ENCLOSURE: R

Agenda Item: 20/15

NHS
Bexley
Clinical Commissioning Group

Governing Body (public) meeting

DATE: 29 January 2015

Title	2015/16 Financial Planning Update
Recommended action for the Governing Body	That the Governing Body: **NOTE** the Forward View Précis at Appendix 1; **NOTE** the planning requirements from NHS England in respect of 2015/16; **NOTE** the 2015/16 programme and running costs allocations received shown on page 1; **NOTE** the business rules to be applied; **NOTE** progress to date with financial planning for Bexley CCG; **NOTE** that draft budgets will be brought to the March Governing Body to approve prior to the start of the 2015/16 financial year.
Executive summary	This paper provides an update to the Governing Body following publication of the 2015/16 detailed planning guidance. A précis of which is attached at Appendix 1. The CCG was required to submit a very high level plan for 2015/16 mid January (Appendix 2) and will be required to submit detailed financial plans for 2015/16, and possibly future years, in February. The guidance provided details of the CCG's allocations for 2015/16, including additional funding from the additional national £1.98bn funding, and for the Better Care Fund. Bexley CCG will receive an uplift above the minimum and average growth levels in recognition of its distance from target. The new allocations also include some seasonal resilience funding and funding for mental health investment. Details of the allocations are shown on page 1. The guidance also provided details of the planning assumptions/business rules to be applied in 2015/16, the detail of which is included in the paper. As part of the planning round, CCGs have also been asked to

	consider the continued funding of the London levies. Details of the levies which the CCG has been asked to contribute to in 2015/16 is shown on page 4. The CCG has been updating detailed and summary financial planning models since August (month 5), which are continually updated for revised assumptions. As the CCG is still below target allocations, even after the additional funding, it will be permitted to plan for the same position as in 2014/15, £126k surplus. Currently, the CCG cannot afford to plan for the required 1% surplus until 2017/18. It is possible that the CCG will not benefit from further differential growth in future years as 3% distance from target is considered to be within margins of error. The CCG is 3.07% away from target after application of the 2015/16 increases. Furthermore, NHS England is currently calculating specialist commissioning by CCG. If this were to be played into allocation calculations, NHSE London believes that this will push all CCGs in London over target. However, 2015/16 is the end of the current funding settlement so further details of future years' allocations are not known. The high level plan for 2015/16 – 2019/20 is shown at appendix 3. The draft budgets are being shared with Directors and budget holders to ensure that cost pressures and any additional transactional QIPP are included. A final draft of the budget, including the value of the acute and mental health contracts, which should be signed by 28th February, will be presented to the Governing Body meeting in March for approval, after consideration by the Finance Sub Committee.

Which objective does this paper support?	**Patients:** Improve the health and wellbeing of people in Bexley in partnership with our key stakeholders	✓
	People: Empower our staff to make NHS Bexley CCG the most successful CCG in (south) London	N/A
	Pounds: Delivering on all of our statutory duties and become an effective, efficient and economical organisation	✓
	Process: Commission safe, sustainable and equitable services in line with the operating framework and which improves outcomes and patient experience	✓

NHS
Bexley
Clinical Commissioning Group

<table>
<tr><td rowspan="6">Organisational implications</td><td>Key risks
(corporate and/or clinical)</td><td colspan="2">The key risks for the financial planning are any further deterioration in the 2014/15 forecast outturn position, the negotiation of contracts within the financial envelopes, the accurate forecasting of the impact of the QIPP schemes, lack of any reserves/contingencies (other than those which are a requirement) in 2015/16 and the accuracy of the planning assumptions from 2016/17 onwards.</td></tr>
<tr><td>Equality and diversity</td><td colspan="2">To ensure equity of healthcare provision for the residents of Bexley.</td></tr>
<tr><td>Patient impact</td><td colspan="2">To ensure that all patients receive good quality care in the correct setting within the resources available.</td></tr>
<tr><td>Financial</td><td colspan="2">To ensure that the best value and quality services are commissioned for the residents of Bexley within the available resources.</td></tr>
<tr><td>Legal issues</td><td colspan="2">None.</td></tr>
<tr><td>NHS constitution</td><td colspan="2">To ensure that all requirements and impacts of the NHS constitution are included in the financial plan.</td></tr>
<tr><td>Consultation (public, member or other)</td><td colspan="3">Not applicable</td></tr>
<tr><td>Audit (considered/approved by other committees/groups)</td><td colspan="3">This report has not been to any other committee but regular financial updates have been and will be given to the Finance Sub-Committee.</td></tr>
<tr><td>Communications plan</td><td colspan="3">Not applicable</td></tr>
<tr><td>Author</td><td colspan="3">Theresa Osborne
Chief Financial Officer</td></tr>
<tr><td></td><td colspan="2">Clinical lead

Dr S Deshmukh
Governing Body Lead for Finance</td><td>Executive sponsor

Theresa Osborne
Chief Financial Officer</td></tr>
<tr><td>Date</td><td colspan="3">16 January 2015</td></tr>
</table>

2015/16 Financial Planning Update

Introduction

This paper has been written to provide the Governing Body with an update on the financial planning process now that NHS England has issued the required guidance and allocations as expected in December 2014.

The financial planning process began in Bexley in August (month 5) and so plans are fairly well developed at this stage.

Guidance

As predicted, NHS England issued the planning guidance and CCG allocations on the 19th December 2014. This guidance related to 2015/16 only. A précis is attached at Appendix 1. The full planning guidance is available at http://www.england.nhs.uk/2014/12/19/forward-view/. The CCG was required to submit a very high level plan for 2015/16 mid January (Appendix 2) and will be required to submit detailed financial plans for 2015/16, and possibly future years, in February.

The guidance also included details of 2015/16 allocations, following notification of the additional national £1.98bn funding, and for the Better Care Fund. Bexley CCG will receive an uplift above the minimum and average growth levels in recognition of its distance from target. The new allocations also include some seasonal resilience funding (£1.4m) and funding for mental health investment. Key points relating to Bexley CCG's allocations are shown at Appendix 2.

As the CCG is still below target allocations, even after the additional funding, it will be permitted to plan for the same position as in 2014/15, £126k surplus. Currently, the CCG cannot afford to plan for the required 1% surplus until 2017/18.

