Report to the Sutton Clinical Commissioning Group Governing Body

Date of Meeting: Wednesday, 6th February

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<th>Agenda No: 5.1</th>
<th>ATTACHMENT: 03</th>
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**Title of Document:** Operating plan 13-14 progress update

**Purpose of Report:** For Review

**Report Author:** Susan Roostan & Jonathan Bates

**Lead Director:** Jonathan Bates

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**Executive Summary:** see paper overleaf

**Key sections for particular note (paragraph/page), areas of concern etc:**
Please note the ‘plan on a page’ that captures the intentions of Sutton CCG and its priority areas for 13/14. The priorities were previously developed in consultation with Board members.

Please also note the nil return for activity data at this stage and the explanation. Please note that this is the first submission, a review process and further iterations of the plan will be on-going until end March 2013.

**Recommendation(s):**
The Clinical Commissioning Group Governing Body is requested to:

1. Acknowledge the work in development of the operating plan for Sutton.

2. Comment and feedback on the ‘plan on a page’ document

3. Comment and feedback regarding the local priorities and financial narrative submitted as part of this first draft
Committees which have previously discussed/agreed the report:
Executive committee have seen and discussed an earlier draft and have agreed the local priorities at this stage of the process.

Financial Implications:
The attention of the board is drawn to the finance narrative that will accompany the operating plan. This document sets out the financial assumptions and the key risks associated with the CCG financial position.

Implications for the Sutton and Merton Board or Joint PCT Boards:
As this is a plan for April 2013 and beyond there are no implications to note for the Sutton and Merton or Joint Boards.

Other Implications: (including patient and public involvement/Legal/Governance/ Risk/ Diversity/ Staffing)

Equality Impact Assessment: The CCG has not undertaken an equality impact assessment on the draft plan but is intending to as part of the development process.

Information Privacy Issues:

Communication Plan: (including any implications under the Freedom of Information Act or NHS Constitution)

Executive Summary:
Sutton CCG is actively engaged in the planning round for the year April 2013 – March 2014.

The CCG is currently developing its operating plan for the coming year and is in the process of submitting required documentation for review by the NHS Commissioning Board.
To date the CCG has submitted the following documents:
- The Sutton CCG ‘plan on a page’
- A template that covers self certification of delivery of the NHS constitution, mandate and clostridium difficile objective.
- A self certification of assurance of providers CIP’s
- A trajectory for dementia and IAPT
- Trajectories for three local priorities
- Activity trajectories for 4 key measure: Elective FFCE’s, non elective FFCE’s, first OPD attendances and A&E attendances.
- The completed 2013/14 finance template and commentary.

Financial Plan 2013/14
At its last meeting the board received an update on the principles and assumptions underpinning the draft financial plan for 201314. The attached report expands on this and outlines the risks the CCG faces in 1314. This commentary together with a finance template was submitted to the NCB London Area Team on 25 January. The draft plan will be further refined including taking account of the outcome of contract negotiations with service providers, further work on the QIPP program and meetings with the NCB to explain and discuss the plan. The final plan is due for submission at the beginning of April.
Salient points

- CCG allocations for 1314 were notified at the end of December. Whilst there are some queries on the allocation, the 1213 baseline was largely as expected based on the PCT disaggregation work carried out earlier in the year. The sum transferring to the NCB for specialist commissioning is larger than expected (across London). Further work is being done on the value of this transfer but it is designed to be cost neutral to the CCG.
- The 1213 baseline allocation had been increased by 2.3% for 1314. An alternative allocation methodology had been considered by the NCB based on ‘distance from target’ and it is understood these figures will be published later in the year and a formal review into the allocation methodology.
- The CCGs program allocation for 1314 is £209 million that is the sum to be expended on direct healthcare. The separate running cost allocation is £4.5 million (or £25 per head) and running costs must be kept within this amount. The CCGs plans include running costs within this allocation.
- The national tariff deflator or price paid to NHS providers is a reduction of 1.3% reflecting inflation of 2.7% but net of an efficiency requirement of 4%.
- CQUINs remains at 2.5%
- CCGs are required to set aside a 2% reserve for non recurring spend, a 0.5% contingency and generate a 1% surplus. The 70% non elective threshold surplus must also be set aside.
- Work continues on splitting the acute budgets between Sutton and Merton. This work is largely being done by the CSU from a ‘zero base’ to base line figures for the CCGs. In establishing the financial envelope available in 1314 for acute and other services, forecast spend has been based on M06 activity in establishing the 1213 baseline, with appropriate demographic and non demographic growth added, the deflator applied and necessary QIPP savings applied.
- Based on initial figures a QIPP savings requirement of around £9 million is required to generate the required reserves and surplus. This is a very challenging target and largely reflects an inherited recurrent acute overspend. Work is in progress on identifying this QIPP and schemes must be credible and robust.
- A new quality premium of £5 per head (or near £1 million for the CCG) is being established by the NCB for 1314 payable in 1415. A key objective of the CCG is to drive continuous quality improvement in the services its commissions for its population.
- The CCG will be required to assure itself that provider cost improvements programs do not affect service quality or safety.
- The CCG is working with other SWL CCGs on a collaborative risk sharing agreement.
- CCG spend will be triangulated with provider income by the NCB and NTDS – this is welcomed by the CCG.

