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Financial Recovery Plan 2015 – 16

DRAFT v4

24th September 2015

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Financial Recovery Plan 2015-16

INTRODUCTION

This plan has produced by NHS Vale of York CCG in response to the scale of the financial challenge it faces in 2015-16. A working draft was shared with NHS England on 27th July 2015. The CCG then received a formal request from NHS England for a Financial Recovery Plan on 17th August 2015. The CCG shared a first draft of this plan with NHS England on 4th September and a second draft on 18th September 2015.

The plan is structured as follows:

1. Where are we now?
2. Where do we want to be?
3. How do we get there?
4. Appendices

SUMMARY CONCLUSION

The Summary Financial recovery Plan Action Plan delivers the CCG's Financial Plan, meets all key statutory duties and business rules and has been approved by Governing Body who is committed to delivering it.

1. ***WHERE ARE WE NOW?***

1.1 2015-16 Financial Performance

The start of the escalation to financial recovery plan started with Month 3 reporting when we first received activity data relating to months 1 and 2 from Business Intelligence at Commissioning Support. This was later than expected due to resource issues at CS. The following sections provide the detail behind the reported positions at month 3, 4 and 5.

1.1.1 Reported Position as at Month 3

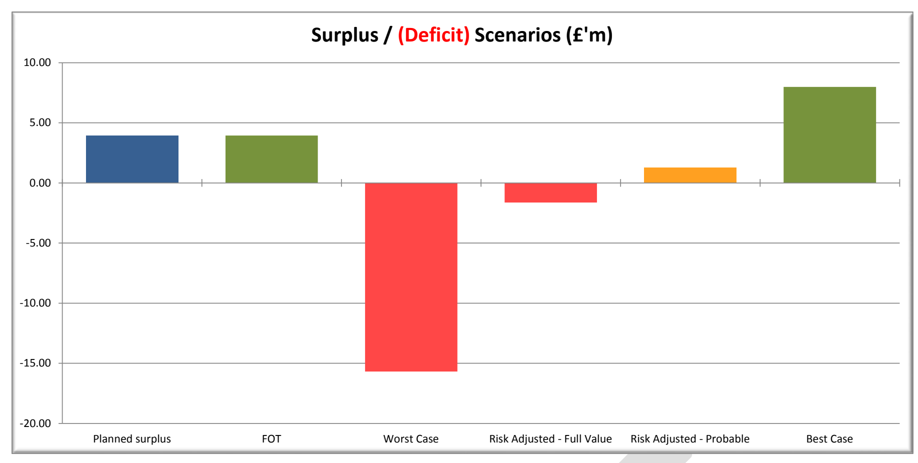
Non-ISFE

The position reported to NHS England in the CCGs Non-ISFE return was as follows:

Risks	Potential Risk Value Mth02	Full Risk Value £m	Probability of risk being realised %	Potential Risk Value £m	Proportion of Total %	Commentary
CCGs						
Acute SLAs	0.00	2.59	89.71%	2.32	15.67%	Acute overtrades (£1.94m) and Brought forward pressures (£0.65m)
Community SLAs	0.00			0.00	0.00%	
Mental Health SLAs	0.00			0.00	0.00%	
Continuing Care SLAs	0.00			0.00	0.00%	
QIPP Under-Delivery	5.95	9.91	90.00%	8.92	60.26%	Unidentified QIPP (£9.91m)
Performance Issues	0.00			0.00	0.00%	
Primary Care	0.00			0.00	0.00%	
Prescribing	0.00			0.00	0.00%	
Running Costs	0.00			0.00	0.00%	
Other Risks	3.56	7.13	50.00%	3.56	24.07%	Non-delivery of BCF savings (£7.13m)
TOTAL RISKS	9.51	19.63		14.81	100.00%	

Mitigations	Expected Mitigation Value Mth02	Full Mitigation Value £m	Probability of success of mitigating action %	Expected Mitigation Value £m	Proportion of Total %	Commentary
Uncommitted Funds (Excl 2% Headroom)						
Contingency Held	1.97	1.97	100.00%	1.97	16.24%	0.5% contingency held, as per plan
Contract Reserves	0.00			0.00	0.00%	
Investments Uncommitted	0.68	2.07	81.14%	1.68	13.84%	GP Innovation Fund (£1.74m), Readmissions reinvestment (£0.33)
Uncommitted Funds Sub-Total	2.65	4.04		3.65	30.08%	
Actions to Implement						
Further QIPP Extensions	0.00			0.00	0.00%	
Non-Recurrent Measures	1.86	3.53	100.00%	3.53	29.10%	Apply penalties (£3.0m) and transfer from running costs (£0.53m)
Delay/ Reduce Investment Plans	0.40			0.00	0.00%	
Other Mitigations	3.09	6.18	75.31%	4.65	38.34%	Other contract adjs (£1.01m), BCF performance funds (£1.86m), CS Proposals (£0.5m), CHC local provision (
Mitigations relying on potential funding	0.00	0.30		0.30	2.47%	*Complete in section below - rows 51 - 53*
Actions to Implement Sub-Total	5.35	10.01		8.48	69.92%	
TOTAL MITIGATION	8.00	14.05		12.13	100.00%	
NET RISK / HEADROOM	(1.51)			(2.68)		
BEST CASE IMPACT	2.65	4.04		3.65		*No risks materialise and funds remain uncommitted.*
WORST CASE IMPACT	(6.86)	(15.59)		(11.16)		*All risks occur and further actions all unsuccessful, uncommitted funds mitigate only.*
Forecast Outturn Surplus/Deficit	3.94			3.94		*This should match the surplus reported on the ledger*
RISK ADJUSTED CONTROL TOTAL	2.44			1.27		
Risk Adjusted Control Total Without Potential Funding	2.44			0.97		
Mitigations relying on potential funding						
From National	0.30	0.30		0.30		Quality Premium payment
From Regional Geographies	0.00			0.00		
From CCGs	0.00			0.00		
Potential Allocations	0.30	0.30		0.30		

The CCG's planned surplus is £3.94m and this showed a risk adjusted forecast outturn of £1.27m, £2.68m below the plan. The CCG entered into discussions with NHS England on 8th July, as soon as this position began to emerge, and before month 3 was formally reported. The position was also discussed at the CCG's Q4 Assurance meeting on 8th July and followed up with detailed discussions of the financial position at meetings on 15th July and 17th July. The position was summarised in the report to the Quality & Finance Committee on 23rd July as follows:



Worst Case *– Full value of all risks realised with no contingencies*
Risk Adjusted – Full Value *– Full value of risks and contingencies*
Risk Adjusted – Probable Value *– Net effect of probable risk and contingency values*
Best Case *– Full value of uncommitted funds realised with no risks*

A complete and detailed review by the CFO and Deputy CFO of the CCG's financial plan and all current budget lines took place on 13th July which included a full assessment of the risks and identified all possible mitigations known at that point.

The detailed risks and mitigations as reported to the Quality & Finance Committee on Thursday 23rd July were as follows:

NONISFE	Risks	Full value £'m	Probability	Probable value £'m
Acute SLAs	Acute overtrades	1.94	86%	1.67
Acute SLAs	Brought forward pressures	0.65	100%	0.65
Total		**2.59**	**90%**	**2.32**
QIPP Under-Delivery	Unidentified QIPP	9.91	90%	8.92
Total		**9.91**	**90%**	**8.92**
Other Risks	Non delivery of BCF savings	7.13	50%	3.56
Total		**7.13**	**50%**	**3.56**
	Total	**19.63**		**14.81**

NONISFE	Contingencies	£'m	Probability	value
Contingency Held	0.5% Contingency	1.97	100%	1.97
Total		**1.97**	**100%**	**1.97**
Investments Uncommitted	GP Innovation Fund	1.74	78%	1.35
Investments Uncommitted	Readmissions investment	0.33	100%	0.33
Total		**2.07**	**81%**	**1.68**
Non-Recurrent Measures	Apply contract penalties to acute provider	3.00	100%	3.00
Non-Recurrent Measures	Transfer from running costs	0.53	100%	0.53
Total		**3.53**	**100%**	**3.53**
Other Mitigations	Further contract adjustments	1.01	100%	1.01
Other Mitigations	BCF performance funds	1.86	100%	1.86
Other Mitigations	CS proposals	0.50	25%	0.13
Other Mitigations	CHC local provision	0.50	50%	0.25
Other Mitigations	BCF clawback	1.50	50%	0.75
Other Mitigations	SRG contingency	0.50	100%	0.50
Other Mitigations	Other programme costs	0.30	50%	0.15
Total		**6.18**	**75%**	**4.65**
Mitigations relying on potential funding	Quality Premium Payment	0.30	100%	0.30
Total		**0.30**	**100%**	**0.30**
	Total	**14.05**		**12.13**

The following critical points were also highlighted to the organisation in SMT and Quality & Finance Committee in order to ensure the CCG can fully meet the business rules:

- A further £2.7m must be identified to deliver a full 1% surplus
- The CCG must find £1m towards the unallocated QIPP
- If any of the mitigations identified are not progressed, alternatives will need to be found.

A draft recovery plan was then produced and a number of discussions both internally in the CCG and externally with partners took place. This was shared with NHS England on 27th July.

1.1.2 Reported Position as at Month 4

Quality & Finance Report Summary

In overall terms, the CCG reported a balanced in-year position and delivery of the forecast outturn position in full. The risks to the position were reported as risks not actuals due to the early point in the year and following discussion and agreement with NHS England.

	Cumulative To Date			Forecast Outturn			Position from prior Month
	Budget £000	Actual £000	Variance £000	Budget £000	Actual £000	Variance £000	
Programme	146,759	146,842	-82	424,346	424,670	-324	⟷
Running Costs	2,492	2,409	82	7,476	7,152	324	⟷
Surplus (1%)	1,315	0	1,315	3,945	0	3,945	
Overall Financial Position	150,566	149,251	1,315	435,767	431,822	3,945	⟷

In total, Programme Costs are £82k over spent for the year to date (YTD) with a forecast overspend of £324k resulting in a forecast surplus of £3.6m. This is off-set by the equivalent underspend within Running Costs to deliver an overall balanced position in line with the 1% surplus.

In terms of the forecast outturn the majority of lines now reflect the actual forecast outturn based on the YTD position. The key area where this is not the case is the York Teaching Hospital NHS Foundation Trust (YTHFT) budget line which is reflected in the risks at this stage.

