

**Delivering the  
Forward View: NHS  
planning guidance  
2016/17 to 2020/21**

**Annex 6 to the  
technical guidance:  
Annual plan review  
template guidance  
for NHS foundation  
trusts**



## **About Monitor**

As the sector regulator for health services in England, our job is to make the health sector work better for patients. As well as making sure that independent NHS foundation trusts are well led so that they can deliver quality care on a sustainable basis, we make sure: essential services are maintained if a provider gets into serious difficulties; the NHS payment system promotes quality and efficiency; and patients do not lose out through restrictions on their rights to make choices, through poor purchasing on their behalf, or through inappropriate anti-competitive behaviour by providers or commissioners.

# Content

1	Overview.....	7
2	Key requirements and practical guidance.....	9
2.1	Key requirements.....	9
2.2	Governance .....	9
2.3	Practical guidance.....	10
	Tolerance level .....	10
	Security.....	10
	Annual reporting accounting requirements .....	10
	Distressed funding .....	10
	Inputting out-turn and actuals into the APR template .....	10
	Phasing of financial plans .....	11
3	Key changes from prior years .....	12
3.1	Summary .....	12
3.2	Closer alignment with the TDA.....	12
3.3	Monthly phasing.....	12
3.4	Full set of data in foundation trusts' draft plan submission .....	13
3.5	Analysis and review of plan.....	13
	'Summary' worksheet.....	13
	'Analysis' worksheet.....	13
	'Triangulation' worksheet .....	14
	'Sensitivity analysis' worksheet .....	14
	Key Performance Indicators ('KPIs' worksheet).....	14
3.6	Income and expenditure bridging.....	14
3.7	Alignment with commissioners .....	14
3.8	Other changes to the APR template content .....	15
4	Reference guidance – general .....	16
4.1	Structure of template.....	16
4.2	Suggested approach to completing the APR template .....	19
	Completion of primary statements and bridging/assumptions worksheets (section 5) ..	19
	Understanding, reviewing and stress testing the planned outcome and key financial assumptions (section 6) .....	20
	Completion of appendices (section 7) .....	20
	Completion of administrative worksheets and pre-submission checks (section 8) .....	21

5	Completion of the core primary statements and accompanying bridging and assumptions worksheets .....	22
5.1	Statement of Comprehensive Income ('SoCI') .....	22
	Overview.....	22
	Changes from previous APR templates .....	23
	Data Validation checks.....	25
	Impairments .....	25
5.2	Statement of Financial Position ('SoFP') .....	25
	Overview.....	25
	Guidance on specific line items.....	26
	Data Validation checks.....	26
5.3	Statement of Cash Flows ('SoCF').....	27
	Overview.....	27
	Changes from previous APR templates .....	27
	Guidance on specific line items.....	27
	Data validation checks .....	28
5.4	Reserves .....	28
	Transfers.....	28
	PDC .....	29
5.5	Financial Sustainability Risk Rating ('FSRR') .....	29
5.6	Efficiencies .....	30
	Overview.....	30
	CIP schemes .....	32
5.7	Schedules .....	32
	Non-recurrent items .....	32
	Contingency.....	34
5.8	Bridging worksheets.....	34
5.9	Capital Expenditure ('Capex') Worksheet.....	42
6	Understanding, reviewing and stress testing the planned outcome and key financial assumptions.....	46
6.1	Summary .....	46
6.2	Summary by Month.....	46
6.3	Analysis .....	47
	Normalised surplus bridge .....	47
	Graphs to show the trust's financial performance in the plan period.....	48
	Strategic initiatives .....	48

Workforce .....	49
Activity .....	49
6.4 Sensitivity Analysis .....	49
Overview.....	49
Completion of the worksheet.....	49
Data Validation checks.....	49
6.5 Triangulation (finance, activity and workforce) .....	49
Overview.....	49
Completion of the worksheet.....	50
Data Validation checks.....	50
6.6 Key performance indicators (KPIs).....	50
Overview.....	50
Completion of the worksheet.....	50
Data Validation checks.....	51
7 Completion of appendices.....	52
7.1 Activity and Activity Bridge .....	52
7.2 Commissioner Plan.....	54
7.3 Workforce .....	55
Overview.....	55
Changes from previous APR templates .....	55
Data Validation checks.....	55
Analysis .....	55
7.4 Workforce Bridges .....	58
7.5 Targets and Indicators .....	59
Overview.....	59
Data Validation checks.....	60
Revised data definitions .....	60
7.6 Charity .....	60
7.7 DH Budgeting .....	60
Data Validation checks.....	61
8 Administrative worksheets and pre-submission checks.....	62
8.1 Data Validation checks .....	62
Error Checks.....	63
Flag Checks.....	67
8.2 Self-Certification .....	67
8.3 Cover .....	68

8.4	Index.....	69
8.5	Guidance .....	69
9	Guidance for providers in financial distress .....	70
9.1	Background.....	70
9.2	Distressed Finance timetable .....	70
9.3	Monitor’s responsibilities .....	71
9.4	Distressed Finance specific guidance .....	72
	Revenue vs Capital Interim Support.....	72
9.5	Self-Certification .....	76

# 1 Overview

This document forms Annex 6 to *Delivering the Forward View: Technical guidance for 2016/17*, which in turn supports the main planning guidance *Delivering the Forward View: NHS planning guidance 2016/17 to 2020/21*. It outlines the technical aspects of Monitor's annual plan review ('APR') template – a template that covers all of finance, activity and workforce – that must be completed by NHS foundation trusts ('foundation trusts') for their 2016/17 operational plans.

We would not expect this document to be read in full, but rather used as a reference guide for specific queries. If you require further assistance please contact [APR@monitor.gov.uk](mailto:APR@monitor.gov.uk).

As outlined in *Delivering the Forward View: NHS planning guidance 2016/17 – 2020/21*, two types of plans will be required from each provider in the 2016/17 planning round:

- a five year Sustainability and Transformation Plan (STP), place-based and driving the Five Year Forward View;
- a one-year operational plan for each individual organisation.

The APR template to which this guidance relates – a template that collects data on all of finance, workforce and activity – is relevant **only** to foundation trusts' 2016/17 operational plans.

Although guidance on completion of the activity elements of the APR template is provided in this document, please note that detailed guidance on activity definitions for 2016/17 is provided separately in Annex 1 to the joint technical guidance, *Activity Plan, Contract Tracker and SRG Operational Resilience Template Guidance*.

This APR template should be completed in full for both the draft and final operational plans, and should be supported in each case by an associate narrative. Further details on the requirements of the narrative can be found in Annex 5 to the joint technical guidance, *NHS Improvement Guidance on Provider Operational Plans*.

Foundation trusts will be issued their draft template via their FT portal. Once submitted back to Monitor we will re-issue the template via the FT portal again (keeping draft plan data within the reissued template) for the final operational plan submission.

There are nine sections to this guidance for completing the APR template:

1. Overview
2. Key requirements and practical guidance

3. Key changes from prior years
4. General reference guide and technical issues that should be referred to when populating the final APR template:
  - i. Structure of template
  - ii. Suggested approach to completion of the APR template
5. Guide to completion of core primary statements, and their accompanying bridging and assumption worksheets
6. Guide to understanding, reviewing and stress testing the planned outcome and key financial assumptions
7. Guide to completion of appendices
8. Guide to administrative worksheets and pre-submission checks
9. Guidance for providers in financial distress.

If you have any feedback on the 2016/17 APR template, please send this to [APR@monitor.gov.uk](mailto:APR@monitor.gov.uk)



## 2 Key requirements and practical guidance

### 2.1 Key requirements

By noon on 8 February 2016, foundation trusts should submit to Monitor a draft version of the full APR template, together with the other draft submissions listed out in Annex 5 to the joint technical guidance, *NHS Improvement Guidance on Provider Operational Plans*.

Monitor will then reissue the APR template via the FT portal for foundation trusts to amend as necessary for their final operational plans.

By noon on 11 April 2016, foundation trusts should submit a final version of the APR template, together with the other final submissions required.

Review of the output and content of the APR template will form a key part of Monitor's operational plan review and risk-assessment process. If we deem that the APR template has not been completed accurately or properly, we may ask for it to be re-submitted.

APR template submissions must support the draft and final operational plans of foundation trusts and should be:

- based on reasonable assumptions;
- well-modelled and clearly show the drivers of performance;
- accurately phased for 2016/17 to enable precise in-year monitoring; and
- evidentially consistent with the supporting narrative document.

The APR template will be made available to foundation trusts via their MARS portal and should be returned via the MARS portal (guidance on uploading your template can be found [here](#)<sup>1</sup>). When submitting the completed template, select an activity type of 'Annual plan review' from the dropdown.

### 2.2 Governance

The template requires trusts to enter the contact details of the member of staff responsible for its completion, as we may need to contact them if we have any queries. It is important that you inform us as soon as possible if the key contact has changed by e-mailing [APR@monitor.gov.uk](mailto:APR@monitor.gov.uk).

The completed final APR template will also require approval and sign-off on behalf of the foundation trust board; this is usually by the chair and finance director. Board approval is not required for the draft APR template however this should still be

---

<sup>1</sup>[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/309871/Monitor\\_Portal\\_Upload\\_Instructions.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/309871/Monitor_Portal_Upload_Instructions.pdf)

signed off by the Chair/CEO or Finance Director/CFO. See Section 8.2 for further details.

## 2.3 Practical guidance

### Tolerance level

The APR templates continue to be Excel-based files. The templates have an inbuilt £0.1m tolerance level for relevant validation checks on all worksheets except for:

- the Statement of Cash Flows which has a tolerance of £0.01m;
- checks involving whole time equivalents (WTEs) on the Workforce worksheet, which have a tolerance of 0.5 WTEs.

### Security

Trusts can only input data in the relevant input cells (coloured green, yellow and orange); all other cells are locked and password-protected.

Any queries or issues regarding the structure of the templates should be forwarded to the APR queries team at [APR@monitor.gov.uk](mailto:APR@monitor.gov.uk).

### Annual reporting accounting requirements

The APR templates should be completed in line with the accounting requirements of the NHS Foundation Trust Annual Reporting Manual applicable at the time of submission.<sup>2</sup>

### Distressed funding

Foundation trusts which meet the criteria for Interim Support or Planned Term Support funding are required to submit further information in the draft APR template and final APR template. See Section 9 for more details.

### Inputting out-turn and actuals into the APR template

Because of the required submission dates (8 February and 11 April 2016), a foundation trust's draft and final operational plans will be developed before a final 2015/16 year-end financial position is known. Therefore foundation trusts should use a projected year end out-turn for 2015/16 based on the most up-to date and relevant information available.

We expect the 2015/16 out-turn to be an accurate and carefully-considered indication of the foundation trust's year-end position. The out-turn will be compared

---

<sup>2</sup> See [NHS Foundation Trust Annual Reporting Manual 2015/16](#)

to the actual results reported in the quarter four submission. Unreasonable variances, which may constitute an indication of poor governance, may be subject to further investigation.

### **Phasing of financial plans**

We reiterate the importance to foundation trusts of phasing their APR template returns to reflect as accurately as possible their planned financial performance and workforce plans.

This is critical for completion of the 2016/17 template which is phased on a monthly basis – and particularly critical in the areas impacting on cash flows, CIP delivery, and the resulting cash impact of realised savings and capital expenditure.

Foundation trusts are also reminded that the final plan for 2016/17 will form the basis on which the foundation trust's performance is monitored during 2016/17.

## 3 Key changes from prior years

In this section we outline the key changes to the process from prior years.

### 3.1 Summary

Following a consultation process after last year's planning round, and in light of Monitor's more coordinated approach to the collection and review of plans with the NHS TDA, the operational APR templates have undergone a number of changes since 2015/16. The key objectives underpinning these changes are set out below:

- to align as far as possible with finance, activity and workforce plan data collections from NHS trusts by the TDA (see 3.2);
- to gain better foresight of potential challenges and risk, by requesting a full set of draft operational finance, activity and workforce data ahead of the final operational plan submission (see 3.4);
- to reflect the move by Monitor to the monthly monitoring of all foundation trusts (see 3.3);
- to make the templates easier to review and more useful in decision making (see 3.4, 3.5 and 3.6); and
- to reflect the separate activity data collections in the 2016/17 operational planning round (see 3.7).

### 3.2 Closer alignment with the TDA

From 1 April 2016 the NHS Trust Development Authority ('the TDA') and Monitor are merging to become 'NHS Improvement'. Due to outstanding statutory and operational differences between NHS trusts and foundation trusts, separate planning templates are still being requested for 2016/17 by the TDA and Monitor.

However, Monitor and the TDA are collecting the same data from all providers for acute activity and workforce and further alignment has been made in the key financial data collection. This will imply a more detailed workforce return than in previous planning rounds. Monitor and the TDA will be closely working together to consolidate plans to obtain a complete provider view where applicable.

### 3.3 Monthly phasing

In light of Monitor's move to monthly in-year monitoring for all foundation trusts from August 2015, the APR template has been updated to incorporate monthly phasing of plans. The plan numbers entered into the final APR template will be used to populate the in-year monitoring templates.

### 3.4 Full set of data in foundation trusts' draft plan submission

Last year a draft APR template was developed which required summarised financial statements and was a simplified and reduced version of the final APR template.

This year a similar level of detail will be required for both the draft and final plan submissions. It is Monitor's expectation that the final plan should be an updated version of the draft submission, reflecting feedback from Monitor and any new information that comes to light between February and April 2016. Key adjustments to the final plan template should be referenced in the final operational plan narrative.

Within both the TDA and Monitor, the majority of the 2016/17 operational plan review work will be undertaken in the period after submission of the draft plans. This will allow the feedback and challenge offered to providers on the basis of their draft plans to be properly incorporated into their final budgets and operational plans for the year. It also means that NHS Improvement can focus more effectively on monitoring the delivery of those plans from April 2016 onwards.

### 3.5 Analysis and review of plan

The new template contains five worksheets designed to aid foundation trusts in summarising, understanding and stress testing their financial plans. These are described in further detail in Section 6 of this guidance:

#### **'Summary' worksheet**

The 'Summary' worksheet is designed to pull together the key information from the detailed primary statements ('SoCI', 'SoFP' and 'SoCF'), as well as the 'FSRR' and financial pressures from the bridging worksheets at an annual summarised level. This worksheet is automated and is designed to help management review and obtain sign-off on the plan. There is also a 'Summary by Month' worksheet following the same summarised design but on a monthly profile.

#### **'Analysis' worksheet**

The 'Analysis' worksheet is made up of five core elements:

- 1) Normalised surplus bridge, presented as both a table and a waterfall chart. This worksheet shows the foundation trust's baseline forecast, what financial gap exists (if any), and how the latter will be offset by strategic initiatives.
- 2) A series of graphs to show the trust's planned financial performance, plotting the foundation trust's current one year plan in the context of its historical performance.
- 3) Strategic initiatives, presented as pie charts (risk ratings and status of schemes) and bar charts (historical CIP and revenue generation delivery).

