

**Report to the Governing Body  
2 May 2018**

<b>Report Title</b>	2018/19 Operating Plan and Performance and Finance Risk Assessment
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<b>CCG Programme</b>	All programmes
<b>Purpose of Report</b>	For decision, review and noting
<b>Summary</b>	<ul style="list-style-type: none"> <li>• The NHS Lambeth CCG Operating Plan and supporting financial framework was submitted to NHS England on 30 April 2018.</li> <li>• An initial performance and financial assessment of the risk of delivery of the 2018/19 Operating Plan, including our QIPP proposals, is presented together with the process for mitigating these risks.</li> <li>• Work on the delivery of a significant CCG QIPP programme in 2018/19 onwards is necessary at both a borough and south east London Sustainability and Transformation Partnership (STP) level because of ongoing STP pressures to ensure financial sustainability.</li> </ul>
<b>Recommendation(s)</b>	<p>The Governing Body is asked to:</p> <ul style="list-style-type: none"> <li>• Note the performance and financial risks facing NHS Lambeth CCG in 2018/19 and the processes for mitigating and managing them in-year. This is an initial risk assessment and will be updated during 2018/19.</li> </ul>

						<ul style="list-style-type: none"> <li>Note the planned QIPP requirement for 2019/20 and onwards and action to be taken to deliver it</li> <li>Agree Chair's Action for any further submission of the 2018/19 Operating Plan.</li> </ul>
<b>Does this report provide assurance to support the vision for the CCG? Yes</b>						
<b>People centred</b>	<b>Prevention focused</b>	<b>Integrated</b>	<b>Consistent</b>	<b>Innovative</b>	<b>Deliver best value</b>	
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
<b>Does this report provide assurance in relation to the following areas of responsibility for the CCG</b>						
<b>Legal</b>	<b>Engagement</b>	<b>Risk</b>	<b>Financial</b>	<b>Inequalities</b>		
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
<i>Please include relevant risk references here</i>						
<ul style="list-style-type: none"> <li>7A – Financial Planning and Strategic Approach Risk</li> <li>7B – QIPP and Acute Over-performance Risk</li> </ul>						

All legal, engagement, inequalities, financial and resource implications and any potential or actual risks are set out in detail in the body of this report.

## 2018/19 OPERATING PLAN

### NHS LAMBETH CLINICAL COMMISSIONING GROUP OPERATING PLAN UPDATE AND 2018/19 PERFORMANCE AND FINANCIAL RISK ASSESSMENT

#### 1. Introduction

On 2 February 2018 NHS England and NHS Improvement jointly published the 'Refresh NHS operational planning and contracting guidance' to guide local NHS organisations in their strategic planning for 2018/19. It provided the complete funding framework NHS bodies need to work within, stating what targets the NHS is expected to achieve, and providing CCGs precise guidelines in areas such as mental health, cancer services and primary care. Planning matters relate to the second year of the two-year tariff and two-year NHS Standard Contract, and as such quick and modest updates to these plans were expected.

In line with the national timetable all of our acute and mental health contracts for 2018/19 have been signed and NHS Lambeth CCG submitted our final version of our 2018/19 Operating Plan to NHS England (NHSE) on 30 April 2018. This sets out the CCGs financial planning, investment and Quality Innovation Productivity and Prevention (QIPP) plans, Quality Premium and objectives related to local and national priorities and requirements.

Detailed implementation plans for our programmes, including QIPP, are close to being finalised. The CCGs annual Business Plan for 2018/19 describing our objectives and programmes of work over the coming year has also been produced during this time and is expected to be published after approval at the Governing Body meeting in May 2018.

NHS Lambeth CCG has undertaken an initial risk assessment against which performance will be assessed and monitored in year. This will be updated as more robust forecast information becomes available.

The forecasts give a range of outcomes for NHS Lambeth CCG's forecast financial position, between an in-year overspend of £7.988m in the worst case and a £3.363m surplus in the best case. In the most likely forecast, NHS Lambeth CCG delivers a surplus of £988k to achieve its in-year control total. This is the CCG's agreed share of the SEL CCGs' £3.221m planned surplus. The combined control total is the sum of the planned in-year surpluses of the CCGs within an STP area. All organisations are held accountable for the delivery of both their individual and combined control total. Since the draft Operating Plan was submitted the disposition of the control total across SEL London CCGs has been refreshed, for NHS Lambeth CCG this has increased from £644k to £988k, and agreed by governing bodies. This reflects relative risk across SEL CCGs.

It should be noted that CCGs have a statutory requirement to break even.

At this stage of the year NHS Lambeth CCG is assuming the most likely scenario in its planning. This will require using the contingency established for this purpose as well as non recurrent resources which will need to be delivered through a continuation of our financial recovery plan. Within the likely position the CCG has £2.256m of unidentified/high risk QIPP.

