

# **Achieving financial stability & sustainability in the Vale of York: a Medium Term Financial Strategy**

**February 2017**

# Vale of York financial position

**£28.1m**

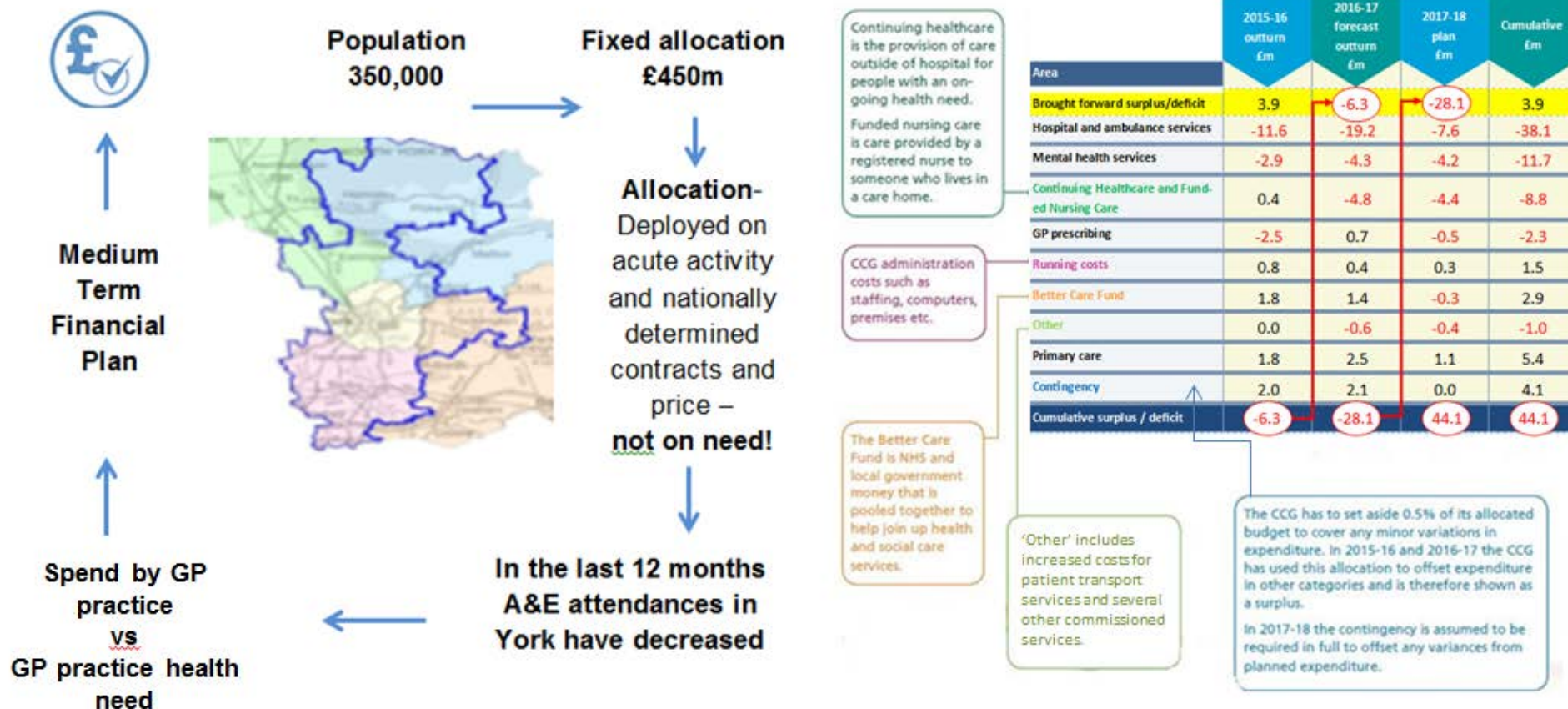
**2016-17 cumulative deficit**

**£16.0m**

**In year forecast deficit for 2017-18**

**£44.1m**

**Forecast deficit at the end of 2017-18**



# Medium Term Financial Strategy

## Our population – health need, funding and spend

The funding allocation received by CCGs firstly depends on the number of people registered to GPs within that CCG. The registered population is then weighted based on:

