

2016-17/Month 1 Financial Performance

Author: Lisa Gale

Sponsor: Paul Traynor

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Trust Board paper Q

Executive Summary

Context

The Trust is planning for a deficit of £8.3m in 2016/17 with a capital plan of £108.3m

Questions

1. What is our financial performance for the year end 30th April 2016?
2. What is our performance against the nurse agency ceiling guidance?

Conclusion

1. The Trust has achieved an April and year to date deficit of £6m compared to a planned deficit of £5.8m representing an adverse variance of £0.2m to plan
2. Agency expenditure in month was £2.1m compared to planned expenditure of £2m representing an adverse variance of £0.1m to plan

Input Sought

Note the financial performance at Month 1

For Reference

Edit as appropriate:

1.The following objectives were considered when preparing this report:

Safe, high quality, patient centred healthcare	[Yes / No / Not applicable]
Effective, integrated emergency care	[Yes / No / Not applicable]
Consistently meeting national access standards	[Yes / No / Not applicable]
Integrated care in partnership with others	[Yes / No / Not applicable]
Enhanced delivery in research, innovation & ed'	[Yes / No / Not applicable]
A caring, professional, engaged workforce	[Yes / No / Not applicable]
Clinically sustainable services with excellent facilities	[Yes / No / Not applicable]
Financially sustainable NHS organisation	[Yes / No / Not applicable]
Enabled by excellent IM&T	[Yes / No / Not applicable]

2.This matter relates to the following governance initiatives:

Organisational Risk Register	[Yes / No / Not applicable]
Board Assurance Framework	[Yes / No / Not applicable]

3.Related Patient and Public Involvement actions taken, or to be taken: **Considered but not applicable**

4.Results of any Equality Impact Assessment, relating to this matter: **Considered but not applicable**

5.Scheduled date for the next paper on this topic: **07/07/16**

6.Executive Summaries should not exceed 1 page. [**My paper does/does not comply**]

7.Papers should not exceed 7 pages. [**My paper does/does not comply**]

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Executive Summary

Financial performance

Statutory duties

- Delivering the planned deficit: on track
- Achieving the EFL: on track
- Achieving the Capital Resource Limit: on track

Financial Performance

- **Deficit of £6m, £0.2mA to Plan:** underlying performance is in line with the plan driven by Patient Care Income offset by 2016/17 investments awaiting Executive Review, undelivered CIP and Non-recurrent items. Lower depreciation charge from the 2015/16 revaluation is anticipated to continue through the year.

To deliver the annual plan of £31.7m, the Month 1 deficit of £6m cannot be sustained which needs close monitoring.

- **Patient Care Income, £0.4mF to Plan:** Non-Elective over-performance continuing from previous year's trend plus the impact of QIPP on the plan. Under-performance Elective activity partly due to down stream impact from Emergency activity which presents a potential risk to performance standards. ECMO is favourable to plan continuing trend from prior months.
- **Operating Costs, £0.7mA to Plan:** Pay and Agency driving £0.1mA variance and non-pay driving £0.6mA variance
- **CIP:** £1.7m, £0.3mA to Plan

Key

- F refers to a Favourable variance to plan
- A refers to an Adverse variance to plan

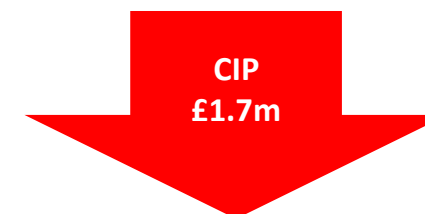
Cash

- **Cash balance of £3.3m, £0.3A to target:** net deficit of £3.7m funded by drawing down of Interim Revolving Working Capital Facility and improvement in working capital enabled interest payment and capital expenditure.
- **Liquidity:** Opening cash deficit due to 2015/16 actions to achieve £3m cash balance. Month 1 drawdown has been affected by lack of clarity surrounding:
 - Utilisation of working capital facility restricted to annual deficit of £8.3m
 - Timing of STF drawdowns
 - Capital drawdown for pre-approved Emergency Floor.

Capital

- **April:** Total capital expenditure of £2.8m
- **Annual Plan:**
 - **Capital Spend Plan A:** £108m consistent with the recently submitted Annual Operating Plan (AOP).
 - **Availability of Capital:** In line with AOP, external funding of £48.5m relating to Vascular, ICU and EPR is pending approval.
 - **Interim solution:** due to uncertainty of external funding the Trust has developed two further scenarios and is working to Plan C based on affordability and the minimum spend required to maintain progress on essential projects. Plan C still requires an element of external funding which is yet to be confirmed.

April 2016: Key Facts



- Key**
- Colour indicates status of variance on planned position (Green is Favourable, Amber is In Line and Red is Adverse)
 - Number relates to value in month

Financial Performance: Deficit of £6m, £0.2m A to Plan

Value Drivers	Apr-16				YTD			
	Plan	Actual	F / (A)		Plan	Actual	F / (A)	
				%				%
Day Case	7,503	7,471	(32)	(0.4%)	7,503	7,471	(32)	(0.4%)
Elective Inpatient	1,847	1,746	(101)	(5.5%)	1,847	1,746	(101)	(5.5%)
Emergency / Non-elective Inpatient	8,692	8,976	285	3.3%	8,692	8,976	285	3.3%
Emergency Department	21,050	22,380	1,330	6.3%	21,050	22,380	1,330	6.3%
Outpatient Procedures	64,643	63,382	(1,261)	(2.0%)	64,643	63,382	(1,261)	(2.0%)
Critical Care Services	4,620	4,501	(119)	(2.6%)	4,620	4,501	(119)	(2.6%)
Renal Dialysis & Transplant	14,264	14,514	250	1.8%	14,264	14,514	250	1.8%
Other	698,324	698,904	580	0.1%	698,324	698,904	580	0.1%
WTE Substantive	11,636	11,205	(431)	(3.7%)	38,979	11,205	(27,775)	(71.3%)
WTE Agency	327	342	16	4.8%	2,100	342	(1,757)	(83.7%)

I&E £'000	Apr-16				YTD			
	Plan	Actual	F / (A)		Plan	Actual	F / (A)	
	£'000	£'000	£'000	%	£'000	£'000	£'000	%
Patient Care Income	60,422	60,848	426	0.7%	60,422	60,848	426	0.7%
Non Patient Care Income	10,516	10,178	(338)	(3.2%)	10,516	10,178	(338)	(3.2%)
Total Income	70,938	71,026	88	0.1%	70,938	71,026	88	0.1%
Pay Costs	(41,395)	(41,445)	(50)	(0.1%)	(41,395)	(41,445)	(50)	(0.1%)
Pay Costs: Agency	(2,016)	(2,100)	(84)	(4.2%)	(2,016)	(2,100)	(84)	(4.2%)
Non-Pay	(29,567)	(30,178)	(611)	(2.1%)	(29,567)	(30,178)	(611)	(2.1%)
Total Operating Costs	(72,978)	(73,723)	(745)	1.0%	(72,978)	(73,723)	(745)	1.0%
EBITDA	(2,039)	(2,696)	(657)	(32.2%)	(2,039)	(2,696)	(657)	(32.2%)
Non-Operating Costs	(3,814)	(3,349)	465	12.2%	(3,814)	(3,349)	465	12.2%
Retained deficit	(5,854)	(6,046)	(192)	(3.3%)	(5,854)	(6,046)	(192)	(3.3%)
Adjustments for donated assets	30	42	12	(38.8%)	30	42	12	(38.8%)
Net Deficit excluding STF	(5,823)	(6,003)	(180)	(3.1%)	(5,823)	(6,003)	(180)	(3.1%)
Sustainability & Transformation Funding	0	0	0	0.0%	0	0	0	0.0%
Net Deficit including STF	(5,823)	(6,003)	(180)	(3.1%)	(5,823)	(6,003)	(180)	(3.1%)

