

CONFIDENTIAL DRAFT: Work in progress

Report to STP Board: 14 March 2019

Agenda item:	3.1		
Title:	Finance and Capital Planning		
Lead:	Paul Scott, Financial Performance and Planning Group (FPPG) Chair		
Author:	Simon Rudkins, Head of Strategic Finance, System Delivery Unit		
Report purpose <i>(Please mark one in bold)</i>			
APPROVAL	DECISION	ASSURE	INFORM
Link to STP Priorities <i>(Please mark all applicable in bold)</i>			
AT HOME IS BEST	SAFE & EFFECTIVE HOSPITAL CARE, WHEN NEEDED	WE'RE ONLY SUSTAINABLE TOGETHER	SUPPORTED DELIVERY
Committees/groups where this has been presented to before <i>(including date)</i>			

Purpose of the paper

The purpose of this paper is to update the Sustainability and Transformation Partnership (STP) on progress in respect of:

- 2018/19 financial performance;
- Development of an initial 2019/20 financial plan for the System;
- Progress on System solutions;
- Workforce plans for 2019/20.

The STP Board is invited to:

The STP board is asked to:

- Note the 2018/19 System Finances;
- Note the 2019/20 Planning – National Timetable;
- Note the 2019/20 Planning – Process;
- Note the 2019/20 Planning – Progress towards alignment and System Control Total;
- Note the System Solutions;
- Note the 2019/20 Planning – Workforce; and
- System Investment Fund – Findings of the evaluations.

1. INTRODUCTION / BACKGROUND

The Cambridgeshire and Peterborough health and care system is financially challenged. The System budget is an amalgamation of our NHS partners who each remain accountable to their Boards and regulators for delivering their own individual budgets. The System needs to set a financial plan for 2019/20 and has been set a System Control Total of (£142m). This will be very financially challenging given the local cost pressures and the CCG allocation that is lower than anticipated. This report updates the Board in relation to in year performance and 2019/20 planning.

2. BODY OF REPORT

2018/19 System Finances

The collective Cambridgeshire and Peterborough financial plan for 2018/19 is a deficit of £135.1m. Year to date, at Month 10, the System is adverse to plan by £15.3m year to date (on a control total basis inclusive of Provider Sustainability Funding), reflecting cost pressures that have crystallised during the year across multiple system partners. The System is anticipating a deficit of £156.9m for the year, after receipt of Provider Sustainability Funding (PSF); this is due to:

- NWAFT reforecast their financial position in Month 9 as they do not anticipate meeting their Control Total of £46.5m and are forecasting an outturn of £61.5m, this will forfeit PSF for Q3 and Q4 (£11.9m in total); and
- RPH have reforecast and are favourable against plan by £4.3m.

Table 1: Financial performance at 31 January 2019 and forecast year end

Financial Performance Forecast Outturn as at 31 January 2019	Year to date			Forecast Outturn including PSF			Forecast Outturn Excluding PSF			Control Total/PSF		
	Plan £m	Actual £m	Variance £m	Plan 18/19 £m	Forecast Outturn £m	Variance £m	Plan 18/19 £m	Forecast Outturn £m	Variance £m	Control Total Inc PSF £m	PSF/CSF Plan £m	PSF/CSF Forecast £m
Cambridgeshire Community Services NHS Trust	1.8	1.8	0.0	2.1	2.1	0.0	0.6	0.6	0.0	2.1	1.5	1.5
Cambridgeshire and Peterborough NHS FT	2.3	(0.8)	(3.1)	3.2	3.2	0.0	0.6	0.6	0.0	3.2	2.5	2.5
Cambridge University Hospitals NHS FT	(77.3)	(77.1)	0.2	(94.3)	(94.3)	0.0	(93.8)	(93.8)	0.0	(65.1)	-	-
North West Anglia NHS FT	(27.8)	(46.1)	(18.2)	(29.3)	(56.2)	(26.9)	(46.5)	(61.5)	(15.0)	(29.3)	17.2	5.3
Royal Papworth Hospital NHS FT	(14.4)	(7.5)	6.9	(16.8)	(11.7)	5.1	(15.8)	(11.5)	4.3	(9.9)	-	-
CCG	0.0	(1.1)	(1.1)	0.0	0.0	(0.0)	(35.1)	(35.1)	(0.0)	0.0	35.1	35.1
TOTAL	(115.4)	(130.8)	(15.3)	(135.1)	(156.9)	(21.8)	(189.9)	(200.6)	(10.7)	(99.1)	56.3	44.4

STF is split between Provider Sustainability Fund (PSF) and Commissioner Sustainability Funding (CSF)
CUH & RPH have not accepted their Control Totals

There is still a significant level of risk within the System position that could materialise over and above the current forecast. Finance Performance and Planning Group (FPPG) continues to explore whether there are any actions to be taken to improve the System's position.

2019/20 Planning - National Timetable

In addition to the individual operating plans that system partners submitted on 12 February, the STP submitted the System Operating Plan on 19 February, including:

- A draft system data aggregation return combining the information within the 12 February partner returns;
- A draft System Operation Plan Overview (SOPO) which, building on the provider narrative plans, explains the System's plans and our response to our Control Total offers; and

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- An alignment return that gives an update on our 2018/19 positions and reiterates the alignment of the partner contracts within the system data aggregation for 2019/20. We were required to submit an additional iteration of our contract alignment position on 5 March, ahead of the contract signature deadline of 21 March. A further alignment return is also expected on the 11 April.

System partners will submit final plans on 04 April; these will be aggregated and summarised within the update System Operating Plan submission on 11 April.