NHS Lambeth CCG will monitor commissioning performance against agreed contracts and against this risk assessment each month. Where necessary, recovery plans will be drawn up to enable a full review and stocktake of the performance position and mitigating action required to be undertaken during 2018/19. These plans will be submitted to the Governing Body for approval. The CCG continues to enhance its programme dashboards and approach to recovery to enable a strong grip on activity, finance and performance against local and national metrics.

In 2018/19 NHS Lambeth CCG requires a QIPP programme of £19.5m (3.6%). The CCG has a significant financial challenge based on our current expected allocations. For 2019/20 to 2020/21, QIPP continues to be high at approximately, £17m, and £16.2m per annum, respectively. Our ability to deliver QIPP determines our financial sustainability and any 2018/19 QIPP under-delivery will have a negative impact for 2019/20 onwards. Our two year acute contracts end in 2019/20 which places increased pressure on the CCG as any underlying financial and activity pressures will need to be addressed and reflected in an increase in QIPP over the levels stated.

Governing Body members have received regular reports on the development of the 2018/19 Operating Plan and updates to our Commissioning Intentions throughout September 2017 to April 2018 and start budgets, following a series of discussions at Governing Body seminars and the Finance and QIPP Working Group. All of the draft and the final 2018/19 Operating Plan submission on 30 April 2018 were approved through these Governing Body meetings and by Chair's Action where necessary.

## **2. Agreement of contracts for 2018/19**

NHS Lambeth CCG has met all of the requirements in line with the national planning timetable. The planning cycle covers the period 2018/19 with CCGs required to agree variations to the 2017-19 contracts previously signed by 23 March 2018. The CCG, working through its programmes and with partners, was fully engaged in finalising the contract and operating plan detail and had signed contracts or contract variations with its major providers in place for 2018-19 by the 23 March 2018 planning deadline.

The CCG had signed contracts in place with Guy's and St Thomas' NHS Foundation Trust GSTFT, Kings College Hospital NHS Foundation Trust (KCH) and South London and Maudsley NHS Foundation Trust (SLaM) on 23 March 2018. For SLaM Adult Mental Health Services we have signed a three month variation until the seven year contract that sits beneath the Living Well Network Alliance (LWNA) agreement is signed from 1 July 2018, subject to final NHS England/NHS Improvement assurance and partner governing body approvals.

Lambeth holds twenty further contracts across London, with only one contract awaiting signature. This has been agreed and is expected to be signed imminently.

The CCG has signed the 2018/19 primary care extended access contract with Lambeth GP Federations with the option to extend for a further year.

### 3. Financial Framework

Start budgets were agreed by the Governing Body on 2 March 2018. There have been the following changes in the budgetary values since then:

	Integrated and Acute Contracts £000s	Non Acute Contracts £000s	Primary Care & Prescribin £000s	Delegated Primary Care £000s	Other Budgets & Reserves £000s	Running Costs £000s	Total £000s
<b>Recurrent Resource Limit per March 2018 Start Budgets</b>	<b>297,786</b>	<b>117,881</b>	<b>43,962</b>	<b>56,792</b>	<b>10,390</b>	<b>7,684</b>	<b>534,495</b>
Recurrent Changes to Budgets	141	27	(106)	0	585	0	647
<b>Total Revised Resource Limit</b>	<b>297,927</b>	<b>117,908</b>	<b>43,856</b>	<b>56,792</b>	<b>10,975</b>	<b>7,684</b>	<b>535,142</b>

### 4. Performance and Financial Risk assessment

#### 4.1 National performance standards - assumptions and risks

CCGs are expected to commission to secure the delivery of national access targets as laid out in the NHS Constitution, associated national planning guidance, and the Improvement and Assessment Framework for CCGs. CCG clinical and management staff, working collaboratively with others as appropriate, are involved in the performance management and oversight of providers to secure these objectives, and making sure that commissioning action is taken to support compliance where appropriate.

Together with colleagues at the NEL Commissioning Support Unit (NELCSU), and the south east London Integrated Contracts Delivery Team (ICDT), the CCG leads the planning, monitoring and in-year performance management of providers against NHS Constitution standards, with a specific responsibility for overseeing GSTT performance as the Trust's coordinating commissioner. NHS Lambeth CCG and its key local providers (GSTT and KCH) have continued to face significant challenges in delivering national standards for Accident and Emergency (A&E), Referral to Treatment (RTT), cancer and diagnostic waiting times over 2017/18.

Our two year financial, activity and performance plans for 2017-19 have focussed on agreeing with providers and NHS England and NHS Improvement (NHSI) expectations relating to performance recovery, improvement and sustainability for 2018/19, to secure a challenging but realistic pace of improvement.