Area	Cumulative To Date			Forecast Outturn		
	Budget £000	Actual £000	Variance £000	Budget £000	Actual £000	Variance £000
Acute Services	72,916	75,157	(2,241)	218,982	219,756	(773)
Mental Health Services	12,956	13,617	(661)	39,416	40,127	(711)
Community Services	9,678	9,685	(8)	29,033	28,958	75
Other Services	10,891	11,135	(245)	30,668	31,201	(533)
Primary Care	18,808	18,922	(114)	56,013	56,013	0
Primary Care Co-Commissioning	13,407	13,345	62	40,221	40,221	0
Better Care Fund	4,958	4,349	609	14,874	13,012	1,862
Trading Position	**143,614**	**146,211**	**(2,597)**	**429,206**	**429,287**	**(80)**
Prior year balances	0	631	(631)	0	631	(631)
Reserves	1,822	0	1,822	3,080	0	3,080
Contingency	1,324	0	1,324	1,972	0	1,972
Unallocated QIPP	0	0	0	(9,912)	(5,247)	(4,665)
Financial Position	**146,759**	**146,842**	**(82)**	**424,346**	**424,670**	**(324)**
Surplus (1%)	1,315	0	1,315	3,945	0	3,945
Overall Financial Position	**148,074**	**146,842**	**1,233**	**428,291**	**424,670**	**3,621**

Non-ISFE

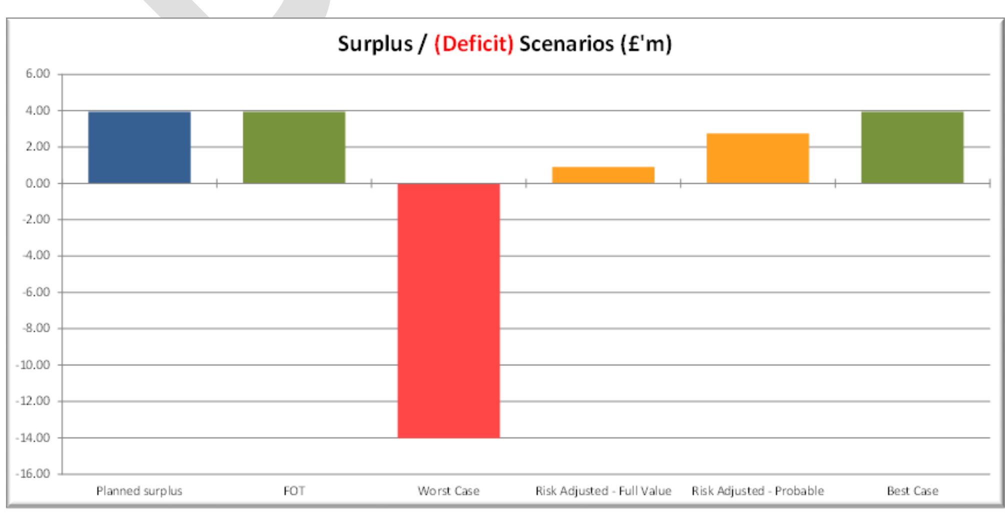
The position reported to NHS England in the CCGs Non-ISFE return was as follows:

Risks	Potential Risk Value Mth03	Full Risk Value £m	Probability of risk being realised %	Potential Risk Value £m	Proportion of Total %	Commentary
CCGs						
Acute SLAs	2.32	5.60	57.77%	3.23	27.50%	Acute overtrades
Community SLAs	0.00			0.00	0.00%	
Mental Health SLAs	0.00			0.00	0.00%	
Continuing Care SLAs	0.00			0.00	0.00%	
QIPP Under-Delivery	8.92	5.24	81.00%	4.25	36.12%	Unidentified QIPP
Performance Issues	0.00			0.00	0.00%	
Primary Care	0.00			0.00	0.00%	
Prescribing	0.00			0.00	0.00%	
Running Costs	0.00			0.00	0.00%	
Other Risks	3.56	7.13	60.00%	4.28	36.37%	Non-delivery of BCF savings
TOTAL RISKS	14.81	17.97		11.76	100.00%	

Mitigations	Expected Mitigation Value Mth03	Full Mitigation Value £m	Probability of success of mitigating action %	Expected Mitigation Value £m	Proportion of Total %	Commentary
Uncommitted Funds (Excl 2% Headroom)						
Contingency Held	1.97			0.00	0.00%	
Contract Reserves	0.00			0.00	0.00%	
Investments Uncommitted	1.68			0.00	0.00%	
Uncommitted Funds Sub-Total	3.65	0.00		0.00	0.00%	
Actions to Implement						
Further QIPP Extensions	0.00			0.00	0.00%	
Non-Recurrent Measures	3.53	3.45	100.00%	3.45	32.69%	Apply contract penalties to acute provider (£3.16m) and Transfer from Running Costs (£0.29m)
Delay/ Reduce Investment Plans	0.00			0.00	0.00%	
Other Mitigations	4.65	11.18	60.85%	6.80	64.47%	Health economy plan (£5.6m), CS proposals (£0.5m), CHC (£3.3m), BCF (£1.5m) and Other (£0.28m)
Mitigations relying on potential funding	0.30	0.30		0.30	2.84%	*Complete in section below - rows 51 - 53*
Actions to Implement Sub-Total	8.48	14.93		10.55	100.00%	
TOTAL MITIGATION	12.13	14.93		10.55	100.00%	
NET RISK / HEADROOM	(2.68)			(1.20)		
BEST CASE IMPACT	3.65	0.00		0.00		*No risks materialise and funds remain uncommitted.*
WORST CASE IMPACT	(11.16)	(17.97)		(11.76)		*All risks occur and further actions all unsuccessful, uncommitted funds mitigate only.*
Forecast Outturn Surplus/Deficit	3.94			3.94		*This should match the surplus reported on the ledger*
RISK ADJUSTED CONTROL TOTAL	1.27			2.74		
Risk Adjusted Control Total Without Potential Funding	0.97			2.44		
Mitigations relying on potential funding						
From National	0.30	0.30		0.30		Quality Premium
From Regional Geographies	0.00			0.00		
From CCGs	0.00			0.00		
Potential Allocations	0.30	0.30		0.30		

The CCG's planned surplus is £3.94m and this showed a risk adjusted forecast outturn of £2.74m, £1.2m below the plan. This represents an over-spend of the CCG's in-year allocation by £1.2m.

The position was summarised in the report to the Quality & Finance Committee on 20th August as follows:



Worst Case *– Full value of all risks realised with no contingencies*
Risk Adjusted – Full Value *– Full value of risks and contingencies*
Risk Adjusted – Probable Value *– Net effect of probable risk and contingency values*
Best Case *– Full value of uncommitted funds realised with no risks*

The detailed risks and mitigations as reported to the Quality & Finance Committee on Thursday 23rd July were as follows:

NONISFE	Risks	Full value £'m	Probability	Probable value £'m
Acute SLAs	Acute overtrades	5.60	58%	3.23
Total		**5.60**	**58%**	**3.23**
QIPP Under-Delivery	Unidentified QIPP	5.24	81%	4.25
Total		**5.24**	**81%**	**4.25**
Other Risks	Non delivery of BCF savings	7.13	60%	4.28
Total		**7.13**	**60%**	**4.28**
	Total	**17.97**		**11.76**

NONISFE	Contingencies	Full value £'m	Probability	Probable value £'m
Non-Recurrent Measures	Apply contract penalties to acute provider	3.16	100%	3.16
Non-Recurrent Measures	Transfer from running costs	0.29	100%	0.29
Total		**3.45**	**100%**	**3.45**
Other Mitigations	Health economy recovery plan	5.60	29%	1.60
Other Mitigations	CS proposals	0.50	25%	0.13
Other Mitigations	CHC 'Best' position	0.80	100%	0.80
Other Mitigations	CHC local provision	2.50	100%	2.50
Other Mitigations	BCF clawback	1.50	100%	1.50
Other Mitigations	Other programme costs	0.28	100%	0.28
Total		**11.18**	**61%**	**6.80**
Mitigations relying on potential funding	Quality Premium Payment	0.30	100%	0.30
Total		**0.30**	**100%**	**0.30**
	Total	**14.93**		**10.55**

Although this was an improved position from Month 3, there remained a number of high value mitigations that were yet to be agreed with partners. Moreover, this was the fourth straight month with a net unmitigated risk. As a result of this NHS England informed us they would be formally requesting a financial recovery plan from the CCG which will need to be completed, in draft, by the 4th September. The formal request followed by email from Jon Swift on 17th August and the draft FRP submitted on 4th September.

It was made clear to Quality & Finance Committee on 20th August that as part of the financial recovery plan the CCG would need to demonstrate how it can fully recover the financial position to return to a full 1% surplus and not over-spend the in-year allocation. As far as possible these plans will need to be based on expenditure wholly within the CCG's control. Where this is not the case formal agreement will be required in order for the plan to be fully assured. Although it is expected that there will be elements still to be worked through to full agreement, depending on the nature and scale of these NHSE may be required to enact further special measures in line with the CCG Assurance Framework.

The Quality & Finance Committee also considered a draft detailed financial recovery action plan at the August meeting, concentrating on the high priority and high risk actions relating to York FT,

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Better Care Funds and operational performance targets and associated expenditure. The current advanced version of this forms the core of the financial recovery plan and is at Appendix A.

1.1.3 Reported Position as at Month 5

Quality & Finance Report Summary

In overall terms, the CGG reported the delivery of the 1% year to date (£1.6m) and forecast outturn (£3.9m) surplus. As part of the development of the draft FRP produced for the NHS England a revised approach to the presentation of the net risks and mitigations in order to more accurately highlight the net risk position after mitigations and contingencies that have been realised. This presents a true, current position of the level of remaining risk in the CCG.

Wherever possible as many of the previously identified risks and mitigations have now been included within the actual forecast outturn position described earlier. Moreover, where mitigations effectively reduce the risks themselves, as opposed to requiring a specific additional action to ensure they are put in place, these have further reduced the remaining risk level. This significantly reduces the overall remaining level of financial risk from previous month's reports, but now reflects both the work done today to put the mitigations in place and the revised risk assessment.

	£'000	£'000	£'000	£'000	£'000	£'000
Programme	181,367	181,453	(85)	424,758	425,372	(614)
Running	3,115	3,022	93	7,476	6,862	614
Surplus (1%)	1,644	-	1,644	3,945	-	3,945
Overall Financial Position	186,126	184,475	1,651	436,179	432,234	3,945

In total, Programme Costs are £85k over spent for the year to date (YTD) with a forecast overspend of £614k resulting in a forecast surplus of £3.3m. This is off-set by the equivalent underspend within Running Costs to deliver an overall balanced position in line with the 1% surplus.

In terms of the forecast outturn the majority of lines now reflect the actual forecast outturn based on the YTD position. The key area where this is not the case is the York Teaching Hospital NHS Foundation Trust (YTHFT) budget line which is reflected in the risks at this stage.

