



Title of meeting: Governing Body										
Date of Meeting			9th July 2019			Paper Number			4.1	
Title						Financial Performance report for May 2019 (M2)				
Sponsoring Director (name and job title)						Nigel Foster – Director of Finance				
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 2019).				
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>						Date Deputy CFO sign off				



<p>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></p> <p><i>Include date the Director of Nursing has signed off the quality implications)</i></p>	<p>Date Director of Nursing sign off.....</p>
<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 position on plan and is forecasting to meet the planned in-year surplus of £1k.</p> <p>Cost pressures have been absorbed primarily from Mental Health S117 placements and Ambulance costs.</p> <p>The unadjusted YTD position for MH and LD placements is (£365k) adverse. This is caused by a combination of new patients in year and the full year effect of new patients that were approved late in the previous financial year. The YTD position has been mitigated by the release in month 2 of a general accrual for late billing totalling £500k, taking the reported position to £135k favourable. The forecast position, excluding the accrual impact but including the full benefit of QIPP savings, is (£900k). With the non-recurrent benefit of accruals included the forecast outturn is (£400k) adverse,</p> <p>The Ambulance cost forecast outturn has also moved adverse by (£176k) due to activity levels. Overall year to date activity is 9.9% higher than last year and 7.4% higher than plan. The growth is in categories 2-4, which are the less critical cases.</p> <p>These pressures have been mitigated by further surplus accruals released, £400k from a variety of budgets, including IFR £150k, High tech at home £51k, Clinical leads £89k, GPIT £68k, MH 30k, Others £12k. In addition reserves have been released totalling £260k to fully mitigate the cost pressures.</p>	



The key risks identified to this forecast position currently are:

- Frimley contract – IR and PEL (Provider Eligibility List) £580k (allocation anticipated)
- London contract– IR and PEL (Provider Eligibility List) £430k (activity reduction anticipated)
- Royal Berkshire contract – High cost drugs for ophthalmology.
- Further growth in Mental Health placements
- Continuing care costs
- Prescribing costs
- QIPP slippage

I would particularly like to highlight:

- The acute data available is based on 1 month of data, and this month includes Easter, so activity might be expected to be lower than normal.
- The report now includes run rate analysis as a comparison to the forecast. The run rate is the year to date position multiplied by the number of remaining months to give the current trajectory. This can be used as a basis to challenge the forecast and gain an explanation of that forecast. In addition, trend charts by area have been added to section C.
- Further changes to the report, in light of the Governing Body Finance training session last month, will be considered for month 3. Any further reflections are always welcome.

Recommendation(s)

The Governing Body is requested to note this report.



FINANCIAL PERFORMANCE TO MAY 2019

MONTH 2 2019/20

Section A1 – Finance Dashboard

Indicator	Target	Actual/ Forecast £'000	Actual/ Forecast %age	Rating this month	Variance from target %	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	1		✓	0.00%	Variance against Plan
Running Costs Actual YTD	Running Costs YTD Plan	1,482		✓	0.00%	Variance against Plan
Running Costs Forecast Outturn	Running Costs Annual Plan	8,895		✓	0.00%	Variance against Plan
QIPP Forecast Outturn	QIPP Annual Plan	14,173		✓	100.00%	Projecting 100% achievement
Creditors - Better Payment Practice Code	Target of 95%		97.3%	✓	2.3%	%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	362	0.73%	✓	0.52%	%age of balance in bank at end of month compared to cash draw n 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 2019-20	Work on key items within the Frimley documentation.	The 2019/20 Contract and Memorandum of Understanding have been agreed and signed by all parties.	Ian Murdock	Update for M3
		Finalising the Royal Berkshire contract	The 2019/20 contract baseline has been agreed, pending sign off by the RBHFT Board.	Ian Murdock	Update for M3
		Surrey and Borders Partnership contract	The 2019/20 contract baseline has been agreed, and contract documentation signed.	Ian Murdock	Update for M3
CCG	Delivering 2019-20 QIPP plans	Budget Management	2019/20 QIPP schemes are being finalised and monitoring arrangements are being agreed with project leads and implemented for reporting at the monthly Finance & QIPP Committee. Monthly review meetings with project leads will identify areas where there may be slippage and agree actions to improve delivery. The month 1 position will be reported at the Finance & QIPP Committee on June 25th.	Ian Murdock	Update for M3



