

# Health & Social Care Scrutiny Sub-Committee

7 February 2012

**NHS Harrow budget position and savings plan  
with reference to the implications on NWLH**

Javina Sehgal, Borough Director  
Jonathan Wise, Director of Finance & Performance



# CONTENTS

1. Current Budget Position [Slides 3-5]
2. QIPP Challenge [Slides 6-7]
3. Turnaround Programmes [Slide 8]
4. Impact on Providers/settings of care (Slides 9-10)

## FINANCIAL PERFORMANCE SUMMARY – 2011/12

	YTD	FOT
<ul style="list-style-type: none"> <li>▪ Current year statutory duties                             <ul style="list-style-type: none"> <li>– Underspend against revenue resource limit</li> <li>– Achievement of capital resource limit</li> <li>– Achievement of cash limit</li> </ul> </li> </ul>	<div style="text-align: center;">G</div> <div style="text-align: center;">G</div> <div style="text-align: center;">G</div>	<div style="text-align: center;">G</div> <div style="text-align: center;">G</div> <div style="text-align: center;">G</div>
<ul style="list-style-type: none"> <li>▪ Underlying recurrent position</li> </ul>	R	R
<ul style="list-style-type: none"> <li>▪ Achievement of overall financial plan</li> </ul>	G	G
<ul style="list-style-type: none"> <li>▪ Achievement of public sector payment policy</li> </ul>	A	A
<ul style="list-style-type: none"> <li>▪ Achievement of 11/12 QIPP plan</li> </ul>	G	G
<ul style="list-style-type: none"> <li>▪ CCB delegated budgets</li> </ul>	G	G

## Current Year - Narrative

### Forecast outturn position

The forecast outturn position is **breakeven**. This is made up of forecast **overspends** of £0.7m on primary care, £0.3m on prescribing and £0.8m on acute commissioning offset by forecast **underspends** of £0.3m on joint working, £1.1m on community services and £0.4m contingency.

The acute overspend position is mitigated by contract expenditure caps agreed with NWLHT and Imperial for 2011/12.

### CCB Delegated budgets

At month 8 the CCB delegated budgets are **underspent** by £0.03m, made up of a £0.1m underspend on Direct Access and a £0.1m underspend on contingency, offset by an overspend of £0.2m on prescribing.

## UNDERLYING (RECURRENT) FINANCIAL POSITION

In order to understand the financial position of the PCT, we distinguish between recurrent (underlying/run rate) and non-recurrent (one-off) income and expenditure items.

The recurrent position determines the on-going financial sustainability for NHS Harrow from 12/13 onwards.

	£m
11/12 Year end outturn	-
Adjusted for Sector support received in 11/12	(20.2)
Return of 2% funding to non-recurrent pool	(5.3)
10/11 Surplus utilised	(0.7)
Other non-recurrent items	(1.4)
<b>Underlying financial deficit</b>	<b>(27.6)</b>

# QIPP Challenge

**“The Nicholson Challenge can only be achieved through a wide process of service redesign on both a small and large scale. These changes should not be deferred until later in the Spending Review period: they must happen early in the process if they are to release the recurring savings that will be vital in meeting the challenge.”  
(Health Select Committee 17 January 2012)**

**The NHS North West London Strategic Commissioning Plan for the period 2012/13 to 2014/15 has confirmed the scale of the QIPP efficiency challenge. Commissioners need to make efficiencies worth £323m over the 3 years. The target for 2012/13 is £142m with a minimum requirement of 4% QIPP delivery.**

**NHS Harrow needs to deliver the national QIPP challenge and to turnaround the underlying financial deficit.**

**The NHS Harrow QIPP target for 2012/15 is assessed at £30.8m (9.1%) and the PCT is planning for QIPP delivery of at least £14.1m (4.2%) savings in 2012/13.**

**The PCT anticipates further financial support from the NWL PCTs cluster in 2012/13 to manage the transition to financial balance.**