Ratios	Apr-16	YTD	
Agency: Total Pay	4.6%	4.8%	(0.2%)
EBITDA: Income	(2.9%)	(3.8%)	0.9%
Net Deficit: Income	(8.2%)	(8.5%)	0.2%

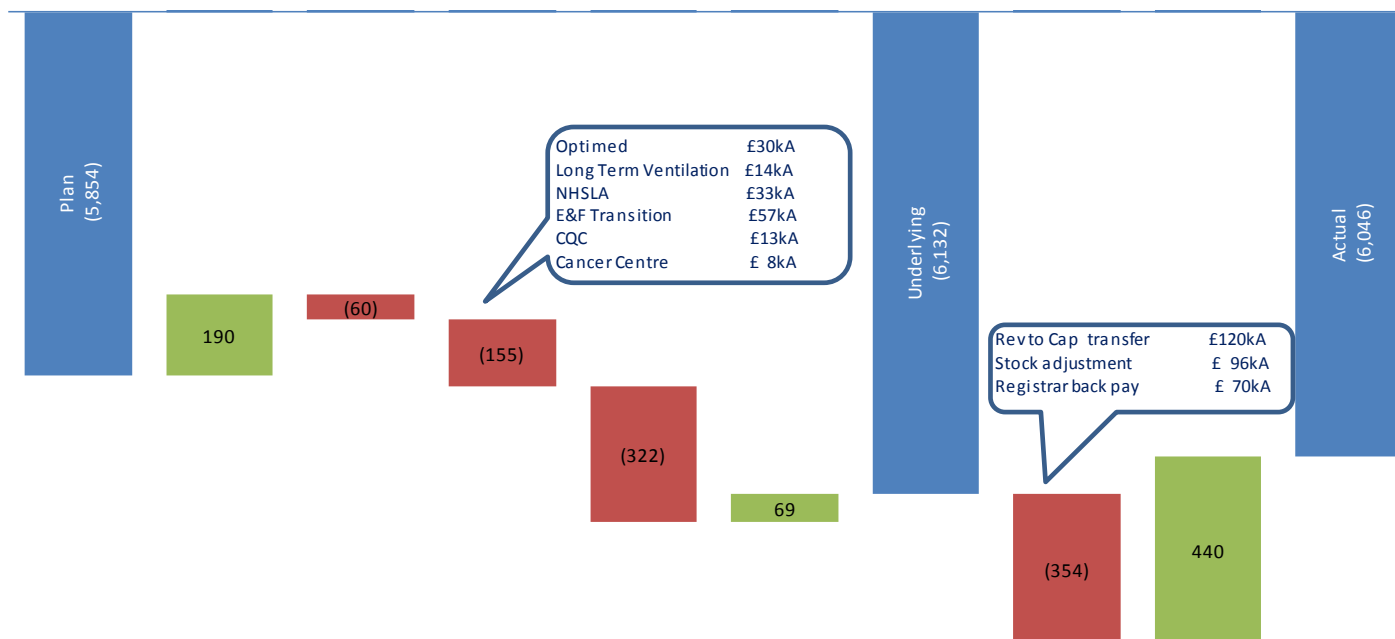
Key

- F refers to a Favourable variance to plan
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- NHS Patient Care Income: £426kF** with over-performance in Non-Elective and ECMO activity. Offsetting this is under-performance across all areas of Elective activity with the exception of Renal.
- Non NHS Patient Income: £338kA** predominantly driven by Private Patient Income and underperformance across other revenue streams which in isolation are not material.
- Pay Costs: £50kA in line with plan** with £514kA in Medical and Nursing & Midwifery offset by £464kF in Other Clinical and Non-Clinical.
- Agency: £84kA** with £173kA in Nursing and Midwifery driven by ESM offset by underspends within other staff groups.
- Non-Pay: £611kA** predominantly driven by over spend on Drugs and Other Clinical Supplies & Services.
- EBITDA: £657kA** predominantly driven by costs
- Non-Operating Costs £465kF** driven by lower depreciation arising from the 2015/16 revaluation
- Sustainability and Transformation Funding: £nil** with funding to be received quarterly

I&E Bridge: April 2016

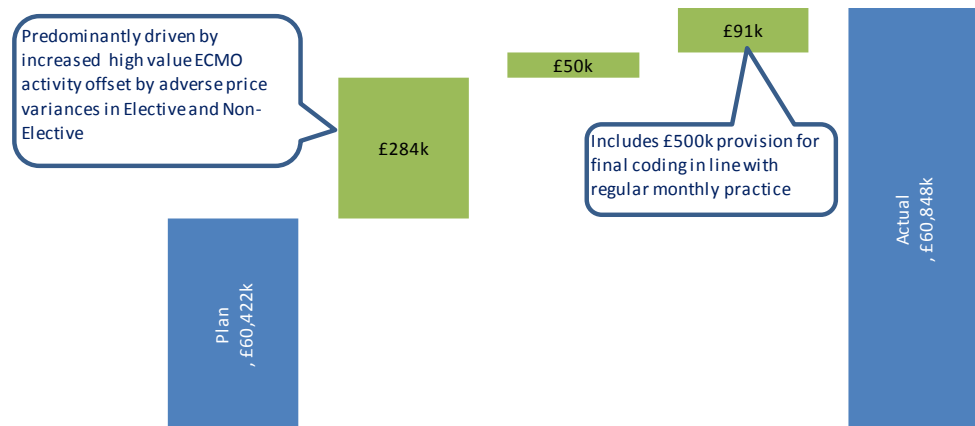
Underlying performance is in line plan driven by Patient Care Income offset by 2016/17 investments awaiting Executive Review , undelivered CIP and Non-recurrent items. Lower depreciation charge from the 2015/16 revaluation is anticipated to continue through the year.



