

Derbyshire County Improvement & Scrutiny Committee
11th of March 2019, Public Session, 3:00pm

1. Background & Context

The purpose of this report is to provide an overview of the 2019/20 QIPP programme for the Derbyshire Clinical Commissioning Groups with supporting detail, setting out why change is needed in each of the identified commissioning streams and how this change will be delivered. In particular the report outlines:

- the strategic approach being taken by the four Derbyshire Clinical Commissioning Groups in addressing the financial challenge being faced for 2019/20
- the current status of planning and progress in compiling the CCGs' financial plan for 2019/20
- our engagement approach to support the development and delivery of our 2019/20 financial plan
- the next steps in the development of our 2019/20 financial plan.

2. Medium Term Financial Plan

The Medium Term Financial Plan is the document that sets out how the CCG will operate within the national, financial business rules for CCGs; because the Derbyshire CCGs are operating with a cumulative and in-year deficit, our Medium Term Financial Plan must also set out our financial recovery programme, and primarily the delivery of a 1% in-year surplus and a 1% cumulative surplus.

Table 1 summarises the Medium Term Financial Plan showing how the proposed NHS Derby and Derbyshire CCG will move from a £60m underlying deficit in 2018/19 to an underlying surplus position in 2022/23. The CCG will return to delivering an in-year break-even position without national Commissioner Sustainability Funds in 2020/21.

Table 1 – Medium Term Financial Plan Summary

| Key figures | 17/18* | 18/19* | 19/20 | 20/21 | 21/22 | 22/23 |
|------------------------------------|--------|--------|--------|--------|--------|--------|
| In-year position before CSF & QIPP | (80.0) | (95.0) | (98.5) | (76.5) | (50.4) | (34.1) |
| CSF | 0.0 | 39.0 | 29.0 | - | - | - |
| Cumulative surplus drawn down | - | 5.0 | - | - | - | - |
| QIPP | 38.0 | 51.0 | 69.5 | 76.5 | 66.4 | 56.1 |
| In-year surplus / (deficit) | (42.0) | 0.0 | 0.0 | 0.0 | 16.0 | 22.0 |
| Underlying surplus / (deficit) | (45.0) | (61.0) | (41.3) | (15.3) | 2.8 | 10.8 |
| QIPP % | 2.2% | 3.3% | 4.5% | 5.0% | 4.3% | 3.6% |
| Cumulative surplus / (deficit) | (17) | (22) | (22) | (22) | (6) | 16 |

CCG Resources – January 2019 Settlement

The proposed NHS Derby and Derbyshire CCG will have resources of circa £1.6 billion throughout the period of financial recovery. NHS England is responsible for determining allocations of financial resources to Clinical Commissioning Groups (CCGs). Total annual

budgets given to CCGs cover the majority of NHS spending. The allocations process uses a statistical formula to make geographic distribution fair and objective, so that it more clearly reflects local healthcare need and helps to reduce health inequalities.

Table 2 - CCG Allocations (Core) - Distance From Target

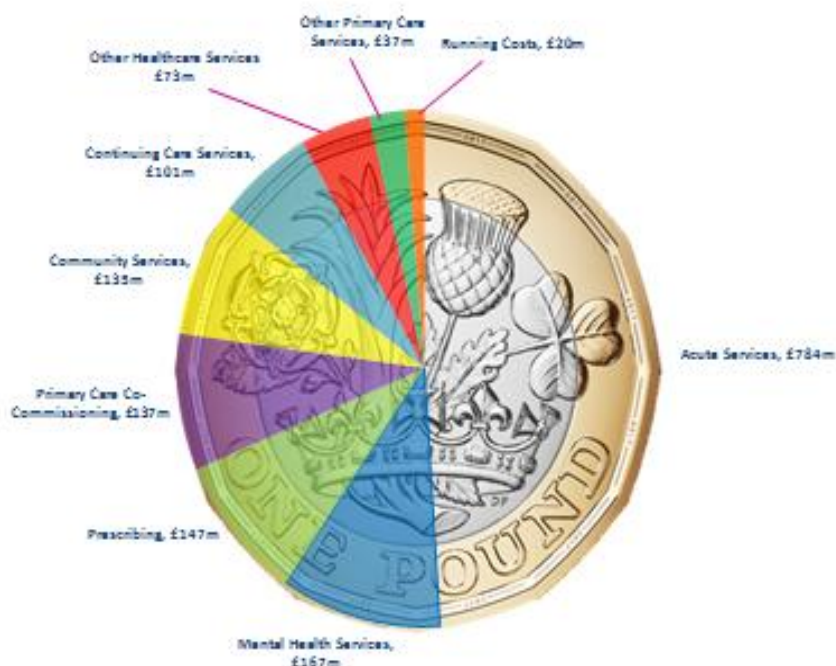
| CCG | 16/17 | 17/18 | 18/19 | 19/20 | 20/21 | 21/22 | 22/23 | 23/24 |
|--------------------|--------|-------|--------|-------|-------|-------|-------|-------|
| Erewash | 1.37% | 2.26% | 2.31% | | | | | |
| Hardwick | 1.98% | 1.73% | 1.92% | | | | | |
| North | 6.71% | 6.59% | 6.28% | | | | | |
| Southern | -0.31% | 0.32% | -1.05% | | | | | |
| Derby & Derbyshire | | | 3.18% | 2.76% | 2.34% | 1.92% | 1.48% | 0.99% |