Whilst this draft plan shows the CCG meeting its 1% surplus requirement, there are significant risks for the CCG largely driven by the risk of acute overspend and underachievement of QIPP savings plans. The leadership of the CCG is well aware of these risks and is planning mitigating action though this will take time to achieve the full financial benefits. In the short term, the use of reserves to support the financial position is likely to be required.

The CCG Finance Committee discussed the plan at its meeting on 24 January. The final plan will be agreed by the Board before submission to the NCB in April.
Operating plan 13-14 progress update – “Plan on a Page”

1. **Background & Introduction**
   Sutton CCG is required to develop an operating plan for the financial year 2013-14.
   In December 2012, the Department of Health published the following guidance;
   Everyone Counts: Planning for Patients 2013/2014 and Supporting Planning for
   2013/14 Direct Commissioning. These documents set out the CCG
   requirements in terms of planning and a timeline has been developed from
   January- March to complete the process.

2. **Process to date**
   The CCG has met with members of the Local Area Team from the NHS
   Commissioning Board and is currently developing the documentation to support
   the delivery of the operating plan.
   There was a first submission date on Friday 25th January.
   Sutton CCG submitted the following:
   - The Sutton CCG ‘plan on a page’
   - A template that covers self certification of delivery of the NHS constitution,
     mandate and clostridium difficile objective.
   - A self certification of assurance of providers CIP’s
   - A trajectory for dementia and IAPT
   - Trajectories for three local priorities
   - Activity trajectories for 4 key measures: Elective FFCE’s, non elective FFCE’s,
     first OPD attendances and A&E attendances.
   - A brief overview of the financial position, underlying assumptions and key risks
   
   The following documents are attached for your information and comment:
   - Sutton CCG, ‘plan on a page’ – Appendix 1
   - The financial overview, underlying assumptions and key risks – Appendix 2
   - The three draft local priorities that will link to the quality premium payments,
     Appendix 3.

3. **Next Steps**
   The CCG will meet with the Local Area Team before 12th February 2013, to
   receive feedback on the submissions made to date. A further iteration of the
   plan will be developed once the feedback has been received.
   The next version will be taken to the Executive Committee and the Governing
   Body will be kept up to date of progress.
   The final version of the plan will be submitted to the March Board meeting for
   sign off.

4. **Recommendations**
   The Clinical Commissioning Group Governing Body is requested to:
   1. Acknowledge the work in development of the operating plan for Sutton.
   2. Provide comments and feedback on the ‘plan on a page’ document
   3. Provide comments and feedback regarding the local priorities and financial
      narrative submitted as part of this first draft.
APPENDIX 1

Sutton CCG
Our vision – ‘Working together to build the best affordable healthcare for Sutton’

Key Priorities

Acute Reconfiguration
- Better Services
- Better Value/St Helier Hospital redevelopment
- Delivery of strategic partnership agenda, joined up CIP and QIPP
- New UCC a building block to improved urgent care system
- HCAI performance improvement
- Wider quality and safety agenda

Out of hospital care
- Reduced growth in hospital referrals through use of intermediate tier services
- Quality improvement in primary care linked to quality premium
- Improved support to nursing homes
- 111 benefits realised

Long Term Conditions Management
- Risk stratification / identification further embedded
- NHS Health checks uptake
- Medicines management improved for older people
- End of Life Care programme continues to deliver

Focus on mental health
- Psychological therapies access and outcomes
- Improved diagnosis and treatment of dementia
- Cohesive mental health services for children and young people
- Enhanced range of providers; responding to consultation on inpatient services

Jubilee Health Centre
- Improved NHS estate
- Integrated hub for health and social care maximised
- Transformational redesign of outpatient and diagnostic services
- Review plans for tele-health