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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
NCSO	No cheaper stock obtainable (with reference to drugs)
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
Run rate	YTD spend multiplied by the number of remaining months to give an indicative full year position.
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)
YOY	Year on year
YTD	Year-to-date (1 April-end of reported month)



Section C – Financial Performance

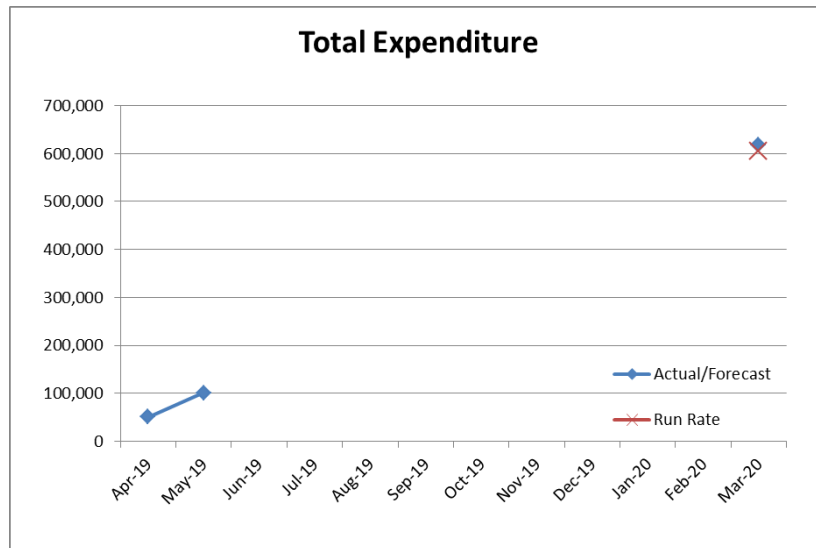
CCG Summary	Month 2 May 2019				Full Year				Run Rate	Run rate vs Forecast Outturn
	Plan YTD	Actual YTD	Variance YTD	Previous Month Variance to plan	2019-20 Annual Plan	2019-20 Forecast outturn	2019-20 Forecast Variance	Previous Month Forecast Variance		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000		
Commissioning										
Acute Services	53,894	53,628	266	0	323,366	323,542	(176)	0	321,769	1,773
Mental Health Services	9,487	9,206	281	0	56,920	57,317	(397)	0	55,237	2,080
Community Health Services	6,933	7,060	(127)	0	41,596	41,596	0	0	42,359	(762)
Continuing Care Services	6,410	6,026	384	0	38,462	38,462	0	0	36,155	2,307
Primary Care Co-Commissioning	9,325	9,325	0	0	58,251	58,251	0	0	55,948	2,303
Primary Care Services	10,670	10,542	128	0	64,520	64,401	119	0	63,254	1,147
Other Programme Services	3,733	3,558	175	0	22,397	22,203	193	0	21,349	854
Reserves	(1,106)	0	(1,106)	0	3,096	2,836	260	0	0	2,836
Commissioning sub-total	99,345	99,345	0	0	608,608	608,608	0	0	596,072	12,537
Running Costs	1,482	1,482	0	0	8,895	8,895	0	0	8,895	0
Expenditure sub-total	100,828	100,828	0	0	617,503	617,503	0	0	604,967	12,537
In-year Surplus	0	0	0	0	1	1	0	0	0	1
Total CCG Allocation	100,828	100,828	0	0	617,504	617,504	0	0	604,966	12,538