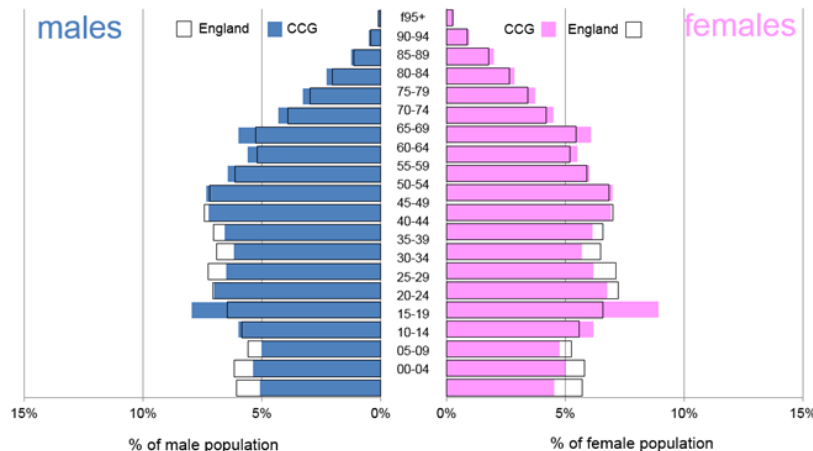
1. **Healthcare service need** due to age, gender and other factors, largely drive by acute need **VoY (10%)**
2. **Unmet need and health inequalities**, based on standardised mortality ratio for those under 75 years of age **VoY (1%)**
3. **Unavoidable costs of remoteness** **VoY Nil**



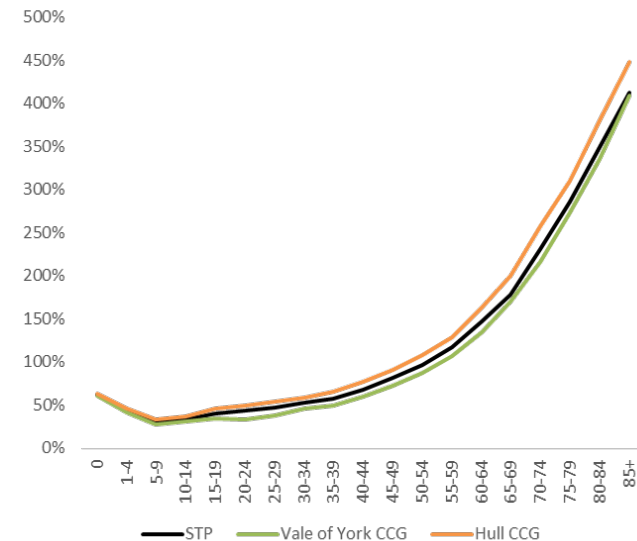
VoY needs to spend 11% less per person than the average in order to live within its means due to a comparatively healthier population

03Q NHS Vale of York CCG

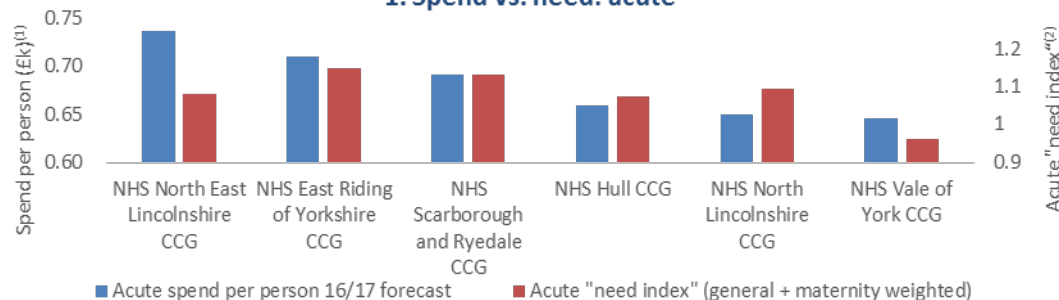
Q72 Commissioning Hub - NHS England North (Yorkshire and Humber)



