

# 2016/17 Financial Performance

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Trust Board Meeting – 7<sup>th</sup> July 2016

## Executive Summary

Trust Board paper M

### Context

The Trust is planning for a deficit of £8.3m in 2016/17 with a capital plan of £73.2m.

### Questions

1. What is our financial performance for the period end 31<sup>st</sup> May 2016?
2. What is our performance against the planned agency ceiling guidance?

### Conclusion

1. The Trust has achieved a year to date deficit of £11.4m compared to a planned deficit of £11.6m representing £0.2m to plan
2. Agency expenditure in month was £4.2m compared to planned of £3.6m representing £0.6m to plan

### Input Sought

**Note** the financial performance at Month 2

# For Reference

Edit as appropriate:

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

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

2.This matter relates to the following governance initiatives:

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

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: **04/08/16**

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 External Funding Limit: on track
- Achieving the Capital Resource Limit: on track

### Financial Performance

- **Deficit of £11.4m, £0.2mF to Plan:** Underlying performance slightly adverse to plan driven by over delivery of Patient Care Income offset by the cost to deliver higher levels of activity including additional theatre sessions and use of the Independent Sector. The impact of non-recurrent costs offset by lower depreciation charge from the 2015/16 revaluation drives performance in line with Plan.

To deliver the annual plan of £31.7m, the year to date deficit of £11.4m cannot be sustained and requires actions in line with the plan to be delivered. With little ability to absorb under-performance, any emerging delivery risk will require timely intervention to resolve.

- **Patient Care Income, £2mF to Plan:** Continued over-performance in Non-Elective offset by under-performance in Elective and Day Case presenting an on-going risk to performance standards. Adverse rate driven by speciality mix with high cost specialities in Orthopaedics, Cardiac and Cardiology operating below planned levels
- **Operating Costs, £2.2mA to Plan:** with overspend of Agency driving £0.6mA and non-pay of £1.6mA which represents an on-going risk.
- **CIP, £4.4m in line with Plan:** included in Plan was CIP delivery through non-pay reductions however efficiency has been delivered through income.

#### Key

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

## Cash

- **Cash balance of £3.2m, £0.2m higher than target** stipulated by Interim Capital Support Loan: net deficit funded by drawing down Interim Revolving Working Capital Facility and improvement in working capital enabling interest payments and capital expenditure.
- **Liquidity:** Opening cash deficit due to 2015/16 actions to achieve £3m cash balance. Combined with lack of certainty on utilisation of working capital facility, STF and Capital drawdowns means the Trust is unable to pay creditors within Better Payments Practice Code (BPPC) standards.

## Capital

- **May:** Total capital expenditure of £5.6m
- **Annual Plan:**
  - **Capital Spend Plan D:** total capital expenditure of £82m.
  - **Change from Plan A:** Plan D represents a reduction of £9.5m from plan A for reconfiguration capital expenditure and reduction of £14.3m for EPR due to delays in approval.
  - **External funding:** The external borrowing required to execute this plan is £46.4m of which £21.7m is secured for the Emergency Floor development and £16.0m is required for reconfiguration schemes including Vascular and ICU business cases plus £8.7m CRL for EPR.

# May 2016: Key Facts



- Key**
- EBITDA refers to Earnings Before Interest, Taxes, Depreciation and Amortisation
  - 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: YTD Deficit £11.4m, £0.2mF to Plan

Value Drivers	May-16				YTD			
	Plan	Actual	F / (A)		Plan	Actual	F / (A)	
				%				%
Day Case	8,129	8,278	149	1.8%	16,628	16,355	(273)	(1.6%)
Elective Inpatient	1,731	1,682	(49)	(2.9%)	3,527	3,428	(99)	(2.8%)
Emergency / Non-elective Inpatient	8,999	9,431	432	4.8%	17,633	18,407	774	4.4%
Emergency Department	21,752	24,008	2,256	10.4%	42,803	46,388	3,585	8.4%
Outpatient Procedures	71,195	76,041	4,846	6.8%	145,473	148,149	2,677	1.8%
Critical Care Services	4,568	4,610	42	0.9%	9,109	9,111	1	0.0%
Renal Dialysis & Transplant	14,872	14,042	(830)	(5.6%)	29,136	28,556	(580)	(2.0%)
Other	658,991	775,301	116,310	17.6%	1,350,171	1,474,536	124,365	9.2%
WTE Substantive	13,304	12,656	(648)	(4.9%)	13,304	12,656	(648)	(4.9%)
WTE Agency	251	313	62	24.6%	251	313	62	24.6%

I&E £'000	May-16				YTD			
	Plan	Actual	F / (A)		Plan	Actual	F / (A)	
	£'000	£'000	£'000	%	£'000	£'000	£'000	%
Patient Care Income	63,913	65,523	1,610	2.5%	124,336	126,372	2,036	1.6%
Non Patient Care Income	11,445	11,481	35	0.3%	21,961	21,659	(302)	(1.4%)
<b>Total Income</b>	<b>75,359</b>	<b>77,004</b>	<b>1,645</b>	<b>2.2%</b>	<b>146,297</b>	<b>148,031</b>	<b>1,733</b>	<b>1.2%</b>
Pay Costs	(46,672)	(46,553)	119	0.3%	(88,067)	(87,998)	69	0.1%
Pay Costs: Agency	(1,580)	(2,129)	(549)	(34.7%)	(3,596)	(4,228)	(633)	(17.6%)
Non-Pay	(29,084)	(30,098)	(1,014)	(3.5%)	(58,651)	(60,276)	(1,625)	(2.8%)
<b>Total Operating Costs</b>	<b>(77,336)</b>	<b>(78,780)</b>	<b>(1,444)</b>	<b>1.9%</b>	<b>(150,314)</b>	<b>(152,503)</b>	<b>(2,189)</b>	<b>1.5%</b>
<b>EBITDA</b>	<b>(1,977)</b>	<b>(1,776)</b>	<b>201</b>	<b>10.2%</b>	<b>(4,017)</b>	<b>(4,472)</b>	<b>(456)</b>	<b>(11.3%)</b>
Non-Operating Costs	(3,816)	(3,658)	159	4.2%	(7,631)	(7,007)	623	8.2%
<b>Retained deficit</b>	<b>(5,794)</b>	<b>(5,433)</b>	<b>360</b>	<b>6.2%</b>	<b>(11,647)</b>	<b>(11,479)</b>	<b>168</b>	<b>1.4%</b>
Adjustments for donated assets	56	48	(7)	13.1%	86	91	5	(5.3%)
<b>Net Deficit excluding STF</b>	<b>(5,738)</b>	<b>(5,385)</b>	<b>353</b>	<b>6.1%</b>	<b>(11,561)</b>	<b>(11,388)</b>	<b>172</b>	<b>1.5%</b>
Sustainability & Transformation Funding	0	0	0	0.0%	0	0	0	0.0%
<b>Net Deficit including STF</b>	<b>(5,738)</b>	<b>(5,385)</b>	<b>353</b>	<b>6.1%</b>	<b>(11,561)</b>	<b>(11,388)</b>	<b>172</b>	<b>1.5%</b>

Ratios	Plan	Actual	F / (A)		Plan	Actual	F / (A)	
				%				%
Agency: Total Pay	3.3%	4.4%		(1.1%)	3.9%	4.6%		(0.7%)
EBITDA: Income	(2.6%)	(2.3%)		(0.3%)	(2.7%)	(3.0%)		0.3%
Net Deficit: Income	(7.6%)	(7.0%)		(0.6%)	(7.9%)	(7.7%)		(0.2%)

