1. CCG ALLOCATION CHANGES

The Two year CCG allocations were discussed at the NHS England Board on 17th December 2013 with the following outcomes:

- The Board rejected the option for real-term cuts for "overfunded" CCGs under the new formula so additional funds could be directed to their most "underfunded" peers. This option was rejected on the basis that it was deemed to be too destabilising during a period of significant financial pressures facing CCGs across the board.

- Instead the board opted for minimum guaranteed growth in both years for all CCGs, with the most underfunded receiving relatively higher growth in both years.

Leeds CCGs will receive the minimum growth of 2.14% in 2014-15 and 1.7% in 2015-16, against maximum growth levels of 4.92% and 4.49% respectively being made available to the most underfunded CCGs in those two years.

Since the original indicative allocations were published in August, CCGs across the country, including Leeds have made representations to NHS England with regard to what they as Commissioners perceived as flaws in the formula and it would appear that some of these issues have been recognised and the allocations reviewed accordingly.

Revised CCG target allocations were issued on 20th December by NHS England and workshops were held in January by NHSE to explain the new formula.

The most significant change between the two allocation methodologies is the addition of a deprivation factor within the revised allocation formula. The population base used for allocations bases remains only the registered GP population.

At a first glance, it would appear that Leeds CCG target allocations per head have now fallen. At the same time the CCGs' distance from target allocation has also fallen despite the targets per head now being lower than before. The old allocations assumptions assumed a significantly higher need for spending on commissioned activity for secondary care than the revised formula which is based on post the transfer of almost £20 million across the three CCGs in Leeds to NHS England for Specialist Services during the year. It is therefore difficult to directly compare the two target allocations.

The allocation growth in 2014-15 for Leeds CCGs is similar to what CCGs have been planning all year, with the higher than base growth being awarded to those CCGs which are below their target allocations.

The proposed allocation growth for 2015-16 for Leeds CCGs is around 0.2% below the original planned levels.

This would appear to suggest that although the levels of growth being awarded are favouring CCGs outside of the Yorkshire and Humber regions and leading to higher investment elsewhere in the country, the levels awarded to our CCGs are not significantly reduced from our original planning assumptions.

These assumptions, nevertheless, have always been highly challenging given the current levels of inflation, the need to set up Better Care Funds, and the general pressures on NHS usage across the country. The challenge for the Yorkshire and Humber region will now be proportionately higher than for the rest of the country.

2013-14 OUTTURN POSITION

All three CCGs in Leeds inherited a 2% recurring surplus position from Leeds PCT which they have maintained throughout 2013-14. At month 10 we are still planning on the basis that this 2% surplus position will be retained.

The NHS planning assumptions require that CCGs do not reduce their surplus positions in 2014-15 from 2013-14. We are therefore planning again on a 2% surplus for 2014-15 for planning purposes.

RUNNING COSTS

From the point at which CCGs were being set up, running costs have been a topic of great interest and debate. The “per head” envelopes were initially muted at £20-£25 per head and eventually these were set at £25 per head pre-CCG authorisation and with the expectation that these would be reduced by 10% in 2015-16.

The latest publications are therefore in line with our expectations.

From their inception, the three CCGs in Leeds have always organised their administrative commissioning arrangements on a city wide collaborative basis, thus aiming to reduce duplication and optimise their running costs spend as far as possible. This places us in a better position to manage the 10% reduction in 2015-16.

Leeds Clinical Commissioning Groups
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