ENCLOSURE: F

Agenda Item: 166/15

NHS
Bexley
Clinical Commissioning Group

Governing Body meeting (held in public)

DATE: 26 November 2015

Title	**Updated Medium Term Financial Strategy (MTFS) 2015/16 to 2019/20**
This paper is for **Decision**	
Recommended action for the Governing Body	That the Governing Body: 1. **Discuss and Note** the contents of the MTFS for Bexley CCG noting the approved deviation from the requirement to make a 1% surplus in 2015/16 but otherwise applying the national guidance for planning. 2. **Approve** the updated MTFS.
Potential areas for Conflicts of interest	Not applicable.
Executive summary	This document is a refresh of the previous MTFS which was published last year. It should be read in conjunction with the 2015/16 Commissioning Intentions and the detailed financial plan submissions as they detail the CCG's priorities in terms of delivering good quality healthcare to the residents of Bexley whilst achieving value for money. The achievements of the CCG during 2014/15 are included in the first part of this document. These include achieving all the statutory duties for a CCG and receiving unqualified audit opinions on the accounts and in respect of value for money. The MTFS sets out the financial position of the CCG for the planning period 2015/16 to 2019/20 and shows how the CCG has been able to adhere to the planning requirements which are set nationally. The exception to this is the requirement to make a 1% surplus in 2015/16, where a surplus of £151k has been agreed with NHS England. The MTFS also highlights the potential risks and opportunities around the assumptions made and how they can be mitigated. These will evolve as time progresses and the Finance Sub-Committee and Governing Body will

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<table>
<tr><td></td><td colspan="3">be updated on these on an on-going basis via the monthly finance reports.

Details of the QIPP schemes are also included in the document and ongoing support from membership is required in order to be able to deliver these successfully.

The document also shows the cash and debt management strategies of the organisation and how the CCG works with South East Commissioning Support Unit (SE CSU) to manage these functions.

New planning assumptions are expected before submission of next year's Operating Plan and the MTFS will need to updated to incorporate these. However, as the MTFS is due for renewal, it was felt that this update should not wait for these. Instead an amended version, for any changes, will be brought to a later meeting.

This MTFS has been presented to the Finance Sub-Committee who have recommended it for approval at the Governing Body.</td></tr>
<tr><td colspan="4"></td></tr>
<tr><td rowspan="4">How does this paper support the CCGs objectives?</td><td>Patients:</td><td colspan="2">Identifies and links the finances with the key priorities for improving the health of the population of Bexley.</td></tr>
<tr><td>People:</td><td colspan="2">Not applicable.</td></tr>
<tr><td>Pounds:</td><td colspan="2">Demonstrates value for money and the delivery of the CCG's statutory duties.</td></tr>
<tr><td>Process:</td><td colspan="2">Links the commissioning of services with the financial landscape.</td></tr>
<tr><td rowspan="4">What are the Organisational implications</td><td colspan="2">Key risks</td><td>There are a number of key risks identified within the MTFS, many of which the CCG has no direct control over; these include policy changes and future guidance on planning. Where possible the CCG has found mitigations for the risks identified and these are included within the MTFS.</td></tr>
<tr><td colspan="2">Equality</td><td>Not applicable.</td></tr>
<tr><td colspan="2">Financial</td><td>The MTFS clearly shows compliance with the national planning requirements except for the delivery of 1% surplus in 2015/16, which has already been approved by NHS England. However, the document does highlight the potential risks to achieving the targets and how these are currently being mitigated. The main risks to delivery are the performance of our acute providers and the delivery of the QIPP schemes. Regular updates on progress are provided within the monthly finance reports.</td></tr>
<tr><td colspan="2">Data</td><td>Not applicable.</td></tr>
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	Legal issues	Not applicable.	
	NHS constitution	Not applicable.	
Engagement	Not applicable.		
Audit trail	This paper was presented at the October Finance Sub-Committee meeting, at which members recommended the document for approval at this meeting.		
Comms plan	Not applicable.		
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Date	19 October 2015		

NHS
Bexley
Clinical Commissioning Group

Bexley Clinical Commissioning Group Medium Term Financial Strategy (MTFS) 2015/16 – 2019/20

Lead Director: Theresa Osborne, Chief Financial Officer
August 2015

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Medium Term Financial Strategy (MTFS) Highlights

This is the third MTFS written for NHS Bexley Clinical Commissioning Group (CCG) and has been reviewed by the Finance Sub Committee (FSC) and approved by the Governing Body. It looks at the current year, 2015/16, and future four years, 2016/17-2019/20, as well as reviewing performance for the previous year of operation (2014/15).

- In 2014/15, the CCG achieved a surplus of £151k with £5.1m from the South East London risk pool in recognition of the CCG's distance from target plus £2.5m of transitional support in respect of the change in Market Forces Factor (MFF) across providers due to the dissolution of South London Healthcare NHS Trust.

- The CCG also met the other statutory duties required in that the maximum cash drawdown was not breached, the breakeven duty was met, the running cost allocation was not breached and 95% BPPC targets were met overall.

- The CCG also remained within its capital resource limit utilising this resource to purchase network cabling infrastructure and a new telephony system.

- In 2014/15, the CCG also achieved 82% of its £14.4m gross QIPP target which is above the normally expected return of around two thirds.

- The first Capitated and Outcome-Based Incentivised Contract (COBIC) (prime contractor) for Musculoskeletal services (MSK) went live in 2014/15 and has been a success in delivering outcomes for patients. A second prime contractor contract was awarded in 2014/15 for Cardiology services and this will go live in 2015/16.

- The MTFS reflects planning guidance from the 2015/16 Operating Framework, the strategic goals and chosen health outcomes in the CCG's Commissioning Intentions and Financial planning submissions.

- £7.4m of gross initiatives have been identified to support the CCG's strategic goals and health outcomes for 2015/16. The CCG requires £6.3m gross to meet its financial duties and the assessed RAG rated total of the identified initiatives equates to £6.4m.

- The CCG continues to encounter significant acute cost pressures, as was the case with Bexley Care Trust. Following the dissolution of the CCG's largest provider South London Healthcare NHS Trust (SLHT), receiver providers have taken on responsibility for the work, which was reallocated

in accordance with the Trust Special Administrator (TSA) recommendations. The new market forces factor (MFF) was implemented in 2014/15, which is a cost pressure for the CCG. However, this is being offset by transitional support for 2014/15 and 2015/16 from the other South London CCGs. The local health economy is continuing to work together on the Our Healthier South East London strategy which it is hoped will help to balance the health economy in South East London over the next 5 years. Acute activity remains the highest risk to the CCG achieving its statutory financial breakeven duty in each of the planning years.

- The CCG has planned to deliver a £151k surplus in 2015/16 and 2016/17 with a 1% surplus in future years covered by this MTFS. NHS England has accepted the delivery of a smaller surplus in 2015/16 but at this point are expecting all CCGs to make a 1% surplus in 2016/17; further discussions will therefore be required. Reporting a smaller surplus which is then achieved puts the CCG in a better position to qualify for the Quality Premia in future as it is managed against plan as opposed to the statutory duty breakeven duty. This stance has been discussed and agreed with NHS England for 2014/15 and 2015/16.

- The CCG has accounted for International Financial Reporting Standards which are now embedded in financial planning. The Audit and Integrated Assurance Committee (AIAC) review the accounting policies on an annual basis as part of the final accounts process.

- A procurement function is well established within the CCG in addition to robust procurement procedures and an e-tendering system to improve governance and value for money. This department has been involved in the COBIC/prime contractor methodology of procuring services.

- A Programme Management Office (PMO) approach is embedded in the CCG structure and the associated robust policies and procedures were subjected to an Internal Audit review in 2014/15 with minimal recommendations resulting from this. The PMO team has been set up to monitor and report on the QIPP schemes. A South East London PMO is also in place to assist with the South East London strategy for Our Healthier South East London. This is aimed at helping ensure financial sustainability across the health economy going forward given the financial pressures identified over the next 5 years.

- The CCG has an operational Finance Sub-Committee, chaired by a GP from the Governing Body, where the QIPP and financial position is reported (in addition to the regular Governing Body reports). This sub committee also approves investments & disinvestments.

- The CCG needs to continue to be disinvesting and re-investing in line with the agreed strategy as outlined in its Commissioning Intentions, but needs to ensure that it does not invest and expand the scope of commissioned spend without realising the additional resources first.

Introduction

Johnson and Scholes (Exploring Corporate Strategy) define strategy as follows: "Strategy is the *direction* and *scope* of an organisation over the *long-term:* which achieves *advantage* for the organisation through its configuration of *resources* within a challenging *environment*, to meet the needs of *markets* and to fulfill *stakeholder* expectations".

This Medium Term Financial Strategy (MTFS) focuses on the delivery of Bexley Clinical Commissioning Group's (CCG) strategy through the "configuration of resources" and highlights that the CCG needs to commission services in a different way in order to achieve improved outcomes.

This is the third MTFS for Bexley CCG and is built on the robust document inherited from Bexley Care Trust. It provides a summary analysis of the key financial assumptions and issues facing the CCG over the current and following four years. The document also reviews the performance of the previous year and identifies how further improvements can be made. It will need to be updated on an annual basis to reflect:

- achievements and a review of the previous year(s);
- the changes in national / London planning assumptions;
- the CCG's refreshed Commissioning Intentions;
- latest national and London initiatives, e.g. London-wide medium term financial strategy;
- latest sector-wide and local initiatives, e.g. local health economy sustainability review (Our Healthier South East London), Queen Mary's Hospital and Erith Hospital;
- Investment and disinvestment priorities for the CCG;
- Changes in allocation methodology for CCGs;
- Risks and opportunities in delivering the strategy.

This MTFS has been created in line with the above and covers the period from 2015/16 to 2019/20. It includes the latest planning assumptions which have been used to compile financial plans submitted. Due to the imminent general election at the time of the planning round, the CCG was only required to submit one year of detailed planning to NHS England. However, the CCG has continued to plan for a 5 year period both in detail and at a summary level. Given this situation, new assumptions will need to be issued for the 2016/17 planning round. It will be used for monitoring purposes and also to model scenarios of changes in the provision of healthcare in Bexley.

Aims of the Clinical Commissioning Group's (CCG) Medium Term Financial Strategy

The MTFS has a number of aims including to ensure continued financial balance and stability through the effective management of resources and financial risks, to ensure that statutory duties are met and to secure value for money and efficiency.

The aims of this document are therefore to:

- Ensure financial balance and stability through the effective management of available resources and financial risks and ensure statutory duties are met each year, including any required control total;
- Ensure the Governing body and partners are aware of the planning assumptions used and the reasons for any deviations from them;
- Ensure the Governing body and partners are supportive of the document and understand the risks and opportunities, health outcomes and investment priorities which underpin the document;
- Enable robust scenario planning for transformational and service changes, in future years to support and inform such decisions;
- Support the CCG's financial plan, commissioning intentions and service strategies through effective use of available resources on a one off (invest to save) and recurrent basis and to support innovation and service change;
- Secure value for money and efficiency in the CCG's commissioning responsibilities;
- Ensure robust arrangements are in place for investment and disinvestment decisions and to ensure that they are in line with strategy and plans;
- Increase the focus on outcomes for the population of Bexley.