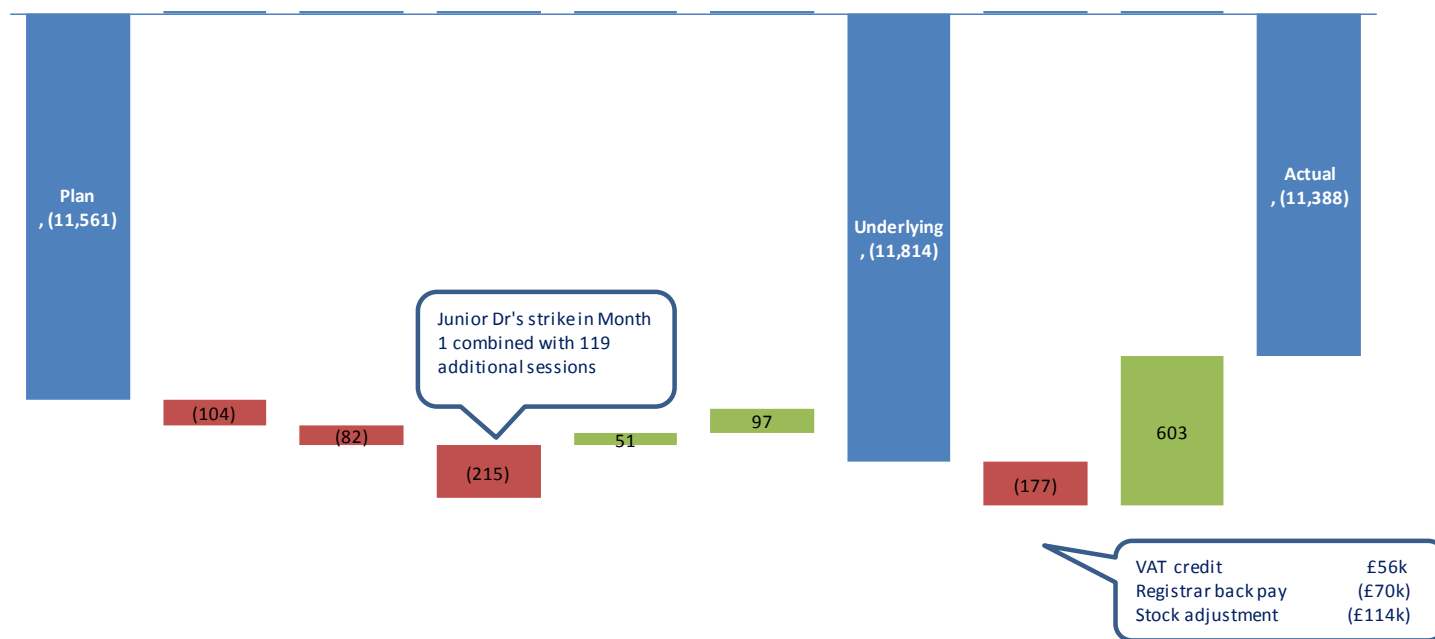
## Key

- EBITDA refers to Earnings Before Interest, Taxes, Depreciation and Amortisation
- F refers to a Favourable variance to plan
- A refers to an Adverse variance to plan

- **NHS Patient Care Income: £126.4m, £2.0mF** with continued over-performance in Non-elective and Direct Access combined with strong ECMO from prior month. Offsetting this is under-performance in Elective activity particularly in Orthopaedics in MSS combined with Cardiology and Transplants in RRCV.
- **Non Patient Income: £21.7m, £0.3mA** driven by Private Patient income and continuing the trend from prior month representing an on-going risk.
- **Pay Costs: £88m, £0.1mF** in line with plan but represents £0.9m overspend in Medical and Nursing & Midwifery offset by £1m underspend in Other Clinical and Non Clinical.
- **Agency: £4.2, £0.6mA** continuing the run rate from prior month. At £0.5mA, ESM contributes the majority of the overspend across Medical and Nursing. The existing run-rate present a risk to achieving the planned ceiling of £21.7m.
- **Non-Pay: £60.3m, £1.6mA** predominantly driven by Drugs and Other Clinical Supplies and Services to deliver the activity.
- **EBITDA: Deficit of £4.5m, £0.5mA**
- **Non-Operating Costs: £7m, £0.6mF** continuing the trend from prior month and driven by lower depreciation arising from 2015/16 revaluation. This is expected to continue and has been amended in the NHSI re-submission.
- **Sustainability and Transformation Funding: £nil** NHSI has advised that funding should be spread evenly over the year which will be amended in Month 3 including a year to date catch-up.

# I&E Bridge: May 2016, £0.2mF to Plan

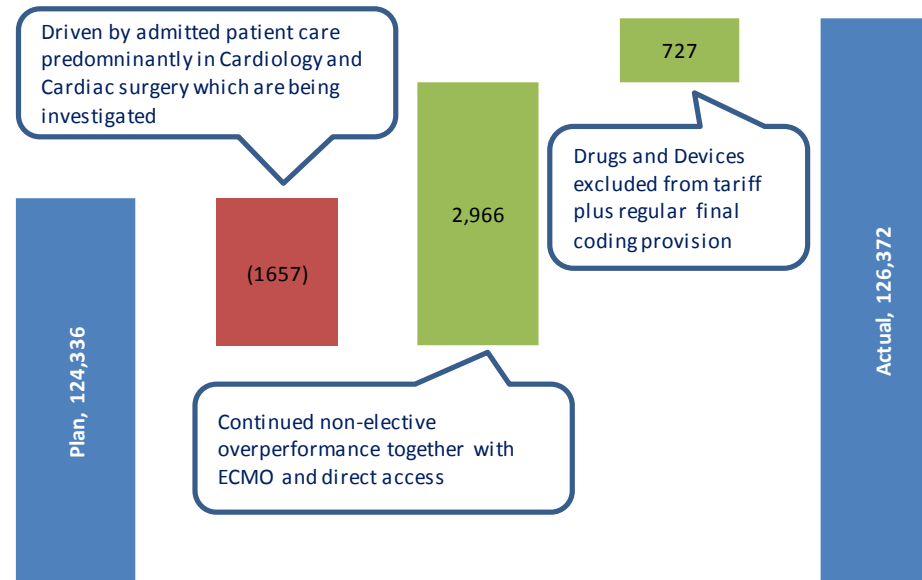
Underlying performance slightly adverse to plan driven by over delivery of Patient Care Income offset by the cost to deliver higher levels of activity including additional theatre sessions and use of the Independent Sector. The impact of non-recurrent costs offset by lower depreciation charge from the 2015/16 revaluation drives performance in line with Plan.



£(000)	Plan	Underlying	Independent Sector	Theatre Sessions	CIP Delivery	Other	Underlying	Non-recurrent Items	Non-Operating Costs	Actual	Var F/(A)
NHS PCI	124,336	1,573	(82)		550	(5)	126,372			126,372	1.6%
Other Income	21,936	(219)			(116)	43	21,644	15	0	21,659	(1.3%)
Pay	(88,067)	307		(163)	68	(117)	(87,973)	(25)		(87,998)	0.1%
Pay: Agency	(3,596)	(602)			0	9	(4,189)	(39)		(4,228)	(17.6%)
Non Pay	(58,651)	(1,161)	0	(52)	(451)	168	(60,147)	(129)		(60,276)	(2.8%)
Non-Operating Costs	(7,519)				0		(7,519)		603	(6,916)	8.0%
<b>Net Deficit</b>	<b>(11,561)</b>	<b>(104)</b>	<b>(82)</b>	<b>(215)</b>	<b>51</b>	<b>97</b>	<b>(11,814)</b>	<b>(177)</b>	<b>603</b>	<b>(11,388)</b>	<b>(1.5%)</b>

# NHS Patient Income: YTD £126.4m, £2mF to Plan

Continued over-performance in Non-Elective offset by under-performance in Elective and Day Case presenting an on-going risk to performance standards. Adverse rate driven by speciality mix with high cost specialities in Orthopaedics, Cardiac and Cardiology operating below planned levels.