Integration and Collaboration
- Community services fully aligned to CCG localities
- Risk management with SWL CCGs
- JHWS drives closer working with Sutton Council
- Patient Reference Group adds value to commissioning decisions
- Focus on safeguarding leads benefiting adults and children

Local Context
- Two borough PCT moving to two separate CCGs
- Financial breakeven for 2011-12, projected breakeven for 2012-13
- Performance pressures HCAIs, CAMHS, childhood immunisation rates

National Drivers
- NHS Outcomes Framework
- NHS Mandate
- NHS Constitution
- QIPP
- Social Care Outcomes Framework

Local Drivers
- JSNA PHE
- Health & Wellbeing Board
- CCG Statutory Responsibilities
- General duties of CCG
- Commissioning responsibilities
- Planning/Monitoring services
- Financial duties (governance)
- Quality & Safety agenda

NHS Operating Framework
- Preventing people dying prematurely
- Helping people recover from episodes of ill health following injury
- Enhancing quality of life for people with long term conditions
- Ensuring the people have a positive experience of care
- Treating and caring for people in a safe environment

Enablers
- Local integration, CSU, NHS CB, NHSSTDA, Organisation Development Programme

Key Priorities

Our vision – ‘Working together to build the best affordable healthcare for Sutton’
Appendix 2  
Sutton CCG Commissioning Group  
Draft Operating Plan – submission 25 January 2013  
Finance Commentary  

This finance commentary supplements the commentary included on the ‘commentary tab’ of the finance template. It uses the CCG Operating Planning Toolkit 13/14 template.

Section Nine: Finance Planning  

9.1. Overview of financial position  

Planned delivery in 2013/14, including FCOT, risks, opportunities, non-recurrent matters, etc.  

Delivery in 2013/14, including FCOT, risks, opportunities, non-recurrent matters, etc.

<table>
<thead>
<tr>
<th>CCG is a new organisation but originates from NHS Sutton &amp; Merton whose 12/13 financial plan is a surplus of £4.5m.</th>
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<tr>
<td>The full Sutton year forecast financial position of NHS Sutton &amp; Merton at month M09 is to meet the planned surplus. However, the position assumes full utilisation of all reserves and contingencies and includes the application of a significant financial penalty on the largest acute provider in respect of HAIs. QIPP achievement is forecast at £8.7 m or 93% but includes around £2 m of non recurring benefits. NHS Sutton and Merton has been in 'financial recovery' for the last 3 years, the former 2 of which were under formal recovery arrangements and the CCG inherits an underlying deficit largely due to a recurring acute overspend.</td>
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<td>Thus whilst this draft plan shows the CCG meeting its 1% surplus requirement, there are significant risks for the CCG largely driven by the risk of acute overspend and underachievement of QIPP savings plans going forward. The leadership of the CCG is well aware of these risks and is planning mitigating action though this will to take time to achieve the full financial benefits. In the short term, the use of reserves to support the financial position may be required.</td>
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<tr>
<td>There main financial assumptions are:</td>
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<tr>
<td>• Sutton CCG has used the NHS Sutton &amp; Merton forecast outturn at Month 6 to set the 13/14 CCG's plan.</td>
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<tr>
<td>• the 1314 allocation includes a brought forward share of the NHS Sutton &amp; Merton surplus from 12/13</td>
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<td>• the set up of a 2% reserve for non recurrent expenditure</td>
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• the set up of 0.5% contingency reserve
• the requirement to plan for a 1% surplus / control total
• the 'set aside' of the 70% Non-Elective Threshold
• 1314 tariff deflator assumption applying to acute, mental health and community services, but not non NHS services where the tariff increase is nil.
• final take assumptions for specialist services transferring to the NCB - the transfer of specialist services is assumed neutral.
• assumptions concerning contract splits between Merton and Sutton CCG’s from NHS Sutton and Merton
• given the scale of the QIPP challenge, no new investments are planned other than to support QIPP and transformational programs
• there is uncertainty going forward concerning any financial liability on the void space in the property on which NHS Sutton and Merton hold the lease in Wimbledon (120 Broadway) and no allowance has been made in this plan.
• the CCG will operate within its running cost allocation of £4.5 million.

South West London CCGs are nearing completion of discussions on a formal risk share arrangement with strong governance arrangements. This is likely to include a proposal to the NCB to pool the 2% non recurrent reserve to fund QIPP and transformational schemes; other NR costs such as BSBV and BHCH; and provide a risk reserve for mutual financial assistance.

