

# Financial Recovery Strategy

City of York Health and Adult Social Care Policy  
and Scrutiny Committee: 23 February 2016

Tracey Preece, Chief Finance Officer

# NHS Planning Guidance

## Key Financial Messages

- NHS England Funding to support Five Year Forward View – additional £3.8bn in 2016/17 rising to £8.4bn in 2020/21
- Real terms growth front loaded:
  - 2016/17 £3.8bn +3.7%
  - 2017/18 £1.4bn +1.3%
  - 2018/19 £0.4bn +0.4%
  - 2019/20 £0.8bn +0.8%
  - 2020/21 £1.6bn +1.6%
- Transformation & Sustainability Fund 2016/17 (£1.8bn providers + £0.3bn transformation = £2.1bn)

# NHS Planning Guidance

## Key Financial Messages

- STP must demonstrate how the NHS locally will 'balance its books' & return to balance if in deficit
- 'Most compelling & credible STPs' will be able to access transformation funding
- Plans must answer, as a health economy, how we will 'close the finance & efficiency gap'
- '9 must dos' includes 'return system to aggregate financial balance' through cost reduction (including Carter & RightCare)
- Real terms growth for CCGs in 2017/18 contingent on robust STP in 2016/17
- Finance to reconcile to activity

# Efficiency & Business Rules

- Efficiency set at 2%
- Cost uplift set at 3.1% (inc pension costs)
- CNST premium increase set at 0.8%
- HRG4 retained for a further year
- Marginal rate emergency tariff remains at 70%
- MFF continues as currently in place
- Commissioners:
  - Surplus 1%
  - Non-recurrent expenditure 1% (*uncommitted*)
  - Contingency 0.5% (*uncommitted*)
- BCF plans for 2016/17 must explicitly support reductions in unplanned admissions and delayed transfers of care

# Funding

- 3 year firm allocations plus 2 indicative years
- No CCG more than 5% below target
- Average 2016/17 growth
  - CCG core 3.4% (VoY 3.0%)
  - Primary Care 4.2% (VoY 3.6%)
- 5 year primary care & specialised allocations also published
- Running costs held flat

# Principles & Parameters

1. Plans must be realistic & deliverable
2. 3-4% savings per annum maximum
3. Outline strategy backed by detailed plans
4. No short term measures that result in long term pressure
5. Transformational and transactional plans both required
6. Multi-year recovery timeframe

# Principles & Parameters

7. Flexibility on NHS England business rules during recovery period
8. No further deterioration in any year
9. Aim to reduce overall cost in the system & with providers
10. Stabilisation leading to financial sustainability
11. System focus – work in partnership & with stakeholders
12. Accountability for delivery

# Current Position

- CCG forecasting £7.3m deficit at Month 9 (recurrent position worse at £13.6m deficit)
- Outline draft financial plan 16/17 submitted 8<sup>th</sup> Feb nationally – growth funding £13m but pressures currently at £23m
- Decisions re pressures, principles & parameters at Governing Body 4<sup>th</sup> Feb (private session) & Quality & Finance Committee 17<sup>th</sup> Feb.
- Delivery plan for savings based on proposed workplan + transactional schemes + RightCare
- Phasing of financial recovery strategy still to be agreed and approved