£(m)	Plan	Rate	Volume	Other	Actual	Var F / (A)
Day Case	9,651	38	(159)	0	9,530	(121)
Elective Inpatient	11,807	(521)	(317)	0	10,969	(838)
Emergency / Non-elective Inpatient	31,245	(567)	1,347	0	32,025	780
Marginal Rate Emergency Threshold	(746)	0	0	(464)	(1,209)	(464)
Emergency Department	4,102	(39)	340	0	4,403	301
Outpatient	18,399	(116)	336	0	18,620	221
Drugs and Devices excluded from Tariff	15,226	0	0	369	15,595	369
Critical Care Services	8,862	39	1	0	8,903	40
Renal Dialysis and Transplant	4,601	(124)	(89)	0	4,388	(213)
CQUIN	2,633	0	0	(153)	2,480	(153)
Other Activity	16,719	(367)	1,506	0	17,858	1,140
Other Financial Values	1,836	0	0	974	2,810	974
<b>Total</b>	<b>124,336</b>	<b>(1,657)</b>	<b>2,966</b>	<b>727</b>	<b>126,372</b>	<b>2,036</b>



# Activity & Income: Performance versus Contract

Activity	Case mix	City	East	West	Specialised Services	Other	Alliance	Total
	Day Case	100	127	100	135	(6)	(730)	(273)
	Elective Inpatient	(14)	(5)	(1)	(77)	(1)		(99)
	Emergency / Non-elective Inpatient	282	170	175	48	99		774
	Marginal Rate Emergency Threshold (MRET)	-	-	-	-	-		0
	Emergency Department	1,937	860	706		83		3,585
	Outpatient	2,606	(763)	336	15	1,195	(712)	2,677
	Excluded Drugs and Devices	-	-	-	-	-	-	0
	Critical Care Services	59	45	28	(138)	8		1
	Renal Dialysis and Transplant	-	-	-	(580)	0		(580)
CQUIN	-	-	-	-	-	-	0	
Other Activity	46,369	40,177	36,185	311	144	1,180	124,365	
Other Financial Values	(36)	4	(26)	(8)	1,889	(82)	1,742	

Financial	Case mix	City (£000)	East (£000)	West (£000)	Specialised Services (£000)	Other (£000)	Alliance (£000)	Total (£000)
	Day Case	12	31	27	156	(45)	(303)	(121)
	Elective Inpatient	(114)	(134)	(95)	(456)	(39)	-	(838)
	Emergency / Non-elective Inpatient	234	170	197	12	167	-	780
	Marginal Rate Emergency Threshold (MRET)	(138)	(121)	(184)	-	(20)	-	(464)
	Emergency Department	152	74	66	-	10	-	301
	Outpatient	148	1	34	19	129	(110)	221
	Excluded Drugs and Devices	(20)	(73)	139	(100)	423	-	369
	Critical Care Services	36	30	9	(53)	17	-	40
	Renal Dialysis and Transplant	-	-	-	(214)	1	(0)	(213)
CQUIN	(38)	(27)	(26)	(41)	(8)	(13)	(153)	
Other Activity	170	137	122	773	(78)	15	1,140	
Other Financial Values	(10)	(5)	(8)	(97)	744	350	974	
<b>Grand Total</b>	<b>433</b>	<b>82</b>	<b>281</b>	<b>(0)</b>	<b>1,300</b>	<b>(60)</b>	<b>2,036</b>	

## • CCG Contracts:

- **Non-elective:** over-performance is where the majority of QIPP schemes are included in the plans.
- **Elective:** under-performance predominantly relates to orthopaedic surgery and cardiology being behind plan.
- **Other Activity:** over-performance driven by Direct Access Pathology and Diagnostic Imaging.

## • Specialised Services:

- **Elective:** under-performance in Cardiothoracic surgery activity.
- **Other Activity:** over-performance relates to ECMO which is favourable to plan predominantly from Month 1 .

## • 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: YTD £92.2m, £0.6mA to Plan

	May-16						YTD						
	£'000			WTE			£'000			WTE			
	Plan	Actual	F / (A)	Plan	Actual	F / (A)	Plan	Actual	F / (A)	Plan	Actual	F / (A)	
<b>Agency</b>	Medical	590	921	(331)	26	68	(42)	1,348	1,662	(314)	26	68	(42)
	Nursing & Midwifery	799	864	(66)	158	181	(23)	1,635	1,874	(239)	158	181	(23)
	Other Clinical	103	279	(176)	67	54	13	434	572	(138)	67	54	13
	Non Clinical	89	65	24	0	10	(10)	178	121	58	0	10	(10)
	<b>Total: Agency</b>	<b>1,580</b>	<b>2,129</b>	<b>(549)</b>	<b>251</b>	<b>313</b>	<b>(62)</b>	<b>3,596</b>	<b>4,228</b>	<b>(633)</b>	<b>251</b>	<b>313</b>	<b>(62)</b>
<b>Other Non-contracted</b>	Medical	0	930	(930)	0	0	0	0	1,972	(1,972)	0	0	0
	Nursing & Midwifery	0	1,147	(1,147)	0	453	(453)	0	2,449	(2,449)	0	453	(453)
	Other Clinical	0	155	(155)	0	31	(31)	0	313	(313)	0	31	(31)
	Non Clinical	0	229	(229)	0	97	(97)	0	407	(407)	0	97	(97)
	<b>Total: Other Non-Contractual</b>	<b>0</b>	<b>2,461</b>	<b>(2,461)</b>	<b>0</b>	<b>581</b>	<b>(581)</b>	<b>0</b>	<b>5,141</b>	<b>(5,141)</b>	<b>0</b>	<b>581</b>	<b>(581)</b>
<b>Total Premium</b>	Medical	590	1,850	(1,261)	26	68	(42)	1,348	3,634	(2,286)	26	68	(42)
	Nursing & Midwifery	799	2,011	(1,213)	158	634	(476)	1,635	4,323	(2,688)	158	634	(476)
	Other Clinical	103	434	(331)	67	84	(18)	434	885	(451)	67	84	(18)
	Non Clinical	89	294	(205)	0	107	(107)	178	527	(349)	0	107	(107)
	<b>Total: Premium</b>	<b>1,580</b>	<b>4,590</b>	<b>(3,010)</b>	<b>251</b>	<b>894</b>	<b>(643)</b>	<b>3,596</b>	<b>9,369</b>	<b>(5,774)</b>	<b>251</b>	<b>894</b>	<b>(643)</b>
<b>Substantive</b>	Medical	14,517	13,889	628	1,803	1,669	134	28,157	26,812	1,345	1,803	1,669	134
	Nursing & Midwifery	16,733	15,700	1,033	5,747	4,989	759	32,724	30,577	2,147	5,747	4,989	759
	Other Clinical	6,119	5,562	557	1,920	1,794	126	11,654	10,831	822	1,920	1,794	126
	Non Clinical	9,304	8,941	363	3,834	3,624	211	15,533	14,637	896	3,834	3,624	211
	<b>Total: Substantive</b>	<b>46,672</b>	<b>44,092</b>	<b>2,580</b>	<b>13,304</b>	<b>12,075</b>	<b>1,229</b>	<b>88,068</b>	<b>82,857</b>	<b>5,211</b>	<b>13,304</b>	<b>12,075</b>	<b>1,229</b>
<b>Total</b>	Medical	15,106	15,739	(633)	1,829	1,737	92	29,506	30,446	(941)	1,829	1,737	92
	Nursing & Midwifery	17,531	17,711	(180)	5,905	5,623	282	34,358	34,899	(541)	5,905	5,623	282
	Other Clinical	6,222	5,996	225	1,987	1,878	109	12,088	11,717	372	1,987	1,878	109
	Non Clinical	9,393	9,235	158	3,834	3,731	103	15,711	15,164	547	3,834	3,731	103
	<b>Total: Pay</b>	<b>48,252</b>	<b>48,682</b>	<b>(430)</b>	<b>13,555</b>	<b>12,969</b>	<b>586</b>	<b>91,663</b>	<b>92,226</b>	<b>(563)</b>	<b>13,555</b>	<b>12,969</b>	<b>586</b>