Area	Cumulative to Date			Forecast Outturn		
	Budget	Actual	Variance	Budget	Actual	Variance
	£'000	£'000	£'000	£'000	£'000	£'000
Acute	89,472	92,047	(2,575)	218,982	219,543	(560)
Mental Health Services	16,689	16,908	(219)	39,416	39,982	(566)
Community Services	12,097	12,116	(19)	29,033	29,097	(64)
Other Services	19,789	19,236	553	45,542	40,730	4,812
Primary Care	23,328	23,854	(526)	56,013	57,001	(988)
Primary Care Co-Commissioning	16,759	16,691	68	40,221	40,221	-
Trading Position	**178,134**	**180,852**	**(2,718)**	**429,207**	**426,574**	**2,633**
Prior Year Balance	-	601	(601)	-	601	(601)
Reserves	1,995	-	1,995	3,491	122	3,369
Contingency	1,488	-	1,488	1,972	-	1,972
Unallocated QIPP	(250)	-	(250)	(9,912)	(1,925)	(7,988)
Financial Position	**181,367**	**181,453**	**(85)**	**424,758**	**425,372**	**(614)**
Surplus	1,644	-	1,644	3,945	-	3,945
Overall Financial Position	**183,011**	**181,453**	**1,558**	**428,703**	**425,372**	**3,331**

Non-ISFE

The position reported to NHS England in the CCGs Non-ISFE return was as follows:

Risks	Potential Risk Value Mth04	Full Risk Value £m	Probability of risk being realised %	Potential Risk Value £m	Proportion of Total %	Commentary
CCGs						
Acute SLAs	3.23	4.76	100.00%	4.76	80.90%	Acute overtrades (Incl. Non-delivery of BCF schemes)
Community SLAs	0.00			0.00	0.00%	
Mental Health SLAs	0.00			0.00	0.00%	
Continuing Care SLAs	0.00			0.00	0.00%	
QIPP Under-Delivery	4.25	1.12	100.00%	1.12	19.10%	
Performance Issues	0.00			0.00	0.00%	
Primary Care	0.00			0.00	0.00%	
Prescribing	0.00			0.00	0.00%	
Running Costs	0.00			0.00	0.00%	
Other Risks	4.28			0.00	0.00%	
TOTAL RISKS	11.76	5.88		5.88	100.00%	

Mitigations	Expected Mitigation Value Mth04	Full Mitigation Value £m	Probability of success of mitigating action %	Expected Mitigation Value £m	Proportion of Total %	Commentary
Uncommitted Funds (Excl 2% Headroom)						
Contingency Held	0.00			0.00	0.00%	
Contract Reserves	0.00			0.00	0.00%	
Investments Uncommitted	0.00			0.00	0.00%	
Uncommitted Funds Sub-Total	0.00	0.00		0.00	0.00%	
Actions to Implement						
Further QIPP Extensions	0.00			0.00	0.00%	
Non-Recurrent Measures	3.45	0.96	100.00%	0.96	16.25%	Contract management (£0.82m), transfer from running costs (£0.14m)
Delay/ Reduce Investment Plans	0.00			0.00	0.00%	
Other Mitigations	6.80	4.39	100.00%	4.39	74.56%	CS proposals (£0.13m), BCF clawback (£3.96m) and further management of Prescribing expenditure (£0.31m)
Mitigations relying on potential funding	0.30	0.54		0.54	9.19%	*Complete in section below - rows 51 - 53*
Actions to Implement Sub-Total	10.55	5.88		5.88	100.00%	
TOTAL MITIGATION	10.55	5.88		5.88	100.00%	
NET RISK / HEADROOM	(1.20)			(0.00)		
BEST CASE IMPACT	0.00	0.00		0.00		*No risks materialise and funds remain uncommitted.*
WORST CASE IMPACT	(11.76)	(5.88)		(5.88)		*All risks occur and further actions all unsuccessful, uncommitted funds mitigate only.*
Forecast Outturn Surplus/Deficit	3.94			3.94		*This should match the surplus reported on the ledger*
RISK ADJUSTED CONTROL TOTAL	2.74			3.94		
Risk Adjusted Control Total Without Potential Funding	2.44			3.40		
Mitigations relying on potential funding						
From National	0.30	0.13		0.13		Quality Premium Payment
From Regional Geographies	0.00	0.41		0.41		Co-commissioning allocation adjustment
From CCGs	0.00			0.00		
Potential Allocations	0.30	0.54		0.54		

The CCG's planned surplus is £3.94m and this showed no net unmitigated risk.

The detailed risks and mitigations as reported to the Quality & Finance Committee on Thursday 20th August were as follows:

NONISFE	Risks	Full value £'m	Probability	Probable value £'m
Acute SLAs	Acute overtrades and non delivery of BCF	4.76	100%	4.76
Total		**4.76**	**100%**	**4.76**
QIPP Under-Delivery	Unidentified QIPP	1.12	100%	1.12
Total		**1.12**	**100%**	**1.12**
	Total	**5.88**		**5.88**

NONISFE	Contingencies	£'m	Probability	value
Contingency Held				0.00
Total		**0.00**	**0%**	**0.00**
Investments Uncommitted				0.00
Total		**0.00**	**0%**	**0.00**
Non-Recurrent Measures	Contract management (Ramsay, YAS etc)	0.81	100%	0.81
Non-Recurrent Measures	Transfer from running costs	0.14	100%	0.14
Total		**0.96**	**100%**	**0.96**
Delay/ Reduce Investment Plans				0.00
Total		**0.00**	**0%**	**0.00**
Other Mitigations	CS proposals	0.13	100%	0.13
Other Mitigations	BCF inability to invest	3.96	100%	3.96
Other Mitigations	Further management of Prescribing expenditure	0.31	100%	0.31
Total		**4.39**	**100%**	**4.39**
Mitigations relying on potential funding	Quality Premium Payment	0.13	100%	0.13
Mitigations relying on potential funding	Co-commissioning allocation adjustment	0.41	100%	0.41
Total		**0.54**	**100%**	**0.54**
	Total	**5.88**		**5.88**

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This represents an improved position from Month 4 and demonstrates that the risks can be mitigated in full based on the FRP plans at this point.

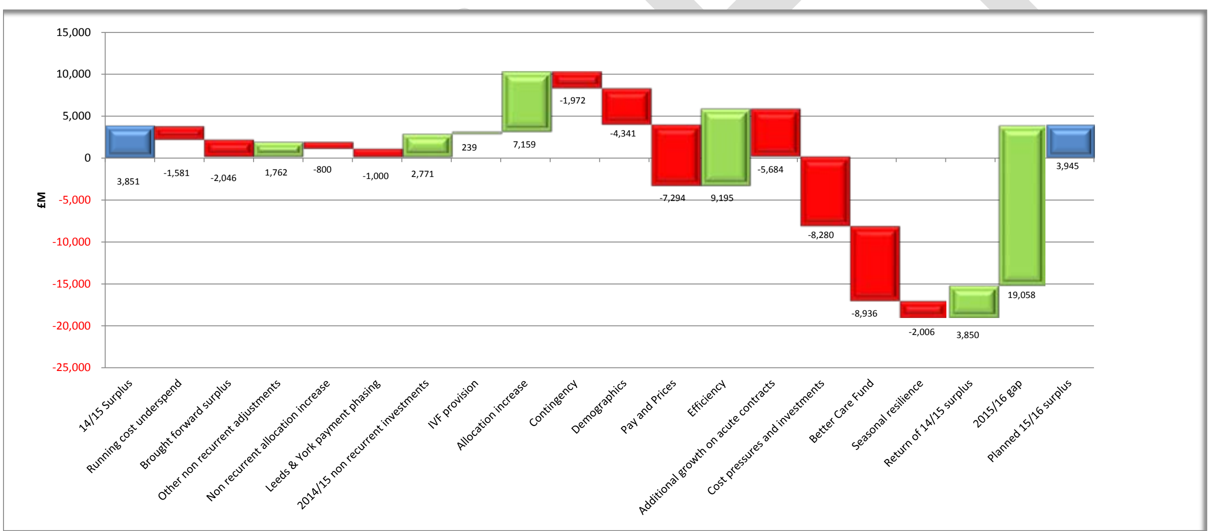
The draft FRP v2 (the version shared with NHSE on 4th September) was shared in full with the Quality & Finance Committee at their meeting on 17th September. The August (Month 05) position was also reported at this meeting. Key risks were identified in this version of the FRP and the residual gap of £5.88m discussed. The Committee approved the plan and expressed its confidence in delivery.

1.2 Movement from Plan

An analysis has been undertaken to fully understand the current financial position and how this relates to the plan submitted earlier in the year.

1.2.1 Financial Plan 2015-16 Movement

The financial plan approved by the governing body identified a 2015/16 gap of £19.1m in order to deliver the 1% surplus and the remaining business rules. This gap resulted from the following pressures and benefits that were built into and presented as the plan.



At the time the plan was submitted the CCG had identified the following mitigations to bridge the gap

Mitigations	**£'m**
Contingency Held	2.0
Investments Uncommitted	4.2
QIPP / BCF	10.2
Non-Recurrent Measures	0
Other Mitigations	0.3
Mitigations relying on potential funding	1.1
Total	**17.8**

The net effect of this was an unmitigated risk / shortfall of £1.2m.

QIPP schemes of £3.2m have delivered. Additionally, since this point a number of additional, in-year pressures, £3.2m, have arisen over and above those identified within the £19.1m leaving a total gross risk of £22.3m. These are as follows:

Movements	£'m
QIPP delivery	(3.2)
Brought forward pressures	0.6
Prescribing	1.1
Overtrades (Including Mental Health and CHC)	4.3
Ambulatory Care investment	0.4
Total	**3.2**

This can be seen in Appendix A which also shows the movement to the current residual risk position.

1.2.2 Risk Analysis in Financial Plan 2015-16

The CCG's financial plan identified two key risk areas, 'unallocated QIPP' (part of the financial gap without QIPP or mitigation plans) and 'non-delivery of BCF plans' which together were £16.8m at full value and originally assessed at £9.3m after applying a probability. With mitigations, this resulted in a net unmitigated risk in the plan of £1.2m.

Subsequently, at the point of Month 03 reporting, when the CCG received the first cut of activity data from the CS (late, due to resource issues in the BI team) and since, additional risks have emerged. Two of these are in line with the original risks declared, but recognised at *full value* in order to fully assess the gross position, and others are new. Through month 04 and 05 reporting and the development of the draft FRP, the CCG has mitigated a significant number of these, through a series of decisions and adjustments to forecast outturn positions, leaving the net risk at £5.88m. The following waterfall charts demonstrates the *residual risk value* of £5.88m in the 2015-16 plan which the FRP is addressing and the gross position at full value of £22.9m which tracks the movement from plan, essential to understanding the current position. This aligns closely with the well-recognised and original gap figure in the Financial Plan 2015-16 of £19m.

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Residual Risk Position £5.88m

Full Value Risk Position £22.3m

1.3 Actions Already Taken

The following actions have already been taken:

- All uncommitted investments have been stopped, including the GP Innovation Fund (previously the ‘£5 per head’ funding). Bids have been received against this, and other funds, but these are being scrutinised in detail by SMT to ensure that any investment delivers a return at least equivalent to the level of investment. To date, none have adequately demonstrated this.
- The CCG has written to GP practices (on 28th August) who have received GP Innovation Fund money in the first quarter of the year to fund the full year effect of previous years’ schemes to ensure they assume no further funding after 30th June 2015 and to stop expenditure immediately if they are assuming this.
- The CCG Scheme of Delegation is fully up to date with the latest minor changes approved by the Audit Committee in July 2015. This is available on the CCG website.
- The CCG has issued a communication to all CCG staff to implement additional financial controls and temporarily suspend parts of the Scheme of Delegation to increase the level of internal control in all areas, including vacancy control and business case approval. This is shown at Appendix B.
- A number of contingencies have been released in to the year to date position and to offset many of the risks in the forecast outturn. These include the 0.5% contingency, the BCF performance fund, the GP Innovation Fund, uncommitted readmissions investment, running cost under-spend and a baseline contract adjustment. These are in line with previously reported contingency measures.
- A detailed financial recovery action plan has been developed (Appendix A) which has been reviewed by SMT, Quality & Finance Committee and Governing Body. This charts the ‘story’ of the current financial position, showing the process the CCG has gone through in identifying the full gross value of risks and the steps it has taken since to manage this to a net mitigated risk value of £5.88m. The action plan has been rated for confidence in delivery, prioritised and impact on partners taken in to account. A lead has been identified for each action. Each

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mitigation is shown as both gross value and probability adjusted. Risks are shown *gross* and at their full value to ensure actions address the full level of risk and nothing is 'masked' by applying a probability which assumes delivery of an improvement not explicitly highlighted as part of contingency, mitigation and improvement plans.