Allocations

The 2015/16 allocations were received on 19th December. The allocations were above those previously expected, following the announcement of additional £1.98bn funding, in recognition of Bexley's distance from target allocations. This additional allocation will help the CCG address its underlying deficit position. Key points relating to the allocations are:

- Bexley CCG has received a 5.58% increase on 2014/15 funding;
- The starting programme allocation for 2015/16 is £272.142m;
- The allocations include £1.4m for winter funding and an expected increase for investments in mental health. The CCG has provided for 1.94% investment in line with the minimum CCG growth as it considers the additional increase to be in lieu of its distance from target. Discussions have been held with NHS England in this respect;
- In addition to baseline allocations, the CCG will receive £4.255m for the Better Care Fund which will be transferred to the London Borough of Bexley;

- The CCG remains 3.07% below target funding after application of the 2015/16 increases;
- The CCG will receive £5.121m for 2015/16 running costs, a 10% large reduction from 2014/15 amounts.
- 10 CCGs within London received the baseline growth of 1.94% for 2015/16.
- 14 CCGs received over 5% with the highest uplift being NHS Merton CCG at 8.03%.

It is possible that the CCG will not benefit from further differential growth in future years as 3% distance from target is considered to be within margins of error. The CCG is 3.07% away from target after application of the 2015/16 increases. Furthermore, NHS England is currently calculating specialist commissioning by CCG. If this were to be played into allocation calculations, NHSE London believes that this will push all CCGs in London over target. However, 2015/16 is the end of the current funding settlement so further details of future years' allocations are not known.

In the absence of updated information on future years' allocations the CCG has retained current planning assumptions.

Planning Assumptions

The guidance included business rules to be applied to the financial planning process for 2015/16 and these are summarised below:

2015/16

	Acute	Mental Health	CHC	Client Groups	Primary Care	Corporate Budgets	Other Budgets and Reserves	Total
Recurrent uplift								2.51%
Demographic Growth	0.97%	0.97%	0.97%	0.97%	0.97%			0.92%
Non-demographic growth	2.00%	2.00%	2.00%	2.00%	2.00%			1.89%
Total population & incidence growth	2.97%	2.97%	2.97%	2.97%	2.97%		0.00%	2.81%
Prescribing growth					4.00%			
Tariff/ Inflation Uplift	3.00%	2.30%	2.00%	1.93%	1.00%	1.00%		2.47%
Tariff efficiency assumption/ Price Efficiency applied	(3.80%)	(3.80%)	0.00%	(3.80%)		0.00%		(3.08%)
Net Tariff/ Inflation Uplift	(0.80%)	(1.50%)	2.00%	(1.87%)	1.00%	1.00%	0.00%	(0.61%)

In the absence of further guidance existing planning assumptions have been retained for future years and these have been summarised in the tables below:

2016/17

	Acute	Mental Health	CHC	Client Groups	Primary Care	Corporate Budgets	Other Budgets and Reserves	Total
Recurrent uplift								2.61%
Demographic Growth	0.97%	0.97%	0.97%	0.97%	0.97%			0.91%
Non-demographic growth	2.00%	2.00%	2.00%	2.00%	2.00%			1.58%
Total population & incidence growth	2.97%	2.97%	2.97%	2.97%	2.97%		0.00%	2.49%
Prescribing growth					4.00%			
Tariff/ Inflation Uplift	4.40%	4.40%	2.00%	4.40%	1.00%	1.00%		3.57%
Tariff efficiency assumption/ Price Efficiency applied	(4.00%)	(4.00%)	0.00%	(4.00%)		0.00%		(3.02%)
Net Tariff/ Inflation Uplift	0.40%	0.40%	2.00%	0.40%	1.00%	1.00%	0.00%	0.55%

2017/18

	Acute	Mental Health	CHC	Client Groups	Primary Care	Corporate Budgets	Other Budgets and Reserves	Total
Recurrent uplift								2.59%
Demographic Growth	0.97%	0.97%	0.97%	0.97%	0.97%			0.91%
Non-demographic growth	2.00%	2.00%	2.00%	2.00%	2.00%			1.57%
Total population & incidence growth	2.97%	2.97%	2.97%	2.97%	2.97%		0.00%	2.48%
Prescribing growth					4.00%			
Tariff/ Inflation Uplift	3.40%	3.40%	2.00%	3.40%	1.00%	1.00%		2.81%
Tariff efficiency assumption/ Price Efficiency applied	(4.00%)	(4.00%)	0.00%	(4.00%)		0.00%		(3.01%)
Net Tariff/ Inflation Uplift	(0.60%)	(0.60%)	2.00%	(0.60%)	1.00%	1.00%	0.00%	(0.21%)

2018/19

	Acute	Mental Health	CHC	Client Groups	Primary Care	Corporate Budgets	Other Budgets and Reserves	Total
Recurrent uplift								2.57%
Demographic Growth	0.97%	0.97%	0.97%	0.97%	0.97%			0.91%
Non-demographic growth	2.00%	2.00%	2.00%	2.00%	2.00%			1.57%
Total population & incidence growth	2.97%	2.97%	2.97%	2.97%	2.97%		0.00%	2.48%
Prescribing growth					4.00%			
Tariff/ Inflation Uplift	3.30%	3.30%	2.00%	3.30%	1.00%	1.00%		2.73%
Tariff efficiency assumption/ Price Efficiency applied	(4.00%)	(4.00%)	0.00%	(4.00%)		0.00%		(3.01%)
Net Tariff/ Inflation Uplift	(0.70%)	(0.70%)	2.00%	(0.70%)	1.00%	1.00%	0.00%	(0.28%)

2019/20

	Acute	Mental Health	CHC	Client Groups	Primary Care	Corporate Budgets	Other Budgets and Reserves	Total
Recurrent uplift								2.57%
Demographic Growth	0.97%	0.97%	0.97%	0.97%	0.97%			0.91%
Non-demographic growth	2.00%	2.00%	2.00%	2.00%	2.00%			1.57%
Total population & incidence growth	2.97%	2.97%	2.97%	2.97%	2.97%		0.00%	2.48%
Prescribing growth					4.00%			
Tariff/ Inflation Uplift	3.30%	3.30%	2.00%	3.30%	1.00%	1.00%		2.73%
Tariff efficiency assumption/ Price Efficiency applied	(4.00%)	(4.00%)	0.00%	(4.00%)		0.00%		(3.01%)
Net Tariff/ Inflation Uplift	(0.70%)	(0.70%)	2.00%	(0.70%)	1.00%	1.00%	0.00%	(0.28%)

Discussions are taking place across South East London to ensure that planning assumptions used are the same and in line with published guidance.