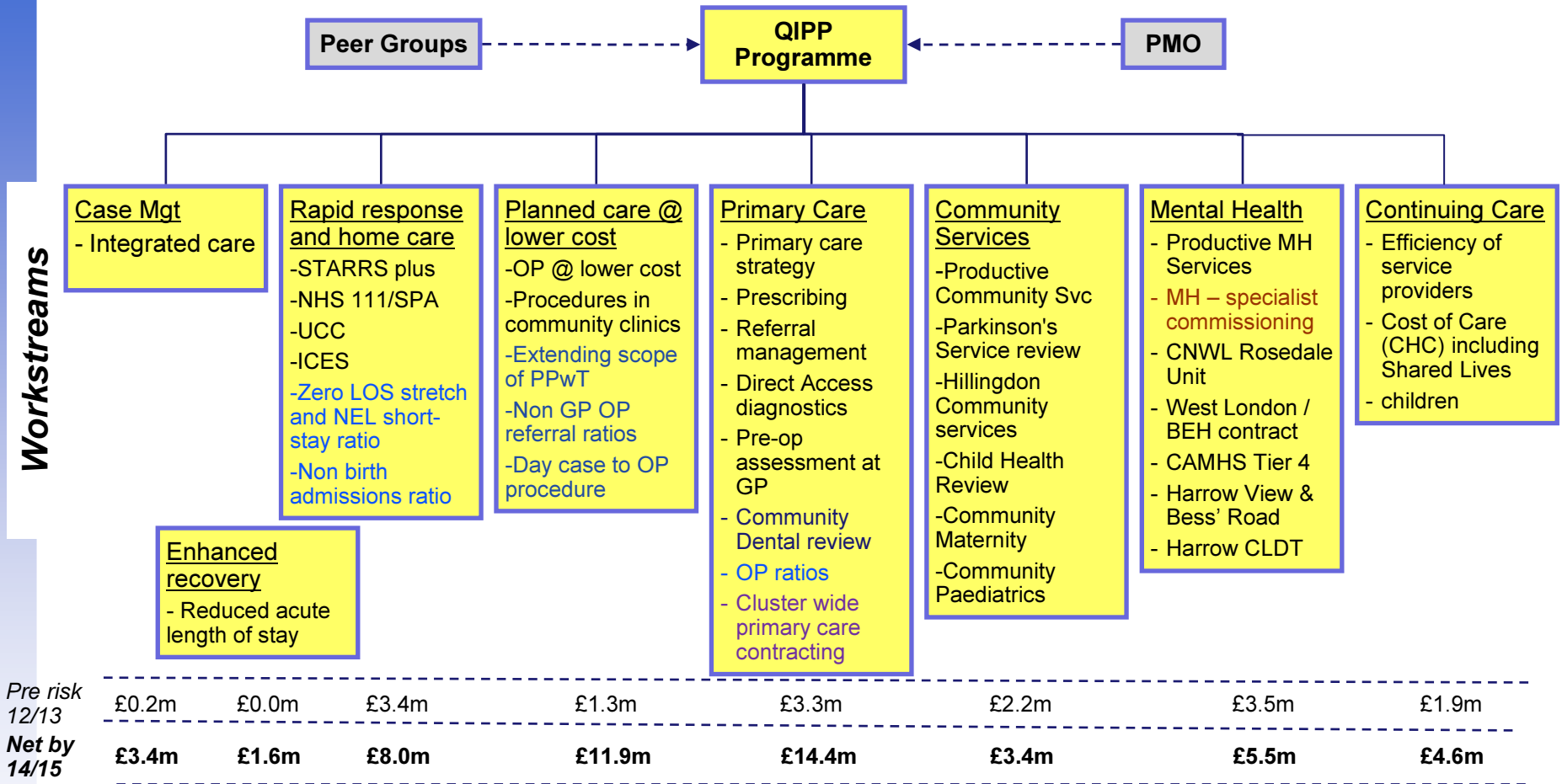
# QIPP Programme

The Out of Hospital strategy includes schemes designed to provide :

- An expansion of rapid response and home care
- More planned care (outpatient clinics, diagnostics and simple procedures) delivered in primary and community settings
- Integrated care through case management to minimise hospital admissions
- Enhanced recovery and shorter stays in hospital.