9.2. Financial Plan 2013/14 (including key assumptions)
Including but not limited to:
- Service developments, including Out-of-Hours Strategy
- Tariff impact / changes
- Commissioning intentions
- Non-Recurrent items
- Use of 2% Non-Recurrent funds
- Proposals for access to historic surpluses
- Readmissions, reablement and social care funds
- Risk pooling arrangements - sources and applications
- Collaborative arrangements to ensure effective and efficient use of resources/running cost allowance. Planned Running. Costs split between CCG and CSU
- Reserves
Growth in Resource Limit
The growth for 2013/14 is 2.30% or £4.7m.

Recurrent Deficit Brought Forward from 2012/13
The first call on any growth funds is the recurring NHS Sutton and Merton budget deficit of £9.6m. £4.8m of this relates to Sutton CCG.

Recurrent Acute Overperformance
The start point for all 2013/14 acute contracts will be based on month 6 activity. Using this activity gives Sutton CCG a further pressure of £6.5m.

Demand Growth
An estimate of the financial impact of demand/incidence growth has been estimated based on NHS London models, cross referenced with sector assumptions. This creates a total investment of £4.3m for most services including acute, prescribing, and non acute.

CQUINS/Inflation
For the majority of service level agreements, the level of deflation is -1.3% (based on 2.7% inflation less 4.0% CIP). Prescribing and Continuing Care inflationary levels have been currently set at 5% based on national assumptions.

For 2013/14 CQUIN has remained at 2.5% of contract values.

QIPP Plans
To achieve the planned surplus requirement, QIPP savings schemes totalling £9.1m are required. A number of schemes are being worked on covering urgent care, planned care and other services to identify and formalise the projects required, including a risk assessment on delivery. All QIPP schemes have a clinical and managerial lead and are managed using formal project management methodologies.

Contingency (0.5%)
Sutton CCG has budgeted for a 0.5% contingency, £1.0m

Surplus (1%)
The control total surplus held by Sutton CCG will be £2.1m
9.3. Key bridging movements from 2012/13 FCOT to 2013/14 plan

Including changes by revenue type, cost type, QIPP, overall surplus/deficit and underlying surplus/deficit.

The 2013/14 recurrent baseline for SCCG is £233.9m excluding running costs. An uplift of 2.3% has been given to all CCGs for growth, this equates to a £4.7m uplift for SCCG. The recurrent baseline has been reduced by £23.2m for Specialised Services and £1.8m for redistribution of the 2% headroom.

Sutton CCG has forecast recurrent costs above recurrent budget, growth funding has been applied in 13/14, and the return of the 12/13 control total surplus; budgets have been increased for reserves, demographics and contingency and recurring expenditure in relations to reablement and re-admission funding. The recurrent benefit of 12/13 QIPP is included in baselines. After all these factors are applied there is a 'gap' of £9.1 million and therefore QIPP savings required of this sum (this equates to 4.5% of allocation).

There will be investment required to deliver this QIPP, which has been estimated but further work is required. QIPP is currently shown net of this investment but it is intended to bid for these non recurrent enabling funds from the 2% non recurring reserve.

2% of the recurrent baseline allocation including the uplift is required to be held non recurrently. This equates to £4.2m for SCCG and subject to business case approval it is anticipated this will be spent on QIPP saving and transformational schemes, BSBV, non recurring transitional costs of Better Healthcare Closer to Home (BHCH), and contribution towards collaborative CCG risk pools. South West London CCGs are nearing completion of discussions on a formal risk share arrangement with strong governance arrangements.

The running cost allocation for SCCG is £4.499m, this is based on £25 per head and a population of 179,960 (‘constrained’ registered population and the latest ONS census data). SCCG is able to deliver all its functions within this allowance.

9.4. Activity

Overall activity levels, split by providers where significant, specifically:

- Summarise your overarching objectives around activity across the CCG in relation to particular providers and settings (including out-of-hours services);
- Include intentions in relation to outpatient, elective and emergency growth / reductions;
- Cover how this links to commissioning intentions and the QIPP priorities outlined in the QIPP section;
- Cover how planned activity provides the capacity to deliver RTT;
• Outline those productivity metrics to be met/achieved at key providers;
• Include value of 70% emergency admissions threshold monies accruing from the application of this business rule.

Not required at this stage of planning

9.5 Triangulation
Describe the triangulation activity that has taken place to ensure robustness in respect of:

• Activity
• SLA values
• Workforce (where applicable)

Include what engagement with providers has taken place to triangulate financial planning assumptions.