The above shows that although NHS Southern Derbyshire CCG is slighted under target funding this year, the other CCGs are over target, especially NHS North Derbyshire CCG. As a single CCG from 2019/20 we are over target and this reduces over future years through receipt of less real growth.

The way in which we currently allocate the 'Derbyshire CCGs Pound' is depicted in the diagram below.

Financial Context

'The Derbyshire CCGs Pound' 2018/19 (Month 9 Recurrent FOT)



The CCG has received average growth in the national settlement - overall 5.73% in 2019/20 (5.43% core and 6.04% Primary Care) and between 3.36% and 3.92% overall growth in following four years.

Table 3 shows the allocations for the NHS Derby and Derbyshire CCG from 20/19/20 to 2023/24.

Table 3 – CCG Allocations 2019/20-2023/24

| | Core allocation including other funding after pace of change (£'000) | Allocation Uplift % | Distance from Target | Primary Care (Medical) Allocations (£'000) | Allocation Uplift % | Distance from Target | Core + Primary Care Allocation Uplift % | Running Cost Allocations (£'000) | Total Allocation (£'000) |
|------------------|--|---------------------|----------------------|--|---------------------|----------------------|---|----------------------------------|--------------------------|
| 2018/19 Baseline | 1,377,119 | 2.63% | 3.18% | 136,564 | 1.84% | 1.13% | - | 22,438 | 1,536,121 |
| 2019/20 | 1,455,566 | 5.43% | 2.76% | 144,807 | 6.04% | 0.79% | 5.73% | 22,457 | 1,622,830 |
| 2020/21 | 1,512,418 | 3.91% | 2.34% | 150,679 | 4.06% | 0.53% | 3.92% | 19,824 | 1,682,921 |
| 2021/22 | 1,569,601 | 3.79% | 1.92% | 158,297 | 5.06% | 0.29% | 3.90% | 19,824 | 1,747,722 |
| 2022/23 | 1,625,441 | 3.56% | 1.48% | 164,467 | 3.90% | 0.17% | 3.59% | 19,824 | 1,809,732 |
| 2023/24 | 1,678,995 | 3.30% | 0.99% | 171,038 | 4.00% | 0.14% | 3.36% | 19,824 | 1,869,857 |

2019/20

The underlying deficit of the four current Derbyshire CCGs is forecast to be £61.0m at 31st March 2019; this underlying deficit will transfer to the new NHS Derby and Derbyshire CCG on 1st April 2019, subject to NHS England approval to merge. Our financial modelling concludes that the CCG will have a £98.5m deficit before savings in 2019/20, after taking account of our notified allocation, demographic growth in activity, and costs to deliver the NHS Long Term Plan.

Of the 2019/20 allocation settlement a significant level relates “Pass Through” funding – money that our Providers previously received through other sources and now receives directly from the CCG. The CCG allocation also includes funding for Provider Tariff uplifts and other technical changes. The CCG’s net real term growth in 2019/20 is therefore between 0.2% and 0.8%, which taken together with the scale of our underlying deficit means that 2019/20 remains a very challenging year for the CCG.