2019/20 Planning - Process

The process of aligning activity and financial assumptions has been undertaken through bilateral contract meetings, supported by the SDU. FPPG has met on almost a weekly basis to support transparent working, and conversations are now taking place several times a week, ensuring that all partners are updated on the level of alignment reached on individual plans. Engagement is therefore very good, despite challenging deadlines and competing pressures.

The System Operating Plan Overview has been drafted by the SDU with input from across the System. The content has been reviewed by the relevant SROs and the planning leads will see a final draft before submission. This current draft is also available on request. HCE members are also providing comments to support the final version.

2019/20 Planning – Progress towards Alignment and System Control Total

FPPG have stated a desire for an aligned set of operational plans including finance and activity assumptions to be submitted as a System. Partner organisations continue to work together in an open and transparent way to attempt to resolve any emerging differences. It seems likely that the System will have an aligned view of the activity expected next year but there are challenges in submitting aligned financial plans and contractual values due to the fact that the anticipated level of service delivery is not affordable to the System.

The current draft submissions have been collated by the SDU to give a level of System risk and to understand how far we are from meeting our system control total. Currently, the System has not been able to submit a plan that meets the System control total offer. We continue to accelerate work across the System to refine plans ahead of the final submissions in April.

The System CEOs are meeting with Regulators on 12 March to discuss our draft plans further.

System Solutions

System solutions are still in development. It is expected that DTOC, Tactical Demand Management, Contract Rationalisation and Acute Capacity should have some impact in 2019/20, whereas Integrated Neighbourhoods are likely to impact from 2020/21. The table below summaries the current progress on each solution:

Table 2: System solutions progress update

Driver of Deficit Category	Potential Solutions	Comment
System Capacity	DTOC reduction	A workshop is being arranged between the CCG and Local Authorities to collate the information that will be needed to review the likely financial impact of the DTOC plan. Finance leads will be there to review in real time in order to reach a conclusion by the end.
System Capacity	Tactical Demand management: <ul style="list-style-type: none"> Admissions Avoidance (including Urgent Care Round Table) Advice and Guidance (Planned Care) 	<p>A review of the admission and referral avoidance schemes is being undertaken to identify the full list of schemes that are being completed. The UEC Clinical Community is undertaking a prioritisation exercise to ensure that there is no unnecessary duplication and to ensure the use of resources is targeted to the projects which will make a difference. The CCG has identified that there is an opportunity of £8m against out of hospital urgent care.</p> <p>It has also been agreed that Advice and Guidance will continue next year, the savings for this needs to be quantified. The CCG have identified that there is an opportunity of £5m against Outpatient Pathway redesign.</p>
System Capacity	Integrated neighbourhoods	This is an initiative for 2020/21 and so is not anticipated to make a financial impact in 2019/20
Disjointed commissioning	Contract rationalisation	The CCG have shared their 2019/20 Strategy which outlines six 'big ticket' items which includes 'Remove duplication of provision' within Community Services. The total opportunity identified is £2.8m.
Maximising use of assets	Acute capacity <ul style="list-style-type: none"> Additional activity through Hinchingsbrooke One integrated Cardiology pathway 	<p>A positive meeting between CEOs and MDs of NWAFT and CUH has agreed some 'in principle' pathways to consider across the two Trusts that support operational sustainability at both sites. Conversations are also ongoing regarding other ideas that would increase activity through Hinchingsbrooke. Some limited benefit may result in 2019/20, but more is expected from 2020/21.</p> <p>Initial conversations to understand the potential benefits of this opportunity have begun and it is possible that it would be possible to gain a small financial benefit towards the end of 2019/20.</p>
Structural & funding mitigations	Living within our budget	<p>The following are being considered and have been shared at the regional review:</p> <ul style="list-style-type: none"> Renegotiation of Financing at lower interest rates Release of balance sheet items/reserves Review non-core costs and possible use of charitable funds increased

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19/20 Planning – Workforce

Within the System Operating Plan Overview the system is asked to include an evaluation of the workforce requirements, identification of gaps and development of plans to fill them. The Workforce Enabling Group have been coordinating the submissions of workforce numbers for individual provider plans and thus the system data aggregation and have produced narrative that outlines the system risks and next steps for inclusion within the System Operating Plan Overview.

- System partners have between 8 – 10% vacancy rates;
- There is a significant recruitment and retention challenge in Primary care and the domiciliary care workforce;
- The system has worked with Health Education England to develop a number of transformational schemes including re-branding the System as a model modern employer, developing a careers hub and providing additional personal development opportunities; and
- The System is due to develop its workforce strategy in 2019, this will highlight how the System will increase the number of undergraduate nursing degrees, increase the number of GPs and improve retention.

System Investment Fund – Findings from Evaluations

Evaluations have successfully concluded for the schemes that were funded through the 2017/18 System Investment Fund. An evaluation was also undertaken of Psychiatric Liaison, although as a national 'must do' it is anticipated that the CCG will fund this under the Mental Health Investment Standard.

A subset of FPPG met on 4 February to discuss the evaluations of these schemes and grouped the schemes into two categories, this was subsequently ratified at FPPG on 7 February:

- i. Schemes with a positive return on investment (ROI), it is recommended that these schemes continue to be funded; and
- ii. Schemes that do not have a positive ROI, and therefore, may be considered unaffordable to the System at this time

The findings of the evaluations are being finalised, as such, all projects are continuing until a final decision can be made. This would be taken in context of the emerging System overall financial position for 2019/20.

3. RECOMMENDATIONS

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5 March 2019