



The Nottingham and Nottinghamshire  
Sustainability and Transformation Plan

# STP financial position

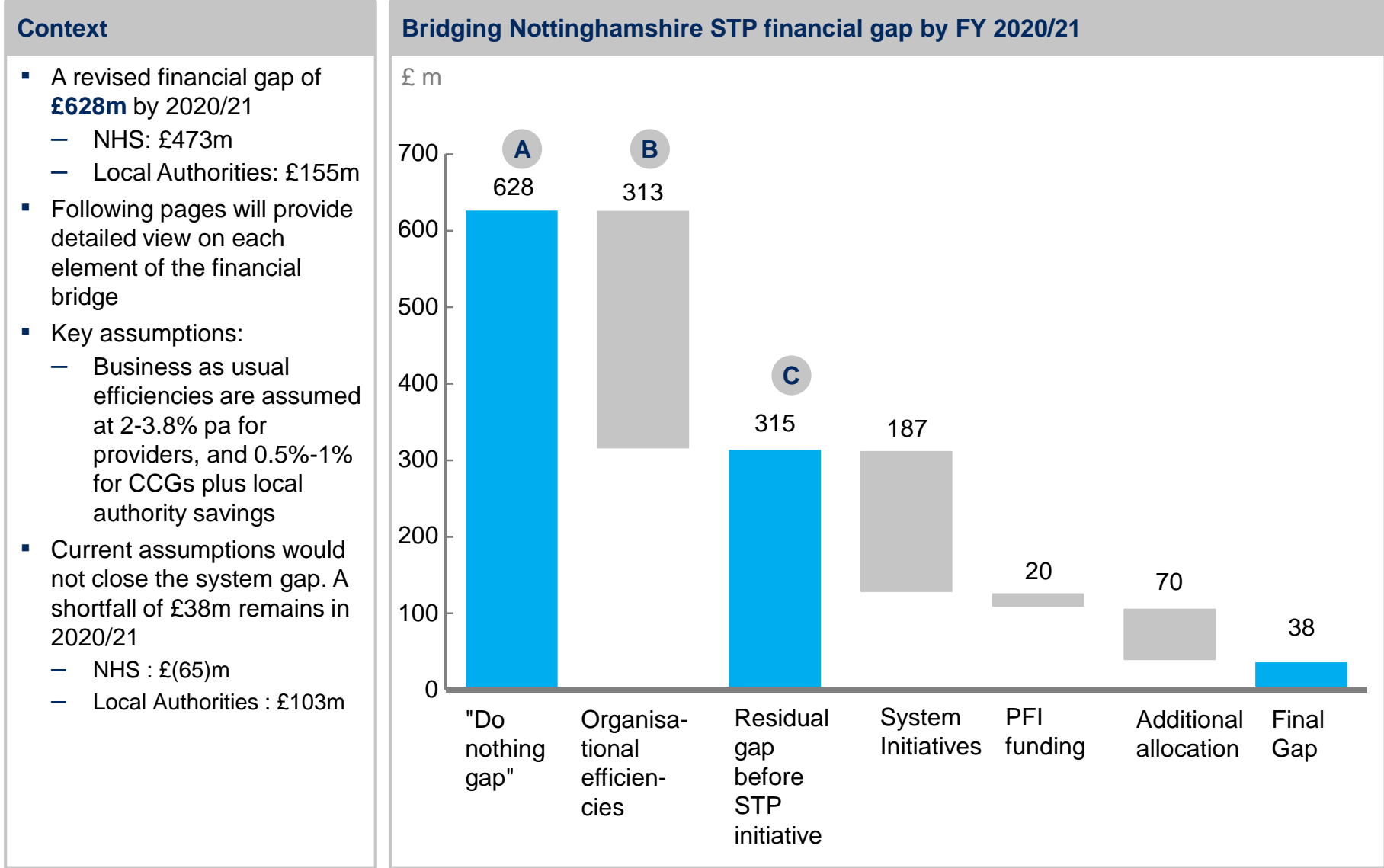
Friday 21 October, 2016



# Contents

- **Nottinghamshire STP financial position 2020/21 and key assumptions**
- Nottinghamshire STP financial position 2017/18, key assumptions, and decisions to be made

# Nottinghamshire STP financial position in FY 2020/21



SOURCE: Nottinghamshire STP financial model as of Oct 20, 2016

## A “Do-nothing” financial gap in each partner organisation

### Take aways

- There is a total £628m gap in a “do nothing” scenario by 2020/21
- No CIPs, QIPPs, value of “STP initiatives” have been included up until this point (this is “do nothing”)**

### 2020/21 Start Point – breakdown of the system gap

Organisation	20/21		
	Spend £000	Gap £000	%
City CCG	538,203	-16,371	-3.04%
Rushcliffe CCG	191,390	-19,666	-10.28%
Nottingham North and East CCG	250,329	-23,385	-9.34%
Nottingham West CCG	159,121	-14,566	-9.15%
Newark and Sherwood CCG	226,296	-22,822	-10.09%
Mansfield and Ashfield CCG	345,502	-34,529	-9.99%
<b>CCG Total</b>	<b>1,710,841</b>	<b>-131,339</b>	<b>-7.68%</b>
Nottinghamshire Healthcare	504,373	-41,219	-8.17%
NUH	1,087,272	-164,379	-15.12%
Sherwood Forest	399,185	-102,159	-25.59%
EMAS	43,534	-3,612	-8.30%
<b>Provider Total</b>	<b>2,034,366</b>	<b>-311,370</b>	<b>-15.31%</b>
Specialised	243,181	-30,084	-12.37%
City Care	63,483	-6,226	-9.81%
Circle	84,816	0	0.00%
County Local Authority	376,089	-69,912	-18.59%
City Local Authority	170,000	-78,824	-46.37%
<b>Total</b>		<b>-627,755</b>	

SOURCE: Nottinghamshire STP financial model as of Oct 20, 2016



# A To calculate the gap, two key assumptions have been made

## CCG expected funding

- The total **expected funding available to CCGs** has been provided by NHS England and it is a fixed assumption
- **No price deflation** has been incorporated as part of the financial model as we are looking at a “system level” position

## Expected provider spend growth

Expected Provider Growth Assumptions within Model:

Provider	2017/18	2018/19	2019/20	2020/21
Nottingham University Hospitals	2.50%	2.50%	2.50%	2.50%
Sherwood Forest Hospitals	3.50%	3.50%	3.50%	3.50%
EMAS	5.50%	5.50%	5.50%	5.50%
Nottinghamshire Healthcare Trust	2.50%	2.50%	2.50%	2.50%
Nottingham CityCare Partnership	2.50%	2.50%	2.50%	2.50%
Circle	3.55%	3.55%	3.55%	3.55%

- Growth rates are based on historic trends and accounts for **demographic and non-demographic growth**
- However, the **methodology has been different** among providers

SOURCE: Nottinghamshire STP financial model as of Oct 20, 2016



## B Business as usual organisational efficiencies

### Important notes

- Internal efficiencies are purely the % that each organisation can deliver on “its own”, not the efficiency that they will have to deliver with the collaboration of the system, nor the actual efficiency that the regulators are expecting
- CCG savings only include prescribing and continuing healthcare (i.e. do not include any QIPP that impact providers – as this would be double-counting)
- NHS Providers assumed 2-3.8% efficiency in 2017/18 and will deliver national requirement set on April of 2% from 2018/19 onwards

### 2020/21 BAU efficiencies – breakdown of the system planned efficiencies

Organisation	2017/18	20/21		
	BAU %	BAU %	BAU Value £000	REVISED GAP £000
City CCG	0.5%	0.5%	10,009	-6,362
Rushcliffe CCG	0.5%	0.5%	3,285	-16,381
Nottingham North and East CCG	0.5%	0.5%	4,336	-19,048
Nottingham West CCG	0.5%	0.5%	2,773	-11,793
Newark and Sherwood CCG	1.0%	1.0%	6,717	-16,105
Mansfield and Ashfield CCG	1.0%	1.0%	10,538	-23,991
<b>CCG Total</b>			<b>37,657</b>	<b>-93,682</b>
Nottinghamshire Healthcare	3.0%	2.0%	43,012	1,793
NUH	3.8%	2.0%	100,668	-63,711
Sherwood Forest	3.0%	2.0%	33,002	-69,157
EMAS	2.0%	2.0%	2,934	-678
<b>Provider Total</b>			<b>179,616</b>	<b>-131,754</b>
Specialised	3.3%	3.3%	30,084	0
City Care	1.0%	1.0%	2,385	-3,841
Circle	1.0%	1.0%	0	0
County Local Authority	9.5%	9.5%	41,694	-28,218
City Local Authority	5.82%	5.8%	9,910	-68,914
<b>Total</b>			<b>301,347</b>	<b>-326,408</b>