The business rules also require the following to be included in the financial plans:

- 0.5% contingency;
- 1% surplus;
- 1% non recurrent fund.

As stated above, as Bexley CCG is still below its target allocation, discussions have already taken place with NHS England regarding the planned surplus for 2015/16. It has been agreed that for 2015/16, the CCG can plan for the same position as in 2014/15, i.e. £126k surplus.

The financial plans will be reviewed and assessed in terms of credibility once they have been received by NHS England in February. The financial plans should reflect the Commissioning Intentions of the CCG and should contain clear and achievable plans for investment and QIPP projects. The QIPP projects are still being discussed before being finalised.

The guidance also requires contracts to be signed by the end of February 2015 and a triangulation process will be in place to validate the provider and commissioner numbers.

Levies

As part of the planning, CCGs have been asked to consider continued funding for Londonwide levies. Details of areas to be funded were provided to the Governing Body last year. The levies to be funded in 2015/16 are shown below:

Services currently provided at scale in London and their potential migration									
Ref.no.	Service/ Project Name	Recommendation: YES, TBC, NO	Rationale for Recommendation	Management Cost	Programme Cost	2014/15 cost	Cost for 2015/16 without applied savings	Cost for 2015/16 with 5% savings applied	Cost for 2015/16 with 10% savings applied
1	Commissioning of London Ambulance Services	1. YES	Service agreed to be commissioned on a London-wide basis. Lead changing to Brent CCG. Possibility of reduction in overheads	£772,000	£0	£772,000	£772,000	£733,400	£694,800
2b	Home O2	1. YES	Service to continue on London-wide basis. Contract with Air Liquide until 2017. Cost of commissioner and legal expenses, 10% reduction achievable	£198,198	£0	£198,198	£198,198	£188,289	£178,378
4	Office of London CCGs	1. YES	Office services continue, work programme expanding. £321,000 actual cost for 2014/15	£308,000	£0	£308,000	£308,000	£321,000	£321,000
18	London Health Board	1. YES	CCG contribution to London-wide body. Politically sensitive.	£112,500	£0	£112,500	£112,500	£112,500	£112,500
26	Medicines Use and Procurement Productivity	1.YES	Case for retention made in 2013. Significant support from CCG pharmacy advisors	£0	£450,000	£450,000	£450,000	£427,500	£405,000
27	Urban Development (Section 106 planning)	1. YES	Continue funding since the service has been successful in attracting opportunity cost resources from Section 106 monies. New requirements to manage CIL process	£295,000	£0	£295,000	£295,000	£280,250	£265,500
30 & 32	Transformation of Cancer Services	1. YES	CCG contribution to London-wide strategic priority, costs were decereased last year due to restructure	£0	£896,000	£896,000	£896,000	£896,000	£896,000
34	Practitioner Health Programme	1. YES	London-wide service because hard to reach high risk client population. LETB funding contribution not included. Discussions with NHSE about making this a national service	£0	£1,012,000	£1,012,000	£1,012,000	£961,400	£910,800
38	Co-ordinate my care	1. YES	Decrease in amount from 2013/14 due to NHSE and LETB contributions. NHSE contribution for 2015/16 in doubt, spread sheet shows worst case scenario	£0	£461,000	£461,000	£922,000	£922,000	£922,000
	Continuing Care	1. YES	Funding to be continued for London-wide procurement and standard setting	£500,000	£0	£500,000	£500,000	£475,000	£450,000
	Mental Health tariff	1.YES	Project funding £150k in 2013/14. National imperative to introduce a tariff for MH in 2015/16, led by Monitor.	£150,000	£0	£150,000	£150,000	£150,000	£150,000
						£5,154,698	£5,615,698	£5,467,339	£5,305,978
	Domicillary Care	NEW	Agreed in 2014/15 for part year funding, this cost is the full year cost for 2015/16				£250,000	£250,000	£250,000
	Mental Health Projects	NEW	This was also agreed last year but funding has not been requested. Suggest removal.				£60,000	£60,000	£60,000
	Digital Mental Health	NEW	This is the work initiated by the London Health Board around digital mental health promotion and early intervention, a business case has been prepared and is to be circulated				£1,072,500	£1,072,500	£1,072,500
				£2,335,698	£2,819,000	£5,154,698	£6,998,198	£6,849,839	£6,688,478

Actual levies for 2015/16 are yet to be confirmed, but for planning Bexley CCG has set aside £169k which it is hoped will be the worst case position.

Progress to date

As previously reported, the CCG has been working on developing its financial model since August.

Since receipt of the final allocations and business rules, the models have been updated to reflect the latest guidance and a detailed reconciliation between the detailed and summary models has been undertaken.

At present a surplus of £126k can be submitted if QIPP plans are included to the value of £5.3m in 2015/16. For future years a QIPP plan of £5.8m is required to retain a £126k surplus in 2016/17 and £5.2m in 2017/18 to achieve 1% surplus, albeit with risks. In 2015/16, the CCG will continue to receive £2.5m MFF funding from other SEL CCGs. However, this is not available in 2016/17 onwards. The high level plans for the five planning years are shown at Appendix 3. Work is currently being undertaken to provide details of the gross savings, reinvestment costs and net saving by provider by scheme. This will be required in order to complete the financial model and also to negotiate the contracts with providers.

The contracting team from the Commissioning Support Unit are also working with the local finance team and the MDT team to calculate acute envelopes based on month 6 times 2 which will then be reconciled to the month 8 outturn position before a final envelope is given within which to negotiate the contracts with acute providers. The QIPP information mentioned above will also be fed into this calculation.

The finance department have been working with Directors and Budget Holders with regard to identifying any major cost pressures which need to be included in the financial plan. Budgets will be shared with budget holders and Directors for their initial review.