Background to the Economic Environment in the NHS

Financial Context

Following the General Election in May 2015, the future for public sector finances has been made clearer in the summer budget with the need to balance the books of the country within the term of this new parliament.

Rising demand alone means that the NHS faces a potential funding gap of £30 billion by 2020. It is believed that this can be reduced to £8 billion by raising productivity levels and delivering new models of care, as set out in the 5 Year Forward View document. On this basis, the Chancellor has committed to increasing the funding of the NHS in real terms by £8 billion by 2020 which leaves the NHS to achieve 3% productivity increases in each year of this parliament.

The summer budget also announced that pay in the public sector will increase by 1% per year for the next 4 years. In reality for staff this will actually result in a pay cut year on year and so may lead to recruitment and retention issues within the public sector as a whole.

It should also be recognised that colleagues in the London Borough of Bexley are also facing very significant reductions in their funding and we need to ensure that we work together on service changes and redesign to ensure we meet the health and social care needs of the residents of Bexley, without passing financial burden to each other as an unintentional consequence of an action within one organisation. Both organisations will also need to consider the implementation of the national living wage by 2020 and how this will affect contract values with providers.

This position will be challenging given that in 2014/15 the NHS delivered a net deficit of £822m with almost 50% of providers in deficit. Providers are struggling to identify additional areas for potential savings. Whilst CCGs delivered an underspend of £282m, the financial position amongst commissioners is also problematic and varies area to area.

The new funding formula did recognise that Bexley CCG is under-funded and as a result the CCG received higher than minimum allocations for 2014/15 and 2015/16. The CCG remains underfunded by approx. £8m (3.07%) and at present we are not aware of any plans to correct this, as this is seen as an acceptable level of tolerance.
2015/16 is the first year when a proportion of the CCG's funding will be transferred to the Local Authority (along with the contracts for the spend) to support improvements in health and social care to support integrated care (the Better Care Fund). The CCG has worked closely with the London Borough of

Bexley to agree joint expenditure plans and the development of an End of Life Care QIPP scheme to deliver a 1%-2% reduction in unplanned non-elective activity, which would then trigger a payment into a joint performance pooled fund. The first call on this fund would be the costs associated with the End of Life care scheme, with any balance being available for reinvestment in joint projects. These assumptions are included in the CCG's financial plans.

Over the past decade there has been significant NHS investment in primary and community services (e.g. Quality and Outcomes Framework and premises infrastructure etc.), mental health (e.g. talking therapies), acute services (e.g. reducing waiting times) and to meet increasing service demand. There is, however, an anticipation of continuing demand driven by population growth, demographic changes, expansion of available health technologies and improved drug treatments, with increased public expectations. The CCG has ambition to deliver enhanced quality, safety, choice and access to services.

This financial challenge leads to the necessity to secure significant QIPP savings, over the course of the five year planning period, to provide the financial resource to support delivery of our vision and the supporting strategies. If no action is taken then the underlying financial position will deteriorate year on year, resulting in a worsening of the CCG's position. This would be undesirable given that the CCG has significantly reduced the underlying deficit, inherited from Bexley Care Trust, during 2013/14 and 2014/15. The delivery of the required QIPP savings is across all areas of commissioning spend. These QIPP schemes not only consider finance but will ensure that the quality of services to users is improved or maintained. Our challenge is to address underlying growth in service demand and to secure healthcare advances, secure health improvement, quality and financial balance through lower cost of delivery in innovative ways. The CCG intends to invest more in primary and community care and reduce activity and associated costs in acute hospital settings.

The Government recognises this need for transformational change and has set out the vision in the Five Year Forward View document referred to above. This document sets out the facts about future demands on NHS services, how productivity needs to be increased and how services need to be delivered differently in order to achieve the required goals. Bexley CCG has sought views locally under this banner and the commissioning intentions effectively set out our local proposals for achieving both service transformation and financial stability.

Bexley CCG, through its systematic approach to prioritisation, productivity and efficiency continues to develop its strategy to secure health and service improvement within anticipated available resources.

Our proposals include:

- Working collaboratively across South East London on the 'Our Healthier South East London' strategy, to ensure that QIPP is developed jointly and that the future healthcare within South East London is sustainable;
- Working collaboratively with the London Borough of Bexley to maximise joint commissioning thereby realising efficiencies for Bexley residents;
- Prioritisation of investment in our health goals and supporting initiatives;
- Capitation based costing for total services (within integration of care services in community and acute);
- Cost Reductions (acute sector tariff efficiency and in all other settings);
- Care Pathway Redesign (e.g. management of long term conditions);
- Value for Money:
- Shift to lower cost settings, including at home/self-care;
- Integrated care services (including the Better Care Fund);
- Sharp focus on quality and effectiveness;
- Reducing duplicated costs through activity based costing systems;
- More effective procurement;
- Decommissioning of low value, poorly evidenced interventions and minimising duplication;
- Implementing integrated care contracts across community and acute services (using a prime contractor model of contracting);
- Working with partners to develop Local Care Networks and developing primary care services.

Key Issues for Consideration

The key issues for the CCG in respect of the MTFS are:

- The transitional support for the increase in Market Forces Factor (MFF) due to the dissolution of SLHT is only in place for 2015/16 which will give rise to a cost pressure from 2016/17;
- The national Payments by Results (PbR) tariff is constantly updated. The implications of this need to be continually reviewed;

- Whilst there is a block contract in place for Mental health services at present, this position may not be able to be maintained going forward and this would result in activity being charged at tariff, which may result in a cost pressure for the CCG;

- Bexley has an ageing, diverse population with growth in the more deprived wards;

- Bexley is experiencing an increase in birth rates;

- Ensuring that the Commissioning Support Unit (CSU) provides robust support to CCG commissioning, and is appropriately performance managed;

- Ensuring the CCG works closely with the whole health economy to deliver a sustainable future;

- The requirement that CCGs plan annually for 1.0% non-recurrent headroom and its use in part to support community based care objectives and the South East London strategy; 1% surplus, which the CCG has agreed with NHS England will not be achieved in 2015/16, 0.5% contingency in line with the planning guidance, and an on-going commitment to fund the Healthy London Partnership work (currently 0.15% per year);

- The further impact of specialist and primary care commissioning transferring to CCGs from NHS England;

- Ensuring the agreed collaboration and risk sharing agreement between the six South East London CCGs is maintained and the expectation that 0.5% funding per year is set aside to support this.

Statutory and Other Financial Duties

The CCG is required by statute to meet certain financial duties in order to ensure that public funds are utilised appropriately. These duties are:

- Not to exceed its revenue resource and cash limits (or maximum cash drawdown) in any one year;

- To remain within its running cost allowance;

- To remain within its capital resource limit;

- To comply with the Better Payments Practice Code (BPPC), which requires payment of 95% of creditors (NHS and non-NHS) within 30 days of receipt of invoice.

Planning Assumptions

The Financial Plan and the Commissioning Intentions are both based on the planning assumptions issued in the Operating Framework for 2015/16, which only provided guidance for one year. However, the CCG has continued to plan for the following 4 years, using the previous guidance, at both a detailed and high level. The CCG was required to produce a detailed financial plan for 2015/16 only due to the imminent General Election at the time of submission. The assumptions used by the CCG in producing the 5 year plans are attached at Appendix 1.

All CCGs are expected to make a 1% surplus in each year of the planning period. However, Bexley CCG has secured approval from NHS England to submit a £151k surplus for 2015/16. It is then expected that a 1% surplus would be achieved for the remaining periods, but at present, the CCG is only able to make £151k surplus in 2016/17 and therefore, dependant on final 2016/17 settlements, this will need to be the subject of a discussion with NHS England in the 2016/17 planning round. Additionally, CCGs are required to set aside 1.0% of recurrent funding for non-recurrent expenditure (non-recurrent headroom) in all planning years as well as a 0.5% contingency. In 2015/16, £1.7m of the 1% non recurrent headroom will be required to fund the CHC risk pool, with the remainder being used to fund QIPP initiatives. In 2015/16, CCGs were asked to commit 0.15% of recurrent funding to the Healthy London Partnership transformation. This is expected to continue for at least the next two years.

The other significant planning requirement in the Operating Framework is that the running costs of CCGs should not exceed the Running Cost Allowance (RCA). For 2015/16 this is £5,121k which is a reduction of £557k from the allocation in 2014/15. The CCG had a plan in place to ensure that this reduction did not affect the establishment of the organisation. However, any future decrease will be difficult to manage. Programme resource cannot be used to supplement running costs. However, any underspends in running costs can be utilised on healthcare spend.

Financial Plans 2015/16 to 2019/20

The Medium Term Financial Strategy has been informed by latest national and London wide guidance and local analytical work. The Financial Plan has been developed as an integral part of the overall Commissioning Intentions through close working with NHS England, information and commissioning teams, the CSU, public health and clinical commissioning leads; and informed by stakeholders and Governing Body level discussions and review. This has ensured joint ownership and management of financial and QIPP plans, local clinical ownership of plans and an improved consistency in approach. The 2015/16 QIPP plans have also been approved by the Governing Body.

The financial plan submitted to NHS England provided details for 2015/16 only and was refined to take account of Operating Framework guidance issued in December 2014. There were a number of iterations produced which refined the plan for contract values as they were signed as well as activity levels. In 2015/16, providers were allowed to opt for either the Enhanced Tariff Option (ETO) or the Default Tariff Rollover (DTR) due to queries with the proposed tariff changes. As a result of the choices made by our main providers, the CCG received additional funding in 2015/16 to bridge the resultant gap in costs.

Our investments and disinvestments over the strategic period have been prioritised based on:

- Benchmarking analysis;
- The impact of Bexley CCG's commissioning performance;
- Estimates of demand based on population and incidence growth;
- Tariff and inflation assumptions;
- Our systematic process of prioritising health goals and supporting initiatives;
- Our systematic process of identifying QIPP opportunities and proposals.

These financial plans are based on the resources currently allocated to Bexley CCG.

Detailed financial Plans have been produced for the whole period covered by this MTFS, despite the fact that NHS England did not require this information. Changes to income and expenditure over the 5-year period are set out in table 1.

Table 1: Changes in Income & Expenditure 2015/16 - 2019/20

	2015/16	2016/17	2017/18	2018/19	2019/20	5 year movement	Explanation of movement
	£'000	£'000	£'000	£'000	£'000	£'000	
Revenue Resource Limit	283,477	290,583	297,810	307,928	315,553	32076	
Acute	165,889	166,303	163,521	138,114	136,643	-29246	Prime contractor moved to community in last 2 years
Mental Health & Community inc CHC	66,065	68,524	69,707	96,577	99,809	33744	Prime contractor moved to community in last 2 years
Primary Care inc Prescribing	33,413	34,753	35,735	37,898	40,147	6734	Growth
Running Costs	4,575	4,795	4,777	4,858	4,896	321	Growth
Other budgets and Reserves	13,384	16,057	21,163	27,502	31,007	17623	Reserves to be allocated
Surplus	151	151	2907	2,979	3,051	2900	Move to requirement of 1% surplus
Total Expenditure	**283477**	**290583**	**297810**	**307928**	**315553**	**32076**	

Appendix 2 sets out in detail Bexley CCG's start budgets for 2015/16. This information will be used for scenario planning for any changes in the delivery of healthcare in Bexley.

The main planning points to note, in conjunction with the Operating Framework assumptions, are:

- Revenue Resource Limit uplifts are based on the planning assumptions provided by NHS England from last year, as no update to these have been provided(Appendix 1).

