

Barnsley Health and Social Care System - Financial and Economic Model



Barnsley Clinical Commissioning Group

The Financial and Economic Modelling Tool

Model summary:

- The Financial and Economic Modelling Tool is a strategic planning tool intended to support system-wide planning to meet the financial challenge facing the Barnsley health and social care system
- It is constructed in MS Access Database and is intended to enable:
 - a year on year analysis of finances and capacity and demand across a care economy
 - the development of a baseline position for all providers and commissioners in the Barnsley system
 - demonstration of the impact of efficiency plans for both providers and commissioners
 - demonstration of the impact of cross provider and commissioner strategy



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How the model works

Inputs

Detailed Activity, Income, Cost Information Timeframe

Capacity Information i.e. Bed and Theatre (Optional)

Financial factors i.e. Inflation, tariff, MFF

Demand changes resulting from population, demographic, impact of QIPP

Provider CIP's impact of Cost pressures impact of significant financial adjustments i.e. impairments

Activity Shifts and Capacity Changes resulting from Proposals and Programmes of Change

Modelling Process

Modelling Process –

- Apply financial variables to the costed activity
- Apply impact of demand growth over given timeframe
- Apply known impacts i.e. CIP's QIPP plans, Cost pressures.
- Apply interventions onto revised base data i.e. Programmes of Change, Proposals etc

Outputs

Activity, Income and Cost Forecast

Capacity vs Demand Forecast

Commissioner & Provider Impact Analysis

Work to date

- Initial reporting of the indicative baseline financial challenge for all partner organisations and the system as a whole was undertaken during 2014/15
- Work has been ongoing across all partners to revise and update baseline positions to reflect known pressures since 2014/15 and projected future challenges
- This work identifies an indicative level of financial challenge facing the Barnsley Health and Social Care economy from 2015/16 to 2020/21
- Work regarding capacity and demand forecasting and the impact of system developments has not been undertaken due to the lack of robust assumptions and data



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The baseline position

- The development and refinement of the baseline position has involved representatives from Barnsley CCG, Barnsley Metropolitan Borough Council, Barnsley Hospital NHS Foundation Trust and South West Yorkshire Partnerships NHS Foundation Trust
- All organisations have submitted finance and activity data for the baseline year (2015/16) and assumptions regarding future financial challenges and pressures
- This data has been used to construct the baseline financial challenge for the whole economy as well as individual organisations
- The figures outlined are the **gross** financial challenge facing the health and social care economy



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The indicative financial challenge to the system

- The conclusion of this revised baseline position is that the system in Barnsley is projecting a financial challenge of £235.6m by 2020/21. The challenge by year is detailed below:

Financial Year	Financial Challenge £m
2015/16	21.4
2016/17	60.7
2017/18	96.8
2018/19	139.1
2019/20	186.6
2020/21	235.6



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The indicative financial challenge by organisation

- The financial challenge by 2020/21 for each organisation is detailed below:

Organisation	Financial Challenge £m
Barnsley Hospital NHS FT	56.3
South West Yorkshire Partnerships NHS FT	52.6
Barnsley CCG	75.0
Barnsley MBC	48.0
NHS England	3.7
Total System	235.6



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Assumptions and caveats underpinning the data utilised to derive the indicative baseline

Barnsley Hospital NHS FT and South West Yorkshire Partnerships FT

- Based upon initial five year plan for 2016/17 to 2020/21. This will be revised during February to April in line with submission of plans to Monitor
- Projected demographic and non-demographic activity pressures
- Figures do not reflect efficiency programme delivery beyond those schemes currently in progress
- Figures reflect national planning guidance and tariff assumptions prior to January 2016/17 announcements. Specifically this assumes tariff deflation rather than inflation



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Assumptions and caveats underpinning the data utilised to derive the indicative baseline

Barnsley MBC

- Predicted demographic changes (numbers / cost) in relation to adult social care i.e. Older People; Learning Disabilities, based on activity trend and population changes
- Anticipated impact of increases in provider fee in respect of residential / nursing care and domiciliary care due to the introduction of the national living wage
- Likely increase in hourly cost of care (residential and domiciliary care) due to the pressure to move to a 'fair fee' arrangements
- Recurrent cost pressures relating to increased number of children in external residential care and with independent fostering agencies
- Impact of planned interventions such as the LD transformation project has been reflected within the forecast – as mitigations
- Efficiency requirement on ASC arising from future years' funding cuts to the council



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Assumptions and caveats underpinning the data utilised to derive the indicative baseline

Barnsley MBC

- Does not reflect proposed actions that may be taken by the Council through the 2016-17 budget planning process to address some of the pressures (council budgets yet to be approved)
- No assumptions made in relation to increases in council tax income;
- Further details from the 2015 spending review are required to confirm the council's Medium Term Financial Strategy for 2017/18 and beyond

Barnsley CCG

- Based upon initial five year plan for 2016/17 to 2020/21. This will be revised during February to April in line with submission of plans to NHS England
- Considers projected demographic and non-demographic activity pressures
- Reflects known changes in commissioning intentions, efficiency programmes and cost pressures



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Assumptions and caveats underpinning the data utilised to derive the indicative baseline

Barnsley CCG

- Does not take into account the impact of contributions required to regional and national efficiency requirements
- Does not take into account commissioning changes regarding wider system change across a South Yorkshire foot-print
- Assumptions and financial values utilised will require update for the following:
 - NHS Planning Guidance and Business Rules published December 2015
 - NHS three-year firm and two-year indicative allocations announced January 2016
 - Revised national tariff prices for 2016/17



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Conclusion and Next steps

Conclusion

- Significant financial challenge faces the system over the next five years
- System-wide transformation and delivery of efficiencies is required to meet this challenge

Next steps

- Short-term
 - Undertake a model test for a service development to demonstrate functionality
 - Revise baselines and assumptions as appropriate
- In the longer-term, the Financial and Economic Model can support the development of system-wide planning and modelling of impacts but will only be able to do so if:
 - the full functionality to map demand and capacity and model financial impact of system change is developed
 - modelling data and provided by partners is sufficiently granular and routinely updated
 - Assumptions regarding the impact of developments or system changes are adequately defined and understood
 - All partners 'own' the model and play a full part in model development



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