Acute need weighting impact by age group<sup>(1)</sup>



### 1. Spend vs. need: acute



# Medium Term Financial Strategy

## Our population – health need, funding and spend

16/17 forecast spend per head (£, April 2016 forecasts)<sup>(1)</sup>

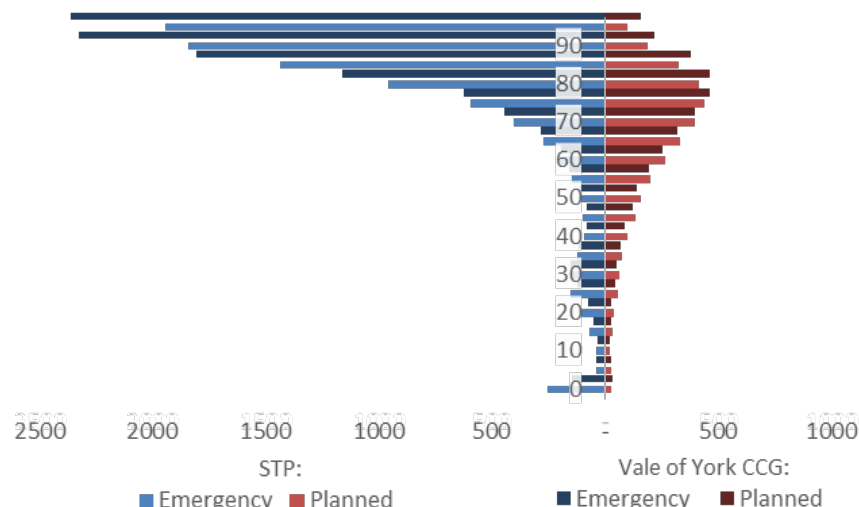
	NHS East Riding of Yorkshire CCG	NHS Hull CCG	NHS North East Lincolnshire CCG	NHS North Lincolnshire CCG	NHS Scarborough and Ryedale CCG	NHS Vale of York CCG	% below STP average
Acute	710	659	737	650	691	646	5%
Mental Health	103	136	135	112	134	118	3%
Community Health Services	133	151	156	126	101	78	36%
Continuing Care	81	100	67	90	109	74	13%
Prescriptions	179	170	161	182	172	141	15%

*Average non-elective spend per person in the population aged 50+ (£)*

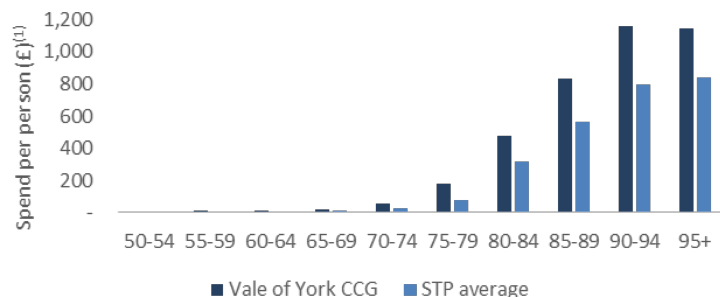
	STP average	Vale of York CCG	% difference
Geriatric Medicine	£78	£128	+64%
Respiratory Medicine	£35	£70	+101%
Trauma & Orthopaedics	£34	£43	+28%
Cardiology	£29	£43	+49%
Total other	£213	£159	-25%
<b>Total</b>	<b>£389</b>	<b>£443</b>	<b>+14%</b>

Inpatient activity and spend profile 15/16

*Spend per person by age band (£)*



*Spend per person in the population on non-elective Geriatric Medicine*



# Overview of Orthopaedics

In planned care, there are particular opportunities in orthopaedics

**Extract page from MTFS**

3.10

## Elective orthopaedics

- Vale of York CCG's average spend per person in the population on planned care was 15% higher than the STP average for trauma and orthopaedics (T&O). The difference is most marked for older patients
- Findings from the population analytics and benchmarking indicates that VoY spends relatively more on older people (75+) than others within the STP in both planned and unplanned care. It is likely that high spend on T&O is a key driver of this overspend
- RightCare benchmarking shows that the CCG has the **4th highest primary hip replacement rates** in the country and high rates of knee replacement compared to similar CCGs