- Tariff inflation uplifts are in line with the planning assumptions provided previously, as already explained. It is assumed that DTR and ETO will not be options from 2016/17 and that any tariff issues will be resolved. Appendix 1 shows the detailed planning assumptions for income, efficiency, inflation and demographic and non-demographic growth for each of the categories of spend for all the years of the planning period. However, a 4% tariff efficiency assumption is assumed netting against these uplifts for the five year period.

- A generic inflation rate of 2% has been applied to CHC budgets with the corporate budgets and primary care (excluding prescribing budgets) being inflated by 1%. However, in reality, the corporate budgets are set using zero based budgeting and individual budgets are uplifted as required with any reduction being identified as QIPP.

- Prescribing budgets have been based on projections provided by the Medicines Management team.

- The CCG has a contingency fund of 0.5% in each of the planning years.

- The CCG has planned for a 1% non-recurrent resource in all years covered by this MTFS.

- The CCG has planned to include 0.5% risk management reserve to support the South East London collaborative risk share agreement. This being funded from the non-recurrent resource. When affordable, this will be set aside in addition to the non-recurrent reserve. In some years, the CCG has planned to increase the value available in this area as in previous years the CCG has taken advantage of the ability to draw from this resource.

- Where possible, the CCG has provided a QIPP reserve to mitigate the risk of the RAG rated QIPP programme.

- The CCG has planned to make a surplus of £151k in 2015/16 and 2016/17. This has been agreed with NHS England in respect of 2015/16 but a discussion will need to take place regarding 2016/17 to secure agreement. From 2017/18 onwards, the CCG has shown a 1% surplus.

- A robust QIPP plan is in place for 2015/16. For future years, QIPP has been assumed in each of the planning years in order to achieve the above assumptions. It is intended that the local QIPP will tie in with the Our Healthier South East London programme for future years.

Planning Assumptions 2015/16 – 2019/20

Detailed uplift assumptions are shown in Appendix 1.

Resource Assumptions

The resource assumptions used in this MTFS are those issued by NHS England last year as a result of the change in the funding formula. In 2015/16, Bexley received a 5.58% uplift in funding to bring it closer to target funding. However, the CCG remainsunder target . For planning purposes, it has been assumed that higher than average allocations will continue for the remainder of the planning period to continue to close the distance from target. This may not be the case given recent indications regarding NHS funding but until new planning assumptions are received these assumptions will remain.

The running cost allowance has seen a significant reduction in resource (9.81%) in 2015/16. As the CCG cannot fund running costs from its programme allocation, the CCG has carefully planned expenditure to fall within the running cost allocation in this and future years without any major detrimental effect on services. From 2016/17, there is some minimal growth for the following year and then the CCG is assuming no growth in the final years covered by this document.

Tariff and Generic Uplifts

In 2015/16, providers were allowed to choose between either the ETO or the DTR tariff uplift with the intention that a new tariff uplift would be in place for 2016/17. As this provided a cost pressure for the CCG, an additional allocation was received in respect of this. The tariff uplift for ETO contracts was 3.0% with an efficiency of 3.5% applied and for DTR there was just an inflationary uplift of 1.9%.

For future years, the CCG has assumed that ETO and DTR will no longer exist. As such, original assumptions have been used for future years, as no additional intelligence regarding this has been received from NHS England. For both acute and mental health, for the following 4 years, there is a net 0.4%, (0.6)%, (0.7)% and (0.7)% uplift which includes a 4.0% efficiency assumption.

Demographic & Non-Demographic Growth

For all planing years covered by this MTFS, the demographic growth across all areas has been set at 0.97% which has been validated against the growth predicted by the London Borough of Bexley and is actaully slightly higher than they are predicting.

For non demographic growth, an uplift of 2.0% has been applied in all years to acute, mental health, continuing healthcare and community contracts.

Primary Care, Prescribing and Other/Corporate Uplifts

A notional inflation uplift of 4% has been applied in each of the years in respect of prescribing, but actual uplifts will be based on workings provided by the Medicines Management team. 2% has been applied to CHC budgets and 1% to primary care (excluding prescribing) and corporate in the planning model. The need for uplifts has been reviewed as part of the planning exercise and in many cases has been removed as part of QIPP as it is expected that any increases in costs will be contained.

Brought Forward Surpluses

In 2014/15, the CCG had agreed with NHS England that it would not achieve a 1% surplus and had agreed a £126k surplus. The CCG in fact made a £151k surplus in 2014/15 which will be returned in 2015/16. NHS England has agreed to the CCG only achieving the same surplus of £151k in 2015/16.

The planning model has shown that the CCG can only achieve a £151k surplus again in 2016/17and this will need to be discussed with NHS England to confirm agreement.. The CCG has planned to make 1% surplus from 2017/18 and assumed surpluses will be carried forward each year.

Investment Proposals including baseline issues and Cost Pressures

Investments and cost pressures, which are known, have been included in financial plans for all years. Costs in 2014/15, which were covered by non-recurrent resources, have been included where it is appropriate to do so. The CCG has included, where it is affordable, increased contributions to the South East London Risk Pool as explained earlier.. The financial plan includes the costs of the reprovision of clinical services in community based settings where these are assumed to be removed from the acute portfolio.

The draft 2015/16 budgets were approved by the Governing Body at its public meeting in March 2015.

QIPP

In 2015/16, the CCG has a RAG rated QIPP programme of £6.4m with a risk reserve of £1.6m. As well as the QIPP schemes being approved at the Finance Sub-Committee and the Governing Body, the QIPP programme has been independently RAG rated by a multi-disciplinary committee. Planning assumes delivery of each year's plan. The QIPP expectation in each year is shown in table 2 below:

Table 2: Net QIPP expectation 2015/16 - 2019/20

	£m
2015/16	6.4m
2016/17	6.3m
2017/18	5.2m
2018/19	5.0m
2019/20	4.0m

Non Recurrent Headroom

The 2015/16 Operating Framework requires CCGs to identify 1% recurrent funding, to be invested non-recurrently. Whilst the CCG has access to these funds, there is a requirement within monthly returns to explain to NHS England how this is being spent. Part of the 1% will be used to fund implementation of the South East London strategy ('Our Healthier South East London') which will assist in the reconfiguration and transformation of NHS services in south east London.

Other uses of the funds are anticipated to include the following:

- The costs of implementation of local QIPP schemes;
- The 0.5% contribution to the South East London collaborative risk share agreement;
- Continuing healthcare (CHC) legacy risk share;
- Other in-year non-recurrent expenditure.

Capital Investment Programme

The CCG applied for a capital allocation, from NHS England, for 2015/16 in respect of primary care and corporate as shown in table 3. There was no requirement in this year's planning round to bid for any future years. Following the application and the planning submission, the CCG was requested to reduce the size of the bids and provide PIDs to NHS England. All capital has now been approved, although the reduction in the GP IT capital allocation will result in the inability to complete the full planned replacement programme.

Table 3: Capital Investment Plan per Planning Submission

NHS Bexley CCG	07N	Contents

Planned Capital Expenditure (Please describe the	Business Case Submitted (Y/N)	2015/16 Value £'000s
Capital Grants		
IT hardware replacement - primary care	Y	250
P/care pooled Ipads for improved access	Y	15
IT hardware replacement - CCG	Y	75
Mobile devices replacement programme - CCG	Y	26
TOTAL		**366**

Securing Efficiencies, Value for Money and Ensuring Financial Performance and Delivery

Bexley CCG's performance in financial management and service delivery is underpinned by active Governing Body leadership, effective financial performance and risk management arrangements and by our financial governance and reporting systems.

Financial balance and the delivery of the statutory financial duties are a core priority and a statutory requirement for the CCG. Bexley CCG's Governing Body plays a vital role in this.

The financial position is reviewed regularly by the Finance Sub Committee and the Governing Body.

The CCG addresses value for money (VFM) in all of its commissioning activities and has achieved an unqualified VFM conclusion from the external auditors in all years of operation. This is especially important given the financial challenges of the organisation and the local health economy. To assist in this the CCG has a Programme Management Office (PMO) function which has the responsibility of monitoring and reporting on the QIPP schemes. There are robust procedures and policies around the PMO, which were audited during 2014/15 and found to provide significant assurance for the organisation. All decisions are recorded and ratified where necessary to ensure appropriate governance.

A review of the 2015/16 budgets was undertaken to ensure that they are robust and fit for purpose. This was carried out jointly with budget holders, who have signed and approved the budgets for which they are responsible.

The CCG has an established Procurement function which maintains the governance with regards to tendering processes and ensuring value for money. This includes the use of an e-tendering system, robust procurement procedures and a procurement handbook. During 2015/16, in-house procurement training will be run for CCG staff to strengthen the knowledge and experience within the CCG.

During 2014/15, the CCG's first COBIC / prime contractor contract for the successful musculoskeletal services (MSK) procurement went live and has been a success for patients. The CCG has also agreed similar contractual arrangements for cardiology and ophthalmology. These are innovative procurement models which demonstrate value for money with deliverable outcomes. The Governing Body has had training in different types of procurement routes which will assist them in considering procurement when asked for approval.

The CCG continually works with partners to secure economy, effectiveness and efficiency, where appropriate, through enhanced procurement and approaches to competition, to commission better services for Bexley residents.

Strategic Goals and Health Outcomes

As part of the planning process, the CCG is required to have a robust set of commissioning intentions and priorities. These were chosen based upon the needs of the population being served by the CCG with reference to the Joint

Strategic Needs Assessment (JSNA), which was commissioned to help identify and/or confirm the areas of need, as well as the 'Our Healthier South East London' strategy and the views of the local GP population and other partners.

The commissioning intentions and priorities were agreed with input from key stakeholders within Bexley and are currently being updated and refreshed.

The strategic goals / service priorities for the CCG within the latest version of the CCG's Commissioning intentions (although at the time of writing these were being updated) are as follows:

- **Focus on Prevention and Inequalities** – These priorities are set out in our joint Health and Wellbeing Strategy with the London Borough of Bexley as follows:

1. Tackling childhood and adult obesity and promoting healthy choices;
2. Improving our work to prevent diabetes and supporting those with the disease;
3. Continuing to change attitudes towards smoking and offering support to stop;
4. Supporting residents and their families affected by dementia.
   This is supported by a cross cutting priority – transforming the way we work and keeping services closer to home which will be delivered by:
   - Balancing the health economy to provide improved community based integrated care;
   - Improving services at Queen Mary's Hospital Sidcup and Erith Hospital;
   - Improving primary care.

- **Queen Mary's and Erith Hospitals –** Developing Queen Mary's Hospital at the heart of a network of community based care, including new plans for revitalising and expanding the services at Erith Hospital.

- **Unscheduled (Emergency and Urgent) Care –** Implementing a borough wide integrated network of enhanced urgent care centres (Queen Mary's as the hub with Erith as the spoke).

- **Planned Care –** Having single, integrated pathways for planned services across community and acute settings, providing responsive consultant led advice to GPs, highly efficient outpatient care, maximising the use of day surgery and building Queen Mary's as the main hub for elective care up to the point where people need care in an acute hospital.

- **Long Term Conditions –** Earlier diagnosis and better self-management of long term conditions, such as rheumatology, with good hospital back-up when people need urgent, complex or specialised care but ensuring that

most services are community based following new major procurements, especially for cardiology and MSK.

