

Meeting of BNSSG CCG Governing Body

Date: Tuesday 7th May 2019

Time: 1.30pm

Location: The Vassall Centre, Gill Avenue, Downend, Bristol, BS16 2QQ

Agenda number: 6.5

Report title: BNSSG CCG Draft Budgets 2019-20

Report Author: Rob Moors - Associate Chief Finance officer

Report Sponsor: Sarah Truelove – Deputy Chief Executive & Chief Finance Officer

1. Purpose

The purpose of this report is to set out the revised budget for 2019-20 supporting the operational plan submitted to NHSE in April 2019. The reason that revised budgets have been prepared is that the CCG has changed its plan position from break-even in the February submission to a £15m deficit in the plan submitted on the 4th April 2019. The CCG still needs to finalise and agree acute contracts and identify further savings to achieve the revised plan of a £15m deficit. A further up-date will be provided when the 2019-20 plan is agreed.

2. Recommendations

The Governing Body is asked to:

- Review the budget for 2019-20
- Note the risk assessment
- Agree the proposed draft 2019-20 budgets

3. Executive Summary

Further to the earlier Budget paper, the revised April 2019 plan has a deficit of £15m. The main changes from the earlier submission are detailed in the report.

The revised plan is still challenging but recognises the current cost pressures and is still subject to agreement with NHSE.

4. Financial resource implications

This paper presents the revised draft budgets for 2019-20 of the Bristol, North Somerset and South Gloucestershire CCG. The presented budget proposal is based on the Operational Plan submitted to NHSE on the 4th April 2019 and will be subject to in year variation following the finalisation of contracts with individual providers.

5. Legal implications

Section 223H of the Health and Social Care Act 2012 sets out the duty for CCGs to break even on their commissioning budget for both revenue and capital. The current plan has a £15m deficit which will result in a referral by External Audit to the Secretary of State under section 30 of the Local Audit and Accountability Act 2014 noting a breach of statutory duty in the CCG Revenue Resource Limit.

BNSSG is required not to exceed the cash limit set by NHS England, which restricts the amount of cash drawings that the CCG can make in the financial year. The CCG must also comply with relevant accounting standards

6. Risk implications

As set out in the report the CCG must ensure it delivers its financial targets and the current plan has still to develop plans for c£8m of unidentified savings and has £5m of unmitigated risk.

7. Implications for health inequalities

No health inequalities issues arise as a result of this report

8. Implications for equalities (Black and Other Minority Ethnic/Disability/Age Issues)

There is no impact upon people with protected characteristics.

9. Implications for Public Involvement

The financial position of the CCG is subject to regular reporting and review by the Strategic Finance Committee and Governing Body. In addition, the CCG has regular meetings with NHSE to review performance throughout the year.

Agenda item: 6.5

Report title: 2019-20 Budget Recommendation Report

1. Background

The purpose of this report is to set out the budget for 2019-20 supporting the operational plan submitted to NHSE in April 2019. This is an update of the report that went to the April 2019 Governing Body meeting.

The CCG has a duty to publish a commissioning plan setting out how it plans to fulfil its statutory duty to keep expenditure within its allocated funding, revenue and cash limits.

2. Revised Plan – April 2019

Further to the earlier Budget paper, the revised April 2019 plan has a deficit of £15m. The main changes from the earlier submission are as follows:

- The under-lying recurring position has deteriorated by £5m reflecting the adverse moves in the financial position between M9 and M11 in 2018-19
- Additional activity plan growth of £6.8m reflecting the current state of contract negotiations
- A reduction in QIPP of £4.2m to £38.5m – this is 3% of the CCGs' allocation as is regarded as the maximum achievable
- Other changes giving a net benefit of £1m

The revised plan is still challenging but recognises the existing cost pressures and is subject to agreement with NHSE.

3. Risks and Mitigations 2019-20

The key risks to delivery of the April 2019 financial plan are:

- contracts finalised with providers for 2019-20 exceed the budgeted value
- the high level of discretionary prices for generic drugs in short supply continues into 2019-20
- acute activity/costs exceed budget
- savings are not delivered at the required scale and pace

Potential mitigations include:

- application of reserves

- anticipated additional funding for Delegated Primary Care
- anticipated additional funding for service transformation
- new savings initiatives are identified

The net un-mitigated risk is £5.1m, giving a total risk adjusted deficit plan of £20.1m.

4. Overview

The revised budgets for 2019-20 have a deficit of £15m and are consistent with the Operational Plan submitted on the 4th April 2019.

This budget plan provides an initial set of budgets against which expenditure can be authorised for 2019-20, prior to the finalisation of contract values.

Individual programme budgets will be subject to variation within the overall budget as necessary following the conclusion of contract negotiations with providers, confirmation of 2018-19 final outturn and any realignment of control centre responsibilities.

5. Financial resource implications

This paper presents the revised draft budgets for 2019-20 of the Bristol, North Somerset and South Gloucestershire CCG. The presented budget proposal is based on the Operational Plan submitted to NHSE on the 4th April 2019 and will be subject to in year variation following the finalisation of contracts with individual providers.