### What is the potential saving?

- By bringing spending in line to the STP average, VoY could save £4.2m on planned T&O. This figure is also backed up by RightCare benchmarking findings

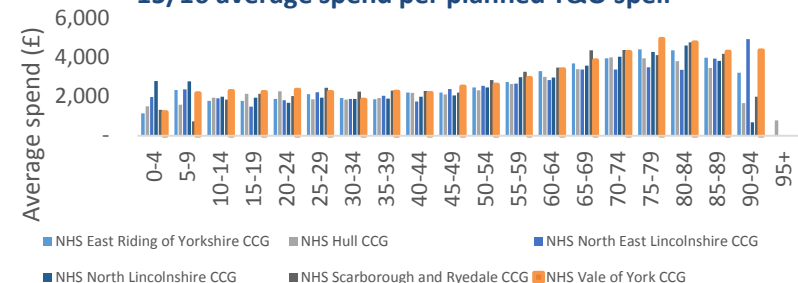
### Key assumptions:

- Reduce elective orthopaedics spend to the average of the 10 similar CCGs identified by RightCare benchmarking
- Includes £0.2m savings in 17/18 identified from arthroscopies
- Includes £0.4m savings in 17/18 identified from a review of knee replacement coding & tariff following change in NICE guidance

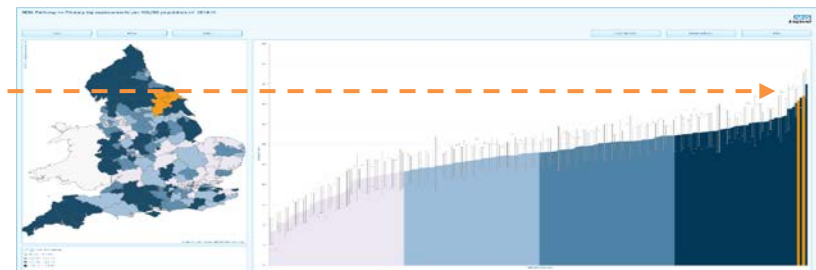
### 15/16 spend per head across the STP and at Vale of York CCG<sup>(1)</sup>

	STP average	Vale of York CCG	% difference
Spend per head (planned T&O)	£44	£51	+15%

### 15/16 average spend per planned T&O spell<sup>(1)</sup>



### Primary hip replacement rates



(1) SUS data 2015/16; population from Technical Guide to determination of revenue allocations to CCGs and commissioning areas for 2016-17 to 2020-21

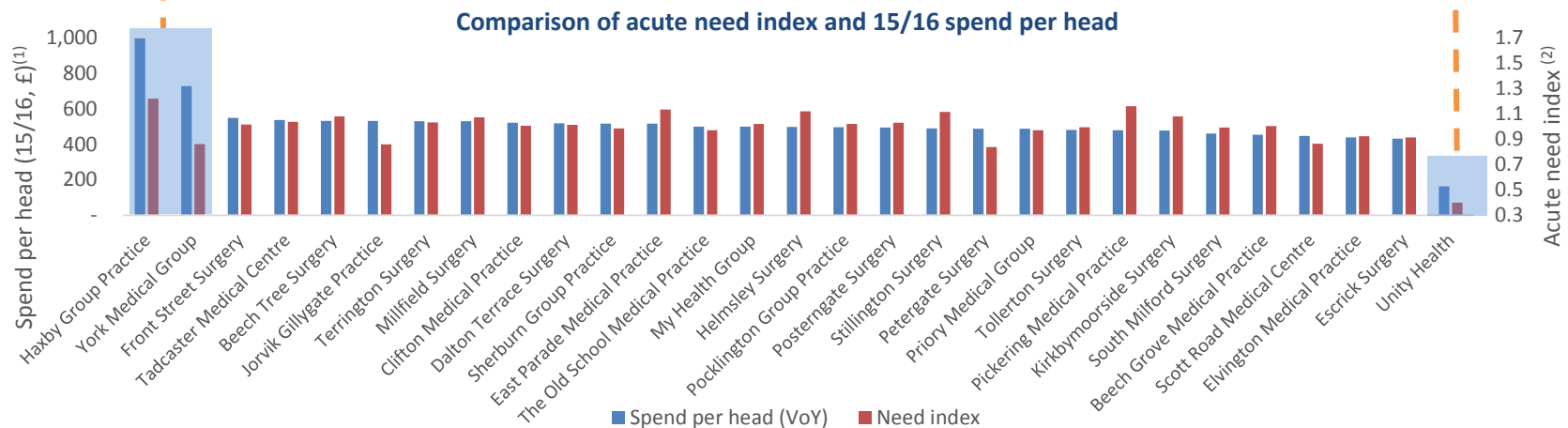
Variability in primary care referral behaviour indicates there may be an opportunity to reduce acute spend