- **Children, Young People's and Maternity Services –** Securing the future of our specialist children's services with closer integration of universal, specialist and mental health services for children and young people, implementing the agreed redesign of the paediatric assessment unit at Queen Mary's Hospital, mapping paediatric and maternity service pathways to ensure that the quality and experience of the service for Bexley women and children is enhanced by providers working effectively together and the development of personal health budgets.

- **Adult Services –** Strengthening mental health preventative, liaison psychiatry and referral management services and assessing the potential for better integration of the health and social care aspects of services for people with learning and physical disabilities. In particular, ensuring universal acute, community and mental health services are commissioned and held to account for making services accessible and appropriate for people with learning disabilities and additional needs and the development of personal health budgets.

- **Older People's Services –** Embedding and expanding the new Integrated Care Service in the community and delivering the corresponding reduction in hospital care, implementing our carers and dementia strategies. The model focuses on enhanced prevention and support services for Older People to avoid unnecessary admissions and support people in their own home using the principle of "home is best". Developing personal health budgets. Providing better services for people during their last year of life, to support them within their own homes and to enable them to die in their place of choice as part of the work around the Better Care Fund (BCF).

Initiatives to Support Strategic Goals and Health Outcomes

The CCG's vision is "for Bexley's residents to stay in better health for longer, with the support of good quality integrated care, available as close to home as possible – backed up by accessible, safe and expert hospital services, when they are needed". In order to achieve this vision, the CCG needs to provide the structure which will be able to lead and support the organisation and ensure world class commissioning, as well as ensuring a fit for purpose structure within the allocated running costs allowance.

To support achievement of the strategic goals, the CCG has started to develop a number of initiatives to deliver the outcomes required. The majority of these

initiatives are transformational (rather than transactional) changes to support the plans within 'Our Healthier South East London' which also links back to the TSA recommendations.

Implementation & Monitoring templates are available for all schemes but for some of the initiatives business cases are still in the process of being developed. These will need to pass through the PMO gateway process and are subject to approval in line with CCG's the Schedule of Matters Delegated to Officers. All business cases must show an audit trail back to the achievement of the strategic goals and health outcomes, Priority will be given to projects which meet these criteria and are cost effective and other proposed projects may be placed on a waiting list. It is hoped that this prioritisation process will ensure that investment is made in the correct areas to aid service transformation and help ensure the future sustainability of the local health economy.

There is a very limited amount of investment available in the 5-year planning cycle, and what is available needs to be in line with the 'Our Healthier South East London' programme of work. Therefore, in order to fund initiatives, there is a requirement for disinvestment in current activities or a change in the care setting which may release funding to be re-invested. It is imperative that projects have robust and measurable deliverables and Key Performance Indicators (KPIs) and that there are performance management structures in place to review the schemes after implementation.

In developing business cases, clinical leadership plays a significant role in informing production and achieving the implementation of the new initiatives. The shift in the setting of care from the acute to the primary care and community sectors is paramount to the success of the delivery of the best care to the residents of Bexley, as well as the future sustainability of the local health economy.
The priorities for investment, linking to the strategic goals of the CCG over future years, are as follows:

- To continue to develop the capacity and capability of the CCG. This is a key step in establishing high quality evidence based clinical pathways across the health economy.

- Shift the balance of care into the community and improve the quality and accessibility of services through the development of new pathways of care. The CCG will build on the established localities, as Local Care Networks, and use a federated model so that residents can access high quality and affordable services in community settings where safe and appropriate. Patients and professionals want to see high quality healthcare provided in the community rather than in hospital. This puts primary and community care at the heart of Bexley's future health system.

- Establish innovative services which help patients to more appropriately manage their long term conditions in community settings, including patients' own homes.

- Strengthen sub-acute medicine and rehabilitation services which support patients in a variety of out of hospital settings in order to overcome health challenges and maintain independent living within the community wherever possible.

- Transfer services to more local healthcare settings and transform services into more patient centred and effective models of care.

- Focussing provision on local and social needs.

- Improving patient access and experience to local service providers.

- Improving the efficiency of local community health providers through collaboration with hospitals to reduce delayed discharge and lengths of stay; as well as promoting self-management and limiting emergency hospital admissions.

- Through wellness education, supporting residents to manage their health and well-being.

The key strategic message is that the CCG has limited resource and must not spend in excess of its means and as such must prioritise investments, where resource is available, in accordance with the greatest need.

Quality, Innovation, Productivity and Prevention (QIPP)

QIPP is in effect our Commissioning Strategy that defines our transformational service delivery approach in Bexley and thus our strategic approach to change. It balances:

- Innovation, where we undertake a fundamental redesign and transformation of services, especially from hospital to community;

- Productivity work in current services that we wish to keep but run as cost effectively as possible;

- Prevention, where we aim to get better at preventing ill-health, catch problems early and support people to self-manage.

- The fourth component, quality, is essential to ensuring that cost effectiveness and standards are held in balance and that new services are based on good clinical evidence.

QIPP aims to ensure that the NHS delivers on quality and efficiency savings and minimises waste. The CCG continues to recognise that, with an expectation of nil or minimal growth for the NHS, the need to address growing service demand and the public's expectation of improved quality of care, the local NHS needs to work in different ways to ensure we deliver the highest quality care within available resources. In doing so we are using skills and techniques in our commissioning to ensure successful planning and delivery, using benchmarking, performance metrics and indicators, effective market management, and the promotion of innovation in service redesign and transformation and our approach to contracting for the population's needs.

We will continue to embed QIPP in our commissioning approach and to address value for money (VFM) in all commissioning activities, in particular through our ongoing programmes and benchmarking, Privacy Impact Assessments and Equality and Equity impact assessments. The aim continues to be to inform service priorities and effective commissioning and ensure that investment most effectively addresses health improvement and reduces health inequalities. We continually work with our partners to secure efficiency and economy, through enhanced procurement and, where appropriate, the approach to competition to commission better services for the residents of Bexley. The CCG is also using Capitated and Outcome-Based Incentivised Contracts (COBIC), which is an innovative approach to procurement, to further this approach.

The approach to defining QIPP opportunities incorporates:

- Identification of potential schemes by GPs and transformation leads and review of 'Our Healthier South East London' programme;

- Comparison of Bexley versus Office of National Statistics (ONS) peers and cluster benchmarks to identify areas of potential opportunity;

- Discussion of savings opportunities with all staff and budget holders on areas of potential;

- Review of QIPP within other CCGs to see whether opportunities exist for Bexley;

- Challenge, review, refine and prioritise initiatives in line with the PMO process & procedures embedded throughout the organisation.

QIPP addresses the following areas:

Long Term Conditions and Case Management

Provide care proactively for people outside of hospital to reduce use of hospital services. Maximise use of the Risk Stratification Tool to review patients in order

to support them early on, prevent exacerbation and therefore reduce unplanned utilisation of hospital services.

Prevention

Working with Public Health within the Local Authority to reduce demand for healthcare services by addressing health behaviours to reduce the risk of ill-health, e.g. through social marketing, and by improving screening to detect ill health at an earlier stage. This will also include prevention through the effective management of Long Term Conditions, including diabetes and Coronary Heart Disease and initiatives to deliver reductions in obesity.

Decommissioning

Stop commissioning and providing low value added interventions. This involves decommissioning of 'inappropriate' outpatient attendances using a number of approaches including practice targets, tertiary referral audits and referral management.

Reduced unit costs in the non-acute sector

Eliminate unnecessary and costly service overlaps (e.g. out-of-hours, extended hours, urgent care, A&E). Use of clinical evidence (e.g. NICE guidelines and technology appraisals) to ensure providers only deliver effective care. This also includes provider work to implement productivity measures to increase patient facing contact time and minimise duplication.

Shift to Lower Cost Setting

Reduce the unit price for those services that can be safely and more cost effectively be provided through a different pathway, out of the hospital and closer to home.

QIPP savings

The CCG's QIPP initiatives cover the full range of the commissioning portfolio identifying gross savings totalling £7.4m gross in 2015/16 as follows:

- Acute Commissioning Portfolio Savings based on benchmarking against National data;
- Community Portfolio Savings;
- Prescribing savings based on benchmarking;
- Corporate / back office budget review.

In 2015/16 these QIPP savings can be summarised as in table 4.

Table 4 – Summary of 2015/16 QIPP savings

			Scoping				2015/16 Plan used for financial planning			Financial Planning RAG rating		RAG rating post RAG rating meeting 13/5/15	
Scheme Heading	Planned Go 'Live' Date	No of Months Saving in 15/16	(Full Year) Initial Opportunity / Current Cost "GROSS" £	(Full Year) Viable Opportunity "GROSS" £	(Full Year) Recurrent Cost of Reprovision / Implementation £	(Full Year) Effect Net Saving	(Part Year) Viable Opportunity "GROSS" £	(Part Year) Recurrent Cost of Reprovision £ / Implementation	2015/16	Overall Scheme Rating	Most Likely Green 100% Amber 75% Red 50%	Overall Scheme Rating	Most Likely Green 100% Amber 75% Red 50%
Prime Contractor (COBIC) Childrens Services	Apr-15	12	16,544,615	413,062	0	413,062	413,062	0	413,062	Red	206,531	Red	206,531
TAP 3 - extension of existing SE London TAP policy for 2016/17 (OHSEL smoking & obesity)	Apr-15	12	0	0	0	0	0	0	0	Red	0	Red	0
Prescribing	Apr-14	12	814,621	814,621	0	814,621	814,621	0	814,621	Green	814,621	Green	814,621
Acute Productivity - LOS & FU & C2C & D/ OPProc	Apr-15	12	1,169,291	1,169,291	0	1,169,291	1,169,291	0	1,169,291	Red	659,146	Green	914,218
Community General Surgery AQP services	Apr-15	12	558,312	166,488	0	166,488	558,312	(391,824)	166,488	Green	166,488	Green	166,488
TOTAL OPEN SCHEMES 15/16 (in progress yet to			19,086,839	2,563,462	0	2,563,462	2,955,286	-391,824	2,563,462		1,846,786		2,101,858
Thwaites - GP reconfiguration	May-14	1	90,000	90,000	0	90,000	12,519	0	12,519	Green	12,519	Green	12,519
Reduction in Access Points - UCC	Jul-14	3	3,960,290	3,960,290	(2,772,203)	1,188,087	1,405,007	(827,816)	577,191	Green	577,191	Green	577,191
Referrals Management Service - reduction in RMBS / BHL contract	Aug-14	4	105,156	105,156	0	105,156	35,052	0	35,052	Green	35,052	Green	35,052
Review of all CCG small value contracts for consolidation and price improvement	Oct-14	6	76,000	76,000	0	76,000	38,000	0	38,000	Green	38,000	Green	38,000
Palliative Care EOLC - community service expansion to reduce last year of life admissions by 25%	Apr-15	12	10,049,909	904,492	(496,108)	408,384	904,492	(496,108)	408,384	Green	408,384	Amber	306,288
Major Contractor (COBIC) - Ophthalmology	Jul-14	9	4,429,587	398,663	0	398,663	298,997	0	298,997	Green	298,997	Green	298,997
Prime Contractor - Cardiology	Apr-14	9	0	0	0	0	471,718	0	471,718	Green	471,718	Green	471,718
Community Consultant Services - Dermatology, Urology and Gynaecology	Oct-14	6	1,502,659	1,502,659	(1,058,209)	444,450	1,502,659	(1,058,209)	444,450	Green	444,450	Amber	333,338
MSK - additional discount	Feb-14	1	226,693	226,693	0	226,693	226,693	0	226,693	Green	226,693	Green	226,693
AL B/FWD 14/15 SCHEMES (delivered / in progress delive			20,440,295	7,263,953	-4,326,520	2,937,433	4,895,137	-2,382,133	2,513,004		2,513,004		2,299,795
Corporate Schemes	Apr-14	1	781,266	781,266	0	0	1,551,920	0	1,551,920	Green	1,551,920	Green	1,551,920
TOTAL OPEN SCHEMES 15/16 (delivered)			781,266	781,266	0	0	1,551,920	0	1,551,920		1,551,920		1,551,920
TOTAL OPEN SCHEMES 15/16			40,308,400	10,608,681	-4,326,520	5,500,895	9,402,343	-2,773,957	6,628,386		5,911,709		5,953,574
GP Referrals	Apr-14	12	8,168,024	816,802		816,802	816,802	0	816,802	Red	408,401	Red	408,401
TOTAL PIPELINE SCHEMES 15/16			8,168,024	816,802	0	816,802	816,802	0	816,802		408,401		408,401
						0	0	0	0		0		0
TOTAL CLOSED SCHEMES 15/16			0	0	0	0	0	0	0		0		0
OVERALL TOTAL SCHEMES 15/16			48,476,423	11,425,483	-4,326,520	6,317,697	10,219,145	-2,773,957	7,445,188		6,320,111		6,361,975
						0	0	0	0		0		0
TOTAL 16/17 SCHEMES			0	0	0	0	0	0	0		0		0
TOTAL SCHEMES			48,476,423	11,425,483	-4,326,520	6,317,697	10,219,145	-2,773,957	7,445,188		6,320,111		6,361,975
Additional QIPP identified during the year													
QIPP Reserve													
QIPP Reserve													
QIPP Reserve													
QIPP Reserve													
TOTAL SCHEMES with additional QIPP & Reserves			48,476,423	11,425,483	-4,326,520	6,317,697	10,219,145	-2,773,957	7,445,188		6,320,111		6,361,975