Whilst we are confident that we have commissioned sufficient activity to meet performance targets for Lambeth patients there remain a number of material risks associated with the sustained delivery of these national access targets over 2018/19, driven by 2017/18 year end positions and in year Trust wide capacity and other challenges, noting both GSTT and KCH provide services to a wide geographic catchment beyond Lambeth and over a broad service portfolio.

## **A&E 4 hour wait standard**

Both GSTT and KCH have, in line with national performance trends, experienced significant challenges in meeting the national A&E 4 hour waiting times standard for 2017/18. NHS Lambeth CCG is the host commissioner for GSTT, and performance is expected to fluctuate over 2017/19 as follows:

For GSTT there is an expected delivery of the national standard for March 2019 and thereafter, with a planned trajectory to get to that point during 2018/19. These performance assumptions are driven by a pressurised environment. The Trust continues to implement and develop its recovery action plan, and many of these actions are also embedded within sector-wide improvement initiatives that report into the A&E Delivery Board (e.g. Transfer of Care Improvements via the Lambeth and Southwark ToC Board, Mental Health pathway improvements).

## **Referral to Treatment (RTT)**

The national 18 weeks RTT waiting times standard has continued to be challenging over 2017/18, with GSTT performing below plan for the second half of the year, and KCH underperforming over the course of the year. Profile for the year is to improve from to 91.0% in March 2019.

The renewed focus for the operating plan guidance is to ensure that the size of the waiting list will be no higher in March 2019 than in March 2018, and our plans meet the requirements of this guidance.

There is also a new measure for the operating plan for 2018/19 relating to 52 week RTT waiters. The operating plan guidance sets out an expectation that nationally the number of patients waiting more than 52 weeks for treatment should be halved by March 2019. The profile of Lambeth's plan is to reduce throughout the year to 0 in March 2019.

There continue to risks associated with delivery of these Trust wide commitments, including overall referral demand, and Trust capacity. RTT plans are in place to support delivery at both Trusts.

## **Cancer 62 day wait standard**

Cancer 62 day performance has continued to be the subject of concerted London-wide focus throughout 2017/18 to support a return to compliance against the national 62 day standard. The delivery of the 62-Day Cancer standard remains challenging for southeast London cancer providers, particularly as delivery of the overall 62 Day Cancer Treatment Standard is closely linked to reducing late referrals to GSTT from other Trusts. The Cancer Waits Improvement Plan, developed by the south east London 62 Day Cancer Waiting Times Group, includes actions to address the delivery of timed pathway through enhanced diagnostics capacity, the first seven days after referral and system wide oversight of patients transferring between providers.

Trusts have based their trajectory on their current improvement plans. The trusts have also provided us with trajectories for internal as well as trust wide performance. Throughout 2018/19 Lambeth is showing compliance every month.

## **Diagnostics**

GSTT and KCH have both experienced challenges in meeting the six week standard for diagnostic activity consistently during 2017/18. Both Trusts have continued to agree trajectories to be compliant with the 99% of patients having a diagnostic test within six weeks (for selected exams) in place for 2018/19. Trusts continue to address demand and capacity issues for testing to be compliant from April 2018.

## **Improving Access to Psychological Therapies (IAPT)**

The standard for people with depression referred for and accessing psychological therapy has not always been achieved during 2017/18. Performance in this area is currently being reviewed via the contract monitoring meetings and an improvement is expected over the coming months and achievement of the target from April 2018 for the year ahead.

The standard for the proportion of people who complete therapy and move to recovery is 50%. Performance in this area has been at or around the 50% standard. The service is focusing on performance managing each stage of the care pathway. The recovery rate for 2018/19 is to consistently maintain the 50% standard.

Very strong performance is being maintained against both the 75% standard for the proportion of patients that finish a course of treatment in period of referral within 6 weeks, and the 95% target for the proportion of patients finishing a course of treatment receiving their first appointment within 18 weeks of referral. The operating plan trajectories aim to maintain these high performance levels.

## **Early Intervention in Psychosis (EIP)**

Performance of the EIP Access and Waiting Time Standard EIP (Psychosis treated with a NICE approved care package within two weeks of referral) against the 50% threshold has been maintained during 2017/18. We are expecting to achieve the increased 53% target in 2018/19.

## **Urgent and Emergency care**

The London Ambulance Service (LAS) currently provides the 111 service across South East London, although Lambeth, Southwark and Lewisham CCGs have commissioned SELDOC to provide their 111 call answering service.

