

Sheffield Accountable Care Partnership (ACP) Board

System Financial Update

21st June 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 that the actual outturn position for 2018/19 for the organisations within the ACP, together with information to about the financial plans in 2019/20.	
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 financial position, the budget allocations with regard to 2019/20 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 provides members with an update on the 2018/19 financial position against the combined financial plans of the six key partner organisations within the Sheffield ACP (with a total budget of £1.8bn) and delivery of the £80m efficiency requirement.

This paper will also provide a summary of the organisational financial plans for 2019/20 as well as a brief summary of the work undertaken to date by the Finance and Payment Reform work stream.

2. System wide Financial Position for 2018/19

At the time of writing this paper each organisation has reported their final outturn positions to their Board and produced their final accounts.

Table A on the attached **Appendix A** provide an overview of the planned positions in comparison to their actual outturn positions, including achievement of the savings targets required. 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, not the totality of the Council's budget.

In summary, Table A (2018/19 outturn position) shows that as a system a surplus of £42m was achieved after national Provider Sustainability Funding (PSF) funding of £53m received by the three Foundation Trusts. While each organisation ended the year with a surplus position this would not have been achieved by Sheffield Children's (SCH) without access to PSF funding. It should be noted that receipt of PSF funding is non recurrent and is expected to be phased out over the coming years. In addition the position for Sheffield Teaching Hospitals (STH) was supported by a revaluation of the estate, which was not in the original planned position.

The Council's overall financial position at year end was a £16m overspend against the budgets within the scope of the ACP, this was offset by the wider budget management arrangements of SCC and non-recurrent use of their reserves to show a breakeven position within Table A.

The efficiency target of £80m was identified during plan setting and £78m was achieved across this different organisations with the remaining efficiency shortfall offset by underspends on other budgets or use of contingency reserves.

So whilst it is positive news that overall the ACP delivered an improved financial position, this improvement was not universal and was reliant on non-recurrent funding/slippage and use of reserves or accounting treatments that cannot be relied on to give further improvements in future years.

3. 2019/20 Financial Planning

Table B presents the planned positions for 2019/20 alongside the required efficiency savings target.

Each of the six organisations has submitted a plan to their regulator (where relevant) which has been triangulated with other partners within the Sheffield Place to ensure consistency of assumptions and the overall level of risk and efficiency required to be delivered by the system.

Achievement of the agreed control totals, a surplus of £2m across the partners, will require achievement of £19m of PSF monies and delivery of £89m of efficiency savings, including £12m which still require final schemes being identified. Local Authority financial risk remains formally outside of ICS control total arrangements but is included with the Sheffield Place and ACP reporting. The breakeven control total for SCC is supported by a non-recurrent allocation of £11m into 2019/20 from their reserves pending efficiencies being released from identified transformation schemes.

The 2019/20 plans include a continuation of the 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.

In 2019/20 a new 'Blended' payment mechanism option for urgent care was introduced as part of the NHS national tariff guidance. Building on the work of a joint STH/primary care clinical working group supported by the ACP, STH and the CCG agreed a local 'Blended Plus' approach by also including Community services to reduce the impact of urgent care being seen as purely hospital based and to help manage financial risk across the two partners. This is essentially a block contract with marginal financial adjustments for activity variances above or below the agreed activity targets. The activity targets have been set based on historic activity with an allowance for growth and the quantified impact of the CCGs efficiency programme (QIPP).

Directors of Finance continue to work with NHS England (NHSE) as a major commissioner of health services from both SCH and STH. While their activity is not formally part of the Sheffield Place arrangements there continues to be additional risk to be managed from NHSE commissioned services within our Place.

4. Finance & Payment Reform Work Stream Update

The Operational Payment Reform Group (OPRG) was established to look at how the existing payment mechanisms can be used or amended to enable transformation and support innovation. Alternatives have been evaluated to give ability to be flexible as the system develops. As the ACP work stream programmes develop the OPRG will ensure that they enable progress to be made at pace with financial and activity risk managed and mitigated where possible for the system.

5. Joint Commissioning Committee

Since the last update to the ACP Board work has been undertaken to form a Joint Commissioning Committee (JCC) for Sheffield. In order to deliver the aspirations of the Shaping Sheffield plan and health and wellbeing outcomes the JCC has been established to bring Commissioners together to ensure a single commissioner voice in any decisions being made.

The creation of the JCC brings democratic accountability to the forefront of leading system wide change. Members representative of Governing body and Cabinet, supported by executive officers will ensure any work or decision making is undertaken once, removing duplication of system processes, avoiding waste of resources and a potential source of conflict. The ACP relationships will enable key communication flows with Provider partners throughout this process which will deliver financial sustainability whilst doing the best for the residents of Sheffield.

6. Recommendation

The Accountable Care Partnership Board is asked to consider the update on the 2018/19 financial position, the budget allocations with regard to 2019/20 and the work of the Finance and Payment Reform work stream of the ACP.

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

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

7th June 2019

Appendix A

Table A – 2018/19 Financial Position

Organisation	Planned Outturn Variance with PSF	Actual Outturn Variance with PSF	Difference Actual Outturn to Plan with PSF	% Difference to Plan with PSF	Planned CIP/QIPP/ Savings	Actual CIP/QIPP/ Savings achieved	Difference Actual CIP/QIPP/ Savings achieved to Planned	Planned % CIP/QIPP	Actual % CIP/QIPP achieved
	£m	£m	£m	%	£m	£m		%	%
Sheffield Children's NHSFT	2	3	1	0.4%	9	7	(2)	4.4%	3.6%
SHSC NHS FT	5	12	6	5.3%	4	4	0	3.5%	3.5%
Sheffield Teaching Hospitals NHSFT	5	28	22	2.0%	27	36	9	3.4%	4.6%
Sheffield CCG	0	0	0	0.0%	19	16	(3)	2.1%	1.8%
Sheffield City Council	0	0	0	0.0%	22	15	(7)	9.1%	6.2%
Primary Care Sheffield	0	0	0	0.0%	0	0	0	0.0%	0.0%
	12	42	30		80	78	(3)		

Table B – 2019/20 Financial Control Totals and efficiency plans

Organisation	Control Total Value including PSF	CIP/QIPP within plans	CIP/QIPP as % of budget
	£m	£m	%
Sheffield Children's NHSFT	1	8	4.9%
SHSC NHS FT	1	3	2.6%
Sheffield Teaching Hospitals NHSFT	1	21	2.0%
Sheffield CCG	0	15	1.7%
Sheffield City Council	0	42	11.9%
Primary Care Sheffield	0	0	0.0%
	2	89	