

Sheffield Accountable Care Partnership (ACP) Board

System Financial Update

27 February 2019

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Sponsor	John Somers, as Chief Executive sponsor to F& PR Work Stream
1. Purpose	
Purpose of the paper is to provide a high level system financial update to Members of the Sheffield ACP Board, together with a brief update on the work being led by the finance and payment reform work stream of the ACP.	
2. Introduction / Background	
The report highlights the actual financial position at month 9 and the remaining risks and challenges across the system in the current financial year, together with an update on the 2019/20 planning processes.	
3. Is your report for Approval / Consideration / Noting	
Consideration	
4. Recommendations	
The Accountable Care Partnership Board is asked to consider the update on the 2018/19 system financial position at month 9, the current position with regard to 2019/20 financial planning and the work of the Finance and Payment Reform work stream of the ACP.	
5. Other	
N/A	
Are there any Resource Implications (including Financial, Staffing etc)?	
N/A	

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1. Introduction

This paper is to provide an update on the financial position of the six key partner organisations within the Sheffield ACP based on Month 9 data and the combined performance against the £1.8 billion available funding and £80m efficiency requirement.

The South Yorkshire & Bassetlaw Integrated Care System team (ICS) continue to receive monthly reports from the ACP NHS organisations. While this allows the ICS to track progress against the individual organisational control totals and produce a wider ICS system financial position their published summaries do not include all the partners within the Sheffield ACP.

This paper will also provide a brief summary of the work undertaken to date by the Finance and Payment Reform work stream.

2. System wide Financial Position at Month 9

At the time of writing this paper each organisation has reported their M9 position to their respective Boards or equivalent and made an assessment of their forecast out-turn positions.

Tables A and B on the attached **Appendix A** provide an overview of the year to date position at Month 9 and then the forecast out-turn position for 31 March 2019. The notes on Appendix A provide a very high level commentary where clarification is required for an organisation's individual position. It should be noted that for Sheffield City Council (SCC) the position only relates to the £224m budgets for adult and childrens' social care and public health grant budgets.

In summary, Table A (position at month 9) shows that based on the profiles included in organisational plans, as a system we planned to be at a £2.2m surplus at month 9. In the actual reported positions we are showing a £0.3m surplus, a negative variance of £1.9m. This is split £3.6m actual overspend for SCC and £3.9m surplus across NHS provider organisations, reflecting a complex range of pressures and mitigating actions by each organisation. At month 9 there is a reported £7.5m shortfall in efficiency programme savings, including figures for SCC. These efficiency shortfalls are being offset but underspends on other budgets or use of contingency reserves.

Table B presents the forecast out-turn position for 31 March 2019. Each of the four NHS organisations and Primary Care Sheffield are reporting delivery of their plan or slightly better in the case of SHSC. Since M6 each organisation has worked to mitigate the identified in year delivery risk. In total this is reduced to £2m which all relates to Sheffield Children's Hospital NHSFT (SCH). SCC are reporting a likely £16m overspend against the budgets within the scope of the ACP, which is being offset by the wider budget management arrangements of SCC and non-recurrent use of their reserves.

It should be noted that part of the Provider Sustainability Funding (PSF) of each of the three foundation trusts in the city is at risk if the South Yorkshire and Bassetlaw Integrated Care System (ICS) is unable to collectively deliver against the ICS control total for 2018/19. Protracted and complex discussions continue between the ICS leadership team and national NHS Regulators regarding the precise financial framework for determining whether this collective control total is met. This is impacting on the final deployment of an element of the transformation funding received by the ICS in 2018/19 and may change the year end forecast positions of our three foundation trusts.

3. 2019-20 Financial Planning

Each of the six organisations are currently undertaking financial planning and contracting processes. The CCG and the three Foundation Trusts all had to submit draft plans to their respective regulators on 12 February 2019 against the control totals set by the respective regulators. The deadline for contracts to be agreed is 21 March 2019 and final plans are required for the 4 April 2019. As organisations are in the midst of this process it is not appropriate to provide an overall summary on the 2019/20 system risk and financial positions. However, it is clear that the draft plans contain significant levels of risk.