Key Points

- The opening in-year allocation for the year was £617,504k, including Primary Care co-commissioning.
- The running cost allocation is £9,450k. The CCG have applied a QIPP saving of £555k, which reduces the budget to £8,895k. The saving is re-invested in the programme budget.
- The in year surplus is £591 taking the cumulative surplus to £14,555k. At month 2 further pressures have been reflected in the forecast.
- Acute services are favourable year to date, £266k, based on 1 month of activity data, but is the month where Easter fell. Given this it was not felt this was a true indicator of performance, so hospital contracts remain forecast on plan. A cost pressure of (£176k) has been recognised on the SCAS Ambulance Trust contract, reflecting current levels of activity.
- Mental Health Services are also favourable, but this is a misleading position. The first 2 months has seen a significant cost pressure on mental health placements, which is caused by new packages of care, partly new packages agreed this year but also new packages agreed in latter stages of the last financial year, which are having a larger full year effect than was planned. This is causing a (£900k) pressure on the forecast, which has been mitigated by the release of a general accrual for late billing totalling £500k. This benefit is reflected in both the year to date position and forecast outturn.

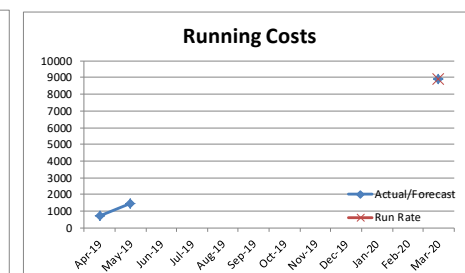
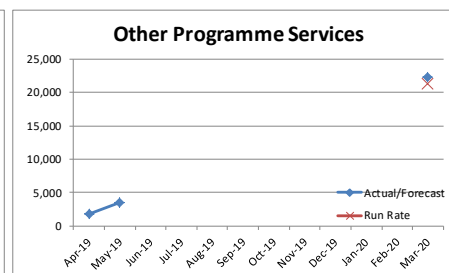
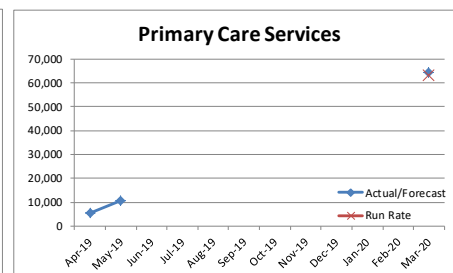
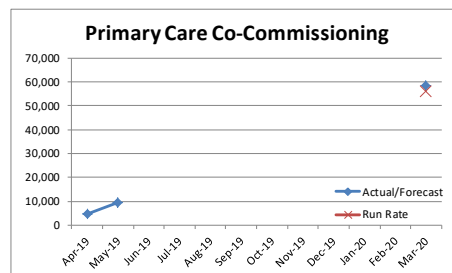
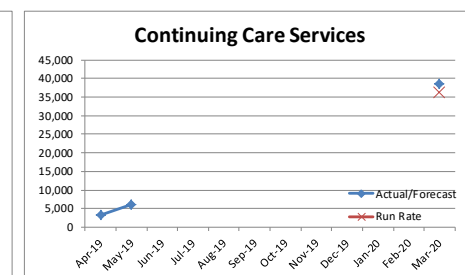
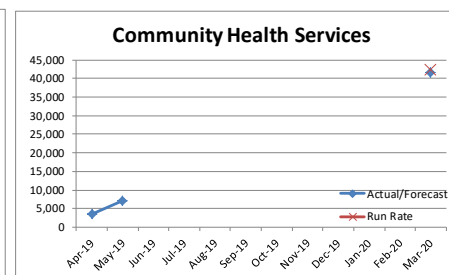
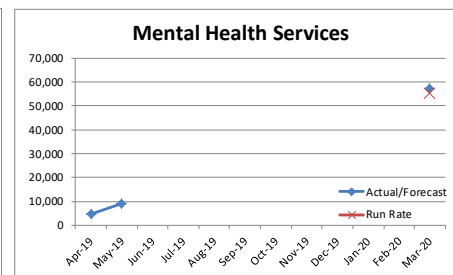
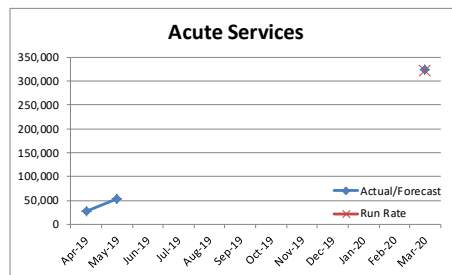