Achievement of QIPP will be reliant upon the wider and more strategic future vision of Bexley CCG which includes the following:

- Joint working across Bexley, Greenwich and Lewisham CCGs where appropriate;
- Implementation of the solution for financial sustainability across the health economy in South East London;
- Development of healthcare closer to home by service transformation and movement of activity from acute to community settings;
- Population based, clinical outcomes contracting for integrated services across community and acute care;
- Effective engagement with the community to understand the barriers which prevent people accessing services.

Providers are engaged at the QIPP planning stage, Commissioning Intentions and contract negotiations to ensure that they understand the CCG's plans. This process is co-ordinated and communicated to providers in a coherent manner, via the Commissioning Support Unit, thus enabling providers to appropriately plan and reduce capacity.

Risks, Opportunities and Mitigation

Key financial risks to delivery of the aims of the Commissioning Intentions, financial plans and MTFS are as follows:

- Unplanned reductions to the CCG's funding allocation (revenue resource limit) in year and in planned resources in future years;
- Further adjustments in respect of specialist and / or primary care commissioning which are expected during the MTFS period, these should be cost neutral but previous experience would not support this assumption;
- Resource assumptions in future years are over optimistic or are revised downwards;
- The 'Our Healthier South East London' programme does not achieve the anticipated savings;
- The impact of a changing financial framework and provider incentives (national tariff, extending Payment by Results (PbR) etc.);
- Demand for services above plan;
- Inability to deliver the planned level of QIPP savings;
- Insufficient resources to support transition and enable change;
- The requirement for CCGs to pay for the legacy costs of Continuing Healthcare unassessed period of care claims;
- The transfer of funding from the CCG to the London Borough Bexley for integrated care (Better Care Fund) is not cost neutral to the CCG by reductions in costs in acute settings.

In compiling the Commissioning Intentions and financial plans, a number of specific risks and opportunities have been identified and mitigating actions put in place. It is inevitable that the CCG will have these risks and opportunities as there are many variables involved in forecasting, especially in the current economic and political climate. Estimated financial values are assigned to each risk. These are continually monitored and updated as risks become clearer or crystallise. Some issues, for example the current risk of acute over performance resulting in the CCG not breaking even, may feature on the CCG's risk register and Assurance Framework. The risks and best, most likely and worst case financial values are continually updated and included within the monthly finance report.

Appendix 3 gives more details of the more specific risk areas identified at the time of completing this document. However, this is not intended to be a duplicate of the risk register or a comprehensive list of all the risks facing the CCG over the 5-year planning period.

Within the risk register, identified risks have been assessed for likelihood and impact and this has been applied to the financial impact to establish a likely

scenario. This has been done by consideration of each of the respective risks in line with the approach used to assess risk within Bexley CCG.

Mitigation & Process for managing financial risk in year

As part of annual budget setting and developing our financial plan, financial risks are assessed in order to inform contingency approaches and mitigating actions in advance of the start of each financial year. This is agreed with the Governing body as part of plan approval.

The risks are updated on a monthly basis and included within the financial reports submitted to the Finance Sub-Committee and Governing Body for review and discussion. The mitigation that the CCG has in place to address risks in 2015/16 includes the following:

- The nationally required 0.5% contingency reserve has been set aside recurrently in financial plans;
- 1.0% non-recurrent headroom has been set aside to be used for the implementation of 'Our healthier South East London', local QIPP schemes and the CHC risk pool contribution;
- A QIPP reserve is in place to offset the RAG rating of QIPP schemes;
- QIPP pipeline schemes are being developed;
- Transformational QIPP schemes are being developed to ensure sustainable change;
- The CCG has its own Programme Management Office (PMO) processes which are integral and fully embedded in the organisation. The PMO has robust monitoring and reporting systems in place to support delivery of the QIPP schemes;
- There is a South East London PMO, across the six South East London CCGs, which will also support the development and delivery of QIPP and development of the south east London strategy;
- Bexley CCG is part of the South East London risk share collaborative agreement, which may be called upon in certain circumstances to assist with short term financial support as well as assisting with joint working around commissioning etc;
- The CCG has agreed a 3-year block contract with its main mental health provider, whilst the mental health tariff is being prepared;
- The CCG will be ensuring that community based care, linking with 111, is considered where possible to reduce hospital admissions and treat patients in the community or their own homes;
- The CCG will be working closely with its Commissioning Support Unit to robustly manage contracts with all acute providers. In-house teams will provide the same level of robust support for community & mental health contracts.

- In 2015/16, the CCG has entered into two block and one cap and collar acute contracts in order to try to contain costs and understand better the cost drivers and activity in the acute sector.
- In the event that over-performance exceeds the levels assessed in the CCG's most likely scenario and/or there is a high risk of non-delivery of financial control totals or breakeven, Bexley will look to implement a range of recovery plans which includes the following:

    - Seeking to effectively manage expenditure in overspending areas back in line with budget where possible, involving partners as necessary and appropriate;
    - Maximise the use of the 1.0% Non-Recurrent resource, although this would be difficult given the other calls upon this reserve;
    - Consideration of the acceleration of QIPP plans and pipeline schemes where possible;
    - Enhanced claims management and activity validation for acute services, which should be business as usual;
    - Ensure delivery of the impact of changes in funding identified through the Operating Framework, e.g. best use of the Better Care Fund to deliver service change and manage risk across organisational boundaries;
    - Withholding any fortuitous savings identified and underspends so as not to enter into any new unplanned commitments;
    - Review of the potential to delay or re-allocate planned investment which has not commenced and to freeze any new commitments;
    - Agreement, with partners, of mitigating actions, recovery measures and demand management plans to reduce projected over-performance;
    - A review of all available resources and flexibilities across all budgets, including the planned surplus;
    - Consideration of the utilisation of the South East London Risk Pool;
    - A review of any potential non recurrent solutions such as unused creditor accruals from the previous year;
    - Close working with partners, including the London Borough of Bexley, to ensure the planned use of the Better Care Fund (BCF) with quantified benefits.

The Finance Sub-Committee will assess plans with recommended action agreed or made to the Governing Body and NHS England for approval as appropriate.

Risks will be revisited on a regular basis and the risk impact will be fed into the best, likely and worst case monitoring in the monthly finance report to the Finance Sub-Committee and the Governing body.

Opportunities

The CCG has identified the following opportunities in 2015/16 and future years:

- The embedding of the CCG with renewed vision and goals for the commissioning & delivery of healthcare for the residents of Bexley;

- The development of community services on the Queen Mary's Hospital and Erith Hospital sites, and the joint working with other partners to ensure success of the project, provides an opportunity to improve healthcare for Bexley residents;

- The Integrated Commissioning team across the CCG and Local Authority provides an opportunity to share expertise and commissioning experience and benefits from economies from increased purchasing power;

- To work collaboratively with other CCGs in South East London and also with our partners in the CSU to share best practice and benefit from economies of scale;

- To work towards collaborative working with the London Borough of Bexley to get best value from the Better Care Fund;

- To implement the 'Our Healthier South East London' strategy and work towards a community based care mode, including Local Care Networks, to increase healthcare closer to home and decrease reliance on acute hospital based care for the residents of Bexley.

Financial Management

Bexley CCG has effective financial management arrangements in place. Financial controls are overseen by the Finance Sub-Committee and the Audit and Integrated Assurance Committee, supported by our comprehensive and risk based internal and external audit plans. We have assurance from internal audits of the quality of our financial management arrangements and financial controls.

Financial Management in Bexley CCG transferred back in-house from the South London CSU in October 2014 which strengthens the financial governance arrangements within the CCG. Assurance of our financial management is gained through our:

- Financial reporting arrangements;
- Budgetary control procedures;
- Budget holder guidance and training;
- Scheme of delegation and Schedule of Matters Delegated to Officers;
- Cash Management Strategy;
- System controls and procedures;
- External Audit Plans;
- Internal Audit Strategy and Annual Plan;
- Counter Fraud Strategy and Annual Counter Fraud Plan;
- Financial risk assessments and Risk Register incorporated into the overall organisation Assurance Framework;
- Updated financial risk assessment included in monthly financial reports.

Recently, the CCG was asked to submit a self-assessment regarding the financial control environment. This assessment has been audited by KPMG and awarded significant assurance.

Cash Management Strategy of the CCG

There is a cash flow requirement in the plan submission and numbers have been based on expenditure plans. Since the inception of CCGs, a maximum cash drawdown is applied to the CCG and is amended on a monthly basis. The CCG is advised of this value on the cash letters which are sent by NHS England every month and it is accepted that if the CCG remains within its maximum cash drawdown value, then its cash targets have been met. Therefore, for planning purposes, the working assumption has been that 2015/16 cash flow will be equal to the programme allocation plus the running cost allowance and the capital request less depreciation. The CSU on behalf of the CCG has drawn up a cash flow forecast year on year using the financial information that is available.

The CCG intends to use the criteria set by NHS England to monitor the performance of the CSU as follows:

- Cash balance target of 1.25% or less of the monthly draw down value across all bank accounts at the end of each month (reported KPI);
- At year end to ensure the cash balance is not overdrawn which is allowable but not desirable.

