

| Title of meeting : Governing Body | | | | | | | |
|---|--------------------------|----------------|--------------------------|--|-------------------------------------|-------------|-------------------------------------|
| Date of Meeting | | 26 April 2017 | | Paper Number | | 3.4 | |
| Title | | | | Financial Performance report for February 2017 (M11) | | | |
| 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 11 (February 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 and in the paper on the risk page. | | | |
| 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 | | | |

Financial Performance to February 2017 (Month 11 2016/17)

| | |
|--|---|
| | |
| Clinical Engagement <i>Outline the clinical engagement that has been undertaken</i> | Not Applicable |
| Consultation, public engagement & partnership working implications/impact | Not Applicable |
| 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> | Domain 1 Preventing people from dying prematurely; Domain 2 Enhancing quality of life for people with long-term conditions; Domain 3 Helping people to recover from episodes of ill health or following injury; Domain 4 Ensuring that people have a positive experience of care; and Domain 5 Treating and caring for people in a safe environment; and protecting them from avoidable harm. |
| <u>Executive Summary</u> At month 11 the CCG is reporting on plan, with a year to date surplus of £3,014 and a year-end surplus of £3,304k. The full year forecast has improved by £44k in the month, largely driven by an improvement to the acute contract position at Frimley. I would particularly like to highlight: <ul style="list-style-type: none"> • The forecast for the acute provider data is based on 10 months of activity and still shows significant over performance. We have therefore had to apply contingencies to offset the over performance. • There is no change in month 11 to the position on outpatient activity that has been commented on in the last few months. An agreement has since been reached with the Trust on a year-end settlement that will now be reflected in month 12. • Across the Frimley Health & Care STP footprint, we have submitted a number of bids for additional investment in 2017-18. We are expecting the outcome from these bids to be announced in the near future, together with any more general support for STP development. | |

- The CCG has received instruction that the 1% non recurrent reserve that we were asked to withhold can now be released to the bottom line in Month 12. This will increase our reported surplus from £3,304k to £4,838k (3.0% of our initial allocation).
- Two final allocation transfers have been actioned in Month 12. £1m from Bracknell & Ascot CCG (repayable in 2017/18) to support financial balance across the wider health economy, as has previously been reported to Governing Bodies. In addition £1.25m from Bracknell & Ascot CCG to the other two CCGs in East Berkshire as part of the 2016/17 year end planning adjustments.
- At the time of writing, the CCG are finalising the position for month 12 and are reporting a surplus, in line with plan, of £4,838k.
- A table of key movements between month 10 and month 11 forecast outturn is shown below:

| Movements in Forecast expenditure from M10 to M11 | | |
|---|------------------------------|---|
| Expenditure category | £k (adverse)/ improved | Comments |
| Frimley Park NHS Foundation Trust North | 127 | Reduced activity on day case and non elective. |
| Frimley Park NHS Foundation Trust South | 172 | Improvement in elective, the lowest month of the year. Day case has also improved. |
| Royal Berkshire NHS Foundation Trust | (114) | Adverse movement on high cost drugs and devices |
| Acute Other | (73) | Princess Margaret Hospital (BMI) (£45k), Acute prior year (£44k), other £16k |
| Planned Care | 95 | Reduced forecast based on M11 run rate, largely driven by reduced pressure from MSK. |
| Continuing Healthcare | (138) | Increase in Adult 100% funded clients |
| Funding Nursing Care | 96 | Reduced client numbers |
| Other | (121) | Community SLA Exclusions (£125k), Locally Commissioned service (Primary care) (£52k), Carers (£28k), Mental Health NCA (£15k), Out of Hours contract £46k, NCA Prior year £30k, NHS 111 £25k, Other (£2k) |
| Total Movement | 44 | |
| Return to Reserves | (44) | |

Recommendation(s)

The Governing Body is requested to note this report.

