

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	✓	Note	✓	Recommend	
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					
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</i>					Not Applicable					



<p>targets</p> <p>Include date the Director of Nursing has signed off the quality implications)</p>	
<p>Clinical Engagement Outline the clinical engagement that has been undertaken</p>	<p>Not Applicable</p>
<p>Consultation, public engagement & partnership working implications/impact</p>	<p>Not Applicable</p>
<p>NHS Outcomes Please indicate (highlight) which Domain this paper sits within by highlighting or ticking below: Please note there may be more than one Domain.</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>	



The forecast for month 2 has been reviewed now that acute data has been received. Overall for Slough CCG the expenditure forecast has increased. This is primarily as a result of high activity levels in M1 acute data, largely at Frimley Health and South Central Ambulance Service.

Although the acute forecast has been increased based on an adverse 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, complicating 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 (ie £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	
Frimley Health	(510)	Adverse position on Critical care, day case and elective.
South Central Ambulance Service NHS Trus	(199)	High levels of See, Treat and Convey activity
Acute other	179	Royal Berkshire £304k, Oxford University Hospitals (£67k), Independants (£65k), London (£38k), Other £45k
Mental Health	(170)	Costs for IAPT expansion received in advance of the agreed allocation. Funds are expected in Month 3.
Continuing Healthcare	154	Lower client numbers has reduced the expenditure forecast following a year end audit of the client database
Funding Nursing Care	(112)	Increased client numbers has increased the expenditure forecast following a year end audit of the client database
Other	(18)	
Total Movement in expenditure	(675)	
Drawdown from Reserves	675	



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	Explanation of target measure
Financial Position Actual Outturn	Planned YTD in-year surplus	4		✓	0.00%	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	530		✓	0.00%	Variance against Plan
Running Costs Forecast Outturn	Running Costs Annual Plan	3,180		✓	0.00%	Variance against Plan (this excludes funding for Quality Premium)
QIPP Forecast Outturn	QIPP Annual Plan	3,370		X	98.19%	Achievement against Plan
Creditors - Better Payment Practice Code	Target of 95%		93.50%	X	(1.50%)	%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		0.17%	X	(1.08%)	%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
	Primary Care Extended Access Budgets	Budget Management	Extended access funding has been confirmed, but will not be transferred until June, so the expenditure and income are not currently built into our position.	Nigel Foster / Alex Tilley	Update for M3
	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
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)

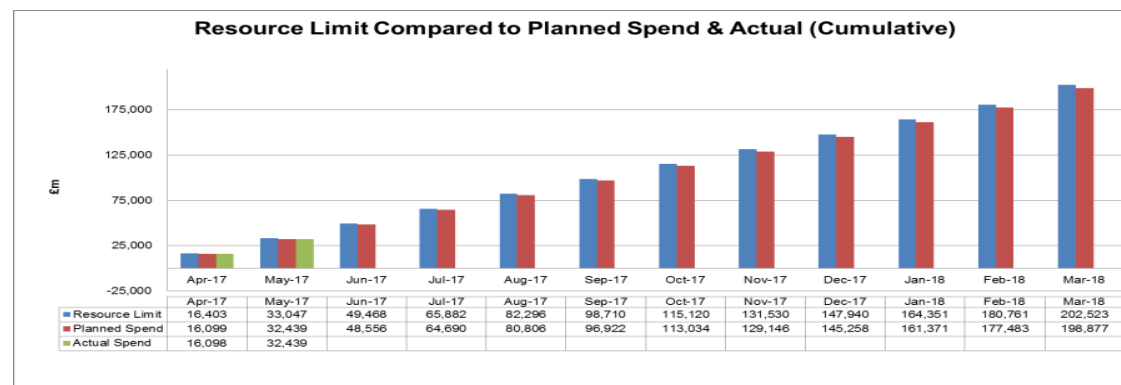
Section C – Financial Performance

Summary of position (variance against plan)	Month 2 May 2017			Previous month		Previous month		
	Plan	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	17,595	17,592	3	(0)	105,568	106,098	(530)	0
Mental Health, Joint & Continuing Care	4,241	4,501	(260)	(0)	25,447	25,575	(128)	0
Community	2,054	1,994	60	(0)	12,232	12,250	(18)	1
Primary Care & Prescribing	6,700	6,708	(8)	(1)	40,201	40,201	0	0
Reserves	204	0	204	0	5,556	4,881	675	0
Other Services	1,116	1,115	1	1	6,693	6,693	0	0
Commissioning sub-total	31,909	31,909	(0)	(1)	195,697	195,697	0	1
Running Costs	530	530	0	0	3,180	3,180	0	0
Planned/Actual Spend Sub Total	32,439	32,439	(0)	(1)	198,877	198,877	0	1
In-year Surplus	4	4	(0)	0	19	19	0	0
Total CCG Allocation	32,443	32,443	(1)	(1)	198,896	198,896	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 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 £19k for the year, which we are forecasting to meet.
- The month 2 expenditure forecast has been revised upward following M1 acute data being received, but this will continue to be monitored as it is only based on 1 month of data.
- Acute has moved adverse due to high activity levels at Frimley Park and South Central Ambulance Service



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)
Allocation In Year	178,872
2017-18 Primary Care Delegated budget	20,024
Allocation In Year	198,896
2016-17 Reported surplus	3,673
Drawdown on prior year surplus for 2017-18	(46)
Memo: Month 2 Cumulative Surplus	202,523

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.
- The surplus from last year is returned as a non-recurrent source of funding.