£(000)	Plan	Underlying	Independent Sector	Investments Pending Approval	CIP Shortfall	Other	Underlying	Non-recurrent Items	Non-Operating Costs	Actual	Var F/(A)
NHS PCI	60,422	751	(124)	0	(62)	(140)	60,847	0	0	60,847	0.7%
Other Income	10,516	(278)	0	0	0	(46)	10,191	12	(25)	10,178	(3.2%)
Pay	(41,395)	269	0	(68)	(168)	(74)	(41,436)	(9)	0	(41,445)	(0.1%)
Pay: Agency	(2,016)	(17)	0	0	0	2	(2,030)	(69)	0	(2,099)	(4.1%)
Non Pay	(29,567)	(535)	64	(87)	(91)	326	(29,889)	(288)	0	(30,178)	(2.1%)
Non-Operating Costs	(3,814)	0	0	0	0	0	(3,814)	-	465	(3,349)	12.2%
Deficit	(5,854)	190	(60)	(155)	(322)	69	(6,132)	(354)	440	(6,046)	3.3%

NHS Patient Income: £60.8m, £0.4mF to Plan

Non-Elective over-performance continuing from previous year's trend plus the impact of QIPP on the plan. Under-performance in Inpatients and Outpatients partly due to down stream impact from Emergency activity which presents a potential risk to performance standards. ECMO is favourable to plan continuing trend from prior months.



£(000)	Plan	Rate	Volume	Other	Actual	Var B/(W)
Day Case	4,312	(14)	(18)	-	4,280	(32)
Elective Inpatient	6,155	(198)	(326)	-	5,631	(523)
Emergency / Non-elective Inpatient	15,428	(20)	505	-	15,912	484
Marginal Rate Emergency Threshold	(367)	-	-	(152)	(519)	(152)
Emergency Department	2,014	(19)	126	-	2,121	107
Outpatient	8,318	(7)	(162)	-	8,148	(170)
Drugs and Devices excluded from tariff	7,799	-	-	(139)	7,660	(139)
Critical Care Services	4,517	45	(118)	-	4,444	(73)
Renal Dialysis and Transplant	2,256	(99)	38	-	2,194	(62)
CQUIN	1,268	-	-	(75)	1,193	(75)
Other: Activity related	8,217	596	6	-	8,819	602
Other: Financial driven	506	-	-	457	963	457
Total	60,422	284	50	91	60,848	426

Activity & Income: Performance versus Contract

Activity	Case mix	City	East	West	Specialised Services	Other	Total
	Day Case	(15)	(9)	(15)	46	(38)	(32)
Elective Inpatient	(21)	(16)	(17)	(51)	4	(101)	
Emergency / Non-elective Inpatient	123	62	69	(6)	37	285	
Marginal Rate Emergency Threshold (MRET)	-	-	-	-	-	0	
Emergency Department	736	321	251	-	22	1,330	
Outpatient	(321)	(339)	(253)	(647)	298	(1,262)	
Drugs and Devices excluded from tariff	-	-	-	-	(0)	(0)	
Critical Care Services	(11)	(9)	(8)	(97)	5	(119)	
Renal Dialysis and Transplant	-	-	-	248	2	250	
CQUIN	-	-	-	-	-	0	
Other Activity	(69)	(117)	(152)	135	649	447	
Other Financial Values	11	(44)	(39)	(2)	207	133	
Grand Total	432	(152)	(163)	(372)	1,185	931	

Financial	Case mix	City (£000)	East (£000)	West (£000)	Specialised Services (£000)	Other (£000)	Total (£000)
	Day Case	(36)	(23)	(26)	73	(20)	(32)
Elective Inpatient	(81)	(87)	(72)	(302)	18	(523)	
Emergency / Non-elective Inpatient	152	72	106	33	121	484	
Marginal Rate Emergency Threshold (MRET)	(45)	(40)	(60)	-	(7)	(152)	
Emergency Department	55	27	23	-	3	107	
Outpatient	(49)	(40)	(32)	(98)	50	(170)	
Drugs and Devices excluded from tariff	(57)	(65)	(45)	(307)	335	(139)	
Critical Care Services	(0)	(2)	(2)	(77)	9	(73)	
Renal Dialysis and Transplant	-	-	-	(62)	0	(62)	
CQUIN	(20)	(15)	(14)	(22)	(4)	(75)	
Other Activity	(14)	(2)	(2)	559	61	602	
Other Financial Values	2	3	3	(33)	482	457	
Grand Total	(94)	(173)	(121)	(235)	1,049	426	

- **CCG Contracts:**
 - **Non-elective:** over-performance is where the majority of QIPP schemes are included in the plans.
 - **Elective:** underperformance predominantly relates to orthopaedic surgery. The impact of the independent sector now being directly commissioned by the CCG needs to be assessed and presents a potential risk to income.
- **Specialised Services:**
 - **Elective:** underperformance predominantly relates to cardio thoracic work.
 - **Other Activity:** over performance relates to ECMO, which is commissioned within Specialised Services.
 - **Drugs and devices excluded from tariff:** lower than planned income including implantable defibrillators.
- **Other:**
 - **Drugs and devices excluded from tariff** performance is due to increased income on new Hepatitis C therapies, which are funded outside of the main CCG contract.
 - **Other Financial Values:** includes provision for final coding in line with normal practice.

Pay Costs: £43.5m, £0.1mA to Plan

	Apr-16						YTD				
	£'000			WTE			£'000			Plan	
	Plan	Actual	F / (A)	Plan	Actual	F / (A)	Plan	Actual	Var F /	Plan	
Agency	Medical	759	741	17	89	87	2	759	741	17	89
	Nursing & Midwifery	836	1,009	(173)	153	185	(32)	836	1,009	(173)	153
	Other Clinical	332	293	38	68	60	8	332	293	38	68
	Non Clinical	90	56	34	16	10	6	90	56	34	16
	Total: Agency	2,016	2,100	(84)	327	342	(16)	2,016	2,100	(84)	327
Other Non-contracted	Medical	0	927	(927)	0	0	0	0	927	(927)	0
	Nursing & Midwifery	0	1,227	(1,227)	0	471	(471)	0	1,227	(1,227)	0
	Other Clinical	0	144	(144)	0	33	(33)	0	144	(144)	0
	Non Clinical	0	168	(168)	0	88	(88)	0	168	(168)	0
	Total: Other Non-Contractual	0	2,466	(2,466)	0	592	(592)	0	2,466	(2,466)	0
Total Premium	Medical	759	1,668	(910)	89	87	2	759	1,668	(910)	89
	Nursing & Midwifery	836	2,237	(1,401)	153	656	(503)	836	2,237	(1,401)	153
	Other Clinical	332	437	(106)	68	93	(25)	332	437	(106)	68
	Non Clinical	90	223	(134)	16	98	(82)	90	223	(134)	16
	Total: Premium	2,016	4,565	(2,549)	327	934	(608)	2,016	4,565	(2,549)	327
Substantive	Medical	13,640	13,039	601	1,756	1,638	118	13,640	13,039	601	1,756
	Nursing & Midwifery	15,983	14,945	1,039	5,602	4,927	675	15,983	14,945	1,039	5,602
	Other Clinical	5,535	5,283	252	1,870	1,770	101	5,535	5,283	252	1,870
	Non Clinical	6,237	5,713	524	2,407	2,278	129	6,237	5,713	524	2,407
	Total: Substantive	41,395	38,979	2,416	11,636	10,613	1,023	41,395	38,979	2,416	11,636
Total	Medical	14,399	14,707	(308)	1,845	1,725	120	14,399	14,707	(308)	1,845
	Nursing & Midwifery	16,819	17,181	(362)	5,755	5,583	173	16,819	17,181	(362)	5,755
	Other Clinical	5,866	5,720	146	1,939	1,863	76	5,866	5,720	146	1,939
	Non Clinical	6,327	5,936	390	2,423	2,376	47	6,327	5,936	390	2,423
	Total: Pay	43,411	43,545	(133)	11,963	11,547	415	43,411	43,545	(133)	11,963

Agency Pay

- April expenditure of £2.1m being £84kA to Plan
- Overspend in Nursing and Midwifery driven by ESM continuing run rates from prior months. This represents an on-going risk in achieving the Agency ceiling.