SOURCE: Nottinghamshire STP financial model as of Oct 20, 2016

## C Initiatives to date will give a net saving of £184m by 2020/21

	<u>STP system wide</u>	<u>Greater Notts</u>	<u>Mid Notts</u>
<b>C1</b> Strengthen primary, community, social care and carer services		£34M	£16M
<b>C2</b> Simplify urgent and emergency care - NUH bed reduction <sup>1</sup>		£8M	
<b>C3</b> Simplify urgent and emergency care - Vanguard		£8M	
<b>C4</b> Ensure consistent, evidence based pathways in planned care		£14M	£7M
<b>C5</b> Reduction in system variation	£45M		
<b>C6</b> Maximise estates utilisation	£20M		
<b>C7</b> Promote wellbeing, prevention, independence and self-care	£31M		
<b>C8</b> Improving housing and environment	£2M		
<b>C9</b> Deliver technology enabled care	£3M		
		<b>Nottinghamshire STP 2020/21 total saving</b>	<b>£187M</b>

1 Assuming Scenario 1 on following page  
2 Potential double counting between Greater Notts and Mid Notts being worked out

SOURCE: Nottinghamshire STP financial model as of Oct 20, 2016

# Profile of benefits over 5 years, in both scenario 1 and 2

## Context

- When we look at the initiatives over **5 years**, we can conclude **two things**:
  - **Mid Notts initiatives bring value much earlier** than South Nottingham but stop generating any additional value after year 2018/19
  - **Greater Nottingham/ South Nottinghamshire initiatives start returning the savings late** and ramps up in 2018/19
- The above points should be **discussed in the context of closing the 2017/18 gap**

## Bridging Nottinghamshire STP financial gap by FY 2020/21

### Initiative Summary - Net Savings

	2016/17	2017/18	2018/19	2019/20	2020/21
	£000s	£000s	£000s	£000s	£000s
<b>Scenario 1</b>					
Strengthen primary, community, social care and carer services	-	14,513	37,175	59,582	61,226
Simplify urgent and emergency care - NUH bed reduction	-	704	6,501	7,406	8,082
Simplify urgent and emergency care - Vanguard	-	2,613	3,496	6,336	7,540
Ensure consistent, evidence based pathways in planned care	-	250	16,071	19,529	21,529
Reduction in system variation	-	-	27,811	45,269	59,413
Maximise estates utilisation	-	-	-	-	27,200
Promote wellbeing, prevention, independence and self-care	8,336	12,135	20,814	27,077	34,451
Improving housing and environment	-	2,479	2,439	2,439	2,439
Deliver technology enabled care	-	-	1,000	3,000	3,000
<b>Total</b>	<b>7,791</b>	<b>48,515</b>	<b>117,764</b>	<b>170,638</b>	<b>224,880</b>
<b>Scenario 2</b>					
Strengthen primary, community, social care and carer services	-	14,449	28,870	37,465	38,281
Simplify urgent and emergency care - NUH bed reduction	-	704	6,501	7,406	8,082
Simplify urgent and emergency care - Vanguard	-	2,613	3,496	6,336	7,540
Ensure consistent, evidence based pathways in planned care	-	250	16,071	19,529	19,164
Reduction in system variation	-	-	23,957	29,917	29,698
Maximise estates utilisation	-	-	-	-	13,600
Promote wellbeing, prevention, independence and self-care	8,336	12,135	20,814	27,077	27,216
Improving housing and environment	-	2,479	2,439	2,439	2,439
Deliver technology enabled care	-	-	1,000	3,000	3,000
<b>Total</b>	<b>7,791</b>	<b>48,451</b>	<b>105,605</b>	<b>133,168</b>	<b>149,020</b>
<b>Average Nottinghamshire</b>	<b>7,791</b>	<b>48,483</b>	<b>111,685</b>	<b>151,902</b>	<b>186,950</b>

SOURCE: Nottinghamshire STP financial model as of Oct 20, 2016. Estate phasing to be confirmed.





# Contents

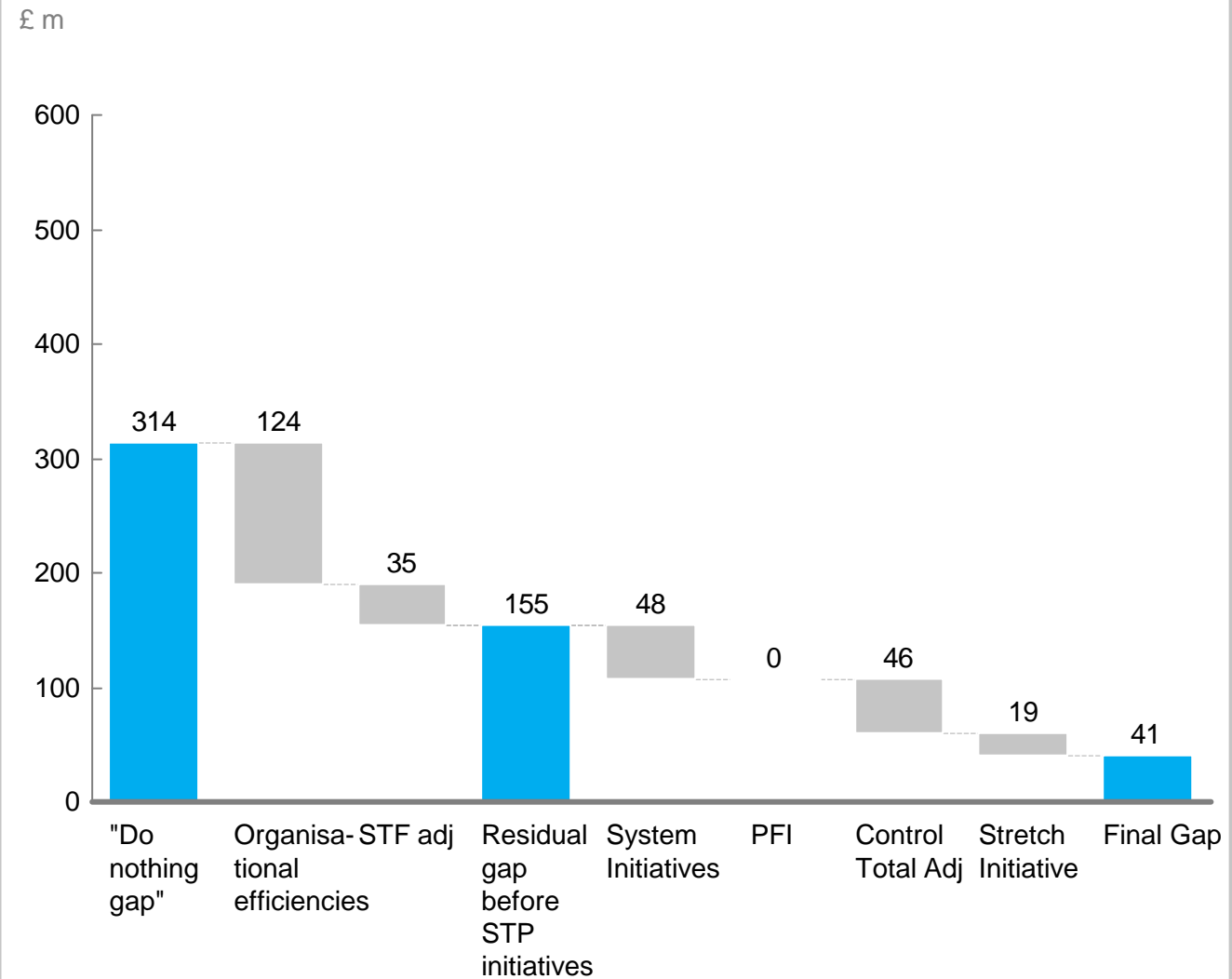
- Nottinghamshire STP financial position 2020/21 and key assumptions
- **Nottinghamshire STP financial position 2017/18, key assumptions, and decisions to be made**

# Nottinghamshire STP financial position in FY 2017/18

## Context

- An revised system gap of **£314m** in 2017/18
- Business as usual efficiencies are assumed at **£124m**
- System initiatives include Mid Notts Better Together Programme and Greater Nottingham / South Nottinghamshire initiatives
- Benefits from acute partnership working have not been considered
- Stretch Initiatives will be identified to close the NHS gap of £19m (eg. Estates, back office, etc)
- Current assumptions would not close the system gap. A shortfall of 41m remains in 2017/18
  - NHS : £11m (expecting vanguard and mental health funding)
  - Local Authorities : £30m

## Bridging Nottinghamshire STP financial gap by FY 2017/18



SOURCE: Nottinghamshire STP financial model as of Oct 20, 2016



## A “Do-nothing” financial gap in each partner organisation

### Important notes

- 2016/17 underlying position taken as start point
- Growth and inflation assumptions applied to 2016/17 position