FINANCIAL PERFORMANCE TO FEBRUARY 2017

MONTH 11 2016/17

Section A1 – Finance Dashboard

| Indicator | Target | Actual £'000 | Actual %age | Rating this month | %age DFT | Explanation of target measure |
|--|---------------------------|-----------------|----------------|-------------------------|----------|---|
| Financial Position Actual Outturn | Planned YTD Surplus | 3,014 | | ✓ | 0.00% | Variance against Plan |
| Financial Position Forecast Outturn | Planned Annual Surplus | 3,304 | | ✓ | 0.00% | Variance against Plan |
| Running Costs Actual YTD | Running Costs YTD Plan | 2,765 | | ✓ | 0.00% | Variance against Plan |
| Running Costs Forecast Outturn | Running Costs Annual Plan | 3,011 | | ✓ | 0.00% | Variance against Plan |
| QIPP Forecast Outturn | QIPP Annual Plan | 2,430 | | X | 75.40% | Achievement against Plan of £3.22m |
| Creditors - Better Payment Practice Code | Target of 95% | | 95.60% | ✓ | 0.60% | %age variance against target number of Non NHS invoices paid in 30 days |
| Monthly Cash Drawings | 1.25% bank balance | | 2.79% | X | (1.54%) | %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

| Actions | Issue | Key Drivers | Action | Owner | Timeline |
|---------|--------------------------------------|--|---|---|----------------|
| CSU | Contract development for 2017-2019 | 1) NHSE deadlines for contract signature 2) Work on key items within the Frimley documentation. | 1) Completed - Closed 2) Remaining contract items for agreement: - IR: The final set of rules for IR has not yet been published. This prevents an accurate estimation of the impact. A letter is being drafted by NEHF, for agreement by CCGs about a way forward for handling IR in 17/18. - QIPP and APAs: The CSU has shared the latest QIPP schedule with Frimley. QIPP will be added to the final contract document, to ensure the contract plan is equal to the agreed contract value. - Contract document: Remaining schedules and polices are being agreed. | David Ince (CSU) | Update for M12 |
| | Acute Contracts overperformance | Overperformance during 2016/17 | The Prior Approvals Audit is in its early stage and will not report until the Spring. The CSU is preparing documentation to support an end year deal. Challenges are being pursued through the Q3 close down process with Frimley. | David Ince (CSU) | Update for M12 |
| Joint | Funded Nursing Care | Budget Management | CCG awaiting outcome of Department of Health project currently being undertaken by Mazars LLP to gather evidence on nursing home agency staff usage and costs which will inform re-calculation of the overall and regional rates of NHS Funded Nursing Care. Project timescale is from October 2016 to 25 January 2017. No announcement on any further revision to 2016/17 FNC rates has yet been made by the Department of Health. | Lorraine Charlton / Kathy Neville (CSU) | Update for M12 |
| | 2016/17 Budgets | Budget Management | A full set of Budget holder statements was distributed for Month 11 (February). The CSU and CCG Finance now have regular budget meetings with most budget holders and continue to work towards ensuring all budget holders are met regularly. | Debbie Fraser / Quentin Symington (CSU) | Update for M12 |
| CCG | Premises Costs | NHS Property Services | The invoices for the first 6 months have been paid; Q3 will be paid in March. We continue to work with NHSPS to fully understand the movements in Property charges. | Debbie Fraser | Update for M12 |
| | Primary Care Extended Access Budgets | Budget Management | Confirmation of funding for three extended access schemes (mixture of national and local funding) required. Local funding confirmed for all three schemes for 2016/17, but this is NON RECURRENT. Sustainable plans for 2017/18 onwards required. | Nigel Foster / Alex Tilley | Update for M12 |
| | Access to 1% Non-recurrent budget | Budget Management | CCG was required to set-aside 1% of budget, which would only be released for local expenditure when Treasury assured that NHS in financial balance. We have now received instruction to release this to our bottom line in M12 to support the national position. | Nigel Foster | Update for M12 |

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 |
| BFFA | Better Futures for All |
| 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 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 |
| PLCV | Procedures of Limited Clinical Value |
| POD | Point of Delivery – area of acute care activity of similar type (e.g. Inpatient or Outpatient) |
| PUPoC | Previously unassessed periods of care |
| 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) |