NHS England has now issued a Deficit Control Total of £29m for NHS Derby and Derbyshire CCG in 2019/20 and advised that the CCG can access Commissioner Sustainability Funding (CSF) of £29m, allowing the CCG to report a break-even position. To deliver the Control Total in 2019/20 the CCG will need to deliver savings of £69.5m (4.5%) which is the difference between the £98.5m in-year deficit before savings and the £29m Deficit Control Total.

The CCG will have a planned exit underlying deficit of £41.3m on 31st March 2020 20% of our savings delivery is assumed to be non-recurrent and we have been advised by NHS England to treat the CSF funding as non-recurrent.

2020/21 to 2022/23

The CCG will need to deliver between 4.3 % savings in 2020/21, 5% savings in 2021/22 and 3.6% savings in 2022/23, to support financial recovery, and to improve the underlying deficit back to a breakeven position by 2021/22 and a surplus position in 2022/23, as per the business rules for CCGs.

The CCG is not planning on the basis of receiving any national Commissioner Sustainability Funding from 2020/21, on the advice of NHS England.

3. Financial Strategy

The level of savings required in the Derbyshire CCGs means that we can no longer afford to commission all current services at the same level and we need to ensure that there is enough money to maintain the essential health care services for our local population.

The Savings Programme to will be a balance of **Transformational** and **Transactional** initiatives supporting CCG objectives of *Better Health, Better Care, and Better Value*.

As Strategic Commissioners of healthcare we will ensure that there is enough money to maintain the essential health care services for our local population, and balance short and long-term requirements through:

- Optimising **Value for Money** - continue to review all services to optimise value for money, reduce duplication and waste and free up resources to respond to a level of population growth and increasing demand
- Maximising **Efficiencies** – reduce waste, time and effort
- Reducing **Unwarranted** clinical variation
- Developing a **New Care Model** – developing new ways of working with health, social care and the voluntary sector through Joined Up Derbyshire
- **Prioritisation** of NHS resource allocation, based on clinical and cost effectiveness – focusing on those which are the most effective

Our Savings Programmes will be aligned with the NHS Long Term Plan; we will improve the outcomes for our local population, whilst improving value for money on the Derbyshire pound, and overall efficiency.

NHS Derby and Derbyshire CCG will continue to work with the Health and Care System through the Joined Up Care Derbyshire (JUCD) partnership. The CCG will work closely with our local Health and Well Being Boards and Scrutiny Committees throughout the period of financial recovery, and continue to engage proactively with the public, patients and our stakeholders.

4. Approach to shaping the 2019/20 Savings Programme

The four Derbyshire CCGs have agreed five strategic priorities in establishing the new NHS Derby and Derbyshire CCG from 1st April 2019, which are guiding our Strategic Commissioning plan for 2019/20.

- Reduce health inequalities by improving the physical and mental health of the people of Derbyshire.
- Continue to reduce variation in the quality of care across Derbyshire.
- Take the strategic lead in planning and commissioning care for the population of Derbyshire.
- Make best use of available resources which includes achieving our statutory financial duties.
- Deliver improvements in communications, including to all patients and stakeholders.

Our clinical strategy for the new CCG will support the ambitious clinical transformation programme. Refreshed clinical leadership arrangements are being implemented for the new Strategic Commissioner to support CCG and System working arrangements.

Key transformation priorities for the new CCG in 2019/20 are summarised below:

Urgent Care – targeting ambulatory care sensitive conditions through supporting high intensity users, diversion to most appropriate delivery point and redesign of front door delivery, development of consistent access and assessment to reduce variation.

- **Primary Care** – peer to peer approach to managing demand and implementation of active disease management within general practice, improving access to urgent primary care services.
- **Planned Care** – transformation of outpatient services through collaborative working with providers, maximising use of digital technology, reduce unwarranted variation and streamline care pathways.
- **Continuing Healthcare** – continuing to maximise the opportunity to right size care packages, improve process and engage clinicians in best practice.
- **Mental Health** – improvement of access to support management of Mental Health crisis and development of personality disorder pathways, improvement of post-diagnostic support for dementia and embed parity of esteem.
- **Medicines Management** – optimising best practice in prescribing and repeat prescribing including use of biosimilar drugs.

