretch KPIs. However, the main starting position is to deliver areas already agreed within the STP.

There is also an NHS England expectation that QIPP delivers a minimum 3% of revenue resource limit.

2. Provider Commissioning Intentions

SEL CCGs have worked together to draft SEL wide commissioning intentions, in addition to STP priorities. Emphasis has been placed on achieving quality, reconfiguration of local services and development of local standards. Whilst it is expected that the main terms of the contract will remain the same, CCGs are keeping to a minimum the re-negotiation of contract terms and schedules; noting that a number of key areas such as Clinical Quality Innovation schemes (CQUINs), Key Performance Indicators (KPI), quality indicators, information requirements, (SDIP) Service Development Improvement Plan and Data Quality Improvement Plans (DQIP) will require review and likely re-negotiation of targets and indicators in light of national guidance, STP requirements and performance trajectories agreed as part of the Sustainability and Transformation funding.

The primary focus of contracts will be on recovery and sustainability across finance, productivity and efficiency and performance improvement alongside improvement in the quality of patient care. The commissioning intentions will set out the role of the co-ordinating commissioner in agreeing contracts on behalf of itself and Associates with regard to the Lewisham & Greenwich NHS Hospital Trust (LGT) Contract. NHS Bexley CCG is not coordinating commissioner for any contract in London, but does negotiate its own contract with Dartford & Gravesham NHS Trust.

The Commissioning Intentions will include as appendices the intentions as set out in the OHSEL Sustainability Plan (STP) providing both the context by which the STP was

agreed and key priority areas for focus. This will be followed by the individual CCG local intentions that will set out local priorities, QIPP and phased decommissioning plans.

The SEL DoCs & CFOs agreed to sign off final commissioning intentions on 23rd September 2016.

3. Contract Modelling

Traditionally contract modelling is based on month 6 actual activity, multiplied by 2, adjusted by agreed demographic and non-demographic growth taking into account other known contractual agreements e.g. the impact of the local pricing review and the non-elective review outcomes.

To enable progress to be made in the condensed contract and planning round contract modelling will need to be managed in new ways. SEL DoCs & CFOs have agreed the approach is to be based on:

- Contract baselines based on M5 FOT (as per National Guidance).
- Adjust for non-recurrent elements
- Adjust for SEL wide factors e.g. neuro, rehab, King's additional beds or for agreed service commissioning changes
- Adjust for local CCGs' initiatives QIPP schemes which would include local and OHSEL based schemes, Community based care
- Differential approach to growth 0.97% for demographic (population growth) and 2% non-demographic included in planning (subject to change if the contract a Block)
- Adjust for local factors e.g. the outcome of the LGT Local Pricing and Non-Elective Reviews
- Adjust for the latest validated forecast outturn position

The CSU has shared a first view of baselines with Bexley, Greenwich and Lewisham CCGs based on a financial view of significant local contracts. These are now being updated for notified planning assumptions. The CSU is now tasked with translating this into proposed budgets for acute contracts and profiling activity adjustments based on the parameters set out above.

Contract offers have also now been sent to the CCG's main providers.

The CCG's approach to the contracting round will build on the approach taken in 2016/17. The CCG will be working collaboratively with the other CCGs in SEL to maintain strategic alignment.

4. Operating Plan Modelling

Over recent years the operating planning process has come under significant scrutiny and forms the focus of discussions for monthly assurance meetings. The contracting MDT has developed a relational database to support the review of data in a myriad of ways with the aim of supporting CCGs to respond to NHSE requests at pace. This will mean data will be available to view in:

- SUS SEM – national view as supplied by NHSE

- SUS SEM-Local view
- SuS PbR
- SLAM

This will enable the CCG to understand variances between NHSE and the local view where agreed adjustments may be applied.

5. Contract Timetable

The national time table has been issued and it is expected that the Operational Planning Guidance will be published on 30th September 2016. It is expected that contracts that are not likely to be agreed are to be managed through the mediation process. It is to be noted that the emphasis is to reach agreement locally without the need for intervention. If CCG are not likely to agree activity plans the requirement will be to report to NHSE in early December 2016.

Our CCG timetable (highlighted in grey), will as in previous years encompass approval of the CCG's Operating Plan by the Governing Body – along with oversight of the Contract Negotiation Strategy.

Commissioning Cycle Timeline

16th September 2016	• STF finance and productivity template submitted
30th September 2016	• Submission of Commissioning Intentions to all providers – notifying of any significant changes, including procurement plans. • Operational Planning Guidance to be published • Launch of Standard Contract consultation • CQUIN and QP to be published
31st October 2016	• Submission of refreshed Sustainability Transformation Plans (STPs)
4th November 2016	• Submission of 1st "cut" activity and financial plans to each provider (including QIPP scheme details)
November 2016:	• Publication of final version of NHS Standard Contract • Commissioners and providers submit first draft of 2-year Operating Plan (mid-November)
December 2016	• Publish final tariff (early December)
23rd December 2016	• If the contracts are not finalised then escalate the contract for mediation by NHS England (referred to as the Operating Plans)
31st December 2016:	• Commissioners and providers submit second draft of 2-year Operating Plan (mid-December) activity and financial plans •
10th January 2017	• CCG Procurement Plan reviewed by the Finance & Investment Committee
25th January 2017	• Governing Body approves Operating Plan
30th March 2017	• Governing Body final sign off of 2017/18 budgets

The status on contracts over £1m, at the time of writing this report, is set out in Appendix 1.