CCGs are required to accurately forecast cash requirements and submit one main drawdown request ahead of each month. The revised guidance on cash management, received from NHSE, includes the requirement to calculate notional charges against differences in the drawdowns and values of payment runs, in order to show how the Department of Health are being charged by the Treasury for poor cash flow forecasting.

Monthly performance against the targets above is reported to the Finance Sub-Committee and the Governing Body in the finance report.

Debt Management

The CCG takes a proactive approach to managing its debts, which proved to be successful again in 2014/15, with no bad debts having to be written off or any bad debt provision being required. The function of initial debt monitoring and debt chasing is managed by the Shared Business Service (SBS) in conjunction with the CSU. Outstanding debts are reviewed by the CCG in a monthly meeting with the CSU and further action taken if necessary.

The CCG has also taken back in-house the responsibility for raising invoices in respect of debts due to the CCG. This has meant that invoices are raised more promptly and the finance team have a better understanding of the debt situation of the organisation.

Monthly performance on this area is included in financial reports to the Governing Body and quarterly information is provided to the Audit & Integrated Assurance Committee.

Creditors Management

Invoices are paid through electronic scanning of all invoices received at SBS. Invoices are scanned to individual budget holders' oracle boxes for electronic authorisation and payment. Due to the numbers of invoicing queries being received due to non receipt of invoices by SBS, the CCG over the next year will be encouraging suppliers to use a new electronic invoicing service via Tradeshift which will eliminate the need for paper copies of invoices and improve the speed of approval and payment for suppliers.

A monthly and quarterly agreement of NHS creditor balances is carried out utilising the ledger system. The CCG is able to use these exercises to establish the level of risk arising out of disputed creditors and take immediate action to resolve any disputes. The CCG aims to pay all outstanding creditors, which are not disputed within 30 days of being invoiced. Performance against the 30 day target is reported to each Governing Body meeting with the expectation that at least 95% will be achieved for both NHS and non-NHS suppliers. This is consistently monitored by reviewing the workflow of individuals and also as part of the monthly meetings with the CSU. Budget holders are regularly chased and reminded to approve invoices as they receive them. The CCG continues to review processes underlying invoice payments with a view to improving its performance against this target.

The CCG has controls in place to ensure the appropriate authorisation of invoices and that no duplicate payments are made. These range from oracle system controls, for example to prevent duplicate invoices being logged, to the Schedule of Matters delegated to officers with appropriate levels of authority across the organisation. There are strict control procedures in place for the setting up of authorised signatories and separation of duties. The authorisation limits and access rights are reviewed monthly to provide assurance of integrity as well as to remain up to date for staff changes.

Claims Management

The CCG has commissioned the South London CSU to validate the activity billed by acute providers and ensure it pays only for activity from its commissioned population. This work is carried out via an automated challenge process with acute providers, with challenge letters being issued as part of the monthly routine. The success of these challenges is reported to the CCG at the Finance Sub-Committee and in the CSU's monthly integrated report. In addition, the CSU also challenges non contracted activity charged to the CCG and the success of these challenges are also advised to the CCG.

Statement of Financial Position (Balance Sheet)

The CCG's forecast Statement of Financial Position for 2015/16 is set out in Appendix 4. International Financial Reporting Standards (IFRS) are accounting standards issued by the International Accounting Standards Board (IASB). The Chancellor's 2007 budget announced that the accounts of central government departments and entities in the wider public sector will be produced using IFRS, as interpreted for the public sector in the IFRS-based Financial Reporting Manual (FReM). As a result, IFRS was implemented across the NHS from 2009/10 and is now fully embedded in the financial reporting framework.

Appendix 4 summarises the key financial statements for 2015/16 as outlined in the final financial plan submitted to NHS England. This shows the following key messages:

- The CCG has planned to deliver £151k surplus in 2015/16, following agreement with NHS England.
- Revenue spend for the contribution to the CHC risk pool, QIPP and community based care / South East London strategy costs are assumed contained within available resources, including use of the 1.0% non-recurrent headroom.
- Whilst the CCG applied for capital bids of £366k as outlined in the Capital, it was then required that they were reduced prior to any decisions being made which the CCG did. Subsequently, we have been advised that we have been successful in securing £101k of capital funding for CCG IT which will be used for equipment. In addition, the CCG was able to secure Primary Care IT capital funding of £192k.
- It is assumed that cash is utilised in full each year and any additional arising from any surplus generated is used to reduce creditors less than 1 year.

Conclusion

This MTFS sets out the financial position of the CCG for the planning period 2015/16-2019/20 and shows how the CCG has been able to adhere to the planning requirements set out in the Operating Framework and how it has achieved its statutory duties. This is with the exception of the requirement to achieve a 1% surplus in 2015/16, where agreement has been made with NHS England that £151k surplus will be acceptable; and 2016/17, where discussions will need to take place between the CCG and NHS England as our detailed planning at present shows that the CCG will be unable to meet the 1% requirement. The planning also takes into consideration the ongoing requirements of the 'Our Healthier South East London' requirements.

The MTFS also highlights the potential risks and opportunities around the assumptions made and how they can be mitigated. The Governing Body is updated on these on an ongoing basis.

With regards to the QIPP initiatives and cost improvement programmes, it is imperative that the PMO process is adhered to and projects are delivered in the timescales, with the required outcomes. The reporting and monitoring processes are very important to this and the acute schemes must be included in this reporting. Liaison between the CSU acute multi-disciplinary team and the CCG is essential as many of the acute schemes are due to yield large savings and so mechanisms must be devised to robustly measure the success criteria. The acute contracts must also be appropriately performance managed to keep within agreed SLA values in 2015/16 ensuring all specialist commissioning expenditure is excluded and appropriately charged to NHS England. The CCG also needs to understand the real costs of the block and cap and collar acute contracts in 2015/16 and these may mean there is a cost pressure on these contracts for the following year. GPs need to continually review referrals, as contingency and reserves are low. It is also imperative that GPs, as part of a membership organisation, continue to be involved and engaged in the redesign process. A comprehensive Primary Care Activity Reporting Tool has been designed and populated, which is being sent monthly to GPs with updated data.

Finally, this paper gives an overall flavour of the ongoing financial position as well as providing a tool to use to monitor the position during the planning period, and in each year, and also for producing "what if" analysis to aid the decision making process.

Appendix 1 - Base Case Planning / Uplift Assumptions by Area of Commissioned Expenditure

NHS Bexley CCG Planning Assumptions	2015/16	2016/17	2017/18	2018/19	2019/20
Allocation Growth	5.58%	2.61%	2.59%	2.57%	2.57%
Running Costs	-9.80%	0.21%	0.00%	0.00%	0.00%
Gross Provider Efficiency - Acute & Mental Health	N/a	-4.00%	-4.00%	-4.00%	-4.00%
Gross Provider Efficiency - ETO	-3.50%	N/a	N/a	N/a	N/a
Gross Provider Efficiency - DTR	0.00%	N/a	N/a	N/a	N/a
Gross Provider Efficiency - CHC	0.00%	0.00%	0.00%	0.00%	0.00%
Gross Provider Efficiency - Client Groups	-3.80%	-4.00%	-4.00%	-4.00%	-4.00%
Gross Provider Efficiency - Primary Care	0.00%	0.00%	0.00%	0.00%	0.00%
Gross Provider Efficiency - Corporate	0.00%	0.00%	0.00%	0.00%	0.00%
Provider Inflation - Acute & Mental Health	N/a	4.40%	3.40%	3.30%	3.30%
Provider Inflation - ETO	3.00%	N/a	N/a	N/a	N/a
Provider Inflation - DTR	1.90%	N/a	N/a	N/a	N/a
Provider Inflation - CHC	2.00%	2.00%	2.00%	2.00%	2.00%
Provider Inflation - Client Groups	1.93%	4.40%	3.40%	3.30%	3.30%
Provider Inflation - Primary Care	1.00%	1.00%	1.00%	1.00%	1.00%
Provider Inflation - Corporate	1.00%	1.00%	1.00%	1.00%	1.00%
Demographic Growth	0.97%	0.97%	0.97%	0.97%	0.97%
Non Demographic Growth - Acute	2.00%	2.00%	2.00%	2.00%	2.00%
Non Demographic Growth - Mental Health	2.00%	2.00%	2.00%	2.00%	2.00%
Non Demographic Growth - CHC	2.00%	2.00%	2.00%	2.00%	2.00%
Non Demographic Growth - Prescribing	4.00%	4.00%	4.00%	4.00%	4.00%
Non Demographic Growth - Other Non Acute	2.00%	2.00%	2.00%	2.00%	2.00%
Contingency	0.50%	0.50%	0.50%	0.50%	0.50%
Non recurrent Headroom	1.00%	1.00%	1.00%	1.00%	1.00%

Appendix 2 - Bexley CCG 2015/16 Start Budgets by directorate

DIRECTORATE	COST CENTRE & NARRATIVE	15-16 START BUDGET
Mental Health	135001 - Mental Health Contracts	20,909,642
Mental Health	135006 - Child & Adolescent Mental Health	0
Mental Health	135011 - Dementia	0
Mental Health	135016 - Improving Access to Psychological Therapies	895,953
Mental Health	135021 - Learning Difficulties	1,396,875
Mental Health	135036 - Mental Health Advocacy	75,298
Mental Health	135046 - Mental Health Services - NCA	791,815
Mental Health	135051 - Mental Health Services - Older People	683,000
Mental Health	135056 - Mental Health Services - Other	1,607,433
Mental Health	135066 - Mental Health Services - Winter Resilience	0
Total Mental Health	Total Mental Health	26,360,016
Acute	135071 - Acute Commissioning	129,031,244
Acute	135086 - Ambulance Services	7,642,326
Acute	135096 - Collaborative Commissioning	0
Acute	135111 - Maternity Services	472,606
Acute	135116 - NCAs / OATs / HCD's	2,359,908
Acute	135121 - Planned Care	22,463,902
Acute	135131 - Winter pressures	1,401,000
Total Acute	Total Acute	163,370,986
Primary Care	135146 - Commissioning Schemes	305,752
Primary Care	135151 - Local Enhanced Services	129,058
Primary Care	135156 - Medicine's Management (Clinical)	527,167
Primary Care	135161 - Out of Hours	0
Primary Care	135171 - Prescribing	31,906,773
Other	135309 - NHS 111	1,093,654
Total Primary Care	Total Primary Care	33,962,404
Continuing Care	135182 - CHC Adult Fully Funded	6,802,538
Continuing Care	135183 - CHC Adult Fully Funded PHB	1,575,118
Continuing Care	135186 - Continuing Healthcare Assessment & Support	317,624
Continuing Care	135191 - Funded Nursing Care	1,899,059
Total Continuing Care	Total Continuing Healthcare	10,594,339
Community Health	135211 - Community Services	24,826,573
Community Health	135216 - Carers	0
Community Health	135221 - Hospices	1,047,896
Community Health	135226 - Intermediate Care	93,283
Community Health	135231 - Long Term Conditions	86,864
Community Health	135241 - Wheelchair Service	588,406
Total Community Health	Total Community	26,643,022
Other	135256 - Commissioning - Non Acute	637,821
Other	135261 - Commissioning Reserve	5,234,603
Other	135271 - Interpreting Services	57,515
Other	135276 - Non-Recurrent Programmes	237,500
Other	135281 - Non-Recurrent Reserve	1,967,227
Other	135286 - Patient Transport	398,970
Other	135291 - Programme Projects	2,821,694
Other	135296 - Reablement	6,069,000
Total Other	Total Other	17,424,330
Corporate	136751 - Admin & Business Support	220,138
Corporate	136771 - CEO / Board Office	408,787
Corporate	136776 - Chair & Non Execs	336,677
Corporate	136786 - Clinical Governance	124,671
Corporate	136796 - Commissioning	554,746
Corporate	136801 - Communications & PR	405,095
Corporate	136821 - Corporate Governance	43,833
Corporate	136846 - Estates & Facilities	633,356
Corporate	136851 - Finance	871,041
Corporate	136871 - IM&T	349,955
Corporate	136931 - Recharges	1,022,712
Total Corporate	Total Corporate	4,971,011
Allocations	137461 - Confirmed	-283,477,108
Allocations	137466 - Anticipated	0
Allocations	137471 - Potential	0
Total Allocations	Total Allocations	-283,477,108
I&E	099999 - Surplus	151,000
1% Surplus	Total Surplus	151,000

Appendix 3 - Areas of risk

There are a number of risks to the planned position that could increase the financial gap.