### 2017/18 Start Point – breakdown of the system gap

Organisation	2017/18		
	Spend £000	Gap £000	%
City CCG	490,484	-7,277	-1.48%
Rushcliffe CCG	168,450	-10,138	-6.02%
Nottingham North and East CCG	220,011	-11,250	-5.11%
Nottingham West CCG	139,921	-5,952	-4.25%
Newark and Sherwood CCG	196,415	-8,829	-4.49%
Mansfield and Ashfield CCG	301,335	-13,437	-4.46%
<b>CCG Total</b>	<b>1,516,616</b>	<b>-56,883</b>	<b>-3.75%</b>
Nottinghamshire Healthcare	458,896	-5,519	-1.20%
NUH	988,538	-102,687	-10.39%
Sherwood Forest	342,730	-62,424	-18.21%
EMAS	37,772	-4,062	-10.75%
<b>Provider Total</b>	<b>1,827,937</b>	<b>-174,692</b>	<b>-9.56%</b>
Specialised	199,009	-6,477	-3.25%
City Care	56,113	-1,368	-2.44%
Circle	72,748	0	0.00%
County Local Authority	381,051	-36,359	-9.54%
City Local Authority	170,000	-38,429	-22.61%
<b>Total</b>	<b>4,223,473</b>	<b>-314,208</b>	<b>-7.44%</b>

SOURCE: Nottinghamshire STP financial model as of Oct 20, 2016

## B Adjustment to Residual System Gap

### Important messages

- For next year, if we were to not do any transformational initiative together, we would have a **£155m** gap
- This implies that collaboration is required as part of this STP
- The above numbers are subject to Control Totals being accepted and to STF figures

### 2017/18 NHS Provider STF Allocations and Organisational Control Totals

Organisation	2017/18				2017/18	
	BAU %	BAU Value £000	STF ADJ £000	REVISED GAP £000	CT Adj £000	REVISED GAP £000
City CCG	0.5%	2,416	0	-4,861	-600	-4,261
Rushcliffe CCG	0.5%	792	0	-9,347	0	-9,347
Nottingham North and East CCG	0.5%	1,044	0	-10,206	0	-10,206
Nottingham West CCG	0.5%	670	0	-5,282	0	-5,282
Newark and Sherwood CCG	1.0%	1,428	0	-7,401	-200	-7,201
Mansfield and Ashfield CCG	1.0%	2,219	0	-11,218	700	-11,918
<b>CCG Total</b>		<b>8,568</b>	<b>0</b>	<b>-48,315</b>	<b>-100</b>	<b>-48,215</b>
Nottinghamshire Healthcare	3.0%	13,767	2,733	10,981	9,622	1,359
NUH	3.8%	37,564	23,286	-41,837	-10,714	-31,123
Sherwood Forest	3.0%	10,282	8,814	-43,328	-43,805	477
EMAS	2.0%	674	187	-3,201	-1,266	-1,935
<b>Provider Total</b>		<b>62,287</b>	<b>35,020</b>	<b>-77,385</b>	<b>-46,163</b>	<b>-31,222</b>
Specialised	3.3%	6,477	0	0	0	0
City Care	1.0%	561	0	-807	0	-807
Circle	1.0%	0	0	0	0	0
County Local Authority	9.5%	36,359	0	0	0	0
City Local Authority	5.82%	9,897	0	-28,532	0	-28,532
<b>Total</b>	<b>2.94%</b>	<b>124,150</b>	<b>35,020</b>	<b>-155,038</b>	<b>-46,263</b>	<b>-108,775</b>

SOURCE: Nottinghamshire STP financial model as of Oct 20, 2016

# Appendix

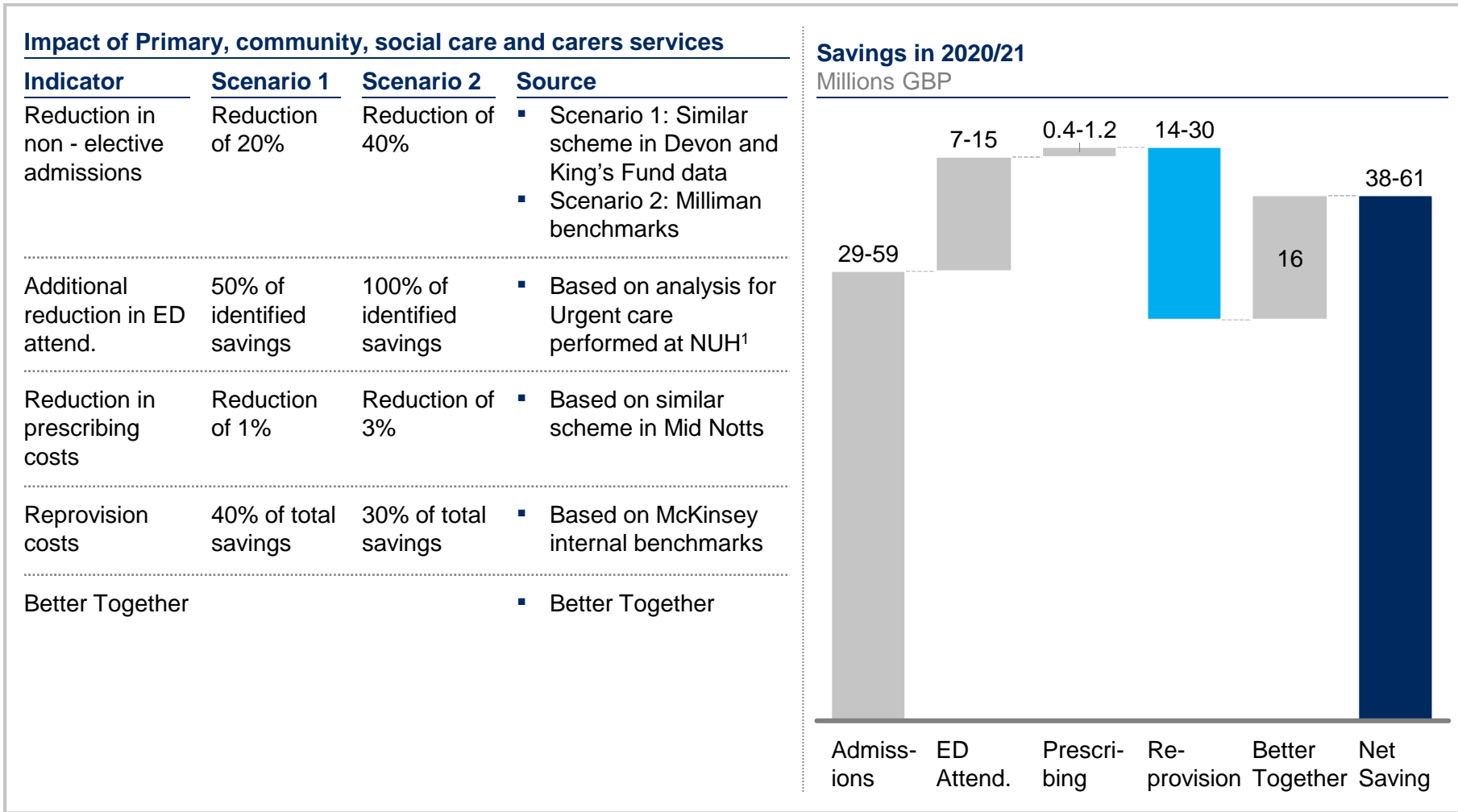


## How the model is structured

- This section is intended to give a **quick overview of how the financial model is built** – it is important to review it as to correctly interpret the “take-aways” in the following pages
- The Financial model has been built with engagement over the last six months of **Finance Directors of all Partner Organisations**
- It also builds on the assumptions made in the “**value propositions**” of the several **Vanguards** in the footprint, as well as, the **Actuarial Analysis** undertaken in Greater Nottingham
- The model is structured around **7 main components** over 2017/18 to 2020/21 time period:
  1. **“Do Nothing gap”**: difference between commissioner growth in funding and providers’ expected spend
  2. **Provider and commissioner internal efficiencies**: These are the efficiencies that the organisation expects to do in “their own”, without collaboration with other partner
  3. **Additional STP allocation to Nottinghamshire**: For 2020/21, this has been confirmed “on a directional basis” by NHSE by the end of the 5 years. Does not apply in the shorter term
  4. **STF and Control totals**: the model assumes that the system must balance to the issued control totals for each organisation and that the system therefore receives the STF
  5. **“Residual gap before STP initiatives”**: Result of subtracting (2),(3) and (4) from “Do nothing scenario”
  6. **STP initiatives**: Value of the initiatives that require collaboration amongst partners
  7. **STP financial gap**: Result of subtracting the value of the STP initiatives (6) from the “Residual gap before STP initiatives” (5)
- The model is **still evolving and will continue to do so** over the next couple of days, but please consider this as the most accurate picture in the current moment
- The model is built on the **current underlying financial positions** of organisations, this is likely to change as we move to financial close for 2016/17

# C1 Net impact of Strengthen primary, community, social care and carer services in 2020/21

PRELIMINARY



Note: Assumes activity growth based on provider assumptions, assumes cost inflation based on NHS guidelines