The CCG submitted a high level plan for 2015/16 on 13th January in line with national deadlines (Appendix 2). More detailed plans will be submitted in mid February.

Detailed budget setting

The detailed financial planning will be updated for the month 9 forecast outturn position imminently. It is expected that the £126k surplus position will be retained but delivery of the plan will remain high risk. A detailed QIPP schedule is also being developed which will feed into this model. From this, acute contract envelopes will be derived and reconciled to the work of the CSU MDT and contracting teams.

Budgets will be shared with Directors and budget holders for review and to identify any further cost pressures or transactional QIPP which require adjustment. It is expected that these budgets which will form the basis of the financial plan and will be signed off by the individual budget holders prior to the new financial year. Once the first cut of the budgets has been agreed, this will be uploaded into BPS. It is expected that the final version of the budget will be ready to input into the ledger at the end of March/early April. This version will have been approved at the March Governing Body meeting.

Next Steps

Detailed budgets and financial planning templates, submitted to NHS England, will be brought to the March Governing Body meeting for approval.

Recommendations

The Governing Body is asked to:

NOTE the Forward View Précis at Appendix 1;
NOTE the planning requirements from NHS England in respect of 2015/16;
NOTE the 2015/16 programme and running costs allocations received shown on page 1;
NOTE the business rules to be applied;
NOTE progress to date with financial planning for Bexley CCG;
NOTE that draft budgets will be brought to the March Governing Body to approve prior to the start of the 2015/16 financial year.

The Forward View Into Action: Planning for 2015/16 "a précis"

Area	Key points
Resources, Income & Financial Matters	• Resources to NHS increased by £1.98bn nationally (inc. £150m from NHSE this includes winter funds), includes £200m investment in new care models, and £250m in primary care • 1% of income is to be set aside for non-recurrent spend • Nationally population and demographic growth calculated at 1.3% pa (but subject to local determination) • Tariff uplift is currently set at a net decrease of 1.9% (inflation less efficiency) • Marginal rate on NEL to increase from 30-50% and CCGs to agree with providers, and publish plans on CCG website by 30.4.15 on reinvesting balance • Better Care Fund (need to review with HWBB etc.) if any material change due to winter or 14/15 out turn (or negotiations with providers)
Planning & productivity	• 1 year Operating Plan refresh for 15/16 (1st submission 28th Jan, 2nd submission 27th February, final submission 10th April), dates for financial submissions may vary • Stable planning basis apart from new mental health standards • Providers and commissioners activity and financial plans bust be aligned • Commissioners to develop realistic activity diversion initiatives • NHS to close the gap between least and most efficient providers (estimated to raise efficiency on acute by 5.6%) • Productivity gains through technological advancement and improvement • Better retention of staff will provide gains, together with promoting their health and well being • Concerns raised that nationally activity has increased by 4%
NHS Constitutional Standards	• All existing standards to continue with: • Review of choice in Maternity Services • Expansion on Mental Health: ➢ IAPT 75% to have 1st treatment within 6 weeks, with 95% within 18 weeks (£10m national investment) ➢ By April 2016 more than 50% of people with a first episode of psychosis to receive treatment within 2 weeks (£40m investment) ➢ Need effective liaison psychiatry services in acute settings (£30m nationally) ➢ Ensure capacity of Crisis Support Teams (as an integral part of 111 services) ➢ Invest in CAMHS community services to reduce Tier 4 ➢ NHSE to co-ordinate community programme for CYPs with eating disorders (£30m) ➢ Dementia diagnosis must deliver on targets
Information Revolution & Transparency	• April 2015 patients will have on-line access to their GP records • NHS Patient ID must be used as the primary identifier in all care settings (must be in contracts and can withhold monies for non-compliance) • GMS contracts to provide on line appointments • Patients to have access to electronic prescribing – 60% target by March 2016 • By Oct 2015 structured, coded, electronic discharge summaries from providers to GPs

	• March 2016 – 80% of GP elective referrals to be made electronically • Commissioners to develop roadmap for interoperable digital records and publish in April 2016 (further guidance coming late spring) • CCGs to lead expansion in Personal Health Budgets (link to HWB strategy) • Integrated Personal Commissioning (IPC) budget pilot sites being established (health & social care budgets for services managed via individuals)
Primary Care "delivering a new deal"	• NHSE & Health Education England (HEE) with Royal College GPs developing a workforce plan (publish Jan) • £100m investment through Challenge Fund • £1bn investment over 4 years for premises & infrastructure
Improving Quality, Outcomes & Patient Safety	• Revitalised National Quality Board (NCB) • All orgs to drive to embed Francis, Winterbourne, Berwick • Two new clinical priorities of i) Sepsis and ii) Acute Kidney Injury (will be part of 15/16 CQUINs) • CCGs and providers to develop plans on AMB and antibiotic prescribing in primary & secondary care
Communities, Engagement, Voluntary Sector and Whole Systems	• Strengthen engaging communities (local Healthwatch, PPI, consulting voluntary & community sectors for advice) • Plan with LBB to support carers • Energise community volunteering (and lay people) • Reduce time & complexity for charitable and voluntary sector partners to secure funding • NHS employers, a new "race equality standard" all boards to examine themselves against this • **Strongly encourage** all local areas to develop a shared vision of health & care for their populations (consider use of the new Models of Care MCP see later section) • Work collaboratively across commissioners, providers, LA, L:ETBs
Prioritise	• Urgent & Emergency Care (with CQUINs and Quality Premiums aimed at these) • NHSE review of maternity services (by autumn 2015) with recommendations • New national cancer strategy to be produced • Trauma, stroke and some surgery – continue to move to consolidated centres of excellence
New Models of Care (co-creating via cohort sites)	• First cohort sites to express interest by 2.2.15 • Co design and structured programme of support 1. "MCPs" multi specialty community providers 2. "PACS" integrated Primary & Acute Care Systems 3. Viable smaller hospitals 4. Enhanced health in care homes
Workforce	• Health economies to work with LETB to develop current & future workforce needs • New national Workforce Advisory Board • Nursing and midwifery re-validation every 3 years (prepare for) from December 2015
Prevention & Public Health "a radical change"	• Set levels of ambition with partners (reduce inequalities & improve outcomes) • Behavioural interventions for both patients and staff (smoking, alcohol, obesity)