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

Month 2 May 2017	Planned and Unscheduled Care £'000	Joint & Continuing Care £'000	Community Care £'000	Primary Care & Prescribing £'000	Other £'000	Running Costs £'000	Reserves £'000	Surplus £'000	Total £'000
Month 1 Plan	105,557	25,431	12,301	40,069	6,647	3,180	5,692	19	198,896
Delegated Primary Care Allocation - Expenditure				182			(182)		0
New Vision of Care budget moved to General reserve					19		(19)		0
Contract Adjustments to align to final agreed values	11						(11)		0
Adjustment to Henley Suite budget			(69)				69		0
GP Prescribing Incentive scheme				2			(2)		0
OOH main line topsliced for North Hampshire Urgent Care Budget				(38)			38		0
Excess Scriptswitch budget moved to reserve				(20)			20		0
Medicines Mangement adj to bring budget into alignment				6			(6)		0
CHC Admin Team adj to bring budget into alignment		43					(43)		0
Safeguarding budget split for Nursing & Quality		(27)			27				0
Month 2 Plan	105,568	25,447	12,232	40,201	6,693	3,180	5,556	19	198,896
Month 2 Plan vs Month 1 Plan	11	16	(69)	132	46	0	(136)	0	0

Section E – Treasury Management
Statement of Financial position as at 31 May 2017

Statement of Financial Position as at:	As at 31st March 17 £000	As at 30th April 17 £000	Movement £000	As at 31st May 17 £000
31-May-17				
Non Current Assets	55	50	(4)	46
Total Non Current Assets	55	50	(4)	46
NHS Receivables - Revenue	227	7,853	(2,776)	5,077
NHS Prepayments and Accrued Income	7,287	3,029	(26)	3,003
Non-NHS Receivables - Revenue	169	97	(29)	68
Non-NHS Prepayments and Accrued Income	90	(13)	185	172
Other Receivables	1	35	(32)	3
Total Trade and Other	7,774	11,001	(2,678)	8,323
Cash	107	2,105	(2,865)	(760)
Total Assets	7,936	13,156	(5,547)	7,609
NHS Payables - Revenue	(10,454)	(11,503)	2,788	(8,715)
NHS Accruals and Deferred Income	(5,491)	(4,387)	(2,141)	(6,528)
Non-NHS payables - Revenue	(4,753)	(7,734)	3,060	(4,675)
Non-NHS payables - Capital	0	0	0	0
Non-NHS Accruals and Deferred Income	(4,423)	(994)	(2,643)	(3,637)
Other Payables	(533)	(1,020)	26	(994)
Provisions	(1,640)	(1,640)	1	(1,639)
Total Current Liabilities	(27,294)	(27,278)	1,091	(26,187)
Total non Current Liabilities	0	0	0	0
Total Assets Employed	(19,358)	(14,122)	(4,456)	(18,578)
General Fund	(19,358)	(14,122)	(4,456)	(18,578)
Total Taxpayers Equity	(19,358)	(14,122)	(4,456)	(18,578)

Key Points:

- Total Trade and Other have decreased by £2.7m in May largely due to receipts from NHS organisations.
- Cash balance is negative £760k but the actual cash balance at bank was £18k at the end of May. This was due to timing difference between payment journals hitting the ledger and cash leaving the bank account at month end.
- Total Current Liabilities have decreased by £1m and now stand at £26,2m because in M1 accruals were done to budget.

Debtors

Aged Debtors	NHS Debtors		Non NHS Debtors		Total	
	Value (£000)	Number	Value (£000)	Number	Value (£000)	Number
Less than 31 days (Not Due)	5,108	24	4	17	5,112	41
Between 31 - 60 days	404	9	35	1	439	10
Between 61 - 90 days	- 257	2	2	6	- 255	8
Greater than 90 days	321	3	27	11	348	14
Total	5,576	38	68	35	5,644	73

Key Points:

- At the end of month 2 the CCG has debtors totalling £5,644k (of which £348k is overdue by more than 90 days but Frimley Health disputes £320k relating to SCAS charges and credit notes to be raised and remaining £28k is considered recoverable). The majority of the NHS debt relates to London Trust recharges to CCGs. These are raised in advance of the month to which they relate in order to ensure payment is received early in the month.

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
	30,636	2,582	33,218	202,062	16.44%

Key Points:

- The CCG processed a cash draw down of £10.5m in May. The charge against prescribing stands at £2.6m giving a total charge of £33.2m for the year. At the end of the month the CCG had Bank balance of £18k, which is 0.17% of cash drawn down for the month and within the 1.25% target considered 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 March	14,070	2,099	1,067	735	5,785	23,756
At 30th April	15,513	1,788	2,257	874	2,428	22,860
At 31st May	7,520	1,333	2,026	2,069	2,118	15,066

Aged Creditors - volume	Nos	Nos	Nos	Nos	Nos	
At 31st March	736	241	99	49	559	1,684
At 30th April	1701	21	13	9	40	1,784
At 31st May	1682	14	13	8	28	1,745

Key Points:

- Creditors (unpaid invoices on the system) stand at £15.1m at 31 May a decrease of £7.8m over the previous month. Creditors over 90 days stand at £2.1m.

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	33,646	787	3,628	650	37,274	1437
Total invoices paid within 30 days	33,244	736	2,452	606	35,696	1342
% Paid within 30 days	98.8%	93.5%	67.6%	93.2%	95.8%	93.4%
Rating	Green	Amber	Amber	Amber	Green	Amber

The above position relates to the average total performance in year of invoices paid within a 30 day period at the end of Month 2 in comparison to the DH target of paying 95% supplier invoices within 30 days.

Key Points:

- In May 2017 only NHS invoices by number is below the 95% target.
- Non-NHS invoices by value dropped significantly in April 2017 due to 20 Slough BC invoices that were approved at year end but not paid, totalling £1.1m and were paid in May.
- Year to date only NHS invoices by value are achieving the target.