During 2017/18 work has been completed to develop the new and integrated NHS 111 service specification so the service could be re-procured. This specification has been signed-off by NHS England. The tender process commenced, bids have been received and are being reviewed. Once the contract is awarded there will be a mobilisation phase, with a planned contract go-live during October 2018. It will deliver a fully integrated urgent care service in which organisations collaborate to deliver high quality, clinical assessment, advice and treatment (Consult and Complete). All primary care disposition will be dealt by the Clinical Assessment Service (CAS) who will be able to direct book into Primary Care Extended Access Service, GP out of hours and Urgent Treatment Centre appointments

## Quality Premium

The Quality Premium (QP) scheme is intended to reward CCGs for improvements in the quality of the services they commission. The scheme incentivises CCGs to improve patient health outcomes and reduce inequalities in health outcomes and improve access to services. The maximum QP payment for a CCG is expressed as £5 per head of population, calculated using the same methodology as for CCG running costs, and made as a programme allocation. As in previous years the Quality Premium pay award will be based on measures that cover a combination of national and local priorities, and on delivery of the three gateway tests (Quality, Finance, and NHS Constitution). The Finance and NHS Constitution Gateways have been revised to align with the Planning Guidance for 2018/19.

Where a CCG does not deliver the identified patient rights and pledges on waiting times, or any bespoke trajectories towards these a reduction for each relevant NHS Constitution measure will be made to the QP payment.

This is made up of four parts:

The structure of the Quality Premium has changed for 2018/19 to incentivise moderation of demand for emergency care in addition to maintaining and/or improving progress against key quality indicators.

- There are 3 new Emergency Demand Management Indicators:
  - A1 Type 1 A&E attendances
  - A2 Non elective admissions with zero length of stay (combined 50%)
  - B Non elective admissions with length of 1 day or more (50%)
- National and local indicators:
  - Early Cancer Diagnosis (17%)
  - GP Access and Experience (17%)
  - Continuing Healthcare (17%)
  - Mental Health – local indicator (17%)
  - Bloodstream infections (17%)
  - RightCare – local indicator (15%)
- Quality Gateway: NHSE reserves the right not to make any quality premium payments to a CCG in cases of serious quality failure.
- Finance Gateway: a CCG will not receive a quality premium if:
  - in the view of NHS England, during the relevant financial year the CCG has not operated in a manner that is consistent with the obligations and principles set out in Managing Public Money<sup>1</sup>; or
  - the CCG ends the relevant financial year with an adverse variance to their approved planned financial position<sup>2</sup>, or requires unplanned financial support to avoid being in this position; or
  - it receives a qualified audit report in respect of the relevant financial year; or
  - if relevant, the CCG does not meet the requirements set out in the Commissioner Sustainability Fund guidance.
- Constitution Gateway:
  - Maximum 18 weeks from referral to treatment - incomplete standard (50%)
  - Maximum two month (62-day) wait from urgent GP referral to first definitive treatment for cancer (50%)

Any payment would be made in 2019/20 based on 2018/19 performance outturn.

### **The new Primary Medical Services (PMS) contract**

The CCG has successfully completed its PMS Review negotiations, and the new premium specification that was developed is now being delivered by 39 of the 44 GP Practices in Lambeth (with negotiations ongoing with five remaining APMS Practices). This new specification offers the same KPIs and pricing for all Practices, equalising their premium services for all patients. The KPIs are based on a combination of banded targets, specification/process KPIs and incentives.

The new Contract Performance and Management Review Group, involving key CCG, LMC, NHSE and Federation staff, is meeting with a remit to review performance and how to support practices to effectively deliver and achieve the new KPIs.

### **Working in Partnership**

Through Lambeth Together we are creating an integrated health and care system. Lambeth Together is now entering its next phase in 2018/19 onwards, in particular in developing and implementing delivery alliances starting with the LWNA for mental health services for adults of working age. Alliances for children and young people, and Local Care Networks for people with multiple conditions and health and wellbeing prevention initiatives are planned to follow.

In 2018/19, as part of taking Lambeth Together forward, we intend to accelerate our integration with LB Lambeth. As SEL STP collaborative arrangements are implemented we continue to work with SEL CCG partners to derive the best outcomes and value for money in commissioning for our populations. We need to be able to drive delivery by maximising capacity and skills across the CCG, integrated teams, NELCSU, clinical network and SEL Strategy and Transformation Programme (STP).

CCGs continue to fund the Healthy London Partnership, aiming to use this to transform care through enablers and other programmes that can only be delivered at a London level.

### **NHS RightCare**

Throughout 2018/19 we continued to use RightCare data packs to inform our commissioning intentions and planning discussions within Lambeth, neighbouring boroughs and across the south east London partnership. NHS Lambeth CCG has mapped our NHS RightCare emerging opportunities for 2017-19 and linked these to our QIPP and planning for the period. Throughout 2018/19 we will continue to work and to use the RightCare data to as part of local intelligence to inform on-going service design and future commissioning.

## NHS Next Steps on the Five Year Forward View

The strategic direction for the NHS as a whole has been set out by NHS England the **Five Year Forward View** (FYFV) in October 2014 and over successive years the themes within it have been expanded and refreshed. We continue to commit to delivering the required outcomes of the FYFV recognising that this is something that we can achieve by working with our key commissioner and provider partners including a broad range of organisations across the NHS, independent and voluntary sector, as well as our Local Authority colleagues in public health and social care, and also the wider council.