The CSU is currently working through the new tariff costs (HRG4+) and there is some concern regarding the impact on London CCGs and how this compares to the proposed adjustments through allocations. When the work is complete, the south east London CCGs will liaise with NHS England regarding the impact.

South east London CCGs are also looking at options regarding possible block contracts with its main providers.

It should be noted that the planning framework is clear that CCGs must deliver the 9 Must Dos – these are shown at Appendix 2, and plans are to be based on delivery of these.

6. Financial Planning

The CCG is required to produce detailed financial plans for the next 2 years based on the business rules provided at the end of September. The business rules require the following;

- All CCGs are required to aim for in year break even, with expectations set for the minimum level of improvement for deficit CCGs;
- 1% non-recurrent reserve in place of which 0.5% to be uncommitted and held as a risk reserve and 0.5% immediately available for CCGs to spend non recurrently, to support transformation and change implied by STPs;
- 0.5% contingency required;

The CCG is using the inflation and efficiency prescribed in the planning guidance (0.1%) as well as the allocations notified in planning, which reflect those given last year, with an adjustment for specialist commissioning transfers and the new tariff (mentioned above).

The CCG has a detailed financial model in place for the next 5 years and this has been updated for the above. The starting point is FOT as at month 6, adjusted for non-recurrent items and the underlying position on the acute contracts.

Work has been undertaken with budget holders and cost pressures have been considered in planning.

The 2017/18 and 2018/19 financial plans include at least 3% QIPP, some of which at this stage is unidentified in 2017/18, with substantially more unidentified in 2018/19 (reflecting the stage of planning).

The first planning submission was made on 1st November which reported an in-year deficit in 2017/18, with a recurrent position of breakeven and an in-year surplus in 2018/19 and a recurrent surplus position.

NHS England have indicated that they will not sign off any deficit plans and the CCG is therefore working hard to identify further QIPP and reduce cost pressures, with the aim

of submitting a breakeven position in the next submission due on 24th November. Further iterations are also expected following agreement of contracts.

Furthermore, NHSE's expectation is that all CCGs within a strategic planning group (SPG) will work together to ensure delivery of breakeven plans and system control totals. The CCG is therefore working with other south east London CCGs in this respect.

Contract Negotiation Tracker

The below reflects the current status on the position regarding contracts over £1m. This is subject to weekly change and update

	Summary		Preparatory Items								Contract Particulars
Provider Name	Commissioner Contract Status	Provider Contract Status	Collaborative Commissioning	Negotiation Strategy	Commissioning Intentions CCG	Commissioning Intentions Provider	QIPP	Baseline Methodology	First view of Baselines	Financial Envelopes	
Oxleas					Yes						
Lewisham & Greenwich Trust	Contract planning in place		Yes	Yes	Yes						
Guy's & St Thomas'	Contract planning in place		Yes	Yes	Yes	Yes					
Kings College	Contract planning in place		Yes	Yes	Yes	Yes					
Dartford & Gravesham	Contract planning in place		Yes	Yes	Yes	Yes					
LAS	Contract planning in place										

The 9 "Must Dos" – 2017/19

Priorities and performance assessment

In 2016/17 we described nine 'must do' priorities. These remain the priorities for 2017/18 and 2018/19. These national priorities and other local priorities will need to be delivered within the financial resources available in each year.

1. STPs

- Implement agreed STP milestones, so that you are on track for full achievement by 2020/21.
- Achieve agreed trajectories against the STP core metrics set for 2017-19.

2. Finance

- Deliver individual CCG and NHS provider organisational control totals, and achieve local system financial control totals. At national level, the provider sector needs to be in financial balance in each of 2017/18 and 2018/19. At national level the CCG sector needs to be in financial balance in each of 2017/18 and 2018/19.
- Implement local STP plans and achieve local targets to moderate demand growth and increase provider efficiencies.
- Demand reduction measures include: implementing RightCare; elective care redesign; urgent and emergency care reform; supporting self care and prevention; progressing population-health new care models such as multispecialty community providers (MCPs) and primary and acute care systems (PACS); medicines optimisation; and improving the management of continuing healthcare processes.
- Provider efficiency measures include: implementing pathology service and back office rationalisation; implementing procurement, hospital pharmacy and estates transformation plans; improving rostering systems and job planning to reduce use of agency staff and increase clinical productivity; implementing the Getting It Right First Time programme; and implementing new models of acute service collaboration and more integrated primary and community services.