- 4) Workforce, presented as a bar chart to show the comparison between movements in WTE and expenditure.
- 5) Activity, presented as a bar chart to show the comparison between movements in activity and income due to activity.

### **‘Triangulation’ worksheet**

For 2016/17 we have introduced a worksheet with which foundation trusts can self-assess the triangulation and internal consistency of their plan data across finance, activity and workforce.

Foundation trusts can also compare their Cost Improvement Programme (CIP) plan against historical performance, and progress against identifying forecast savings.

### **‘Sensitivity analysis’ worksheet**

We have included the ability for a foundation trust to model in one worksheet all its potential upside and downside factors not included in the base plan to allow the foundation trust to form an out-turn range.

### **Key Performance Indicators (‘KPIs’ worksheet)**

For 2016/17 we would like to better understand the key performance indicators that each foundation trust monitor’s itself against internally in achieving its financial, operational and clinical objectives. To capture this we have added a worksheet in which foundation trusts can list out their own key performance indicators (KPIs) for the year and the expected monthly performance against this. This does not form part of Monitor’s Risk Assessment Framework’s financial and sustainability risk rating (‘FSRR’).

## **3.6 Income and expenditure bridging**

In 2015/16’s APR template the bridging of income and expenditure (‘I&E’) had been simplified considerably reducing the number of I&E bridges from 42 down to five. For 2016/17 we have kept the same bridging structure in place, and adding relevant detail where deemed appropriate. We are also asking that all bridging items are split between recurrent and non-recurrent items to allow us to be able to calculate and analyse the underlying recurrent position of the foundation trust.

## **3.7 Alignment with commissioners**

In 2015/16’s APR template we collected provider income and activity by commissioner, which was shared with NHS England to reconcile back to commissioner plans. We have the same objective in 2016/17; however, we will only be collecting income data by commissioner in the APR template. Providers and commissioners will now be required to reconcile their activity plans through the online UNIFY system in separate submissions.

### 3.8 Other changes to the APR template content

Other changes to the content and format of the APR template for the 2016/17 operational plan are summarised below:

- **Removal of supporting appendices:** The 'Membership' and 'Elections' worksheets have been removed. The relevant declarations around Membership and Elections will instead form part of the supporting operational plan narrative.
- **Workforce:** The 'Workforce' plan has increased in detail from the previous APR template. This is to align with the data collection from NHS TDA and also to align with the main categories within the NHS Occupation Code manual. The workforce WTEs section is further disaggregated into the detailed sub-categories from the NHS Occupation Code manual. Bridges must also be completed to show the main reasons for movements in WTEs.
- **Capital expenditure:** We have increased the detail required in the capital expenditure plan, this is to allow for us to meet the Department of Health's capital information requirement, and foundation trusts will therefore no longer need to submit a separate five year capital forecast return.
- **Targets and indicators:** We now require the monthly trajectory for all targets and indicators declared as a risk.
- **Declaration of Sustainability:** This declaration will not comprise part of the 2016/17 operational plan. Our requirement for foundation trusts to be sustainable will be covered off as part of the 'Sustainability and Transformation Plan' submission later in the year.
- **'Schedules' worksheet:** This new worksheet has been introduced to obtain details of a trust's non-recurrent income and expenditure as well as contingencies.

## 4 Reference guidance – general

**Note: Sections 4 to 8 of this document relate to the recommended approach to completion of the 2016/17 APR template.**

We set out in this section our general technical guidance to support completion of the APR template as a whole. We also set out the ways in which the information flows through the template, to help foundation trusts when populating it.

This section is split out into the following sub-sections:

- 1) Structure of template
- 2) Suggested approach to completing the template.

### 4.1 Structure of template

The new APR template is made up of 32 worksheets which can be grouped in the following categories:

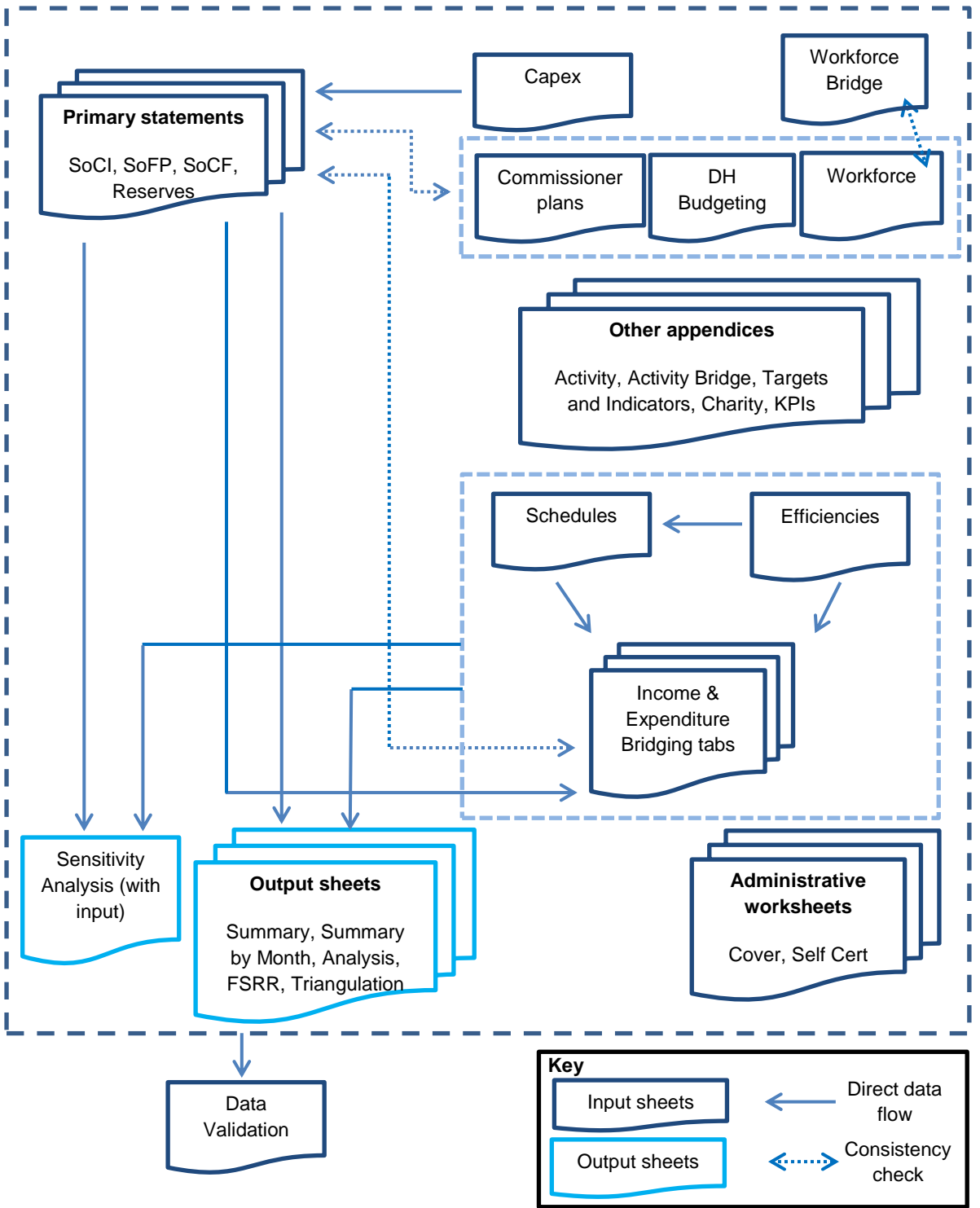
- **Primary statements:** includes the 'SoCI', 'SoFP', 'SoCF' and 'Reserves' worksheets. Other than the SoCF which has a number of lines automatically populated through from the 'Capex' and 'SoFP' worksheets, there is no other pre-populated data on these sheets (the pre-populated data in the Taxpayers' and Others' Equity section on the 'SoFP' worksheet is derived from data entered on the 'Reserves' worksheet). However there are checks in place to ensure consistency of the data in these sheets to other elements of the template.
- **Financial appendices:** includes the 'Capex', 'Workforce', 'Commissioner Plan', 'Schedules', and 'DH Budgeting' worksheets. These sheets have checks in place to ensure consistency with the primary statements, and data entered on the 'Capex' worksheet flows directly into the SoCF.
- **Non-financial appendices:** includes 'Activity', 'Activity Bridge', 'KPIs', 'Targets and Indicators' and 'Charity' worksheets. These worksheets contain plan information which is not directly linked to the financial primary statements.
- **Plan assumptions and bridges:** includes the 'Efficiencies', the five Income and Expenditure bridging worksheets and the 'Workforce bridge'. These worksheets collect the underpinning assumptions and analyses the year on year variances in determining the planned outcomes. There are a number of validation checks to ensure that data entered on these worksheets are consistent with other areas of the template.



- **Output sheets:** includes the 'Summary', 'Summary by Month', 'Analysis', 'Sensitivity Analysis', 'Triangulation' and 'FSRR' worksheets. Largely pre-populated with data from the primary statements and plan assumptions and bridges. There is limited user input required in these worksheets, other than the 'Triangulation' worksheet which may require further detail where movements fall outside of expectation, and the 'Sensitivity Analysis' worksheet which requires the inputting of upsides and downsides not included in the base plan.
- **Administrative worksheets:** includes the 'Cover' and 'Self Cert' worksheets that require user input and sign off. The data from these sheets do not flow into another other worksheet other than the 'Data Validation' sheet, although if a foundation trust self-certifies as requiring DH support funding on the 'Self Cert' worksheet, this will activate further consistency checks on the 'Distressed Finance' elements of the template.
- **Information worksheets:** includes the 'Index', 'Guidance' and 'Data Validation' worksheets, which are to aid users in completing and checking the template.

The diagram on the next page shows a high level structure of how the final APR template is interlinked and the flow of data through it.

Diagram showing the structure and flow of data in the finance, workforce and activity template



## 4.2 Suggested approach to completing the APR template

The suggested approach to completing the APR template is divided into four sub-sections:

- Completion of the core primary statements and accompanying bridging/assumption worksheets (section 5)
- Understanding, reviewing and stress testing the planned outcome and key financial assumptions (section 6)
- Completion of appendices (section 7)
- Pre-submission checks/review (section 8).

### Completion of primary statements and bridging/assumptions worksheets (section 5)

- 1) Complete the detail for 2015/16 out-turn year on the 'SoCI', 'SoFP' and 'SoCF' and (if necessary) on the 'Reserves' worksheets. The 'SoCF' contains the data entry cells if you required support funding in 2015/16 in the section starting in row 173.
- 2) Complete the 'Efficiencies' worksheet to enter your CIPs (separated into 'recurrent', 'non-recurrent' and 'full year effect') and revenue generation schemes. Complete the relevant memorandum lines relating to the efficiencies.
- 3) Complete the five Income and Expenditure bridge worksheets: 'NHS Clinical Income', 'Non-NHS Clinical Income', 'Non-Clinical Income', 'Employee Expenses' and 'Non-Pay Expenses', ensuring that all pass-through adjustments on these worksheets sum to nil.
- 4) Complete the detail for the out-turn and plan years on the 'Capex' worksheet (if the foundation trust forecasts a requirement for DH interim and/or planned funding, then ensure that the additional detail is also completed). Please select the categories for each major capital project from the relevant dropdown menus.
- 5) Complete the detail for the 2016/17 financial year on the 'SoCI', 'SoFP' and 'SoCF' worksheets and (if necessary) on the 'Reserves' worksheet. The 'FSRR' worksheet will then populate automatically. The 'SoCF' contains the data entry cells if you require support funding in 2016/17, starting in row 173.
- 6) Complete the 'Schedules' worksheet - this will involve disaggregating the non-recurrent income and expenditure amounts as well as the contingency entered on the bridging worksheets into individual material schemes.

## Understanding, reviewing and stress testing the planned outcome and key financial assumptions (section 6)

- 7) Review the 'Summary' and 'Analysis' worksheets to determine the foundation trust's baseline forecast.
- 8) Use the 'Sensitivity Analysis' worksheet to enter any identified upsides or downsides that are not currently in the plan and review these sensitivities' impact on the summary SoCI and FSRR positions.
- 9) Amend any assumptions if required and re-review the 'Summary' and 'Analysis' worksheets. If satisfied with the position, then the detailed entry on the primary statements is complete.

## Completion of appendices (section 7)

- 1) For Acute and Specialist trusts: enter your out-turn estimate for months 7 to 12 on the 'Activity Bridge' worksheet, ensuring you use the same data definitions as used in the pre-populated months 1 to 6 column. These data definitions are described in Annex 1 to the joint technical guidance, *Activity Plan, Contract Tracker and SRG Operational Resilience Template Guidance*. If you have any queries on this, please e-mail [APR@monitor.gov.uk](mailto:APR@monitor.gov.uk)

For all foundation trusts, enter your planned activity, resources and KPIs on the 'Activity' worksheet. For Acute and Specialist trusts, ensure that the out-turn and plan numbers match the aggregate position entered on the joint planning return for providers and commissioners on UNIFY.

- 2) Enter your contract information for the out-turn and plan years on the 'Commissioner Plan' worksheet ensuring this reconciles to the total NHS clinical income on the 'SoCI' worksheet.
- 3) Enter your planned Workforce data on the 'Workforce' worksheet and ensure this reconciles to the SoCI / Employee Expenses bridge. Complete the 'Workforce Bridges' worksheet to agree with the WTEs entered on the 'Workforce' worksheet.
- 4) Enter your risks on the 'Target and Indicators' worksheet and complete the forecast monthly trajectories where risks are identified.
- 5) Complete the 'Charity' worksheet.
- 6) Complete the 'DH Budgeting' worksheet.
- 7) Enter the main key performance indicators that are reported internally and the planned performance against these metrics on the 'KPI' worksheet.

- 8) Review the 'Triangulation' worksheet and enter explanations for any variances flagged on that worksheet.

### **Completion of administrative worksheets and pre-submission checks (section 8)**

- 9) Complete the 'Self Cert' worksheet based on both the financial template and the commentary included in the narrative component of the operational plan.
- 10) Review all sections including the 'Data Validation' worksheet and ensure no validation errors exist, and that all flags have appropriate responses. We would recommend that you use this worksheet throughout the template completion process.
- 11) Enter the relevant contact details on the 'Cover' worksheet.
- 12) The financial template should now be complete.

## 5 Completion of the core primary statements and accompanying bridging and assumptions worksheets

Section 5 contains our technical guidance to support foundation trusts' completion of the four primary statements worksheets in the APR template:

1. Statement of Comprehensive Income (SoCI)
2. Statement of Financial Position (SoFP)
3. Statement of Cash Flows (SoCF)
4. Reserves

And the accompanying financial schedules and bridging worksheets:

5. Financial Sustainability Risk Rating (FSRR)
6. Efficiencies
7. Schedules
8. Bridging worksheets
  - Income bridging
  - Expenditure bridging
9. Capital Expenditure (Capex) worksheets

For the most part, these worksheets will be inputted manually.