6. Legal implications

Section 223H of the Health and Social Care Act 2012 sets out the duty for CCGs to break even on their commissioning budget for both revenue and capital. The current plan has a £15m deficit which will result in a referral by External Audit to the Secretary of State under section 30 of the Local Audit and Accountability Act 2014 noting a breach of statutory duty in the CCG Revenue Resource Limit.

BNSSG is required not to exceed the cash limit set by NHS England, which restricts the amount of cash drawings that the CCG can make in the financial year. The CCG must also comply with relevant accounting standards.

7. Risk implications

As set out in the report the CCG must ensure it delivers its financial targets and the current plan has still to develop plans for c£8m of unidentified savings and has £5m of unmitigated risk.

8. Implications for health inequalities

No health inequalities issues arise as a result of this report

9. Implications for equalities (Black and Other Minority Ethnic/Disability/Age Issues)

There is no impact upon people with protected characteristics

10. Consultation and Communication including Public Involvement

The financial position of the CCG is subject to regular reporting and review by the Strategic Finance Committee and Governing Body. In addition, the CCG has regular meetings with NHSE to review performance throughout the year.

11. Recommendations

The Governing Body is asked to:

- Review the budget for 2019-20
- Note the risk assessment
- Agree the proposed draft 2019-20 budgets

Report Author: Rob Moors – Associate Chief Finance Officer

Report Sponsor: Sarah Truelove – Deputy Chief Executive & Chief Finance Officer

Appendices

Appendix 1 - Budget 2019-2020

Row Labels	Recurrent Baseline c/f into 2019/20	Gross Provider Efficiency (-)	Provider Inflation (+)	Increase in recurrent allocation	Activity Growth (Demog) (+)	Activity Growth (Non-Demog) (+)	Adjusted for Agreed Contracts	Other Recurrent Cost Pressures (+)	Efficiency Gross Saving (-) REC	Efficiency Investment (+) REC	Application of delegated budgets	Investment (Recurrent) (+)	Sub total - 2019/20 Recurrent	Efficiency Gross Saving (-) Nrec	Sum of Sub - total Non- Recurrent	Total - 2019/20 Plan
Delegated Co-Commissioning RRL	(122,813)	0	0	0	0	0					(4,842)		(127,655)		0	(127,655)
Revenue Resource Limit	(1,198,334)	0	0	(70,699)	0	0							(1,269,033)		0	(1,269,033)
Delegated Primary Care	(1,321,147)	0	0	(70,699)	0	0					(4,842)		(1,396,688)		0	(1,396,688)
North Bristol NHS Trust	290,903	(3,122)	10,785	0	3,583	9,089	1,126	3,000	(4,337)				311,027		0	311,027
University Hospitals Bristol NHS Foundation Trust	238,711	(2,626)	9,071	0	2,479	4,392	30	4,489	(5,083)				251,463		0	251,463
Weston Area Health NHS Trust	62,524	(688)	2,376	0	732	1,343	5,226	1,399	(1,149)				71,763		0	71,763
South Western Ambulance Service NHS FT	31,160	(343)	1,184	0	298	736	28					1,276	34,339		0	34,339
Independent Sector Treatment Centres	17,065	(188)	648	0	163	403			(185)				17,907		0	17,907
Royal United Hospital Bath NHS Foundation Trust	12,433	(137)	472	0	119	170	(463)						12,594		0	12,594
NHS Non Contract Activity (NCAs)	11,337	(125)	431	0	108	151	(20)						11,883		0	11,883
Emersons Green NHS Treatment Centre	10,742	(118)	408	0	103	254							11,388		0	11,388
Non-Acute Transport	5,915	0	0	0	0	0							5,915		0	5,915
AQP services	7,666	(84)	291	0	73	181			(697)				7,431		0	7,431
Other Acute expenditure	6,714	(31)	109	0	60	72							6,923		0	6,923
Taunton and Somerset NHSFT	1,682	(18)	64	0	16	23							1,766		0	1,766
Public Health England	1,333	0	0	0	12	0							1,345		0	1,345
Individual Patient Treatment Approvals	128	0	0	0	0	0							128		0	128
Acute non contracted QIPP	0	0	0	0	0	0							0		0	0
Delegated Primary Care	698,313	(7,480)	25,839	0	7,745	16,815	5,927	8,888	(11,450)			1,276	745,873		0	745,873
Avon and Wiltshire Mental Health Partnership NHS Trust	76,872	(846)	2,921	0	734	811	(285)					1,247	81,454		0	81,454
Child & Adolescent Mental Health Services	11,577	(116)	400	0	116	112							12,089		0	12,089
Improving Access to Psychological Therapies	7,070	0	0	0	66	73							7,208		0	7,208
Other Mental Health & Learning Disability Services	40,128	(110)	380	0	377	417			(2,300)			(7)	38,885		0	38,885
Delegated Primary Care	135,647	(1,071)	3,701	0	1,293	1,412	(285)		(2,300)			1,240	139,636		0	139,636
Continuing Healthcare Adult	45,023	0	0	0	419	450			(1,085)				44,807		0	44,807
Continuing Healthcare Children	3,806	0	0	0	35	38							3,880		0	3,880
End of Life Care	3,031	(1)	4	0	28	(28)							3,034		0	3,034
NHS Funded Nursing Care	17,964	0	0	0	167	844							18,975		0	18,975
Delegated Primary Care	69,824	(1)	4	0	649	1,305			(1,085)				70,696		0	70,696
Adult Community Health Services	96,222	(1,058)	3,656	0	919	791	(656)		(700)				99,173		0	99,173
Children's Community Services	14,216	(141)	486	0	138	108	(272)						14,536		0	14,536
Joint Working between Health and Social Care	21,339	0	0	0	185	159			(109)				21,574		0	21,574
Other Community Services	11,648	(0)	1	0	104	86			(890)				10,948		0	10,948
Delegated Primary Care	143,425	(1,199)	4,143	0	1,345	1,143	(928)		(1,699)				146,231		0	146,231
Primary Care Prescribing	119,077	0	0	0	1,114	8,148			(8,661)	16			119,695		0	119,695
Central Drugs Costs	5,737	0	0	0	53	390							6,180		0	6,180
Home Oxygen Service	2,392	(1)	4	0	22	48							2,465		0	2,465
Medicines Management - Clinical	1,381	0	0	0	13	28							1,422		0	1,422
Other Prescribing	1,868	0	0	0	3	24							1,895		0	1,895
Delegated Primary Care	130,456	(1)	4	0	1,206	8,638			(8,661)	16			131,658		0	131,658
BpCAG and Compact	1,852	0	0	0	17	37							1,906		0	1,906
Budget Setting Issues	0	0	0	0	0	0							0		0	0
Clinical Leads & Membership Engagement	2,013	0	0	0	10	21							2,044		0	2,044
Delegated Co-Commissioning	123,232	0	0	0	0	0					837	638	124,707		0	124,707
GP Forward View	5,472	0	0	0	0	0						1,531	7,003		0	7,003
Local Enhanced Services	2,514	0	0	0	23	50							2,587		0	2,587
Out of Hours	13,445	0	0	0	88	190							13,724		0	13,724
PMS Review	5,030	0	0	0	47	101							5,177		0	5,177
Primary Care Other	908	0	0	0	5	10			(1,000)				(78)		0	(78)