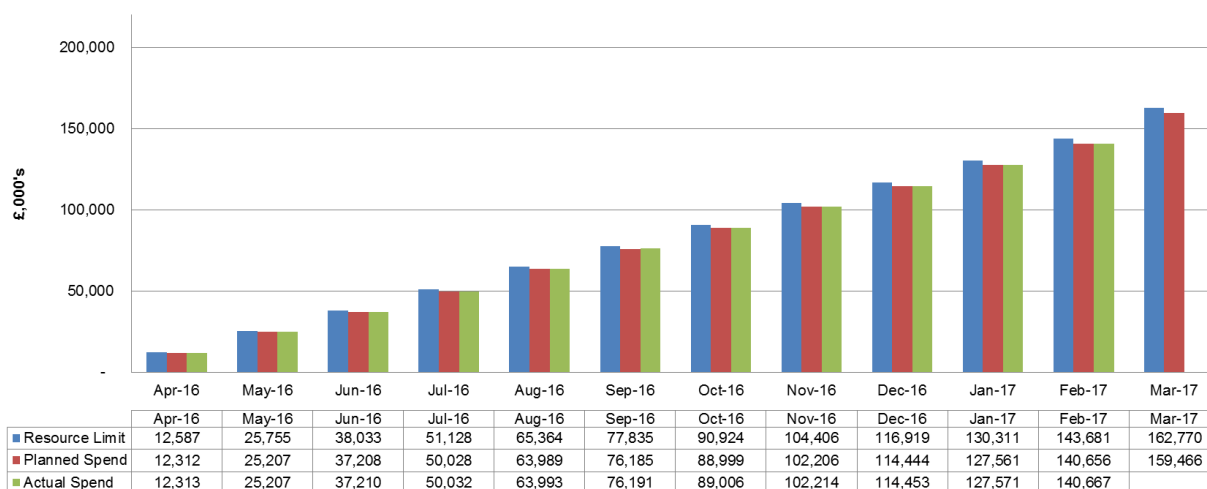
Section C – Financial Performance

| Summary of position (variance against plan) | Month 11 February 2017 | | | Previous month | | Previous month | | |
|---|------------------------|----------------|------------------|------------------|----------------|------------------|-------------------|-------------------|
| | YTD Plan | YTD Actual | Variance to plan | Variance to plan | Annual Plan | Forecast outturn | Forecast Variance | Forecast Variance |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Commissioning | | | | | | | | |
| Planned and Unscheduled Care | 79,576 | 81,016 | (1,440) | (1,496) | 86,734 | 88,494 | (1,760) | (2,024) |
| Prescribing | 15,470 | 15,025 | 445 | 431 | 16,893 | 16,400 | 492 | 503 |
| Mental Health, Joint & CHC | 24,740 | 24,991 | (250) | (335) | 27,004 | 27,304 | (300) | (214) |
| Community | 10,565 | 10,035 | 530 | 547 | 11,493 | 11,514 | (21) | 95 |
| Reserves | 320 | 0 | 320 | 377 | 6,236 | 4,853 | 1,383 | 1,427 |
| Other Services | 7,231 | 6,836 | 395 | 476 | 8,097 | 7,890 | 207 | 214 |
| Commissioning sub-total | 137,903 | 137,902 | 1 | (0) | 156,455 | 156,455 | 0 | 0 |
| Running Costs | 2,764 | 2,765 | (0) | (0) | 3,011 | 3,011 | 0 | 0 |
| Actual Spend sub-total | 140,667 | 140,667 | 0 | (0) | 159,466 | 159,466 | 0 | 0 |
| Planned Surplus | 3,014 | 3,014 | 0 | 0 | 3,304 | 3,304 | 0 | 0 |
| Total CCG | 143,681 | 143,681 | 0 | (0) | 162,770 | 162,770 | 0 | 0 |

Key Points

- The reported year to date surplus is £3m, with a forecast surplus of £3.3m.
- The (£1,440k) YTD overspend within Planned and Unscheduled Care, which is a favourable movement of £56k from previous month.
- Prescribing £445k YTD underspend includes category M savings.
- Mental Health and CHC are overspent by (£250k) YTD due to a rise in costs on the CHC Adult Fully Funded area and Funded Nursing Care.
- Other Services are underspent by £395k YTD due to release of prior year surplus accruals £379k and slippage on YTD spend on non-recurrent programmes.
- The full year forecast overspend is being mitigated by the release of £1,383k of reserves.