**Extract page from MTFs**

## 3.7

### Primary care referrals

- There is wide variation in the spend per person on acute care by GP practice, indicating a potential opportunity to reduce acute referrals through a stronger primary care offering /behaviour change
- The chart presented compares acute spend per head with patient need, by GP practice:
  - Haxby Group Practice and York Medical Group are two outliers;** they also have the highest spend per head relative to patient need, and are two of the three largest GP practices in the CCG (over 65k patients), responsible for a total acute spend of £57m in FY16
  - There may be multiple reasons for the variations however it could indicate an unnecessary level of referral to acute care when enhanced community or primary care might better serve the patients' needs
  - The University campus health centre has a high spend per head compared to need. This may result from a neighbouring elderly population to the campus



(1) Technical Guide to determination of revenue allocations to CCGs and commissioning areas for 2016-17 to 2020-21 (spreadsheet C)

(2) SUS data 2015/16

VoY has traditionally performed well on prescribing although there are pockets of comparatively high spend

**Extract page from MTFs**

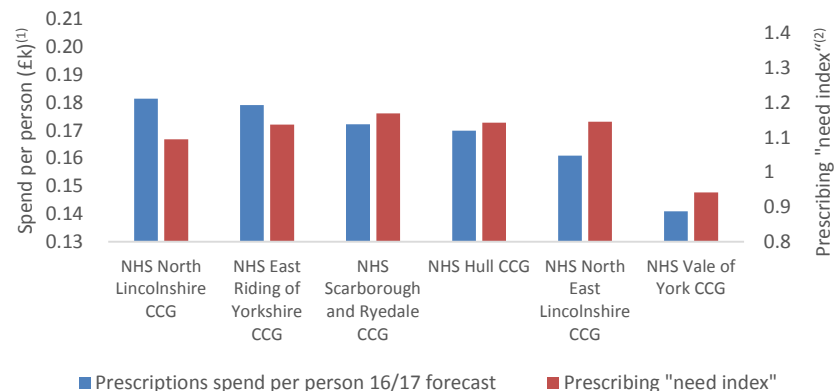
## 3.13

### Prescribing

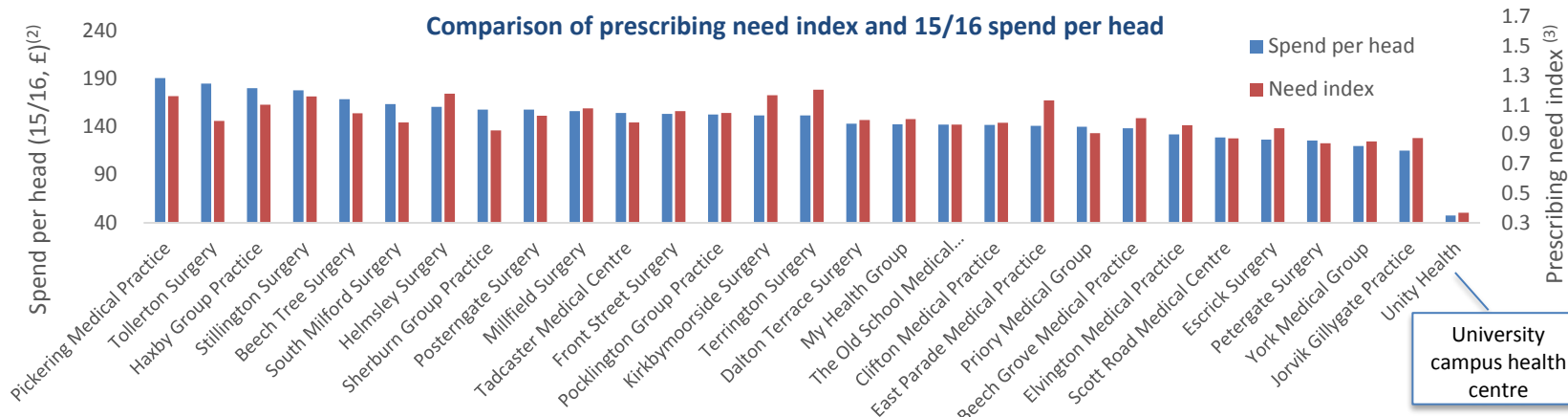
#### What is the evidence?

- Within the STP, Vale of York CCG has a relatively low prescribing spend compared to other commissioners and for its level of patient need, as illustrated in the chart opposite.
- However, there are pockets of comparatively high levels of prescribing spend within the CCG (e.g. Tollerton Surgery), where there could be opportunities for further efficiencies
- While there may be a number of reasons for the variation between GP practices (shown below), it could indicate an unnecessary level of prescribing in some instances
- If all practice alliances (Unaligned practices as an alliance) reduced to the CCG average spend per weighted head of population this would save £2.5m; £5.5m potential saving if all reduced to the lowest alliance

#### Spend vs. need: prescriptions



#### Comparison of prescribing need index and 15/16 spend per head



(1) 2016/17 Finance Plans (submitted to NHS England April 2016); population from Technical Guide to determination of revenue allocations to CCGs and commissioning areas for 2016-17 to 2020-21