- Resource Assumptions may change

  There is a risk that the resource assumptions made in the 5 year plan are over-optimistic and may be changed due to the overall Government requirement to balance the books by 2020.

- Unplanned reductions to Revenue Resource Limit (RRL)

  The plan includes the predicted RRL in each year. Further unplanned reductions may be made during the year.

- Further Specialist / Primary Care Commissioning Adjustments

  It is likely that more specialist commissioning services will be transferred back to CCGs in the timeframe of this document. Also, as co-commissioning develops further, the CCG may take back some primary care commissioning during this period as well. Any impact on the CCG would be expected to be cost neutral but lessons from the previous transfers does not support this theory and therefore there is a possibility that this may impact the CCG's bottom line and also that demand may increase. As the CCG is now receiving information on the primary care budgets from NHS England, it has become evident that there are cost pressures within the medical services budget and there is a real risk that the CCG may be asked to contribute to this shortfall during the lifetime of this document.

- TSA / Our Healthier South East London Recommendations

  There is a risk that the implementation of the TSA recommendations and the Our Healthier South East London programme do not achieve the desired result of ensuring South East London is a viable health economy. The CCG is already ensuring its Commissioning Intentions are aligned with these projects and delivery of the associated QIPP is vital for the overall position of the CCG and South East London.

- Acute Commissioning Issues

  The risk of over-performance against planned levels of activity and expenditure in the acute sector has historically been the most significant financial risk facing the CCG and indeed was an issue in 2014/15. Whilst

there is a short-term mitigation in place for 2015/16 with block contracts and a cap and collar contract in place, these may not be accepted in future years and underlying activity may be greater than the contract in 2014/15. This is potentially compounded by the impact of a changing financial framework and provider incentives (national tariff, extension of PbR etc.).

- Continuing Health Care Costs

  The CCG has seen and is expected to continue to see an increase in the demand for funding of continuing health care costs, including for fast track clients. It has also been the case that the acuity of some clients has recently seen an increase which has meant that the placements have been more expensive. These trends are likely to be linked to the age profile of the population within Bexley.

- Prescribing Costs

  Whilst the CCG has change the budget setting methodology in 2015/16 in respect of prescribing, there is still a risk that despite the prescribing advisors being in post that the costs will exceed the budget.

- QIPP Savings

  There is a risk that the planned level of QIPP savings will not be delivered. At present, the identified level of RAG rated QIPP savings are sufficient to meet the required surplus position in 2015/16. However, if other risks highlighted were to come to fruition, then additional QIPP would be required. 2016/17 QIPP plans are currently being developed in the light of 'Our Healthier South East London' as well as more local schemes. In the remaining three years, the CCG has yet to develop detailed QIPP plans which would again be influenced by the work in South East London. Resource linked to developing and delivering these schemes is a further risk.

- Legacy Continuing healthcare unassessed period of care claims (retrospective reviews)

  The CCG currently has to contribute to the CHC risk pool each year to nationally fund the payment of retrospective reviews. The contributions are based on historical information and are felt to be disproportionate to the actual claims the CCG now has. In addition, the CCG can no longer recoup the administrative costs of these claims from the risk pool and this is therefore an additional financial burden as are any claims which are now coming in for periods after the allowable claim period.

- Impact of Better Care Fund (BCF)

It has now been recognised by all parties that there is no “new” money for the Better Care Fund. The benefits that should be made from this initiative must therefore come from improved joint working and commissioning. The CCG has to ensure that the transfer of resources and contracts is cost neutral to avoid a cost pressure to the organisation. Therefore, the CCG and the London Borough of Bexley are continuing to work with partners to explore how activities can be delivered in community settings for better value without de-stabilising the acute sector. This is extremely challenging for Bexley as it does not have one host acute provider in the borough.

Appendix 4 - Financial Plan Submission – key financial statements

2015/16 Expenditure Plan

NHS Bexley CCG	07N	Non recurrent allocations (-)	Forecast Exit Run Rate (underlying position (+)	Increase in recurrent allocation	Additional Better Care Fund Allocation	Sub total - 2015/16 recurrent Resource Limit	Sub total - 2015/16 Non Recurrent Resource	Total - 2015/16 Resource
	2014/15 Forecast Outturn							
Revenue Resource Limit (£000)	273,807	(9,487)	264,320	13,822	4,255	282,397	742	283,139

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Income and Expenditure (£000)	2014/15 Forecast Outturn	Non-recurrent adjustment to allocation (-)	Non-recurrent spend (-/+)	14/15 Non-Recurrent QIPP (-/+)	Full Year Effect of QIPP (-/+)	Other Full Year Effects (-/+)	Forecast Exit Run Rate (underlying Position) (+)	Gross Provider Efficiency (-)	Provider Inflation (+)	Net Tariff Deflation / Inflation (+/-)
Acute services										
Acute contracts - NHS (includes Ambulance services)	159,610		(2,865)	-	(838)	2,366	158,273	(4,085)	3,900	(95)
Acute contracts - Other providers (non-nhs, incl. VS)	1,275		42	-	(113)	-	1,204	(42)	36	(6)
Acute - Other	-			-	-	-	-	-	-	-
Acute - Exclusions / cost per case							-			-
Acute - NCAs	3,824		(1,464)	-	-	-	2,360	(83)	75	(12)
Acute - Pass-through payments	-				-	-	-			
Sub-total Acute services	164,709	-	(4,287)	-	(951)	2,366	161,837	(4,210)	4,097	(113)
Mental Health services										
MH contracts - NHS	21,204		-	-	-		21,204	(722)	475	(247)
MH contracts - Other providers (non-nhs, incl. VS)	4,536		(181)	-	-		4,355	(152)	100	(52)
MH - Other	714		-	-	-		714	(27)	17	(10)
MH - Exclusions / cost per case	519		-	-	-		519	(20)	12	(8)
MH - NCAs	-		-	-	-		-			-
MH - Pass-through payments	-		-	-	-		-			
Sub-total Mental Health Services	26,973	-	(181)	-	-	-	26,792	(921)	604	(317)
Community Health Services										
CH Contracts - NHS	20,335		(275)	-	(298)		19,762	(666)	368	(288)
CH Contracts - Other providers (non-nhs, incl. VS)	8,914		(552)	-	41	(342)	8,061	(282)	156	(126)
CH - Other	687		(61)	-	-		626	(20)	11	(9)
CH - Exclusions / cost per case	118		-	-	-		118	(4)	2	(2)
CH - NCAs	-			-	-		-			-
CH - Pass-through payments	-			-	-		-			-
Sub-total Community Health services	30,054	-	(888)	-	(257)	(342)	28,567	(972)	537	(435)
Continuing Care Services (All Care Groups)	9,866		(1,618)	-	-		8,248		200	200
Local Authority / Joint Services	-			-	-		-		-	-
Free Nursing Care	250						250		5	5
Sub-total Continuing Care services	10,116	-	(1,618)	-	-	-	8,498	-	205	205
Primary Care services										
Prescribing	32,217		(711)		(38)		31,468		-	-
Community Base Services	337						337		3	3
Out of Hours	726			-	(726)		-		-	-
PC - Other	1,106			-	-		1,106	(11)	14	3
Sub-total Primary Care services	34,386	-	(711)	-	(764)	-	32,911	(11)	17	6
Other Programme services										
GP IT Costs	579		(579)	-	-		-		5	5
NHS Property Services re-charge (excluding running cost)	103			-	-		103		1	1
Voluntary Sector Grants / Services	543		-	-	-		543	(21)	10	(11)
Social Care				-	-		-	-	-	-
Other CCG reserves	(4,193)		6,636			(893)	1,550	(35)	28	(7)
Other Programme Services	4,451		(2,616)		-	158	1,973	(2)	27	25
Sub-total Other Programme services	1,463	-	3,441	-	-	(735)	4,169	(58)	71	13
Total - Commissioning services	267,701	-	(4,348)	-	(1,972)	1,289	262,774	(6,172)	5,531	(641)
Running Costs										
CCG Pay costs	2,217			-	-	(22)	2,195		22	22
CSU Re-charge	1,335						1,335		13	13
NHS Property Services re-charge / CHP Charges	316			-	-		316		3	3
Running Costs - Other Non-pay	794		14	-	-	8	816		8	8
Sub-Total Running costs	4,662	-	14	-	-	(14)	4,662	-	46	46
Contingency	1,318		(1,318)				-			
Total Application of Funds	273,681	-	(5,548)	-	(1,972)	1,275	267,436	(6,172)	5,577	(595)
Surplus/(Deficit)	126	(9,487)		-	1,972	(1,275)	(5,116)			