### 5.1 Statement of Comprehensive Income ('SoCI')

#### Overview

Foundation trusts are required to enter detailed financial information for the 2015/16 out-turn (see Section 2.3), and a monthly forecast for 2016/17.

The worksheet comprises the full SoCI and a number of memorandum lines at the bottom. On the right-hand side of the worksheet there are a number of checks to either ensure consistency with other worksheets (such as the bridging analysis) or check that values are being entered with the correct signage.

Foundation trusts are advised to start by entering the 2015/16 out-turn numbers in the green cells on this worksheet. It may be sensible to complete some of the supporting worksheets before moving on to the 2016/17 elements.

The rest of the SoCI is populated by direct entry in the yellow input cells for planned data. Data should be entered monthly for 2016/17.

The detail is broadly consistent with previous years, other than the move to monthly phasing and the changes outlined below.

## Changes from previous APR templates

### Changes made to ensure consistency with in-year monitoring templates

Drugs expense has been split into two separate lines to show the expense associated with pass-through and drugs expense excluding pass-through. The validation check to ensure the non-pay expenses pass-through costs are consistent between the 'SoCI' and 'Non-pay expenses' worksheets incorporates the new line for pass-through drugs costs (SoCI row 145).

The line for gains/losses on transfers by absorption has been split into two separate lines with gains on transfers by absorption in other non-operating income and losses on transfers by absorption in other non-operating expenses. Please ensure you enter gains or losses into the correct lines as these feed into the I&E margin calculation for the FSRR.

### Plans for special data collection

Rows 329 to 364 on the 'SoCI' worksheet contain lines for the collection of data around marginal rate emergency tariff, readmissions and delayed transfers of care. Data required for these lines involve the planned expense as well as income recognised as a consequence of any reinvestments/reimbursements.

This memorandum section also contains data entry for the income recognised for a trust to carry out waiting list initiatives and the expense incurred relating to the outsourcing of work to other providers.

### Consultancy costs

The 2015/16 in-year monitoring templates contains memorandum lines associated with consultancy costs with data being collected for the costs of business cases approved by Monitor and costs exempt from approval by Monitor, as well as other costs and the number of contracts resulting in consultancy expenditure. For the APR template, where a trust has entered in a planned consultancy cost in the body of the SoCI then the trust will be required to enter in the number of planned contracts for those costs. This line is present in row 326 on the 'SoCI' worksheet.

### Fines and penalties

No foundation trust should be planning for sanctions or mandatory fines in 2016/17 and consequently we have removed the memorandum line previously asking for this information.

## National and non-national price

'NHS Clinical income' on the SoCI has been split between national and non-national prices (formerly tariff and non-tariff income) to reflect the new terminology in the 2014/15 National Tariff Payment System. These are defined as follows:

### *National prices*

The term 'national prices' covers those NHS healthcare services with national currencies where a mandatory national price is specified in the 2014/15 National Tariff Payment System.

'National prices' was formerly termed 'national tariffs' under the Payment by Results ('PbR') mechanism, but PbR was replaced in April 2014 by the 2014/15 National Tariff Payment System. As a result the term national price should replace the term national tariff.

### *Non-national prices*

Any NHS healthcare services and currencies without a set national price should be covered by a local price / local payment approach agreement, in line with section 115 of the Health and Social Care Act and the Locally Determined Pricing rules within Section 7 of the 2014/15 National Tariff Payment System.

### *Local prices with a national currency*

This applies to those services without a national price but where a mandated national currency exists. The national currency must be used as the basis for the local price-setting for the services covered by those national currencies, applying the rules from Section 7.4.2 of the 2014/15 National Tariff Payment System.

Examples of services with a national currency but no national price include:

- Adult and neonatal critical care services;
- Ambulance services;
- Working age and older people mental health services; and
- Specialised rehabilitation.

A full list is available under Section 7.4.2 of the 2014/15 National Tariff Payment System.

Please be aware a **local price** template must be completed stating the agreed local prices for the services under the national currencies. Where an alternative payment approach has been agreed instead of agreeing a local price using the national currency then a **local variation** template must be completed.



### *Local prices without a national currency*

This applies to those services without a national price and where no mandated national currency exists. The local price should be agreed applying the rules from Section 7.4.1 of the 2014/15 National Tariff Payment System.

### **Data Validation checks**

The SoCI has inbuilt checks to ensure consistency between this worksheet and the bridging / activity worksheets. The opening and closing balances on each of the five bridging worksheets should agree to the corresponding lines in the SoCI, and pass-through income and expenditure should also agree to within a threshold of £0.1m. The total of the pass-through income and expenditure should also net off to zero.

The checks between the 'SoCI' and the 'Activity' worksheets are to check for consistency, for instance if a foundation trust enters non-elective activity on the 'Activity' worksheet we would expect that there is corresponding non-elective income on the SoCI. See Section 7.1 for further details.

We have also built in a number of signage checks to confirm that income is entered with positive values and expenditure as negative values. These can be found in column AI and AJ and the recommended signage for a particular row can be found in column G for that row.

### **Impairments**

There is the possibility of including an impairment expense on the face of the SoCI. Whilst it is recognised there are inherent limitations in the ability to forecast impairments, the foundation trust should consider any cyclical nature of asset valuations and available indices of the current market in considering whether impairments may be likely.

Foundation trusts are advised that any circumstances giving an indication of future impairment may give rise to an impairment assessment being needed in the current year.

Foundation trusts are asked to comment on all assumptions for impairments that are included in the APR template within their accompanying operational plan submission.

## **5.2 Statement of Financial Position ('SoFP')**

### **Overview**

Foundation trusts are advised to start by entering 2015/16 out-turn (see Section 2.3) numbers in the green cells on this worksheet.

The majority of figures on this worksheet require manual input in the yellow input cells. Data should be entered monthly for the whole year 2016/17. There have been no major changes on this worksheet from the previous APR template.

### **Guidance on specific line items**

#### **Total cash and cash equivalents (excluding overdrafts)**

This is a memorandum line on the SoFP. It is automatically calculated from the total of total cash and cash equivalents less any bank overdraft or drawdowns in committed facilities. It is the closing cash balance on the SoFP to which the calculated closing cash balance on the SoCF is agreed to on the validation check on the SoCF.

Foundation trusts should ensure that any amounts entered in the line for 'Deposits and Investments' within current assets actually represent short-term, liquid assets.

#### **Off balance sheet PFI assets**

Values for PFI residual interests or PFI deferred assets should be entered in on the SoFP for off balance sheet PFI assets. Values for residual interest assets should represent that which is built up on an actuarial basis during the life of a PFI contract by capitalising part of the unitary charge.

#### **Reserves**

Reserves are derived from other worksheets based on brought forward balances adjusted for movements, e.g. retained earnings. Reserve transactions which do not form part of the SoCI can be entered in the 'Reserves' worksheet. See Section 5.4 that shows which SoCI inputs drive the reserve balances in the SoFP.

#### **Loans**

Ensure that any loans that have been received from the Department of Health for distressed funding support have been entered into the correct lines on the SoFP: non-commercial loans (DH, ITFF, NLF etc.).

#### **Data Validation checks**

Row 210 contains checks to ensure that the SoFP balances by checking that total assets less total liabilities is equal to total reserves, to within a threshold of £0.1m.

We have also built in a number of signage checks to confirm that assets are entered as positive values and liabilities as negative values. These can be found in columns AB and AC and the recommended signage for each row can be found in column G for that row.

## 5.3 Statement of Cash Flows ('SoCF')

### Overview

Foundation trusts are advised to start by entering the 2015/16 out-turn numbers in the green cells on this worksheet; see Section 2.3 for further detail.

The rest of the SoCF is populated by direct entry in the yellow input cells for plan data, with the exception of surplus/(deficit) from operations, depreciation and amortisation, impairment losses/(reversals) and the capital expenditure section which is automatically populated from other worksheets within the template. The movements in working capital within the cash flows from operating activities section contains formulae which are based on movements from the SoFP. These cells are unlocked so the formulae can be overwritten if required.

Data should be entered monthly for 2016/17.

### Changes from previous APR templates

This worksheet is largely consistent with the previous APR template, with the following changes being made:

- Row 18 has been amended to remove the reference to 'non-cash'. Therefore if a trust has received a cash donation that has been credited to income, the donated amount can be stripped out in this row and then added back in the line 'Donations received in cash' in row 124.
- Movements in non-recurrent receivables and payables have been moved up into the cash flows from operating activities section, alongside the movements in non-recurrent provisions.
- New lines for cash paid/received from the acquisition or disposals of business units and subsidiaries. These two lines will cover the previous lines that were present in the other cash flows from investing section.
- The cash inflows and outflows associated with distressed finance funding should be entered into the table at the bottom of the 'SoCF' worksheet. This should include loans, PDC and other sources. The data entered into this table will then automatically populate rows 128, 129 and 130 on the SoCF.

### Guidance on specific line items

#### (Increase)/decrease in deferred income

There are two specific lines within the increases or decreases in working capital section that are not prepopulated with formulae. These are the lines relating to deferred income – one excluding Government grants and one for Government grants. These lines are not prepopulated with formulae as there is not a directly

corresponding line on the SoFP for which to calculate the relevant movement (the SoFP contains lines deferred income and deferred grant income, but does not specifically split out Government grant deferred income).

Foundation trusts are required to manually enter movements in working capital associated with deferred income (for Government grants and excluding Government grants) if relevant.

#### Cash and cash equivalents changes due to transfers by absorption

The closing cash and cash equivalents balance on the SoCF is calculated by the total of the opening cash and cash equivalents balance, the net increase or decrease in cash and cash equivalents as per the SoCF and the cash and cash equivalents changes due to transfers by absorption.

Where a foundation trust has undertaken, or is planning on undertaking such a transfer, the change in cash and cash equivalents associated with that transfer should be entered in this row.

#### Purchase of investments & deposits/proceeds on disposal of investments and withdrawals

The cash flows from investing section contains two lines relating to investments and deposits. Foundation trusts should ensure that amounts entered into these two lines represent cash flows associated with illiquid and longer term deposits only.

#### Data validation checks

Rows 145 and 152 contains checks to ensure that, respectively, the closing cash and cash equivalents and the closing cash less bank overdraft per the SoCF agrees to that from the SoFP to within a threshold of £0.01m.






We have also built in a number of signage checks to confirm that cash inflows are entered as positive values and outflows as negative values. These can be found in columns AB and AC.

## 5.4 Reserves

### Transfers

This sheet allows foundation trusts to enter the net effect of reserve movements that do not form part of the SoCI, such as transfers. Foundation trusts can also use the sheet to re-profile any movements on the SoCI that have been assigned to an inappropriate reserve (see mapping table below). Adjustments made on this sheet should net to nil as these represent transfers and reallocations. The workings force this through the retained earnings balance.

The table below shows which SoCI inputs drive the reserve balances in the SoFP.

SoCI input			SoFP reserves
Row	Description		
257	Surplus (Deficit) after tax		Income and expenditure reserve (I.e. retained earnings/accumulated losses)
276	Share of comprehensive income from associates and joint ventures		
279	Other recognised gains/(losses) straight to reserves		
280	Re-measurements of the net defined pension liability/asset		Pensions Reserve
268	Revaluation gains/(losses) straight to revaluation reserve		Revaluation Reserve
273	Impairments/(reversals) straight to revaluation reserve		
277	Fair value gains/(losses) straight to reserves		Available for Sale Reserve
278	Additions/(reduction) in 'Other reserves'		Misc. Other Reserve

## PDC

Additionally, there is a section to include any PDC capital that has been issued, repaid, written off or transferred and does not therefore feature as part of the SoCI. Only the written off / transferred in and out needs data to be entered here, the other items are linked to the SoCF.

For PDC write-offs to be included in this worksheet foundation trusts must have confirmation that they can write-off PDC. Assumptions that PDC may be written-off in a future year should not be included in the APR template.

## 5.5 Financial Sustainability Risk Rating ('FSRR')

In line with the requirements of the Risk Assessment Framework, this worksheet calculates a projected FSRR for foundation trusts based on the information populated elsewhere in the APR template. This is calculated on a monthly YTD basis for 2016/17.

As per the Risk Assessment Framework, for prospective FSRRs the I&E margin variance from plan will be based on the previous year's variance from the annual forward plan. Therefore the 2015/16 planned I&E margin from the annual forward

plan for the trust is present in the template and the variance from plan is based on the difference between the plan figure and the out-turn margin.

Please see the [Risk Assessment Framework](#) for further details.

## 5.6 Efficiencies

### Overview

The 'Efficiencies' worksheet is used to collect information on the foundation trust's revenue generation and cost improvement programme (CIPs) schemes. In the 2015/16 APR template, this information was collected on the 'Strategic Initiatives' worksheet which had also contained details on other initiatives such as service developments and transactions. However this year, this information is now collected directly on the I&E bridges (see section 5.8).

Trusts should enter the annual out-turn for their revenue generation and CIPs schemes, as well as the planned profile on a monthly basis.

A new requirement for the 2016/17 planning template is for foundation trusts to provide more detail on the state of development of their revenue generation and CIP schemes, and a risk rating against each, as defined below.

### Status of schemes

The status of each efficiency scheme can be categorised in one of the following groups:

- **Fully developed:** New identified and fully implemented schemes, where budget holder sign off has been completed, savings may have already been removed from budgets, scheme has been approved by CIP committee and the quality impact assessment (QIA) has been checked.
- **Plans in progress:** scheme has been identified but one item is outstanding from the following list: either
  - budget holder sign off has not been completed, or;
  - scheme has not been approved by CIP committee, or;
  - QIA has not yet been checked;

In order to fit into this category schemes must therefore be almost ready to be implemented. Two examples are:

- a staffing reconfiguration where the restructure has been agreed by unions, or;
- procurement savings where final negotiations on price are in progress and are on track;
- **Opportunity:** where a scheme has been identified either based on

- a high level possibility for savings identified e.g. via benchmarking, reference cost analysis, supplies costs data warehouses, or;
- where an initial exploration of a proposed saving has commenced, e.g. opening contract negotiations expected to lead to cost reductions;
- and in either case the actual mechanics or source of savings is still to be worked up.
- **Unidentified:** where no opportunity has yet been identified. The target held centrally or allocated to a department or service line, however, if no opportunity is yet attached to the savings then the value must be shown as unidentified.

### Risk rating schemes

The efficiency scheme should be risk rated as high, medium or low as follows:

- **high risk** is either due to concern arising from QIA or anticipated issues for QIA assessment which is still outstanding, or concern relating to delivery;
- **medium risk** is either due to some minimal concerns following QIA or some potential for minor QIA issues on completion of assessment, or some concern relating to delivery;
- **low risk** is either due to no concerns following QIA or no prospect of QIA identifying concerns, and no concerns relating to delivery.

### Revenue generation schemes

This section for foundation trusts to input 'income CIPs'. Foundation trusts must include all expenditure incurred in a revenue generation scheme, both savings and additional expense, so that the income, cost and net effect of the scheme can be seen.

