

Title of meeting : Governing Body							
Date of Meeting	22 nd November 2017			Paper Number	3.1		
Title	Financial Performance report for September 2017 (M6)						
Sponsoring Director (name and job title)	Nigel Foster – Director of Finance and performance						
Sponsoring Clinical / Lay Lead (name and job title)	N/A						
Author(s)	Jonathan Pettit – Head of Financial Management and Reporting						
Purpose	To inform the Governing Body of the financial performance at Month 6 (Sept 2017).						
The Governing Body is required to (please tick)							
Approve	<input type="checkbox"/>	Receive	<input type="checkbox"/>	Discuss	<input checked="" type="checkbox"/>	Note	<input checked="" type="checkbox"/>
Risk and Assurance <i>(outline the key risks / where to find mitigation plan in the attached paper and any assurances obtained)</i>	The key risks are listed below.						
Legal implications/regulatory requirements	None						
Public Sector Equality Duty	Not applicable						
Links to the NHS Constitution (relevant patient/staff rights)	None						
Strategic Fit	Not Applicable						
Commercial and Financial Implications <i>(Identify how the proposal impacts on existing contract arrangements and have these been incorporated?</i> <i>Include date Deputy CFO has signed off the affordability and has this been incorporated within the financial plan. Include details of funding source(s)</i>	As outlined in the report.						
Quality Focus <i>(Identify how this proposal impacts on the quality of services received by patients and/or the achievement of key performance targets</i> <i>Include date the Director of Nursing has signed off the quality implications)</i>	Not Applicable						



<p>Clinical Engagement <i>Outline the clinical engagement that has been undertaken</i></p>	<p>Not Applicable</p>
<p>Consultation, public engagement & partnership working implications/impact</p>	<p>Not Applicable</p>
<p>NHS Outcomes <i>Please indicate (highlight) which Domain this paper sits within by highlighting or ticking below. Please note there may be more than one Domain.</i></p>	<p>Domain 1 Preventing people from dying prematurely;</p> <p>Domain 2 Enhancing quality of life for people with long-term conditions;</p> <p>Domain 3 Helping people to recover from episodes of ill health or following injury;</p> <p>Domain 4 Ensuring that people have a positive experience of care; and</p> <p>Domain 5 Treating and caring for people in a safe environment; and protecting them from avoidable harm.</p>
<p><u>Executive Summary</u></p> <p>At month 6 the CCG reported a year to date surplus in line with plan and continues to forecast achievement of the planned surplus.</p> <p>The forecast for month 6 has been updated to reflect the Month 5 acute position. Overall for Slough CCG the expenditure forecast has improved by £0.4m. This is primarily from acute contracts £0.4m, notably Frimley Health. Mental Health spend has increased by (£0.3m) but is mitigated by reductions to prescribing and property costs.</p> <p>Slough CCG has used all available reserves, including contingency and prior year accruals, £1.1m, have been released following review. If the position deteriorates further, we may have to consider a risk share across the Berkshire East CCGs.</p> <p>It is important to note that a ‘straight line’ projection of activity would give a much higher level of acute performance. This is moderated by the expected impact of our QIPP schemes as they start to take effect later in the year. If schemes slip, or other mitigations don’t occur, then our outturn will be worse than forecast here.</p> <p>The key risks to the reported position are:</p> <ul style="list-style-type: none"> • The agreed Frimley contract for 2017/18 is set at a lower value than the final agreed position for 2016/17. The contract value reflects our 2017/18 QIPP programme, but careful monitoring will be required to ensure we remain on a trajectory to deliver our commitments this financial year. • Further risks may also arise with the changes to specialist commissioning Identification Rules (IR rules) and the move to the HRG4+ coding methodology. The CCG allocations for 2017/18 were adjusted to reflect some of the impact of this, but the calculations were based on a historical analysis and the final impact 	



will only be known once actual data starts coming through for 2017/18. Frimley Health and Royal Berkshire are still operating to 16/17 IR Rules until the 2017/18 position is agreed with both the Trust and NHS England.