Section C – Run rate charts



Key Points

- Run rate Charts have been created to monitor the trend of actuals against the forecast and to show the actual run rate.





D – Revenue Resource Allocation

Confirmed Resource Limit to Current Budget	£'000
Initial Resource Limit	
- Commissioning Costs	549,802
- Running Costs	9,450
Initial Resource Limit	559,252
Allocation In Year	559,252
2019-20 Primary Care Delegated budget	58,251
2019-20 In-year surplus	1
Allocation in Year, including delegated budgets	617,504

Key Points

- Current resource limit received from NHS England.
- The running cost allocation is £9,450k. The CCG have applied a QIPP saving of £555k, which reduces the budget to £8,895k. The programme budget increases by the same amount.

D - Changes to In-Year Expenditure Plan – analysis of budget adjustments Month 2

Month 2 May 2019	Acute Services	Mental Health Services	Community Health Services	Continuing Care Services	Primary Care Services	Other Programme Services	Reserves	Running Costs	In Year Surplus	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Month 1 Plan	323,146	56,921	41,476	38,462	122,771	22,490	3,341	8,895	1	617,504
<u>Month 2 New Allocations</u>										
None										
<u>Month 2 Budget drawn down from Reserves</u>										
Cardiology Virtual Clinic SR to Acute SLA exclusions	207						(207)			0
SECAMS 999 - draft contract	21						(21)			0
Drawn down budget to cover the Virgin contract			120				(120)			0
<u>Month 2 Budget returned to Reserves</u>										
Return surplus budget from CSU Programme projects						(60)	60			0
Royal Surrey - Budget Corrected	(8)						8			0
Surrey & Borders - Budget Corrected		(1)					1			0
SCAS 111 contract agreement						(33)	33			0
SCAS PTS contract agreement						(1)	1			0
Month 2 Plan	323,366	56,920	41,596	38,462	122,771	22,396	3,096	8,895	1	617,504
Month 2 Plan vs Month 1 Plan	220	(1)	120	0	0	(94)	(245)	0	0	0



Section E – Treasury Management

Statement of Financial Position as at 31st May 2019

Statement of Financial Position as at:	As at 31st March 19 £000	As at 30th April 19 £000	Movement £000	As at 31st May 19 £000
31-May-19				
Non Current Assets	83	81	(7)	74
Total Non Current Assets	83	81	(7)	74
NHS Receivables - Revenue	3,437	7,862	(2,480)	5,382
NHS Prepayments and Accrued Income	6,094	2,201	3,511	5,712
Non-NHS Receivables - Revenue	468	254	(7)	247
Non-NHS Prepayments and Accrued Income	958	13	448	461
Other Receivables	41	78	56	134
Total Trade and Other	10,998	10,408	1,528	11,936
Cash	25	83	(13)	70
Total Assets	11,106	10,572	1,508	12,080
NHS Payables - Revenue	(12,104)	(14,631)	(255)	(14,886)
NHS Accruals and Deferred Income	(16,141)	(11,507)	46	(11,461)
Non-NHS payables - Revenue	(18,991)	(10,450)	1,342	(9,108)
Non-NHS payables - Capital	(21)	(21)	0	(21)
Non-NHS Accruals and Deferred Income	(14,848)	(18,951)	(2,930)	(21,881)
Other Payables	(13,615)	(16,290)	3,795	(12,495)
Provisions	(704)	(704)	0	(704)
Total Current Liabilities	(76,424)	(72,554)	1,998	(70,556)
Total non Current Liabilities	0	0	0	0
Total Assets Employed	(65,318)	(61,982)	3,506	(58,476)
General Fund	65,318	(61,982)	3,506	(58,476)
Total Taxpayers Equity	65,318	(61,982)	3,506	(58,476)

