



Brent Community Services

Introduction

This paper sets out for the benefit of the BCS Committee a summary of the processes feeding into BCS annual financial planning, and the external NHSL framework within which the 2010/11 Operating Plan has been constructed. The Operating Plan sets out the financial, performance and workforce issues facing BCS and the operational plans which have been developed to meet them.

Structure

The process of constructing the 2010/11 Operating Plan uses the following steps which will be described in greater detail below:

1. Establishing an overall baseline by forecasting total income.
2. Applying the NHS London planning assumptions around tariff uplift, CIP, contingency, planned surplus, pay awards and CQUIN.
3. Applying any further internal assumptions around cost pressures and the result of local contractual negotiations.

NHS London Planning Assumptions

The following structure has been mandated by NHS London to be used to construct the Operating Plan:

Item	%age	10/11 Value £
Tariff growth	0	0
Contingency	0.5	185
Planned Surplus	1	371
Cost Improvement Programme (CIP)	3.5	1,297
CQUIN	1.5	556

Income

Establishing the total gross quantum of income is the first step in determining the operating budget. This is made up of the following:

- a) Block Contracts for Clinical Services held with NHS Brent, NHS Ealing, NHS Westminster, NHS Barnet, NHS Harrow and NHS Camden
- b) Income forecast under non-contracted activity (NCA)
- c) Income for specialised services – principally Wheelchairs
- d) Income from the local authority (LB Brent), principally for children's services including LAC
- e) Workforce confederation income from MADEL for training

Block Contracting

BCS holds a number of large contracts with local commissioners. These are calculated on a block basis, which means the value is fixed and does not vary with activity levels. This gives a degree of stability in terms of financial planning, however it does restrict flexibility and ability to develop.

Nationally there has been a programme of work ongoing for several years to roll out a Payment by Results (PbR) community tariff which would reward community providers for actual activity delivered but a final agreement remains some way off. In the meantime the contract with NHS Brent will continue on a block basis with a 'shadow' cost-and-volume tariff in place for monitoring.

The value of the largest block contracts with local commissioners are set out in the table below:

	10-11 £	09-10 £	Var £
NHS Brent SLA	33,284,648	39,677,723	-6,393,075
NHS Harrow	645,677	292,637	353,040
NHS Ealing	452,602	642,548	-189,946
NHS Westminster	213,542	134,915	78,627
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Sub-total	34,596,470	40,747,823	6,151,353

Table 1: 2010/11 block contract values

Contract negotiations with NHS Brent

As the above table shows, the value of the contract with NHS Brent has reduced significantly. This is mainly due to the transfer of responsibility of Estates which is a cost neutral exercise for BCS. Instead of the entire cost of NHS Brent's estates passing through the books of BCS we will only be charged for actual usage.

Non-contracted activity

Where it has not been possible to agree a block contract we will charge quarterly on the basis of recorded activity. The projected values based on 09/10 activity are as follows:

	10-11 £	09-10 £	Var £
NHS Barnet Contract	421,934	50,000	371,934
NHS Camden Contract	317,713	174,000	143,713
NHS K&C	183,855	172,767	11,088
NHS Hillingdon	20,660	0	20,660
NHS West Herts	66,576	0	66,576
Other misc	44,965	0	44,965
Sub-total	1,055,702	396,767	658,935

'Other' Income

In addition BCS provides a range of services to health and social care commissioners for which we charge separately from the main SLAs. The principal specialist service is the wheelchair contract with Ealing, plus children's services commissioned by the LA. The full list is set out below:

	10-11	09-10	Var
	£	£	£
NHS Ealing Wheelchairs	365,569	357,700	7,869
London Borough of Brent	558,563	546,539	12,024
NWLH	51,860	228,656	-176,796
Workforce Confed - MADEL	420,535	420,535	0
CNWL	11,196	11,196	0
Sub-total	1,413,587	2,147,286	-156,903

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