

Northern, Eastern and Western Devon
Clinical Commissioning Group

Devon and Plymouth Challenged Health Economy & NHS Futures

Budget Scrutiny
14th January 2015

The financial challenge grows to £430m in 5 years

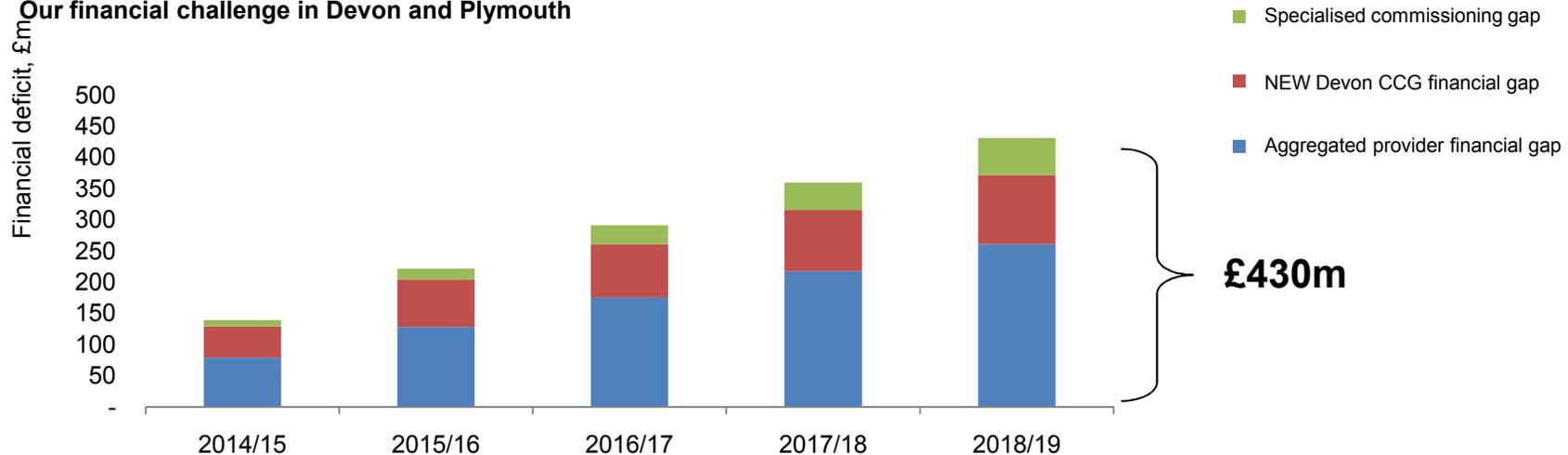
Devon faces a severe financial challenge over the next five years

Local Finance Directors have led a process of identifying the total financial gap faced by the care economy over the period of the 5 year plan due to be submitted to NHSE in June.

The financial gap faced by the health economy as a whole is projected to reach approximately **£430m** by 2018/19

This is the challenge faced in a 'do nothing' scenario, which assumes that the CIP and QIPP savings planned by providers and commissioners are not delivered. The figure includes the CCG, specialised commissioning and the four largest trusts in the area. It excludes the CCG's current deficit, the requirement for surpluses, and the impact of any changes in tariff.