- An analysis of the underlying position has been undertaken, including a mapping of how the current financial position has arisen. This is shown in section 1.4.
- The CCG has completed and submitted a final version of the NHS England Financial Control Environment Assessment. This was reviewed by NHS England in advance of the submission and also by the Audit Committee Chair and Internal Audit. The final version was submitted following the draft being considered at Governing Body on 3rd September and then Audit Committee on 8th September where there was considerable debate, but no changes were made. This has also been moderated across the categories, against the recovery plan and in comparison to the other Y&H CCGs.
- An in-year QIPP stocktake has been undertaken to assess performance against planned QIPPs and also QIPPs that are due to have an impact in 2015-16 but were not in the final CCG plan. This has identified a further £142k of part year effect savings that have been included in the recovery plan.
- A QIPP pipeline assessment has been undertaken to capture all schemes, regardless of stage of development, which have been considered or approved by SMT since 1st April. These are the schemes that will have a recurrent effect from 2016-16 in reducing the CCG cost base. This has identified a minimum of £1.2m recurrent savings that will be included in plans from 2016-17.
- An updated and enhanced Quality & Finance Committee and Governing Body report is being developed after a scoping meeting on 22nd July. This will address identified gaps in the current finance, QIPP and activity reporting and has been discussed with the relevant committees. The new report has been produced in draft for consultation following Month 05 reporting with a final version being produced for Month 06. The focus will be on a new dashboard/exec summary highlighting key deliverables, KPIs, business rules and risks, greater activity data showing trends and key areas for concern, QIPP financial reporting, co-commissioning information and with a shift in emphasis to actions as well as factual reporting.
- A set of principles has been agreed with York FT regards to agreeing a forecast outturn position. These were discussed between the CCG CFO and FD of York FT, Andy Bertram on 27th August. This confirms a mutual understanding of a forecast outturn position. These principles have since been confirmed in writing with Andy Bertram:
    - *The CCG will plan to mitigate financial risk not related to the Trust through other means and will not use any potential agreed reduction to 'cross-subsidise'.*
    - *The CCG will reimburse the Trust for any additional outpatient and elective/day case work associated with jointly agreed RTT improvement trajectories. We discussed the suspension of the backlog clearance the potential impact on reducing both our expenditure with you and your costs but agreed that this requires further risk assessment work and a wider agreement but that it is not off the table as an option.*
    - *The CCG will agree to fund, in line with PbR, the ambulatory care model being proposed by the Trust for the second half of the 15/16 following the pilot operation and separate funding during June to August. This is based on the business case presented by the Trust and the financial impact set out within that. It needs noting that this is my intention but does still need to have the relevant formal approval in the CCG and I understand there is*

still work on-going to fully understand the model, costs and activity but it is acknowledged that this is the right thing to do for patients and flow in the hospital.
    - *Penalties will be applied in full. The CCG is mindful of Barbara Hakin's letter and will continue to work with the Trust on this but our financial recovery plan as it stands at this point does not allow for reinvestment of this at this point. The CCG recognises the Trust is doing everything it can to reduce penalty charges and would wish to see any charges imposed reinvested but recognises the contractual position and CCG financial position.*
    - *Based on information provided by the Trust in recent CMB meetings, the current run rate, and forecast outturn, is based on your internal plan of £181.5m which is £7.6m above our contracted level of activity.*
    - *The CCG needs to redirect BCF funds from social care back to health in order to fund the levels of activity being experienced in the Trust.*
- A first meeting of the three finance leaders of the CCG, Scarborough & Ryedale CCG and York FT has taken place (27th August) as a first step to developing a system wide financial plan. The first step to this is to focus on health initially but to widen this to include the local authorities and other partners in line with the CEO-level System Leaders group that has been recently set up.
- An action plan has been requested from the CCG GP Prescribing Lead and Medicines Management Team with regards to delivering a targeted £800k further savings in 2015-16. This was received (3rd September) and identifies a further £830k of possible additional savings in 2015-16. This requires GP engagement and Prescribing is explicitly on the agenda for the next Council of Representatives on 17th September. This is a joint CoR & Governing Body meeting with the financial position and FRP as its focus. The CCG has written to all EMIS-Web practices on 4th September to inform them that the Optimise-Rx software is now available for their system (previously only available for SystmOne so 11/16 practices with final 5 due to go live) and can be rolled out by the end of September. The first month of operation for only 11 practices has demonstrated a net £26k savings.
- The CCG has met with senior colleagues from City of York Council and North Yorkshire County Council regarding the Better Care Funds. These meetings outlined the CCG's inability to fully invest additional the health funding in to the BCFs in 2015-6. A letter has since been received from CYC and a CCG response sent on 14th September reiterating the CCG position but reaffirming our commitment to work in partnership to accelerate the transformation work required to release the necessary savings in the medium to long term.

1.4 Underlying Position

The underlying recurrent financial position is reported to NHS England monthly as part of the non-ISFE submission. We have undertaken an assessment of this based on the gross, full value risks identified in the FRP action plan in Appendix A. This shows an underlying position at the start of 2016/17, including reinstatement of the business rules for that year, of a deficit of £8.2m. This has been worked through in detail with support from NHS England finance colleagues and has been shared, at a detailed level, with them in advance of the submission of this v3 draft. A summary of this is below:

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Current FOT / Planned Surplus	**3,945**
Non recurrent allocations in 15/16 plan	-4,495
Non recurrent investments in 15/16 plan	4,227
Other non recurrent in 15/16 plan	-616
FYE of QIPP and investments in 15/16 plan	615
Recurrent adjustments from plan (as per M05 FOT & non ISFE)	-5,072
Planning adjustments required for 16/17 onwards	-6,857
Underlying position for 16/17 onwards	**-8,253**

FRP action plan at Appendix A clearly identifies the schemes that are recurrent and non-recurrent, which reconciles to the above position and creates the recurrent pressure.

Additionally, the move away from the NY CCG CHC, FNC and MH Out of Area Risk Share arrangement in 2014-15 created an underlying brought forward net pressure to Vale of York CCG of £2m (full value £5m which was a direct recurrent benefit to the other three NY CCGs).

Furthermore, the CCG (and PCT before) has historically never been able to fully provide the Carer's Breaks and Reablement funding to social care that was required. The CCG transferred £600k in 2014-15 but the creation of the BCF pooled budgets in 2015-16 required this to be £3.6m so created an inherent, recurrent pressure of £3m.

1.5 Stakeholder Relationships

The CCG has undertaken significant work since its inception on stakeholder engagement and a stakeholder map is included at Appendix C. The key stakeholders that this financial recovery plan impacts are:

- Commissioning Support
- City of York Council
- East Riding Council
- GP Practices and Primary Care
- NHS England
- North Yorkshire County Council
- Ramsay
- TEWV
- YAS

Although clearly there is impact across the system as the effects of short term actions may impact other contracts and stakeholders.

1.6 Current Resources

The CCG has an established Chief Officer and senior team with no current vacancies. The Finance & Contracting team is also fully established and robust. There are some vacancies in the Innovation &

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Improvement Team but these are either being filled or are not deemed to be a significant risk to the delivery of the FRP.

The CCG also has an Interim Director of System Recovery & Sustainability in post and is exploring options with the system leader organisations to establish this on an on-going basis. This post is supported by a full time programme support post funded by City of York Council.

The CCH has also secured external funding for two posts to work in the Innovation & Improvement Team which will support delivery of key projects. The first is an experienced Project Manager, funded by NHS England, who will continue the work started by Mark Luraschi around reablement and rehabilitation and also support council colleagues to rapidly implement high impact schemes that were outlined in the BCF submission to support a reduction in non-elective admissions.

The second is as a result of Vale of York CCG and North Yorkshire County Council being jointly successful in a bid against Department of Transport funding earlier this year. This identified a number of work streams around patient transport where we felt there were savings to be made or quality improvements to the level of service available to patients. The first work stream is the review of renal dialysis transport for patients who are attending hospital up to three times a week and report an amount of variability in the service they are provided with; this work is progressing well and will include a revised specification, pathways and scope the alternative means of funding this service. The other work streams will review GP non-urgent transport, evening hospital discharge and Out of Contract journeys. The latter will include journeys which are out of contract with respect to time and/or geographical distance. The employing organisation for this project support officer role is NYCC. The role will support the CCG two days per week from September 2015.

The CCG feels it has sufficient resources to deliver the Financial Recovery Plan but that there are risks within this. The primary one being the current situation with Commissioning Support where, as the organisation goes through such significant change and staff as transferring and services are going out to tender, there is a real concern about resilience within the CS services and the on-going provision of services in some cases. The CCG is continuing to work with the CS and Transition Board to manage this as far as possible.

The CCG has a robust governance and Committee structure in place already with clear lines of accountability:

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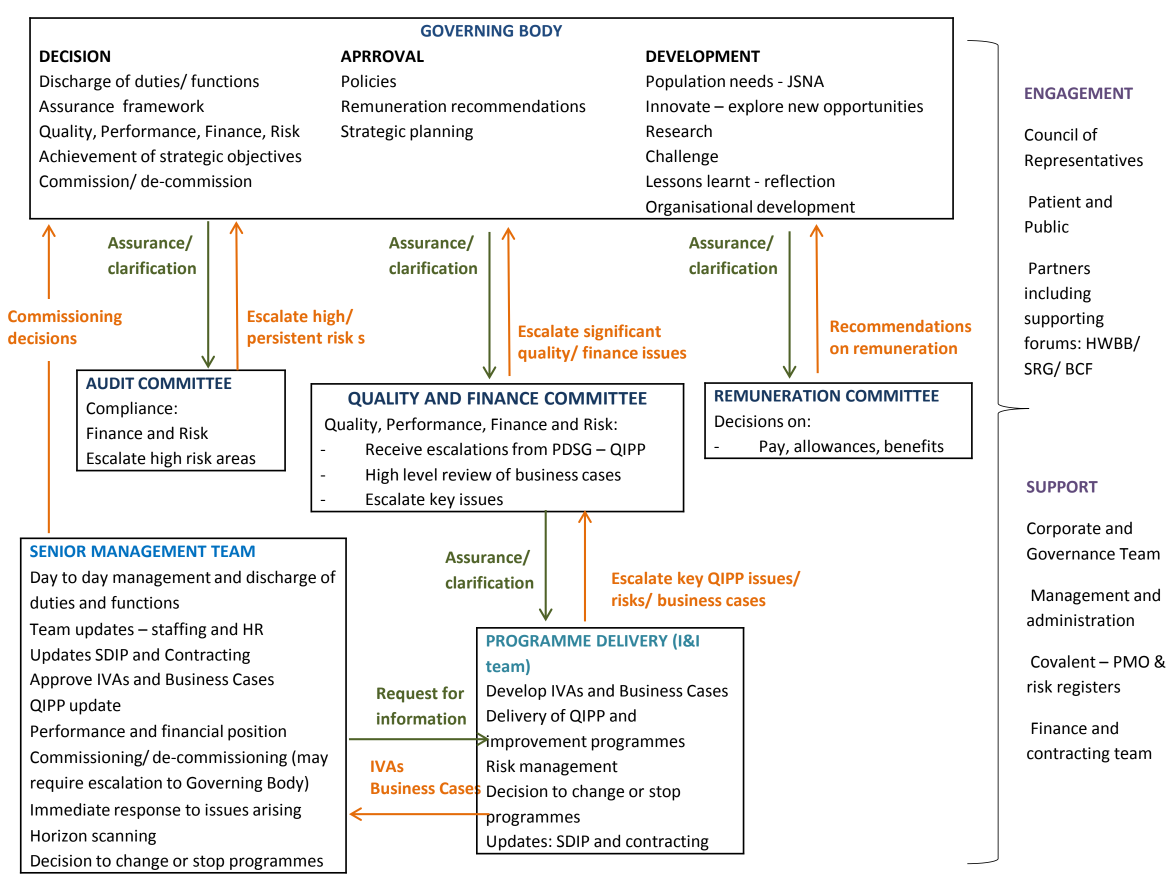
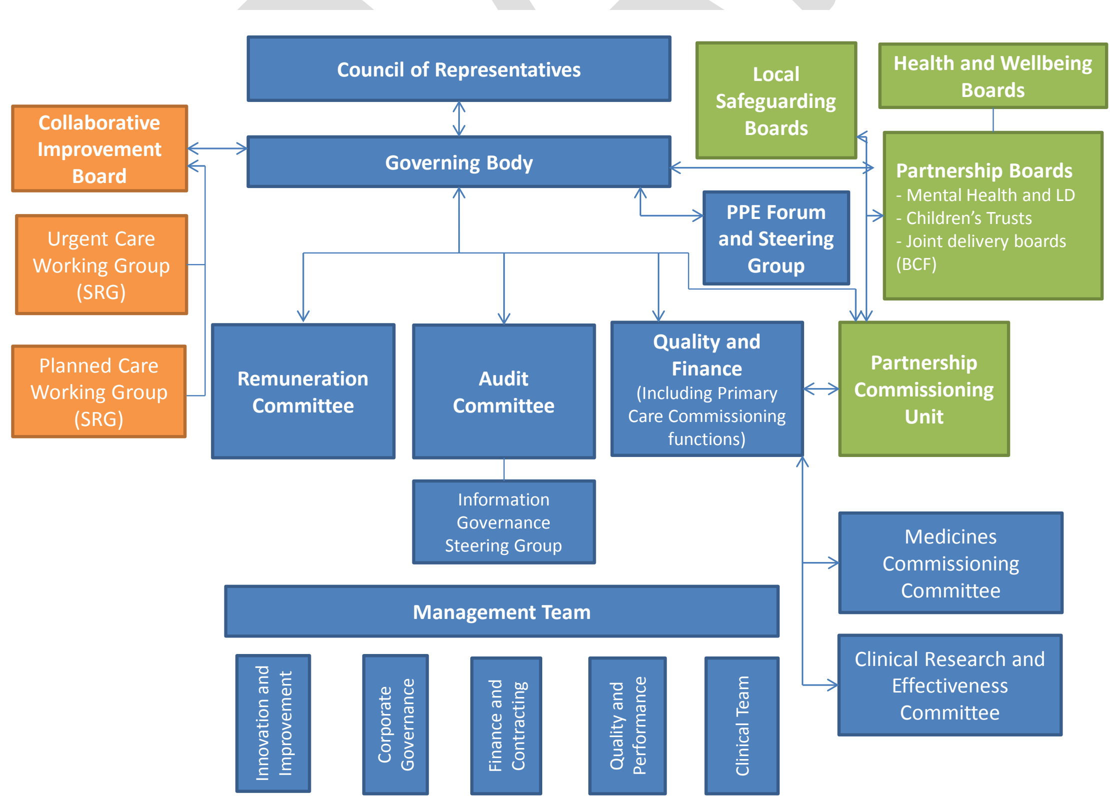

GOVERNING BODY
DECISION
Discharge of duties/ functions
Assurance framework
Quality, Performance, Finance, Risk
Achievement of strategic objectives
Commission/ de-commission
APRROVAL
Policies
Remuneration recommendations
Strategic planning
DEVELOPMENT
Population needs - JSNA
Innovate – explore new opportunities
Research
Challenge
Lessons learnt - reflection
Organisational development
Assurance/ clarification
Commissioning decisions
Escalate high/ persistent risk s
Escalate significant quality/ finance issues
Recommendations on remuneration
AUDIT COMMITTEE
Compliance:
Finance and Risk
Escalate high risk areas
QUALITY AND FINANCE COMMITTEE
Quality, Performance, Finance and Risk:
- Receive escalations from PDSG – QIPP
- High level review of business cases
- Escalate key issues
REMUNERATION COMMITTEE
Decisions on:
- Pay, allowances, benefits
SENIOR MANAGEMENT TEAM
Day to day management and discharge of duties and functions
Team updates – staffing and HR
Updates SDIP and Contracting
Approve IVAs and Business Cases
QIPP update
Performance and financial position
Commissioning/ de-commissioning (may require escalation to Governing Body)
Immediate response to issues arising
Horizon scanning
Decision to change or stop programmes
Escalate key QIPP issues/ risks/ business cases
Request for information
IVAs
Business Cases
PROGRAMME DELIVERY (I&I team)
Develop IVAs and Business Cases
Delivery of QIPP and improvement programmes
Risk management
Decision to change or stop programmes
Updates: SDIP and contracting
ENGAGEMENT
Council of Representatives
Patient and Public
Partners including supporting forums: HWBB/ SRG/ BCF
SUPPORT
Corporate and Governance Team
Management and administration
Covalent – PMO & risk registers
Finance and contracting team

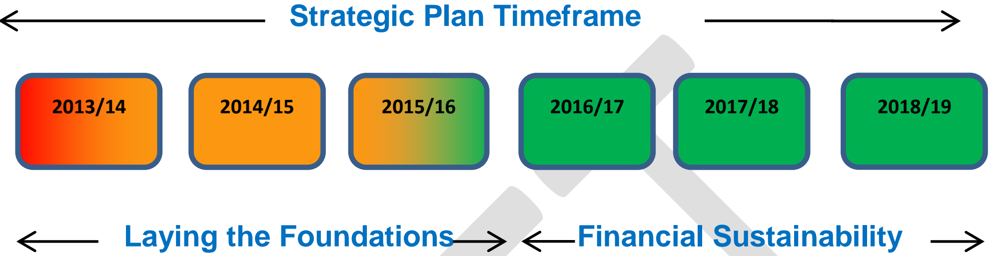

Council of Representatives
Local Safeguarding Boards
Health and Wellbeing Boards
Collaborative Improvement Board
Governing Body
Partnership Boards
- Mental Health and LD
- Children's Trusts
- Joint delivery boards (BCF)
Urgent Care Working Group (SRG)
PPE Forum and Steering Group
Planned Care Working Group (SRG)
Remuneration Committee
Audit Committee
Quality and Finance
(Including Primary Care Commissioning functions)
Partnership Commissioning Unit
Information Governance Steering Group
Medicines Commissioning Committee
Management Team
Clinical Research and Effectiveness Committee
Innovation and Improvement
Corporate Governance
Finance and Contracting
Quality and Performance
Clinical Team

2. *WHERE DO WE WANT TO BE?*

2.1 Objectives of the Financial Recovery Plan

The financial recovery plan has, at its core, a number of key objectives that underpin how the CCG will continue to develop the plan. These will determine our planning approach on an on-going basis.

- Long term financial sustainability as outlined in the Financial Strategy outlined in the Integrated Operational Plan 2014-15.



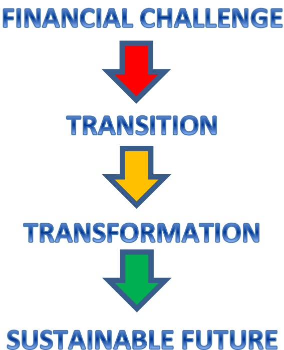
- Financial plans to meet business rules
- Meet key statutory financial targets
- Consistent with CCG Vision and support the delivery of the CCG objectives
- Recognises and meets the scale of the challenge in the Five Year Forward View
- Delivery of operational and constitutional targets
- Achievement of a recurrent balanced, sustainable financial position

2.2 Key Principles

The Financial Recovery Plan will be based on the following underpinning principles:

- Working in partnership – working together across the system is fundamental to the CCG's vision and is the path towards a sustainable local health system;
- Impact analysis – we need to test innovation and ideas, but be able to review any impact quickly to inform decisions;
- Retaining financial control – this provides the best chance of continuing to deliver our vision;
- Efficient and effective organisation – every penny we can save through doing things more efficiently can help support front line services;
- Impact over the next two-three years – where possible in-year decisions should not negatively impact future financial years.

A principle of 2015-16 being a transition year towards longer term transformation and a recurrently sustainable position is also key:



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3. ***HOW DO WE GET THERE?***

3.1 Actions & Steps Required

The action plan for the Financial Recovery Plan is shown at Appendix A. The structure of the plan, governance and assurance processes, reporting and control actions, financial planning plans, resources required and other actions are detailed through this section 3.

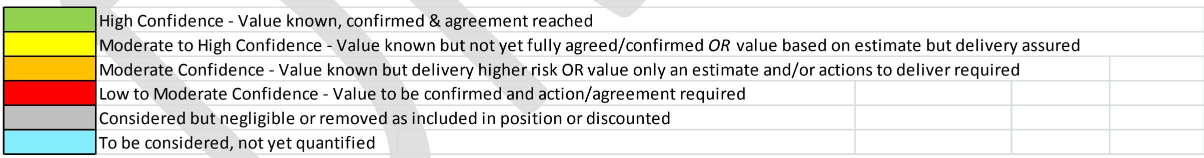
3.2 Structure of Recovery Plan

The Financial Recovery Plan has been categorised in to key work streams as follows:

A	Allocation Adjustments	2 schemes
BCF	Better Care Fund	8 schemes
CM	Contract Management	6 schemes
CS	Commissioning Support	2 schemes
FR	Financial Review	9 schemes
PC	Primary Care	1 scheme
Y	York FT (acute & community)	9 schemes

The plan shows the potential gross mitigation value and probability adjusted position for each scheme and outlines the assumptions and rationale behind each area. Each scheme is also prioritised and identified as recurrent or non-recurrent. Where there is impact on a stakeholder or partner organisation, this is also highlighted. Actions required to deliver the scheme and an identified lead are also included. Where agreement has been reached and plans confirmed, each scheme reflects the date and individual/group that has done this.