Resource Limit Compared to Planned Spend & Actual (Cumulative)



D – Revenue Resource Allocation and Changes to the Plan

| Confirmed Resource Limit to Current Budget | £'000 |
|--|----------------|
| Initial Resource Limit | |
| - Commissioning Costs | 153,421 |
| - Running Costs | 2,996 |
| Confirmed Initial Resource Limit | 156,417 |
| Return of Surplus/(Deficit) | 3,301 |
| RRL Adjustment to Final Agreed Allocations (NHSE) - PY surplus | (14) |
| Q1 Eating Disorder Service | 66 |
| Risk Share | 2,000 |
| IAT - Chemotherapy transfer to Specialist | (256) |
| Share of Vulnerable Practices Pilot funding | 17 |
| Share of General Practice Resilience Programme | 29 |
| 10G - GP Development Programme - reception and clerical training | 12 |
| PMS Review 1st year premium transfer | 18 |
| CYP Local Transformation Mental Health M7 | 28 |
| Mth 08 CEOV adjustment | (190) |
| Quality Premium Awards 2015/16 | 273 |
| MoD - Out of hours | 13 |
| Additional IAPT funding 10G | 123 |
| CYP WL & WT Reduction: 2nd tranche | 28 |
| Non-recurrent allocation - NHS PS | 66 |
| GPAF Share of Uncommitted funds | 260 |
| IAPT Expansion - Tranche 2 | 174 |
| NHS PS allocation - programme element | 391 |
| NHS PS allocation - running cost element | 15 |
| Month 11 Resource Limit | 162,770 |

Key Points

- Current resource limit received from NHS England.
- Running cost are allocated to CCGs based on population size at a fixed rate per head.
- The surplus from last year is returned as a non-recurrent source of funding.
- The Risk share across Berkshire East from last year is unwound with repayments from Slough £1m and WAM £1m.
- Other recent allocations include the quality premium award, Improving access to psychological therapies (IAPT) funds and non recurrent support for the move to market rental by NHS Property services.

Changes to Plan – analysis of adjustments Month 10 to Month 11

| Month 11 February 2017 | Planned and | | Joint & | | Community | Other | Running | Primary | Reserves | Surplus | Total |
|---|---------------|---------------|---------------|---------------|--------------|--------------|------------|--------------|--------------|----------------|-------|
| | Unscheduled | Prescribing | Continuing | Care | | | | | | | |
| | Care | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | |
| Month 10 Plan | 86,371 | 16,893 | 26,830 | 11,493 | 7,714 | 2,996 | 357 | 5,972 | 3,304 | 161,930 | |
| Month 11 Adjustments | | | | | | | | | | | |
| GPAF Share of Uncommitted funds | | | | | | | | 260 | | 260 | |
| IAPT M10 allocation from NHSE | | | 174 | | | | | | | 174 | |
| NHS PS allocation - programme element | | | | | | | | 391 | | 391 | |
| NHS PS allocation - running cost element | | | | | | | 15 | | | 15 | |
| Renegotiated PYE figure for the Out of Hours Contract | 363 | | | | | | | (363) | | 0 | |
| New Vision of Care draw down - final | | | | | | 34 | | (34) | | 0 | |
| Vulnerable practices fund | | | | | | (9) | | 9 | | 0 | |
| Month 11 Plan | 86,734 | 16,893 | 27,004 | 11,493 | 7,739 | 3,011 | 357 | 6,235 | 3,304 | 162,770 | |

Section E – Treasury Management

Statement of Financial Position at 28 February 2017

| Statement of Financial Position as at: 28-Feb-17 | As at 31 March 16 £000 | As at 31 January 17 £000 | Movement £000 | As at 28th February 17 £000 |
|---|------------------------------|--------------------------------|------------------|-----------------------------------|
| Non Current Assets | 105 | 65 | (4) | 61 |
| Total Non Current Assets | 105 | 65 | (4) | 61 |
| NHS Receivables - Revenue | 612 | 300 | (77) | 223 |
| NHS Prepayments and Accrued Income | 826 | 743 | 109 | 852 |
| Non-NHS Receivables - Revenue | 165 | 55 | 0 | 55 |
| Non-NHS Prepayments and Accrued Income | 122 | 567 | (437) | 130 |
| Other Receivables | 6 | 0 | 4 | 4 |
| Total Trade and Other | 1,731 | 1,665 | (401) | 1,264 |
| Cash | 86 | 782 | (653) | 129 |
| Total Assets | 1,922 | 2,512 | (1,058) | 1,454 |
| NHS Payables - Revenue | (1,925) | (2,945) | (467) | (3,412) |
| NHS Accruals and Deferred Income | (6,572) | (4,927) | (657) | (5,584) |
| Non-NHS payables - Revenue | (3,694) | (4,860) | (753) | (5,613) |
| Non-NHS payables - Capital | 0 | 0 | 0 | 0 |
| Non-NHS Accruals and Deferred Income | (6,987) | (8,459) | 1,977 | (6,482) |
| Other Payables | (302) | (260) | 83 | (177) |
| Provisions | (1,833) | (1,382) | 10 | (1,372) |
| Total Current Liabilities | (21,313) | (22,833) | 193 | (22,640) |
| Total non Current Liabilities | 0 | 0 | 0 | 0 |
| Total Assets Employed | (19,391) | (20,321) | (865) | (21,186) |
| General Fund | (19,391) | (20,321) | (865) | (21,186) |
| Total Taxpayers Equity | (19,391) | (20,321) | (865) | (21,186) |

