

<b>REPORT TO:</b>	<b>Health and Social Care Scrutiny Committee 8<sup>th</sup> December 2016</b>
<b>AGENDA ITEM:</b>	<b>8</b>
<b>SUBJECT:</b>	<b>Croydon CCG – Financial Recovery Plan</b>
<b>LEAD OFFICER:</b>	<b>Paula Swann, Chief Officer CCG</b>
<b>CABINET MEMBER:</b>	<b>N/A</b>
<b>PERSON LEADING AT SCRUTINY COMMITTEE MEETING:</b>	<b>Paula Swann, Chief Officer, Croydon CCG Mike Sexton, Chief Financial Officer, Croydon CCG</b>
<b>ORIGIN OF ITEM:</b>	<b>Notification of Special Measures (21/7/16)</b>
<b>BRIEF FOR THE COMMITTEE:</b>	<p>Further to the Croydon CCG Financial Savings report presented at the 18<sup>th</sup> October committee meeting, the CCG has further documented its draft recovery plan for 2016/17 to 2018/19.</p> <p>To deliver its financial targets the CCG is required to deliver efficiency savings of £18.4m in 2016/17, £29.4m in 2017/18, and £14.3m in 2018/19.</p> <p>The service redesign themes and ambition in the recovery plan are consistent with the South West London NHS Sustainability and Transformation Plan (STP) which was submitted to NHSE on 21 October 2016.</p>
<b>CORPORATE PRIORITY/POLICY CONTEXT:</b>	

## **1. EXECUTIVE SUMMARY**

- 1.1** Strengthening Financial Performance & Accountability in 2016/17 sets out the agreed legal responsibilities of individual NHS bodies to live within the funding Parliament has decided should be available to the NHS this year. Individual accountabilities will be supplemented by the Sustainability and Transformation Plans being developed in communities across England.
- 1.2** Due to growing financial challenges across the NHS, the focus in 2016/17 is to stabilise the financial position and ensure ongoing financial sustainability through the delivery of Sustainability and Transformation Plans.
- 1.3** As a result of the CCG's financial performance in the first quarter of the Financial Year, a reported forecast position of -£9.9m deficit against a control total deficit of -£4.2m, Croydon CCG has been put in special measures.

- 1.4 Those measures are that; ‘Croydon CCG will be directed to produce and implement an Improvement and Financial Recovery Plan which will be approved and overseen by NHS England, improve governance of the CCG, deliver the recovery plan and develop leadership for the CCG that is consistent with the shared management arrangements required to support implementation of the STP’.
- 1.5 In the 2017/18 NHS Planning Guidance, NHS England has set clear financial performance expectations of Croydon CCG – to deliver a breakeven position in 2017/18 and a 1% surplus in 2018/19. The financial performance of Croydon CCG now also sits clearly within overall financial performance targets for the South West London group of CCGs.
- 1.6 Based on local planning assumptions, the level of efficiency savings required has been set. The challenge is summarised below:

	2016/17	2017/18	2018/19
Allocation	£475m	£487.7m	£500.5m
Financial Target	£4.2m deficit	Breakeven	£5.0m surplus
	0.9%	0.0%	1.0%
Efficiency Requirement	£18.4m	£29.4m	£14.3m
	3.9%	6.0%	2.9%

- 1.7 The lack of future funding growth, the growing demand for services and the reducing opportunity for efficiency means that the NHS in Croydon, to live with within the resource allocated to it, must more rapidly work with its partners, across care settings, (i) to transform the whole health and care system and (ii) to make service provision prioritisation decisions.
- 1.8 Historically, Croydon CCG has faced financial challenges dating to its establishment in April 2013. In its first year (13/14) the CCG was underfunded by £46m (-10.41%). Despite these challenges, the CCG up until 2016/17 had consistently delivered improved performance against its agreed deficit plan and delivered its QIPP target whilst improving quality and performance each year.
- 1.9 For 2016/17, whilst the CCG is striving to deliver additional savings to meet its deficit control total of £4.2m, the CCG’s forecast performance, given the risks it is managing, is a deficit of £9.9m with a worst case deficit of circa £19.9m.
- 1.10 The CCG’s 2016/17 RRL reflects underfunding of -3.71% circa £18m. This is deemed to be within an acceptable +/- 5% financial range and allocations only allow for modest additional growth funding through to 2020/21.

## 2 EQUALITIES IMPACT

- 2.1 Croydon, as a Borough, has one of the most diverse populations both in London and Nationally. While Croydon has slightly lower levels of deprivation than the England average, it has a higher than average number of children living in

poverty; higher levels of homelessness; higher rates of teenage pregnancy and a greater prevalence of diabetes than the England average. These are all key indicators of serious health inequalities.

- 2.2 While the savings the CCG is required to make are significant, the CCG has a responsibility under the Equality Act 2010 and Health and Social Care Act (2012) to, “Give regard to the need to reduce inequalities between patients in access to, and outcomes from healthcare services and to ensure services are provided in an integrated way where this might reduce health inequalities.
- 2.3 As part of our formal Equalities Impact Assessment we will be able to identify any potential impacts on specific communities and will be able to call upon members of these networks to help us to reach marginalised groups through face to face engagement at venues where these communities come together.

### 3 **ENVIRONMENTAL IMPACT**

Not Applicable

### 4 **PARTNERSHIP AND COLLABORATIVE WORKING**

- 4.1 The CCG is a member of a number of forums with Partners where the detail of the CCG’s Improvement and Financial Recovery Plan can be shared and consideration given to any potential impact and unintended consequences.

**Contact Officer:**

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