On 2 February 2018 NHS England and NHS Improvement jointly published the 'Refresh NHS operational planning and contracting guidance' to guide local NHS organisations in their strategic planning for 2018/19. This is the second year of the two-year tariff and two-year NHS Standard Contract, and as such quick and modest updates to those plans are expected, with draft operational plans to be submitted on 8 March 2018, and final approved organisational plans submitted by 30 April 2018.

It provides the complete funding framework NHS bodies will need to work within, stating what targets the NHS is expected to achieve, and providing CCGs precise guidelines in areas such as mental health, cancer services and primary care.

Through its programmes and Governing Body discussions, NHS Lambeth CCG will continue to reflect these NHS priorities and monitor progress against these locally in the work that we do and through established governance arrangements.

### 4.2 Financial Risks and their mitigation

This section sets out the conclusions of an initial review carried to assess the potential financial risks facing NHS Lambeth CCG and the adequacy of the contingency/performance reserves to manage these risks in 2018/19. This paper also considers how expected allocations in the remaining years of our five year strategy affect NHS Lambeth CCG and the SE London STP particularly given our requirement to deliver a shared control total:

Overall financial risks in the Operating Plan fall into the following categories:

- i. **Quality Innovation Productivity and Prevention (QIPP) schemes** – the 2018/19 Operating Plan includes the delivery of QIPP savings initiatives of £19.513m is set out below.

*2018/19 QIPP Savings:*

<b>Budget area</b>	<b>£000s</b>	<b>% of Budget area</b>
Integrated and Acute Contracts	(7,491)	2.51%
Mental Health	(2,228)	2.95%
Delegated Primary Care	(1,474)	2.60%
Primary Care	(2,959)	6.75%
Other Commissioning	(5,361)	8.80%
<b>Total</b>	<b>(19,513)</b>	<b>3.65%</b>

A significant proportion of the CCG's QIPP savings are either contractually agreed (integrated/acute contracts), have been already been identified (including estates and placements), or have a strong track record of delivery with implementation plans and supporting resources in place (such as prescribing). For Mental Health, QIPP has been agreed with SLaM in the contract negotiations including being built into risk share arrangements although significant over-performance above established risk reserves presents a risk to the CCG's overall financial position.

At this stage, however, the CCG has unidentified or high risk QIPP of £2.256m. Plans in place to mitigate this risk include:

- Develop robust implementation plans to reduce the risk of non delivery - for acute external contracts and corporate savings.
- Review the QIPP of other SEL CCGs to identify further opportunities for scheme development
- Assess the SEL Collaborative QIPP schemes, including medicines optimisation and continuing healthcare, to make sure that all opportunities are built into NHS Lambeth CCG delivery plans
- Make sure that contingency/recovery plans are put in place to mitigate risk as plans are developed. This will involve a continued focus on demand management across the whole of CCG commissioned services.

The CCG's contracts with GSTT and KCH include both Trust led and CCG led QIPPs, relating to the management of underlying demand. Non-delivery of QIPP may contribute towards a reopening of the 2018/19 contract. Our ability to agree contracts for 2019/20 will be predicated on successfully managing underlying demand in 2018/19. The CCG and ICDT have developed an enhanced monitoring and performance management approach ensuring that the Trust and CCG are clear on responsibility for delivery.

For 2018/19 QIPP is greater than in previous years at £19.5m (3.6%) and this is likely to increase as the CCG manages increasing in-year pressures and the impact of SE London health economy issues. For 2019/20 to 2020/21, QIPP plans remain high at approximately, £17m, and £16.2m per annum respectively based on the current plans. Our ability to deliver QIPP determines our financial sustainability and any 2018/19 QIPP under-delivery will have a negative impact for 2019/20 onwards.

QIPP initiatives are being risk-assessed using an SEL agreed approach to increase confidence that savings that will be achieved and implementation plans have been developed.

- ii. **Activity Demand** - Population and demand growth was factored into the Operating Plan and reserves have been established to provide a funding source for increased demand during 2018/19. Forecasts shown are based on historic trends where not otherwise outlined. Growth in demand, driven by demographic and non-demographic, for example, technological factors, is anticipated across the full range of commissioned activity including hospital services, practice prescribing, continuing and complex care.

This is a significant risk for the CCG and requires a strong focus on demand management. Our ability to manage demand in year has an impact both on our financial sustainability and the level of QIPP that we need in order to deliver a balanced financial plan.