The planning process will involve triangulation of the positions between organisations to ensure consistency of assumptions and the overall level of risk and efficiency required to be delivered by the system. As many of the risk mitigations used in 2018-19 were non-recurrent and so it will also be key to understand the underlying position of each organisation. The outcome will be provided in the next update to the ACP Board.

Across the Sheffield ACP partner organisations are increasingly seeking to work in an open and transparent way to ensure that while the delivery of the planned financial position formally remains the responsibility of each individual statutory organisation, our system as a whole takes advantage of the collaboration to effect change and mitigate overall risk. As previously reported, as a start to transforming the financial process there is a formal financial risk share agreement in place between the CCG and SCC in relation to certain elements of the Better Care Fund and between these two partners and Sheffield Health & Social Care FT (SHSC) in relation to certain mental health care budgets. Work continues to seek to expand risk sharing arrangements as part of plan setting for 2019-20 and beyond incorporating health and care partners. We are particularly looking at system risk in relation to patients at risk of hospital admission.

Directors of Finance have previously highlighted the fact that NHS England, as a major commissioner of health services from both SCH and STH, is not formally part of the Sheffield Place arrangements continues to make it more complicated to understand and manage risk within our Place as opposed to other places in the South Yorkshire and Bassetlaw Integrated Care System (SY&BL ICS). At the moment the informal links with NHS England as specialised commissioners appear the only route. Local Authority financial risk remains formally outside of ICS control total arrangements. As a Sheffield Place the financial challenges to deliver sustainable social care and a proactive prevention approach is an important dynamic and we need to take into account as part of transforming services in our city. This can lead to tensions when Sheffield Place is involved in discussions on managing the whole ICS financial position. These factors will

require further consideration as financial planning and risk management for 2019/20 progresses and the national proposals for the financial framework for Integrated Care Systems for 2019/20 are published.

4. Finance & Payment Reform Work Stream Update

From January 2019 the Senior Finance Manager is now in post as dedicated support to the ACP Directors of Finance and the finance work stream leads. She has been completing a comprehensive induction spending time with each of the six partner organisations.

The Operational Payment Reform Group has been established to look at how the existing payment mechanisms can be used or amended to enable transformation and support innovation. The aim is to ensure that from the outset the design of the financial flows is based upon real costs to deliver a service and allows ongoing evaluation and improvement as well as the ability to be flexible as the system develops. The design of any future financial model needs to be support change at organisational, Place and ICS level.

The group will also be responsible for ensuring that the partner organisations continue to work together at a level above the minimum requirements dictated by NHS financial guidance. For example, the tariff guidance mandates a blended emergency pathway payment which will be introduced for both Sheffield Teaching Hospitals (STH) and Sheffield Childrens contracts. The CCG and STH have agreed to also incorporate community services provided by STH into this new contractual arrangement to acknowledge the interdependencies between preventing emergency activity and investing in preventative or alternative community solutions. This will be in place from April and will be reviewed throughout the year with a view to developing a cost based risk share including other partners, similar to the Mental Health risk share.

5. Recommendation

The Accountable Care Partnership Board is asked to consider the update on the 2018/19 system financial position at month 9, the current position with regard to 2019/20 financial planning and the work of the Finance and Payment Reform work stream of the ACP.