Income and Expenditure (£000)	Activity Growth (Demog) (+)	Activity Growth (Non-Demog) (+)	Other Recurrent Cost Pressures (+)	QIPP Gross Saving (-)	QIPP Investment (+)	Additional Better Care Fund Allocation (+)	Investment (Recurrent) (+)	Sub total - 2015/16 Recurrent	Application of NR Allocation / Passthrough (+)	Other NR Cost Pressures (+)	Investment (NR) (+)	QIPP Gross Saving (-)	QIPP Investment (+)	Sub-total Non-Recurrent	Total - 2015/16 Plan
	RECURRENT (£000)								NON-RECURRENT EXPENDITURE (£000)						TOTAL
Acute services															
Acute contracts - NHS (includes Ambulance services)	1,515	3,123	2,900	[illegible]	-	-	-	162,253	-	-	-	-	-	-	162,253
Acute contracts - Other providers (non-nhs, incl. VS)	12	24	10	[illegible]	-	-	-	1,219	-	-	-	-	-	-	1,219
Acute - Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Acute - Exclusions / cost per case	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Acute - NCAs	23	47	5	(5)	-	-	-	2,418	-	-	-	-	-	-	2,418
Acute - Pass-through payments			-	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total Acute services	1,550	3,194	2,915	(3,495)	-	-	-	165,890	-	-	-	-	-	-	165,890
Mental Health services															
MH contracts - NHS	200	415	10	-	47	-	-	21,627	-	-	-	-	-	-	21,627
MH contracts - Other providers (non-nhs, incl. VS)	42	87	-	(99)	-	-	-	4,333	-	-	-	-	-	-	4,333
MH - Other	7	15	187	-	-	-	-	913	-	-	-	-	-	-	913
MH - Exclusions / cost per case	5	10	-	(88)	-	-	-	458	-	-	-	-	-	-	458
MH - NCAs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
MH - Pass-through payments			-	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total Mental Health Services	254	525	197	(187)	47	-	-	27,311	-	-	-	-	-	-	27,311
Community Health Services															
CH Contracts - NHS	185	581	(431)	(376)	496	-	-	19,719	-	-	-	-	-	-	19,719
CH Contracts - Other providers (non-nhs, incl. VS)	78	161	-	(272)	-	-	-	7,942	-	-	-	-	-	-	7,942
CH - Other	6	12	-	(61)	-	-	-	544	-	-	-	-	-	-	544
CH - Exclusions / cost per case	1	2	-	(41)	-	-	-	68	-	-	-	-	-	-	68
CH - NCAs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CH - Pass-through payments			-	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total Community Health services	270	556	(431)	(750)	496	-	-	28,279	-	-	-	-	-	-	28,279
Continuing Care Services (All Care Groups)	97	200	-	(245)	-	-	-	8,500	-	-	1,727	-	-	1,727	10,227
Local Authority / Joint Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Free Nursing Care	2	5		(7)				256				-			256
Sub-total Continuing Care services	99	205	-	(252)	-	-	-	8,755	-	-	1,727	-	-	1,727	10,482
Primary Care services															
Prescribing	1	1,258	-	(813)	-	-	-	31,912	-	-	-	-	-	-	31,912
Community Base Services	3	7	-	(9)		-		341	-	-	-	-	-	-	341
Out of Hours	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PC - Other	10	21	50	(32)	-	-	-	1,158	-	-	-	-	-	-	1,158
Sub-total Primary Care services	14	1,288	50	(856)	-	-	-	33,411	-	-	-	-	-	-	33,411
Other Programme services															
GP IT Costs	2	5	5	(9)	-	-	-	8	-	-	-	-	-	-	8
NHS Property Services re-charge (excluding running cost)	-	-	5	-	-	-	-	109	-	-	-	-	-	-	109
Voluntary Sector Grants / Services	5	11	-	(5)	-	-	-	543	-	-	-	-	-	-	543
Social Care	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other CCG reserves	9	19	(67)	(121)	1,119	-	-	2,523	-	-	-	-	-	-	2,523
Other Programme Services	1	1	(554)	(72)	-	6,069	-	7,443	-	-	1,003	-	-	1,003	8,446
Sub-total Other Programme services	17	36	(561)	(206)	1,119	6,069	-	10,626	-	-	1,003	-	-	1,003	11,629
Total - Commissioning services	2,204	5,802	2,140	(5,744)	1,662	6,069	-	274,266	-	-	2,790	-	-	2,790	276,996
Running Costs															
CCG Pay costs	-	-	17	-	147	-	-	2,381	-	-	-	-	-	-	2,381
CSU Re-charge	-	-	-	(326)	-	-	-	1,022	-	-	-	-	-	-	1,022
NHS Property Services re-charge / CHP Charges	-	-	15	(3)	-	-	-	331	-	-	-	-	-	-	331
Running Costs - Other Non-pay	-	-	101	(89)	-	-	-	841	-	-	-	-	-	-	841
Sub-Total Running costs	-	-	133	(415)	147	-	-	4,575	-	-	-	-	-	-	4,575
Contingency								-		1,417				1,417	1,417
Total Application of Funds	2,204	5,802	2,273	(6,157)	1,809	6,069	-	278,841	-	1,417	2,790	-	-	4,147	282,988
Surplus/(Deficit)								3,556	-					(3,405)	151

2015/16 Statement of Financial Position

NHS Bexley CCG	07N	Contents	Quality Checks										
		2014/15 Outturn (£000)	2015/16 Plan (£000)										
	sign	March	Apr	May	June	July	August	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March
Assets														
Non Current Assets														
Opening Balance	+ve	243	274	261	248	235	222	209	196	183	170	157	510	497
Depreciation	-ve	(159)	(13)	(13)	(13)	(13)	(13)	(13)	(13)	(13)	(13)	(13)	(13)	(13)
Additions	+ve	190										366		
Long Term Receivables	**+ve**													
Total Non Current Assets		**274**	**261**	**248**	**235**	**222**	**209**	**196**	**183**	**170**	**157**	**510**	**497**	**484**
Current Assets														
Inventories	+ve	-	-	-	-	-	-	-	-	-	-	-	-	-
NHS Trade and Other Receivables	+ve	2,153	2,153	2,153	2,153	2,153	2,153	2,153	2,153	2,153	2,153	2,153	2,153	2,153
Non NHS Trade and Other Receivables	+ve	300	300	300	300	300	300	300	300	300	300	300	300	300
Cash and Cash Equivalents	+ve	278	225	225	225	225	225	225	225	225	225	419	318	225
Total Current Assets		**2,731**	**2,678**	**2,678**	**2,678**	**2,678**	**2,678**	**2,678**	**2,678**	**2,678**	**2,678**	**2,872**	**2,771**	**2,678**
Total Assets		**3,005**	**2,939**	**2,926**	**2,913**	**2,900**	**2,887**	**2,874**	**2,861**	**2,848**	**2,835**	**3,382**	**3,268**	**3,162**
Liabilities														
Non Current Liabilities														
Borrowings	-ve	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Income (non current)	-ve	-	-	-	-	-	-	-	-	-	-	-	-	-
Provisions (non current)	-ve	(477)	(477)	(477)	(477)	(477)	(477)	(477)	(477)	(477)	(477)	(477)	(477)	(477)
Trade and Other Payables (non current)	-ve	-	-	-	-	-	-	-	-	-	-	-	-	-
Finance Leases (non current)	-ve	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non Current Liabilities		**(477)**	**(477)**	**(477)**	**(477)**	**(477)**	**(477)**	**(477)**	**(477)**	**(477)**	**(477)**	**(477)**	**(477)**	**(477)**
Current Liabilities														
Borrowings	-ve	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Income (current)	-ve	-	-	-	-	-	-	-	-	-	-	-	-	-
Provisions (current)	-ve	(159)	(159)	(159)	(159)	(159)	(159)	(159)	(159)	(159)	(159)	(159)	(159)	(159)
Trade and Other Payables (current)	-ve	(25,263)	(25,263)	(25,263)	(25,263)	(25,263)	(25,263)	(25,263)	(25,263)	(25,263)	(25,263)	(25,263)	(25,263)	(25,263)
Finance Leases (current)	-ve													
Total Current Liabilities		**(25,422)**	**(25,422)**	**(25,422)**	**(25,422)**	**(25,422)**	**(25,422)**	**(25,422)**	**(25,422)**	**(25,422)**	**(25,422)**	**(25,422)**	**(25,422)**	**(25,422)**
Total Liabilities		(25,899)	(25,899)	(25,899)	(25,899)	(25,899)	(25,899)	(25,899)	(25,899)	(25,899)	(25,899)	(25,899)	(25,899)	(25,899)
TOTAL ASSETS EMPLOYED		**(22,894)**	**(22,960)**	**(22,973)**	**(22,986)**	**(22,999)**	**(23,012)**	**(23,025)**	**(23,038)**	**(23,051)**	**(23,064)**	**(22,517)**	**(22,631)**	**(22,737)**
Taxpayers' Equity														
General Fund	+ve/-ve	(22,894)	(22,960)	(22,973)	(22,986)	(22,999)	(23,012)	(23,025)	(23,038)	(23,051)	(23,064)	(22,517)	(22,631)	(22,737)
Revaluation Reserve	+ve/-ve													
Other Reserves	+ve/-ve													
TOTAL ASSETS EMPLOYED		**(22,894)**	**(22,960)**	**(22,973)**	**(22,986)**	**(22,999)**	**(23,012)**	**(23,025)**	**(23,038)**	**(23,051)**	**(23,064)**	**(22,517)**	**(22,631)**	**(22,737)**

2015/16 Cash flow statement

NHS Bexley CCG	07N		Contents	Quality Checks									
	April	May	June	July	August	September	October	Nov	Dec	January	February	March	Total
2015/16	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Expenditure	23,583	23,583	23,582	23,583	23,583	23,582	23,583	23,583	23,582	23,583	23,583	23,582	282,988
Less Non Cash Items													
Depreciation/Amortisation - Running Costs	(13)	(13)	(14)	(13)	(13)	(14)	(13)	(13)	(14)	(13)	(13)	(14)	(160)
Depreciation/Amortisation - Programme Costs	-	-	-	-	-	-	-	-	-	-	-	-	-
Impairments - Running Costs	-	-	-	-	-	-	-	-	-	-	-	-	-
Impairments - Programme Costs	-	-	-	-	-	-	-	-	-	-	-	-	-
Less Top Slices													
Prescription Pricing Authority	(2,659)	(2,659)	(2,660)	(2,659)	(2,660)	(2,659)	(2,659)	(2,660)	(2,659)	(2,659)	(2,659)	(2,660)	(31,912)
Other Central / BSA payments	-	-	-	-	-	-	-	-	-	-	-	-	-
Remaining Expenditure	20,911	20,911	20,908	20,911	20,910	20,909	20,911	20,910	20,909	20,911	20,911	20,908	250,916

2015/16	April	May	June	July	August	September	October	Nov	Dec	January	February	March	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Receipts													
Balance b/fwd	225	225	225	225	225	224	223	222	221	220	419	318	
BACS	510	510	510	510	510	510	510	510	510	510	510	510	6,120
CHAPS	-	-	-	-	-	-	-	-	-	-	-	-	-
CCG-Drawdown	20,911	20,911	20,908	20,911	20,910	20,909	20,911	20,910	20,909	20,911	20,911	20,908	250,916
CCG-Drawdown additional	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	8	8	8	8	8	10	8	8	8	8	10	8	100
PCS Payments Reimbursements	-	-	-	-	-	-	-	-	-	-	-	-	-
VAT	63	63	63	63	63	63	63	63	63	63	63	63	756
Capital Receipts	-	-	-	-	-	-	-	-	-	366	-	-	366
Total Receipts	21,717	21,716	21,714	21,716	21,716	21,715	21,715	21,712	21,711	22,078	21,913	21,807	258,258
Payments													
Creditors NHS	19,000	19,100	19,100	19,000	19,100	19,000	19,100	19,100	19,000	19,000	19,000	19,000	228,500
Creditors CHAPS	-	-	-	-	-	-	-	-	-	-	-	-	-
Salary CHAPS	-	-	15	-	15	-	-	15	-	15	-	-	60
Pensions	53	53	53	53	53	53	53	53	53	53	53	53	636
Tax & NI	90	90	90	90	90	90	90	90	90	90	90	90	1,080
Standing Orders /Direct Debits	1	1	1	1	1	1	1	1	1	1	1	1	12
PCS Payments	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	2,348	2,247	2,230	2,347	2,233	2,348	2,249	2,232	2,347	2,378	2,329	2,316	27,604
Capital Payments	-	-	-	-	-	-	-	-	-	122	122	122	366
Total -Expenditure	21,492	21,491	21,489	21,491	21,492	21,492	21,493	21,491	21,491	21,659	21,595	21,582	258,258
Balance c/fwd	225	225	225	225	224	223	222	221	220	419	318	225	