## Agency Pay

- Year to date cost of £4.2m, £0.6mA to Plan.
- Overspend on all categories except Non-Clinical.
  - Nursing and Midwifery: £0.5mA driven by continued overspend in ESM
  - Other Clinical: £0.1mA with overspend in CSI on sonographers.

## Other Non-contracted Pay

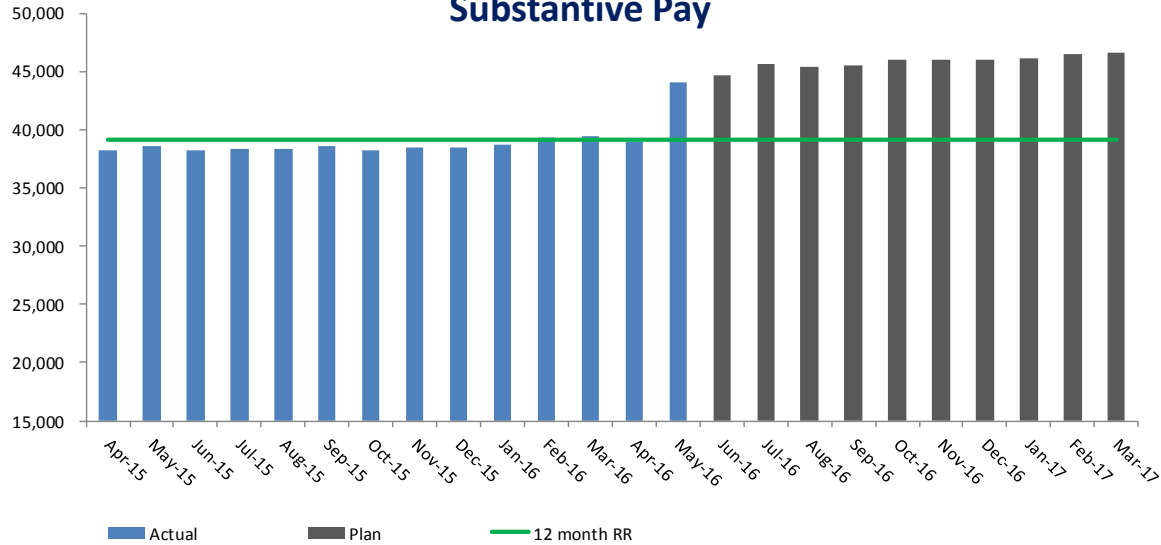
- Year to date expenditure of £5.1m. Whilst this is adverse to plan, this is offset in Substantive as the Plan assumes a fully established position.
- Combined with Substantive, expenditure of £88m in line with Plan.

## Substantive Pay

- Combined with Other Non-Contracted Pay, total expenditure of £88m, £0.1mA to Plan.
- Included in this is £0.5mF release in contingency reserves with material adverse variances across ESM, ITAPS and W&C representing an on-going risk which needs monitoring.

# Pay Costs: Run Rates

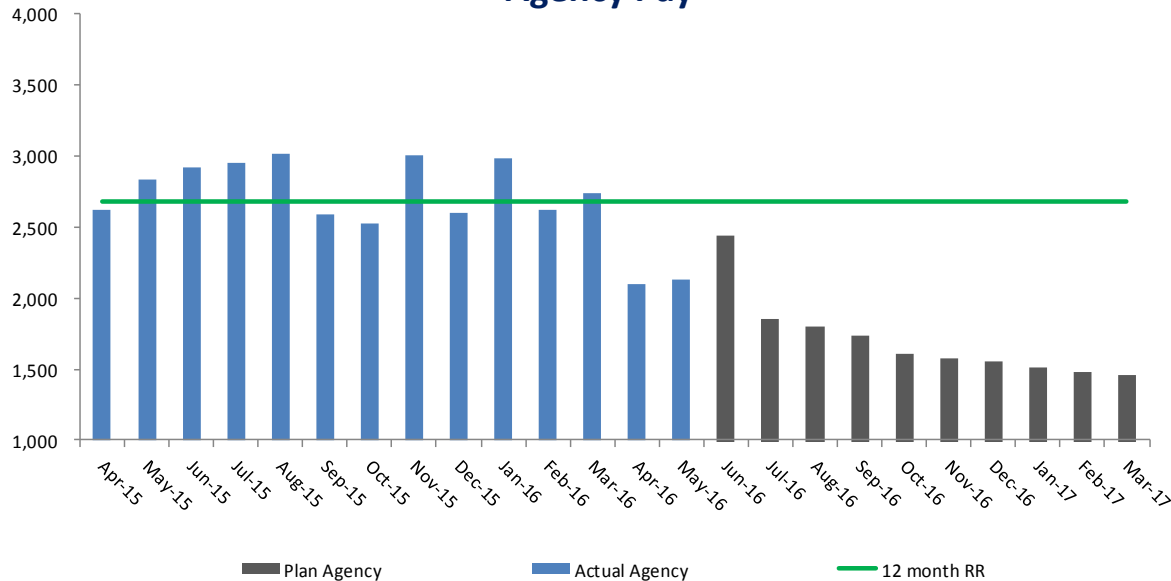
## Substantive Pay



## Substantive Pay

- Plan and Actuals reflect an increase in pay from May due to the impact of:
  - E&F services integration which is in process of being fully understood; and
  - Budget assumes a fully established WTE compared to actuals reflecting vacancies with Premium Pay helping to bridge the gap.

## Agency Pay

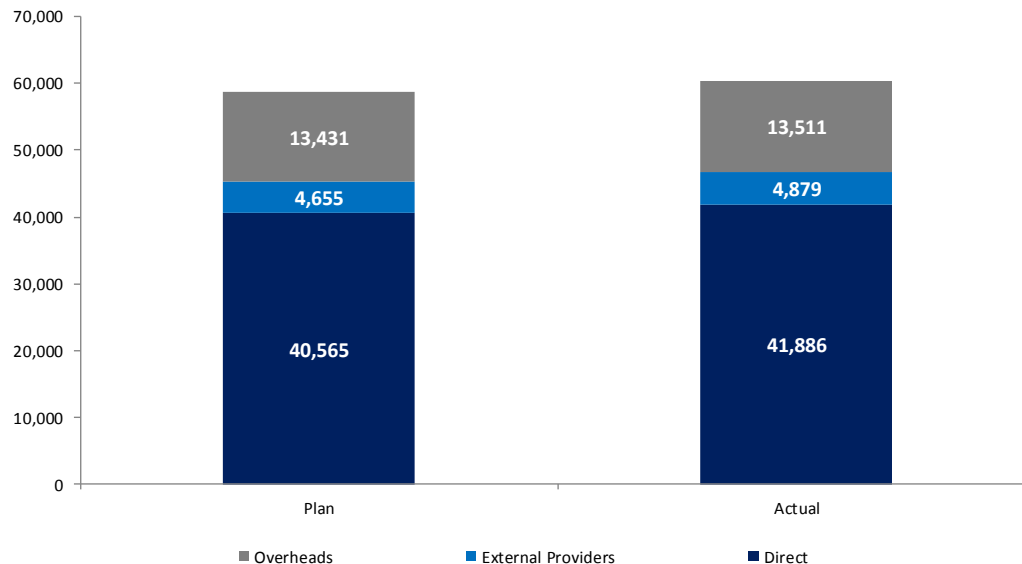


## Agency Pay

- Year to date cost of £4.2m , £0.6mA to Plan.
- Phasing of agency spend is in line with that prescribed by NHSI with a cumulative catch-up in Month 3 driving the spike in Plan.
- Whilst 2016/17 expenditure is lower than both the 12 month run-rate and prior year cost of £5.5m the current run-rate is still in excess of that required to achieve planned annual ceiling of £20.6m.
- Agency remains an area of focus to ensure that the annual ceiling is not breached.

