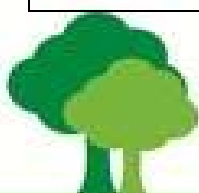


Title of meeting : Governing Body in Common											
Date of Meeting			19th July 2017		Paper Number			3.5			
Title					Financial Performance report for May 2017 (M2)						
Sponsoring Director (name and job title)					Nigel Foster – Director of Finance and Performance						
Sponsoring Clinical / Lay 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 2 (May 2017).						
The Governing Body is required to (please tick)											
Decision		Review		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						
Has an equality impact screening been undertaken? If so please attach					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 2 the CCG reported a year to date surplus in line with plan and continues to forecast achievement of the planned surplus.</p> <p>NHS England has changed the reporting requirements this year. CCGs are now required to report the in-year surplus rather than the cumulative surplus. The key difference being that the funding allocation under the cumulative surplus method includes the return of surplus from the prior year. There are 2 key concerns with the use of the cumulative surplus:</p> <ul style="list-style-type: none"> • it leads to CCG performance being misinterpreted - the carry forward of a cumulative surplus (which cannot be spent) is misinterpreted as an in-year surplus, available for investment; and • the financial position of providers is reported on an in-year basis, so aligning CCG reporting with provider reporting will facilitate system-wide financial reporting. <p>The Cumulative Surplus will still be relevant in applying business rules going forward; CCGs that have a cumulative deficit will still be required to repay that deficit over time and likewise CCGs with a surplus in excess of 1% will be able to drawdown on historic surpluses subject to approval.</p> <p>The Finance reports have now been revised to reflect this change. The cumulative surplus is shown as a memo below the financial summary on page 5 of the main report.</p> <p>The forecast for month 2 has been reviewed now that acute data has been received. Overall for Bracknell and Ascot CCG the expenditure forecast has reduced. This is primarily as a result of low activity levels in M1 acute data, a reducing forecast for Continuing Healthcare costs following a patient audit and some excess budget in planned care that will be transferred to reserves.</p>	



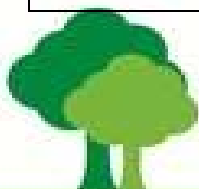
Although the acute forecast has been reduced, based on a favourable movement in month 1, at this stage the data should be treated with caution. Frimley are consolidating their data across the north and south sites, this has caused a known understatement in the non-elective activity, so in our data we are assuming this is an 'on plan' position, but there may be other unidentified errors in the data. The HRG4+ tariff has been adopted, which has resulted in many changes which does complicate any comparisons to last year. Also some trusts have adopted the new specialist commissioning Identification Rules (IR rules) for 17-18 while some have not yet transitioned are still working to 16-17 rules. Lack of a consistent approach across providers creates a risk of misinterpreting the numbers.

The key risks that are emerging are listed below:

- 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.
- We have been made aware of a significant elective treatment backlog at Oxford University Hospitals Foundation Trust. This will have financial implications this financial year as they recover the position, estimated at £350k for Berkshire East.
- We have been notified that funding for Health and Social Care Network (HSCN) connectivity (N3 GP connectivity) will soon transfer from NHS England budgets to CCG budgets. There is a concern that there may be inherent risks in the level of funding available and that a re-procurement will be necessary to secure a sustainable cost position.

I would particularly like to highlight:

- The forecast for the acute provider data is based on 1 month of activity and as indicated above is going through a period of change as consolidation and re-coding takes place.
- As indicated last month, Primary care (GP) budgets have now been fully delegated to the CCGs. We are working closely with the NHS England area team and are now in a position to break down these costs in more detail, which can be seen on page 13 of the main report.
- Across the Frimley Health & Care STP footprint, we have submitted a number of bids for additional investment in 2017-18. We now have funding approvals confirmed for: (Berkshire East "share")
 - o Diabetes c£750k
 - o Mental Health Liaison c£600k
 - o Learning Disabilities c£250k
 - o Cancer (this has been awarded to the Thames Valley Cancer Alliance and we are currently awaiting a geographical split)
- Across the Frimley Health & Care STP footprint we are anticipating £3.4m of uncommitted funding in 2017/18 as our share of national funding to support rapidly



developing Accountable Care Systems. A further £2.6m is anticipated in 2018/9 (i.e. £6m in total over the two years). This is in addition to the targeted transformation monies referred to above. The STP System Leaders Group and Executive Delivery Group have been overseeing a process of internal bidding from the STP work-streams against the £3.4m. This process has been helpful in refining specifically what the financial 'asks' are from the work-streams and the deliverables during this financial year. The primary focus for investments are Integrated Hubs, Primary Care Transformation and the enabling support to develop and implement the plans