For the 2016/17 plan year, we would expect the foundation trust to have defined revenue generation schemes in place for delivery over this period. These should be phased on a monthly basis in line with the actual profile by which revenue generation schemes are expected to be delivered and the income realised, rather than phased evenly across the year.

We also require foundation trusts to split their revenue generation schemes (net of contingency) by non-recurrent and recurrent schemes. This will be entered on the 'Efficiencies' worksheet for the 2015/16 out-turn. For 2016/17 plan amounts, this will be entered on the three income bridges and will automatically flow through to the 'Efficiencies' worksheet.

For the 2016/17 APR template, we require revenue generation schemes to be split by their status of development and also by their risk of delivery, as defined earlier in this section.

The trust should then also input in the relevant columns the full year effect for the revenue generation schemes introduced.

### CIP schemes

This part of the worksheet provides an opportunity for the foundation trust to outline the categories of CIP savings it is pursuing for 2016/17.

The categories of CIPs are as follows: Employee Expense, Non-Pay Expense (drugs, clinical supplies, non-clinical supplies, other non-pay operating expenses) and Other Non-Operating Expense. Each of these categories is then sub-divided into recurrent and non-recurrent CIPs.

The profile of recurrent and non-recurrent CIPs will be required on the expenditure bridges. A check will be in place that the CIPs from the 'Efficiencies' worksheet is equal to the CIPs entered on the expenditure bridges. These checks are present on the expenditure bridges.

The trust should then also input in the relevant columns the full year effect for the CIP initiatives introduced.

We would expect the trust to have defined schemes in place over this period. These should be phased on a monthly basis in line with the actual profile by which CIPs are expected to be delivered and the savings realised, rather than phased evenly across the year.

Please note for the purposes of the APR template, CIPs included in this section of the worksheet must only be cost savings. Income CIPs must go in the **Revenue Generation** lines.

CIP savings are positive numerical entries in this worksheet to represent a decrease in costs. In all periods both recurrent and non-recurrent CIPs can be input.

## 5.7 Schedules

### Non-recurrent items

This worksheet requires foundation trusts to list out any non-recurrent items over £1m in value (for either income or expenditure), and to provide against each an out-turn value for 2015/16 and planned value for 2016/17. This will help Monitor identify the material non-recurrent items each foundation trust has and the associated contribution from each item in 2015/16 and 2016/17.



### Non-recurrent items: worked example

A foundation trust expects to receive a non-recurrent amount of £2.2m from its commissioners in 2015/16 for restructuring and redundancy. This is broken up into £1.0m for restructuring its A&E department and £1.2m for restructuring its ENT department. They expect to incur £2.5m in redundancy expenses (£1.2m for A&E and £1.3m for ENT).

In 2016/17 they expect to incur a further £0.6m in redundancy expense for A&E and have received confirmation from their commissioner that they will receive £0.2m in respect of this. No further redundancy costs are expected.

The entries made in the APR template should be as follows:

#### **2015/16 out-turn entries**

1. Include the £2.2m of income in 15/16 on the SoCI in 'other clinical income'. The £2.5m of expenses should be recorded in restructuring costs (row 201).
2. Enter -2.2 in cell J22 on the 'NHS Clinical Income' worksheet, to reverse out non-recurrent income from the 2016/17 baseline
3. Enter -2.5 in cell K20 on the 'Schedules' worksheet, representing the redundancy costs from 15/16
4. In one available row (from rows 24 to 52) on the 'Schedules' worksheet enter the description of the first type of restructuring (e.g. 'A&E restructuring') and input the corresponding amounts in columns J and K for income and expenditure respectively (£1m in income and -£1.2m in expenses).
5. In the next available row, input the details of the other restructuring item 'ENT restructuring' and insert the corresponding income and expenditure amounts 1.2m and -1.3m respectively.

#### **2016/17 out-turn entries**

1. Include the £0.2m of income in 16/17 on the SoCI in 'other clinical income'. The £0.6m of expenses should be recorded in restructuring costs (row 201).
2. Enter £0.2m in cell J56 on the 'NHS Clinical Income' worksheet, to detail the total income expected from commissioners with regards to redundancy.
3. Enter -0.6 in cell O20 on the 'Schedules' worksheet, representing the redundancy costs expected in 16/17.
4. In the same row as A&E restructuring from 15/16 on the 'Schedules' worksheet, now enter the associated 16/17 amounts for income (0.2) and expenditure (-0.6) in columns N and O respectively.

## Contingency

The 'Schedules' worksheet also requires foundation trusts to list out any contingency items over £1m, together with the 2015/16 out-turn and 2016/17 planned value.

There are two locations to enter contingencies within the APR template:

1. The five I&E bridges – these should be used to capture any contingencies against income or expenses above EBITDA.
2. The 'Schedules' worksheet – cells N63 and O63 – to capture contingencies against any income or expenses below EBITDA or any other contingency.

The total contingency from the two sections above will then need to be disaggregated into its main components (using a threshold of above £1m). Data validation checks are in place to ensure the correct signage is used these can be found in column U and V. Contingency should be entered as negative values.

Rows 67 and 68 have had pre-populated descriptions entered for total contingency in the plan against CIPs and revenue generation schemes respectively. The total contingency against these schemes should be entered.

### Contingencies: worked example

A foundation trust has an expected contingency of £2.8m against overspend on workforce budgets split by (agency £1.3m, bank £0.1m and substantive £1.4m).

The entries made in the APR template should be as follows:

1. Insert -2.8m in the 'Employee expense' worksheet in cell J64
2. On the 'Schedules' worksheet find an available row (from rows 69 – 95) and enter a description for the first material contingency ('overspend on agency budgets') followed by the corresponding amounts in column O -1.3m (negative)
3. Follow the same process again for the next material contingency ('overspend on substantive budgets') and the corresponding entry in column O of -1.4m (negative)
4. As the bank contingency is below £1m – entry on this schedule is optional.

## 5.8 Bridging worksheets

As in the previous APR template, there are five income and expenditure bridging worksheets:

- NHS clinical income see section 5.81

- Non-NHS clinical income see section 5.81
- Non-clinical income see section 5.81
- Employee expenses see section 5.82
- Non-pay expenses see section 5.82

This section covers the general concepts of I&E bridging in the APR template. For guidance on a particular bridge, please refer to the specific sections outlined above.

### General format of the bridge

All five I&E bridges follow a similar format as follows:

- 2015/16 out-turn (or prior year total)
- Adjustments to baseline (to reverse out prior year non-recurrent and pass-through items and adjust for full year effects)
- Price changes (inflation / adjustments to tariff)
- Volume changes (underlying demand, better care fund etc.)
- Non-recurrent income / expenditure
- Other (pass-through, contingency etc.)

The above areas then give a sub-total for the foundation trust's baseline forecast before efficiencies or strategic initiatives to identify the size of the gap.

Each bridge then contains a section for efficiencies or strategic initiatives (revenue generation, CIPs, service changes and transactions). There are memorandum lines at the bottom of each bridge to disaggregate the total of these efficiencies/strategic initiatives by initiatives that relate to activity changes and other non-activity related movements.

Each worksheet automatically calculates the percentage impact of the bridging items on the underlying baseline. This data is shown in column L.

### 5.81 Income bridging items

This section covers the follow worksheets: NHS Clinical Income, Non-NHS Clinical Income and Non-Clinical Income.

This year foundation trusts will be required to split all income bridging items between recurrent and non-recurrent movements.

## Baseline adjustments

### Overview

The baseline adjustments section allows for the removal of prior year pass-through income, prior year non recurrent items and adjustments for the full year effect of income changes in 2015/16. This sections covers all the income bridge worksheets, if certain lines are not applicable to the type of income being bridged the lines will be 'greyed out' in the template.

### Data input process

#### 1. Prior year income total

The 2015/16 outturn income cell will not be automatically populated from the SoCI as in previous years. The total will need to be adjusted to reflect its recurrent and non-recurrent components. A validation check is present on the worksheet to ensure the total agrees to the SoCI.

#### 2. Reversal of pass-through income

Pass-through income and expenditure should net to zero across all income and expenditure bridging worksheets; a validation check is present on the 'Data Validation' worksheet. For the income bridges, the reversal of pass-through items should be entered as negative values.

#### 3. Reversal of non-recurrent items

Income received from commissioners non-recurrent resources including that used to resource redundancy and other restructuring costs should be adjusted for. Other non-recurrent income which may require adjustment includes winter pressure funding, waiting list initiatives, transition and support funding. These items should be summed and included in the 'other non-recurrent income' line. Reversal of prior year non-recurrent income should be entered as negative values.

#### 4. Full year effect of income changes

The key categories included within this section are service changes, revenue generation and other. A worked example of a full year effect adjustment is shown below:

#### Full year effect: worked example

A foundation trust has determined that activity will increase due to a clinical innovation from 1 January 2016, this would have a £1.2 million annual gross recurrent income uplift and corresponding £0.96 million expenditure increase (£0.6m employee expenses and £0.36 million non-pay). The innovation is expected to have even phasing through the year.

The entries made in the APR template should be as follows:

	Outturn year	Full Year Effect	Template entry
<b>'NHS clinical income' worksheet</b>			
<i>NHS Clinical Income</i>	£0.300m	£1.200m	£0.900m
<b>'Employee expenses' worksheet</b>			
<i>Employee Expenses</i>	(£0.150m)	(£0.600m)	(£0.450m)
<b>'Non-Pay Expenses' worksheet</b>			
<i>Non-Pay Expenses</i>	(£0.090m)	(£0.360m)	(£0.270m)

## Bridging items

### Overview

The income bridging items are split into five sections: price/tariff change, volume changes, non-recurrent items, other and efficiency/strategic initiatives. This section allows foundation trusts to outline their assumptions on underlying movements in local demand, the impact of commissioners' plans and efficiency/strategic initiatives to offset adverse movements. This section covers all the income bridge worksheets; if certain lines are not applicable to the type of income being bridged the lines will be 'greyed out' in the template.

### Data input process

#### 1. Price/Tariff changes

Within this section the foundation trust should reflect the price/tariff changes according to the rules outlined in the *Delivering the Forward View: Technical guidance for 2016/17* and updated for any changes reflected in the 2016/17 National Tariff Consultation once issued.

#### 2. Volume changes

Within underlying demand/volume changes trusts should consider movements in relation to demographic changes (e.g. growth in population, change in age profile), non-demographic changes (e.g. disease prevalence, diagnosis and treatment rate changes) and catching up on waiting lists/existing backlog.

This section also reflects the changes as a result of commissioner plans.

Trusts should record any changes to income as a result of commissioning for the Better Care Fund within the allocated line.

As part of contract negotiations commissioners may agree efficiency or QIPP schemes in excess of tariff deflator. Trusts should record income deductions associated with such schemes within commissioner efficiency schemes.

Investment by commissioners to deliver services differently should be recorded within commissioner efficiency investments. Please note any strategic initiatives should not be included in this section.

### 3. Non-recurrent income

Non-recurrent income items relating to the 2016/17 financial year should be disclosed here. This may include funding from commissioners non recurrent resources to fund pump priming costs/make a contribution to fixed and semi fixed costs for a limited period of time or resources used for redundancy or restructuring costs.

### 4. Other

This section includes the year on year movements in other income balances. Some key definitions have been set out below on what to include in specific lines.

HEE's education and training tariff and non-tariff income changes relates specifically to HEE funding either education and training tariff prices, transitional relief for moving to tariff or funding provided for training and education outside of the scope of the tariff. It also includes funding provided by Local Education Training Boards.

Within research, relevant income includes research grant income or income from the National Institute of Health Research.

This section also contains a line for 'Other' income adjustments. If a foundation trust has entered a value against this line, an explanation of this value is required in the text boxes at the bottom of each bridging worksheet.

### 5. Efficiency/strategic initiatives

Efficiency and strategic initiatives have been categorised into three main categories: revenue generation, service changes and transactions. Initiatives that fall outside these categories should be included in the other line.

We recognise that there may be some discrepancies in definitions and terminology between trusts regarding these categories and therefore have set out some key distinctions below:

**Service changes** are similar to transactions; however, developments do not involve the transfer of services from other NHS bodies. This cell is intended to capture

stepped changes in services you are providing. We keep this separate from transactions so that the incremental impact of transactions can be easily identified.

**Revenue generation** are initiatives which generate additional income e.g. increasing the fees payable to use the hospital car park.

**Transactions** are the transfer of services from another NHS body that result in merger accounting.

Please note trusts should follow the guidance set out in the *RAF* and *REID* (see diagram on the page below) and complete the necessary preparatory steps required before commencing transactions or investment that meet the required thresholds. Transaction thresholds as defined by the *RAF* may be subject to change in the future, however foundation trusts should follow the *RAF* until further guidance and consultation has been completed.

Boards should inform Monitor once they have completed their detailed review of a proposed transaction/investment and before committing to the project. When contemplating major investments or divestments, foundation trusts may wish to inform Monitor prior to proceeding to the detailed review stage.

Ratio	Description	Reporting requirements	
		Non-healthcare/ international	UK Healthcare
<b>Assets</b>	The gross assets* subject to the transaction, divided by the gross assets of the foundation trust	>5%	>10%
<b>Income</b>	<p>The income attributable to the:</p> <ul style="list-style-type: none"> <li>• assets or</li> <li>• contract</li> </ul> <p>associated with the transaction, divided by the income of the foundation trust</p>	>5%	>10%
<b>Consideration to total foundation trust capital</b>	The gross capital** or consideration associated with the transaction divided by the total capital*** of the foundation trust following completion or the effects on the total capital of the foundation trust resulting from a transaction	>5%	>10%

## 6. Memorandum lines

Foundation trusts will be required to provide the monetary split of the total of the efficiencies/strategic initiatives between the initiatives relating to an activity change and a non-activity related change.

On the 'NHS Clinical Income' bridge, there is a further memorandum line for relevant trusts to enter the potential income lost for extra emergency admissions above the baseline being paid at 70% rather than 100%.

### 5.82 Expenditure bridging items

This section covers the follow worksheets: 'Employee Expenses' and 'Non-Pay Expenses'.

This year foundation trusts will be required to split all income bridging items between recurrent and non-recurrent movements.

Please also note that guidance for the 'Employee Expenses' bridge completion should be read in conjunction with the guidance for the 'Workforce' and 'Workforce Bridges' worksheets at Section 7.3 and 7.4 respectively as they are related.

### Baseline adjustments

#### Overview

Similar to the income bridges, the expenditure baseline adjustments relate to the removal of prior year pass-through costs, prior year non-recurrent expenditure and the adjustment of full year effects of expenditure changes.

#### Data input process

##### 1. Prior year expenditure

The 2015/16 expenditure cell will not be automatically populated from the SoCI as in previous years. The total will need to be adjusted to reflect its recurrent and non-recurrent components. A validation check is present on the worksheet to ensure the total agrees to the SoCI.