- **Service Benefit Review** – ensuring services represent value for money.
- **Long Term Conditions/Disease Management** – support self-care and using Right Care methodology, redesign respiratory, cardiology, diabetes and gastroenterology pathways.
- **PLACE** – full implementation of integrated care model in primary and community services.
- **CCG Organisational Efficiency** – implementation of NHS Plan requirements relating to CCG people, place and policy.

The way in which the CCG allocates its resources will change in the next two to three years as the requirements of the NHS Long Term Plan are implemented, together with local priorities. Because we have received average funding growth, and currently have a significant underlying deficit, our financial strategy is to contain further growth in expenditure through a strategic clinical transformation programme which is at the heart of our financial plan, supported by robust contract management.

Our local resource allocation is influenced by national directed allocation of resources where appropriate, including increasing the level of overall investment in Mental Health Services. As a Strategic Commissioner we will deliver the Mental Health Investment Standard, whilst redesigning and modernising our services and ensuring that they provide value for money.

The transformation priorities above have been taken forward as commissioning programmes within the 2019/20 QIPP. In addition a further commissioning programme has been developed with a specific focus on Community Services in line with the prioritisation of this within the NHS Plan. Therefore the Derbyshire CCGs 2019/20 QIPP programme now includes eleven formal delivery programmes with a 2018/19 Full Year Effect (FYE) programme (to support on-going assurance of existing QIPP schemes) and other pipeline/Non-recurrent measures.

5. Developing the full QIPP Plan

The CCGs programmes will be working to ensure:

- A focus on all areas of CCG spend being open to review and scrutiny
- Opportunity based, bottom-up, savings initiatives
- An appropriate blend of transactional and transformational savings

The establishment of a 5% savings target across the CCG programmes will ensure that the 4.5% requirement to support delivery of the 2019/20 Control Total is met.

The CCGs have been working on the development of the 2019/20 Savings Programme since September 2018, with focused workshops with staff from across the organisation and detailed work streams including system partners and stakeholders.

To date the CCGs have developed approved¹ savings schemes to a net value of £33.5m (48% of Savings Target) after an approved level of investment to support transformational change. The CCGs have identified scoped opportunities to achieve savings, which together with the approved schemes means that we have a total of £78m of schemes; scoped schemes are being developed into formal Project Initiation Documents for approval² by the CCG's Clinical and Lay Commissioning Committee (CLCC) on 14th March. Regular governance and assurance check points are in place to meet planning requirements.

6. Next Steps for the Savings Programme

The CCGs' Executive Team are leading the development of the 2019/20 QIPP programme for approval at the Meeting in Common of the Governing Bodies on 28th March 2019, with the Financial Recovery Group managing the detailed planning process.

¹ See the working definition of 'approval' below

² See the working definition of 'approval' below

As part of the planning process and delivery of the agreed savings programme, the CCG needs to agree relevant schemes with service providers and include in 2019/20 Contracts. To support this, the CCG Team has shared the proposed Savings programme confidentially with local providers and the wider Joined Up Care Derbyshire (JUCD) partnership. Many of the savings schemes have been jointly developed with system partners, and all are aligned with the NHS Long Term Plan; they present the right things for us to do to improve the outcomes for our local population, whilst improving value for money on the Derbyshire pound, and overall efficiency.

In order to mitigate risk and manage this programme of work there are a number of actions required to assure this process. These are set out on the table below:

| ACTION | END DATE |
|--|-----------------|
| CCG QIPP included in 2019/20 Contract Affordability Envelopes and QIPP Documentation | 21st February |
| Mobilisation of CCG and STP Delivery Boards to oversee QIPP & STP Clinical Transformation delivery | 11th March |
| CCG Executive Financial Recovery Group (FRG) PID Gateway Process | 11th March** |
| STP Mobilisation Plan on Page for System Clinical Transformation Schemes - MSK, Outpatients, Place-based Integrated Care aligned with CCG QIPP Programme | 11th March |
| CCG Commissioning and Lay Committee approval of remaining 2019/20 QIPP Scheme PIDs | 14th March |
| CCG Governing Body to assure 100% 2019/20 QIPP Programme and proposed Contracts for 2019/20 | 19th March |
| Weekly Contract Negotiation meetings with Derbyshire Providers | 21st March |
| CCG 2019/20 Provider Contracts signed including 2019/20 QIPP Plans | 21st March |
| CCG Governing Body approval of 2019/20 QIPP Programme and Financial Plan to deliver £29m Deficit Control Total | 28th March |