- We have also recently been notified of funding to support Patient Wi-fi in Primary Care £236k. All CCGs are receiving funding to support this national priority. We funded Wi-fi access for clinicians in practices last year.
- 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 1 and 2 forecast outturn is shown below:

Movements in Forecast expenditure from M1 to M2		
Expenditure category	£k (adverse)/ improved	Comments
Frimley Health	258	Lower activity levels across elective, non elective and outpatients in Month 1
Acute other	113	Ouh £93k, London £71k, Berkshire Independent Hospital (£26k), Ashford and St Peters (£21k), Others (£4k)
Planned Care	363	Excess budget in planned care to be transferred back to reserves in M3
Mental Health	(157)	Costs for IAPT expansion received in advance of the agreed allocation. Funds are expected in Month 3.
Continuing Healthcare	664	Lower client numbers has reduced the expenditure forecast following a year end audit of the client database
Funding Nursing Care	(124)	Increased client numbers has increased the expenditure forecast following a year end audit of the client database
Other	20	
Total Movement in expenditure	1,136	Transferred to reserves

Recommendation:

The Governing Body is requested to note this report.



FINANCIAL PERFORMANCE TO MAY 2017

MONTH 2 2017/18

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 in-year surplus	0		✓	0.00%	Variance against Plan
Financial Position Forecast Outturn	Planned FOT in-year surplus	6		✓	0.00%	Variance against Plan
Running Costs Actual YTD	Running Costs YTD Plan	496		✓	0.00%	Variance against Plan
Running Costs Forecast Outturn	Running Costs Annual Plan	3,003		✓	0.00%	Variance against Plan
QIPP Forecast Outturn	QIPP Annual Plan	3,222		✓	100.06%	Projectng 100% achievement
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		1.33%	✓	(0.08%)	%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	Work on key items within the Frimley documentation.	The Commissioners and Trust have agreed a year end financial position. The detailed activity and finance plan is under development. M1 data must be treated with caution due to problems with data submission, the move to HRG 4+ including coding changes. Challenges have been rolled over and M1 and 2 will be run together. The latest IR tool is being run by the Trust with the impact to be shared by the end of the month an 2 meetings have been scheduled with the Trust and NHS E on the 28 June and 4 July 2017 to discuss the outcome.	Brian Day (CSU)	Update for M3
Joint	Funded Nursing Care	Budget Management	Following the 40% increase in FNC rates from £112.00 to £156.25 in July 2016, the government requested Mazars LLP to undertake a further review on agency staff costs in nursing homes. As a result of this review, the NHS Funded Nursing Care national standard rate has been reduced to £155.05 from 1 April 2017 (a saving of 0.77%). The Department of Health plans to consult on the introduction of a regional rate of NHS-funded nursing care ahead of future rate change announcements, but at present it is unclear if any changes will be implemented in the current financial year or deferred until 2018/19.	Lorraine Charlton / Kathy Neville (CSU)	Update for M3
CCG	Premises Costs	NHS Property Services	Accommodation costs have increased in 16-17 following a change to the rental charges for NHS properties. Non recurrent funding was received from NHSE last year to mitigate this additional cost, which is partially reflected in the baseline for 2017-18. Further funding is expected to be available this financial year but is not currently assumed in our position.	Debbie Fraser	Update for M3
CCG	Access to 1% Non-recurrent budget	Budget Management	NHS England have requested that 0.5% of this budget be set aside to provide a system wide risk reserve (last year we set aside the full 1%). The remaining 0.5% is available for local non recurrent investments.	Nigel Foster	Update for M3

Section B – Contents

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B1 – Abbreviations and acronyms used