##### 2. Reversal of pass-through expenditure

Pass-through income should net to zero across all income and expenditure bridging worksheets; a validation check is present on the 'Data Validation' worksheet. For the expenditure bridges, the reversal of pass-through items should be entered as positive values.



### 3. Reversal of non-recurrent items

Non-recurrent CIPs delivered in 2015/16 should be adjusted for alongside any other non-recurrent items which may include redundancy/restructuring costs. Reversal of prior year non-recurrent expenditure should be entered as positive values.

### 4. Full year effect of expenditure changes

The full year effect of expenditure should be considered for any services changes (which may include any services won, lost or not contested by tender, providing to new locality or new population or providing an existing service in a new way which materially changes expenditure); the full year effect of recurrent CIPs delivered in 2015/16, other adjustments relating to tariff, and other changes not reflected in the categories mentioned.

## Bridging items

### Overview

The expenditure bridging items are split into six sections: price changes, volume changes, non-recurrent items, investments, other and efficiency/strategic initiatives. This section will allow trusts to outline their assumptions on inflation changes and underlying movements in local demand. Again this sections covers all the expenditure bridge worksheets, if certain lines are not applicable to the type of expenditure being bridged the lines will be 'greyed out' in the template.

### Data input process

#### 1. Price changes

Within this section the trust should reflect the inflationary changes according to the rules outlined in *Delivering the Forward View: Technical guidance for 2016/17* and updated for any changes reflected in the 2016/17 National Tariff Consultation once issued.

#### 2. Volume changes

This section reflects the changes as a result of commissioner plans. Please note strategic initiatives should not be included in this section.

Underlying demand and volume changes should reflect changes in expenditure resulting from commissioner plans, typically demographic change.

Costs associated with the Better Care Fund, gross commissioner efficiency and commissioner efficiency investments should be included within the specific lines set out in the worksheet. For further detail on these categories please see the income bridge section above.

### 3. Non-recurrent expenditure

Non-recurrent expenditure items relating to the 2016/17 financial year should be disclosed here.

### 4. Investments

The investment section should include the changes in investments made by the foundation trust to deliver CQUIN (subject to scheme details being published), QIPP, other efficiencies, IT systems and quality/safety improvements.

### 5. Other

The following categories, HEE education, research, contingency and other, have been discussed within the income bridge section above please refer for further information. This section also contains a line for 'Other' expense adjustments. If a foundation trust has entered a value against this line, an explanation of this value is required in the text boxes at the bottom of each bridging worksheet.

### 6. Efficiencies/strategic initiatives

Within this section CIPs should be entered as a positive value and should be net of any contingency. Further detail on service changes has been provided in the income bridge section above.

### 7. Memorandum lines

Foundation trusts will be required to provide the monetary split of the total efficiencies/strategic initiatives between the initiatives relating to an activity change and a non-activity related change.

### 8. Employee expenses split

Foundation trusts must enter the planned proportion of agency/locum staff as a percentage of total employee expenses.

A validation check is present within the worksheet to ensure that totals agree to the 'SoCI' worksheet.

## 5.9 Capital Expenditure ('Capex') Worksheet

The 'Capex' worksheet is divided into two main sections. One is to be completed by all foundation trusts (columns D to AJ); the second (columns AM to BB) only by foundation trusts requiring DH support funding (further details of this are provided in Section 9).

Foundation trusts should enter details of their capital schemes, giving a short name or description to identify the scheme in column D. This name or description should

match the narrative document accompanying the written plan which is expected to give full details.

There are rows for 25 schemes to be entered.

If the foundation trust manages the capital expenditure plans at a level beyond 25 schemes, it is expected that schemes of a similar nature or schemes that are individually insignificant (as determined by the foundation trust) are aggregated.

Capital expenditure against each scheme should be recorded as negative values. Capital expenditure should be entered for the following periods for each scheme: for 2015/16 out-turn; the planned expenditure for 2016/17 on a monthly profile; and any subsequent expenditure in the following five years in columns Y to AB if relevant.

Once the scheme description and the capital expenditure values have been entered on to the worksheet, all trusts should complete the detail in columns AE to AJ for each scheme. These six columns are all dropdown selections and the relevant selection should be made for each scheme. The selection from the dropdowns will drive the Capex Summary total tables on the 'Capex' worksheet, found in row 109 and below. The dropdown selections are described below:

- Summary by main scheme category (column AE)

Selection	Description
<b>New build</b>	Designed to capture the gross capital amounts allocated and spent on new buildings
<b>Maintenance routine non-backlog – locally funded</b>	Designed to capture all capital expenditure on healthcare facilities, which is not associated with the provision of new buildings/new facilities
<b>Backlog maintenance</b>	Designed to capture all gross capital expenditure that has been classified as backlog maintenance
<b>Equipment</b>	Designed to capture all gross capital expenditure for new equipment purchases treated as capital either for new or existing buildings
<b>Information Technology</b>	Designed to capture all gross capital expenditure on information technology, including any central budget expenditure
<b>Other</b>	All other gross capital expenditure, including any central budget expenditure

- Summary by detailed scheme category (column AF):

The selections in this dropdown are consistent with the categories in the previous APR template.

- Summary by DH Programme category (column AG):

Selection	Description
<b>Safer hospital, safer wards technology fund</b>	Old specific funding – only select if this has prior agreement with DH
<b>Primary care infrastructure fund</b>	Old specific funding – only select if this has prior agreement with DH
<b>Integrated digital care fund</b>	Old specific funding – only select if this has prior agreement with DH
<b>Genomics</b>	Old specific funding – only select if this has prior agreement with DH
<b>Other Central</b>	Select if either there is a DH programme of central funding available which is not specifically identified elsewhere (e.g. proton beam therapy) or where there is central loan funding
<b>Non-programme PDC</b>	Select if the PDC received does not fall into any of the three PDC categories below
<b>Interim support PDC</b>	Select if relates to interim support PDC awarded to the trust. The Secretary of State may provide transitional financial support (Interim Support) to an NHS Trust in financial difficulty, but only in such circumstances that he is advised by the ITFF/DH/NTDA that this is necessary to support the continued delivery of services for a period during which an assessment of the underlying problem is carried out.
<b>Planned term PDC</b>	Select if relates to planned support PDC awarded to the trust. Longer term financial assistance (Planned Term Support) will be considered where trusts have clear and robust recovery plans to return to a sustainable position over a reasonable and realistic timeframe. In these cases, longer term financial assistance will be considered on a planned basis over an agreed term.
<b>Transaction PDC</b>	Select if relates to transactional PDC awarded to the trust
<b>Non central</b>	Select if self-financed or financed from external sources

- Summary by Relevant Asset Scheme (column AH):

Relevant assets are any capital schemes without which the licensee's ability to meet its obligations to provide commissioner requested services would reasonably be regarded as materially prejudiced.

- Summary by PFI scheme (column AI):

Select 'PFI Scheme' from dropdown if the capex scheme relates to PFI or other IFRIC 12 scheme.

- Contractually committed scheme (column AJ):

Select yes if there is a contract signed or an order placed.

The totals table (rows 123 to 132) is driven by the detailed scheme table and feeds into the capital expenditure cash flows in the 'cash flows from investing activities' on the SoCF, therefore it is suggested that this sheet is completed before the SoCF.

Foundation trusts will then need to input the funding sources for their capital expenditure in rows 56 to 66. A check has been added to ensure that the capital expenditure on a cash basis is equal to the total of the funding sources entered. The funding source values should be entered as positive values.

Rows 73 to 107 on the 'Capex' worksheet relate to information that was previously collected in a separate collection – the DH five year capex collection. As this information has been incorporated into the APR template, it is not expected that a separate DH five year capex collection will be required. All trusts are required to complete this section.

The remaining data entry cells on the 'Capex' worksheet (in columns AM to BB) relate only to trusts requiring distressed funding support and are described further in section 9.

## 6 Understanding, reviewing and stress testing the planned outcome and key financial assumptions

The APR template has built-in functionality to aid foundation trusts in understanding, reviewing and stress testing their plans. This is done through the following worksheets:

1. Summary
2. Summary by Month
3. Analysis
4. Sensitivity Analysis
5. Triangulation (of finance, workforce and activity, plus self-assessment of CIPs)
6. Key Performance Indicators (KPIs)

Section 6 is the second of four sections of APR template technical guidance to support the completion of these specific APR template worksheets.

### 6.1 Summary

This worksheet provides a summary of the trust's high-level financial out-turn for 2015/16 and plan for 2016/17. It pulls together key lines from the 'SoCI', 'SoFP', 'SoCF' and 'FSRR' worksheets, and summarises the financial pressure and CIP assumptions.

The worksheet is also customised for each foundation trust and historical information from 2013/14 and 2014/15 is provided on the 'Summary' worksheet to put the foundation trust's plan in the context of prior performance. This worksheet is designed to help the foundation trust review and understand the data entered in the key worksheets.

**No data input is required on this worksheet.**

### 6.2 Summary by Month

The 'Summary by Month' worksheet follows the same format as the 'Summary' worksheet. This worksheet is automated and is designed to help management review and obtain sign-off on the plan.

**No data input is required on this worksheet.**

## 6.3 Analysis

This worksheet is made up of five core elements as described in section 3.5. The data supporting these five elements is described below:

### Normalised surplus bridge

The bridging items that have been included are outlined in the table below:

Area	Description
<b>Baseline</b>	This adjustment takes into consideration the removal of prior year pass-through income/expenditure and prior year non-recurrent items as well as adjusting for the full year effect of 2015/16 initiatives giving the adjusted opening baseline for 2016/17.
<b>Activity</b>	<p><b><i>Underlying demand movements</i></b></p> <p>This relates to the net change in income and expenditure due to movements in activity and therefore demand for services. This information feeds through from the income and expenditure bridging worksheets.</p> <p><b><i>Impact of commissioners</i></b></p> <p>This relates to changes in income and expenditure as a result of commissioning intentions (BCF and other). This information feeds through from the income and expenditure bridging worksheets.</p>
<b>Price/tariff changes</b>	<p><b><i>Income inflation/deflation</i></b></p> <p>This is inflation or deflation on operating income as calculated on the three income bridging worksheets, as well as movements associated with changes in the tariff.</p> <p><b><i>Cost inflation</i></b></p> <p>This is cost inflation calculated on employee and non-pay expenses as per the expenditure bridging worksheets.</p>
<b>Other</b>	<p><b><i>Investments</i></b></p> <p>This relates to pay and non-pay expenditure that arise from investments in CQUIN (subject to scheme details being published), QIPP, other efficiencies, IT and quality/safety. This information feeds through from the expenditure bridging worksheets.</p> <p><b><i>Other</i></b></p> <p>This relates to any adjustments entered within the 'Other' section on the income and expenditure bridging worksheets.</p>
<b>Non recurrent items</b>	This is non recurrent income and expenditure as entered into the bridging worksheets. The adjustment for 16/17 includes the non-recurrent items entered in for that year only.
<b>Movement in PFI and Non-EBITDA items</b>	This line includes the movements in all non-EBITDA items (excluding non-operating CIPs) and PFI expenditure. This data is pulled from the 'Summary' and 'Efficiencies' worksheets.
<b>Strategic initiatives</b>	These include movements such as revenue generation, CIPs, transactions and service changes. This information feeds through from the income and expenditure bridging worksheets and the 'Efficiencies' worksheet.

## Graphs to show the trust's financial performance in the plan period

This worksheet contains a series of financial metrics presented primarily as line graphs. Where the planned performance for the year is presented in the context of the foundation trust's longer term performance, the graphs contain the actual performance for 2013/14, 2014/15 and out-turn for 2015/16 shown as a dark purple line; and the plan for 2016/17 shown as a dashed blue line. The metrics are explained in further detail below:

1. **EBITDA margin:** consistent with the calculation per the 'SoCI' / 'Summary' worksheet: the difference between total operating income (excluding donations and grants for PPE and intangible assets) and total operating expenditure (excluding depreciation, amortisation, impairment losses or reversals and restructuring costs) divided by the total operating income (excluding donations and grants for PPE and intangible assets).
2. **I&E margin:** consistent with the calculation per the 'SoCI' / 'Summary' worksheet: surplus/deficit after tax from continuing operations less impairment losses/reversals, less restructuring costs, less gains/losses from transfers by absorption, less gains/losses on asset disposals; divided by total income less any gains/losses on asset disposals and gains on transfers by absorption.
3. **Liquidity metric (days):** calculated as per the definition in the Risk Assessment Framework, which can be followed through on the 'FSRR' worksheet.
4. **Capital service metric (x):** calculated as per the definition in the Risk Assessment Framework, which can be followed through on the 'FSRR' worksheet.
5. **Agency spend (as % of employee expense):** calculated as employee expenses (locum and agency staff), divided total employee expenses.
6. **Cash flow bridge:** represents the movements from opening to closing cash and cash equivalents.
7. **Phasing of normalised surplus position (from April 2016 to March 2017):** Populated from the monthly calculation included on the 'SoCI' worksheet.

## Strategic initiatives

Shows the revenue generation and CIPs efficiencies presented as pie charts (risk ratings and status of schemes) and bar charts (historical CIP and revenue generation delivery).



## Workforce

Workforce data presented as a bar chart to show the comparison between movements in WTE and expenditure for the main staff groups.

## Activity

Activity presented as a bar chart to show the comparison between movements in activity and income due to activity for the main points of delivery for acute and specialist trusts.

## 6.4 Sensitivity Analysis

### Overview

The sensitivity analysis is a single worksheet within the template which allows foundation trusts to enter potential upsides and downsides which may arise in 2016/17 not included in the plan. Foundation trusts should consider providing additional detail such as mitigations within their operational narrative which will aid Monitor in its risk assessment of the plan.

### Completion of the worksheet

The worksheet requires foundation trusts to enter a description of the upside/downside risk, the line in the summary Income & Expenditure account which it impacts in column I (selected from a dropdown list), the monetary value and the trust's best estimate of the percentage likelihood that the upside or downside will materialise.

The worksheet then calculates the net value of the upside or downside (value multiplied by percentage likelihood) and this net value populates the summary I&E account and FSRR in the appropriate section depending on the area of I&E impact.

The sensitised plan can then be compared with the original plan.

### Data Validation checks

If a foundation trust has entered a value in column K but not completed the 'Area of I&E Impact' in column I an error will appear in column AB within the worksheet. Upsides should be entered as positive values and downsides as negative values in column K. The percentage likelihood in column L should be entered as positive percentages in all cases.

## 6.5 Triangulation (finance, activity and workforce)

### Overview

For 2016/17 we have introduced a worksheet with which foundation trusts can self-assess the triangulation and internal consistency of their plan data across finance,

activity and workforce, as well as testing the adequacy and reasonableness of their Cost Improvement Programme (CIP) plans.

In relation to CIPs, foundation trusts can self-assess their current CIP plans against historical delivery and the CIPs required to offset the system efficiency. They can also review the proportions of their unidentified and high-risk CIPs.

Foundation trusts can also triangulate their movements in relation to finance, activity and workforce, to help ensure the internal consistency and reasonableness of their plans.