# Non-Pay: YTD £60.3m, £1.6mA to plan

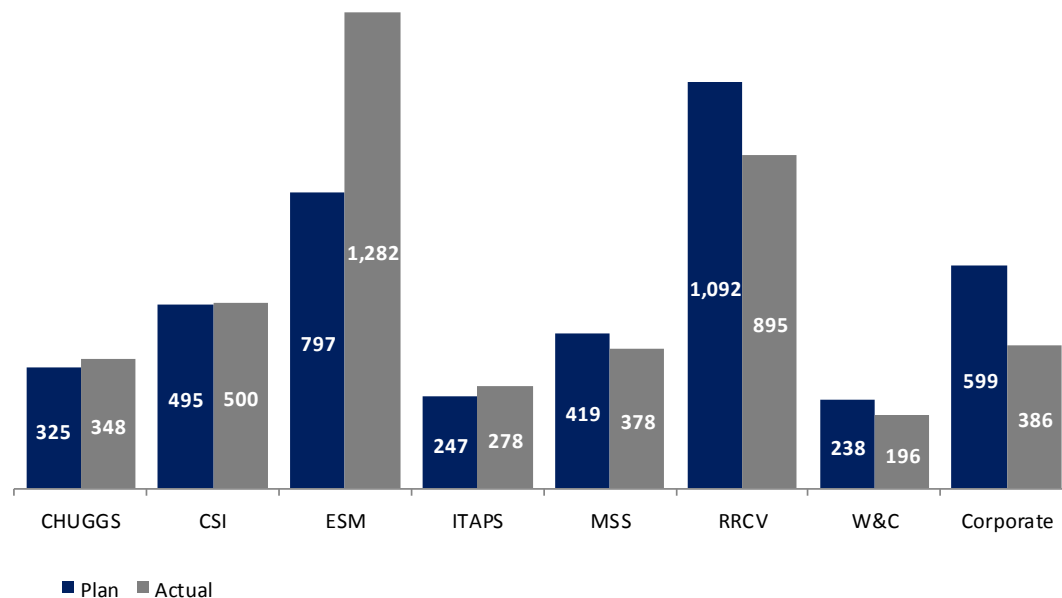
	May-16			YTD			
	Plan	Actual	F / (A)	Plan	Actual	F / (A)	
	£'000	£'000	£'000	£'000	£'000	£'000	
Direct	Blood Products	96	127	(31)	193	185	8
	Drugs	7,993	8,601	(608)	15,679	16,566	(887)
	Clinical Supplies & Services	8,980	9,167	(188)	16,942	17,227	(285)
	Transport	143	237	(94)	370	429	(59)
	Recharges	181	419	(237)	171	487	(316)
	Misc & General Supplies	3,436	3,297	140	7,210	6,992	218
External Providers	Healthcare	595	910	(315)	1,597	1,720	(123)
	Non Healthcare	1,318	1,355	(37)	3,059	3,159	(100)
Overheads	Establishment, Premises & Plant	3,750	3,610	140	8,993	8,951	41
	Consultancy	254	398	(144)	484	606	(122)
	Clinical Negligence	1,977	1,977	0	3,954	3,954	0
<b>TOTAL</b>	<b>28,725</b>	<b>30,098</b>	<b>(1,373)</b>	<b>58,651</b>	<b>60,276</b>	<b>(1,625)</b>	
<b>TOTAL: NON-PAY</b>	<b>28,725</b>	<b>30,098</b>	<b>(1,373)</b>	<b>58,651</b>	<b>60,276</b>	<b>(1,625)</b>	



- **Direct Costs:** Total expenditure of £41.9m, £1.3mA to plan driven by Drugs and Clinical Supplies and Services representing additional costs to deliver activity.
- **External Providers:** Cost of £4.9m, £0.2mA to plan due to continued MSS under-delivery of activity.
- **Overheads:** Total expenditure of £13.5m broadly in line with plan.
- **CIP:** included in Plan was CIP delivery through non-pay where efficiency has been delivered through income. This drives £0.5mA variance in non-pay offset in income predominantly within in ESM.

# CIP: YTD £4.4m, in line with Plan

	Month				YTD			
	Plan £'000	Actual £'000	F / (A) £'000	%	Plan £'000	Actual £'000	F / (A) £'000	%
CHUGGS	193	232	39	20.3%	325	348	23	7.1%
CSI	233	241	8	3.3%	495	500	5	1.0%
ESM	439	949	509	115.9%	797	1,282	485	60.9%
ITAPS	134	148	14	10.4%	247	278	31	12.6%
MSS	219	216	(3)	(1.4%)	419	378	(41)	(9.8%)
RRCV	547	463	(85)	(15.5%)	1,092	895	(197)	(18.0%)
Womens & Childrens	121	113	(8)	(6.7%)	238	196	(42)	(17.6%)
<b>Total: CMG</b>	<b>1,886</b>	<b>2,360</b>	<b>474</b>	<b>25.1%</b>	<b>3,614</b>	<b>3,877</b>	<b>264</b>	<b>7.3%</b>
Corporate Directorates	301	195	(105)	(35.0%)	599	386	(214)	(35.6%)
Corporate HD	114	114	0	0.0%	114	114	0	0.0%
<b>Total: CIP</b>	<b>2,300</b>	<b>2,669</b>	<b>369</b>	<b>16.0%</b>	<b>4,327</b>	<b>4,377</b>	<b>50</b>	<b>1.2%</b>

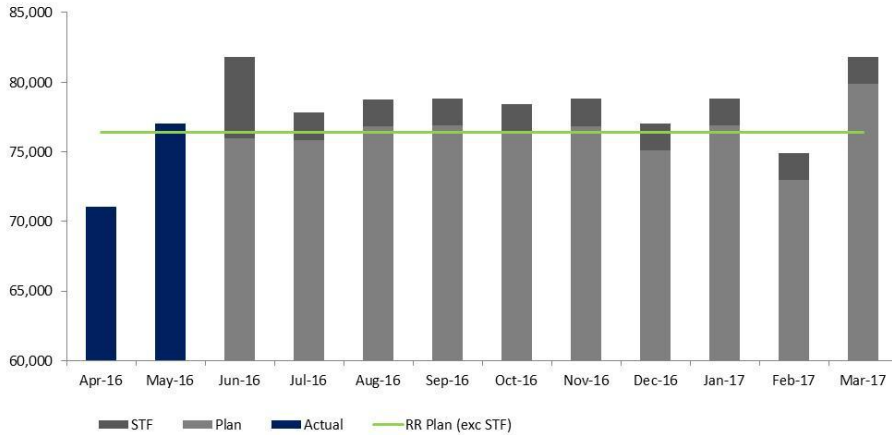


- Within Income and Costs there is year to date delivery of £4.4m in line with Plan.
- RRCV and Corporate Directorates combined are £0.4mA offset by over-delivery in other areas especially in ESM from Emergency activity.
- The specific CIP Paper provides further insight into the performance of CIP.