Key Points:

- Total trade and other receivables have decreased by £401k largely due to decrease in Non-NHS Prepayments and Accrued Income and Cash has decreased by £653k, giving a decrease in Total Assets of £1.1m to £1.5m.
- Total current liabilities have decreased by £193k over the month to £22.6m, resulting in an overall increase in Total Taxpayers Equity of £865k to £21.2m as at 28 February 2017.

Debtors

| Aged Debtors | NHS Debtors | | Non NHS Debtors | | Total | |
|-----------------------------|--------------|------------|-----------------|-----------|--------------|------------|
| | Value (£000) | Number | Value (£000) | Number | Value (£000) | Number |
| Less than 31 days (Not Due) | 31 | 1 | 3 | 12 | 34 | 13 |
| Between 31 - 60 days | 224 | 90 | 0 | 2 | 224 | 92 |
| Between 61 - 90 days | - | - | 21 | 2 | 21 | 2 |
| Greater than 90 days | 125 | 167 | 32 | 26 | 157 | 193 |
| Total | 380 | 258 | 56 | 42 | 436 | 300 |

Key Points:

- At the end of month 11 the CCG has debtors totalling £436k (of which £157k is more than 90 days overdue but is considered recoverable).

Cash

| 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 |
|-----------|--------------------------|--|--|-------------------------------|---|
| | 125,014 | 13,859 | 138,873 | 158,110 | 87.83% |

Key Points:

- The CCG processed a cash draw down of £10.95m in February totalling £125m for the year. The charge against the prescribing stands at £13.9m giving a total year to date drawing of £138.9m against the current allocation of £158m. With 11 months of the year gone the level of cash drawing stands at 87.83% which is slightly lower than expected for this point in the year.

- At the end of February cash in the bank was £0.3m, which is 2.79% of cash drawn down for the month, therefore higher than the 1.25% closing balance considered to be good practice.

BPPC

| 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 invoice (YTD) £'000 | Number (YTD) | Value of invoice (YTD) £'000 | Number (YTD) |
| Total invoices paid | 90,156 | 1,705 | 20,898 | 4,885 | 111,054 | 6590 |
| Total invoices paid within 30 days | 86,139 | 1,604 | 18,680 | 4,668 | 104,819 | 6272 |
| % Paid within 30 days | 95.5% | 94.1% | 89.4% | 95.6% | 94.4% | 95.2% |
| Rating | Amber | Amber | Amber | Green | Amber | Green |

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 December | 3,993 | 906 | 693 | 265 | 869 | 6,726 |
| At 31st January | 8,998 | 696 | 394 | 237 | 855 | 11,180 |
| At 28th February | 7,454 | 752 | 209 | 564 | 890 | 9,869 |
| Aged Creditors - volume | Nos | Nos | Nos | Nos | Nos | |
| At 31st December | 297 | 126 | 61 | 61 | 297 | 842 |
| At 31st January | 450 | 82 | 45 | 49 | 285 | 911 |
| At 28th February | 363 | 169 | 96 | 62 | 325 | 1,015 |

Key Points:

- Creditors (unpaid invoices on the system) stand at £9.9m at 28 February a decrease of £1.3m over the previous month. Creditors over 90 days stand at 890k.

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

Key Points

- In February NHS invoices by value and both Non NHS Invoices by value and number achieved the 95% target. NHS invoices by volume were below target.
- Year to Date only Non NHS Invoices by number achieved the 95% target.