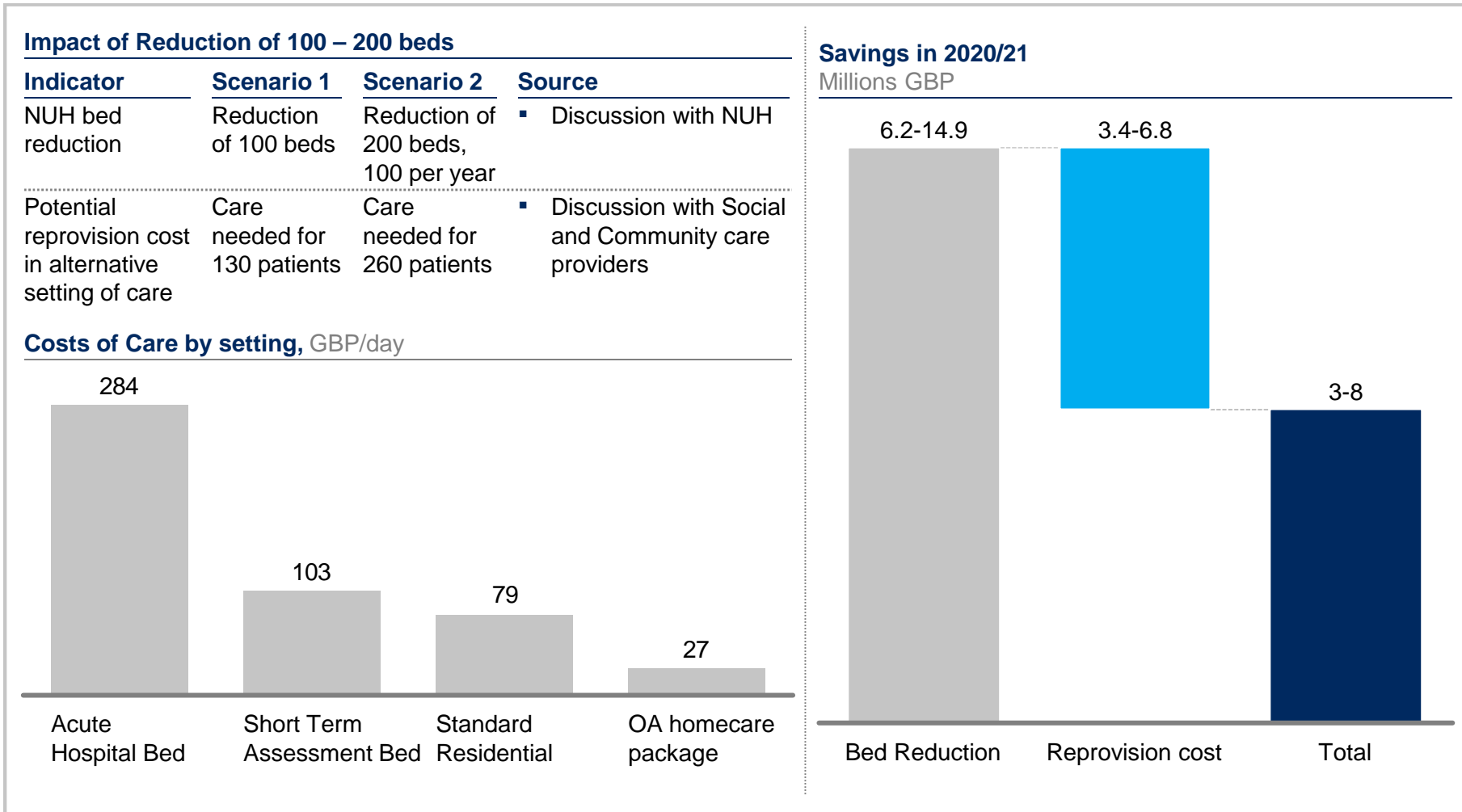
1. Additional to Urgent Care vanguard value proposition

SOURCE: Nottinghamshire STP financial model as of Oct 20, 2016



## C2 Impact of Simplify urgent and emergency care - NUH bed reduction in 2020/21

PRELIMINARY



SOURCE: Nottinghamshire STP financial model as of Oct 20, 2016





## C2 Overall objective, suggested approach and progress to date

VERY PRELIMINARY

**Overall objective:** (1) Estimate potential net cost savings of taking out 100-200 beds from NUH currently occupied by “medically fit” patients; (2) Discuss the implications and best approach forward as a leadership team

### Suggested approach

- Estimate potential provider savings from 100 or 200 bed reduction
- Identify number of “*medically fit*” patients for discharge and their needs (i.e. potential alternative of care)
- Collect community and social care unit cost
- Align Exec on approach and then assess whether capacity in the community is available today

### Current progress up to date

- 1 NUH finance team has provided the **cost under each scenario** and the timings associated with cost reduction
  - 2 ~150 “*medically fit*” patients identified as part of the Nerve Center initiative and performed **top-down assumption** of where these patients would be best cared for (we have not looked bottom-up patient by patient)
  - 3 **Received community and social care unit cost**, both for City and County Council
- Preliminary data on available capacity in the community

## C2 NUH cost break-down and sequencing of reducing 100-200 and sequencing (1/2)

	0 - 18 months	18 months +	36 - 60 month	60 months +	Total reduction in calendar bed Days
Number of beds Closed	Cost/ calendar day	Cost/ calendar day	Cost/ calendar day	Cost/ calendar day	
1st 28 beds	£0	£0	£0	£0	10,220
29- 56 beds	£206	£226	£241	£269	10,220
57 - 100 beds	£206	£226	£241	£269	16,060
101- 200 beds	£206	£226	£241	£269	36,500
<b>Total 0- 100 beds</b>					<b>36,500</b>
<b>Total 0- 200 beds</b>					<b>73,000</b>

### Assumptions;

1st 28 beds = reprovision of beds for overcrowding in ED, therefore 0 saving

29 - 200 beds = beds staffed at standard NHS rates

0 - 100 beds modelled from July 17

101 - 200 beds modelled from April 18

*Costs include reductions for Jr medical staff but do not assume savings for Consultant or management time*

*Costs include all non pay and internally traded costs for Therapies, pathology etc. The internally traded costs are profiled to reduce 18 months from removal of beds*

*It has been assumed that 75% of the Overhead costs can be removed in totality with 25% removed from year 3 and the remaining 50% removed from year 5. The assumption being, 25% of total overheads can not be reduced as a result of this bed closure programme*  
*All costs have been based on average costs within HCOP*

SOURCE: Nottinghamshire STP financial model as of Oct 20, 2016

## C2 NUH cost break-down and sequencing of reducing 100-200 and sequencing (2/2)

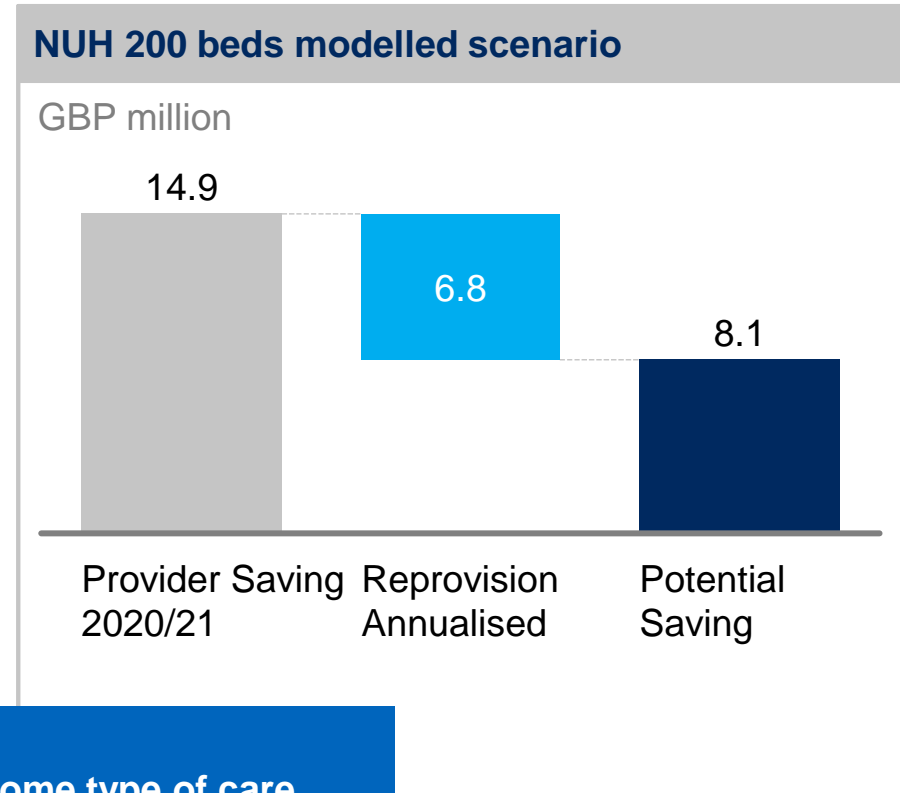
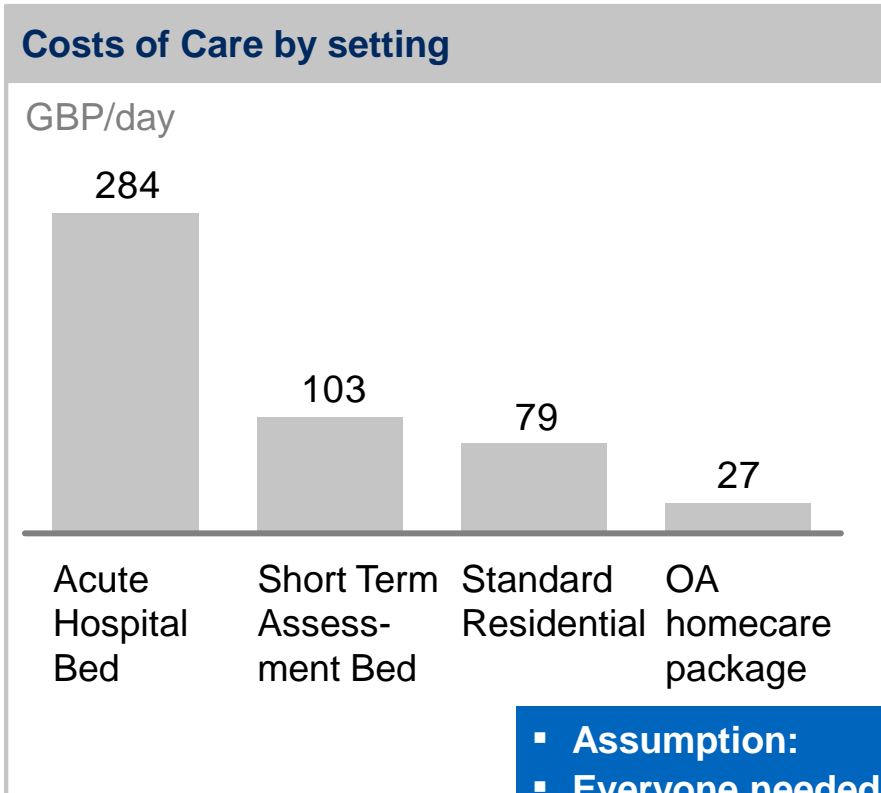
THESE NUMBERS ARE BEING REVISED