Other Non-contracted Pay

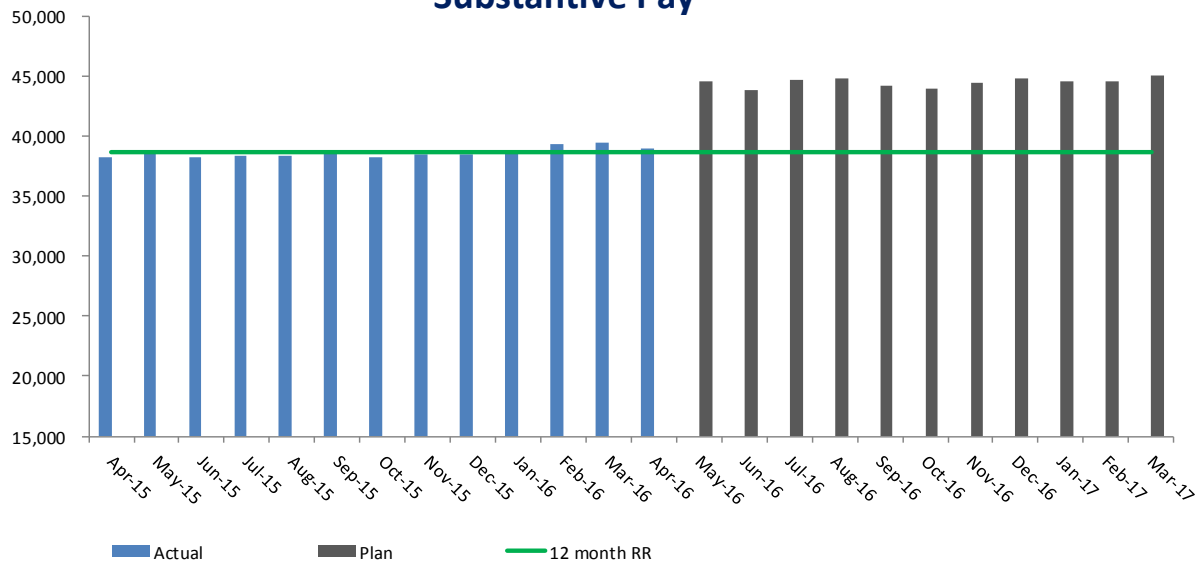
- April expenditure of £2.5m. Whilst this is adverse to plan, this is offset in Substantive as the budget assumes fully established position.
- Combined with Substantive, expenditure is £41.4m in line with plan.

Substantive Pay

- Combined with Other non-contracted Pay, total expenditure of £41.4m which is £0.1mA to Plan
- Included in this is £0.5F release in contingency reserves with material adverse variances across ITAPS, RRCV and W&C representing an on-going risk.

Pay Costs: Run Rates

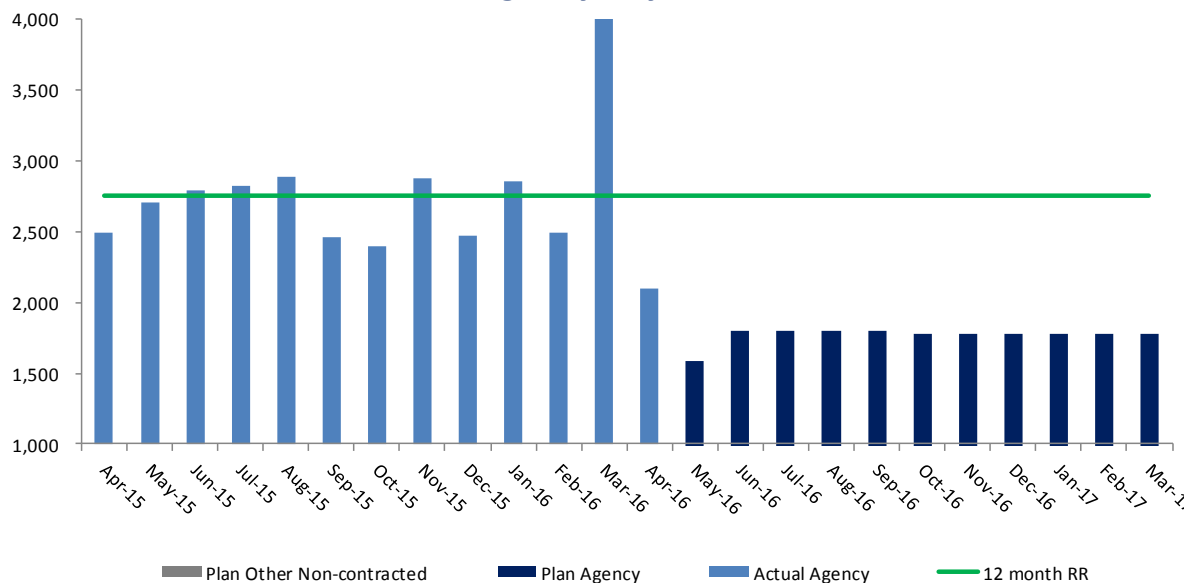
Substantive Pay



Substantive Pay

- April expenditure of £38.9m representing a slight risk compare to 12 month run rate of £38.6m.
- Plan shows an increase in pay from May 2016 due to:
 - The impact of integration of E&F services; and
 - Budget assumes a fully established WTE compared to actuals reflecting vacancies with Premium Pay helping to bridge the gap.

Agency Pay



Agency Pay

- April expenditure of £2.1m is £0.1mA to Plan.
- In month expenditure is lower than both the previous 12 month run rate of £2.7m and April 2015 of £2.5m.
- Agency spend remains an area of focus with the annual ceiling of £21.7m representing a 35% reduction from 2015/16 spend.
- Agency reduction in May relates to one specific CMG budget phasing which is being investigated.