# Run Rates

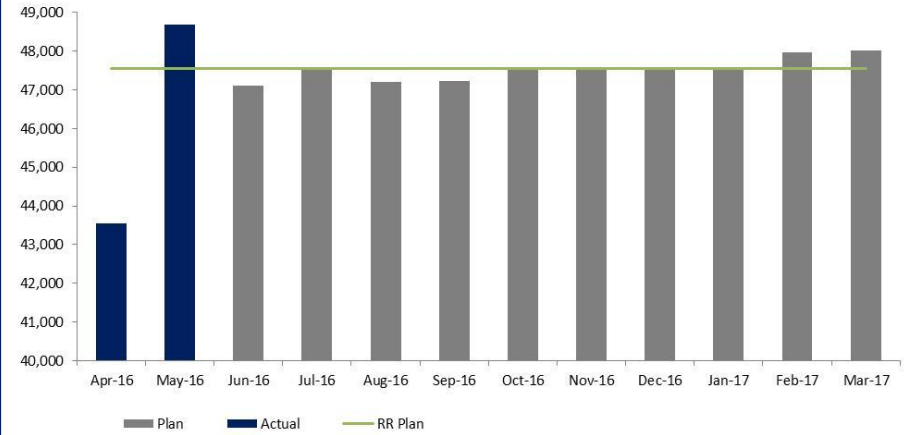
## Income

Underlying Income excluding STF fluctuates in line with working days and calendar days. STF catch-up in Month 3 followed by monthly phasing .



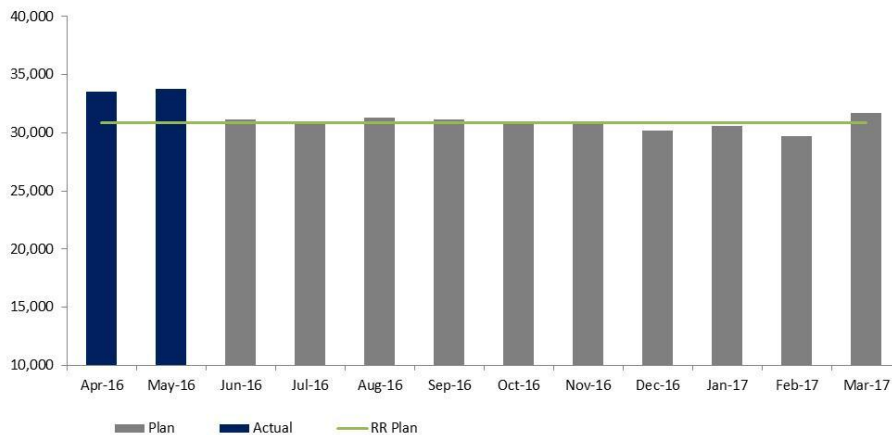
## Pay

The step-change in May reflects the impact of E&F services integration. On-going stable cost base with increase at year end due to re-configuration business cases.



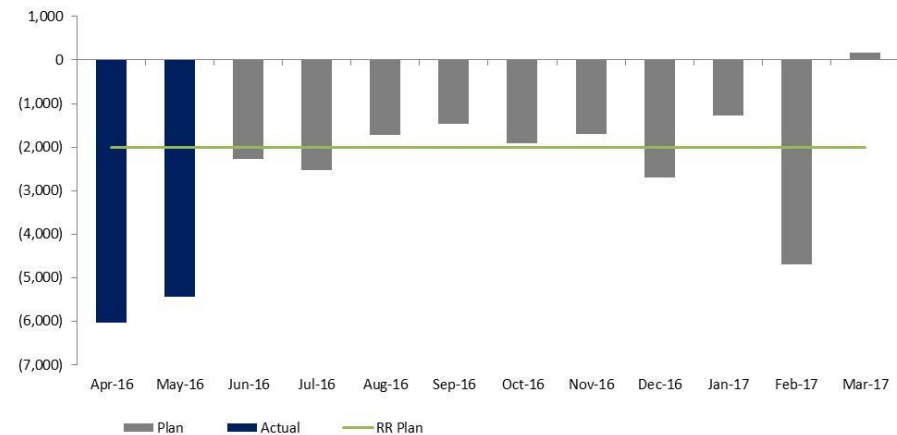
## Non-Pay

High non-pay year to date due to over-performance in activity. Plan reflects an overall downward trend in non-pay which needs on-going control.



## Net Deficit excluding STF

Cumulative deficit of £11.4m is not sustainable which needs on-going 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

### April Performance (one month in arrears)

- Achieved 75.9%
- Highly unlikely to achieve the standard in June
- Trust level trajectory in train to achieve standard in September

May 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

### May Performance

- Achieved the diagnostic standard for May with 0.6% of our patients waiting more than 6 weeks

May 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

### May Performance

- Achieved 18 Week RTT target with 92.7% performance

May 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

### May Performance

- Performance of 79.9%. versus predicted STF trajectory of 78%

May STF: **Delivered**

# Financial Outturn: In line with Plan

	FOT				
	Plan	Outturn	F / (A)		
Value Drivers	Day Case	103,500	109,068	5,568	5.4%
	Elective Inpatient	22,459	25,952	3,493	15.6%
	Emergency / Non-elective Inpatient	106,432	136,404	29,973	28.2%
	Emergency Department	256,108	269,165	13,057	5.1%
	Outpatient Procedures	901,976	1,025,511	123,535	13.7%
	Critical Care Services	56,989	78,255	21,266	37.3%
	Renal Dialysis & Transplant	178,494	176,416	(2,078)	(1.2%)
	Other	8,394,785	8,544,683	149,897	1.8%
	WTE Substantive	12,102	11,825	(277)	(2.3%)
	WTE Agency	93	77	(16)	(17.1%)

	FOT			
	Plan £'000	Outturn £'000	F / (A) £'000	%
Patient Care Income	770,569	771,939	1,370	0.2%
Non Patient Care Income	139,359	138,354	(1,005)	(0.7%)
<b>Total Income</b>	<b>909,928</b>	<b>910,294</b>	<b>366</b>	<b>0.0%</b>
Pay Costs	(546,449)	(548,081)	(1,632)	(0.3%)
Pay Costs: Agency	(20,620)	(20,620)	0	0.0%
Non-Pay	(332,426)	(330,916)	1,510	0.5%
<b>Total Operating Costs</b>	<b>(899,495)</b>	<b>(899,617)</b>	<b>(122)</b>	<b>0.0%</b>
<b>EBITDA</b>	<b>10,433</b>	<b>10,677</b>	<b>243</b>	<b>(2.3%)</b>
Non-Operating Costs	(42,172)	(42,414)	(242)	(0.6%)
<b>Retained deficit</b>	<b>(31,739)</b>	<b>(31,737)</b>	<b>2</b>	<b>0.0%</b>
Adjustments for donated assets	39	38	(1)	3.2%
<b>Net Deficit excluding STF</b>	<b>(31,700)</b>	<b>(31,700)</b>	<b>0</b>	<b>0.0%</b>
Sustainability & Transformation Funding	23,400	23,400	0	0.0%
<b>Net Deficit including STF</b>	<b>(8,300)</b>	<b>(8,300)</b>	<b>0</b>	<b>0.0%</b>