- We have recently been made aware that some generic drugs purchased centrally are in short supply, meaning that we would have to buy branded products. The position is under review, but if it were to continue for the rest of the year the cost impact would be £351k for Slough CCG (Berkshire East £982k.) It was previously announced that Category M price savings (nationally negotiated) will not be passed through to CCGs as in previous years. This is to enable NHS England to create an additional risk reserve.
- We are aware of further CHC packages for high cost LD patients that have been approved, but do not yet appear in this financial forecast, £0.3m.

In addition I would particularly like to highlight:

- The forecast for the acute provider data is based on 5 months of activity and, as indicated above, is going through a period of change as consolidation and re-coding takes place.
- Across the Frimley Health & Care STP footprint, Bracknell & Ascot has received the £3.4m funding in October 2017 as our share of national funding to support rapidly developing Accountable Care Systems. This is non-recurrent funding and the STP System Leaders Group and Programme Delivery Board have been overseeing a process of internal bidding from the STP work-streams against the £3.4m. Of this, approximately £2m has been allocated on non-recurrent spend across the following work-streams
 - Diabetes - £107k
 - Integrated Care Hubs - £186k
 - GP Transformation £929k
 - Variation - £196k
 - Social Care Market £127k
 - Prevention - £75k
 - Central Programme Support - £407k
- As part of the STP wide Integrated Frailty fund, Slough received £449k funding for Urgent & Emergency care in October 2017. This is non-recurrent funding and needs to be spent in the next 6 months.
- We have recently concluded discussions with Specialist Commissioning about the need to return to the CCGs the day care budget which had been transferred when the Berkshire Adolescent Unit funding transferred. They are not commissioning day care (apart from some specific admission avoidance and supported discharge). The CCGs have however commissioned the Crisis Service, and this money will be used to fund the Crisis Service. The amount being returned is £190k pa for East Berkshire CCGs
- A table of key movements between month 5 and 6 forecast outturn is shown below:



Movements in Forecast expenditure from M5 to M6		
Expenditure category	£k (adverse)/ improved	
Frimley Health	604	improvements to the non elective and elective position , Frimley Park £111k, mainly non elective and critical care.
Buckinghamshire Healthcare NHS Trust	(233)	Increased spend, largely driven by non elective and stroke. The contract is still underperforming by £200k.
Oxford University Hospitals NHS Trust	285	Favourable movement, partly caused by a budget adjustment of £113k
London Trust - Acute	(247)	Chelsea and Westminster (£200k), of which (£63k) is a budget adjustment, Hillingdon (£47k).
Acute other	(26)	Royal Berkshire NHS FT £71k , SLA Exclusions £70k, Royal Surrey County NHS FT £24k, Princess Margaret Hospital (BMI) (£94k), Thames Valley Hospital (SPIRE) (£62k), Ashford & St Peters Hospital NHS Foundation Trust (£32k), Other £3k
Mental Health - Non Contracted Activity	(214)	Increase in costs at South London and Maudsley caused by one high cost in-patient.
Other Mental Health	(126)	Increase in Placements cost, driven by increased patient numbers, £88k. Camhs £15k, Other £23k
Prescribing	200	Improvement in the underlying GP Prescribing costs, excluding the cost pressure associated with supply shortages, which is reported as a risk only at this stage.
NHS Property Services	177	NHS PS have completed their reconciliation of actual costs for 1617, which has resulted in a reduced cost for Berkshire East.
Other	16	
Total reduction in expenditure	436	
Transfer to Reserves	(436)	

Recommendation(s)

The Governing Body is requested to note this report.