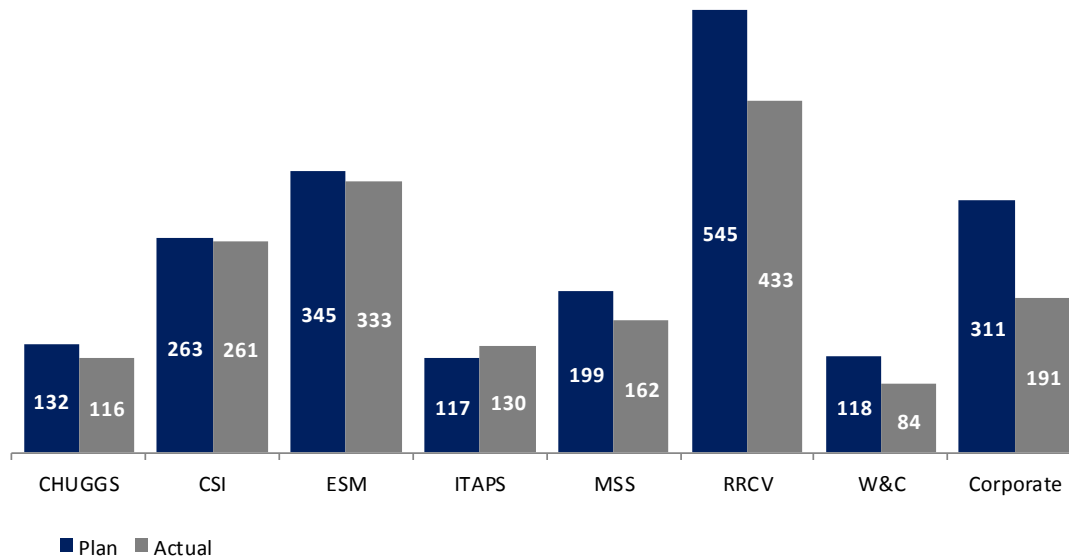
Non-Pay: £30.2m, £0.6mA to plan

	Apr-16			YTD			
	Plan	Actual	F / (A)	Plan	Actual	F / (A)	
	£'000	£'000	£'000	£'000	£'000	£'000	
Direct	Blood Products	96	58	39	96	58	39
	Drugs	7,766	7,965	(199)	7,766	7,965	(199)
	Clinical Supplies & Services	7,861	8,058	(197)	7,861	8,058	(197)
	Transport	227	192	35	227	192	35
	Recharges	(10)	69	(79)	(10)	69	(79)
	Misc & General Supplies	3,608	3,697	(89)	3,608	3,697	(89)
External Providers	Healthcare	1,001	810	192	1,001	810	192
	Non Healthcare	1,740	1,804	(63)	1,740	1,804	(63)
Overheads	Establishment, Premises & Plant	5,071	5,342	(271)	5,071	5,342	(271)
	Consultancy	230	208	22	230	208	22
	Clinical Negligence	1,977	1,977	0	1,977	1,977	0
TOTAL: NON-PAY		29,567	30,178	(611)	29,567	30,178	(611)

- **Direct Costs:** expenditure of £20m, £0.5mA to plan driven by Drugs and Clinical Supplies & Services driven across all CMGs
- **External Providers:** cost of £2.6m, £0.1mA to plan due to MSS under-delivery of activity.
- **Overheads:** expenditure of £7.5m, £0.2A to plan due to Establishment, Premises and Plant
- **E&F services integration:** April 2016 represents the last month of IFM arrangement. This expenditure is shown within non-pay which going forward will be reflected in pay.

CIP: £1.7m, £0.3mA to Plan

	Month				YTD			
	Plan £'000	Actual £'000	F / (A) £'000	%	Plan £'000	Actual £'000	F / (A) £'000	%
CHUGGS	132	116	(16)	(12.3%)	132	116	(16)	(12.3%)
CSI	263	261	(3)	(1.1%)	263	261	(3)	(1.1%)
ESM	345	333	(12)	(3.6%)	345	333	(12)	(3.6%)
ITAPS	117	130	13	11.4%	117	130	13	11.4%
MSS	199	162	(37)	(18.6%)	199	162	(37)	(18.6%)
RRCV	545	433	(112)	(20.6%)	545	433	(112)	(20.6%)
Womens & Childrens	118	84	(34)	(28.9%)	118	84	(34)	(28.9%)
Total: CMG	1,720	1,519	(201)	(11.7%)	1,720	1,519	(201)	(11.7%)
Corporate Directorates	311	191	(120)	(38.7%)	311	191	(120)	(38.7%)
Total: CIP	2,031	1,709	(322)	(15.8%)	2,031	1,709	(322)	(15.8%)

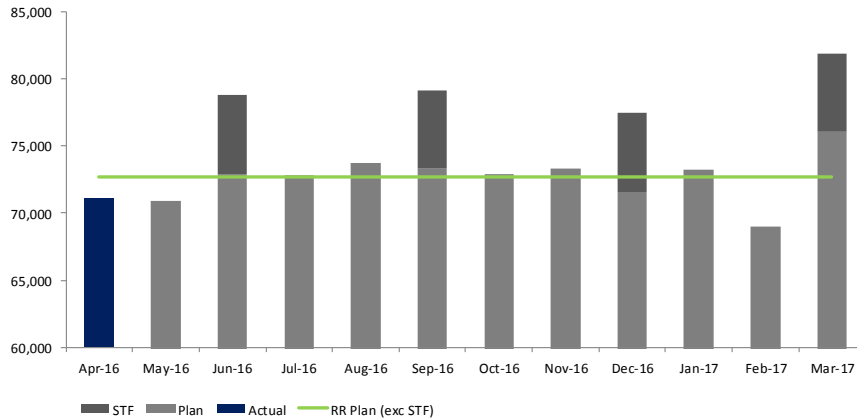


- Within Income and Costs there is a delivery of £1.7m CIP in month, £0.3mA to Plan with RRCV representing the largest variance in both financial and relative terms.
- The specific CIP Paper provides further insight into the performance of CIP.