Ratios				
Agency: Total Pay	3.6%	3.6%		0.0%
EBITDA: Income	1.1%	1.2%		(0.0%)
Net Deficit: Income	(0.9%)	(0.9%)		(0.0%)

## Key

- EBITDA refers to Earnings Before Interest, Taxes, Depreciation and Amortisation
- F refers to a Favourable variance to plan
- A refers to an Adverse variance to plan

- **Overall: Net deficit of £8.3m in line with Plan** however this embeds delivery risk based on year to date performance particularly in the following CMGs:
  - **ESM:** with current over-spend in Pay and Non-Pay being absorbed through over-delivery in Non-Elective activity. If this does not continue this drives a net cost pressure.
  - **MSS:** risk due to under-delivery in Orthopaedics and ENT. Underlying outturn assumes PCI recovery through improved theatre utilisation.
  - **RRCV:** continued risk to PCI and cost pressures.
  - **W&C:** driven by on-going trend of over spend in pay and non-pay.
- **NHS Patient Care Income: £771.9m, £1.4mF** driven by YTD over-performance in Non-Elective activity, offset by continued under-performance in MSS relating to Orthopaedics and ENT.
- **Non NHS Patient Income: £138.4m, £1mA** due to on-going risk from Private Patients, Overseas Visitors (OSV) and miscellaneous income.
- **Pay Costs: £548.1m, £1.6mA** with overspend in most areas offset by MSS vacancies and release of central contingency in April.
- **Agency: £20.6m, in line with ceiling.** Continued overspend in ESM of £2.5mA offset by other areas driving an underlying over-spend neutralised in Centre to comply with NHSI ceiling.
- **Non-Pay: £330.9m, £1.5mF** which remains a risk given year to date overspend.
- **EBITDA: £10.7m, in line with Plan**
- **Non-Operating Costs, £42.4m in line with Plan** and embedding the lower depreciation from 2015/16 Revaluation.
- **Sustainability and Transformation Funding: £23.4m in line with Plan** although uncertainty remains over how this funding will be drawn-down.



# May 2016: Statement of Financial Position

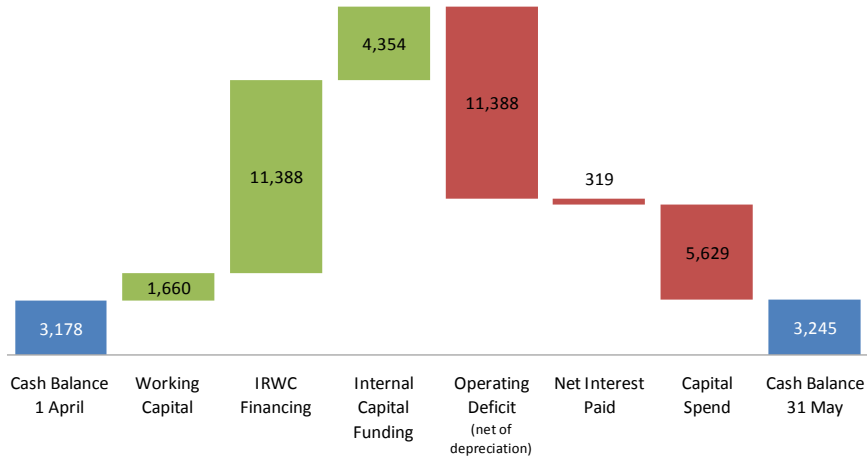
	Mar-16 £000's Actual	May-16 £000's Actual	Movement £000's Actual
<b>Non Current Assets</b>			
Property, plant and equipment	391,358	392,640	1,282
Intangible assets	10,452	9,849	(603)
Trade and other receivables	2,727	2,869	142
<b>TOTAL NON CURRENT ASSETS</b>	<b>404,537</b>	<b>405,358</b>	<b>821</b>
<b>Current Assets</b>			
Inventories	18,605	18,478	(127)
Trade and other receivables	45,106	40,856	(4,250)
Other Financial assets	0	0	0
Cash and cash equivalents	3,178	3,245	67
<b>TOTAL CURRENT ASSETS</b>	<b>66,889</b>	<b>62,579</b>	<b>(4,310)</b>
<b>Current Liabilities</b>			
Trade and other payables	(120,985)	(116,007)	4,978
Dividend payable	0	(1,656)	(1,656)
Borrowings / Finance Leases	(4,315)	(3,280)	1,035
Other Liabilities / Loan	(545)	(545)	0
Provisions for liabilities and charges	(633)	(53)	580
<b>TOTAL CURRENT LIABILITIES</b>	<b>(126,478)</b>	<b>(121,541)</b>	<b>4,937</b>
<b>NET CURRENT ASSETS (LIABILITIES)</b>	<b>(59,589)</b>	<b>(58,962)</b>	<b>627</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>344,948</b>	<b>346,396</b>	<b>1,448</b>
<b>Non Current Liabilities</b>			
Trade and other payables			
Borrowings / Finance Leases	(3,930)	(4,608)	(678)
Other Liabilities / Loan	(55,010)	(66,671)	(11,661)
Provisions for liabilities and charges	(1,678)	(2,266)	(588)
<b>TOTAL NON CURRENT LIABILITIES</b>	<b>(60,618)</b>	<b>(73,545)</b>	<b>(12,927)</b>
<b>TOTAL ASSETS EMPLOYED</b>	<b>284,330</b>	<b>272,851</b>	<b>(11,479)</b>
Public dividend capital	329,856	329,856	(0)
Revaluation reserve	81,133	81,133	0
Retained earnings	(126,659)	(138,138)	(11,479)
<b>TOTAL TAXPAYERS EQUITY</b>	<b>284,330</b>	<b>272,851</b>	<b>(11,479)</b>
<b>Ratios</b>			
Liquidity Ratio Days (Working Capital Balance / Annual Operating Expenses)	(33)	(31)	(2)
Liquidity Ratio Metric	1	1	0

- **Total Assets Employed:** Movement of £11.5m representing year to date Trust deficit.
- **Non-Current Assets :** Remained static at £405m with capital spend being in line with depreciation charge.
- **Working capital:**
  - Stock has remained static with stock takes undertaken annually
  - Debtors has reduced by £4.2m
  - Creditors has reduced by £4.9m
- **Cash:** May balance of £3.2m which is in excess of the £3m ceiling as stipulated by the Interim Capital Support Loan.
- **Dividend payable:** £1.6m represents two months with payments due in September and March.
- **Non-current liabilities:** Drawdown of £11.7m of Revolving Working Capital facility which currently has a repayment date of April 2020.
- **Liquidity Ratio:** We continue to be 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.

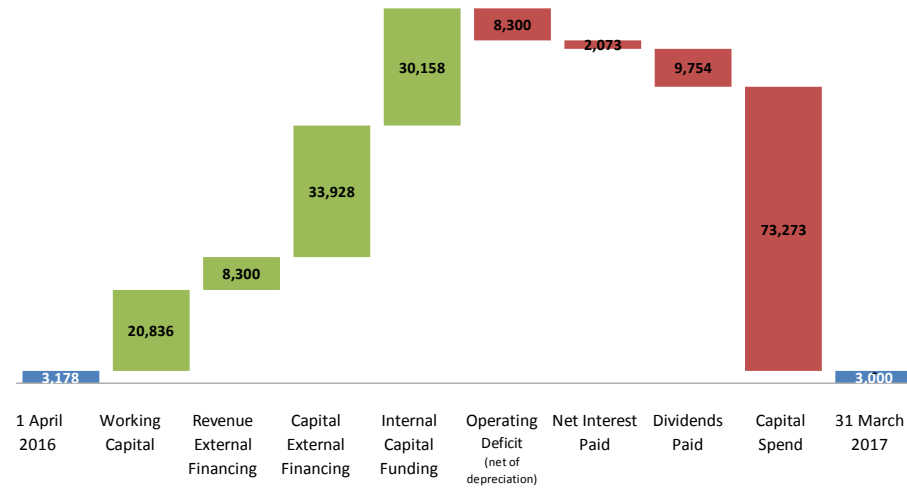
Score range from 1 (High Risk) to 4 (Low Risk).

