Title: Finance Performance at Month 2 - 2017/18
Action: FOR DISCUSSION
Meeting: 12 July 2017

Purpose:

This paper reports the financial performance to month 2 2017/18 and highlights key messages to bring to the Board’s attention.

- The Trust delivered an in month operating surplus of £98k for month 1 and £108k for month 2.
- The cash balance at 31 May 2017 was £6.0m.
- The Use of Resources (UOR) Metric continues to be level 1 for the reporting period.
- The Trust’s Cost Improvement Plan (CIP) delivered cumulative savings of £0.333m against a plan of £0.388m.
- Prompt Payment Improvement Plan
- Charitable Funds 2015/16 results
- Capped Expenditure Process (CEP), Cambridge and Peterborough system

Recommendation:

The Trust Board is asked to discuss and note the information contained within the report.

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<thead>
<tr>
<th>Name</th>
<th>Title</th>
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<tbody>
<tr>
<td>Author:</td>
<td>Paul Spencer</td>
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<td>Executive sponsor</td>
<td>Mark Robbins</td>
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Trust Objectives

<table>
<thead>
<tr>
<th>Objective</th>
<th>How the report supports achievement of the Trust objectives:</th>
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<tr>
<td>Provide outstanding care</td>
<td>Not covered in this report</td>
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<tr>
<td>Collaborate with other organisations</td>
<td>Not covered in this report</td>
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<td>Be an excellent employer</td>
<td>Not covered in this report</td>
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<td>Be a sustainable organisation</td>
<td>Reporting of progress against this objective is included within this report, including the reporting of year to date financial performance and achievement against the Trust’s Cost Improvement Programmes (CIP’s).</td>
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Trust risk register
This paper reports the Trust’s 2017/18 financial performance, and there are no current risks relating to this on the Corporate Risk Register.

Legal and Regulatory requirements:
N/A to this paper.

Equality and Diversity implications:
This report does not include any specific Equality and Diversity implications.

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<th>Objective</th>
<th>How the report supports achievement of objectives:</th>
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<tr>
<td>Achieve an improvement in the percentage of service users who report that they are able to access the Trust services that they require</td>
<td>Not covered in this report</td>
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<td>Enhance our approach to involving and capturing the experience of hard to reach / seldom heard / varied community groups</td>
<td>Not covered in this report</td>
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<td>Support staff to reduce the incidents of staff from minority groups experiencing abuse / aggression violence or discrimination from service users, carers, colleagues or managers.</td>
<td>Not covered in this report</td>
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<td>Ensure that the Race Equality Standard is embedded and undertake proactive work around any areas of under-representation</td>
<td>Not covered in this report</td>
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Are any of the following protected characteristics impacted by items covered in the paper

<table>
<thead>
<tr>
<th>Age</th>
<th>Disability</th>
<th>Gender Reassignment</th>
<th>Marriage and Civil Partnership</th>
<th>Pregnancy and Maternity</th>
<th>Race</th>
<th>Religion and Belief</th>
<th>Sex</th>
<th>Sexual Orientation</th>
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1. Executive Summary of financial performance for Month 2017/18

1.1 Key Messages for the Trust’s financial performance for month 2

- The Trust delivered a month 1 operating surplus of £98k and a month 2 operating surplus of £108k.
- The cumulative position to month 2 is a £206k surplus.
- The cash balance at 31 May 2017 was £6.0m.
- The Use of Resources (UOR) Metrics for month 1 and month 2 was 1.
- The Trust’s Cost Improvement Plan (CIP) delivered savings of £0.333m cumulative in month 1 and 2 against a plan of £0.388m.

2. Financial Performance for Month 2 2017/18

2.1 The detailed financial performance by service division is detailed in Section 1.2 of the full report (see Annex 1), and the main headlines to report to the Board are:

- Ambulatory Care Services – Cumulative performance for month 1 and 2 was an underspend of £54k predominately due to additional income and establishment savings.
- Children’s and Young People’s Services (Cambs and Norfolk) – Cumulative performance for the division was an underspend of £58k predominately due to establishment savings across the division.
- Luton Adult and Children’s Services – Cumulative performance for the division was an overspend of £26k, mainly due to CIP pressures.

Section 2.1 of this report details Statement of Financial Position (Balance Sheet) which includes Assets, Cash and Liabilities.

The cash balance of £6.0m at month 2 represents an overall net movement of £1.8m from the year end cash balance of £7.8m. Section 2.2 of this report details the cash movements for month 2.

