



**Commissioning Alliance**  
Brighton and Hove CCG  
Crawley CCG  
East Surrey CCG  
High Weald Lewes Havens CCG  
Horsham and Mid Sussex CCG

# Alliance update

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**June 2018**

## **Focus on finance: addressing our financial challenge**

The NHS nationally is facing significant challenges as it tries to meet an increasing demand on services with restricted finances and resources. People are now living longer and with ever more complex health needs, and this is making it more difficult to afford all the health and care services that the NHS currently pays for.

This is being particularly felt in the work of local Clinical Commissioning Groups (CCGs), who are responsible for buying and planning health services for their local populations.

At the end of the last financial year (2017/18), the CCGs of the Central Sussex and East Surrey Commissioning Alliance recorded an overall deficit of £87m. This is much worse than planned and worse than the previous financial year.

For the current financial year (2018/19), we have agreed with NHS England a collective 'control total' of £65m deficit. A control total is an agreed financial position that NHS organisations are expected to achieve at the end of the financial year. It effectively acts as an agreed overdraft that CCGs cannot exceed. This control total only relates to commissioners and does not take into account deficits from local health and care providers.

If we manage to end the financial year within this £65m deficit, we will receive £65m of 'Commissioner Sustainability Funding' (see more detail below) and will, therefore, achieve a breakeven position. This represents a significant opportunity for the CCGs to establish financial stability.

To achieve a £65m deficit, however, the Alliance CCGs must collectively save a total of £50m. This represents 3.5% of the total allocation of money across the five CCGs, which is £1.4bn.

Saving this amount of money will be a significant challenge but we are committed to doing so. We have a duty to ensure local services are being commissioned in a sustainable and affordable way and that we do not carry on spending more money than is available.

In the long term, we know the solution lies in a health and care system where there is a greater emphasis on prevention and care closer to home, relieving the pressures on our hospitals. We are currently developing plans to achieve this long term



transformation of services. However, right now we must be open and honest about our financial situation with our patients, public and stakeholders and ensure they recognise that it will require difficult decisions to be made about some services that are not considered to be cost effective.

As part of this, clinicians are currently reviewing all health and care services that have limited or no clinical benefit to patients to identify any areas where money is not being spent as effectively as it should be. Any decisions proposed as a result of this review will be based on whether a service is clinically effective and is a clinical priority, as well as input and feedback we have received from our local population.

### **What is the commissioner sustainability fund?**

The Commissioner Sustainability Fund, totalling £400m, has been established by NHS England to support CCGs that would otherwise be unable to live within their means for 2018/19.

All CCGs are expected to plan against fixed control totals at the start of the financial year and any CCG that has been set a deficit control total will be eligible for the commissioner sustainability fund. The value of the fund is set to bring CCGs back to a financial balance position, but it will only be allocated as long as the control total is achieved.

The purpose of the fund is to reduce the deficits of CCGs and should not be considered a source of funding for additional investment in the health economy. However, if CCGs achieve their control total and earn the commissioner sustainability fund bonus, they will start the next financial year in a much stronger position to commission local services for their populations.

### **How are control totals allocated?**

Every CCG nationally is allocated a control total by NHS England, which is set based on historical expenditure and the financial performance in 2017/18. Any CCG that has overspent in 2017/18 is expected to reduce its rate of expenditure by at least 1% of its allocated budget as an absolute minimum. For those with more significant and/or longer standing cumulative deficits, they are required to make faster improvements and achieve previously agreed saving plans.

*“The control totals for CCGs with cumulative deficits have deliberately been set to be challenging, and we recognise that in some cases they may not be achievable through the application of more conventional modes of efficiency savings. In those cases the CCGs will be supported in developing a more ambitious savings plan which enables it to achieve its control total, albeit recognising that this may require difficult choices to be made.”*

*NHS England, The Commissioner Sustainability Fund and control totals for 2018/19: guidance*



## What does this mean for our individual CCGs?

To achieve the shared £50m saving, each CCG in the Alliance has agreed to save a certain percentage of their annual allocation of money. This percentage is between 3.3% and 3.9%.

**Brighton and Hove CCG** has managed to either record a small surplus or break even financial position in previous years. However, we know this year will be very challenging and it is expected that the CCG would record a significant deficit at the end of the financial year if we did not take action. This could be in the region of £12m. It has, therefore, been agreed that the CCG will try to save 3.3% of its allocation of £425m. This is the smallest percentage compared to the other CCGs in the Alliance and represents £14m of savings.

**High Weald Lewes Havens CCG** has historically recorded a stable financial position but last year experienced a significant decline in its finances, finishing the financial year with a deficit of £8m. It has been agreed that the CCG will aim to save 3.9% of its allocation of £236m, which represents £9m.

**Crawley CCG** was given legal directions by NHS England last year, mainly due to its financial performance, and this required a savings plan to be put in place. The CCG ended the last financial year with a deficit of £19m and has agreed to save 3.6% of its £176m allocation, which is £6m.

**Horsham and Mid Sussex CCG** has been facing a financial challenge for some time and finished the last financial year with a deficit of £39m. As a result, the CCG was given legal directions by NHS England and was required to put in place a savings plan. The CCG has agreed to save 3.5% of its £319m allocation, which represents £11m.

**East Surrey CCG** has been facing significant financial challenges over the last few years and was rated inadequate and put into special measures by NHS England last year due to their financial position. The CCG ended the financial year with a deficit of £25m and have agreed to save 3.3% of their £232m allocation, which represents £7.5m.

## How are we engaging about our plans?

We are planning to be very clear, open and honest with our patients, public and all stakeholders about the financial challenge we face and what actions will need to be taken as a result. We are working to ensure appropriate patient and public involvement takes place as part of our decision-making process. We will be holding regular verbal briefings throughout the financial year with stakeholders, members of the community and voluntary sector and Healthwatch.

We are also running a sustained programme of public engagement throughout the rest of the year across the Alliance CCG areas, known as the Big Health and Care Conversation. This will enable us to engage and inform the public about the issues we face and to listen to and capture their feedback to help us make sensible decisions.

As well as patients, the public and stakeholders, we will continue to update and discuss with local GPs through the regular membership meetings that take place.