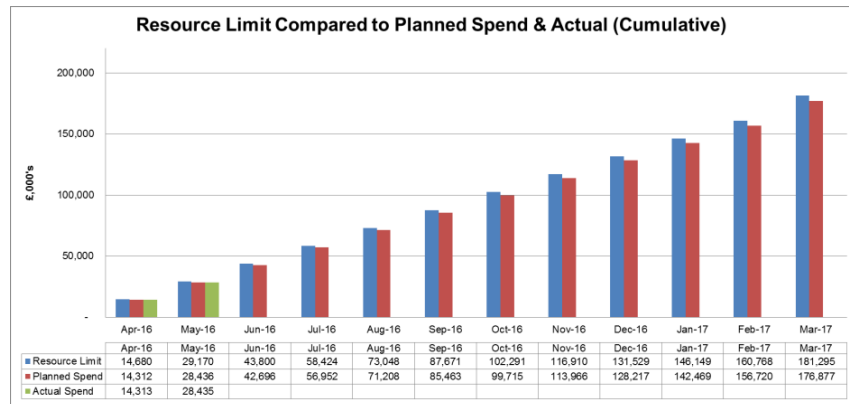
2015/16	Financial Year from 1 April 2015 – 31 March 2016
2016/17	Financial Year from 1 April 2016 – 31 March 2017
A&E	Accident and Emergency
AT	Area Team
BCF	Better Care Fund
BFFA	Better Futures for All
BHFT	Berkshire Healthcare NHSFT
BPPC	Better Payment Practice Code – target (currently 95%) of invoices 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 2 May 2017			Previous month		Forecast		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	14,419	14,346	72	1	86,511	85,752	760	0
Mental Health, Joint & CHC	4,683	4,710	(26)	(0)	28,100	27,717	383	0
Community	1,998	1,939	59	0	11,908	11,913	(5)	1
Primary Care & Prescribing	5,959	5,966	(7)	(0)	35,756	35,758	(2)	0
Reserves	(84)	0	(84)	(0)	5,817	6,953	(1,136)	0
Other Services	964	977	(13)	0	5,782	5,782	0	0
Commissioning sub-total	27,939	27,938	1	0	173,874	173,874	(0)	1
Running Costs	496	496	0	0	3,003	3,003	0	0
Actual Spend sub-total	28,435	28,434	1	0	176,877	176,877	(0)	1
In-year Surplus	0	0	0	0	6	6	0	0
Total CCG Allocation	28,435	28,434	1	0	176,883	176,883	(0)	1

Memo: Cumulative Surplus breakdown:	£'000
2016-17 planned surplus	3,304
Release of 2016-17 1% non-recurrent reserve	1,534
2016-17 Reported Surplus carried forward	4,838
Drawdown of brought forward surplus for 2017-18	(426)
2017-18 in-year surplus	6
2017-18 cumulative planned surplus	4,418



Key Points

- Reporting requirements have changed for 2017-18 and we have now received the guidance. 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 £6k for the year, which we are forecasting to meet.
- The month 2 expenditure forecast has been revised downward following M1 acute data being received, but this will continue to be monitored as it is only based on 1 months data.
- Continuing Healthcare costs have reduced following a review of the patient database.
- The Planned & Unscheduled care has improved by £72k year to date which is offset by a temporary pressure in Mental Health (a funding timing difference).

D – Revenue Resource Allocation and Changes to the Plan

Confirmed Resource Limit to Current Budget	£'000
Initial Resource Limit	
- Commissioning Costs	157,298
- Running Costs	3,003
Confirmed Initial Resource Limit	160,301
Surplus/Deficit Carry Forward - Drawdown	426
Frimley HCD Final adjustment	4
HCD error included within the T3 Neurology	(18)
Chemo Activity Tfr from CCGs to NHSE	(256)
PMS Review 1st year premium transfer	18
IR Changes	208
HRG4+ changes	(266)
Allocation In Year	160,417
2017-18 Primary Care Delegated budget	16,466
Allocation in Year, including delegated budgets	176,883
2016-17 Reported surplus	4,838
Drawdown on prior year surplus for 2017-18	(426)
Memo: Month 2 Cumulative Surplus	181,295

Key Points

- Current resource limit received from NHS England.
- Delegated GP (co-commissioning) budgets are now included.
- NHE England reporting requirement have now changed to focus attention on the In-Year surplus. The cumulative surplus, which includes prior year surplus is detailed below as a memo.

Changes to In-Year Plan – analysis of adjustments Month 1 to Month 2

Month 2 May 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 1 Plan	86,602	28,135	11,955	35,883	6,171	3,008	5,123	6	176,883
Month 2 Adjustments									
Delegated Primary Care Allocation - Expenditure				18			(18)		0
New Vision of Care budget moved to General reserve					(40)		40		0
Contract Adjustments to align to final agreed values	(91)						91		0
Adjustment to Henley Suite budget			(47)				47		0
GP Prescribing Incentive scheme				113			(113)		0
OOH main line topsliced for North Hamshire Urgent Care Budget				(222)			222		0
Non recurrent prior year accruals from 15/16 moved to general reserve					(372)		372		0
Excess Scriptswitch budget moved to reserve				(17)			17		0
Excess LCS budget moved to reserve				(17)			17		0
Medicines Mangement adj to bring budget into alignment				(2)			2		0
CHC Admin Team adj to bring budget into alignment		(12)					12		0
Correction to running cost allowance						(5)	5		0
Safeguarding budget split for Nursing & Quality		(23)			23				0
Month 2 Plan	86,511	28,100	11,908	35,756	5,782	3,003	5,817	6	176,883
Month 2 Plan vs Month 1 Plan	(91)	(35)	(47)	(127)	(389)	(5)	694	0	0