FINANCIAL PERFORMANCE TO SEPTEMBER 2017

MONTH 6 2017/18

Section A1 – Finance Dashboard

Indicator	Target	Actual £'000	Actual %age	Rating this month	%age	Explanation of target measure
Financial Position Actual Outturn	Planned YTD in-year surplus	0		✓		#DIV/0! Variance against Plan
Financial Position Forecast Outturn	Planned FOT in-year surplus	19		✓	0.00%	Variance against Plan
Running Costs Actual YTD	Running Costs YTD Plan	1,597		✓	0.00%	Variance against Plan
Running Costs Forecast Outturn	Running Costs Annual Plan	3,196		✓	0.00%	Variance against Plan (this excludes funding for Quality Premium)
QIPP Forecast Outturn	QIPP Annual Plan	3,320		!	96.79%	Achievement against Plan
Creditors - Better Payment Practice Code	Target of 95%		94.20%	!	(0.80%)	%age variance against target number of Non NHS invoices paid in 30 days
Monthly Cash Drawings	1.25% bank balance or no greater than £250k	67	0.57%	✓	(0.68%)	%age of balance in bank at end of month compared to cash drawn down

Key:

On Plan
Take Note
Action Required



Note:

+ve £ = positive performance (underspend against budget),
-(ve) £ = negative performance (overspend against budget)

Section A2 – Key Issues and Actions in Financial Position

Issue	Key Drivers	Action	Owner	Timeline
Contract development for 2017-2019	Work on key items within the Frimley documentation.	Work continues to generate the final adjustments required for the Indicative Activity Plan (IAP) which are largely about removing activity for planned QIPP schemes. The tripartite continue to meet to discuss the output from the 1718 IR - Although elements of the conversation have been escalated to Medical Directors for input. The outcome will require a further adjustment to the IAP (via contract variation). Data and AdHoc challenges continue to be submitted to the Trust in line with the agreed process and timelines.	Brian Day (CSU)	Update for M6
Interpreting the acute position for 17/18	Budget Management	Work continues to develop an understanding of the movements against plan and understand the sources of variation. We are trying to isolate the impacts of: Identification rules (IR), Tariff impacts, pathway changes as a result of QIPP schemes from general over-performance.	Debbie Fraser/Ian Murdock/Sarah Murray (CSU)	Update for M6
Delivering 17-18 QIPP plans	Budget Management	There is now a process in place to review progress against QIPPs monthly with PMs. Highlight reports are produced and sent to the PMO which include mitigation. The Committee receives a monthly report on progress and deep dives as per the forward planner and by exception as required.	Fiona Slevin-Brown/Ian Murdock/Debbie Fraser	Update for M6
Premises Costs	Budget Management	A non-recurrent allocation has been received which offsets the increase in accommodation costs. The allocation has been re-apportioned across the CCGs in the same proportions as the rental charges. Non recurrent funding was also received last year to mitigate this additional cost.	Debbie Fraser	Update for M6
Primary Care Extended Access Budgets	Budget Management	Extended access funding has been confirmed and the first tranche was received in month 4, with the remainder of the funding received in Month 5.	Nigel Foster / Alex Tilley	Complete

Section B – Contents

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B1 – Abbreviations and acronyms used

2015/16	Financial Year from 1 April 2015 – 31 March 2016
2016/17	Financial Year from 1 April 2016 – 31 March 2017
A&E	Accident and Emergency
AT	Area Team
BCF	Better Care Fund
BHFT	Berkshire Healthcare NHSFT
BPPC	Better Payment Practice Code –target (currently 95%) of invoices to be paid within 30 days of receipt of invoice or goods/service.
Break-even	Position where actual costs are same as planned i.e. not in deficit or surplus
Budget	A sum of money allocated for a specific purpose
CCG	Clinical Commissioning Group
CHC	Continuing Health Care
CQUIN	Commissioning Quality & Innovation
Deficit	Financial variance where overall net costs are more than planned
ESD	Early Supported Discharge
Excess Bed Days	Term used in acute contracts to describe days chargeable under PBR in excess of the standard tariff (for example a tariff might set 5 days as standard stay and days above this are charged to the CCG)
FHFT	Frimley Health NHS FT. Frimley Health – South covers the Frimley Park Site, and Frimley Health - North covers is the Heatherwood & Wexham Park sites
FNC	Funded Nursing Care
FOT	Forecast Outturn
K	Thousand
M	Million
NEL	Non Elective