Paper prepared by: Judith Town, ACP Senior Finance Manager and Julia Newton on behalf of the Sheffield ACP Directors of Finance

Paper sponsored by: John Somers, Chief Executive Sponsor for Finance & Payment Reform work stream

20 February 2019

TABLE A: YEAR TO DATE POSITION at MONTH 9

ACP Key Partners	Notes	OVERALL year to date			Efficiency Target Delivery		
		Per Plan Profile () = deficit Note 1 £'m	Actual YTD () = deficit or overspend Note 1 £'m	Variance + = better than plan £'m	Per Plan Profile £'m	Actual YTD £'m	Variance + = better than plan £'m
Commissioners							
Sheffield CCG	2	0.0	0.0	0.0	11.1	10.1	(0.9)
Sheffield City Council	3	0.0	(3.6)	(3.6)	21.2	14.2	(7.0)
Providers							
Sheffield Teaching Hospitals NHS FT		5.3	5.1	(0.2)	16.5	17.9	1.4
Sheffield Childrens Hospital NHS FT		(3.7)	(3.7)	0.0	4.7	3.8	(0.9)
Sheffield Health & Social Care NHS FT	4	1.0	2.5	1.5	3.2	3.2	0.0
Primary Care Sheffield Ltd		(0.4)	0.0	0.4	0.0	0.0	0.0
TOTAL		2.2	0.3	(1.9)	56.7	49.2	(7.5)

TABLE B: FORECAST POSITION AGAINST FULL YEAR PLAN at 31 MARCH 2019

ACP Key Partners	Notes	YEAR END (31 March 2019)			Efficiency Target Delivery			Risk against Plan (Control Total) £'m
		PLAN () = deficit Note 1 £'m	FORECAST () = deficit or overspend Note 1 £'m	Variance + = better than plan £'m	Per Plan Profile £'m	Forecast Out-turn £'m	Variance + = better than plan £'m	
Commissioners								
Sheffield CCG	2	0.0	0.0	0.0	18.5	15.6	(2.9)	
Sheffield City Council	3	0.0	0.0	0.0	21.2	14.2	(7.0)	
Providers								
Sheffield Teaching Hospitals NHS FT	4	3.5	3.5	0.0	26.8	26.1	(0.7)	
Sheffield Childrens Hospital NHS FT	5	(1.6)	(1.6)	0.0	8.6	7.0	(1.6)	
Sheffield Health & Social Care NHS FT	6	1.5	3.4	1.9	4.2	4.2	0.0	
Primary Care Sheffield Ltd		0.0	0.0	0.0	0.0	0.0	0.0	
TOTAL		3.4	5.3	1.9	79.3	67.1	(12.2)	

Note 1: The CCG position is against the "in year" breakeven control total. NHS Trust positions vary as to whether the plan and then YTD and FOT position is before or after receipt of Provider Sustainability Funding (PSF).

Note 2: Sheffield CCG is reporting delivery against plan for YTD and FOT. Additional non recurrent savings on running costs and prescribing spend are allowing 85% achievement of QIPP and supporting delivery of the year end position.

Note 3: SCC continues to overspend on adult and children's social care in 2018-19 by £15million, currently mitigated down to £10million by other savings. This will lead to a hit on reserves. As part of setting it's 2019-20 budget next month, SCC have provided an additional £20million investment in social care, making a cumulative £35million increase over the last two years, despite continuing cash cuts to grant. The budget is only balanced by the planned use of £11million reserves. The budget report includes a warning from the statutory Chief Finance Officer that over the next four years the budget will become unsustainable and that in 2020/21 unless further savings are found, including from joint work with health, then social care budgets will have to be cut by £10million. The forecast outturn and risk position for 18-19 is showing at £0million as £16million of directorate non-delivery has been non-recurrently funded in year from reserves.

Note 4: STH FT expects to deliver against its financial plan, in part through non recurrent actions.

Note 5: SCH FT has delivered against its plan at the end of Q3 and while currently reporting the objective of delivery of plan at year end there is considerable risk that this will not be achieved. The risk is c£2m..

Note 6: Sheffield Health & Social Care is reporting over delivery of its Plan due to a range of non recurrent actions, with the aim of securing additional PSF funding with the NHSI offering £2 for £1 additional funding to support capital developments. This additional PSF is not shown in the reported position.