This should include a specific link between the QIPP schemes, activity and SLAs, outlining risks and mitigations where necessary.

Not required at this stage of planning

9.6 Key capital schemes
Include scheme name, values, purpose, funding source, etc and link to wider strategic objectives.

It is not expected that the CCG will have a significant balance sheet; capital investments will be made by NHS Property Services (PropCo) and by the National Commissioning Board for Primary Care related schemes.

There has also been a conditioning review of NHSM’s estate and a number of backlog maintenance and Health & Safety compliance items have been identified which will be prioritised and addressed in 2012/13 and 2013/14.

Infrastructure capital costs to support the delivery of Primary care IT will be considered in 13/14.

The significant items of capital spend are being identified for 2013/14 which are stated above.
### 9.7 Liquidity / cash flow / cash requirements

Sutton CCG will stay within its cash limit for 13/14
Detail not required at this stage of planning

### 9.8. Key financial risks and opportunities in 2013/14

- Contract negotiation risk - there is a risk that contracts, in particular acute contracts, cannot be agreed within the financial envelope available. Failure to agree contracts within the available envelopes will result in a higher recurrent savings requirement.
- Failure to identify QIPP schemes to the level required
- Failure to deliver QIPP schemes identified
- QIPP schemes not agreed with providers and embedded in contracts
- Acute over-performance 1213 – there is a risk that the current contract over performance risk will worsen in the last six months of the year so that the M06 figures used to forecast acute activity are an underestimate.
- CCG budget does not have flexibilities that PCT budgets had given their scale of operations.
- Cost Pressures - unforeseen cost pressures Failure to identify QIPP schemes to the level required

### 9.9. Describe how you will manage financial risk

The leadership of the CCG is well aware of the risks facing it and is planning mitigating action though this will to take time to achieve the full financial benefits. In the short term, the use of reserves to support the financial position may be required.

The CCG has strong governance arrangements and clinical involvement with regard to the establishment and on going monitoring of QIPP schemes. Discussions have begun with the main acute provider on strategically aligning CCG QIPP schemes and provider CIP schemes so that commissioner and provider are working collaboratively with aligned objectives. In addition

- SLCSU working with the CSU to deliver agreed contracts within available funding. Agreements between CCG’s and providers to ensure QIPP is embedded within the contract.
• Use of contingency and other reserves.
• QIPP Programme with clinical and managerial leadership
• Key staff will be retained in the new structures.
• The development of plans to protect against cost rises in area that are likely to give rise to cost pressures
## Appendix 3 – Draft Local Priorities

<table>
<thead>
<tr>
<th>Improvement in uptake of immunisation in Sutton CCG</th>
<th>a) Number of children from the denominator with linked maternal record (subject to minimum data set definition)</th>
<th>a) Number of children aged 0 to 5 years registered with GP practices of Sutton CCG, registered on Child Health Information Records system (RiO), subject to regular data accuracy and validation checks - Quarterly</th>
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<tr>
<td>a) Communication - maternal record linkage</td>
<td>b1) Number of children from the denominator successfully visited (residence/ school, etc.)</td>
<td>b) Number of children aged 0 to 5 years registered with GP practices of Sutton CCG, whose names have been forwarded to HV team as defaulters after third attempt of invitation by practices, according to the prevalent call-recall algorithm - Quarterly</td>
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<tr>
<td>b) Improved access to services</td>
<td>b2) Number of children from the denominator receiving at least one outstanding immunisation</td>
<td>c) Number of pregnant women booked, in second trimester, registered with GP practices of Sutton CCG - Quarterly</td>
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<tr>
<td>c) Information management</td>
<td>c1) Number of newborn children arising from the denominator aged 0 to 14 days, with a named GP</td>
<td></td>
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<td></td>
<td>c2) Number of newborn children arising from the denominator aged 0 to 28 days, with a named GP</td>
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<tr>
<th>Increase the acceptance rate, and therefore the cost-effectiveness and the savings achieved from utilising Scriptswitch in practices</th>
<th>Increased acceptance rate from baseline (message dependant) - acute and repeat prescriptions</th>
<th>Current acceptance rate for acute prescription (30.43%)</th>
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<tr>
<td></td>
<td></td>
<td>Current acceptance rate for repeat prescriptions (12.6%)</td>
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| Improve patient engagement in Sutton CCG. Increase practice attendance at monthly patient forum | Attendance rate at monthly patient forum | Number of practices currently attending monthly patient forum |