NHSE	NHS England
NHS FT	NHS Foundation Trust
ORCP	Operational Resilience & Capacity Planning
PBR	Payment By Results – payment system (based on Healthcare Resource Groups) used mainly in acute contracts
PMCF	Prime Minister’s Challenge Fund
PLCV	Procedures of Limited Clinical Value
POD	Point of Delivery – area of acute care activity of similar type (e.g. Inpatient or Outpatient)
QIPP	Quality, Innovation, Prevention and Productivity – plans and associated savings / changes in financial costs
Reserves	Monies set aside for a specific purpose e.g. Contingency reserves for unforeseen spend in year.
RTT	Referral to Treatment is the definition by which patients waiting to be treated are measured
Revenue Resource Limit (RRL)	Total funding allocated for the year set by the Department of Health
RBH	Royal Berkshire NHSFT
SCAS	South Central Ambulance Service NHSFT
SLAM	Service Level Agreement Monitoring – i.e. contract monitoring information
Surplus	Financial variance where overall net costs are less than planned
Variance (Adverse)	Difference against plan (overspend)
Variance (Favourable)	Difference against plan (underspend)
YTD	Year-to-date (1 April-end of reported month)

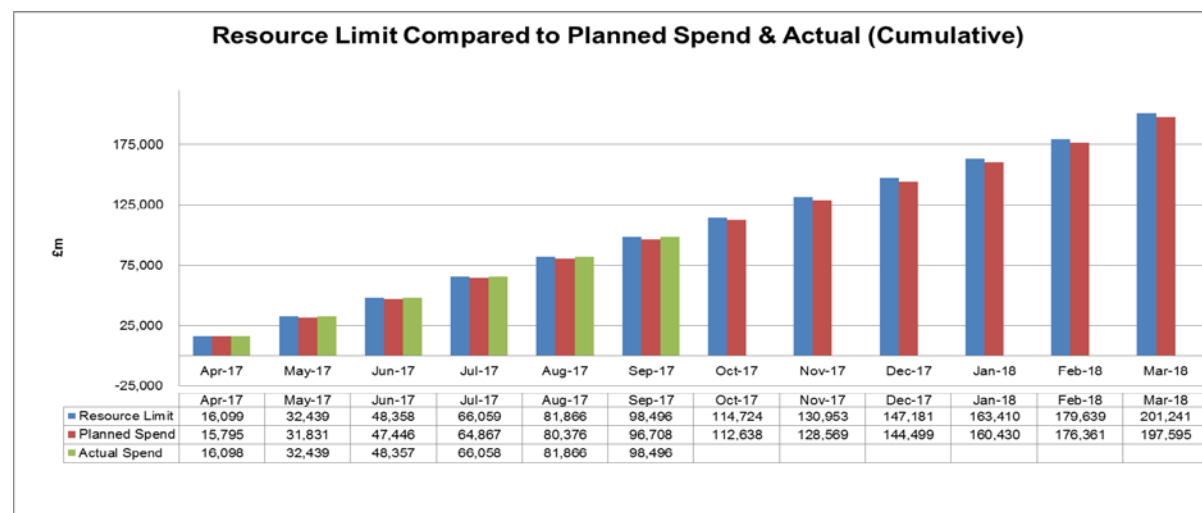
Section C – Financial Performance

Summary of position (variance against plan)	Month 6 September 2017			Previous month	Annual Plan	Forecast outturn	Forecast Variance	Previous month Forecast Variance
	Plan	Actual	Variance to plan	Variance to plan				
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Commissioning								
Planned and Unscheduled Care	52,770	54,099	(1,329)	(1,046)	105,815	108,045	(2,230)	(2,589)
Mental Health, Joint & Continuing Care	12,903	13,682	(778)	(523)	25,579	26,563	(984)	(684)
Community	6,107	6,018	89	101	12,171	12,217	(46)	(16)
Primary Care & Prescribing	20,657	20,480	177	92	41,660	41,399	261	61
Reserves	785	0	785	548	5,463	3,531	1,932	2,369
Other Services	3,676	2,619	1,057	828	7,358	6,292	1,067	861
Commissioning sub-total	96,898	96,898	0	(1)	198,045	198,046	(0)	1
Running Costs	1,598	1,597	0	16	3,196	3,196	0	0
Planned/Actual Spend Sub Total	98,496	98,496	0	15	201,241	201,242	(0)	1
In-year Surplus	0	0	0	0	19	19	0	0
Total CCG Allocation	98,496	98,496	0	15	201,260	201,261	(0)	1

Memo: Cumulative Surplus breakdown:	£'000
2016-17 planned surplus	1,954
Release of 2016-17 1% non-recurrent reserve	1,719
2016-17 Reported Surplus carried forward	3,673
Drawdown of brought forward surplus into 2017-18	(46)
2017-18 in-year surplus	19
2017-18 cumulative planned surplus	3,646

Key Points

- Reporting requirements have changed for 2017-18. We are required to report our in-year surplus rather than the cumulative surplus, which is shown as a memo below the main table opposite.
