

Croydon CCG - OSC

Special Measures & Approach to Financial Recovery

September 2016

Longer, healthier lives for
all the people in Croydon



Special Measures

- As a result of the CCG's financial performance in the first quarter of the Financial Year, a reported forecast position of -£9.9m deficit against a control total deficit of -£4.2m, Croydon CCG has been put in special measures.
- Those measures are that; 'Croydon CCG will be directed to produce and implement an Improvement and Financial Recovery Plan which will be approved and overseen by NHS England, improve governance of the CCG, deliver the recovery plan and develop leadership for the CCG that is consistent with the shared management arrangements required to support implementation of the STP'.
- The CCG has commissioned, in conjunction with NHS England, an Independent Financial and QIPP Review and a Well Led review. These reviews are in progress and it is anticipated that the reviews will assist the CCG in further developing our financial plan to reduce our deficit and provide recommendations to improve delivery.
- NHS England, following their 2015/16 Annual Assurance Framework gave the CCG a rating of 'requires improvement' alongside 90 other CCGs across the country. The CCG received a 'good rating' for the well led criteria.



Historical - Financial Context

- Croydon CCG was established in April 2013 with a substantial financial challenge
- In December 2013, it was confirmed that the CCG was funded 10.4% (£46m) below its population and needs based target
- From establishment, the CCG adopted financial recovery as business as usual - tempered by holding to a clinically led service redesign approach.
- The CCG has delivered an improved financial position on its plan each year (last 3 years) and delivered £35m QIPP.



Current - Financial Context

- The 5-Year allocations announced in January 2016 included £16m additional funding in 2016/17 that moved Croydon CCG funding to within the +/- 5% acceptability range
- Based on our 5 Year model, had this been the only change, the CCG would certainly be meeting its duties, but like all other CCGs, the business rules for 2016/17 included a number of other unavoidable commitments to be met.
- Consequently the requirement from NHSE to deliver statutory financial balance has been brought forward to 2017/18, with a £4.2m deficit permitted in 2016/17.



Financial Performance

- The CCG has consistently delivered improved performance against its agreed deficit plan and delivered its QIPP target whilst improving quality and performance each year.

Revenue Resol (RRL) £M's				
Distance from T				
Distance from T				
RRL -Deficit Pl£				

- For 2016/17, whilst the CCG is striving to deliver additional savings to meet its deficit control total of £4.2m, the CCG's forecast performance, given the risks it is managing, is a deficit of £9.9m with a worst case deficit of circa £15m.



Financial Performance – Drivers

The CCG's financial challenges over the last two years have been exacerbated by:

- funding changes whereby additional funding streams have been incorporated into the baseline revenue resource growth increases
- changes to business rules which have meant that payments to Trusts have increased for the same level of activity
- transfers of funding to the Local Authority through the Better Care Fund
- requirements to fund mental health services to meet parity of esteem targets and improve services
- increases in demand for services resulting in additional activity and costs
- a requirement to hold increased uncommitted contingency funds

A lack of reserves to manage these changes has meant that the CCG has had little flexibility within its position to manage them.



Financial Performance – What's Changed

- The CCG set a deficit budget of £9.9m for 2016/17. In the latter part of April, the CCG was advised by NHSE that further QIPP delivery was required for the CCG to address its recovery more quickly and achieve a sustainable financial footing and that a deficit control total of £4.2m would be imposed with recurrent financial balance required from 1 April 2017.
- The CCG's 2016/17 RRL reflects underfunding of -3.71% circa £18m. This is deemed to be within an acceptable +/- 5% financial range and allocations only allow for modest additional growth funding through to 2020/21.
- The CCG has obtained financial assurance of its plans each year and has continually reviewed its benchmarked opportunity to deliver services more effectively. Given a reported lack of QIPP opportunity there is an increasing need to consider transformational schemes to effect whole system change such as Outcomes Based Commissioning (OBC) for Over 65s, a network of integrated urgent care services, as well as delivery of the wider South West London Sustainability and Transformation Plan (STP). All of which seek to deliver change through significantly greater collaborative working.



Financial Recovery Approach

CCG recognises the current financial challenge and the need to respond – to 'live within its means' and effectively focus its resources to greatest need to deliver better outcomes through the production and implementation of an **Improvement and Financial Recovery Plan**.

In addition to the existing governance arrangements, PMO processes and service redesign capacity, the following enhanced approach is being taken:

- Tightening of existing financial controls
- Securing additional financial recovery / turnaround capacity to support the organisation to respond to the challenge
- Delivery of Financial Recovery Action plan to ensure continued grip across financial control, QIPP delivery, contract management and GP engagement.



Financial Recovery Approach

The CCG will need to deliver significant additional in – year savings of in excess of £18.4m (at least a further £5.7m on our original QIPP plan)

- Continued delivery of our QIPP Programme – Clinical Based Service Redesign
- Continued delivery of longer term transformational schemes; Urgent Care, OBC, Together for Health, Transforming Adult Mental Health
- Releasing 'management cost' savings through collaborative commissioning support efficiencies
- Enforcing compliance to existing treatment policies and criteria
- Working with partners and providers to deliver better value from existing contracts and release savings
- Shift in emphasis from clinically-led QIPP to include expenditure prioritisation and re/decommissioning initiatives using a 'clinically effective and need' approach eg, low value, low outcomes, not delivering a health need



Engagement & Consultation

Potentially some of these changes will require wide scale engagement or consultation with the CCG's patients, public, residents, stakeholders and partners:

- Pre engagement activities; LSP, Private OSC, Health Watch, PPI Forum, Provider & LA
- Workshop – Voluntary Sector Organisations
- Health & Social Care Act – Engagement &/or Consultation for some changes



Next Steps

- Governing Body Part 1 Approval - 4th October
- Engagement & Consultation (where necessary) – 5th October >
- Overview & Scrutiny Committee – 18th October