Finally, each scheme is colour coded accordingly to deliverability as follows:



Colour	Description
(green)	High Confidence - Value known, confirmed & agreement reached
(yellow)	Moderate to High Confidence - Value known but not yet fully agreed/confirmed *OR* value based on estimate but delivery assured
(amber)	Moderate Confidence - Value known but delivery higher risk OR value only an estimate and/or actions to deliver required
(red)	Low to Moderate Confidence - Value to be confirmed and action/agreement required
(grey)	Considered but negligible or removed as included in position or discounted
(blue)	To be considered, not yet quantified

3.3 Governance & Assurance

3.3.1 Development of the Financial Recovery Plan & Organisational Ownership

The Financial Recovery Plan has been developed by the Chief Officers in the CCG, led by the CFO with principle support from the Deputy CFO. It has had input, challenge and feedback from the Senior Management Team, which includes GP clinical leads, Quality & Finance Committee challenge and support (chaired by a Lay Member) and detailed discussion in a private session of the Governing Body on 3rd September. The Governing Body recognised the plan is owned by the organisation, Governing Body and management team and is not just a finance plan. They recognised the

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imperative to deliver the plan and achieve in-year financial balance and are fully aware of the consequences if this is not done. The Governing Body also discussed the Financial Control Environment Assessment alongside the Financial Recovery Plan action plan to ensure consistency of message. The Council of Representatives next meeting is on 17th September where, after core business, the majority of the meeting is a joint one with the Governing Body and focussed exclusively on the financial position and recovery plan.

3.3.2 Joint Working & Whole System Leadership

The chief executives and chief officers of City of York Council, North Yorkshire County Council, NHS Scarborough and Ryedale Clinical Commissioning Group, Tees, Esk and Wear Valleys NHS Foundation Trust, NHS Vale of York Clinical Commissioning Group, Yorkshire Ambulance Service and York Teaching Hospital NHS Foundation Trust have established themselves as a System Leaders Group, committed to:

- working together as partners;
- setting direction for their teams to address collective priorities;
- unblocking barriers to support effective action; and
- holding each other to account for delivery.

This commitment has been led by Vale of York CCG and will support and align the teams to:

- drive rapid recovery against immediate financial and performance challenges; and
- take bold action to achieve ambitious long-term transformation of services that ensures sustainability

The establishment of the System Leaders Board recognises that the current and future challenges faced across the health and care system are of a scale that cannot be addressed effectively by organisations working in isolation and that will need to be tackled through consistent, joint action. This requires join-up between commissioners and providers and between health and care services.
Coming together as a System Leaders Board makes the statement to our teams and to wider partners that we will operate as a single leadership team for the health and care system, managing the priorities of our individual organisations within a wider set of ambitions for the system on behalf of local people, communities and taxpayers.

3.3.2.1 The Case for Change

The challenges for the whole system are unprecedented; across the entire spectrum of the areas of operation of the respective organisations, teams and communities are dealing with ever-increasing pressure, both in relation to the way in which services are provided today and the requirements for how they need to be provided in the future. It is widely acknowledged that doing “more of the same” will not be enough to achieve recovery in the short term or to develop sustainable services in the longer term. As a system we are committed to taking more radical short term action that is likely to be difficult for our teams and communities in order to recover our financial and performance position. We will also creatively and boldly redesign the way in which services are

provided in the future to ensure their viability and to deal with the increasing pressures on an on-going basis.

Key system pressures are summarised as follows:

Financial

- Historic hit on council budgets of >20%
- NHS budget rising with inflation (net 4% p.a. efficiency requirement)
- Current gap of £XXm in City of York Council (to be confirmed)
- Current gap of £XXm in North Yorkshire County Council (to be confirmed)
- Current potential financial gap across the NHS of up to £2bn in 2015-16
- Plans to deliver £22.9m financial recovery
- Pressure to deliver or enter turnaround
- Likely continuation of national austerity programme
- Gap of £XXm over five years (to be determined as part of updated long term financial model work)
- Long term plans un-costed and subject to severe pressure from policy, population and other factors outlined below

Performance

- Poor performance against the A&E standard
- Delayed transfers of care rising
- Poor performance against the RTT 18 week standard
- Poor performance against cancer waiting time targets
- Poor performance against IAPT
- Continued pressure on finance, workforce and demand will contribute to long-term pressure on performance

Workforce

- Recruitment challenges
- High locum and agency costs
- Ageing workforce
- Training places not meeting demand
- Legislative and policy pressures on availability of workforce internationally

Cultural

- Historic lack of trust
- Embedded ways of working
- Silo mentality
- Risk of maintaining current cultural divides in a system that requires a new approach

Health outcomes and burden of disease

- Unmet need in some services including mental health
- Growing demand in specific services including dementia and cancer
- Increasing burden of lifestyle-related disease including obesity, type 2 diabetes, CHD

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Demographic change and ageing population

- Population to rise by X% in five years (to be confirmed in next draft)
- Population over age 75 to rise by Y% in five years (to be confirmed in next draft)

Quality and experience of services

- Public feedback is asking for more personalised services
- CQC inspections of services highlighting pressures on workforce and impact of financial pressures
- Maintaining quality in the face of future financial and workforce pressures

Public expectations and messages

- Messages in the media
- Requirement to respond to scandals elsewhere
- Rising expectation on services

Policy and national context

- Burden of regulation
- Care Act phase 1
- Rules on financial flows that do not support joint working
- Better Care Fund requirements
- Longer term impact of Care Act phase 2.
- Greater integration of health and social care

3.3.2.2 Ambitions

Our ambitions exist for, and are shaped by, the people in our communities who are leading their lives and using our services. Across our system we are aligning our future vision for our population, for services and for ways of working to maximise:

- the health and wellbeing of the people in our communities;
- the quality of services that people using our services experience; and
- the efficiency and value for money of the services that we provide.

In order to recover our financial position and performance, and to secure the future sustainability of our services, we will radically transform the way in which services are delivered. This represents a step change in the level of ambition that we collectively hold for the system, both in terms of the short term decisions to tackle immediate challenges and the longer term transformation of the system to deliver new models of care.

3.3.2.3 Governance Arrangements

The System Leaders Board sets direction to, receives updates on progress against, and holds to account the priority work areas identified that report in from a number of other boards. Reporting arrangements are set out in the diagram.

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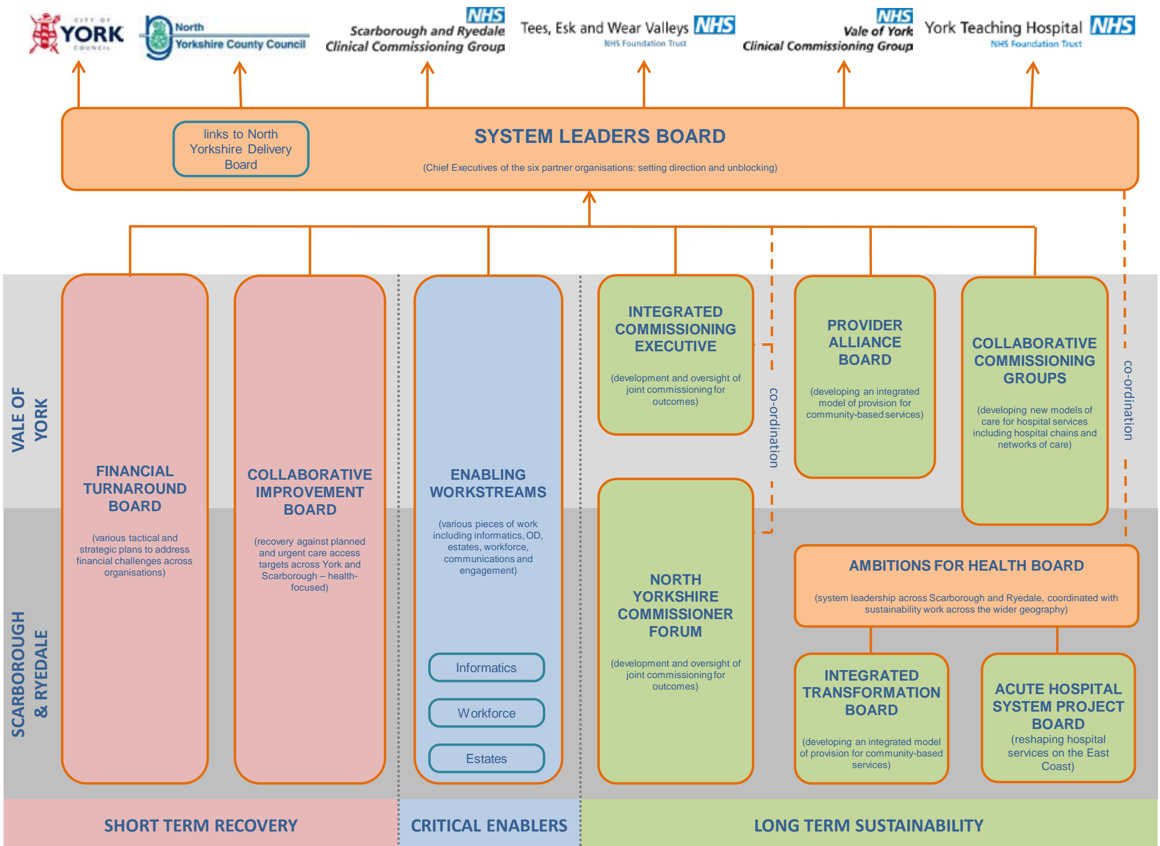

Sub-groups include:

Financial Turnaround Board (FTB)
- Short term focus: securing financial turnaround

Collaborative Improvement Board (CIB)
- Short term focus: recovering performance against key targets (see 2015-16 Performance Recovery Plan at Appendix D)

Provider Alliance Board (PAB)
- Long term focus: transforming joint delivery of integrated community services across providers

Integrated Commissioning Executive (ICE)
- Long term focus: joining up commissioning across health and social care

Collaborative Commissioning Groups
- Long term focus: coordinating work to develop networks of care and to redesign hospital services across a wider geography

A variety of Enabling Work stream Boards
- To ensure the infrastructure of the sectors and the development work within them in terms of workforce development, organisational development, ICT and systems, information management, communications and legal aspects are all included in the planning

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3.3.2.4 System Wide & Joint Working – Actions

We will take action as a system to accelerate the pace with which we tackle our collective challenges, through:

<u>SHORT TERM</u>

Securing our system financial position in 2015-16:

- Taking collective action that agrees and secures delivery of 2015-16 financial targets across the system;
- Making bold decisions over changes to services and the supporting messages to the public that are necessary to drive spending reductions;
- Ensuring that actions support the overall system financial position rather than that of any individual organisation – reducing spend and costs within a collective envelope.

Improving performance:

- Making realistic prioritisation decisions over what performance targets can be achieved in 2015-16;
- Taking collective action to support delivery of these targets;
- Specifically taking necessary action to secure delivery of the A&E 95% standard by December 2015.

<u>LONG TERM</u>

Integrating community services across health and social care:

- Bringing teams together across primary care, community health services, community-based care and support services, mental health services and the voluntary sector to provide a seamless model of care for local communities;
- Providing a single operating model for teams in any given locality that proactively coordinates care for people with a focus on prevention;
- Removing duplication between teams to drive efficiency.

Reshaped specialist hospital services:

- Taking bold decisions over which services can be provided in which hospital sites, and over whether certain services can be provided at all;
- Engaging proactively in the redesign of services across the wider geography of Yorkshire, with a specific focus on building networks with Leeds to achieve sustainable tertiary services.

Funding model:

- Taking a pragmatic approach to the way in which finances move around the system, organising this from the perspective of best overall use of resources for taxpayers across organisations, and providing levers and incentives for greater efficiency;
- Ensuring that long term financial decisions are taken in the interests of the overall system financial position.

Single informatics platform:

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- Committing our organisations to sharing information through the use of an interoperable informatics platform;
- Taking difficult and necessary decisions to make sure that this happens at pace.