- Our in-year surplus is £19k for the year, which we are forecasting to meet.
- The Planned & Unscheduled care has deteriorated to show (£1,329k) overspend year to date moving to an overspend of (£2,230k) by year end. This is largely due to a cost pressure on the Frimley Health & London acute contracts.
- Mental health, joint and continuing care costs have increased the forecast overspend to (£984k) this is largely driven by a pressure in placements cost, which has moved adverse by £473k. The variance on CHC/FNC remains at (£118k).
- This adverse movement has been funded from the release of reserves and from non-recurrent savings released into the forecast.



Section D – Revenue Resource Allocation and Changes to the Plan

Opening Plan 17/18	£'000
Initial Resource Limit	
- Commissioning Costs	175,864
- Running Costs	3,180
Confirmed Initial Resource Limit	179,044
Surplus/Deficit Carry Forward - Drawdown	46
Frimley HCD Final adjustment	9
Chemo Activity Tfr from CCGs to NHSE	(611)
PMS Review 1st year premium transfer	182
IR Changes	229
HRG4+ changes	(27)
NHS WiFi M3 Allocation	83
Diabetes Treatment and Care Transformation Fund	251
TB Allocation Qtr1	33
GPFV Reception and clerical training	27
HSCN funding for Primary Care IT N3 into Reserves	40
Acute hospital urgent & emergency liaison MH services	51
Additional Property services funding - Market rent adjustment	218
Paramedic Rebanding Additional Funding 2017-18	47
Market rent - Federated adjustment across Berkshire East	177
Market Rents Admin Adjmt Federated across Berkshire East CCGs	16
Adult IAPT Wave 1 - Federated across Berkshire East CCGs	176
Acute hospital urgent and emergency liaison mental health services	51
PMCF - GP Access Fund and TA Improving Access Allocations	225
Assistive Technology transfer	(20)
GP Resilience Funding 2017/18	21
Additional month5 IR Changes - agreed by J Stalker Booth	8
PMCF - GP Access Fund and TA Improving Access Allocations	673
Diabetes national funding - Trf to NEH&F	(27)
Perinatal - National Funding - Tranche 1 of 2	62
Structured Education: Diabetes Treatment and Care Transformation Fund - Bid ID DTCS05	75
Treatment Targets: Diabetes Treatment and Care Transformation Fund - Bid ID DTCS05	47
MDFT: Diabetes Treatment and Care Transformation Fund - Bid ID DTCS05	72
DISN: Diabetes Treatment and Care Transformation Fund - Bid ID DTCS05	58
Ashford & St Peter's Contract agreement	(16)
Royal Surrey County Hospital contract agreement	20
OUHT contract agreement	158
Drawdown to SLA Exclusions budget the Palliative Care service transferred to Frimley from BH	67
Slough BCF	300
Slough BCF	(172)
Income to balance expenditure - move to Prescribing	27
Allocation In Year	181,236
2017-18 Primary Care Delegated budget	20,024
Allocation In Year	201,260