Our financial challenge in Devon and Plymouth

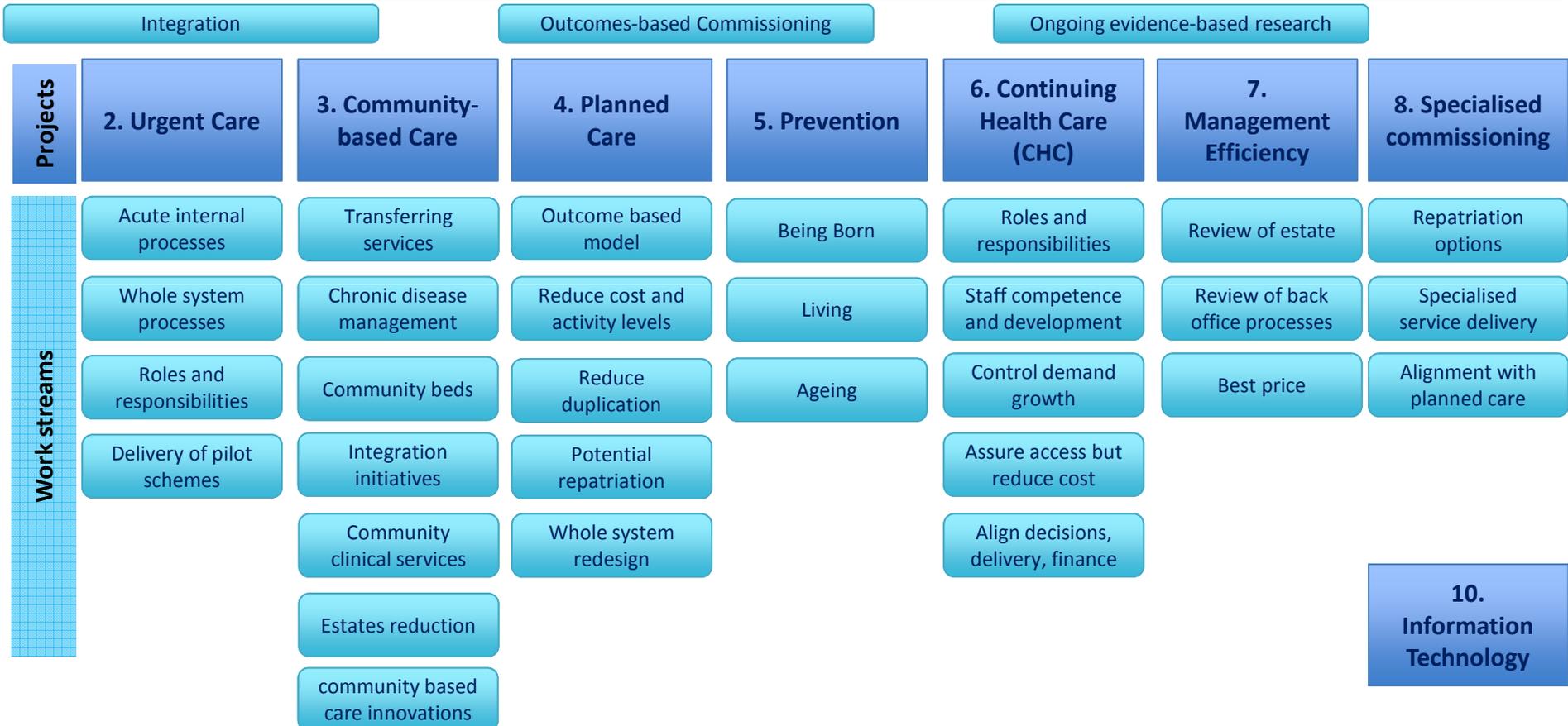


NHS Futures Planning and Delivery

Turning strategy into action

NHS Futures Programme

1. Strategic support



9. Mental Health

Specialist Services

Parity of Esteem



NHS Futures Planning and Delivery

Delivery Schedule

Date	Milestone
24 Nov 14	Outline Business Case
Feb 15	Full Business Case
Feb-Apr 15	Commence Implementation
Apr 15 – Apr 18	Recovery period
Apr 18 – Apr 20	Extended recovery period (by exception)