Run Rates

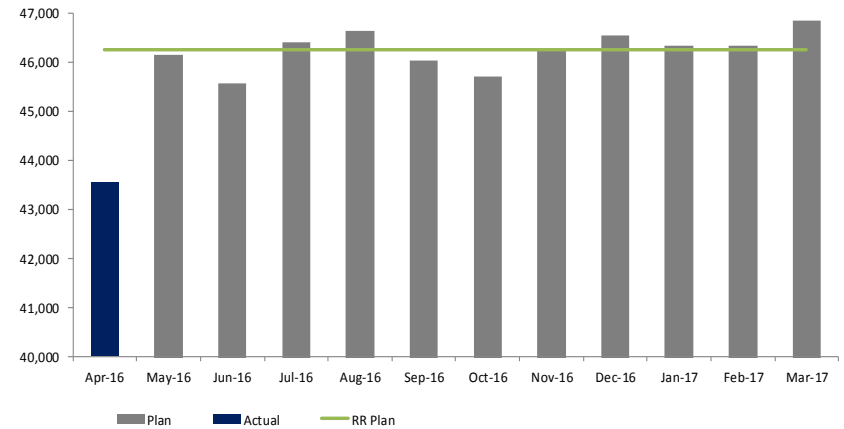
Income

Fluctuates in line with working days in month with STF received quarterly



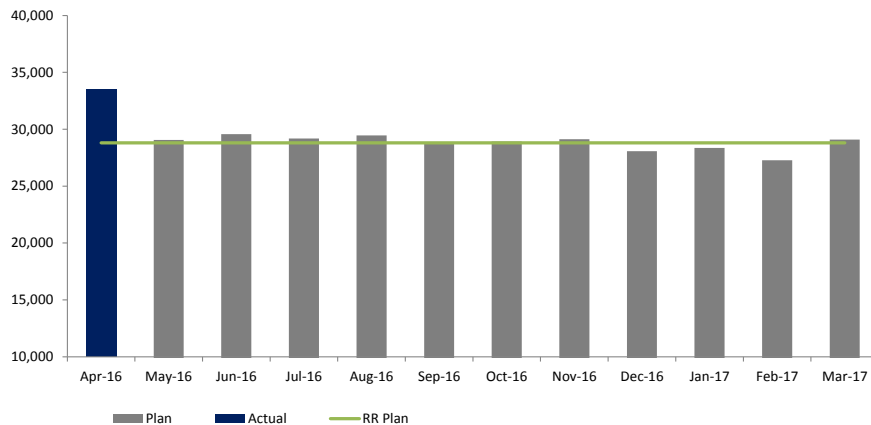
Pay

The step change in May-16 reflects the impact of the integration of E&F service



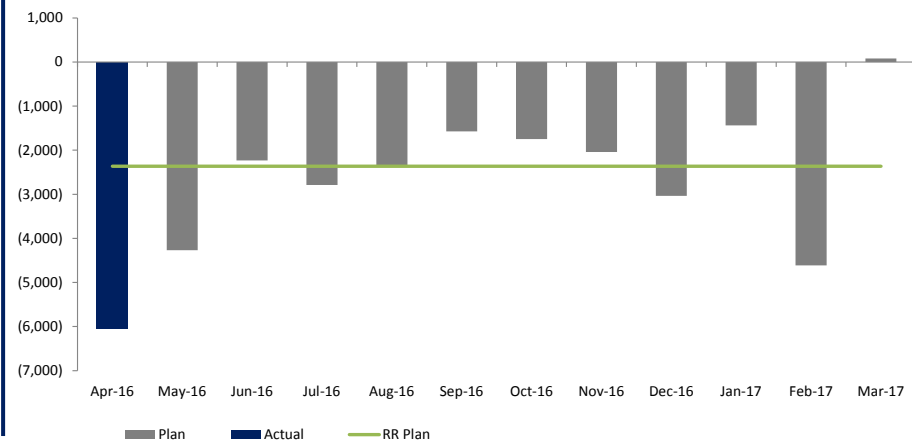
Non-Pay

High non-pay in April due to seasonality with some annual costs incurred including IBM invoice and Alliance Transformation Funding. Plan reflects the integration of E&F services from May-16.



Net Deficit excluding STF

Month 1 deficit of £6m cannot be sustained which needs close monitoring and tight financial discipline over costs and non-essential spend.



STF: Operational Trajectories

Cancer: 62 Day Pathway

Standard: 85% of patients are treated within 62 days months from urgent referral

Timing: Required to achieve from June 2016

March Performance (one month in arrears)

- Achieved 77.6%
- Concern around ability to achieve the standard in June – best endeavours approach
- Tumour sites have been set individual 62 day backlog targets, which they are expected to achieve by end of June

April STF: **Unknown**

Diagnostics: 6 week wait

Standard: at the end of the month, less than 1% of all patients to be waiting more than 6 weeks for diagnostics across 15 key tests

Timing: Required to deliver throughout the year

April Performance

- Achieved the diagnostic standard for April with 0.65% of our patients waiting more than 6 weeks
- Achieved for the first time since May 2015

April STF: **Delivered**

RTT: 18 Week Pathway

Standard: 92% of patients are treated within 18 weeks from referral into a consultant led service

Timing: Required to deliver throughout the year

April Performance

- Achieved 18 Week RTT target with 92.7% performance

April STF: **Delivered**

ED: 4 hour turnaround

Standard: At least 95% of patients attending the Emergency Department must be seen, treated, admitted or discharged in under four hours

Timing: Required to achieve 89% in Q4

April Performance

- UHL and UCC combined performance of 81.2%. versus predicted STF trajectory of 78%

April STF: **Delivered**

April 2016: Statement of Financial Position

Statement of Financial Position

	Mar-16 £000's Actual	Apr-16 £000's Actual	Movement £000's Actual
Non Current Assets			
Property, plant and equipment	353,638	353,726	88
Intangible assets	10,452	10,151	(301)
Trade and other receivables	2,727	2,976	249
Total Non Current Assets	366,817	366,853	36
Current Assets			
Inventories	18,605	18,481	(124)
Trade and other receivables	45,106	36,997	(8,109)
Other Financial assets	0	0	0
Cash and cash equivalents	3,178	3,336	158
Total Current Assets	66,889	58,814	(8,075)
Current Liabilities			
Trade and other payables	(120,985)	(114,338)	6,647
Dividend payable	0	(828)	(828)
Borrowings / Finance Leases	(4,315)	(3,280)	1,035
Other Liabilities / Loan	(545)	(545)	0
Provisions for liabilities and charges	(633)	(782)	(149)
Total Current Liabilities	(126,478)	(119,773)	6,705
Net Current Liabilities	(59,589)	(60,959)	(1,370)
Total Assets less Current Liabilities	307,228	305,894	(1,334)
Non Current Liabilities			
Trade and other payables			
Borrowings / Finance Leases	(3,930)	(4,726)	(796)
Other Liabilities / Loan	(55,010)	(59,024)	(4,014)
Provisions for liabilities and charges	(1,678)	(1,580)	98
Total Non Current Liabilities	(60,618)	(65,330)	(4,712)
Total Assets Employed	246,610	240,564	(6,046)
Public dividend capital	329,856	329,856	0
Revaluation reserve	52,453	52,453	0
Retained earnings	(135,699)	(141,745)	(6,046)
Total Tax Payers' Equity	246,610	240,564	(6,046)

