

# Appendix 16 CCG Budget Proposals

## CCG Financial Position 2021/22

For most of the 2020/21 financial year the CCG has been operating under a national NHS command and control finance regime which whilst providing short-term financial stability during the pandemic, has limited future planning. NHS planning guidance for 2021/22 has not yet been published and the national timetable for financial planning is delayed. It is expected there will be a financial rollover of 2020/21 budgets into Q1 of 2021/22 and the planning round deferred to Quarter 1, 2021/22 with a focus on Q2-Q4. Operational planning guidance is expected to be issued in April and plans for Q2-Q4 formally submitted to NHS England in June.

In light of the above, it is impossible for the CCG to finalise budget setting for 2021/22 at this stage and furthermore, longer term plans beyond 2021/22 cannot be prepared until there is an understanding of the proposed NHS national restructure of commissioning organisations.

Such circumstances and delays bring considerable concerns, risks and significant detrimental consequences on other services and health outcomes as all attention is focused on managing the pandemic. Waiting lists in cancer and other specialties have increased exponentially during this time which have inevitably further heightened inequalities and unmet demand on the health needs of our local population. This therefore adds even greater pressure on our medium term financial plan.

For the purposes of joint reporting of Integrated Commissioning Budgets across the Strategic Commission, the CCG budgets shown are based on long term plans developed before the COVID pandemic in late Autumn 2019. While figures included in this report will inevitably change following publication of detailed planning guidance, they provide a useful indicative picture of our expected financial position based on known factors before the pandemic.

Allocation (£ 000)	2021/22	2022/23	2023/24	2024/25
Published Core	401,027	414,409	427,099	427,099
Primary Care	37,674	39,348	41,267	41,267
Running Cost	4,556	4,556	4,556	4,556
<b>Published Recurrent Allocation</b>	<b>443,257</b>	<b>458,313</b>	<b>472,922</b>	<b>472,922</b>
Additional Recurrent Allocation	0	0	0	0
Non Recurrent Allocation	0	0	0	0
<b>Total In Year Funding</b>	<b>443,257</b>	<b>458,313</b>	<b>472,922</b>	<b>472,922</b>

Do Nothing Spend (£000)	2021/22	2022/23	2023/24	2024/25
ACUTE	230,083	237,174	244,297	244,297
COMMUNITY HEALTH SERVICES	39,027	40,187	41,357	41,357
CONTINUING CARE	20,316	21,585	22,934	22,934
CORPORATE	4,556	4,556	4,556	4,556
MENTAL HEALTH	41,190	42,502	43,732	43,732
OTHER	28,536	30,211	33,592	33,592
PRIMARY CARE - CCG	56,717	58,564	60,315	60,315
PRIMARY CARE - Delegated	37,674	39,348	41,267	41,267
<b>Total Spend (Do Nothing)</b>	<b>458,099</b>	<b>474,128</b>	<b>492,051</b>	<b>492,051</b>

<b>QIPP Target</b>	<b>14,842</b>	<b>15,815</b>	<b>19,129</b>	<b>19,129</b>
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Expected Savings	11,196	12,131	13,056	13,056
<b>Savings Still to Find</b>	<b>3,645</b>	<b>3,684</b>	<b>6,073</b>	<b>6,073</b>

Based on our pre-COVID long term plan for 2021/11, we anticipate:

- £443.3m Expected funding (pre-COVID)
- £458.1m Total Spend (in a do nothing scenario before QIPP)
- **£14.8m QIPP (Savings) Target**
- £11.2m Expected Savings Based on pre-COVID QIPP Plans
- **£3.6m Savings Still to Find**

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## Indicative Expenditure Plans (based on pre-COVID estimates)



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### Expected Savings

- During the first half of 2020/21, under command and control, all QIPP activity was suspended while efforts were concentrated on the pandemic response. In the second half of the year, the programme was reinstated with an adjusted savings target of £7,994k. We are on track to deliver this, but 85% of the target will be realised non recurrently which places greater pressure on 2021/22.
- As 2021/22 allocations have not yet been published, we do not know what the QIPP target will be for next year or beyond. However we know the financial position as we recover from COVID to be extremely challenging, meaning that a substantial savings requirement is inevitable.
- Our pre-COVID plans included recurrent savings which would contribute to closing this gap. These come from a combination of pre-existing schemes, opportunities identified through the Star Chamber process and savings identified more recently as part of the cross cutting themes work.

- Our ability to realise some of the planned savings may be impacted by contracting arrangement put in place as part of the future NHS financial regime. But we are unable to assess or quantify this until full guidance is published.

- Based on our pre-COVID plans, the following savings are expected. This is based on the CCG's standard optimism bias assumptions:
  - Green** - 100% realisation
  - Amber** - 50% realisation
  - Red** - 10% realisation
- Based on pre-COVID plans we would be facing a gap of £3,645k in 2021/22. To close this gap we would either need to turn amber and red schemes green in order to realise the savings, or identify new schemes. However the quoted are all subject to change when planning guidance is published and this gap likely to increase.

Planned Savings Before Optimism Bias - £000s	2021/22	2022/23	2023/24	2024/25
<b>R</b>	40	40	40	40
<b>A</b>	9,553	9,853	10,153	10,153
<b>G</b>	6,416	7,201	7,976	7,976
<b>Grand Total</b>	<b>16,009</b>	<b>17,094</b>	<b>18,169</b>	<b>18,169</b>

Expected Savings Post Optimism Bias - £000s	2021/22	2022/23	2023/24	2024/25
Acute	2,993	3,093	3,193	3,193
Mental Health	5	5	5	5
Community	200	200	200	200
Prescribing	2,250	2,750	3,250	3,250
Primary Care	347	347	347	347
CHC	600	650	700	700
Running Costs	70	70	70	70
Other Programme	4,732	5,017	5,292	5,292
	<b>11,196</b>	<b>12,131</b>	<b>13,056</b>	<b>13,056</b>