Single workforce planning approach:
- Joining up our workforce planning to support the future model of care and support.

Single public sector estates strategy supporting the approach:
- Taking a joined up approach to the development of estate to ensure that we have the right assets and facilities to deliver the future model of care.

3.3.3 External Assurance

Following development of this Financial Recovery Plan, it is proposed to invite external assurance of the draft plan. This was proposed and discussed at Governing Body where there was full support for this approach. It is critical the CCG are assured that the recovery plan is robust, comprehensive and deliverable and external assurance for the CFO, finance team Governing Body, Audit Committee and organisation as a whole is essential. NHS England should also be assured that the CCG is taking this proactive approach to gaining assurance of its plans.

3.4 Reporting & Control

3.4.1 Management & Monitoring of the FRP

Existing control and management structures will be utilised as far as possible to project manage and monitor the Financial Recovery Plan. This includes:

- weekly Senior Management Team
- monthly Quality & Finance Committee
- monthly Governing Body
- monthly Programme Delivery Steering Group (recently re-started with adapted Terms of Reference)
- monthly Contract Management Board meetings with providers
- bi-monthly NYCC & NY CFOs BCF Finance Group
- system-wide Financial Turnaround Board (to be fully established)

These will be supplemented by additional weekly, fortnightly and monthly specific project management meetings for particular work streams which have action plans requiring additional focus. These will include partner organisations where relevant. Initially, these will be:

BCF2,3&4	BCF Pooled Budget – CYC
CM2	Ramsay – contract management
PC1	Prescribing
Y3,4&5	York FT schemes – CFO/FD level meetings in addition to monthly CMB

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Additionally, all actions from the FRP and FCEA (see section 3.4.2) will be collated and monitored from a central point.

3.4.2 Financial Control Environment Assessment (FCEA)

The CCG has completed and submitted to NHS England a Financial Control Environment Assessment which is summarised as follows:

		Area of consideration	Sub-area	Self-assessment
Financial performance	1	Longer term planning		Moderate
	2	Detailed financial planning	Credibility and degree of stretch	Improvement needed
	3		Alignment with activity and provider contracts	Good
	4	In year financial performance		Improvement needed
	5	Financial reporting	Consistency of reporting with ledgers and NHSE submissions	Excellent
	6		Comprehensiveness and use as control mechanism	Good
	7		Sufficiency of board reporting to manage overall financial position	Good
Financial controls & processes	8	Systems of financial control	Standing orders, SFIs and delegated authorities	Moderate
	9		Budget setting, monitoring and forecasting and key area cost control	Moderate
	10		Balance sheet including intercompany balances (AoB) & cash	Excellent
	11		Systems & processes (including internal audit response)	Excellent
	12		Risk sharing & income recognition	Moderate
	13	Risk management	Identification and monitoring process	Excellent
	14		Level of net risk	Improvement needed
	15	Finance team capability and capacity including support services	Core team	Excellent
	16		Commissioning support services (mark as N/a if no CSU support)	Excellent
	17	Audit and other finance committees	Governing body ensures effective financial management	Excellent
	18		Audit Committee performance	Excellent

There are three areas assessed as 'Improvement needed' which all relate primarily to the deliverability of the financial plan and are therefore consistent with one another. The Governing

Body debated this level of reporting at length at their meeting on 3rd September where there was complete support for the ability of the FRP to deliver the CCG's financial plan in 2015-16. In light of this, there was considerable discussion around whether these indicators, particularly 2 and 14, should be rated as 'Moderate'. It was decided that, following the submission of this draft FRP and initial feedback from NHS England, the Audit Committee would have ultimate approval of the FCEA at their meeting on 8th September. Ultimately, the final submission was made in line with the draft as, on balance, it was felt there remained a level of risk in delivery of the plan that deemed the 'Improvement needed' ratings the most suitable. The actions that have arisen as a result of this will be monitored for delivery as part of the governance and project management arrangements of the FRP.

3.4.3 Development of Finance & Activity Reporting

The CCG is developing and enhancing its finance, QIPP and activity reporting to Quality & Finance Committee and Governing Body. This will focus more on key indicators, exception reporting, delivery of the Financial Recovery Plan, activity & trends, QIPP delivery and actions being taken or proposed. A draft has been completed and will be consulted on internally before a version is produced for month 06 reporting.

Future development will also include greater Primary Care Co-commissioning information, GP practice level information, horizon scanning and links to the 5 year financial plan. The finance team are also looking at ways to automate processes as far as possible and ensure smarter working and reporting is an underlying principle in the development of any enhanced reporting. Ensuring consistency with other reporting formats, information and methodology is also part of the development.

Reports are already linked to budgets and no 'off-ledger' adjustments are made, however, it is also planned to ensure Q&F and Governing Body reports can be directly linked back to individual budget manager reporting level to show QIPP delivery, variances, actions and key metrics for specific managers.

Budget holders will also be required to sign-off budgets and plans at the start of each financial year as part of agreeing the financial plan.

3.4.4 Risk Register

The CCG Board Assurance Framework and Risk Register are held, updated, monitored and reported on the Covalent system. The finance risks are fully up to date to reflect the current situation and will continue to be updated with the relevant actions, or reference to the FRP action plan, as required. The current red risks in the CCG's Covalent system are in line with those reported in the non-ISFE submission and are as follows:

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Risk ID	Risk Summary	Operational Lead	Lead Director	Initial Risk Rating	Current Risk Rating	Trend	End of Year Target	Last Reviewed Date
F.02	QIPP - Failure to deliver QIPP plans and address financial gap	Michael Ash-McMahon	Michael Ash-McMahon	8	20		4	17-Sep-2015
F.04	Risk of main providers overtrading	Michael Ash-McMahon	Michael Ash-McMahon	9	20		3	17-Sep-2015
F.09	Better Care Fund	Michael Ash-McMahon	Michael Ash-McMahon	15	20		8	17-Sep-2015
Team Risks	Finance & Contracting Register							

3.5 Financial Planning

There are a number of actions related to financial planning that the CCG intends to take:

- The CCG will produce an updated 5 Year Financial Plan by November 2015. The financial plan submitted to NHS England earlier in the year was a 1 year plan, in line with the planning requirements, but it is essential the internal CCG planning horizon is beyond this. The CCG already has a 5 year planning model which will be updated to include all known current plans and pressures and will be complete before planning guidance and pricing/guidance is issued for 2016-17.
- The CCG will refresh its ‘Financial Sustainability: Financial Strategy 2014-15 to 2018-19’ originally produced and submitted as part of the Integrated Operating Plan 2014-2019. This will be based on the updated 5 year financial plan model and be mindful of the ‘Five Year Forward View’, recent guidance and consultations on pricing structures, the requirements of the CCG Assurance Framework and delivery of the CCG Financial Recovery Plan.
- The CCG will work with York FT and Scarborough & Ryedale CCG initially to jointly develop a system financial plan from 2016-17.
- The CCG will undertake an assessment of the proposed new tariff structure and pricing variations recently published by Monitor and NHS England and include these in plans and discussions with providers.
- The QIPP in-year and pipeline work will continue to finalise and maximise in-year savings and ensure future saving plans are adequately captured and included in financial plans.
- The full year effect from 2016-17 of 2015-16 QIPPs will be fully assessed and included in the next draft of the FRP. This is particularly important as the CCG has approved a number of schemes since 1st April, both improvement and procurement schemes, which will have a small part year effect in 2015-16 but the main impact will be in 2016-17.

3.6 Other Actions

There are a number of other actions that the CCG intends to take:

- The CCG SFIs (Financial Policies) will be reviewed as it has now been two years since their development and approval in August 2013. The Scheme of Delegation and Detailed Financial

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Policies are all recently updated and have been approved by the Audit Committee but will be revisited in light of the process to update the SFIs with any changes going to Audit Committee to approval.

- A programme of finance training for all staff will be initiated during 2015-16. This will be done through a tailored e-learning method with each member of staff able to access and complete the modules most relevant to them. The roll-out will start with budget-holders, Senior Management Team and Governing Body with a second phase to include GPs in Primary Care and all other CCG staff. It is planned that the first phase will be fully underway (training started by the identified group) by the 31st March 2016.
- The actions identified as part of the Financial Control Environment Assessment will be monitored for completion in line with planned dates.
- A risk analysis and impact assessment will be undertaken for a number of high priority and 'moderate confidence' schemes where is potential, operational impact on a partner organisation or the wider system. These will be completed by the end of September 2015 and the relevant schemes are highlighted on the recovery action plan (Appendix A).
- A letter is being drafted to NYCC, at their request, following a meeting on 11th September, to outline the CCG's position in relation to our inability to invest fully in the BCF in 2015-16.
- The CCG will continue to refresh and update the FRP each month as mitigations are finalised and forecast outturn positions become more certain.
- The CCG will now focus, for the next draft of the FRP, on demonstrating delivery of a recurrent position from 2016/17.
- The CCG will implement a central monitoring point for specific FRP actions to ensure all scheme leads are held to account for delivery.

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Appendix A - Summary Financial Recovery Plan Action Plan

	£m	Notes
Financial Plan & Gap Summary:		
Financial Plan 2015-16 Gap	19.1	Previously submitted and publicised
QIPPs Delivered	(3.2)	Per Financial Plan 2015-16
Non-elective growth & acute over-trade	3.7	Growth and over-trade above contracted levels
Continuing Health Care	0.3	In-year 2015-16 forecast outturn pressure at Month 5
Mental Health Out of Area placements	0.6	In-year 2015-16 forecast outturn pressure at Month 5
Prior year balances	0.6	Related to PbR activity from 2014-15
Prescribing	1.1	In-year 2015-16 forecast outturn pressure at Month 5
Other	0.2	Minor variations
Financial gap (planned & in-year)	**22.3**	
Mitigations actioned in Month 5 position:		
Better Care Fund	(2.2)	Performance fund and b/f balances
Contingency	(2.0)	Per business rules & plan
Primary Care	(1.3)	GP Innovation Fund
Uncommitted investments	(1.1)	Various including readmissions, systems resilience contingency
Contract adjustments	(1.0)	Various
CHC	(3.2)	Revision to forecasting methodology, release of prior year provision following data validation
Running costs	(0.6)	
Total actioned in Month 5	**(11.3)**	
Position at Month 5	**11.0**	
Further Adjustments to Forecast Outturn:		
Financial Review (FR)	(0.8)	2 schemes - including contract management & further QIPP
Primary Care (PC)	(0.5)	1 scheme - prescribing
York FT (Y)	(3.8)	5 schemes - including drug savings, application of contract penalties & community contract review
Total Forecast Adjustments	**(5.1)**	
Residual Risk at Month 5	**5.9**	
Further FRP Actions Required:		
Allocations (A)	(0.5)	2 schemes - dependant on national and local NHS England notification
Better Care Fund (BCF)	(4.0)	5 schemes - primarily CYC & NYCC
Contract Management (CM)	(0.8)	3 schemes - all acute contracts
Commissioning Support (CS)	(0.2)	2 schemes - in-year performance and transitional savings
Financial Review (FR)	(0.4)	2 schemes - running costs and realignment of budgets
Total FRP Actions Required	**(5.9)**	
Net Unmitigated Risk	**0.0**	

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Appendix B - Additional Financial Controls & Temporary Suspension of Scheme of Delegation

Effective 25th August 2015

INSTRUCTIONS TO ALL STAFF

Guidance on Specific Pay & Non-Pay Areas

Note: Senior Manager is defined as a *budget holding* member of SMT in these circumstances.
Note: Deputy CFO may substitute for CFO if necessary.