### **Completion of the worksheet**

The worksheet automatically pulls data from the relevant areas of the template to populate the key cells within column F and G. The difference between these two columns will automatically calculate in column H and compared it against a set threshold in column I. Where the difference falls outside the set threshold a flag will be shown in column K and the foundation trust will be required to provide an explanation.

This explanation can be entered directly into the free text cells in column M or alternatively can be documented in the narrative with reference to where in the narrative this is entered into the free text cell in column M.

Note: Mental Health, Community and Ambulance foundation trusts are not required to complete the 'Activity and Workforce' and 'Finance and Activity' sections.

### **Data Validation checks**

If a foundation trust has not completed the explanation box which has been flagged, an error will show in column O. This will also flag on the 'Data Validation' worksheet which will require explanation as to why this cell has not been completed.

## **6.6 Key performance indicators (KPIs)**

### **Overview**

For 2016/17 we have also added a worksheet in which foundation trusts can list out their own key performance indicators (KPIs) for the year, and the financial impact of these KPIs. The KPIs can span the foundation trust's priority financial, operational and clinical objectives for the year.

### **Completion of the worksheet**

The foundation trust can enter up to ten KPIs which it uses as part of its internal reporting (please note the foundation trust is not required to input ten metrics where this is not consistent with its internal reporting). We would expect these to include KPIs which are presented to the Board on a monthly basis.

The worksheet allows for a description of the KPI to be entered as well as the threshold in which it is measured against. The foundation trust is also required to complete the forecasted monthly performance against these KPIs. Where performance is expected to be below threshold during the year, Monitor may require further explanation (if not already available in the narrative) during the plan review stage.

All data entry cells on this worksheet are set as number values to two decimal places. Trusts can enter percentages if required.

#### **Data Validation checks**

No data checks exist within the template for this worksheet.

## 7 Completion of appendices

This is the third section of technical guidance to support the completion of specific APR template worksheets.

This section addresses how foundation trusts should approach completion of the appendices. This is done through the following worksheets:

1. Activity and Activity Bridge
2. Commissioner Plan
3. Workforce
4. Workforce Bridges
5. Targets & Indicators
6. Charity
7. DH Budgeting.

### 7.1 Activity and Activity Bridge

The metrics fall into four broad categories: Ambulance, Community, Acute & Specialist, and Mental Health.

It is expected that the foundation trust is able to populate this for all services that it provides, for instance an acute foundation trust that also provides some community care and is subject to community KPIs for example.

Foundation trusts are reminded that it is necessary to consider the implication of any future service developments or contract changes that are anticipated when completing their activity data.

Validation checks are present on the Activity worksheet to check the consistency of activity entered with income recognised on the SoCI. The checks on the 'Activity' worksheet check that if a foundation trust has entered income data on the SoCI against a certain activity stream (e.g. elective) then activity figures have been entered against that stream on the 'Activity' worksheet. These checks cover the out-turn year and the plan year.

#### Activity return for acute and specialist foundation trusts

There will be two core 2016/17 activity planning templates required from acute and specialist foundation trusts:

- A joint planning return for providers and commissioners capturing annual activity for 2015/16 forecast out-turn and 2016/17 plan. This return will be

used to provide assurance that provider and commissioner activity plans align. This is to be submitted on the UNIFY system. See Annex 1 to the joint technical guidance, *Activity Plan, Contract Tracker and SRG Operational Resilience Template Guidance* for further details.

- A detailed planning return, included within the APR template, containing 2015/16 forecast out-turn and a monthly profile for the 2016/17 plan. This return will be used by Monitor in assessing risk in individual organisational plans and monitor performance in year.

In addition, following on from a consultation process for revised activity planning and reporting definitions, it has been decided to change the platform used for activity data reporting from the Monthly Activity Return (MAR) to the Secondary Uses Service (SUS). Therefore all activity data for acute and specialist foundation trusts should follow the new data definitions which is on the basis of all specialities excluding well babies. Detailed data definitions can be found on your UNIFY planning page.

### Activity bridge

Within the APR template, another significant change from last year is the introduction of the 'Activity Bridge' worksheet. This is to be completed by acute and specialist trusts only. On this worksheet, column I has been pre-populated with the trust's 2015/16 months one to six actual activity figures for the five main points of delivery.

The trust is required to enter in the best estimate for 2015/16 months seven to twelve activity and this will calculate the total value for the out-turn year in column N. These figures will then populate the out-turn activity fields in cells J59 to J63 on the 'Activity' worksheet. Data entered on this bridge should follow the same definitions as the months 1-6 pre-populate data. If you have any queries about your pre-populated data please contact [APR@monitor.gov.uk](mailto:APR@monitor.gov.uk).

Answers to some common questions on the Activity worksheet include:

- Theatre utilisation % is required to align with Monitor's assessment model (Long term financial model or LTFM). Where the numerator is theatre time in use and the denominator is theatre time scheduled to be in use.
- 'Catchment population' equals the population of your patient constituency unless this is determined differently by the NHS foundation trust.
- 'Tourists' is only likely to be material for NHS foundation trusts in high tourist areas, if so it is expected that the NHS foundation trust will have a figure for this.

## 7.2 Commissioner Plan

The Commissioner Plan worksheet is used to capture income disaggregated to material individual commissioner level for two years – 2015/16 and 2016/17.

Foundation trusts are required to enter any commissioning bodies, or group of contracts, that make up more than £5m of the foundation trust's income and also aggregate those below £5m into one line. The drop-down options in column D should be used to select the appropriate commissioners and foundation trusts can then populate their income and activity details against each commissioner.

The drop-down selection is expected to cover all CCGs and LATs. All non-contracted activity should be entered by selecting the 'Non-Contracted Activity Income' line from the dropdown menu in column D. There is also an option at the bottom of the dropdown for selecting 'other NHS clinical income not derived from CCGs or LATs'.

### Income

The total of all the Commissioner Plan income should agree to the total of NHS clinical income as per the SoCI. A validation check is present on the 'Commissioner Plan' worksheet to check the agreement of these balances for both the out-turn and plan years.

Income amounts should be entered in millions of pounds.

Foundation trusts should enter amounts they are planning for in 2016/17 and then use the adjustment columns (columns T-V) to reconcile back to the expected contract value. **These contract values must equal the values entered in the Contract Tracker submission (via UNIFY) for the same return date as the APR draft and final plans.**

Should additional rows be needed, please press the button at the top of the sheet which will add a new row to each year.

This worksheet should include contracted income within the plan or any contracts that are divested during the planning period.

In the previous year's APR template, there was a requirement to enter activity data on an individual commissioner level. This has been removed from this year's template. Trusts will have to submit their activity numbers on an individual commissioner level via contract trackers through UNIFY.

For the planned expected total contracted income for a particular commissioner (column X) – these totals should agree to the contract tracker submitted to UNIFY on the same date as this template's submission.

## 7.3 Workforce

### Overview

Workforce will make up the majority of a foundation trust's cost base; as such the weighting of the APR template submission reflects this in the detail required.

### Changes from previous APR templates

The major change for the 2016/17 template is that the split for the workforce categories has been aligned as far as possible with the NHS Occupation Code manual. The workforce return now aligns to that of the NHS TDA. Pay costs categories are present for the manual's main staff categories split into substantive, bank and overtime and agency. Staff numbers are split into greater detail based on the staff subcategories within the manual.

A 'Workforce Bridge' worksheet has also been introduced to show the high level reasons for the movements in staff numbers.

### Data Validation checks

To ensure consistency within the APR template, the 'Workforce' worksheet contains checks to agree the employee expenses on this worksheet, as split between substantive and agency staff against these splits on the detailed SoCI. In addition there is a check for this split between the detailed SoCI and the 'Employee Expenses' bridging worksheet. Therefore it is important that the overall pay costs, as split between substantive staff and agency/locum staff, have been entered correctly on the detailed SoCI and 'Employee Expenses' bridging worksheets.

### Analysis

The workforce worksheet is split into three main sections: pay costs; workforce numbers; and key performance indicators (KPIs), such as consultant cover.

### Pay Costs

This element of the worksheet captures the financial information relating to workforce at a disaggregated level. As mentioned, the workforce categories have been amended to be in line with the main sections within the NHS Occupation Code manual<sup>3</sup>. These are:

- Ambulance staff
- Administration and estates staff (presented as 'Managers and Infrastructure support' in the template)

---

<sup>3</sup> <http://www.hscic.gov.uk/article/2268/NHS-Occupation-Codes>

- Healthcare assistants and other support staff
- Medical and dental staff
- Nursing, midwifery and health visiting staff
- Nursing, midwifery and health visiting learners
- Scientific, therapeutic and technical staff
- Healthcare science
- General payments (presented as 'Other' in the template).

For most of the staff categories above, a split is required between substantive, bank and overtime, and agency staff so that Monitor can gain a better understanding of the requirements of agency costs across the sector. Definitions of these are given below:

- **Substantive staff** have contracts of employment with stated hours/sessions and can be either permanent or fixed term. "Hosted staff" should be included within substantive staff even though their cost is recharged to another organisation, these should be entered as pass-through expenditure on the 'Employee Expenses' worksheet. Seconded staff should also be included within substantive staff.
- **Bank & overtime staff** are used to supplement permanent teams. Bank staff provide cover for planned and unplanned shortfalls in staffing, covering vacancies and staff absences as well as bringing skills for short periods of time. Bank staff have a contract with an assignment category of "bank" and "zero" contracted hours. These staff will be registered on an in-house flexible working bank (directly paid by the foundation trust) or who are registered as bank workers through a managed bank solution (i.e. a managed service partnership contract with the NHS provider).
- **Agency staff** are those with a contract with a temporary work agency to work temporarily for, and under the direction, of a hirer. Therefore they will work for the NHS but, for the purposes of the transaction, are not on the payroll of an NHS organisation offering employment.

Where trusts employ a method of direct engagement (or 'finder's fee') for individual shifts or periods of employment, all costs associated with this supply (including the pay to the worker and on-costs through the NHS provider) should be classified as agency spend.

Procurement should be classified as agency expenditure where:



- an in-house bank is unable to fill a shift directly and sources the shift from a third-party agency
- an outsourced bank (including but not limited to NHS Professionals) is unable to fill a shift directly and sources the shift from a third-party agency
- an agency fills a shift directly
- an agency finds a worker to fill a shift, but the trust pays the worker directly for that shift and pays the agency a finder's fee (all this expenditure including payment to the worker and on-costs should be classified as agency expenditure).

The only exception to this split is the staff category of nursing, midwifery and health visiting learners. This has only been split between substantive and bank and overtime. It would not be expected that there would be agency staff associated with a learner position.

The medical and dental staff category has been split into consultants (including any directors of public health), trainee grades and career grades (i.e. any other grade not in a trainee post). Each of these three subcategories has been split into substantive, bank and overtime and agency.

The 'Employee Expenses' worksheet calculates the effects of anticipated inflation and activity changes on pay costs, while the 'Workforce' worksheet requires the total expenditure to be disaggregated to a staff category level. The financial impacts of the assumptions on the 'Employee Expenses' worksheet need to be reconciled to the costs on the 'Workforce' worksheet.

Similar to the 'Employee Expenses' worksheet, there is the ability to enter in a contingency figure on the 'Workforce' worksheet. This is not additional to that included in the 'Employee Expenses' worksheet but is included to ensure consistency between the two worksheets. A check is present on the 'Workforce' worksheet to ensure this is the case.

Pay costs on the workforce worksheet should be entered as **negative** values. There are checks against each line in columns AB and AD to ensure that negative values have been entered.

### Workforce Numbers

Foundation trusts are required to fill in the corresponding whole-time equivalents (WTEs) in this section for the pay costs that have been entered.

The main staff categories as per the NHS Occupation Code manual are used in this section although there is further disaggregation of these main categories into the individual subcategories within the manual for substantive staff.

For bank and overtime and agency staff, the data entry is required only for the main staff categories rather than the detail present in the substantive workforce section.

Workforce numbers on the workforce worksheet should be entered as **positive** values. There are checks against each line in columns AB and AD to ensure that positive values have been entered.

An NHS Occupation Code tool has been provided alongside the template that will assist with identifying which staff categories to use on this worksheet based on the ESR occupation code.

There are further checks in columns AC and AE to ensure the consistency between pay costs and workforce numbers between the main staff groupings. There is a degree of materiality built into these checks (pay costs materiality of £0.1m and WTE materiality of 0.5 WTEs) but we would expect that where a trust has entered in a negative pay cost against a particular staff category (e.g. qualified healthcare science staff, substantive), then a corresponding positive WTE should be entered into one of the subcategories for substantive qualified healthcare scientists.

There is an additional memorandum line within the main staff numbers table in row 143 which specifically collects the WTEs associated with substantive registered midwives contained within the total of substantive qualified nurses, midwives and health visiting staff.

### Key Performance Indicators

This section contains information required on consultant cover on site:

Consultant cover on site should be the average WTE for the year.

Consultant cover on site (hours/days of the week) is defined as the number of hours per day of the week. If the service is not provided on a seven day basis, foundation trusts should perform a conversion and then select the most appropriate option from the drop down menu as if it were provided on a seven day basis

Consultant cover on site (attendances/spells) is the total activity for each service.

The workforce KPIs section is consistent with last year's planning template other than the introduction of one new metric in row 253 – the percentage of medical staff appraisals as reported to the board.

## 7.4 Workforce Bridges

The 'Workforce Bridges' worksheet has been introduced into this year's APR template and allows trusts to bridge the opening WTEs to the closing WTEs on a monthly basis using specific categories. There is a bridge for substantive, bank and overtime and agency staff groupings.

The bridging categories on the 'Workforce Bridges' are broadly similar to the categories on the 'Employee Expenses' bridging worksheet and we would expect that movements in particular categories are similar on each worksheet.

There are information boxes in column H against each line description on the 'Workforce Bridges' worksheet that give a fuller description for each line category.

The year-end workforce totals are based on averages of the monthly profiles. For the consistency checks between the 'Workforce' and 'Workforce bridges' to work correctly, it should be ensured that none of the pre-populated zeroes are deleted and the cell left blank if there are no WTE movements in that month for that line category.

## 7.5 Targets and Indicators

### Overview

This worksheet requires foundation trusts to declare any risks against healthcare targets and indicators for 2016/17 as defined in the *Risk Assessment Framework (updated August 2015<sup>4</sup>)* – Appendix A: Access targets and outcomes objectives. Monitor uses a limited set of national measures of access and outcome objectives as part of our assessment of governance at foundation trusts. These cover acute, mental health, community and ambulance activities. Monitor uses performance against these indicators as a proxy measure of governance, such that poor performance against the targets acts as a trigger to investigate governance at the foundation trust.

The declarations made in this worksheet should be aligned to any self-certifications.

