

23 February, 2016

Dear Stakeholder,

North Norfolk Clinical Commissioning Group: financial position for 2016-17

A year ago, we wrote to you to outline the financial challenge we faced.

As you may recall, under the national funding formula used by NHS England, North Norfolk CCG was assessed as having already received more than its fair share of the NHS budget.

This left us facing a financial shortfall on our budgets of £9.2m in 2015-16 – around 4pc of our annual allocation and equivalent to £54 for every person living in North Norfolk.

We believed that this did not accurately reflect the two biggest challenges facing North Norfolk CCG – the complex needs of our older population and our rural geography – and we remain concerned that these are still not given sufficient weight within the national funding formula. However, this is not set to change for the foreseeable future.

To ensure we met our legal obligation to remain within our allocated spending limit in 2015-16, we began a thorough review of all the services we commissioned and a two-year plan was drawn up to identify potential efficiencies and cost-savings – a process that remains very much ongoing.

As a result of this work, we have so far saved £6.5m and we aim to increase this figure by the end of this financial year. But as you will be aware, the NHS faces huge financial challenge over the next decade and the drive to operate in a more efficient, sustainable way remains a priority.

In November, the Chancellor George Osborne announced that he was giving the NHS an extra £3.8bn in 2016-17. While this financial support is very welcome, most of this money will ultimately be spent on existing hospitals and provider trust services, as nationally the tariffs – or prices – paid by CCGs to providers have been increased from 1 April. This recognises the large deficits of many providers, which are estimated to be of the order of £2bn nationally.

NHS England has now announced CCGs' financial allocations for 2016-17 and North Norfolk CCG is to receive the equivalent of 3% growth (£6.7m). However, funding national initiatives will cost us an additional £1.6m, meaning that our real rate of allocation growth is 2.33%, and:

- The prices we pay providers for our services have gone up by £4.5m

- Increased activity linked to population growth/demographic factors will cost an extra £6.4m
- Meeting the gap between our 2015-16 savings and our original target will cost £1.3m

Once these additional cost pressures are taken into account, the CCG is left with a further budget shortfall of between £9m and £11m in 2016-17. Inevitably, in such a difficult financial environment, this means we will face more tough decisions as we strive to stay within our spending limit.

Over the last 10 months, we have been working to review and reshape the services we commission. This has included:

- reviewing our care pathways to make them more efficient for patients and clinicians
- continuing to develop our integrated care programme to ensure people receive the care they need at home or in the community
- reviewing our use of certain procedures with limited clinical value
- reducing our prescribing costs, for example by switching where possible to less expensive generic brands of medicines, stopping the provision of gluten-free foods, and asking GPs to stop prescribing low-dose painkillers in small quantities.

By taking these decisions, and transforming the way care is planned and provided, we have sought to deliver benefits for patients while making the best possible use of 'the North Norfolk Pound'.

To help us achieve this, we established a Community Engagement Panel to allow our stakeholders and patients to play an active role in the decision-making process. The views of the panel – and those of the public – have been vital as we drew up our plans for the services we have continued to commission and identified those that we would regrettably have to stop providing.

If this is something you would like to get involved in – or if you would like to join our panel – please contact us using the address above, or by emailing us at nccg.contactus@nhs.net.

In the next financial year, we will seek to build on this work, and the views and comments received from panel members will continue to shape our planning. But we are under no illusions that, with the cost pressures outlined above, it will be even more difficult to meet our financial targets.

With limited funding and growing demand for services, we will be guided by clinical evidence but will need to consider more radical and far-reaching changes in the way we plan and provide care. We also recognise that it will be impossible to keep doing everything we do now.

Our challenge, therefore, is to ensure that we continue to commission high-quality, integrated and locally-accessible healthcare services while meeting the financial targets demanded of us.

We remain determined that, no matter how difficult the decisions we face, we will continue to provide the best possible care for the people of North Norfolk and rural Broadland.

Yours sincerely



Mark Taylor
Chief Officer, NHS North Norfolk CCG



Dr Anoop Dhesi
Chairman NHS North Norfolk CCG