Contracts include agreements relating to QIPP implementation, supported by contractual commitments to deliver to commissioners a level of guaranteed savings, or risk share to mitigate the impact of in-year growth for activity such as acute mental health inpatients. The CCG, working with the Integrated Contracts Delivery Team (ICDT) and NEL Commissioning Support Unit (CSU), will continue to deliver robust, timely contract monitoring and management to take action to contain demand in-year. CCGs will need to work to deliver both overall effective management of demand as well as the delivery of CCG led QIPP initiatives. Contract management processes will need to ensure that providers are held to account in delivering Trust led QIPP

**iii. Impact of the transfer of Specialised Services from NHSE through the Identification Rules (IR) changes**

2018/19 is the second year of the national two year contract, which means there are fewer contractual changes this year than seen in 2017/18. Whilst this is a two year contract, the contractual values were updated for 2018/19 on 23rd March 2018 reflecting additional investments in emergency care and RTT set out in the revised planning guidance as well as in line with the national timetable.

The introduction of revised specialised Identification Rules gave rise to complications in 2017/18, as in some instances the allocation was misaligned with charging; however the main risk was at Kings College hospital which was resolved before year end and has been accounted for in 2018/19 updated contractual values. Close contract monitoring will be required to ensure this is now reported correctly, both in the application of the allocation, and in validating the in-year charging from the trust.

A continuing risk to the CCG is where service pathways across more than one commissioner may result in service or financial pressures. This includes forensic services, for example, where NHSE commissioning of medium secure placements could impact on the demand on lower secure services commissioned by CCGs. This is now being taken forward by the South London Mental Health Partnership by mental health providers across South London (SLaM, Oxleas and SW London and St Georges) who are working closely with the CCG and NHSE commissioners.

**iv. HRG4+ Tariff Impact**

The national tariff has been updated for 2018/19. As it is set upon the same currency as 2017/18, the application has been more straightforward to apply, and therefore is expected to be accounted for within the updated agreed contracts.

In-year over performance risks will be mitigated contractually as part of the monitoring and management of actual spend. This will include offsetting any pressure against the full benefit of claims, challenges and other contractual levers. Activity will be managed through effective demand management, and delivery of CCG led QIPP initiatives.

**v. Non Local Providers**

Non-local contracts are being agreed on a full cost and volume basis for 2018/19 with the CCG liable for any over performance risk.

Contracts have been set using historic levels of demand (2017/18 forecast outturn) and additional growth to reflect further underlying demand growth. Commissioning reserves have been used to ensure that start contract values have not resulted in under purchasing in relation to expected 2017/18 outturn, however there is a risk of continued growth not funded up-front in the contract.

Risk associated with our cost and volume contracts will be mitigated through effective contractual monitoring and management, as well as effective management of demand, and delivery of CCG led QIPP initiatives

#### **vi. Non Acute Pressures – Continuing Care and Complex Learning Disabilities**

A key area of risk is on continuing care activity across a number of client groups including older adults, learning disabilities, young physical disabled and children. For these clients the numbers increased significantly over 2017/18 and the cost of a continuing care package can vary greatly by client. This cost per case activity continues to be one of the most significant areas of risk for the CCG in 2018/19 as it is not subject to block contract or risk share arrangements.

The CCG worked on continuing care in its 2017/18 financial recovery plan. We reviewed 1:1 care costs including out of borough patients, and commissioned extra clinical input to assess clients who require a fast track review. We worked with other SEL CCGs using a benchmark review of finance and activity data, and are currently participating in the retrospective financial review (from April 2015) to identify duplicate and over payments, and payments for which SE London CCGs are not responsible. The SEL Collaborative QIPP work stream is working on areas such as market development for specialist care and standardising assessment, care management and review processes. We continue to work across integrated commissioning teams to seek to achieve value for money, for example, we are incorporating the learning from LBL on the use of Electronic Call Monitoring to deliver QIPP by improved activity recording and invoicing processes.

#### **vii. Mental Health**

The financial and service pressures associated with acute inpatient and mental health placements are a significant risk during 2018/19. Commissioners have negotiated a risk share for 2017-19 with close monitoring and actions to manage activity in-year and this will continue for the first two years of the LWNA. We continue to work with SLaM and other Alliance partners to focus on inpatients with long lengths of stay. This is to remove the barriers to discharge for this cohort of inpatients, including no recourse to public funds and loss of tenancy. Implementing the LWNA enables the alliance partners to have control over the total system resource across health and care for working age adults to manage risk and improve outcomes. The CCG and LBL as commissioners have agreed to an overall risk share on the LWNA where a contract reopener discussion is triggered by an increase in expenditure above 5%.

As outlined above, for 2018/19 there are constitutional standards for mental health that may result in additional service cost and these costs will be included in contracts where required. The CCG's 2018/19 Operating Plan delivers the Mental Health Investment Standard (MHIS) by funding an increase in investment equal to the overall level of allocation growth, which for NHS Lambeth CCG is 3.1%.