Key Points:

- Current Trade and Other receivables have increased by £1,528k to £11,936k.
- Cash has decreased by £13k from positive £83k at the end of April to positive £70k at the end of May. The actual cash balance at bank was £362k at month end. This was due to timing difference between payment journals being posted to the ledger and cash leaving the bank account.
- Total Current Liabilities have increased by £1,998k and now stand at £70,556k.

Debtors

Aged Debtors	NHS Debtors		Non NHS Debtors		Total	
	Value (£000)	Number	Value (£000)	Number	Value (£000)	Number
Less than 31 days (Not Due)	4,328	31	10	20	4,338	51
Between 31 - 60 days	260	21	80	11	340	32
Between 61 - 90 days	1,234	39	6	9	1,240	48
Greater than 90 days	94	287	151	75	245	362
Total	5,916	378	247	115	6,163	493

Key Points:

- At the end of month the CCG has debtors totaling £6,163k of which £245k is over 90 days overdue. This balance relates to Brants Bridge £237k, Slough Borough Council £132k, Thames Valley priorities £65k, Other £8k and NHSE credit note £143k, all of which are still considered to be 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
100,043	7,626	107,669	616,349	17.47%

Key Points:

- The CCG processed a cash draw down of £50m in the month. The charge against prescribing stands at £8m giving a total charge year to date of £108m against current cash allocation of £616m for the year.
- At the end of the month the CCG had a bank balance of £362k which is 0.73% of cash drawn down for the month and below the 1.25% target.



Creditors

Aged Creditors - value	Not Due £000	Overdue 1-30 days £000	Overdue 31-60 £000	Overdue 61-90 days £000	Overdue 90+ days £000	Total £000
At 31st March	22,506	2,196	1,164	1,038	6,963	33,867
At 30th April	20,805	7,378	1,197	1,016	7,164	37,560
At 31st May	33,257	1,971	4,363	1,071	8,515	49,177

Aged Creditors - volume	Nos	Nos	Nos	Nos	Nos	Total
At 31st March	781	252	105	82	1,017	2,237
At 30th April	1,040	430	170	90	942	2,672
At 31st May	906	364	234	131	929	2,564

Key Points:

- Creditors (unpaid invoices on the system) stand at £49m on 31st May, an increase of £12m from the previous month due to June SLA included in May creditors.
- Creditors over 90 days stand at £8.5m.

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 invoice (YTD) £'000	Number (YTD)	Value of invoice (YTD) £'000	Number (YTD)
Total invoices paid	62,249	1,187	17,894	3,255	80,143	4,442
Total invoices paid within 30 days	61,457	1,060	17,657	3,167	79,114	4,227
% Paid within 30 days	98.7%	89.3%	98.7%	97.3%	98.7%	95.2%
Rating	Green	Amber	Green	Green	Green	Green

The above position relates to the average total performance year to date of invoices paid within a 30 day period, compared to the Department of health target of paying 95% supplier invoices within 30 days.

Key Points:

- Year to date, the CCG is achieving its target of paying NHS invoices by value but volume is below target. This is due to London Trust invoices and credit notes which missed the payment run in April and continues to impact YTD position and the total.
- Payment of non NHS invoices is above target by value and volume YTD.