NHS Futures Planning and Delivery

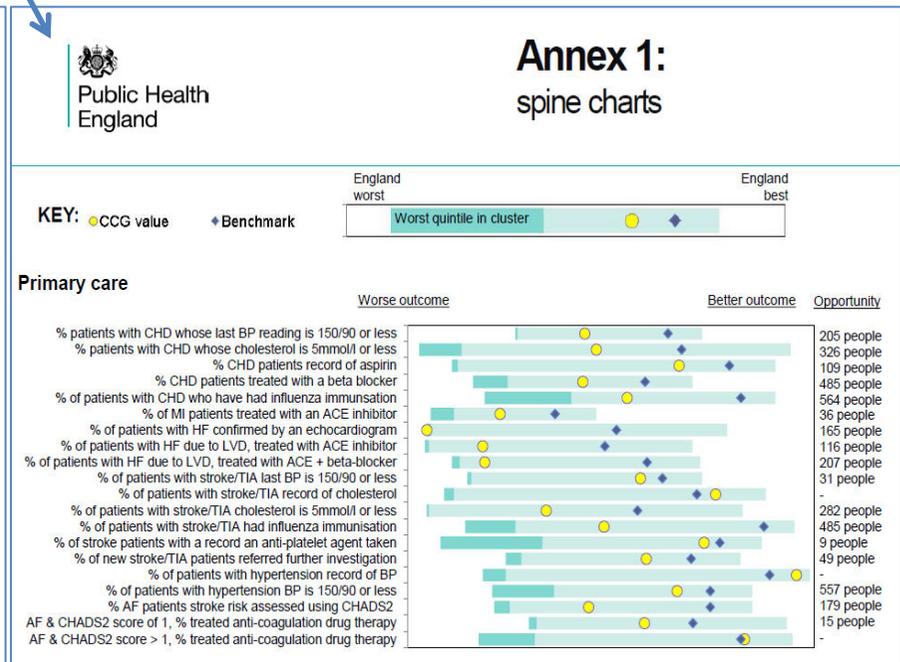
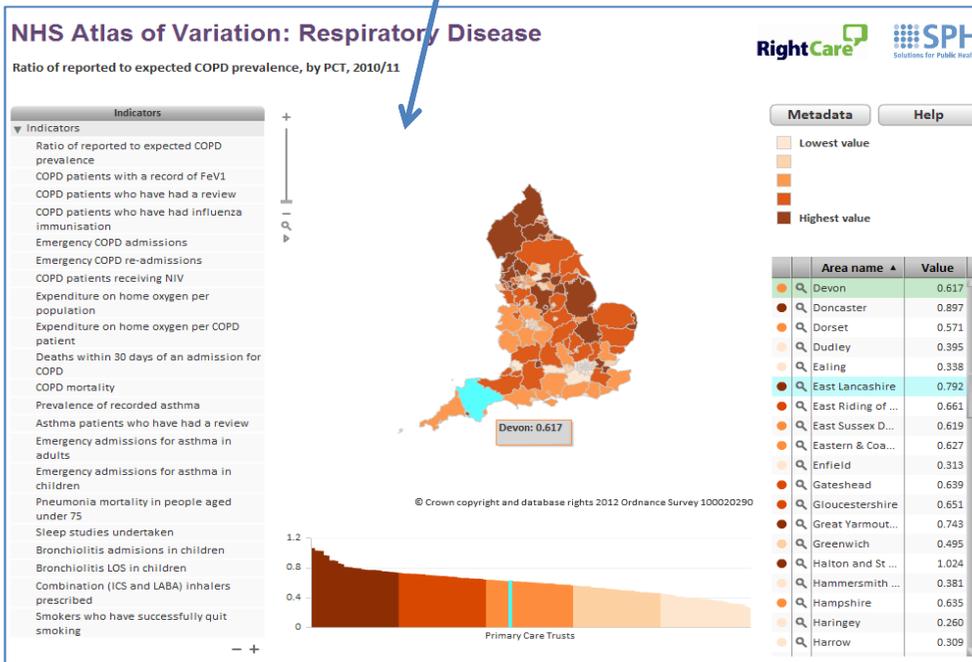
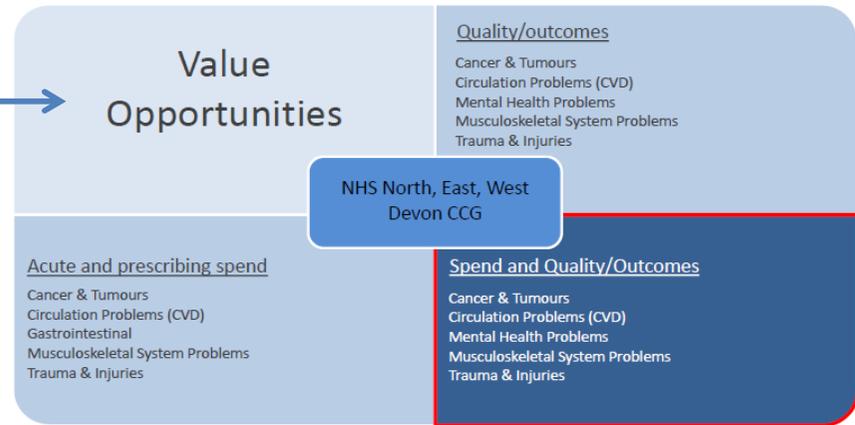
The Approach 1 of 2

- Strategic Approach
 - Outcomes based commissioning
 - Exploring a range of provider models
 - Seeking multiple funding options
 - Testing, adjusting and implementing existing strategies
 - System / pathway redesign where necessary
- Operational Approach
 - Marginal value services (MMA approach)
 - Reduction in variance (Commissioning for Value; Atlas of Variation)
 - Best value opportunity (value for money; cost improvement)
 - Managing demand (CHC, Referrals, A&E, emergency admissions, prescribing)

NHS Futures Planning and Delivery

The Approach 2 of 2

- Commissioning for Value measures 11 themes and tells us **where to look**
- Each theme has a deep dive telling us **how we're doing**
- Atlas of Variation digs deeper into each theme to tell us **what to do**



NHS Future

Headlines of CCG Assumptions

Gap of £111m is after assuming:-

- Allocation growth over period of £71m. Currently only 2 years of allocations have been published
- Net Tariff Deflator (provider efficiency less inflation) delivers £31m across period. Monitor currently reviewing provider efficiency
- Growth funding of £137m for demographic growth, CHC and Prescribing
- Non recurrent headroom to support change currently in plan
- SCG planned growth outside of CCG planning assumptions in respect of providers in scope of £85m

NHS Future

Headlines of provider assumptions

Provider gap of £260m is after assuming:-

- Net tariff deflation of £36m across whole contract
- income growth for additional activity of £117m across all commissioners
- Cost of additional Capacity £97m
- Other inflation and cost pressures £223m
- Total planned provider CIP across period assumed undelivered in 'Do Nothing Gap' £261m

Key Areas in Western Locality Work Programme

1. Integrated commissioning
2. Integrated provision:-
 - BCF
 - reduced elective admissions by 3.5%
3. Elective orthopaedic integrated model of care