Ratios

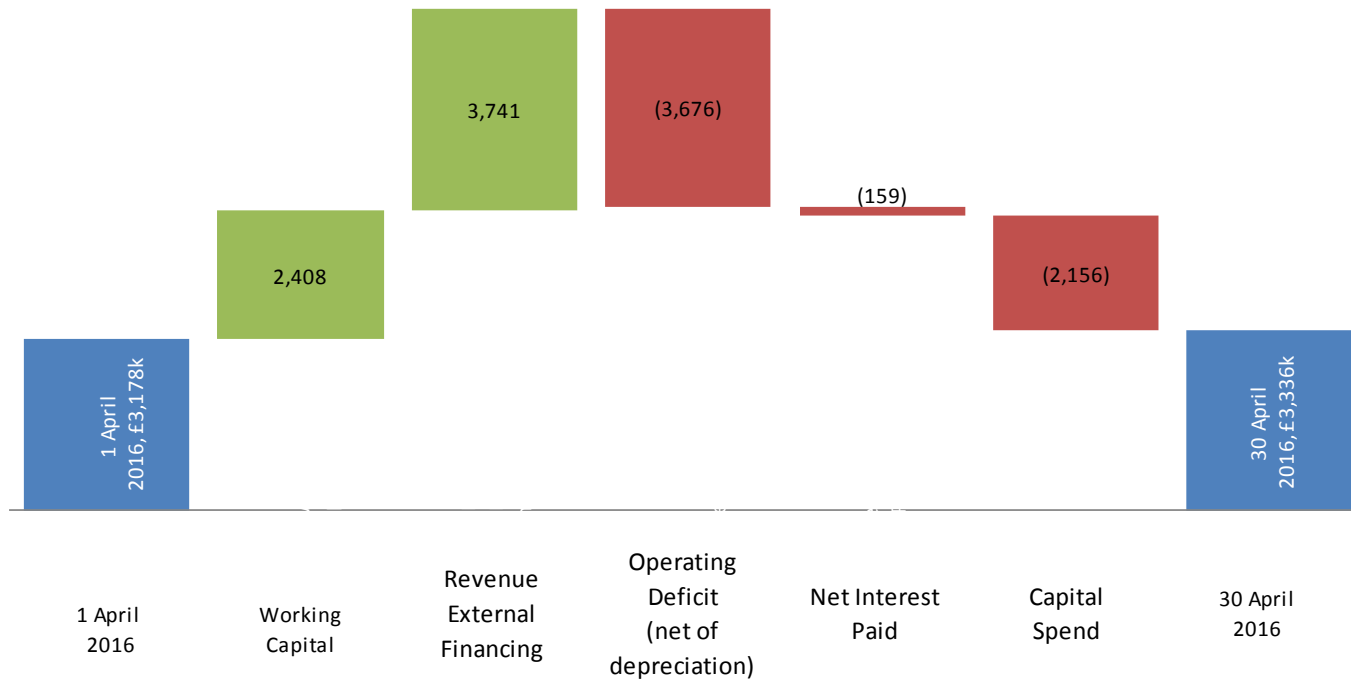
Liquidity Ratio Days (Working Capital Balance / Annual Operating Expenses)	(33)	(32)	(1)
Liquidity Ratio Metric	1	1	3

- **Total Assets Employed:** Movement of £6m in month represents Trust deficit.
- **Non-Current Assets :** Remained static at £354m with capital spend being in line with monthly depreciation charge.
- **Working capital**
 - Stock has remained static
 - Debtors reduced by £8.1m
 - Creditors reduced by £6.6m
- **Cash:** April balance of £3.3m which is in excess of the £3m target by £0.3m
- **Dividend payable:** £0.8m represents one month with payments due in accrued one month due to be paid in September and March
- **Non-current liabilities:** Drawdown of £3.7m of Revolving Working capital facility which currently has a repayment date of April 2020.
- **Liquidity Ratio:** We are high risk in terms of our continuity of service risk rating relating to liquidity days and have achieved a score of 1, which is in line with our plan.

Scores range from 1 (High Risk) to 4 (Low Risk).

Cash walk

Opening cash balance of £3.2m which was in line with our plan. Funded net deficit of £3.7m by drawing down £3.7m of our Interim Revolving Working Capital Facility. The improvement in working capital of £2.4m enabled interest payment of £0.2m and capital expenditure of £2.2m.



Liquidity

Better Payment Practice Code - Measure of Compliance	Current YTD Number	Current YTD £000s
All		
Total Invoices Paid in the Year	11,734	59,143
Total Invoices Paid Within Target	1,973	42,354
Percentage Invoices Paid Within Target	17%	72%
Non-NHS Payables		
Total Non-NHS Invoices Paid in the Year	10,800	49,210
Total Non-NHS Invoices Paid Within Target	1,535	34,935
Percentage of Non-NHS Invoices Paid Within Target	14%	71%
Local SME payables		
Total SME Invoices Paid in the Year	697	949
Total SME Invoices Paid Within Target	203	395
Percentage of Local SME Invoices Paid Within Target	29%	42%
NHS Payables		
Total NHS Invoices Paid in the Year	237	8,983
Total NHS Invoices Paid Within Target	235	7,025
Percentage of NHS Invoices Paid Within Target	99%	78%

- **Cash:** To achieve the 2015/16 cash balance of £3m specific actions were taken including holding back payment to creditors resulting in an opening cash deficit.

Month 1 drawdown has been affected by lack of clarity surrounding:

- Utilisation of working capital facility restricted to annual deficit of £8.3m
 - Timing of STF drawdowns
 - Capital drawdown for pre-approved Emergency Floor.
- **BPPC performance:** As a result of cash constraints, the Trust does not have the financing available to pay creditors as they fall due. This puts at risk being able to achieve BPPC target of 95% with ensuing interest penalties for late payments.

The low volume compliance in April has been driven by the requirement to settle high value invoices, impacting our ability to pay the larger volume of small invoices within 30 days. For context, the top 10 value invoices total £13.6m.

- **SME BPPC performance:** A ledger solution is in progress to report on BPPC performance in a more granular manner and improve the robustness of the calculation. The results of this will be reported from next month.

Capital

	Scheme Name	YTD Spend	Committed	Annual Budget
		£'000	£'000	£'000
Internally Funded	Estates & Facilities			
	Estates & Facilities	36	319	7,559
	MES Installation Costs	0	25	1,347
	IFM Facilities Asset Purchase	0	0	1,376
	Paediatric Daycase / Dentistry	2	372	1,229
	Robert Kilpatrick	0	1,800	2,200
	Total: Estates & Facilities	38	2,516	13,711
	IM&T Schemes			
	IM&T Infrastructure	437	326	4,250
	Heartsuite System	0	0	272
	Electronic Blood Tracking System	4	105	696
	Renal Transplant Lab System	0	0	100
	Learning Mgt System	0	0	70
	Total: IM&T Schemes	441	431	5,388
Medical Equipment Schemes				
Medical Equipment Executive	0	250	4,250	
Linear Accelerator	13	10	3,300	
Total: Medical Equipment	13	261	7,550	
Reconfiguration				
Vascular	121	7,831	9,768	
EMCH Interim Solution	7	387	683	
Total: Reconfiguration	128	8,218	10,451	
Corporate / Other Schemes				
Paediatric & Genetic CRF	0	0	328	
Total: Corporate / Other Schemes	0	0	328	
Total Internally Funded	620	11,426	37,428	
Externally Funded	Emergency Floor	1,551	16,290	21,700
	Diabetes Conversion of Ward 2	55	517	1,122
	Donations	0	0	300
	MES Finance Lease Additions	231	0	2,774
	Hybrid Theatre Addition	0	0	1,200
	Total Externally Funded	1,837	16,807	27,096
Unfunded Expenditure	Business Case Development	93	69	5,000
	ICU	190	206	15,780
	EPR Programme	(9)	160	22,966
	Other Expenditure	31	347	0
	Total Unfunded Expenditure	305	782	43,746
TOTAL CAPITAL EXPENDITURE	2,762	29,015	108,270	