Calendar bed days	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
1st 28 beds	7,672	10,220	10,220	10,220	10,220	10,220	10,220
29- 56 beds	7,672	10,220	10,220	10,220	10,220	10,220	10,220
57 - 100 beds	12,276	16,368	16,060	16,060	16,060	16,060	16,060
101- 200 beds	0	36,500	36,500	36,500	36,500	36,500	36,500
<b>TOTAL</b>	<b>27,620</b>	<b>73,308</b>	<b>73,000</b>	<b>73,000</b>	<b>73,000</b>	<b>73,000</b>	<b>73,000</b>

Estimated Saving	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
1st 28 beds	£0	£0	£0	£0	£0	£0	£0
29- 56 beds	£1,578,924	£2,155,048	£2,313,131	£2,423,212	£2,459,771	£2,679,933	£2,753,052
57 - 100 beds	£2,526,443	£3,452,601	£3,634,920	£3,807,904	£3,865,355	£4,211,323	£4,326,225
101- 200 beds	£0	£7,696,599	£8,261,182	£8,654,327	£8,784,898	£9,571,188	£9,832,328
<b>TOTAL</b>	<b>£4,105,368</b>	<b>£13,304,248</b>	<b>£14,209,233</b>	<b>£14,885,443</b>	<b>£15,110,024</b>	<b>£16,462,444</b>	<b>£16,911,605</b>

SOURCE: Nottinghamshire STP financial model as of Oct 20, 2016

**C2** If the capacity is available in the community, providing care outside the acute setting would be around approximately half the cost PRELIMINARY – SCENARIO 2

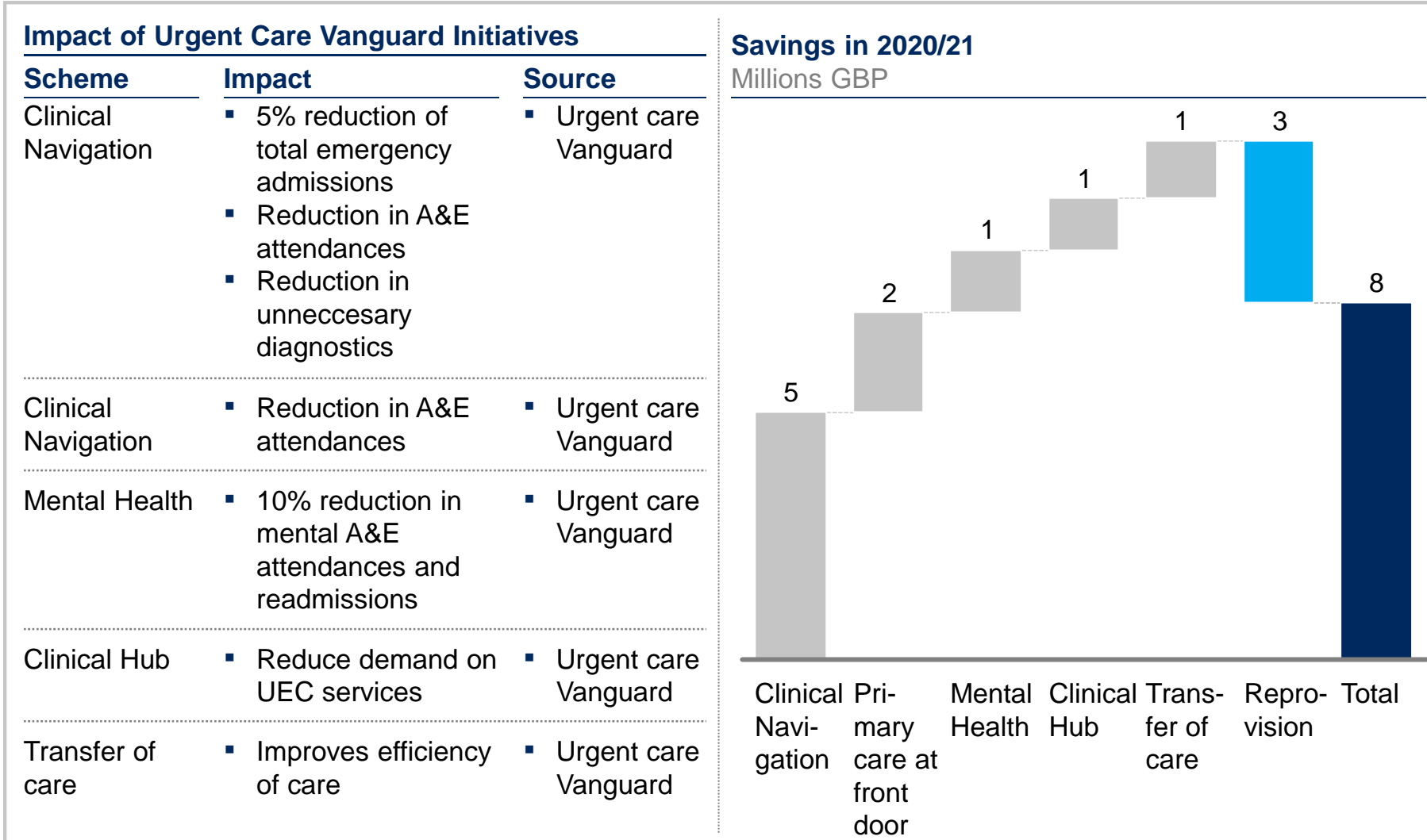


- Assumption:
- Everyone needed some type of care
  - 260 patients assumed for 200 beds
- Assumed breakdown:
  - 35% Short Term Assessment Bed
  - 35% Standard Residential
  - 30% package of care at home