*** Remaining Commissioning PIDs for 2019/20 QIPP Schemes reviewed by Financial Recovery Group on weekly basis up to 11th March*

7. Public Engagement Approach

In developing schemes to support the 2019/20 savings plan, project managers have been invited to attend 'confirm and challenge' sessions made up of lay representatives to consider key business projects. This is intended to build in engagement at a very early stage of a project, often in their embryonic form. Project managers have found the process constructive and these sessions will continue as projects move through the required governance processes.

The CCGs' Communications and Engagement Team are currently working with each project to understand aims and objectives and to develop tailored communications, engagement and consultation approaches as required. Any projects which represent the possibility of significant service change will be discussed with committee on an individual, scheme-by-scheme basis to provide assurance to the committee that the CCG will meet its statutory duties around engagement and involvement.

The CCGs and Joined Up Care Derbyshire are working collaboratively on a revised engagement model and this is being progressed initially with existing CCG Lay and Patient Reference Groups. This model draws on existing best practice in the county and further afield, and will be utilised in approaching the 2019/20 savings plan. The model demonstrates the way in which the CCG will use existing mechanisms both within and outside the CCG to tailor engagement approaches to the needs of each project. This 'suite' of engagement opportunities will also tie together engagement opportunities from primary care, the Foundation Trust sector, voluntary sector as well as using a new Citizen's Panel approach that is being funded by NHS England and will be developed through the Spring of 2019. The model can be shared with the Committee for information and comment.

The proposed NHS Derby and Derbyshire CCG will also establish an Engagement Committee as part of its governance and assurance processes. The terms of reference for this committee are being developed with the existing CCG Governing Bodies, the Joined Up Care Derbyshire Board and the meeting in common of the existing Patient/Lay Reference Groups from the four CCGs, which has now met twice to help shape the engagement approach a redefined engagement offer for the future.

8. Terminology

It is important that the Committee is apprised on some of the terminology used within the report to ensure that there is a shared understanding of the precise position on our planning and implementation processes. In particular, the following definitions are applicable in this report:

Table 4: Clarity on Terminology Used Within This Report

| Term | Definition |
|----------------------------------|---|
| Approved | <p>In the context of our financial planning for 2019/20, we refer to many schemes as ‘approved’.</p> <p>This means that the initial idea/issue and supporting clinical, financial and business management information has been reviewed within the CCGs’ governance processes (for example Clinical and Lay Commissioning Committee, Governing Body) and it has been agreed that the scheme looks a viable proposition and can progress to the next development stage.</p> <p>This next stage will involve discussion with provider organisations, will involve the development of a detailed project plan and where service change is envisaged in some form, this plan will include public engagement in developing options and ideas from the outset.</p> <p>A scheme being ‘approved’ does not necessarily mean that any change will be implemented immediately.</p> <p>Our current financial plan articulates that we have £33.5m of ‘approved’ schemes, but the majority of these are now subject to detailed planning development and engagement prior to any change being made.</p> <p>Only schemes which represent transactional changes – for example a transfer of payment or funding between organisations or implementation of new contractual rules – will proceed.</p> |
| In Contracts, Contract Envelopes | <p>We often refer to schemes contained within our financial recovery plan being transacted in contracts or within contract envelopes. It is important to understand that which we may earmark potential removal of or changes to funding applicable to any given contract, this does not necessarily mean that the scheme is implemented from the point at which contracts are signed. This arrangement is often on the understanding between the CCGs and providers of likely changes to payments or funding via contracts, but this is subject to the full development and implementation of project plans as described above and in likely the subject of future final contract variation once the outcome of a project is known.</p> |

9. Next steps

The CCGs will continue to develop its savings plan in line with the timetable set out above. Implementation of the identified savings schemes will commence, with fully-developed public and stakeholder engagement approaches in place to support implementation where that is required.