Except where otherwise stated, any foundation trust commissioned to provide services will be subject to the relevant governance indicators associated with those services. Therefore for each relevant target or indicator listed, foundation trusts must declare either 'yes', 'no' or 'N/A' to whether there is a potential risk that NHS foundation trusts may not achieve the threshold in 2016/17 as required by the *Risk Assessment Framework*. Foundation trusts should select 'N/A' for those indicators not applicable to the trust, such as ambulance response times for a mental health foundation trust.

All trusts are expected to respond to the 'Compliance with requirements regarding access to healthcare for people with a learning disability' indicator. Therefore the dropdown response against this indicator within the template has only a 'yes' or 'no' option. There is no option for 'N/A'.

For any target or indicator declared as a risk, foundation trusts must explain the reason for the declaration in the foundation trust's operational plan narrative.

In addition, for those targets or indicators declared as a risk, the foundation trust must complete the forecast monthly trajectories for those indicators.

---

<sup>4</sup>[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/455893/RAF\\_revised\\_25\\_August.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/455893/RAF_revised_25_August.pdf)

For 'Clostridium difficile - meeting the C. diff objective', foundation trusts are required to enter their target manually. If this indicator is not applicable to the foundation trust 'N/A' should be entered into the target cell to avoid a validation error appearing.

### Data Validation checks

Checks present on the 'Targets and Indicators' worksheet cover whether all targets and indicators have a response against them; and where a risk has been declared, that the forecast monthly trajectory has been completed. In addition, a check is present on the 'Data Validation' worksheet to ensure that a threshold has been inputted for the C. diff objective. This check is valid for acute and specialist trusts only.

### Revised data definitions

Although the *Risk Assessment Framework* forms the basis for the targets and indicator definitions, there are occasionally changes to data collections and definitions which may lead to slight changes to certain metrics.

Prior to the submission of the APR template, please ensure that any changes to metrics communicated through the *FT Bulletin* are taken into account when populating the template.

## 7.6 Charity

Charitable funds should not be included within the figures included in the other worksheets (SoCI, SoCF and SoFP) of the APR template. Charitable funds should only be included in this standalone worksheet. If more than one charity is ultimately controlled by the foundation trust, it is expected that the aggregate of those charities are input to the worksheet.

The worksheet information that is required is the same as that required in previous years, including income, expenditure (split by other NHS body type) and a summarised statement of financial position. A reconciliation of the movements within the investments for charities is also required. The only change from previous years is that the information is to be required on a monthly profile.

## 7.7 DH Budgeting

Monitor, on behalf of the DH, collects the information in the tables on this worksheet each month. The information does not form part of the formal regulatory framework or Monitor's approach to the potential use of its statutory powers of intervention; however this worksheet must be completed by the foundation trust.

This information consists of:

- Movement in Provisions for liabilities and charges

- Revenue and Capital Costs of IFRS: Arrangements brought on SoFP under IFRIC 12 (e.g. PFI)
- Impairment of Assets.
- Income from patient care activities by source

The section for impairment of assets has been amended from last year's template to become aligned with the 2015/16 in-year reporting templates. This has resulted in the removal of the 'reversal of impairments' line and now any reversal of impairments should be entered against the same line for which the original impairment was recognised. Impairments should be entered as negative values and reversal of impairments should be entered as positive values.

### **Data Validation checks**

There a number of validation checks on this worksheet to ensure that the totals of data entered onto this worksheet agree to the corresponding data entered onto the primary statements worksheets.

## 8 Administrative worksheets and pre-submission checks

This is the fourth and final section of technical guidance to support the completion of final APR template worksheets.

This section covers the administrative worksheets and pre-submission checks. This is done through the following worksheets:

1. Data Validation
2. Self-Certification
3. Cover
4. Index
5. Guidance.

### 8.1 Data Validation checks

The 'Data Validation' worksheet contains a series of validation checks that are designed to show at a high level where there are internal inconsistencies in the template.

The 'Data Validation' worksheet is split between errors and flags. Errors are required to be corrected prior to the template submission to Monitor. The number of errors feeds through to the 'Cover' worksheet, and will bring up an error message if any errors are present in the template. Please contact [APR@Monitor.gov.uk](mailto:APR@Monitor.gov.uk) if you believe the error message to be invalid.

In some circumstances there may be a valid reason for the differences that this 'Data Validation' worksheet highlights. These have been shown as flags on the worksheet rather than errors. If this is the case, foundation trusts are required to include an explanation for the difference that is identified by the flag. These explanations should be entered on the 'Data Validation' worksheet itself in the free text cell in column AA. Flags do not flow into the total errors figure on the 'Cover' worksheet but there is an error check that will capture whether a trust has registered any flags but not included an explanation for those flags.

These checks are not exhaustive and it is the responsibility of each foundation trust to ensure the accuracy and completeness of the information contained within the APR template.

A full description of each error check is as below.

## Error Checks

There should not be any errors showing on the 'Data Validation' or 'Cover' worksheets prior to submission of the draft and final APR template.

Descriptions for the flags have been given in the relevant information buttons in column H on the 'Data Validation' worksheet.

- 1. Detailed SoFP balances:** Checks that on the 'SoFP' worksheet the total assets less the total liabilities is equal to the total reserves. An error will show if the detailed SoFP does not balance. This check covers the out-turn and plan years, as well as the monthly detail of the plan year. Foundation trusts should ensure that the detailed SoFP balances prior to template submission.
- 2. Cash and cash equivalents agree between SoFP and SoCF:** Checks that the closing cash and cash equivalents balance as calculated in the Statement of Cash Flows (on the 'SoCF' worksheet) agrees to the total balance for cash and cash equivalents less any bank overdraft and drawdown in committed facility balances on the detailed SoFP. This check covers the out-turn and plan years, as well as the monthly detail of the plan year. An error will show if the two balances do not agree. Foundation trusts should ensure that the closing cash balance as calculated in the statement of cash flows agrees to the statement of financial position prior to template submission.
- 3. Data added to primary statements for both out-turn and plan year:** Checks that a foundation trust has entered data for both the out-turn and plan years on the detailed 'SoCI' and 'SoFP' worksheets. Errors will show if total income on the SoCI is not positive and total expenses are not negative, and total assets on the SoFP are not positive and total liabilities are not negative. This check covers the out-turn and plan years, as well as the monthly detail of the plan year. Foundation trusts should ensure that data has been added on both detailed SoCI and SoFP prior to template submission.
- 4. FSRR calculated:** Checks that a FSRR has been calculated on the 'FSRR' worksheet. An error will show if no figure has been calculated in the FSRR cell on that worksheet. The FSRR is automatically calculated once data has been entered onto the primary statements worksheets. This check covers the out-turn and plan years, as well as the monthly detail of the plan year. Foundation trusts should ensure that the input cells which flow into the 'FSRR' worksheet have been fully completed prior to template submission.
- 5. Detailed SoCI agrees to the bridging tabs:** Checks that the opening and closing balances on the income and expenditure bridging worksheets, as well as the pass-through values on those bridges, agree to the corresponding figures on the SoCI. An error is shown if one or more of these values do not agree. This check covers the out-turn and plan years. This check also

incorporates the check of the pass-through relating to employee expenses, which is present as a memorandum line on the detailed SoCI. Foundation trusts should ensure that the bridging worksheet totals and pass-through values are consistent with the SoCI prior to template submission.

- 6. Total income between £0 and £2bn:** It is not expected that total income at an individual foundation trust will exceed £2billion based on 2015/16 income levels. This line checks that the total income in a year as inputted on the detailed SoCI is greater than zero but less than £2billion. An error will show if total income is outside this range. This check covers the out-turn and plan years, as well as the monthly detail of the plan year (with the monthly checks based on a pro-rated threshold figure of £166million each month).
- 7. Total expenditure between £0 and £2bn:** It is not expected that total expenditure at a foundation trust will exceed £2billion based on 2015/16 expenditure levels. This line checks that the total expenditure in a year from the detailed SoCI is less than zero (i.e. is negative) but less than £2billion in absolute terms. An error will show if total expenditure is outside this range. This check covers the out-turn and plan years, as well as the monthly detail of the plan year (with the monthly checks based on a pro-rated threshold figure of £166million each month).
- 8. Commissioner plan agrees to NHS clinical income bridge:** Checks that the total of the disaggregated income split between funding bodies (CCGs, LATs/specialised hubs, others) on the 'Commissioner Plan' worksheet agrees to the NHS clinical income figure as stated on the 'Summary' and 'SoCI' worksheets. An error will show if the income total does not agree. This check covers the out-turn and plan years. Foundation trusts should ensure that the income split by commissioners agrees to the total NHS clinical income on the SoCI prior to template submission.
- 9. Full year effect of revenue generation schemes completed:** Checks that if revenue generation schemes are entered on the 'Efficiencies' worksheet, then full year effects of those schemes are also entered on that worksheet. An error is shown if full year effects have not been entered. This check covers the out-turn and plan years. Foundation trusts should ensure that full year effects of the revenue generation schemes have been entered prior to template submission.
- 10. Full year effect of CIPs completed:** Checks that if CIPs are entered on the 'Efficiencies' worksheet, then full year effects of those CIPs are also entered on that worksheet. An error is shown if full year effects have not been entered. This check covers the out-turn and plan years. Foundation trusts should ensure that full year effects of CIPs have been entered prior to template submission.



- 11. Revenue generation schemes:** Checks that total of the revenue generation schemes entered on the 'Efficiencies' worksheet is entered as positive values. An error is shown if the values entered are not positive. This check covers the out-turn and plan years. For the plan year only, three further checks are performed: the sum of the revenue generations schemes split by recurrent and non-recurrent as entered on the income bridges agrees to the total value of the revenue generation monthly profile as per the 'Efficiencies' worksheet; the sum of the revenue generation schemes split by status agrees to the total value of the revenue generation schemes; and the sum of the revenue generation schemes split by risk rating agrees to the total value of the revenue generation schemes.
- 12. Analysis of CIPs:** Checks that the CIP schemes entered on the 'Efficiencies' worksheet are entered as a positive value. An error is shown if the values entered are not positive. This check covers the out-turn and plan years. For the plan year only, two further checks are performed: the sum of the CIP schemes split by status agrees to the total value of the CIP schemes; and the sum of the CIP schemes split by risk rating agrees to the total value of the CIP schemes.
- 13. Targets and Indicators:** Checks that a response has been given against all targets and indicators on the 'Targets and Indicators' worksheet. An error is shown if a response has not been given against all targets and indicators. Responses given can be either 'Yes' (if identified as a risk), 'No' (if not identified as a risk) or 'N/A' (if the target or indicator is not applicable to the foundation trust). Where foundation trusts have responded 'Yes' to a target or indicator, the monthly forecast trajectory for that metric must be completed otherwise a separate error will result. This check covers the plan year only. Foundation trusts should ensure that responses have been given against each target and indicator and those identified as a risk have had their monthly profile completed prior to template submission.
- 14. Employee expense is negative:** Checks that the pay costs entered on the 'Workforce' worksheet are negative. An error is shown if any individual workforce employee expense line is positive. This check covers the out-turn and plan years. Foundation trusts should ensure that the employee expenses entered on the 'Workforce' worksheet are negative prior to template submission.
- 15. WTE are entered as positives:** Checks that the staff numbers (as represented by WTEs) entered on the 'Workforce' worksheet are positive numbers. An error is shown if any individual line of workforce WTEs is negative. This check covers the out-turn and plan years. Foundation trusts should ensure that the staff WTEs entered on the 'Workforce' worksheet are positive prior to template submission.

- 16. 'Workforce' worksheet agrees to 'SoCI' worksheet:** Checks that the employee expenses entered on the detailed SoCI agrees to the employee expenses on the 'Workforce' worksheet. There are checks for both substantive staff and agency/locum staff. An error is shown if the balances do not agree between the 'Workforce' and 'SoCI' worksheets. This check covers the out-turn and plan years, as well as the monthly detail of the plan year. Foundation trusts should ensure that the employee expenses split agrees between these two worksheets prior to template submission.
- 17. PPE data entered:** Checks that foundation trusts have entered positive values for net plant, property and equipment on the detailed SoFP. An error will show if zero or negative values are entered against PPE. This check covers the out-turn and plan years, as well as the monthly detail of the plan year. Foundation trusts should ensure that positive PPE values have been entered on the detailed SoFP prior to template submission.
- 18. Agency split inputted:** Checks that the split between substantive and agency staff entered on the 'Employee Expenses' worksheet agrees to the split entered on the detailed SoCI. This check covers the plan year only. Foundation trusts should ensure that the split on both worksheets agree prior to template submission.
- 19. Checks for FTs requiring distressed funding:** Checks that when a foundation trust has identified itself as requiring DH distressed funding support (as per the 'Self Cert' worksheet) it has completed the additional detail relating to the planned support funding in the table at the bottom of the SoCF and that the additional information against each capex scheme on the 'Capex' worksheet has been completed. An error will show if a trust has self-certified as requiring DH support but has not completed the additional detail on the 'Capex' worksheet or the total support funding required is zero or negative. The checks cover the plan year only. If a foundation trust has certified that it does not require DH support funding on the 'Self Cert' worksheet, then this check will not be active for the trust.
- 20. Self-certification:** Checks that all declarations on the 'Self Cert' worksheet have been completed. An error will show if not all declarations are completed, including not entering 'N/A' for non-applicable declarations. There is only one self-certification in the draft template (relating to the requirement for support funding) but there will be a full self-certification list for the final template. Foundation trusts should ensure that all declarations are completed prior to template submission.
- 21. Flags:** Checks that when a flag is shown on the 'Data Validation' worksheet, a short explanation has been given against that flag in the free text cell in column AA on the 'Data Validation' worksheet. An error is shown if a flag has

not had an explanation entered. Foundation trusts should ensure that all flags have been explained on the 'Data Validation' worksheet prior to template submission.

## Flag Checks

Any flags present on the 'Data Validation' worksheet should have an appropriate explanation against it otherwise an error will result.

Descriptions for the flags have been given in the relevant information buttons on the 'Data Validation' worksheet.

The flag check relating to foundation trusts entering their C difficile threshold on the 'Targets and Indicators' worksheet is only applicable to acute and specialist foundation trusts.

## 8.2 Self-Certification

The scope of the 'Self Cert' worksheet depends on whether the template is for the draft or final submission.

For the draft submission the only self-certification is the completion of whether the trust forecasts a requirement for DH distressed finance support.

The declaration of sustainability will **not** comprise part of the 2016/17 operational plan. Our requirement for foundation trusts to be sustainable will be covered off as part of the 'Sustainability and Transformation Plan' submission later in the year.

For the final submission, the template will contain an expanded scope of self-certifications.

The declaration on continuity of services (Declarations 1a/b/c) is where the board can state that the foundation trust:

- Will have the required resources available to it after taking account distributions which might reasonably be expected to be declared or paid for the period of 12 months (Declaration 1a)
- Will have the required resources available to it after taking account (but not limited to) any distribution which might reasonably be expected to be declared or paid for the period of 12 months, but would like to draw attention to a number of factors which may cast doubt on the ability to provide Commissioner Requested Services (Declaration 1b)
- Will not have the required resources available to it for the period of 12 months (Declaration 1c).