(2) Technical Guide to determination of revenue allocations to CCGs and commissioning areas for 2016-17 to 2020-21 (spreadsheet D)

(3) 2015-16 Prescribing Data



# Anticipated financial position 2017-18 & 2018-19

## How does this translate in to plans and delivering savings?

- The CCG identified 6 key areas of financial opportunity based on the population analytics and health benchmarking findings
- These opportunities have been subject to an NHS England Confirm and Challenge session with the relevant, executive director, clinical, operational and finance and contracting leads signing up to schemes that deliver the same overall amount, phased differently. Although the overall opportunity still exists, it is the confirm and challenge numbers that have been used in constructing the CCG's financial plan.
- The CCG and partners are now actively mobilising the Vale of York accountable care **system** (ACS) based around a three locality delivery model. The intention is that joint programmes of transformation will be developed based on the specific local needs and priorities of these locality populations that will best address the current gaps in funding, health and social care in outcomes for the VoY population.

Section reference	Opportunity	Initial Assessment					Confirm and Challenge Assessment				
		Total potential spend reduction (£m)	17/18 (£m)	18/19 (£m)	19/20 (£m)	20/21 (£m)	Total potential spend reduction (£m)	17/18 (£m)	18/19 (£m)	19/20 (£m)	20/21 (£m)
(4.2)	<b>1) Elective orthopaedics</b>	4.2	1.3	1.0	1.0	1.0	3.0	0.8	2.3	0.0	0.0
(4.3)	<b>2) Out of hospital care</b>	21.3	0.0	9.1	7.2	5.0	15.0	3.6	4.5	4.3	2.5
(4.4)	<b>3) Contracting for outpatients</b>	5.0	3.0	2.0	0.0	0.0	2.0	1.0	1.0	0.0	0.0
(4.5)	<b>4) Continuing healthcare and funded nursing care</b>	9.3	3.1	2.5	2.5	1.2	9.6	1.8	2.5	2.5	2.8
(4.6)	<b>5) Prescribing</b>	6.2	1.7	1.5	1.5	1.5	6.2	1.6	1.6	1.5	1.5
(4.7)	<b>6) High cost drugs</b>	2.0	0.2	0.6	0.2	1.0	2.1	0.3	0.6	0.2	1.0
	<b>Other</b>	0.0	0.0	0.0	0.0	0.0	9.8	6.8	1.8	1.0	0.2
	<b>Total</b>	<b>50.0</b>	<b>9.4</b>	<b>16.7</b>	<b>12.4</b>	<b>9.6</b>	<b>47.7</b>	<b>15.9</b>	<b>14.3</b>	<b>9.5</b>	<b>8.0</b>