	• NHS with LGA to publish proposals on alcohol, fast food & tobacco • Implement at scale nationally diabetes prevention programme (led by Public Health England)
Challenged Systems "a new regime"	• Focus on quality and finance with join up between NHSE, NTDA and Monitor (with LGA and CQC) • National bodies will act in concert and will **increasingly intervene** • Seek to build rather than supplement local capacity and capability

Appendix 2

High level financial planning return submitted Jan 2015

Financial Position

Revenue Resource Limit

£ 000	2014/15	2015/16
Recurrent	263,428	281,505
Non-Recurrent	1,869	126
Total	265,297	281,631

Income and Expenditure

	2014/15	2015/16
Acute	160,122	162,563
Mental Health	26,791	26,924
Community	29,297	27,842
Continuing Care	9,570	10,395
Primary Care	33,615	33,329
Other Programme	(171)	14,453
Total Programme Costs	**259,224**	**275,506**
Running Costs	4,629	4,591
Contingency	1,318	1,408
Total Costs	**265,171**	**281,505**

£ 000	2014/15	2015/16
Surplus/(Deficit) In-Year Movement	-	(0)
Surplus/(Deficit) Cumulative	126	126
Surplus/(Deficit) %	0.0%	0.0%
Surplus (RAG)	AMBER	AMBER
Net Risk/Headroom		-
Risk Adjusted Surplus/(Deficit) Cumulative		126
Risk Adjusted Surplus/(Deficit) %		0.0%
Risk Adjusted Surplus/(Deficit) (RAG)		AMBER
Underlying position - Surplus/ (Deficit) Cumulative	1,910	5,624
Underlying position - Surplus/ (Deficit) %	0.7%	2.0%
Contingency	1,318	1,408
Contingency %	0.5%	0.5%
Contingency (RAG)		GREEN
Notified Running Cost Allocation	5,678	5,121
Running Cost	4,629	4,591
Under / (Overspend)	1,049	530
Running Costs (RAG)	GREEN	GREEN
Population Size (000)	231	234
Spend per head (£)		19.62

Overview of financial position including FCOT, reserves, underlying position risk and mitigation

NHS Bexley CCG is planning to retain the same planned surplus as in 2014/15. even with the additional funding from the £1.94bn, remains 3.07% below target. An investment of 1.94% is planned for mental health in line with the minimum programme growth in London. This ensures that the CCG is not penalised for additional growth received for being below target. 2014/15 running costs are below the allocation in preparation for the 10% reduction in 2015/16. 2015/16 plans remain below budget.

The underlying position for 15/16 below includes N/R CQUIN and contngency only and thus looks higher than the CCG would expect, and is a different calculation from the quarterly underlying template completed by CCGs. It takes no account of the N/R reserves or surplus.

Key Planning Assumptions

		2015/16
Notified Allocation Change (£'000)		13,822
Notified Allocation Change (%)		5.2%
Tariff Change - Acute (%)		-1.0%
Tariff Change - Non Acute (%)		-0.7%
Demographic Growth (%)		0.8%
Non Demographic Growth - Acute (%)		2.0%
Non Demographic Growth - Cont.Care(%)		1.8%
Non Demographic Growth - Prescribing (%)		4.0%
Non Demographic Growth - Other Non Acute (%)		2.4%

Key planning assumptions and alignment of plans with providers/key stakeholders

The CCG has applied 0.97% demographic growth to all areas with the exception of corporate budgets and reserves. The template assumes that it is applied across all budgets. Non demographic growth has been applied at 2% across the same areas. However, the CHC risk pool values are also included in this area which is not inflated thus lowering the value to 1.8% for CHC in this template. The CCG has included 0.8% tariff deflator for acute and 1.55% for mental health. It has also included 2% inflation for CHC, 1.9% for other non acute and 1% for primary care and corporate. Inflation / efficiency & growth have not been applied to QIPP schemes as the values included take these elements into account. The template therefore shows different % to those used.

Net QIPP Savings

£ 000	2014/15	2015/16
Recurrent (inclusive of full year effect)		(5,196)
Non-Recurrent		-
Total	-	(5,196)
% of Notified Resource	0.0%	-1.8%
% Unidentified	0.0%	0.0%

Overview on QIPP schemes and risk to delivery

The CCG has fewer QIPP schemes in 2015/16, following years of substantial QIPP, which are considered to be realistic. The QIPP schemes have been RAG rated but will be re-assessed by a multi-disciplinary group later in the year. Some QIPP schemes are carried forward from 2014/15 and others are new in 2015/16. It is unclear whether 14/15 requirement is plan or actual. Full year effect for 14/15 is included in 15/16 formula and 15/16 feeds from tempaltes which does not include FYE for 16/17.

Non Recurrent Requirement

£ 000	2014/15	2015/16
Value	6,444	2,721
Agreed plans in place	6,444	2,721
Difference	(0)	0

Description of plans in place for non-recurrent expenditure

The CCG is currently required to contribute £1.7m to the CHC risk pool. It is envisaged that the balance will be used for SEL strategy costs and QIPP implementation.

Appendix 2

Revenue Resource Limit			
£'000	**sign**	**Opening 2014/15 Allocation**	**2015/16**
Programme Baseline Allocation - Published Dec 14	+ve	257,763	272,142
Post Mth07 Recurrent Transfers in 14/15	+ve/(-ve)	(13)	(13)
Running Cost Allocation - Published Dec 14	+ve	5,678	5,121
Total Notified Allocation		**263,428**	**277,250**
Additional Better Care Fund Allocation			4,255
Non Recurrent Allocations			
Other Non Recurrent allocations	+ve/(-ve)	1,867	-
Return of Surplus/(Deficit)	+ve/(-ve)	2	126
Non Recurrent Requirement	(-ve)	(6,444)	(2,721)
Non Recurrent Return	+ve	6,444	2,721
50% Non Elective Collection	+ve	-	-
50% Non Elective Return	(-ve)	-	-
Total Non Recurrent Allocation		**1,869**	**126**
Total Allocation		**265,297**	**281,631**
Closing target allocation per head	+ve	**1,167**	**1,201**
Allocation per head	+ve	**1,115**	**1,164**
Distance from Target		**(53)**	**(37)**
Distance from Target % (Dec14 Board Paper)		**-4.5%**	**-3.1%**