Pay

- Review of all temporary staff to be undertaken by CFO & Deputy CFO with budget holder.
- All vacancies to require SMT approval. Procedure to be followed will be circulated separately. Vacancies where an offer has been through the recruitment process will be honoured. Vacancies where an offer is yet to be made to be reviewed.
- Review of all temporary and recent (within the last 12 months) changes in contracts, extensions, increase in hours/sessions/days.

Non-Pay

- Training/Study/Conferences – all spend requires Chief Officer level (written) approval.
- External premises & room hire for meetings & events – West Offices and all other no-cost options to be explored fully and utilised wherever possible. Senior Manager approval needed for any external premises or room hire booking.
- Consultancy – CFO approval only.
- Travel & Accommodation – associated with normal work business (including meetings away from VoY area) as per current policy & processes. Associated with training/study/conferences as per relevant bullet above. Other – CFO only. Consider travel arrangements and car sharing if multiple people attending meetings, or review meeting attendance.
- Legal & professional fees, PR & advertising – CFO only.
- Office Equipment (inc. IT) – Senior Manager level approval needed.
- External print/design – CFO only.
- Postpone office redesign and move until business critical re CS staff.

Scheme of Delegation (SoD)

Refer to the current Scheme of Delegation Version 4 July 2015 under the Financial Governance section on the website with the following temporary amendments to take effect 25th August 2015 until further notice. If not explicitly outlined below, the current Scheme of Delegation applies.
http://www.valeofyorkccg.nhs.uk/publications/

- 1. Management of Budgets:
    - Budget virement – suspension of budget holder and senior manager level with all virements to be approved by Deputy Chief Finance Officer or above.
- 3. Non Pay Expenditure

    - Delegated authority to approve business cases – suspension of first level ‘up to £25,000’. SMT (to include CFO or Deputy CFO) approval required initially for all business cases and non-pay spend (to be minuted for audit trail). Other levels as current SoD.
    - Placing of orders – suspension of authority currently delegated to ‘all’ provided within budget and subject to tender rules. Delegated senior manager level budget holders only can authorise the placing of an order up to £10,000. Above this, SMT approval is needed (meeting to include CFO or Deputy CFO). Admin staff may still propose, prepare and process orders, but senior manager must be evidenced in writing before the order is placed.
- 4. Tendering & Contract Procedures
    - Waiving of requirement to obtain quotations and tenders subject to Detailed Financial Policies – change to *Chief Finance Officer* approval required.
    - Awarding, authorisation and responsibility for contracts for non-pay and subsequent variations. Extensions or rolling over – suspension of first level ‘up to £50,000’ by relevant senior manager. All up to £250,000 and other levels to require Chief Clinical Officer AND Chief Finance Officer.
- 5. Authorisation for Payment
    - FOR CLARITY – remains as current SoD as these apply when goods and services have been procured in line with procedures in sections 3 & 4 above.
    - Authorisation for any payment that has not been through the above procedure can only be authorised by the Chief Finance Officer at any value regardless of when commitment to spend was made.
- 6. Capital Schemes
    - All spend to be authorised by Chief Finance Officer.
- 9. Engagement of Staff not on the Establishment
    - Non-medical consultancy staff – commitment less than £100,000 – Chief Finance Officer only. Commitment greater than £100k remains with Governing Body.
    - Booking of bank or agency staff (including temporary staff) – suspension of budget holder and Head of Finance delegation. SMT approval needed (in writing via minutes).
- 12. Losses, Write-offs & Compensation
    - Any ex-gratia payments at any value and any write-off of debtors to be authorised by the Chief Finance Officer.
- 13. Petty Cash Disbursements
    - Expenditure up to £75 per item – suspension of budget holder delegation, now refers to Senior Manager for approval.
    - Expenditure over £75 – only to be authorised by CFO or Deputy CFO.
- 16. Personnel and Pay
    - a) Authority to fill funded post – suspension of budget holder delegation – now requires SMT written (via minutes) approval. Procedure to be followed to be circulated separately.
    - c) Establishments – suspension of Head of Finance and Senior Manager delegation – now requires SMT written (via minutes) approval.
    - d) Pay – authority to sign-off HR and pay forms to be senior manager budget holder level and above only.
    - g) Study Leave – Chief Officer level (written) approval only.

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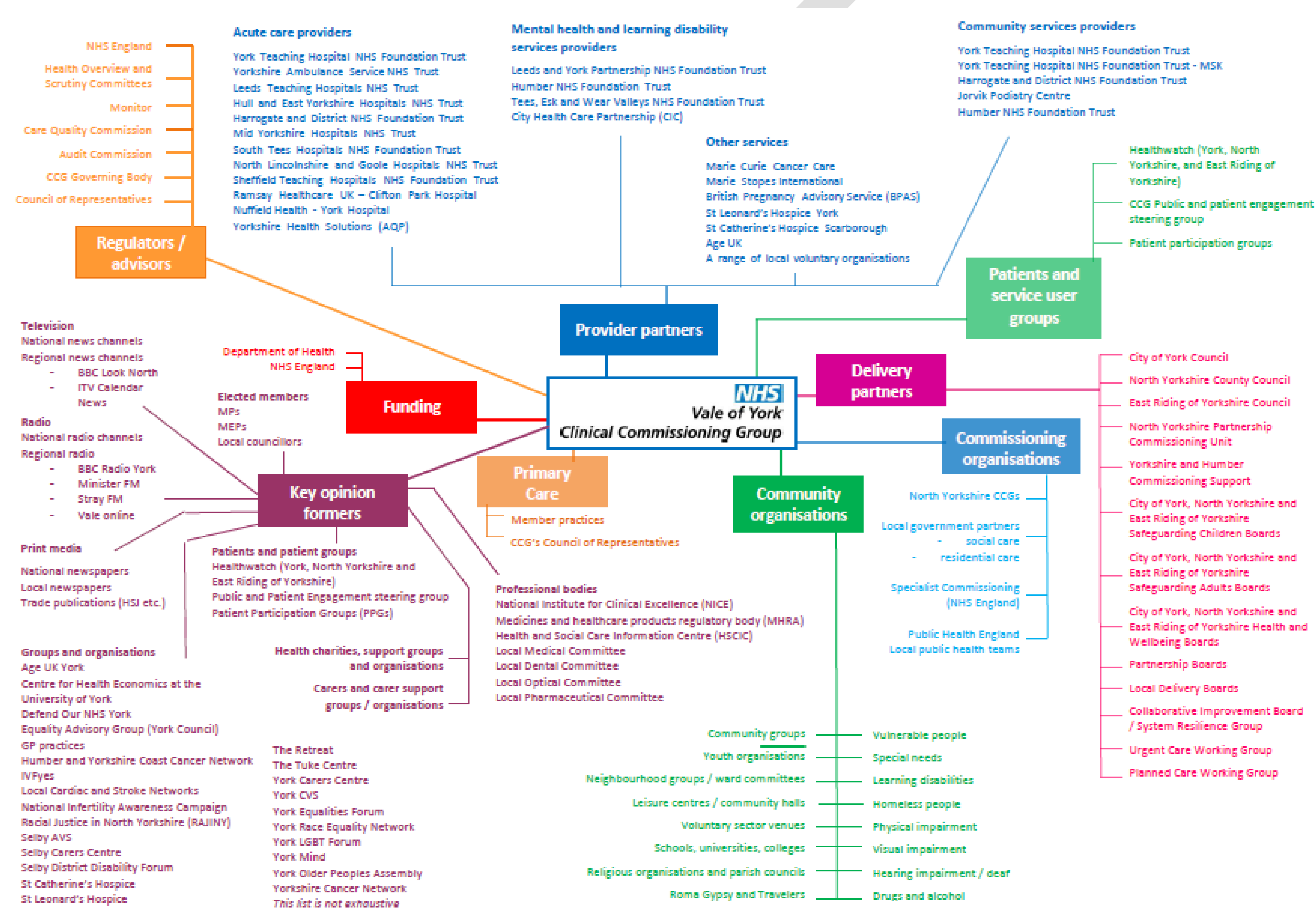
- h) Removal expenses – authorisation for new appointments by CFO only.
- j) Authorised Car and Mobile Phone Users – CFO only.
- k) Renewal of Fixed Term Contract – SMT approval needed.

Appendix C – Stakeholder Map



Appendix D – 2015-16 Performance Recovery Plan

Challenge 1	YTHFT not meeting performance requirements for the NHS Constitution. Trust Recovery Plan implemented for ED, RTT, Diagnostics and Cancer. Recovery Plan authorised by YTHFT Board and reported to CCG Boards. Signed off at CMB
Challenge 2	System Support required. Challenge greater than trust alone, need support in managing demand, sourcing alternative provision as appropriate (planned and diagnostic) and improving flow for planned and unplanned care. BCF scheme delivering, but not to the expected impact.

Monitoring- Vale of York CCG

Performance team:
Daily Update
Weekly summary
Monthly NHSE submission
Track operational impact, local challenge and report back to SMT and up to NHSE. Escalate issues to relevant programme lead

Contracting
Monthly activity submission NHSE
Monthly contract review identify impact against contract (affordability)

Working Groups
Performance report on KPI
Monthly review of actions and proposal of ideas for ratification within Orgs.

Quality and Finance Report
Exception issues and actions

Weekly assurance meeting
Informal – contracting, I&I, Clinical lead, performance, assurance. Responding to operational performance and agreed CCG response

CCGs delivering supporting plan work, identifying innovation to support system resilience and Primary Care engagement

Trust delivering against plan

Review impact of the trust recovery plan on the contract and agreed any associated work
(financial/ quality/ variations to contract etc) 1-1 relationship = contracting arena

Additional system support required/ plan not impacting as required and new ideas needed (planned)

Additional system support required/ plan not impacting as required and new ideas needed (unplanned)

Non-delivery against aspects of the recovery plan (escalation)

Planned Care Working Group
(Referral management/ effective assessment and admission/ diagnostics/ Treatment and ongoing care management)

- Monitoring of delivery of actions for planned care and performance overview
- Short term remedial actions (recommendations for approval within relevant organisation/ CMB)
- Clinical Pathway review and redesign
- Identify and escalate blockages and concerns to SRG
- Oversight of major programmes – cancer, ophthalmology board, etc
- Link to Ambitions for Health programme SRCCG
- Longer term impact and planning (report to CIB)
- Link to Primary Care Commissioning Strategy

Collaborative Improvement Board
(Systems Resilience Group)

- Oversight of recovery plan
- Recommendations to organisations and CMB
- Escalate blockages to system leaders

Unplanned Care Working Group
(Demand mgt & triage/effective assessment and admission/discharge and management following acute episode)

- Short term remedial actions (recommendations for approval within relevant organisation/ CMB)
- Winter resilience planning
- Review impact of supporting SRG schemes
- Regional networks
- Longer term planning (health specific – CIB and UC networks)
- Longer term planning/ community management (tasked to Joint Delivery Group/ Ambition for Health)
- Link to Primary Care Commissioning Strategy

System Leaders

Integrated Commissioning Executive/ Ambition for Health

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