

Sheffield Accountable Care Partnership (ACP) Board

System Financial Update

31 October 2018

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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 brief system financial update to Members of the Sheffield ACP Board, together with a brief update on the work being led by the ACP finance and payment reform work stream of the ACP.	
2. Introduction / Background	
Based on month 6 financial information, there remain significant risks and challenges to be managed if organisations within the Sheffield ACP partnership are to deliver against individual financial plans for 2018/19.	
3. Is your report for Approval / Consideration / Noting	
Noting	
4. Recommendations	
The Accountable Care Partnership Board is asked to note the update on the system financial position 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

The ACP Board received a paper at its January 2018 meeting setting out the system wide financial position based on financial plans for 2018/19 at that time. In summary this showed total expected budgets within the scope of the Sheffield ACP of £2.4 billion (or a net £1.8 billion if we remove the income received by Sheffield providers from the two commissioning organisations of the CCG and City Council). At that time the aggregate efficiency “ask” was £80m. This paper principally seeks to present Board members with a high level summary of the system wide position at the half year (month 6) stage of the financial year.

The Board at its meeting in January 2018 agreed that more regular updates would be provided to the ACP Executive Delivery Group as part of updates from the Finance and Payment Reform ACP work stream led by the Directors of Finance from each of the six key partners to the ACP. These meetings provide an opportunity to gain a greater understanding and have a more detailed discussion on the key issues and risks that need to be managed across the system.

The South Yorkshire & Bassetlaw Integrated Care System team (ICS) receive the monthly reports which NHS organisations submit to their respective regulators of NHSE and NHSI and summary reports are provided to the ICS Collaborative Partnership Board. These are used to track progress against the individual organisational control totals and the ICS system wide financial control total.

This paper also provides a very brief overview from the Finance and Payment Reform work stream.

2. System wide Financial Position at Month 6

At the time of writing this report, each of the 6 organisations within the ACP partnership arrangements had just or were still finalising their month 6 positions prior to reporting these to their own Boards or equivalent meetings. As previously agreed, delivery of the planned financial position remains the responsibility of each individual statutory organisation, but one of the benefits of the ACP arrangements is that we can and do seek to work collaboratively on service change and management of system wide challenges and risks and this includes seeking to ensure we collectively manage the impact of change on each partner. For 2018/19, however, we only formally have financial risk share agreements 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.

Tables A and B on the attached **Appendix A** provide an overview of the year to date position at Month 6 and then the forecast out-turn position for 31 March 2019. The notes on Appendix A provide a very high level commentary from each of the

organisations on individual positions. 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 6) shows that based on a the profiles included in organisational plans, as a system we planned to be at a £7.6m deficit at month 6. In the actual reported positions we are showing a £25.5m deficit or overspend. This is split £17m for SCC and £8.5m across NHS provider organisations. This is a reflection of a range of cost pressures in the system and most organisations struggling to fully deliver against our respective efficiency programmes. At month 6 there is a reported £3.9m shortfall in efficiency programme savings, excluding figures for SCC.

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. However, each organisation has a wide range of risks to delivery of that position. In total £9m is being shown in the final column being where organisations are currently finding it challenging to find solutions, but work continues to seek and implement these. SCC are reporting a likely £15m overspend against the budgets within the scope of the ACP, which then have to be factored into the overall and much larger budget management arrangements of SCC.

Members are being asked to note the scale of challenge to delivery of financial plans and that work continues at individual organisational level and across system partners as we move into the second half of the year and need to manage the additional pressures which arise each year during the winter months.

3. Finance & Payment Reform Work Stream Update

Earlier in the financial year the informal monthly meetings of the six Directors of Finance were converted into the meeting for the Finance & Payment Reform work stream for the ACP, with R Joyce joining the membership and John Somers agreeing to be Chief Executive sponsor. The ACP Executive Delivery Group approved the Terms of Reference of the works stream in August 2018.

We are conscious that finance support is required to each of the other ACP work streams and a nominated senior finance manager from across our organisations has now been linked to each work stream. At the same time it was recognised that as part of the wider ACP programme management office and to underpin the finance and payment reform work stream we needed some dedicated financial support. The Directors of Finance approved the funding for a senior finance post and recruitment is currently in progress.

The main focus of the group over the coming months is twofold. Firstly further development of a financial strategy to underpin the service transformation work of the ACP as part of planning for 2019/20 and beyond. Secondly an operational subgroup has been established chaired by Phillip Easthope, Director of Finance SHSC, to take forward payment reform objectives. The work will focus on reform across the system that will establish principles to be applied across all services. Other more short-term work will focus on building on existing developments, namely, elderly medicine and mental health risk share and looking at national payment reform proposals for 2019/20.

Whilst work is developing at Place, discussions are also taking place at ICS level with regards to reform. We will look to both influence ICS development and learn from other Places.

4. Recommendations

The Accountable Care Partnership Board is asked to note the update on the system financial position and the work of the Finance and Payment Reform work stream of the ACP.

Paper prepared by: 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

25 October 2018

TABLE A: YEAR TO DATE POSITION at MONTH 6

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	7.0	6.1	(0.9)
Sheffield City Council	3	0.0	(17.0)	(17.0)			
Providers							
Sheffield Teaching Hospitals NHS FT	4	(3.0)	(5.4)	(2.4)	10.3	7.9	(2.4)
Sheffield Childrens Hospital NHS FT	5	(5.2)	(5.1)	0.1	2.0	1.5	(0.5)
Sheffield Health & Social Care NHS FT	6	0.6	1.6	1.0	2.1	2.0	(0.1)
Primary Care Sheffield Ltd		0.0	0.4	0.4	0.0	0.0	0.0
TOTAL		(7.6)	(25.5)	(17.9)	21.5	17.6	(3.9)

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)	2.5
Sheffield City Council (Note 2)	3	0.0	(15.0)	(15.0)	21.2	10.8	(10.4)	0.0
Providers								
Sheffield Teaching Hospitals NHS FT	4	3.5	3.5	0.0	26.8	24.0	(2.8)	4.2
Sheffield Childrens Hospital NHS FT	5	(1.6)	(1.6)	0.0	8.6	7.0	(1.6)	2.0
Sheffield Health & Social Care NHS FT	6	1.5	2.8	1.3	4.2	4.2	0.0	0.0
Primary Care Sheffield Ltd		0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL		3.4	(10.3)	(13.7)	79.3	61.6	(17.7)	8.7

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, but the CCG has a range of risks to manage to deliver this plan partly due to non delivery against our QIPP target. Overall net risk at M6 is circa £2.5m

Note 3: In relation to Sheffield City Council, for ACP monitoring purposes the "in scope" budgets are adult and childrens social care and the Public Health Grant. In total a budget of £224m for the year. The current projection is a £15m overspend against these budgets, shown in the reported position which is why £nil risk is shown in the risk column.

Note 4: Sheffield Teaching Hospitals is reporting delivery against Plan at year end excluding any PSF losses. The risk of £4.2m is the additional surplus required if the Trust is to reach the control total target determined by NHSI.

Note 5: Sheffield Childrens is reporting delivery against Plan at year end but with £2m risk to delivery based on current information and as communicated with NHSI and ICS. The figure of £7m achieved CIP does not reflect recurrent delivery, c£3.5m will be delivered only **non recurrently** through reduced expenditure, release of contingencies and other measures so the £3.5m challenge will remain in future years.

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.