- **April:** Total capital expenditure of £2.8m
- **Key Projects:**
 - **Emergency Floor:** April spend of £1.5m with a further commitment of £16.3m
 - **ICU:** Spend of £0.2m and committed spend of a further £0.2m
 - **IM&T:** Spend of £0.4m with £0.3m further committed
- **Annual Plan:**
 - **Capital Spend Plan A:** £108m consistent with the recently submitted Annual Operating Plan (AOP).
 - **Availability of Capital:** In line with AOP, external funding of £48.5m relating to Vascular, ICU and EPR is pending approval.
 - **Interim solutions:**
 - ✓ **Plan B:** due to the uncertainty of external funding, the Trust devised Plan B based on capital affordability from internal generated funds and pre-approved funding relating to the Emergency Floor.
 - ✓ **Plan C:** due to high risk and high priority, Plan C was developed which supersedes Plan B and represents the minimum spend required to maintain progress on essential projects. Plan C still requires an element of external funding which is yet to be confirmed.

Risks & Opportunities

Risks

RISK / OPPORTUNITY

- **CIP:** CIP delivery remains key to meeting income and expenditure commitments with risk from continuation of April under-delivery.
- **Non-elective activity:** current over-performance continues putting at risk Elective activity and performance standards.
- **Independent Sector:** higher levels of activity being commissioned directly by CCGs together with increased use as a result of Non-elective activity pressures.
- **Private Patient Income:** April results show an adverse position in Private Patient Income presenting a potential full year risk.
- **Agency Pay:** April over spend presents potential risk to achieve £21.7m ceiling.
- **Cash:** planned deficit position means there is insufficient cash to support expenditure.
- **Capital:** Capital Plan requires further borrowing that is yet to be approved.
- **Non-operating Costs:** on-going benefit of lower depreciation charge from 2015/16 Revaluation.

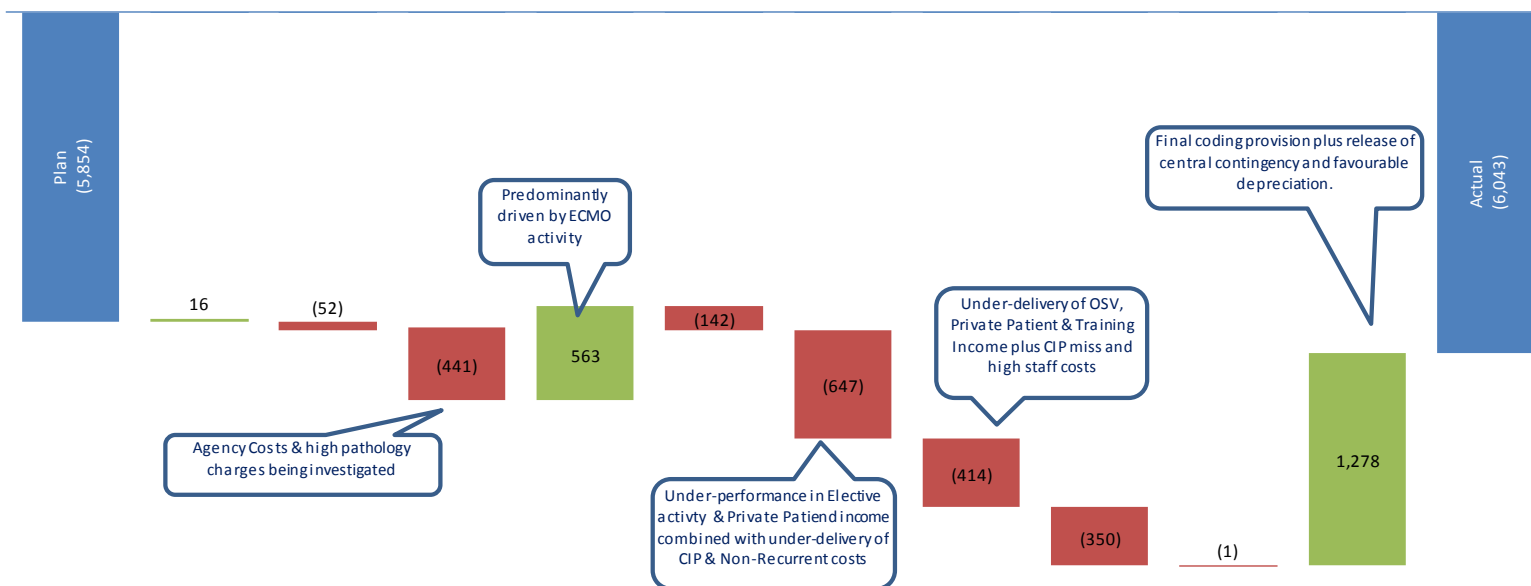
MITIGATION

- An established PMO function and associated governance arrangements are in place. Full details of the 2016/17 programme are supplied within the separate CIP paper.
- CCG contract includes QIPP schemes to limit the level of activity and internally work continues to maintain separation of our elective and emergency pathways.
- The Revenue Investment Committee has asked to review plans to use the Independent Sector during 2016/17.
- CMG teams are monitoring this closely to explore opportunities to mitigate which is being monitored via the monthly performance meetings.
- The workforce work stream and premium pay sub-work stream are concentrating on delivery of savings through the monitoring and compliance of recruitment initiatives, workforce planning and the application of internal controls.
- The Trust has access to an Interim Revolving Working Capital Support (temporary borrowing) to meet immediate cash requirements.
- Alternative scenarios within the capital programme (Plan B and C) until additional borrowing is approved. This plan has been agreed at the Capital Management and Investment Committee.

Opportunities

Appendix

I&E Bridge: CMG and Directorates



£(000)	Plan	CHUGGS	CSI	ESM	ITAPS	MSS	RRCV	W&C	CORPORATE	R&I	CENTRE	Actual	Var F/(A)
NHS PCI	60,422	112	52	4	716	(459)	(243)	6	0	0	237	60,848	0.7%
Other Income	10,516	(41)	(40)	5	42	(14)	(81)	(84)	(85)	(46)	5	10,178	(3.2%)
Pay	(41,395)	3	(40)	8	(253)	270	(119)	(216)	(107)	(73)	477	(41,445)	(0.1%)
Pay: Agency	(2,016)	48	41	(265)	52	30	(69)	48	35	2	(7)	(2,100)	(4.2%)
Non Pay	(29,567)	(107)	(65)	(193)	6	32	(135)	(168)	(193)	115	101	(30,176)	(2.1%)
Non-Operating Costs	(3,814)										465	(3,349)	12.2%
Deficit	(5,854)	16	(52)	(441)	563	(142)	(647)	(414)	(350)	(1)	1,278	(6,043)	3.2%