

## 2018/19 Financial Plans & Budget Setting

### 1. Introduction

- 1.1. The purpose of this paper is to provide an update on the 2018/19 financial plans as recently submitted to NHS England and the subsequent budget setting process for 2018/19.
- 1.2. The CCG submitted a break-even financial plan for 2018/19 to NHS England on the 08<sup>th</sup> March 2018 in line with the CCG's advised 2018/19 Control Total as attached as Appendix 2. The system control totals for 2017/18 & 2018/19 for the Nottinghamshire Community are attached as Appendix 1.
- 1.3. The national deadline for signing 2018/19 contract variations and contracts is 23<sup>rd</sup> March 2018. Linked to this is the requirement to submit the final financial plan for 2018/19 to NHS England on the 30<sup>th</sup> April 2018.
- 1.4. Under the CCG's constitution, responsibility for approving the budgets that meet the financial duties for the organisation is delegated to the Governing Body.

### 2. Allocations, Business Rules and Planning Assumptions

- 2.1. Allocations for 2018/19 were originally published during the 2017/18 planning round with 2 year allocations. Since this publication, allocations have been updated for recurrent allocation movements (to 'original core allocation' below) and for additional allocations announced in February 2018 ('additional core'). Greater Notts CCGs have a combined allocation of c £1.01 billion and are c £9 million short of the fair shares target.

£000's	City	NNE	NW	Rushcliffe	Greater Notts
2018/19 Original Core Allocation	£438,911	£189,344	£121,002	£143,928	£893,185
2018/19 Additional Core Allocation	£3,626	£1,572	£954	£1,180	£7,332
2018/19 Total Core Allocation	£442,537	£190,916	£121,956	£145,108	£900,517
Distance from Target %age	-1.81%	-1.80%	3.40%	-1.05%	-1.01%
Running Cost Allowance	£7,356	£3,238	£2,020	£2,718	£15,332
Primary Care Allocation	£48,557	£19,551	£12,653	£15,976	£96,737
<b>Total Resource</b>	<b>£498,450</b>	<b>£213,705</b>	<b>£136,629</b>	<b>£163,802</b>	<b>£1,012,586</b>

- 2.2. "The Refreshing NHS Plans for 2018/19", issued by NHS England and NHS Improvement in February 2018, set out a number of finance assumptions and business rules. Those assumptions and rules are detailed below, showing what is included in the CCG's Financial Plans:-
  - Minimum 0.5% Contingency (CCG Plan 0.5%)
  - Remain within Admin Costs Allocation (CCG plan under on running costs)
  - Meet the CCG's stipulated Control Total (breakeven for the CCG)
  - National policy – achievement of the Mental Health Investment Standard
  - National policy – Better Care Fund contribution (minimum included in CCG plan)
- 2.3. In line with the Mental Health Investment Standard planning guidance, the CCG is planning real-term increases in Mental Health spend in line with the CCG's overall real term funding increase.

Additional investments include resources for Improving Access to Psychological Therapies & recurrent Alcohol Worker funding.

- 2.4. In line with NHS England's position the CCG's submission also included a stated level of activity growth that met the national planning assumptions for each individual CCG. For Nottingham North & East CCG this was a cost pressure of £1.9m on acute services.
- 2.5. It should be noted that additional investment has been made to CCGs' in the following ways:-
- The requirement for CCGs to underspend 0.5% of their allocations has been lifted for 2018/19, releasing £370 million of CCGs' resources to fund local pressures and transformation priorities. The requirement to use a further 0.5% of CCGs' allocations solely for non-recurrent purposes has also been lifted;
  - £600 million has been added to CCG allocations for 2018/19 (which otherwise remain unchanged), distributed in proportion to CCGs' target allocations (which have been updated to reflect the latest population estimates and other data); and
  - a new £400 million Commissioner Sustainability Fund (CSF) will be created, partly mirroring the financial framework for providers, to enable CCGs to return to in-year financial balance, whilst supporting and incentivising CCGs to deliver against their financial control totals. This is not applicable for Nottingham North & East CCG.
- 2.6. It should be recognised that there is both a level of un-transacted QIPP and unidentified QIPP in the 2018/19 Financial Plans. This will need to be transacted in contracts as part of the 2018/19 contract sign-off process or completed via the in-year contract variation process. The Financial Plans for the 30<sup>th</sup> April 2018 submission will be refreshed to show contracts with the level of identified and transacted QIPP agreed.
- 2.7. The following growth, inflation and efficiency assumptions are built into the 2018/19 plan:

