

# Financial Recovery Strategy

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# NHS Planning Guidance

## Key Financial Messages

- NHS England Funding to support Five Year Forward View – additional £3.8bn in 2016/17 rising to £8.4bn in 2020/21
- Real terms growth front loaded:
  - 2016/17 £3.8bn +3.7%
  - 2017/18 £1.4bn +1.3%
  - 2018/19 £0.4bn +0.4%
  - 2019/20 £0.8bn +0.8%
  - 2020/21 £1.6bn +1.6%
- Transformation & Sustainability Fund 2016/17 (£1.8bn providers + £0.3bn transformation = £2.1bn)

# NHS Planning Guidance

## Key Financial Messages

- STP must demonstrate how the NHS locally will 'balance its books' & return to balance if in deficit
- 'Most compelling & credible STPs' will be able to access transformation funding
- Plans must answer, as a health economy, how we will 'close the finance & efficiency gap'
- '9 must dos' includes 'return system to aggregate financial balance' through cost reduction (including Carter & RightCare)
- Real terms growth for CCGs in 2017/18 contingent on robust STP in 2016/17
- Finance to reconcile to activity

# Efficiency & Business Rules

- Efficiency set at 2%
- Cost uplift set at 3.1% (inc pension costs)
- HRG4 retained for a further year
- Marginal rate emergency tariff remains at 70%
- MFF continues as currently in place
- Commissioners:
  - Surplus 1%
  - Non-recurrent expenditure 1%
  - Contingency 0.5%
- BCF plans for 2016/17 must explicitly support reductions in unplanned admissions and delayed transfers of care

# Funding

- 3 year firm allocations plus 2 indicative years
- No CCG more than 5% below target
- Average 2016/17 growth
  - CCG core 3.4% (VoY 3.0%)
  - Primary Care 4.2% (VoY 3.6%)
- 5 year primary care & specialised allocations also published
- Running costs held flat

# Allocations

<b>Population</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
Population Projection	352,219	354,498	356,701	358,917	361,022	363,051
Population Growth		0.6%	0.6%	0.6%	0.6%	0.6%

<b>CCG</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
Allocation £k	382,371	394,029	401,921	409,907	418,426	433,741
Allocation per Capita £		1,112	1,127	1,142	1,159	1,195
Growth		3.0%	2.0%	2.0%	2.1%	3.7%
per Capita Growth		2.4%	1.4%	1.4%	1.5%	3.1%
Target £k		385,922	393,830	401,647	410,112	425,495
Target per Capita £		1,089	1,104	1,119	1,136	1,172
Opening DfT		3.5%	2.8%	2.8%	2.8%	2.7%
Closing DfT	2.7%	2.1%	2.1%	2.1%	2.0%	1.9%

<b>Primary Medical</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
Allocation £k	38,682	40,061	40,858	42,065	43,425	45,176
Allocation per Capita £		113	115	117	120	124
Growth		3.6%	2.0%	3.0%	3.2%	4.0%
per Capita Growth		2.9%	1.4%	2.3%	2.6%	3.5%
Target £k		41,580	42,874	44,209	45,641	47,456
Target per Capita £		117	120	123	126	131
Opening DfT		-2.8%	-3.0%	-4.0%	-4.2%	-4.2%
Closing DfT	-3.6%	-3.7%	-4.7%	-4.9%	-4.9%	-4.8%