SOURCE: Nottinghamshire STP financial model as of Oct 20, 2016

# C3 Impact of Simplify urgent and emergency care - Vanguard initiatives in 2020/21

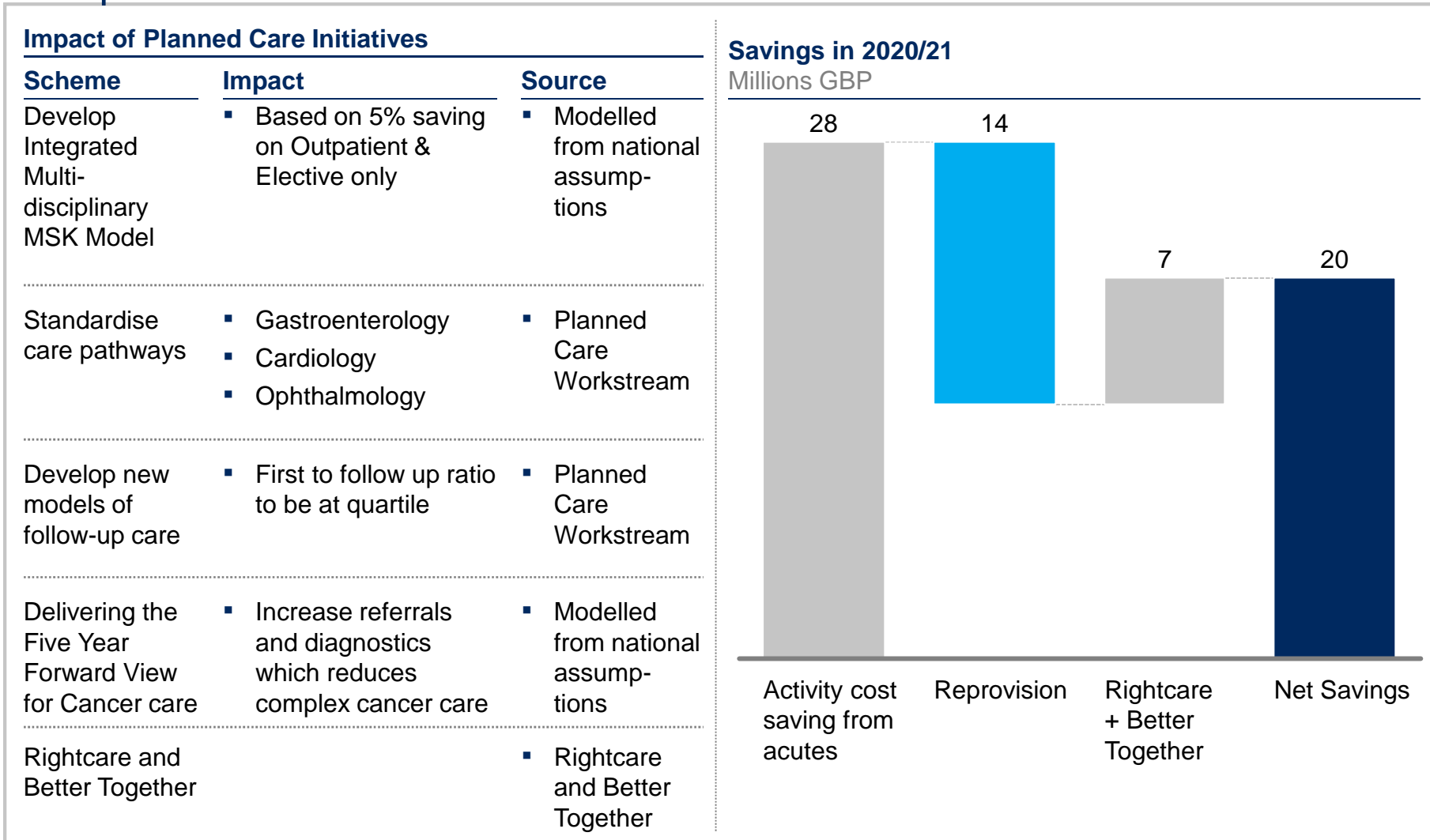
PRELIMINARY



SOURCE: Nottinghamshire STP financial model as of Oct 20, 2016

# C4 Impact of Ensure consistent, evidence based pathways in planned care initiatives in 2020/21

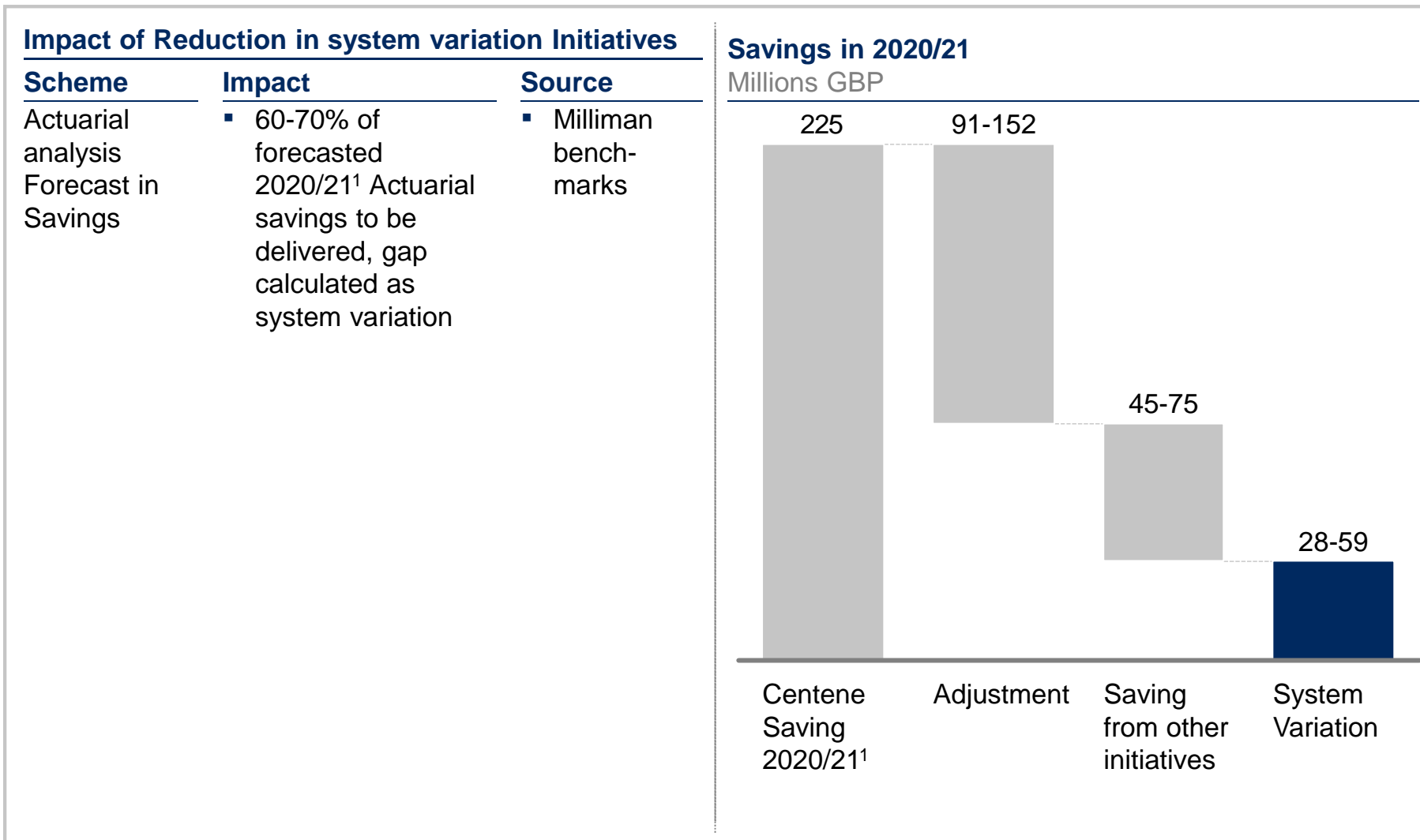
PRELIMINARY



SOURCE: Nottinghamshire STP financial model as of Oct 20, 2016