Other non-recurrent allocaton		**Opening 2014/15 Allocation**	**2015/16**
Quality Premium		-	
Winter Funding		1,401	
RTT Funding		-	
CEOV		(239)	
GPIT		579	
Capital Grants		-	
Others		126	
Total		**1,867**	-

Appendix 3

Summary Draft Financial Plans 2015/16 – 2019/20

2015/16

	Acute	Mental Health	CHC	Other client groups	Primary Care	Corporate Budgets	Other Budgets and Reserves	Total
								£'000
Sources								
Revenue Resource Limit								
Less non-recurrent RRL allocations								
Closing Recurrent Budget								257,765
Additional expected recrrent allocations							BCF	4,255
Recurrent Uplift								14,376
Running costs allocation								5,121
Surplus b/fwd								126
Non-recurrent addition/deduction of prior year outturn to RRL							GP IT & OV	327
Opening Recurrent Budget								281,971
Applications	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Opening budgets								
Add Back: 2%								
Add Back: non-recurrent allocation deductions								
Closing Budget	160,075	26,790	9,570	31,548	33,844	8,270	(4,928)	265,169
Add Prior year's non-recurrent over/under-performance	(892)	(355)	(75)	(1,549)	(70)	(1,244)	6,896	2,711
Cost Pressures								
Contingency							1,410	1,410
Prior year's CQUIN	(4,002)	(661)		(789)				(5,451)
Sub Total	155,181	25,774	9,495	29,210	33,774	7,026	3,378	263,838
Tariff and generic uplifts	4,655	580	190	555	338	70	0	6,388
Efficiency with Tariff	(5,897)	(979)	0	(1,110)	0	0	0	(7,986)
Net Tariff/ Generic Uplift	(1,241)	(399)	190	(555)	338	70	0	(1,598)
Adjustment for detailed planning model uplifts								
Sub Total	153,940	25,374	9,684	28,655	34,112	7,097	3,378	262,240
Population & Incidence Growth								
Demographic Growth	1,493	246	94	278	331	0	0	2,442
Non-demographic growth	3,079	507	194	573	682	0	0	5,035
Adjustment for detailed planning model uplifts	217	40	(55)	(105)	(46)	1	0	52
Investment Proposals								
Activity management reserve / QIPP reserve (assumed utilised in year but incl in FOT) (20% of in-year QIPP)	500							500
Prior year's reserves								0
Additional SLHT to TSA baseline								0
Additional LAS to baseline	500							500
Additional NCA 13/14 budget								0
Client group cost pressures				(427)	50			(377)
111 13/14 cost pressure								0
Other primary care cost pressures								0
MH cost pressures		89						89
Acute cost pressures	3,482							3,482
SEL PMO cost pressure								0
London levies								0
Loss of IT income								0
OD budget								0
Increase in cabinet members & on-costs								0
Other Corporate cost pressures including increments						299		299
SEL Risk reserves N/R use 0.5%								0
N/R headroom								0
1.5% Investment fund / 0.3% London transformation fund							553	553
Prescribing Uplift					9			9
Activity growth reserve								0
BCF transfer to LBB & pooled fund				6,069				6,069
Community Provider cost pressure from N/R QIPP 12/13 & 13/14								0
0.5% Investments - assumed utilised each year								0
1% transformation fund							186	186
Increase in reserves							425	425
Assumed over-performance in acute / mental health								0
SEL risk share							0	0
Current year's CQUIN	4,080	656		876				5,613
Recurrent Budget before QIPP savings & other sources	167,291	26,913	9,917	35,919	35,139	7,397	4,542	287,118
Surplus/ (Deficit) against planned surplus (BEFORE QIPP savings and support)								(5,147)
QIPP Savings Initiatives	(3,697)	9	(252)	575	(1,650)	(258)		(5,273)
Adjustment to closing budgets								
Current year's over-performance								
								0
Budget after QIPP savings	163,594	26,922	9,665	36,494	33,489	7,139	4,542	281,845
Surplus/ (Deficit) after QIPP savings								126
Surplus/ (Deficit) after QIPP savings								126
Variance	Difference on planning RRL from that informed by NHSE							0

Appendix 3

2016/17

	Total
	£'000
Sources	
Revenue Resource Limit	
Less non-recurrent RRL allocations	
Closing Recurrent Budget	272,142
Additional expected recrrent allocations	4,255
Recurrent Uplift	7,096
Running costs allocation	5,132
Surplus b/fwd	126
Non-recurrent addition/deduction of prior year outturn to RRL	327
Opening Recurrent Budget	289,078