Key Points

- Current resource limit received from NHS England.
- Delegated GP (co-commissioning) budgets are now included.
- Running cost are allocated to CCGs based on population size at a fixed rate per head.
- Diabetes funding has been received which is STP wide monies awaiting redistribution
- Funding for extended access allocation has been received in full, with the first tranche in M4 and the remainder in M5.
- National funding for Perinatal has been received.

Changes to Plan – analysis of adjustments Month 5 to Month 6

Month 6 September 2017	Planned and Unscheduled Care	Joint & Continuing Care	Community Care	Primary Care & Prescribing	Other	Running Costs	Reserves	In-year Surplus	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Month 5 Plan	105,586	25,579	12,171	41,633	7,230	3,196	5,560	19	200,974
Month 6 Adjustments									
Diabetes national funding - Trf to NEH&F								(27)	(27)
Perinatal - National Funding - Tranche 1 of 2								62	62
Structured Education: Diabetes Treatment and Care Transformation Fund - Bid ID DTCS05								75	75
Treatment Targets: Diabetes Treatment and Care Transformation Fund - Bid ID DTCS05								47	47
MDFT: Diabetes Treatment and Care Transformation Fund - Bid ID DTCS05								72	72
DISN: Diabetes Treatment and Care Transformation Fund - Bid ID DTCS05								58	58
Ashford & St Peter's Contract agreement	(16)							16	0
Royal Surrey County Hospital contract agreement	20							(20)	0
OUHT contract agreement	158							(158)	0
Drawdown to SLA Exclusions budget the Palliative Care service transferred to Frimley from BH	67							(67)	0
Slough BCF						300		(300)	0
Slough BCF						(172)		172	0
Income to balance expenditure - move to Prescribing				27				(27)	0
Month 6 Plan	105,815	25,579	12,171	41,660	7,358	3,196	5,463	19	201,261
Month 6 Plan vs Month 5 Plan	229	0	0	27	128	0	(97)	0	287

Section E – Treasury Management

Statement of Financial position as at 30 September 2017

Statement of Financial Position as at:	As at 31st March 17 £000	As at 31st August 17 £000	Movement £000	As at 30th September 17 £000
30-Sep-17				
Non Current Assets	55	33	(5)	28
Total Non Current Assets	55	33	(5)	28
NHS Receivables - Revenue	227	6,325	(1,014)	5,311
NHS Prepayments and Accrued Income	7,287	978	(21)	957
Non-NHS Receivables - Revenue	169	68	(3)	65
Non-NHS Prepayments and Accrued Income	90	5	283	288
Other Receivables	1	(85)	99	14
Total Trade and Other	7,774	7,291	(656)	6,635
Cash	107	1,141	(1,237)	(96)
Total Assets	7,936	8,464	(1,897)	6,567
NHS Payables - Revenue	(10,454)	(13,590)	949	(12,641)
NHS Accruals and Deferred Income	(5,491)	(6,095)	(2,132)	(8,227)
Non-NHS payables - Revenue	(4,753)	(4,812)	602	(4,210)
Non-NHS payables - Capital	0	0	0	0
Non-NHS Accruals and Deferred Income	(4,423)	(4,217)	(841)	(5,058)
Other Payables	(533)	(3,364)	(168)	(3,532)
Provisions	(1,640)	(1,408)	0	(1,408)
Total Current Liabilities	(27,294)	(33,487)	(1,589)	(35,076)
Total non Current Liabilities	0	0	0	0
Total Assets Employed	(19,358)	(25,023)	(3,486)	(28,509)
General Fund	(19,358)	(25,023)	(3,486)	(28,509)
Total Taxpayers Equity	(19,358)	(25,023)	(3,486)	(28,509)