Prompt payments results have remained consistent with the previous month. The overall Trust average across the four categories has remained at 88% in month and 86% for the last 12 months. Section 2.3 includes the full details including the full performance for the year. In addition the performance improvement plan is included later in this summary report.

The full calculation of the Trust’s Use of Resources (UOR) Metrics rating is shown in section 3 of the report, and the Trust has delivered the highest score of 1.

The Trust’s Cost Improvement Plans (CIP’s) have delivered cumulative savings year to date of £0.333m against the target of £0.388m. The full year target for the Trust is £2.1m and it has planned schemes giving delivering £2.495m for 2017/18.

2.2 Use of Agency Staffing

The Trust has an agency spend ceiling of £3,332k for 2017/18, and cumulative spend to month 2 is £386k against a planned trajectory of £554k.

The tables below illustrate the monthly cumulative planned and actual performance of total agency spend. The forecast spend has been included to illustrate the expected position of the Trust at the end of the financial year. Spend is forecast to remain below the Trust’s cumulative agency ceiling.
2.3 Use of Bank Staff

To help the Trust remain within the agency spend ceiling, the services have the availability of bank staff to fill short term staffing pressures. Bank spend has been steadily increasing, with cumulative spend to month 2 being £70k.

The table below illustrates the Trust's monthly bank spend.
Prompt Payment Improvement Plan

The Trust’s prompt payment performance over the last few years has improved but it has yet to consistently reach the 95% of invoice paid within 30 days target. This is despite focussed work within the finance team and budget holders to ensure systems processes and the application of these are implemented to ensure prompt payments.

The focus will be on non-NHS invoices, where 1158 invoices were paid which equated to 86% of the total received. To hit the 95% target the Trust needed to pay 1,280 invoices within 30 days, or an improvement of 122 invoices. In May, 31 invoices were paid at 32 days and 113 invoices were paid between 32 and 41 days. The largest proportion of these (57) related to processing delays in agency staffing invoices. This is an on-going issue and we are working with the services and agencies to attempt to speed this process up, including prompt reconciliation of timesheets to invoices, and ensuring agencies provide the appropriate backing information. Also in May 36 lease car invoices were paid late. This was a delay in the finance team, processes which will be resolved immediately.

The recent introduction of a virtual zero policy for invoices being received without payable orders should help in speeding up the payment process due to the authorisation period being streamlined. To ensure this benefit is maximised, goods or services need to be acknowledged promptly.

In summary the main area requiring focus for prompt payment appear to be agency staffing invoices. These invoices are received on a weekly basis and therefore the volume can be quite high. The finance team will target the budget holders who take the longest to authorise invoices and focus on improving this performance over the next 3 months.

Charitable Funds results 2015/16

The Trust’s Charitable Funds financial results for both its charities, Dreamdrops and the Cambridgeshire Community Services Charitable Fund, and been submitted to the Charities Commission.

Dreamdrops income for 2015/16 was £23,761, and as these results were below the £25k reporting threshold, they are not subject to an audit or publishing of a full Annual Report, and the Trust is therefore only required to submit income and expenditure totals for 2015/16 (Income £23,761, Expenditure £39,223).

The Cambridgeshire Community Services Charitable Fund was subject to audit and this was completed by BDO and a full Annual Report has been sent to the Charities Commission. See Annex 2 attached.

Capped Expenditure Process (CEP), Cambridgeshire and Peterborough system

On 26 June 2017, Jim Mackey (CEO NHSI) wrote to all provider CEO’s (see Annex 3 attached) that were engaged in their system Capped Expenditure Process. The Cambridge and Peterborough system have been selected to participate in this process as one of 14 systems with the greatest gap between their planned expenditure for 2017/18 and their Control Total allocation.

The C&P system has submitted initial plans to address the gap, and implementing these will result in affected providers requiring to agree and resubmit financial plans.

The letter from Jim Mackey summarises three actions required from Trusts –

1. Trust Boards to provide assurance on a self-assessment basis to ensure plans are fully considered and will safeguard patient safety and quality
2. Providers need to ensure that CEP plans are consistent with constitutional rights for RTT and patient choice
3. Where CEP service reconfiguration proposals trigger the NHS’ public consultation duties, these will need to be followed.

The plans suggested for the C&P system do not require CCS to amend its financial plans for 2017/18 and there is nothing to indicate any future plans will also impact the Trust. Therefore the Trust Board is not required to progress the actions contained in Jim Mackey’s letter.