Foundation trusts should select 'Confirmed' against the declaration that is applicable to it and ensure that 'N/A' is selected for the other two options.

Declaration 2 which relates to the requirement of interim and/or planned support allows the foundation trust to self-certify that it forecasts a requirement for Department of Health (DH) interim support or planned term support during the year ended 31 March 2017. It is expected that if DH support is required and selected, then the foundation trust would have self-certified itself under Declaration 1b. A validation check has been added to this worksheet to ensure this is the case.

All foundation trusts that did not receive interim support in 2015/16, but expect to require interim support in 2016/17 should contact their Monitor relationship manager by 22 January 2016, prior to submitting their draft APR template

Information on what sections need to be completed if a foundation trust declares that DH support is required in Declaration 2 can be found within Section [10] of this guidance.

Declaration 3 of this worksheet contains a free text box to allow a foundation trust to enter in the main factors which it expects may cast doubt on its ability to provide Commissioner Requested Services. A further validation check has been added to ensure that if a foundation trust has self-certified itself under Declaration 1b, that it has added those factors within Declaration 3

Declaration 4 requires the Board to confirm that it is satisfied that adequate governance measures are in place to ensure the accuracy of data entered in the template.

A validation check will ensure that all declarations have responses against them.

The 'Self Cert' worksheet should be completed with the confirmation signature by an approved person on behalf of the Board and having a regard to the views of the governors for the final submission. The signature can either be electronic or a signed paper version of the 'Self Cert' worksheet can be submitted. Please note Board approval is not required for the draft APR template, however, this should still be signed off by the Chair/CEO or Finance Director/CFO.

### **8.3 Cover**

The cover will identify each foundation trust's relationship management team contacts at Monitor and their contact details. Foundation trusts should identify on the cover who the APR template was completed by, their job title and contact details. Monitor will contact this person with any questions relating to the template.

The cover contains a link to the 'Data Validation' worksheet and shows the number of validation errors present within the APR template. Foundation trusts should

ensure that there are no validation errors present within the APR template prior to the draft and final submissions.

A description of each of the validation error checks has been given in Section 8.1 of this guidance.

## **8.4 Index**

The index worksheet provides a link to each of the worksheets within the APR template.

The index also provides a function to print out selected worksheets from the APR template. To do this, choose which worksheets require printing by selecting 'Yes' in the relevant cells in column H and then press the 'Print Selected Sheets' button.

## **8.5 Guidance**

This sheet provides some high level guidance on the APR template such as cell formats and suggests an approach as to the order of completing the template.

Please note that if you forecast a requirement for DH interim and/or planned funding, you will need to complete the additional detail on the 'Capex' worksheet for each capital expenditure scheme as well as the total support funding required on a monthly basis in the table at the bottom of the 'SoCF' worksheet. The trust should make the appropriate declaration on the 'Self Cert' worksheet.

## 9 Guidance for providers in financial distress

### 9.1 Background

The Department of Health (DH) may give financial assistance to any foundation trust in financial difficulty, including the provision of Interim Support or Planned Term Support (for more information, see [guidance under Section 42A of the National Health Service Act 2006](#) – ‘Procedures, criteria, terms and conditions for providing loans, public dividend capital or guarantees of payment to trusts’).

**Interim Support** is short term financial support that can be provided by DH to foundation trusts in financial difficulty, to support the continued delivery of services on a finite basis while an appropriate recovery plan is developed. It is not available until all cash reserves and internally generated cash have been fully utilised. Interim Support is only available if Monitor supports a foundation trust’s application to DH and, apart from exceptional circumstances, if a foundation trust is already in breach of its licence. Any foundation trust forecasting the need for Interim Support in 2016/17 is considered to be in financial distress.

**Planned Term Support** is financial support which DH can make available to foundation trusts in financial difficulty, to support the delivery of an agreed credible recovery plan which demonstrates how an organisation will be viable and sustainable on an ongoing basis. Other than in exceptional circumstances, Planned Term Support is only available if Monitor supports a foundation trust’s application to DH and if a foundation trust is already in breach of its licence.

Any foundation trust expecting to require DH financial assistance in 2016/17 is expected to provide additional information to that required in its APR submission as described below.

### 9.2 Distressed Finance timetable

All foundation trusts expecting to require Interim Support in 2016/17 are required to submit a draft financial template and a final financial template in line with the timetable set for all other NHS providers (8 February 2016 and 11 April 2016 respectively).

In addition, all foundation trusts that did **not** receive interim support in 2015/16, but expect to require interim support in 2016/17, should contact their Monitor Relationship Manager by **22 January 2016** - prior to submitting their draft APR template.

All foundation trusts expecting to seek Planned Term Support in the plan period should contact their Monitor Relationship Manager by **22 January 2016**. The recognition, or otherwise, of Planned Term Support funding within the draft APR template will be considered by Monitor on a case by case basis.

It is expected that all final APR returns submitted to Monitor by foundation trusts on or before 11 April 2016 requiring DH interim support in 2016/17 will have been signed off by foundation trust boards. Foundation trusts will also be required to explain any material variances between the Interim Support funding requirements forecast in the draft APR template and any subsequent submissions.

### **9.3 Monitor's responsibilities**

Monitor is responsible for presenting Interim Support and/or Planned Term Support funding requests to DH and/or the Independent Trust Financing Facility ('ITFF') on behalf of foundation trusts. We will therefore seek to ensure that their requirements are met at all times.

In the case of Interim Support revenue funding, this means Monitor providing assurance that financial forecasts are robust and appropriate. From a practical perspective, this means ensuring that the capital and revenue Interim Support funding that Monitor request's on behalf of a distressed foundation trust is the minimum amount required to enable it to continue to deliver current services safely and/or without a detrimental impact on quality. Any expenditure that does not meet this criteria can potentially be considered as 'discretionary' and will be subject to scrutiny (see below).

Specifically in the case of Interim Support capital funding, this means Monitor providing evidence to demonstrate that all capital expenditure meets the conditions of being both necessary and urgent. It is also likely that DH will expect to see evidence that an appropriate decision making process has been undertaken to ensure that the proposed investment represents value for money for the taxpayer, for example, that an appropriate business case process has been undertaken, before funding is agreed.

Monitor will undertake a detailed review of a foundation trust's plan where it forecasts an Interim Support funding requirement. Until a detailed review has been completed Monitor will not be in a position to make an application to DH on behalf of a foundation trust for full-year 2016/17 Interim Support funding. The main purpose of the review will be to assess whether the plan is both realistic and stretching, and to form a view on the appropriateness or otherwise of all items of expenditure in the plan which could be considered as discretionary. Any requirements for Interim Support funding prior to the completion of Monitor's review processes, may be met by a revolving working capital facility.

In the case of Planned Term Support, foundation trusts' recovery plans will be expected to carry substantial assurance from Monitor that the foundation trust can deliver the improvements it has forecast in its financial performance. The method of this assurance will be agreed on case by case basis.

## 9.4 Distressed Finance specific guidance

### Revenue vs Capital Interim Support

For the purpose of Interim Support, interim capital should be calculated by subtracting depreciation, and other explicit capital funding sources (e.g. existing loans and capital disposals), from capital expenditure (on a cash basis). Any other interim funding requirements should be classified as interim revenue. For further guidance on whether to classify funding as 'PDC', 'loan' or 'other' please contact your Monitor relationship team in the first instance.

### Revenue Interim Support

Foundation trusts will need to demonstrate that their revenue Interim Support funding request has been appropriately minimised, through review and prioritisation of discretionary revenue expenditure and through maximising the delivery of efficiency opportunities available. In advance of Monitor's review of plans requiring Interim Support foundation trusts may be required to identify and disclose all items of expenditure which could be considered to be discretionary i.e. not strictly essential for the maintenance of current services safely without detriment to quality.

On or before 8 February 2016 foundation trusts requiring revenue Interim Support funding in 2016/17 are expected to do the following (files should be submitted to Monitor via the Portal):

- Consider the key assumptions within their 2016/17 income and expenditure plans, including CIP delivery, and provide evidence to support the validity of the assumptions and the governance process undertaken to agree the plan. The revenue Interim Support funding request should reflect a challenging base case, not downside scenario.
- Provide a summary of all new discretionary revenue expenditure items above £0.25m included within the 2016/17 plan, alongside a justification of why the expenditure is necessary in 2016/17.
- Explain any significant balance sheet movements which have an impact on their Interim Support funding request.

Monitor will use the information above to inform a decision on whether and when to apply of Interim Support revenue funding.

Foundation trusts should not legally commit to any new discretionary revenue expenditure prior to approval of a full year Interim Support funding application by DH.



## Capex

Foundation trusts will need to demonstrate that their Interim Support capital funding request has been appropriately minimised, through an appropriate ranking and prioritisation of capital schemes and through maximising the funding generated internally, including land sales.

On or before 8 February 2016 foundation trusts requiring Interim Support capital funding in 2016/17 are expected to do the following (files should be submitted to Monitor via the Portal):

- Review their 2016/17 capital plans and submit further supporting information that provides evidence that the capital schemes have been adequately reviewed and prioritised.
- Classify all individual capital schemes on the 'Capex' worksheet into the following sub-categories:
  - Project Need (column AO): the capex schemes should be identified as either essential (that is capex required to repair or replace existing property, plant and equipment within an appropriate lifecycle, to the equivalent specification and/or capacity, to enable the continued delivery of existing services without impacting on quality and/or safety) or discretionary (any capex not meeting the definition for essential above).
  - Project Urgency (column AP): the urgency of the capex project should be identified as critical (the scheme is required as soon as possible otherwise there will be an impact on quality and/or safety relating to existing services within the plan year), urgent (the scheme is required otherwise there will be an impact on quality and/or safety relating to existing services in the medium-to-longer term) or low (to maintain the continued delivery of existing services without impacts on quality and/or safety, the scheme is not required).
  - A short text description should be given for each scheme detailing the key project milestones and the impact of the capital expenditure on the surplus/deficit position of the trust (columns AQ and AR).
  - Restricted source of funding (column AS): a restricted source of funding is defined as funding that must be used for that particular capital expenditure scheme and cannot be used for another scheme. The trust must complete whether the funding is restricted and, if so, whether the restricted funding covers all of the capex or just partially covers the capex.

- Capex scheme agreement with DH (columns AU to AY): the trust should complete whether the capex scheme funding has been agreed with DH and whether the plans for the scheme are within the terms of the DH funding agreement. The amount of funding agreed with DH should be entered into column AW as negative values.
- The total capex for a particular scheme is calculated in column BB. If there has been previous capex against a scheme prior to figures entered for the out-turn year, the formulae in column BB can be overwritten for the trust to enter the correct amount in.
- For essential capital schemes, submit:
  - A summary of their governance and assurance regime for capital schemes, along with a risk adjusted prioritisation ranking, supported by an appropriate score and scoring process.
- For all capital schemes, submit:
  - The timescales being worked towards to get capital schemes approved and committed where they are not already contractually committed.
- Provide copies of their current Estates strategy, ICT strategy and backlog maintenance estimate (risk assessed).
- Capital projects with linkages should not be broken up; they should be shown as a single project so that the total cost of the linked projects can be readily identified or the linkage should be clearly specified in the narrative sections.

Monitor expects that where robust plans exist and a robust capital planning process has been undertaken the majority of this information will already be available. Therefore, foundation trusts can submit existing documentation. If Monitor considers the existing documentation is not adequate we will inform foundation trusts after 8 February 2016.

Monitor will use the information to inform a decision on whether to apply for Interim Support capital funding. Where a foundation trust is able to demonstrate that it has a robust governance process to risk assess and rank capital schemes, which has been appropriately applied, the foundation trust's capital funding request for business as usual items is likely to be more quickly recommended for funding by Monitor.

Where a foundation trust fails to demonstrate this, Monitor will request further information, to provide the necessary assurance before an application for Interim Support funding can be made.

Foundation trusts reliant on capital Interim Support should not legally commit to any capital schemes above £0.25m, except the most urgent and unavoidable, until a full

year Interim Support funding has been approved by DH. Foundation trusts should also not approve business cases for non-business as usual schemes without prior agreement from Monitor.

### **Interim Support loan products and financing assumptions**

Monitor is in discussions with DH to finalise the form of Interim Support in 2016/17. When further clarity is available this will be communicated separately.

For the purposes of planning assumptions, foundation trusts forecasting an Interim Support funding requirement should assume the following:

- Any Interim Support funding required (capital and revenue) required prior to DH approval of a full year Interim Support funding request will be received in the form of a revolving working capital facility (3.5% interest rate on amounts drawn) provided it does not exceed the equivalent of 30 days operating expenses (based on 2014/15 audited accounts).
- Assuming approval of an Interim Support funding application by the Department of Health, revenue and capital terms loans will be issued as described below. Any outstanding borrowings on a revolving working capital facility will need to be repaid at the first available opportunity by drawing down on the term loans.
- Once a full year 2016/17 Interim Support funding application has been approved by DH, any capital Interim Support funding will be received in the form of a amortising term loan for capital expenditure (assume a 15 year term, and refer to the National Loan Funds website for the prevailing interest rate).
- Once a full year 2016/17 Interim Support funding application has been approved by the Department of Health, any revenue Interim Support funding will be received in the form of a non-amortising term loan for revenue expenditure (interest rate 1.5%).
- The cash balance at its lowest point in any period in which a foundation trust utilises an Interim Support loan, should not exceed the equivalent of two days operating expenses (based on the 2014/15 audited accounts), with a cap and collar of £3m and £1m respectively.

This does not necessarily reflect the actual mix of Interim Support loan funding that foundation trusts will receive, which will be determined on a case by case basis. All foundation trusts expecting to be in financial distress are being asked to plan on this basis to ensure consistency at this stage.

For the avoidance of any doubt, any distressed funding requirement should be classified as Interim Support, not Planned Term Support, unless a foundation trust has been explicitly advised otherwise by Monitor.

The template contains a table at the bottom of the 'SoCF' worksheet for trusts to enter in their forecast support funding requirements.

## **9.5 Self-Certification**

Within the 'Self-Cert' worksheet of the draft and final financial template, each foundation trust is required to self-certify whether it forecasts a requirement for Interim Support or Planned Term Support in the year ended 31 March 2017.

Please note, Monitor's information requirements may not be limited to the requirements summarised in the section above. We may ask for additional information, for example a summary of all discretionary revenue expenditure items; or, where appropriate, we may require foundation trusts to commission external assurance of financial forecasts/plans.

## Contact us

Monitor, Wellington House,  
133-155 Waterloo Road,  
London, SE1 8UG

Telephone: 020 3747 0000

Email: [enquiries@monitor.gov.uk](mailto:enquiries@monitor.gov.uk)

Website: [www.gov.uk/monitor](http://www.gov.uk/monitor)

This publication can be made available in a number of other formats on request. Application for reproduction of any material in this publication should be made in writing to [enquiries@monitor.gov.uk](mailto:enquiries@monitor.gov.uk) or to the address above.