Row Labels	Recurrent Baseline c/f into 2019/20	Gross Provider Efficiency (-)	Provider Inflation (+)	Increase in recurrent allocation	Activity Growth (Demog) (+)	Activity Growth (Non-Demog) (+)	Adjusted for Agreed Contracts	Other Recurrent Cost Pressures (+)	Efficiency Gross Saving (-) REC	Efficiency Investment (+) REC	Application of delegated budgets	Investment (Recurrent) (+)	Sub total - 2019/20 Recurrent	Efficiency Gross Saving (-) Nrec	Sum of Sub - total Non- Recurrent	Total - 2019/20 Plan
Delegated Primary Care	154,466	0	0	0	190	408			(1,000)		837	2,170	157,071		0	157,071
Estates Management Recharges	1,000	0	0	0	0	0							1,000		0	1,000
IFR	115	0	0	0	0	0							115		0	115
Other Support Costs	425	0	0	0	2	0							427		0	427
Primary Care IT	2,425	0	0	0	23	49							2,496		0	2,496
Research & Development	318	0	0	0	0	0							318		0	318
Safeguarding	514	0	0	0	0	0							514		0	514
Healthy Weston	0	0	0	0	0	0							0		0	0
Delegated Primary Care	4,797	0	0	0	24	49							4,869		0	4,869
CSU	2,587	0	0	0	0	0							2,587		0	2,587
Non Pay costs	2,844	0	0	0	0	0							2,844		0	2,844
Pay Costs	13,284	0	0	0	0	0							13,284		0	13,284
Delegated Primary Care	18,715	0	0	0	0	0							18,715		0	18,715
0.5% Contingency Reserve	0	0	0	0	0	0						6,345	6,345		0	6,345
Other reserves	(72)	0	0	0	0	0	331	(331)					(72)		0	(72)
Contract Reserve	0	0	0	0	0	0	(4,642)	4,642					0		0	0
2019/20 Unallocated QIPP	0	0	0	0	0	0			(1,133)				(1,133)		0	(1,133)
2019/20 Unidentified QIPP	0	0	0	0	0	0							0	(11,150)	(11,150)	(11,150)
Delegated Primary Care	(72)	0	0	0	0	0	(4,311)	4,311	(1,133)			6,345	5,140	(11,150)	(11,150)	(6,010)
Delegated Primary Care	0	0	0	0	0	0					2,948		2,948		0	2,948
Delegated Primary Care	0	0	0	0	0	0					2,948		2,948		0	2,948
(Surplus) / Deficit	34,424	(9,753)	33,692	(70,699)	12,454	29,770	402	13,199	(27,328)	16	(1,057)	11,031	26,150	(11,150)	(11,150)	15,000