# C5 Impact of Reduction in system variation initiatives in 2020/21

PRELIMINARY

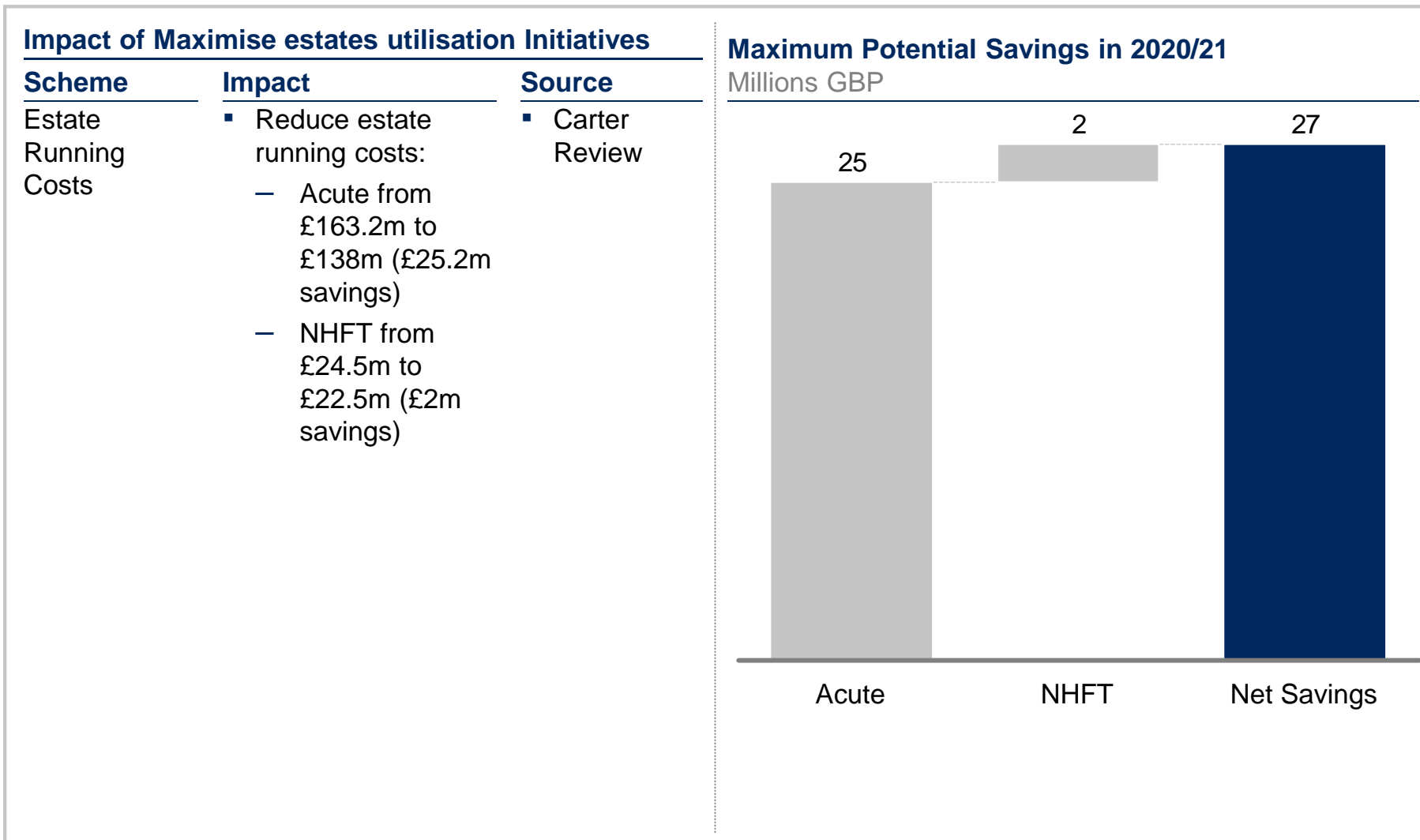


<sup>1</sup> 2020/21 Cenetene savings calculated based on historic growth on saving

SOURCE: Nottinghamshire STP financial model as of Oct 20, 2016

# C6 Impact of Maximise estates utilisation initiatives in 2020/21

PRELIMINARY

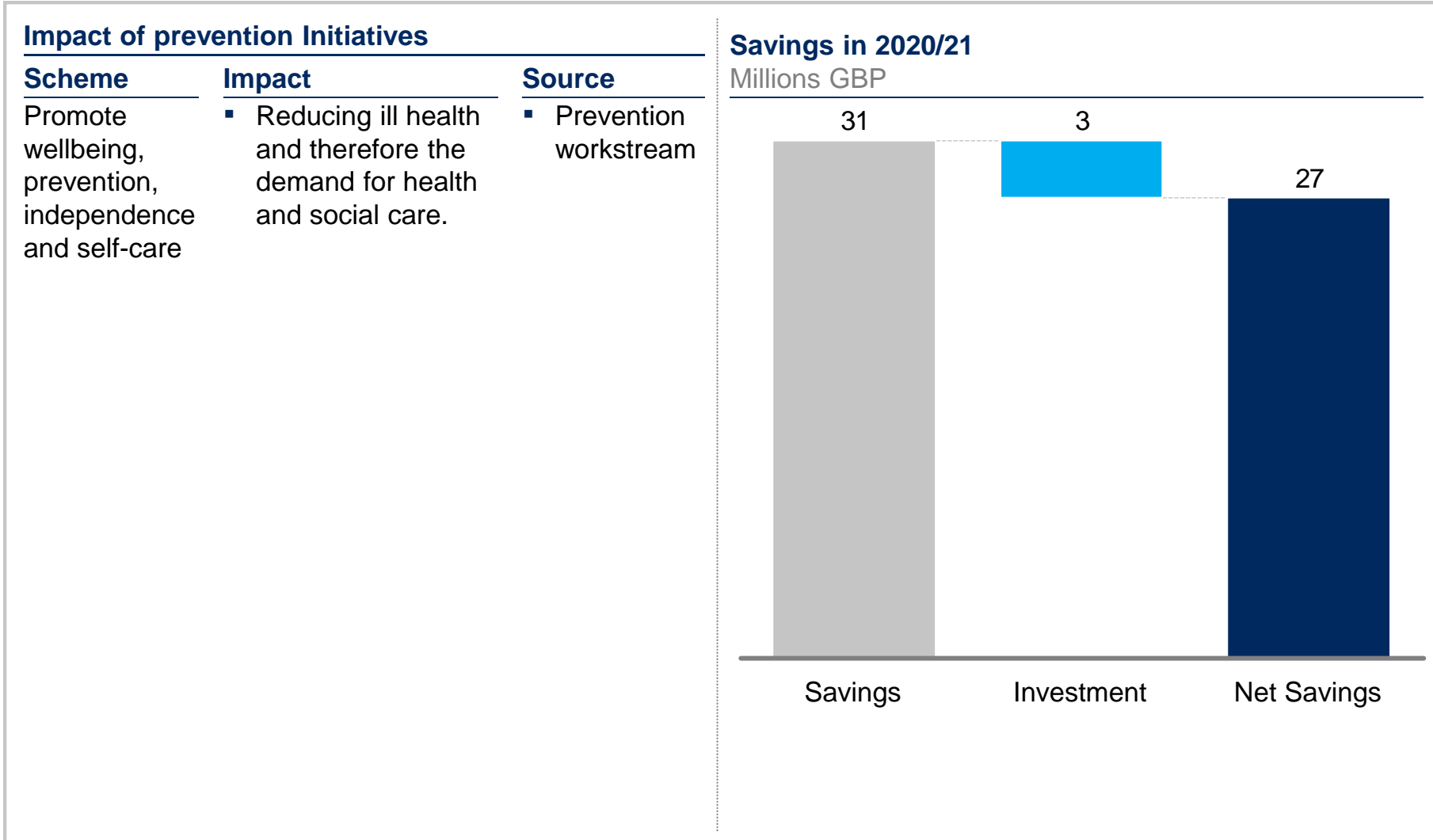


SOURCE: Nottinghamshire STP financial model as of Oct 20, 2016. Estate phasing to be confirmed.