3. Primary care

- Ensure the sustainability of general practice in your area by implementing the General Practice Forward View, including the plans for Practice Transformational Support, and the ten high impact changes.
- Ensure local investment meets or exceeds minimum required levels.
- Tackle workforce and workload issues, including interim milestones that contribute towards increasing the number of doctors working in general practice by 5,000 in 2020, co-funding an extra 1,500 pharmacists to work in general practice by 2020, the expansion of Improving Access to Psychological Therapies (IAPT) in general practice with 3,000 more therapists in primary care, and investment in training practice staff and stimulating the use of online consultation systems.

- By no later than March 2019, extend and improve access in line with requirements for new national funding.
- Support general practice at scale, the expansion of MCPs or PACS, and enable and fund primary care to play its part in fully implementing the forthcoming framework for improving health in care homes.

4. Urgent and emergency care

- Deliver the four hour A&E standard, and standards for ambulance response times including through implementing the five elements of the A&E Improvement Plan.
- By November 2017, meet the four priority standards for seven-day hospital services for all urgent network specialist services.
- Implement the Urgent and Emergency Care Review, ensuring a 24/7 integrated care service for physical and mental health is implemented by March 2020 in each STP footprint, including a clinical hub that supports NHS 111, 999 and out-of-hours calls.
- Deliver a reduction in the proportion of ambulance 999 calls that result in avoidable transportation to an A&E department.
- Initiate cross-system approach to prepare for forthcoming waiting time standard for urgent care for those in a mental health crisis.

7. Referral to treatment times and elective care

- Deliver the NHS Constitution standard that more than 92% of patients on non-emergency pathways wait no more than 18 weeks from referral to treatment (RTT).
- Deliver patient choice of first outpatient appointment, and achieve 100% of use of e-referrals by no later than April 2018 in line with the 2017/18 CQUIN and payment changes from October 2018.
- Streamline elective care pathways, including through outpatient redesign and avoiding unnecessary follow-ups.
- Implement the national maternity services review, *Better Births*, through local maternity systems.

6. Cancer

- Working through Cancer Alliances and the National Cancer Vanguard, implement the cancer taskforce report.
- Deliver the NHS Constitution 62 day cancer standard, including by securing adequate diagnostic capacity, and the other NHS Constitution cancer standards.
- Make progress in improving one-year survival rates by delivering a year-on-year improvement in the proportion of cancers diagnosed at stage one and stage two; and reducing the proportion of cancers diagnosed following an emergency admission.
- Ensure stratified follow up pathways for breast cancer patients are rolled out and prepare to roll out for other cancer types.
- Ensure all elements of the Recovery Package are commissioned, including ensuring that:
- all patients have a holistic needs assessment and care plan at the point of diagnosis;
- a treatment summary is sent to the patient's GP at the end of treatment; and

- a cancer care review is completed by the GP within six months of a cancer diagnosis.

7. Mental health

- Deliver in full the implementation plan for the Mental Health Five Year Forward View for all ages, including:
    - Additional psychological therapies so that at least 19% of people with anxiety and depression access treatment, with the majority of the increase from the baseline of 15% to be integrated with primary care;
    - More high-quality mental health services for children and young people, so that at least 32% of children with a diagnosable condition are able to access evidence-based services by April 2019, including all areas being part of Children and Young People Improving Access to Psychological Therapies (CYP IAPT) by 2018;
    - Expand capacity so that more than 53% of people experiencing a first episode of psychosis begin treatment with a NICE-recommended package of care within two weeks of referral;
    - Increase access to individual placement support for people with severe mental illness in secondary care services by 25% by April 2019 against 2017/18 baseline;
    - Commission community eating disorder teams so that 95% of children and young people receive treatment within four weeks of referral for routine cases; and one week for urgent cases; and
    - Reduce suicide rates by 10% against the 2016/17 baseline.
- Ensure delivery of the mental health access and quality standards including 24/7 access to community crisis resolution teams and home treatment teams and mental health liaison services in acute hospitals.
- Increase baseline spend on mental health to deliver the Mental Health Investment Standard.
- Maintain a dementia diagnosis rate of at least two thirds of estimated local prevalence, and have due regard to the forthcoming NHS implementation guidance on dementia focusing on post-diagnostic care and support.
- Eliminate out of area placements for non-specialist acute care by 2020/21.

8. People with learning disabilities

- Deliver Transforming Care Partnership plans with local government partners, enhancing community provision for people with learning disabilities and/or autism.
- Reduce inpatient bed capacity by March 2019 to 10-15 in CCG-commissioned beds per million population, and 20-25 in NHS England-commissioned beds per million population.
- Improve access to healthcare for people with learning disability so that by 2020, 75% of people on a GP register are receiving an annual health check.
- Reduce premature mortality by improving access to health services, education and training of staff, and by making necessary reasonable adjustments for people with a learning disability and/or autism.

9. Improving quality in organisations

- All organisations should implement plans to improve quality of care, particularly for organisations in special measures.
- Drawing on the National Quality Board's resources, measure and improve efficient use of staffing resources to ensure safe, sustainable and productive services.
- Participate in the annual publication of findings from reviews of deaths, to include the annual publication of avoidable death rates, and actions they have taken to reduce deaths related to problems in healthcare.