**viii. Section 75 Agreements and the Living Well Network Alliance**

In 2015/16 the CCG entered into a Section 75 pooled fund commissioning arrangement with LB Lambeth for the Better Care Fund (BCF) and the Integrated Personal Support Alliance (IPSA). From the 1 July 2018, this agreement will be replaced by a new Section 75 to include the LWNA, with scope to add future delivery alliances as they are established. For the LWNA a risk share has been agreed that is based broadly on commissioner contribution to the fund. The CCG and LB Lambeth manage performance through the Mental Health and Older Adults Committee in Common. The LWNA has oversight by the Alliance Leadership Team (ALT) and the Finance and Performance Committee that is currently being established.

**ix. Primary Care Delegated Commissioning Budgets**

The CCG took on delegated responsibility for commissioning General Practice from 1 April 2017. We have just received final budgets and are currently reviewing and risk assessing them. The CCG has a significant pressure on these budgets as a result of the primary care allocation not being sufficient to manage the level of budget required, as well as significant population increases being experience within Lambeth. The majority of expenditure is based on contractual commitments and therefore reduces the scope to make significant changes to address the budgetary pressure. The CCG has allocated resource in year as a contingency against managing the budget pressure in this area and is identify whether there is scope to make further efficiencies, working with other SEL CCGs.

**Summary of assessed financial risks for 2018/19**

NHS Lambeth CCG has carried out an assessment of potential financial risks associated with 2018/19 expenditure, using three scenarios – a best case, a likely case and a worst case. The conclusions of this assessment are summarised in the table below.

The forecasts give a range of outcomes for NHS Lambeth CCG's forecast financial position, between an in-year overspend of £7.988m in the worst case and a £3.363m surplus in the best case. In the most likely forecast, NHS Lambeth CCG would deliver a surplus of £988k to achieve its in year control total of £988k. Delivery of the likely case requires £1.6m of non recurrent resource, including the continuation of our financial recovery plan.

## Summary Financial Risk Assessment 2018/19

	Likely £000	Best £000	Worst £000
Acute	(1,391)	0	(4,682)
Mental Health	0	0	(1,656)
Other Non Acute	(1,354)	0	(3,889)
Primary Care	(842)	(215)	(2,018)
Other Programme Costs	(1,006)	(403)	(1,006)
Running Costs	317	317	0
<b>TOTAL</b>	<b>(4,276)</b>	<b>(301)</b>	<b>(13,252)</b>
<b>Available Funds</b>			
Planned Surplus	988	988	988
Contingency	2,676	2,676	2,676
Slippage on Investment	500		500
Other Non Recurrent Recovery Measures	1,100		1,100
<b>Total Available Funds</b>	<b>5,264</b>	<b>3,664</b>	<b>5,264</b>
<b>In Year Underspend/(Overspend)</b>	<b>988</b>	<b>3,363</b>	<b>(7,988)</b>
Surplus/(Deficit) against Planned Underspend	0	2,375	(8,976)

The risk assessment takes account of a range of factors including the following:

- Contractual agreements including, for example, the mental health acute bed risk share based on agreed 2018/19 contracts and overall LWNA risk share.
- Funding of historic levels of demand, mainly 2018/19 outturn
- Risk assessment of QIPP delivery where not covered by contractual agreements including unidentified/high risk QIPP of £2.256m
- Volume impact of cost per case activity, for example, continuing healthcare, and learning disability complex care where cases are jointly funded with LB Lambeth and may change in year as patients are assessed for changes in need.
- Potential SE London system-wide pressures and the impact of the requirement for SEL CCGs to deliver a shared surplus control total.

This risk assessment will be reviewed and updated during the first quarter of 2018/19. SEL CCGs have developed a financial risk assessment framework to enable consistency and identification of risks and their mitigations.

### 4.3 Available funds for managing performance and mitigating risk in 2018/19

#### Non-Recurrent Funds, Transformation Fund and Reserves

Plans assume and include use of these funds to enable QIPP delivery and service transformation in delivering community based care including through Local Care Networks. From 2018/19 CCGs are no longer required to set aside 0.5% to manage local health economy risks. This resource has been reallocated to funding cost pressures within the plan.

## **0.5% Contingency Funding**

NHS Lambeth CCG's 2018/19 Operating Plan has made available a £2.676m million recurrent (0.5%) contingency reserve to mitigate in year risks. This is planned to be used on a non recurrent basis each year to be available in the following year. This fund is designed specifically to provide a source of funding in the event of provider over performance.

Lower growth and increasing demand and complexity of care have had an adverse impact on the risk profile of the CCG compared to previous years. The CCG no longer has reserves beyond the 0.50% contingency required under NHSE Business Rules to manage increasing demand or unforeseen cost pressures.

## **5. In-year assessment and management of risk**

Financial balance and the delivery of the CCG's planned financial position is a core priority and a statutory requirement for Lambeth CCG.