	Acute	Mental Health	CHC	Client Groups	Primary Care	Corporate Budgets	Other Budgets and Reserves	Total
Applications	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Opening budgets								
Add Back: 2%								
Add Back: non-recurrent allocation deductions								
Closing Budget	163,594	26,922	9,665	36,494	33,489	7,139	4,542	281,845
Add Prior year's non-recurrent over/under-performance	0	0	0	0	0	0	0	0
Cost Pressures								
Contingency							36	36
Prior year's CQUIN	(4,090)	(673)		(912)				(5,675)
Sub Total	159,504	26,249	9,665	35,582	33,489	7,139	4,578	276,205
Tariff and generic uplifts	7,018	1,155	193	1,566	335	71	0	10,338
Efficiency with Tariff	(6,380)	(1,050)	0	(1,423)	0	0	0	(8,853)
Net Tariff/ Generic Uplift	638	105	193	142	335	71	0	1,485
Adjustment for detailed planning model uplifts								
Sub Total	160,142	26,354	9,858	35,724	33,824	7,210	4,578	277,690
Population & Incidence Growth								
Demographic Growth	1,553	256	96	347	328	0	0	2,579
Non-demographic growth	3,203	527	197	714	676	0	0	5,318
Adjustment for detailed planning model uplifts								0
Investment Proposals								
Activity management reserve / QIPP reserve (assumed utilised in year but incl in FOT) (20% of in-year QIPP)								0
Prior year's reserves							2,500	2,500
Additional SLHT to TSA baseline								0
Additional LAS to baseline								0
Additional NCA 13/14 budget								0
Client group cost pressures								0
111 13/14 cost pressure								0
Other primary care cost pressures					750			750
MH cost pressures								0
Acute cost pressures								0
SEL PMO cost pressure								0
London levies								0
Loss of IT income								0
OD budget								0
Increase in cabinet members & on-costs								0
Other Corporate cost pressures including increments						48	26	74
SEL Risk reserves N/R use 0.5%								0
N/R headroom								0
1.5% Investment fund / 0.3% London transformation fund							14	14
Prescribing Uplift					10			10
Activity growth reserve								0
BCF transfer to LBB & pooled fund								0
Community Provider cost pressure from N/R QIPP 12/13 & 13/14								0
0.5% Investments - assumed utilised each year								0
1% transformation fund							71	71
Increase in reserves								0
Assumed over-performance in acute / mental health								0
SEL risk share								0
Current year's CQUIN	4,122	678		920				5,721
Recurrent Budget before QIPP savings & other sources	169,021	27,815	10,151	37,705	35,588	7,258	7,189	294,727
Surplus/ (Deficit) against planned surplus (BEFORE QIPP savings and support)								(5,650)
QIPP Savings Initiatives	(5,776)			0	0	0		(5,776)
Adjustment to closing budgets								0
Current year's over-performance								
Budget after QIPP savings	163,245	27,815	10,151	37,705	35,588	7,258	7,189	288,951
Surplus/ (Deficit) after QIPP savings								126
Surplus/ (Deficit) after QIPP savings								126
Variance	Difference on planning RRL from that informed by NHSE							0

Appendix 3

2017/18

	Total £'000
Sources	
Revenue Resource Limit	
Less non-recurrent RRL allocations	
Closing Recurrent Budget	279,238
Additional expected recrrent allocations	4,255
Recurrent Uplift	7,226
Running costs allocation	5,132
Surplus b/fwd	126
Non-recurrent addition/deduction of prior year outturn to RRL	327
Opening Recurrent Budget	296,304

Applications	Acute £'000	Mental Health £'000	CHC £'000	Client Groups £'000	Primary Care £'000	Corporate Budgets £'000	Other Budgets and Reserves £'000	Total £'000
Opening budgets								
Add Back: 2%								
Add Back: non-recurrent allocation deductions								
Closing Budget	163,245	27,815	10,151	37,705	35,588	7,258	7,189	288,951
Add Prior year's non-recurrent over/under-performance	0	0	0	0	0	0	0	0
Cost Pressures								
Contingency							36	36
Prior year's CQUIN	(4,081)	(695)		(943)				(5,719)
Sub Total	159,164	27,120	10,151	36,762	35,588	7,258	7,225	283,268
Tariff and generic uplifts	5,412	922	203	1,250	356	73	0	8,215
Efficiency with Tariff	(6,367)	(1,085)	0	(1,470)	0	0	0	(8,922)
Net Tariff/ Generic Uplift	(955)	(163)	203	(221)	356	73	0	(707)
Adjustment for detailed planning model uplifts								
Sub Total	158,209	26,957	10,354	36,542	35,944	7,331	7,225	282,561
Population & Incidence Growth								
Demographic Growth	1,535	261	100	354	349	0	0	2,600
Non-demographic growth	3,164	539	207	731	719	0	0	5,360
Adjustment for detailed planning model uplifts								0
Investment Proposals								
Activity management reserve / QIPP reserve (assumed utilised in year but incl in FOT) (20% of in-year QIPP)	500							0
Prior year's reserves	0							0
Additional SLHT to TSA baseline								0
Additional LAS to baseline								0
Additional NCA 13/14 budget								0
Client group cost pressures								0
111 13/14 cost pressure								0
Other primary care cost pressures								0
MH cost pressures								0
Acute cost pressures								0
SEL PMO cost pressure								0
London levies								0
Loss of IT income								0
OD budget								0
Increase in cabinet members & on-costs								0
Other Corporate cost pressures including increments						48	26	48
SEL Risk reserves N/R use 0.5%								0
N/R headroom								0
1.5% Investment fund / 0.3% London transformation fund							14	14
Prescribing Uplift					10			10
Activity growth reserve								0
BCF transfer to LBB & pooled fund								0
Community Provider cost pressure from N/R QIPP 12/13 & 13/14								0
0.5% Investments - assumed utilised each year								0
1% transformation fund							72	72
Increase in reserves							149	149
Assumed over-performance in acute / mental health								0
SEL risk share							1,500	1,500
Current year's CQUIN	4,085	694		941				5,720
Recurrent Budget before QIPP savings & other sources	167,493	28,452	10,662	38,567	37,022	7,379	8,987	298,561
Surplus/ (Deficit) against planned surplus (BEFORE QIPP savings and support)								(2,257)
QIPP Savings Initiatives	(5,164)					0	0	(5,164)
Adjustment to closing budgets								0
Current year's over-performance								
Budget after QIPP savings	162,329	28,452	10,662	38,567	37,022	7,379	8,987	293,397
Surplus / (Deficit) after QIPP savings								2,907
Surplus / (Deficit) after QIPP savings								2,907
Variance — Difference on planning RRL from that informed by NHSE								(0)

Appendix 3

2018/19

	Total
	£'000
Sources	
Revenue Resource Limit	
Less non-recurrent RRL allocations	
Closing Recurrent Budget	286,464
Additional expected recrent allocations	4,255
Recurrent Uplift	7,362
Running costs allocation	5,132
Surplus b/fwd	2,907
Non-recurrent addition/deduction of prior year outturn to RRL	327
Opening Recurrent Budget	306,447