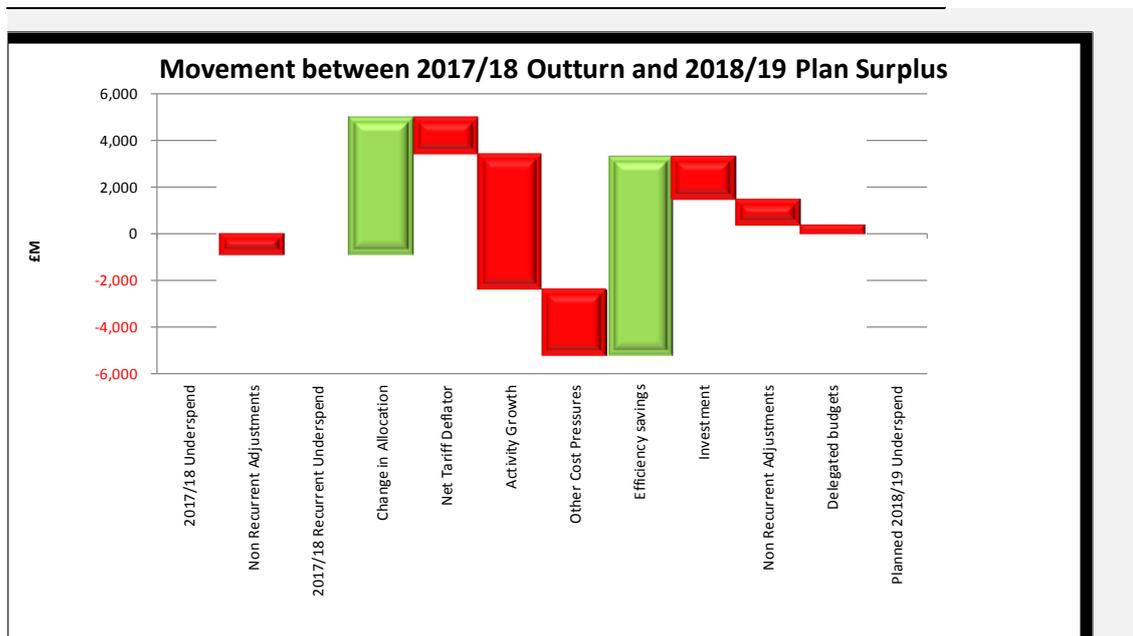
<b>Key Planning Assumptions</b>	
	<b>2018/19</b>
Notified Allocation Change (£'000)	2,717
Notified Allocation Change (%)	1.4%
Tariff Change - Acute (%)	0.7%
Tariff Change - Non Acute (%)	0.8%
Demographic Growth (%)	0.6%
Non Demographic Growth - Acute (%)	3.0%
Non Demographic Growth - Cont.Care(%)	6.2%
Non Demographic Growth - Prescribing (%)	1.7%
Non Demographic Growth - Other Non Acute (%)	0.3%
Mental Health Investment Standard	<b>Y</b>

### 3. Key Planning Outputs

- 3.1 Nottingham North & East CCG has an opening recurrent underlying deficit in 2018/19 (after taking account of the FYE of 2017/18 QIPP) of -£0.925m (-0.4%) and a closing planned recurrent exit underlying position of £1.083m (0.6%)
- 3.2 Nottingham North & East CCG's 2018/19 resource allocations are shown below alongside 2017/18 equivalent numbers. Once the planning assumptions, outturn pressures and developments are factored into the expenditure plans, there is a QIPP target of £13.31m (6.2%) in 2018/19.

Revenue Resource Limit			
£'000	sign	2017/18	2018/19
Original Programme Baseline	+ve	186,457	190,630
Recurrent Changes In-Year	+ve/(-ve)	166	(1,286)
Additional Funding	+ve		1,572
Primary Care Co-Commissioning	+ve/(-ve)	19,181	19,551
Running Cost Allocation Recurrent	+ve	3,242	3,238
<b>Total Notified Allocation</b>		<b>209,046</b>	<b>213,705</b>
<b>Non Recurrent Allocations</b>			
Other Non Recurrent allocations	+ve/(-ve)	2,624	272
In-Year drawdown/(drawup)		-	-
Non Recurrent Requirement	-ve	(1,866)	
Non Recurrent Return	+ve	1,866	
Marginal Rate Non Elective Collection	+ve	-	542
Marginal Rate Non Elective Return	(-ve)	-	(542)
<b>Total Non Recurrent Allocation</b>		<b>2,624</b>	<b>272</b>
<b>Total In-Year Allocation</b>		<b>211,670</b>	<b>213,977</b>

3.3 The additional costs of the outturn pressures, growth, and developments are shown on the bridge graph below, together with how the increase in allocation have part funded these and the resultant QIPP gap:



## 4. Risks & Mitigations

- 4.1. As noted above, the CCG has £1.070m (0.5%) contingency to help manage in-year risks.
- 4.2. The main risks to the delivery of the 2018/19 plan remain the delivery of the extremely challenging QIPP target; transacting QIPP into the 2018/19 opening contracts and the containment of the Continuing Healthcare (CHC) spend and Acute spend in line with plans.
- 4.3. Nottingham North & East CCG has an increased challenging target for 2018/19 of £13.31m (6.2%) compared to £12.36m (5.9%) in 2017/18

## 5. 2018/19 Budgets

5.1. The 2018/19 opening budgets, by programme heading with associated QIPP targets, are shown below:

Nottingham North & East CCG (£m)	Gross 2018/19	Planned QIPP	2018/19 Plan
<b>Allocation</b>	<b>213.98</b>	<b>0.00</b>	<b>213.98</b>
<b>Expenditure</b>			
Acute Services	107.53	-8.92	98.60
MH services	20.46	-1.28	19.18
Community Services	15.87	0.08	15.95
Continuing Care	18.14	-1.64	16.50
Prescribing	23.11	-1.64	21.46
Primary Care	3.51	0.02	3.53
Primary Care Co-Commissioning	19.46	0.00	19.46
Other Programme services	14.79	-0.23	14.56
Contingency	1.07		1.07
Running Costs	3.37	-0.22	3.15
Unidentified QIPP	0.00	0.52	0.52
<b>Total spend</b>	<b>227.29</b>	<b>-13.31</b>	<b>213.98</b>
<b>Surplus/(deficit)</b>	<b>-13.31</b>	<b>13.31</b>	<b>0.00</b>

## 6. Recommendations

The CCG's Governing Body is asked to:

- **Approve** the 2018/19 opening budgets based on 08<sup>th</sup> March 2018 Financial Plans submitted to NHS England.
- **Note** an update on the opening budgets will be provided to the Governing Body following the submission to NHS England of the final Financial Plans for 2018/19.

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**12<sup>th</sup> March 2018**