The QIPP Plan for 12/13 has been risk-assessed and accepted by the cluster. The eight work-streams in the programme are led by the Clinical Commissioning Board and reviewed regularly by the Turnaround Board.

# Turnaround Programmes



**Other workstreams:**

- Other**
  - Estates review
  - Public health budgets
  - High cost drugs
  - Acute specialist commissioning
  - Pathology

£1.3m

£3.7m

**Notes:**

- Total Pre-risk 12/13 = £17.3m
- Total Pre-risk 14/15 = £56.5m
- Black schemes are local service redesign and local contracting mechanisms
- Blue schemes are ACV contracting mechanisms
- Purple schemes are cluster-led primary care contracting mechanisms
- Brown schemes are other non-local commissioning routes



# Impact on providers / settings of care (1)

		Financial Impact 2014/ 15 (pre risk) £m		
Impacts	POD	Gross impact	Reprovision	Net impact
Acute care	EL	5.0	-1.8	3.2
	NEL	18.2	-5.9	12.3
	OP	28.1	-16.1	12.0
	other	4.6	-0.0	4.6
<b>Acute sub total</b>		<b>55.9</b>	<b>-23.9 *</b>	<b>32.0</b>
<b>Primary Care</b>		<b>10.3</b>	<b>0.0</b>	<b>10.3</b>
<b>Community</b>		<b>3.8</b>	<b>0.0</b>	<b>3.8</b>
<b>Continuing Care</b>		<b>4.6</b>	<b>0.0</b>	<b>4.6</b>
<b>Mental Health</b>		<b>4.8</b>	<b>0.0</b>	<b>4.8</b>
<b>Other (PH, Corp, etc.)</b>		<b>0.9</b>	<b>0.0</b>	<b>0.9</b>
<b>Grand Total</b>		<b>80.3</b>	<b>-23.9</b>	<b>56.5</b>

NWLH		Financial Impact 2014/ 15 (pre risk) £m		
Impacts	POD	Gross impact	Reprovision	Net impact
Acute care	EL	2.4	-0.9	1.5
	NEL	12.9	-4.2	8.7
	OP	14.9	-8.5	6.3
	other	2.4	-0.0	2.4
<b>Acute sub total</b>		<b>32.6</b>	<b>-13.6</b>	<b>18.9</b>

- Re-provision costs for acute services are likely to be delivered by a combination of primary and community providers.  
Therefore, overall impact on acute providers up to £56m pre risk.
- 60% of the acute risked plan impacts on NWLH.

## Impact on providers / settings of care (2)

- The shift in settings of care (from acute to primary/community) set out in the plan on the previous slide is significant – a disinvestment of £56m (pre risk) in acute care, of which £33m equates to NWLH
- Recognise that Harrow plans need to be aligned with acute provider plans (and in particular the projections in the merger OBC/FBC for the NW London Hospitals and Ealing ICO)
- The CCB will lead engagement with providers (and other stakeholders) through its Out-of-Hospital strategy workstream
- The CCB recognise the major shift in provision of care that implementing this strategy will entail and are committed to leading the engagement with stakeholders (including patients and the public) to ensure that the Strategy is widely understood and accepted
- The CCB is fully committed to the radical programme of service redesign which underpins the plan and emphasises its critical dependence on a robust and expanded system of local primary care and community services. This will require additional investment in Primary Care as well as realignment of existing investment to reflect changing priorities. The plan assumes a substantial net additional investment in out of hospital services.