Key Points:

- Total Trade and Other have decreased by £656k in September largely due to decrease in NHS receivables because of higher receipts and less invoices compared to August 2017.
- Cash balance decreased by £1.2m to overdrawn £96k but the actual bank balance was £67k at the end of September. This was due to timing difference between payment runs being posted to the ledger and cash leaving the bank account at month end.
- Total Current Liabilities have increased by £1.6m and now stand at £35.1m largely due to London contracts.

Debtors

Aged Debtors	NHS Debtors		Non NHS Debtors		Total	
	Value (£000)	Number	Value (£000)	Number	Value (£000)	Number
Less than 31 days (Not Due)	4,785	35	-	2	4,783	47
Between 31 - 60 days	9	5	-	4	9	9
Between 61 - 90 days	129	1	-	1	129	2
Greater than 90 days	389	8	58	20	447	28
Total	5,312	49	56	37	5,368	86

Key Points:

- At the end of month 6 the CCG has debtors totalling £5,368k of which £447k is overdue by more than 90 days. The majority of the overdue NHS debt relates to NHS England £361k which is expected to be paid in October 2017.

Cash Drawings

Main Cash	Drawdown To Date £000	Prescribing Cash Charge To Date £000	Total Cash Drawings To Date £000	Current Allocation £000	Drawings to Date as a % of Allocation £000
	81,329	8,016	89,345	200,804	44.49%

Key Points:

- The CCG processed a cash draw down of £11.7m in September. The charge against prescribing stands at £8m giving a total charge of £89.3m for the year. At the end of the month the CCG had Bank balance of £67k, which is 0.57% of cash drawn down for the month and below the 1.25% and £250k targets considered by NHS England to be good practice.

Creditors

Aged Creditors - value	Not Due £000	Overdue 1-30 days £000	Overdue 31-60 days £000	Overdue 61-90 days £000	Overdue 90+ days £000	Total £000
At 31st July	16,385	153	792	327	2,302	19,959
At 31st August	14,793	987	547	1,232	4,420	21,979
At 30th September	13,857	1,876	501	335	5,185	21,754

Aged Creditors - volume	Nos	Nos	Nos	Nos	Nos	
At 31st July	1670	1	3	2	12	1,688
At 31st August	498	221	79	60	722	1,580
At 30th September	543	152	129	52	704	1,580

Key Points:

- Creditors (unpaid invoices on the system) stand at £21.8m at 30 September, a decrease of £0.2m over the previous month. Creditors over 90 days stand at £5.2m.

Better Payment Practice Code

Better Payment Practice Code - payment within 30 days (cumulative YTD)	NHS Invoices		Non NHS Invoices		Total	
	Value of invoice (YTD) £'000	Number (YTD)	Value of invoices (YTD) £'000	Number (YTD)	Value of invoice (YTD) £'000	Number (YTD)
Total invoices paid	96,994	2518	10,419	2,293	107,413	4811
Total invoices paid within 30 days	96,073	2412	8,866	2,168	104,939	4580
% Paid within 30 days	99.1%	95.8%	85.1%	94.5%	97.7%	95.2%
Rating	Green	Green	Amber	Amber	Green	Green

The above position relates to the average total performance year to date of invoices paid within a 30 day period at the end of Month 6 in comparison to the DH target of paying 95% supplier invoices within 30 days.

Key Points:

- In September 2017 both Non NHS invoices by number and value and NHS invoices by value achieved the 95% target.
- Year to date only NHS invoices by value and volume are achieving the target.