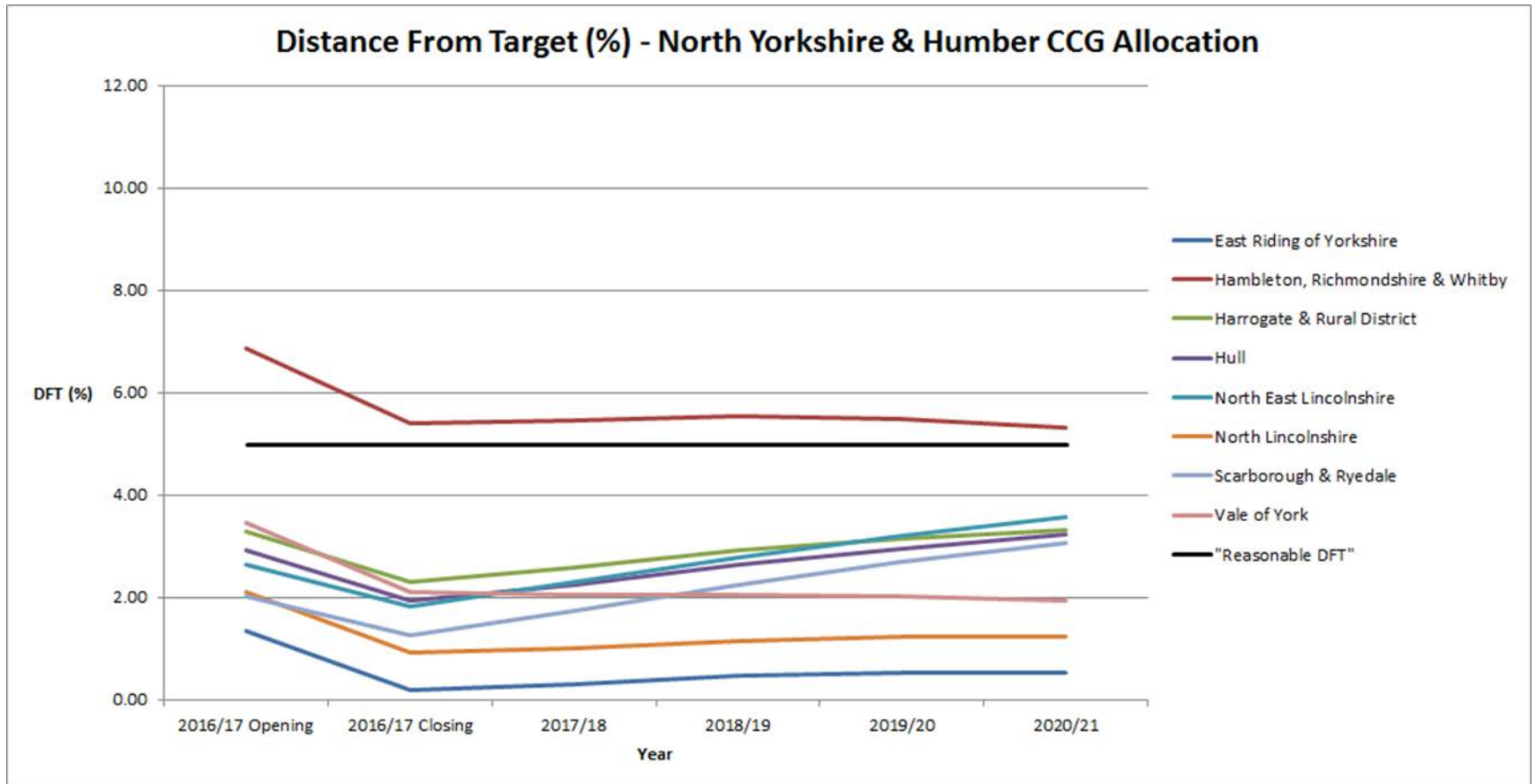
# Allocations

<b>Specialised</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
Allocation £k	66,075	71,071	74,395	77,649	81,026	84,993
Allocation per Capita £		200	209	216	224	234
Growth		7.6%	4.7%	4.4%	4.3%	4.9%
per Capita Growth		6.9%	4.0%	3.7%	3.7%	4.3%
Target £k		68,110	71,295	74,412	77,648	81,447
Target per Capita £		192	200	207	215	224
Opening DfT		5.1%	5.1%	5.1%	5.1%	5.1%
Closing DfT	4.3%	4.3%	4.3%	4.3%	4.4%	4.4%