The financial position is reviewed regularly by the Lambeth CCG Governing Body and the Integrated Governance Committee (IGC). The Finance and QIPP Working Group, reporting to the IGC, is accountable for overseeing a robust organisation-wide system of financial management, including QIPP delivery, and that the Governing Body is fully aware of any financial risks which may materialise throughout the year and their mitigations. For 2018/19 the Group is placing a greater focus on the SE London financial position as CCGs are responsible for delivering an SEL CCG control total. This is in the context of increasing financial risk across all organisations.

QIPP schemes are delivered through our Programme Boards who are directly accountable to the IGC. Executive and management oversight is through the CCG's Management Team and Assistant Directors who meet regularly to review progress, drive delivery and address cross-programme issues and development needs through the Finance and Performance Group. We are currently reviewing our assurance systems to make sure that they continue to drive transformation, performance and value.

The CCG placed itself in internal financial recovery during 2017/18. The financial risk in 2018/19 and onwards means that the CCG will continue to focus on financial recovery as a business as usual process.

In year recovery action will include

- Review of all investments with a view to delaying or stopping them
- Evaluate the pace of implementation of service redesign changes/QIPP schemes
- Maximise use of the non-recurrent investment funding
- Agreement, with partners, including LBL and SEL CCGs, mitigating actions, recovery measures and demand management plans to reduce projected over performance
- A review of all available resources and flexibilities across all budgets

From 1 April 2016 NHS England introduced a new Improvement and Assessment Framework for CCGs (CCG IAF). In the Government's Mandate to NHS England, the new framework takes an enhanced and more central place in the overall arrangements for public accountability of the NHS. The framework covers four domains, six clinical priority areas and 51 indicators across 27 areas. All of these assessment areas are reflected in the CCG's business plan for 2017/18 and monitored through our Integrated Governance Performance Report.

Domains:

- Better Health: how the CCG is contributing towards improving the health and wellbeing of its population, and addressing the demand curve;
- Better Care: this focuses on care redesign, performance of constitutional standards, and outcomes;
- Sustainability: how the CCG is remaining in financial balance, and is securing good value for patients and the public from the money it spends;
- Leadership: this assesses the quality of the CCG's leadership and its plans, how the CCG works with its partners, and the governance arrangements that the CCG has in place to ensure it acts with probity, for example in managing conflicts of interest.

Clinical priorities

- Dementia
- Diabetes
- Learning Disabilities
- Cancer
- Mental Health
- Maternity

For 2016/17 Lambeth CCG received an overall rating of 'Good'. Results for 2017/18 are due to be published by NHS England in July 2018.

## **6. Ensuring Financial Sustainability for 2018/19 and onwards**

The table below shows the CCG's issued five year growth allocations, with three years actual (2016-2019) and two years indicative (2019-21), and the QIPP target required to deliver a sustainable financial plan in each year. The CCG has a significant challenge going forward. QIPP of this size requires an increase in scope and pace which means that we need drive the change through our delivery alliances now. We must also focus on how we drive value from the total CCG resource. This assessment is based on the existing five year financial plan and we expect that continuing pressures within Lambeth and across SEL STP will result in an increased QIPP and enhanced programme of demand management.

Year	CCG Allocation		CCG QIPP	
	£000s	%	£000s	%
2016/17	13,356	3.05%	9,151	2.00%
2017/18	9,946	2.20%	14,163	3.00%
2018/19	14,451	3.12%	19,513	3.64%
2019/20	11,065	2.34%	17,015	3.10%
2020/21	17,676	3.66%	16,324	2.90%

## 7. Summary

This report provides an update for the NHS Lambeth Clinical Commissioning Group (CCG) Governing Body on the 2018/19 Operating Plan. It provides an initial performance and financial risk assessment for 2018/19 and outlines the proposed processes for mitigating risk.

The increased financial risk for the CCG in 2018/19 and onwards will require delivery of QIPP in full, effective demand management and a focus on delivering outcomes from within existing resources.

The CCG will be working with SEL CCGs to undertake a more detailed risk assessment to understand the overall STP and individual CCG position. This is necessary given that we are required to deliver a shared control total and must therefore work collaboratively to manage risk.

For NHS Lambeth CCG we are working to achieve even greater integration with LB Lambeth to maximise our ability to commission financially sustainable services with improved outcomes for the Lambeth population.

The Governing Body is asked to:

- Note the performance and financial risks facing NHS Lambeth CCG in 2018/19 and the processes for mitigating and managing them in-year. This is an initial risk assessment and will be updated during 2018/19.
- Note the planned QIPP requirement for 2019/20 and onwards and action to be taken to deliver it
- Agree Chair's Action for any further submission of the 2018/19 Operating Plan.

**Christine Caton, Chief Financial Officer.**