	Acute	Mental Health	CHC	Client Groups	Primary Care	Corporate Budgets	Other Budgets and Reserves	Total
Applications	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Opening budgets								
Add Back: 2%								
Add Back: non-recurrent allocation deductions								
Closing Budget	162,329	28,452	10,662	38,567	37,022	7,379	8,987	293,397
Add Prior year's non-recurrent over/under-performance	0	0	0	0	0	0	0	0
Cost Pressures								
Contingency							51	51
Prior year's CQUIN	(4,058)	(711)		(964)				(5,734)
Sub Total	158,271	27,740	10,662	37,603	37,022	7,379	9,037	287,714
Tariff and generic uplifts	5,223	915	213	1,241	370	74	0	8,037
Efficiency with Tariff	(6,331)	(1,110)	0	(1,504)	0	0	0	(8,945)
Net Tariff/ Generic Uplift	(1,108)	(194)	213	(263)	370	74	0	(908)
Adjustment for detailed planning model uplifts								
Sub Total	157,163	27,546	10,875	37,340	37,392	7,452	9,037	286,806
Population & Incidence Growth								
Demographic Growth	1,524	267	105	362	363	0	0	2,622
Non-demographic growth	3,143	551	217	747	748	0	0	5,406
Adjustment for detailed planning model uplifts								0
Investment Proposals								
Activity management reserve / QIPP reserve (assumed utilised in year but incl in FOT) (20% of in-year QIPP)	500							0
Prior year's reserves	0							0
Additional SLHT to TSA baseline								0
Additional LAS to baseline								0
Additional NCA 13/14 budget								0
Client group cost pressures								0
111 13/14 cost pressure								0
Other primary care cost pressures					750			750
MH cost pressures		250						250
Acute cost pressures								0
SEL PMO cost pressure								0
London levies								0
Loss of IT income								0
OD budget								0
Increase in cabinet members & on-costs								0
Other Corporate cost pressures including increments						48	26	48
SEL Risk reserves N/R use 0.5%							1,490	1,490
N/R headroom								0
1.5% Investment fund / 0.3% London transformation fund							15	15
Prescribing Uplift					11			11
Activity growth reserve								0
BCF transfer to LBB & pooled fund								0
Community Provider cost pressure from N/R QIPP 12/13 & 13/14								0
0.5% Investments - assumed utilised each year							1,490	1,490
1% transformation fund							74	74
Increase in reserves							43	43
Assumed over-performance in acute / mental health								0
SEL risk share							3,200	3,200
Current year's CQUIN	4,058	715		961				5,735
Recurrent Budget before QIPP savings & other sources	166,389	29,330	11,198	39,410	39,263	7,500	15,375	308,466
Surplus/ (Deficit) against planned surplus (BEFORE QIPP savings and support)								(2,019)
QIPP Savings Initiatives	(5,000)					0	0	(5,000)
Adjustment to closing budgets								0
Current year's over-performance								
Budget after QIPP savings	161,389	29,330	11,198	39,410	39,263	7,500	15,375	303,466
Surplus/ (Deficit) after QIPP savings								2,981
Surplus/ (Deficit) after QIPP savings								2,981
Variance	Difference on planning RRL from that informed by NHSE							0

Appendix 3

2019/20

	Total
	£'000
Sources	
Revenue Resource Limit	
Less non-recurrent RRL allocations	
Closing Recurrent Budget	293,826
Additional expected recrrent allocations	4,255
Recurrent Uplift	7,551
Running costs allocation	5,132
Surplus b/fwd	2,981
Non-recurrent addition/deduction of prior year outturn to RRL	327
Opening Recurrent Budget	314,072

	Acute	Mental Health	CHC	Client Groups	Primary Care	Corporate Budgets	Other Budgets and Reserves	Total
Applications	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Opening budgets								
Add Back: 2%								
Add Back: non-recurrent allocation deductions								
Closing Budget	161,389	29,330	11,198	39,410	39,263	7,500	15,375	303,466
Add Prior year's non-recurrent over/under-performance	0	0	0	0	0	0	0	0
Cost Pressures								
Contingency							38	38
Prior year's CQUIN	(4,035)	(733)		(985)				(5,753)
Sub Total	157,354	28,597	11,198	38,425	39,263	7,500	15,414	297,751
Tariff and generic uplifts	5,193	944	224	1,268	393	75	0	8,096
Efficiency with Tariff	(6,294)	(1,144)	0	(1,537)	0	0	0	(8,975)
Net Tariff/ Generic Uplift	(1,101)	(200)	224	(269)	393	75	0	(879)
Adjustment for detailed planning model uplifts								
Sub Total	156,253	28,396	11,422	38,156	39,656	7,575	15,414	296,872
Population & Incidence Growth								
Demographic Growth	1,516	275	111	370	385	0	0	2,657
Non-demographic growth	3,125	568	228	763	793	0	0	5,478
Adjustment for detailed planning model uplifts								0
Investment Proposals								
Activity management reserve / QIPP reserve (assumed utilised in year but incl in FOT) (20% of in-year QIPP)	750							750
Prior year's reserves	0							0
Additional SLHT to TSA baseline								0
Additional LAS to baseline								0
Additional NCA 13/14 budget								0
Client group cost pressures								0
111 13/14 cost pressure								0
Other primary care cost pressures					250			250
MH cost pressures								0
Acute cost pressures								0
SEL PMO cost pressure								0
London levies								0
Loss of IT income								0
OD budget								0
Increase in cabinet members & on-costs								0
Other Corporate cost pressures including increments						48	26	48
SEL Risk reserves N/R use 0.5%							1,528	1,528
N/R headroom								0
1.5% Investment fund / 0.3% London transformation fund							15	15
Prescribing Uplift					11			11
Activity growth reserve								0
BCF transfer to LBB & pooled fund								0
Community Provider cost pressure from N/R QIPP 12/13 & 13/14								0
0.5% Investments - assumed utilised each year							1,528	1,528
1% transformation fund							76	76
Increase in reserves							1,234	1,234
Assumed over-performance in acute / mental health	3,218	585						3,803
SEL risk share							(3,300)	(3,300)
Current year's CQUIN	4,122	224		196				4,542
Recurrent Budget before QIPP savings & other sources	168,983	30,048	11,761	39,486	41,095	7,623	16,521	315,516
Surplus/ (Deficit) against planned surplus (BEFORE QIPP savings and support)								(1,444)
QIPP Savings Initiatives	(4,500)					0	0	(4,500)
Adjustment to closing budgets								
Current year's over-performance								
Budget after QIPP savings	164,483	30,048	11,761	39,486	41,095	7,623	16,521	311,016
Surplus / (Deficit) after QIPP savings								3,056
Surplus / (Deficit) after QIPP savings								3,056
Variance	Difference on planning RRL from that informed by NHSE							(0)