**£44.1m**

2017-18 cumulative deficit

**£9.8m**

In year forecast deficit for 2018-19

**£53.9m**

Forecast deficit at the end of 2018-19



# A financially sustainable healthcare system in the Vale of York



New funding and contracting models based on locality and population needs  
 Clear and transparent information about the local financial position, the challenges and priorities  
 Ensure financial expertise is at the heart of priority and programme areas  
 Review financial approaches in continuing healthcare and jointly commissioned services  
 Continue to remain within organisation's running costs



## How the CCG will support the local system to achieve financial sustainability

- |  |   |  |  |  |
|--|---|--|--|--|
| <ul style="list-style-type: none"> <li>▪ Elective orthopaedics / MSK review informed by Right Care</li> <li>▪ Reduce the demand on hospital and acute care by transforming services</li> <li>▪ Reduce outpatient attendances to reduce to clinically unnecessary follow ups</li> <li>▪ Support providers to take up lower cost bio-similar drugs</li> <li>▪ Addressing RightCare priority areas</li> </ul> | <ul style="list-style-type: none"> <li>▪ Benchmark against national continuing healthcare spending and develop action plan (e.g. review current commissioning and contract approach learned for benchmarking work)</li> </ul> | <ul style="list-style-type: none"> <li>▪ Early intervention and crisis avoidance through improved access</li> <li>▪ Review of out of contract placements and contracting</li> <li>▪ Modernised mental health estate</li> </ul> | <ul style="list-style-type: none"> <li>▪ Reduce practice prescribing spend by exploring incentives for practices to take part in gain-share schemes</li> </ul> | <ul style="list-style-type: none"> <li>▪ Drive prevention and self-care projects</li> <li>▪ Support demand management in primary care</li> <li>▪ Develop primary care based services that support out of hospital care schemes</li> <li>▪ Develop budgets / gain share schemes to incentivise practices to manage acute spend</li> </ul> |
|--|---|--|--|--|

## Opportunities to achieve a financially sustainable system



Acute care



Continuing healthcare



Mental health and learning disabilities



Prescribing



Primary care

Key areas

£28.1m

£16.0m





£44.1m

2016-17 cumulative deficit

In year forecast deficit for 2017-18

Forecast deficit at the end of 2017-18

# Summary Financial Plan 2017/18 – 2020/21

	2016/17 £000s	2017/18 £000s	2018/19 £000s	2019/20 £000s	2020/21 £000s
Surplus/ <b>Deficit</b>	<b>(28,096)</b>	<b>(44,149)</b>	<b>(53,907)</b>	<b>(54,542)</b>	<b>(38,057)</b>
In year Allocation		449,675	458,826	470,892	487,948
In year Surplus/ <b>Deficit</b>	<b>(21,801)</b>	<b>(16,054)</b>	<b>(9,758)</b>	<b>(546)</b>	16,394
Improvement of in-year position		<b>5,746</b>	<b>6,296</b>	<b>9,212</b>	<b>16,940</b>
Actual % improvement		<b>1.3%</b>	<b>1.4%</b>	<b>2.0%</b>	<b>3.5%</b>
1% of allocation – required Improvement		4,497	4,588	4,709	4,879
Business Rule for 1% of allocation improvement for Deficit CCG met					
QIPP Target		15,900	14,300	13,900	14,400
QIPP % (on recurrent in-year allocation per NHSE model)		3.5%	3.0%	3.0%	3.0%