Section E – Treasury Management

Statement of Financial Position at 31 May 2017

Statement of Financial Position as at: 31-May-17	As at 31st March 17 £000	As at 30th April 17 £000	Movement £000	As at 31st May 17 £000
Non Current Assets	56	52	(5)	47
Total Non Current Assets	56	52	(5)	47
NHS Receivables - Revenue	882	250	(25)	225
NHS Prepayments and Accrued Income	736	778	(48)	730
Non-NHS Receivables - Revenue	126	61	11	72
Non-NHS Prepayments and Accrued Income	161	119	147	267
Other Receivables	5	4	(5)	(1)
Total Trade and Other	1,911	1,213	79	1,292
Cash	32	1,596	(1,887)	(291)
Total Assets	1,999	2,861	(1,813)	1,048
NHS Payables - Revenue	(2,560)	(1,917)	(2,572)	(4,489)
NHS Accruals and Deferred Income	(5,148)	(4,159)	2,389	(1,770)
Non-NHS payables - Revenue	(4,954)	(4,789)	(389)	(5,178)
Non-NHS payables - Capital	0	0	0	0
Non-NHS Accruals and Deferred Income	(7,637)	(9,209)	3,093	(6,115)
Other Payables	(471)	(1,081)	271	(810)
Provisions	(1,457)	(1,458)	0	(1,458)
Total Current Liabilities	(22,227)	(22,612)	2,792	(19,820)
Total non Current Liabilities	0	0	0	0
Total Assets Employed	(20,227)	(19,751)	979	(18,772)
General Fund	(20,227)	(19,751)	979	(18,772)
Total Taxpayers Equity	(20,227)	(19,751)	979	(18,772)

Key Points:

- Cash has gone down by £1.9m because at the end of April 2017, £1m for BCF from Bracknell Forest Council was not received on time and was processed in May.
- Total current liabilities have decreased by £2.8m over the month to £19.8m due to the fact that in M1 accruals were done to budget, resulting in an overall decrease in Total Taxpayers Equity of £979k to £18.8m as at 31st May 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)	-	-	12	14	12	14
Between 31 - 60 days	39	1	7	5	46	6
Between 61 - 90 days	154	73	1	5	155	78
Greater than 90 days	351	223	52	24	403	247
Total	544	297	72	48	616	345

Key Points:

- At the end of month 2 the CCG has debtors totaling £616k (of which £403k 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
	27,578	2,314	29,892	180,887	16.53%

Key Points:

- The CCG processed a cash draw down of £13.9m in May. The charge against the prescribing stands at £2.3m giving a total year to date drawing of £29.9m against the current allocation of £181m.
- At the end of May cash in the bank was £0.2m, which is 1.33% of cash drawn down for the month but less than £250k, therefore within the good practice guidelines set out by NHS England. The variance was mainly on NHS other spend of £150k in comparison to cash forecast.

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 March	5,009	458	740	223	1,305	7,735
At 30th April	9,917	1,640	206	658	747	13,168
At 31st May	5,248	497	23	236	824	6,828
Aged Creditors - volume	Nos	Nos	Nos	Nos	Nos	
At 31st March	473	162	138	65	349	1,187
At 30th April	401	227	87	105	355	1,175
At 31st May	382	110	113	65	413	1,083

Key Points:

- Creditors (unpaid invoices on the system) stand at £6.8m at 31 May an increase of £6.3m over the previous month. Creditors over 90 days stand at £824k.

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	19,421	360	5,592	978	25,013	1338
Total invoices paid within 30 days	19,473	340	4,635	921	24,108	1261
% Paid within 30 days	100.3%	94.4%	82.9%	94.2%	96.4%	94.2%
Rating	Amber	Amber	Amber	Green	Amber	Green

- 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 May only NHS invoices by value achieved the 95% target.
- Non NHS invoices by value are well below target due to 11 invoices for Bracknell Forest Council totaling £636k.
- Year to date only Non NHS invoices by number achieved the 95% target.

BPPC

