

**REPORT TO:** Health and Wellbeing Board

**DATE:** 6<sup>th</sup> July 2016

**REPORTING OFFICER:** Simon Banks, Chief Officer

**PORTFOLIO:** Health and Wellbeing

**SUBJECT:** Financial Recovery and Sustainability Plan

**WARDS:** Borough Wide

## **1.0 PURPOSE OF THE REPORT**

To inform the Health and Wellbeing Board of the actions being undertaken by NHS Halton CCG to achieve financial recovery and sustainability.

## **2.0 RECOMMENDATION: That the Health and Wellbeing Board note the report.**

## **3.0 SUPPORTING INFORMATION**

- 3.1 Over the previous three financial years (2013/14, 2014/15 and 2015/16) NHS Halton CCG had managed to deliver with the business rules set for the organisation by NHS England. The achievement of these business rules, which include a statutory requirement to deliver a balance year end budget and a 1% surplus, was challenging but the scale of this challenge for the next five years is immense. To deliver financial recovery and sustainability will involve some difficult and potentially contentious decisions about what services NHS Halton CCG chooses to commission or decommission and what partnerships and activities we invest in and disinvest in.
- 3.2 Table 1 shows NHS Halton CCG's allocations and projected expenditure through to 2020/21. This shows that the core allocation, including delegated co-commissioning of general medical services, will increase over the next five years. However, this increase does not keep pace with the costs of commissioning services over the same period of time and the requirement to continue to deliver a 1% surplus. These initial figures suggest that, over the next five years, NHS Halton CCG will need to find a cumulative total of £55.6m in savings.

	Notified 2016/17	2017/18	2018/19	2019/20	2020/21
Total Allocation	213,662	217,961	222,215	226,861	235,018
Total Costs	219,933	223,578	228,583	233,644	238,761
QIPP Requirements	(8,408)	(11,680)	(12,506)	(12,997)	(10,071)
Surplus/Deficit	2,136	2,180	2,222	2,269	2,350

Table 1: NHS Halton CCG projected allocations and expenditure

3.3 On 7<sup>th</sup> April 2016 the Governing Body of NHS Halton CCG agreed an annual budget for 2016/17 that included the achievement of £8.4m cost savings in year. The Governing Body also agreed, based on the above forecasts, that a Financial Recovery and Sustainability Plan was required by July 2016 to deliver recurrent savings over the next five years to deliver more efficient and effective health and care services.

3.4 NHS Halton CCG's Financial Recovery and Sustainability Plan will explore four areas of action:

- improving health care
- improving value for money
- reducing costs by reviewing existing services
- considering more difficult decisions

Focus will be placed on:

- reducing planned (elective) and unplanned (non-elective) activity in secondary care settings whether new or follow up, by using and, where necessary, developing integrated community service provision, including general practice, to manage demand for secondary care services.
- continuing to invest in preventative services that deliver high returns for low investment.
- focusing resources and targeting those people who use secondary care services most frequently to reduce their dependency on these services.
- utilising contract management to reduce spend in secondary care settings around coding, high cost tariffs, consultant to consultant referrals and procedures of low clinical priority.
- full review of all commissioned services and each budget line against the triple aim principles (better care, better outcomes and value for money) – which may result in some services being decommissioned or disinvested in.

- full review of all clinical commissioning policies and guidance to ensure implementation in practice, this will include joining with other CCGs to look again at the Procedures of Lower Clinical Priority Policy and explore prior approval processes – which may lead to further restrictions on the treatments and interventions that the NHS can support.
- internal budgetary management and efficiencies.

3.5 NHS Halton CCG has always sought to work in partnership with local people and the organisations that serve those people. It is our intention that the development and implementation of our Financial Recovery and Sustainability Plan will be taken forward openly, transparently and honestly. On 2<sup>nd</sup> June 2016 the Governing Body agreed to some core principles and a process for decision making on cost improvement identification to contribute to financial sustainability. The supporting document can be found in the NHS Halton CCG Governing Body papers which are available at <http://www.haltonccg.nhs.uk/about/governing-body-meetings>. The process that has been agreed will ensure that the impact of any commissioning decisions, whether about investment or disinvestment, takes into account quality and equality issues and are taken forward following engagement with interested parties.

#### **4.0 POLICY IMPLICATIONS**

NHS Halton CCG remains committed to delivery of the ‘must do’ objectives and targets set out in *Five Year Forward View* and the associated guidance. All the activity of the organisation will therefore be focused on delivery of the service transformation required to deliver these ‘must do’ areas and deliver financial recovery and sustainability.

#### **5.0 OTHER IMPLICATIONS**

By producing a Financial Recovery and Sustainability and Recovery Plan and reporting a £8.4m cost improvement plan for 2016/17 it is likely that NHS England will place NHS Halton CCG under additional scrutiny. This may include bring in an external consultancy/turnaround agency.

#### **6.0 IMPLICATIONS FOR THE COUNCIL’S PRIORITIES**

##### **6.1 Children and Young People in Halton**

None as a result of this report, although the Financial Recovery and Sustainability Plan will look at all commissioned services and partnerships including those involving children and young people.

##### **6.2 Employment, Learning and Skills in Halton**

None as a result of this report.

### **6.3 A Healthy Halton**

The Financial Recovery and Sustainability Plan will potentially impact on all commissioned services, expenditure and partnerships that NHS Halton CCG is currently committed to.

### **6.4 A Safer Halton**

None as a result of this report.

### **6.5 Halton's Urban Renewal**

None as a result of this report.

## **7.0 RISK ANALYSIS**

Risks will be managed within the governance framework of NHS Halton CCG.

## **8.0 EQUALITY AND DIVERSITY ISSUES**

These are taken into account as part of the Financial Recovery and Sustainability Plan and the processes that will be put in place for its development and implementation. NHS Halton CCG will ensure that it is compliant with the statutory duties of the Equality Act 2010.

## **9.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972**

Not applicable.