<b>Total</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
Allocation £k	487,128	505,161	517,174	529,621	542,877	563,910
Allocation per Capita £		1,425	1,450	1,476	1,504	1,553
Growth		3.7%	2.4%	2.4%	2.5%	3.9%
per Capita Growth		3.0%	1.7%	1.8%	1.9%	3.3%
Target £k		495,611	507,999	520,269	533,400	554,397
Target per Capita £		1,398	1,424	1,450	1,477	1,527
Opening DfT		3.2%	2.7%	2.5%	2.5%	2.5%
Closing DfT	2.4%	1.9%	1.8%	1.8%	1.8%	1.7%

<b>Running Costs</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
Allocation £k	7,476	7,525	7,517	7,510	7,502	7,492
Adjusted ONS resident populations		341,001	343,107	345,226	347,241	349,183

# Allocations





# Principles & Parameters

1. Plans must be realistic & deliverable
2. 3-4% savings per annum maximum
3. Outline strategy backed by detailed plans
4. No short term measures that result in long term pressure
5. Transformational and transactional plans both required
6. Multi-year recovery timeframe

# Principles & Parameters

7. Flexibility on NHS England business rules during recovery period
8. No further deterioration in any year
9. Aim to reduce overall cost in the system & with providers
10. Stabilisation leading to financial sustainability
11. System focus – work in partnership & with stakeholders
12. Accountability for delivery

# Planning Assumptions – Inflation, Efficiency & Growth

- Tariff uplift & efficiency in line with planning guidance
- Population growth estimated at 0.6% per year & when applied to current acute activity profile, demographic growth is 1.0%
- Practice registered populations growing at a greater rate of 1%

	2016/17	2017/18	2018/19	2019/20	2020/21
<b>INFLATION</b>					
Tariff Uplift (Secondary Care)	3.10%	3.10%	3.10%	3.10%	3.10%
Voluntary Sector & Hospices	2.00%	2.00%	2.00%	2.00%	2.00%
Prescribing Uplift	5.00%	5.00%	5.00%	5.00%	5.00%
Continuing Healthcare	1.50%	1.50%	1.50%	1.50%	1.50%
<b>EFFICIENCIES</b>					
Tariff Efficiency (Secondary Care)	-1.30%	-2.00%	-2.00%	-2.00%	-2.00%
<b>ACTIVITY GROWTH - DEMOGRAPHIC</b>					
Secondary Care	1.00%	1.00%	1.00%	1.00%	1.00%
Voluntary Sector & Hospices	0.60%	0.60%	0.60%	0.60%	0.60%
Primary Care	0.60%	0.60%	0.60%	0.60%	0.60%
Prescribing	0.60%	0.60%	0.60%	0.60%	0.60%
Continuing Healthcare	0.60%	0.60%	0.60%	0.60%	0.60%
<b>ACTIVITY GROWTH - NON DEMOGRAPHIC</b>					
Continuing Healthcare	2.50%	2.50%	2.50%	2.50%	2.50%

# Finance & Contracting Workstreams

- Deliver 15/16 Outturn
- Communications & Training
- Team & Resources
- 16/17 Financial Plan & 5 year long term financial plan
- Reporting
- Governance & Control

# Proposed Work Plan

- Integrated Care
  - Primary Care Home
    - Integrated Care Team
    - Urgent Care
    - 7 Day Working
    - Prescribing
    - Planned Care
    - Access to Care
      - Technology
      - Urgent Care
      - Cross-site Collaboration
      - Collaborative Medicine
- Non-Contracted Activity
- Mental Health Placements
- Running Cost Review
- Anti-coagulation
- RSS
- Reablement
- Care Hubs
- Community Services
- Wheelchairs & Equipment
- Patient Transport
- Prescribing
- Dressings
- Contenance & Stoma Care
- Pathology
- Primary Care Variation & Benchmarking
- RightCare
- Carter Efficiencies
- PLCV Review

# Next Steps

- Outline financial plan submitted 3<sup>rd</sup> Feb locally and 8<sup>th</sup> Feb nationally
- Decisions re principles & parameters to Governing Body 4<sup>th</sup> Feb (private session)
- Delivery plan for savings based on proposed workplan + transactional schemes + RightCare
- Phasing of financial recovery strategy to be agreed and approved