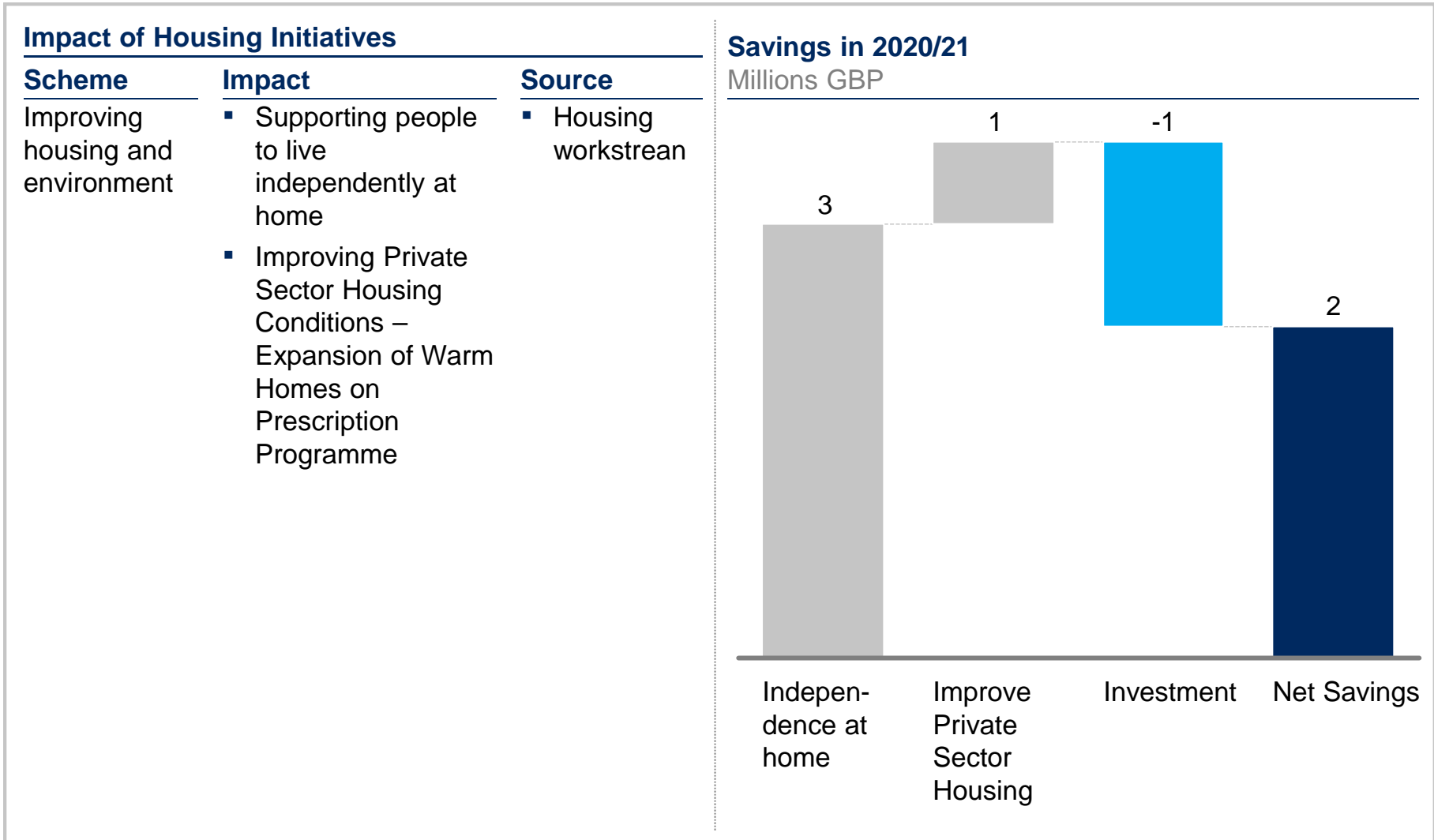


## C7 Impact of Promote wellbeing, prevention, independence and self-care initiatives in 2020/21 PRELIMINARY



SOURCE: Nottinghamshire STP financial model as of Oct 20, 2016

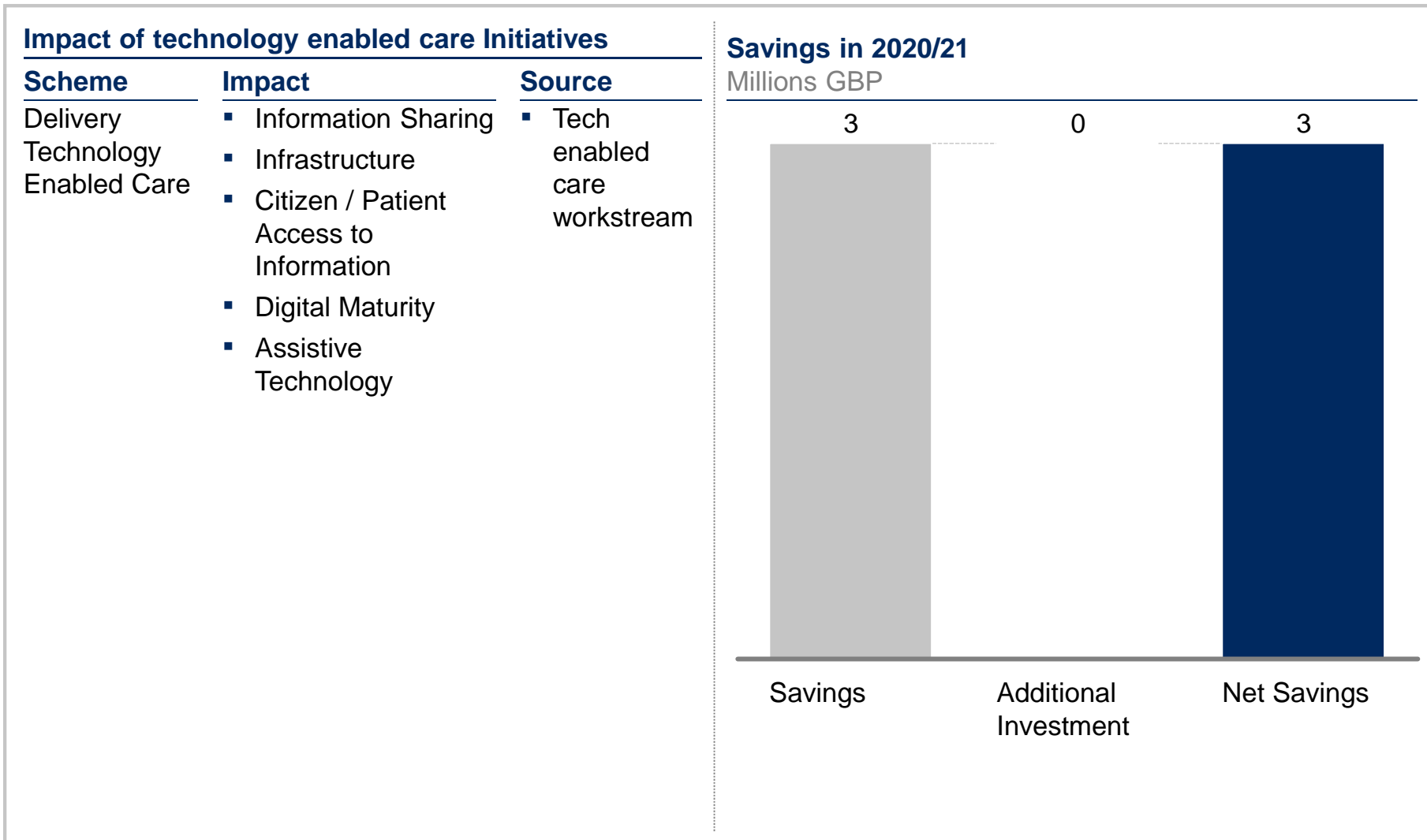
# C8 Impact of Improving housing and environment initiatives in 2020/21 PRELIMINARY



SOURCE: Nottinghamshire STP financial model as of Oct 20, 2016

# C9 Impact of Deliver technology enabled care initiatives in 2020/21

PRELIMINARY



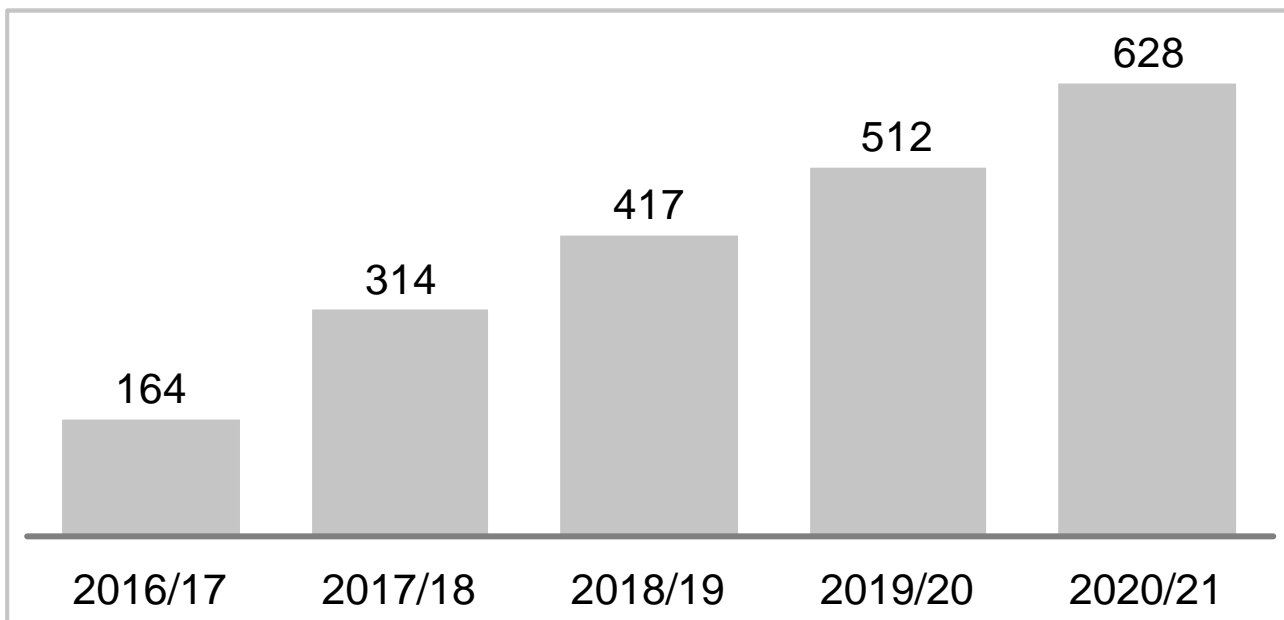
SOURCE: Nottinghamshire STP financial model as of Oct 20, 2016



# A In a 'do-nothing' scenario the recurrent finance F&E baseline gap will increase to £628m over the next five years

2020/21 F&E gap for Nottinghamshire

- Represents the total gap that will have to be closed in the future; does not represent the cost that the system has to take out today
- Provides a baseline to measure impact of savings only, does not provide a detailed financial projection of expected position



Will require further detailing of sources and application of funds

Note 1: Includes the STP population gaps of City CCG, Rushcliffe CCG, Nottingham North and East CCG, Nottingham West CCG, Mansfield and Ashfield CCG, Newark and Sherwood CCG, City Council, County Council, Nottingham Healthcare, Circle, EMAS, City Care, NUH, SFHT

Note 2: Does not include any provider CIP, CCG QIPP, or any other cost saving measures, assumes activity growth in line with organisation assumptions and cost inflation as per NHS guidelines

SOURCE: Nottinghamshire STP financial model as of Oct 20, 2016