# Cash

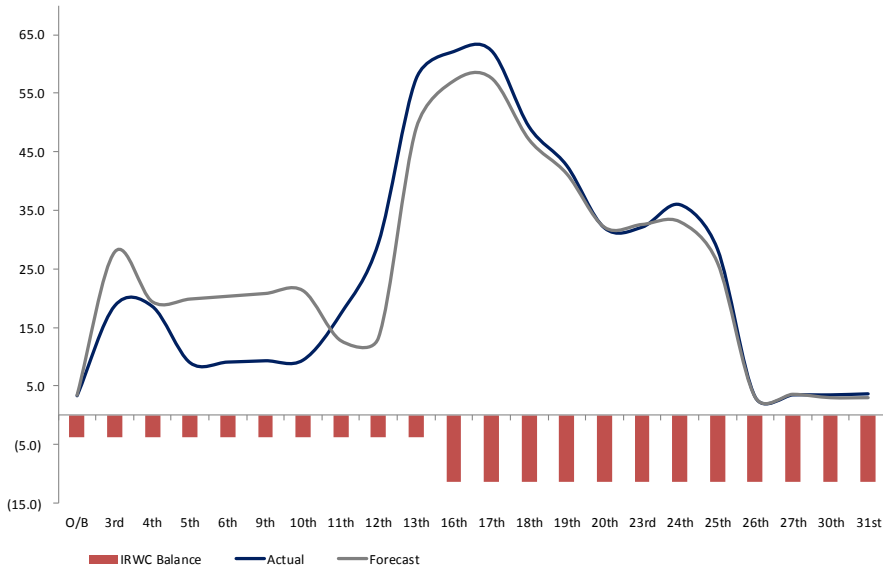
### Year to Date Cash Bridge



### Cash Forecast



### Daily Cash Balance



## Comments

### Cash Bridge:

- Opening cash balance of £3.2m, in line with our plan.
- Funded YTD net deficit of £11.4m by drawing down £7.6m of our Interim Revolving Working Capital Facility (IRWC).
- Improvement in working capital and internal capital funding enabled interest payment and capital expenditure of £5.6m.

### Full Year Forecast

- Forecast of £3m in line with Plan after funding of Trust deficit, Capital Expenditure, Dividends and interest.

### Daily Cash Balance

- In line with forecast with mid-month peak driven by receipt of SLA income. Staff are paid on the last Thursday of each month reflected by the cash reduction on 26th May.

# Liquidity

	Liquidity			Ageing						% over 90 days %	
	Opening £'000	YTD £'000	Movement £'000	0 - 30 Days £'000	31 - 60 Days £'000	61 - 90 Days £'000	91 - 180 days £'000	181- 365 day £'000	> 365 Days £'000		
Accounts Receivable	NHS receivables - revenue	25,351	16,601	8,750	13,428	3,254	466	49	241	470	5%
	Non-NHS receivables - revenue	13,097	13,644	(547)	7,672	1,362	960	953	957	1,740	27%
	Provision for the impairment of receivables	(764)	(1,013)	249	249						0%
	Non-NHS prepayments and accrued income	3,068	7,863	(4,795)	(4,795)						0%
	PDC dividend prepaid to DH	1,307	1,307	0	1,307						0%
	VAT	2,622	2,183	439	439						0%
	Other receivables	425	271	154	154						0%
	<b>TOTAL</b>	<b>45,106</b>	<b>40,856</b>	<b>4,250</b>	<b>18,454</b>	<b>4,616</b>	<b>1,426</b>	<b>1,002</b>	<b>1,198</b>	<b>2,210</b>	<b>11%</b>
Accounts Payable	NHS payables - revenue	(9,502)	(23,357)	13,855	(19,016)	(1,847)	(462)	(219)	(1,703)	(110)	9%
	NHS accruals and deferred income	(5,889)	(5,889)	0	(5,889)						0%
	Non-NHS payables - revenue	(43,305)	(30,644)	(12,661)	(12,147)	(8,733)	(9,163)	(136)	(417)	(48)	2%
	Non-NHS payables - capital	(14,052)	(5,448)	(8,604)	(2,367)	(2,693)	(339)	(19)	0	(30)	1%
	Non-NHS accruals and deferred income	(31,368)	(31,402)	34	(31,402)						0%
	Social security costs	(4,740)	(6,028)	1,288	(6,028)						0%
	Dividends payable	0	(1,656)	1,656	(1,656)						0%
	Accrued Interest on DH Loans	(126)	(178)	52	(178)						0%
	Tax	(5,054)	(5,393)	339	(5,393)						0%
	Other	(6,949)	(7,668)	719	(7,668)						0%
	<b>TOTAL</b>	<b>(120,985)</b>	<b>(117,663)</b>	<b>(3,322)</b>	<b>(91,744)</b>	<b>(13,273)</b>	<b>(9,964)</b>	<b>(374)</b>	<b>(2,120)</b>	<b>(188)</b>	<b>2%</b>
<b>Total Liquidity</b>	<b>(75,879)</b>	<b>(76,807)</b>	<b>928</b>								

**Liquidity:** movement of £0.9m from opening position driven by:

- Accounts receivable : decreased by £4.2m driven by reduction in NHS receivable offset by increase in prepayments and accrued income.
- Accounts payable: decrease of £3.3m with material movement in both NHS and Non-NHS payables revenue and Non-NHS payables – Capital.

**Ageing:** NHSI target of 5% or less within over 90 days, key areas of under-performance

- Non- NHS receivables – revenue: 27% representing £3.6m being over 90 days with the largest component being Overseas Visitors at £1.7m (47%). The balance consists of various balances which in isolation are not material.
- NHS payables – revenue: £2.0m, representing 9% in excess of 90 days of which £1m is due to NHS Business Services Authority.

# Better Payments Practice Code: Non-compliant

Better Payment Practice Code - Measure of Compliance	May YTD	
	Number	£000s
<b>All</b>		
Total Invoices Paid in the Year	22,700	95,159
Total Invoices Paid Within Target	3,726	57,309
<b>Percentage Invoices Paid Within Target</b>	<b>16%</b>	<b>60%</b>
<b>Non-NHS Payables</b>		
Total Non-NHS Invoices Paid in the Year	20,716	79,029
Total Non-NHS Invoices Paid Within Target	3,253	46,954
<b>Percentage of Non-NHS Invoices Paid Within Target</b>	<b>16%</b>	<b>59%</b>
<b>Local SME payables</b>		
Total SME Invoices Paid in the Year	1,146	1,724
Total SME Invoices Paid Within Target	398	812
<b>Percentage of Local SME Invoices Paid Within Target</b>	<b>35%</b>	<b>47%</b>
<b>NHS Payables</b>		
Total NHS Invoices Paid in the Year	838	14,406
Total NHS Invoices Paid Within Target	75	9,543
<b>Percentage of NHS Invoices Paid Within Target</b>	<b>9%</b>	<b>66%</b>

- **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.

Year to date cash availability has been affected by lack of clarity surrounding:

- Utilisation of working capital facility restricted to in-month planned deficit;
  - Timing of STF drawdowns; and
  - 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. Therefore the Trust is unable to achieve BPPC target of 95% with ensuing interest penalties for late payments.

The low volume compliance 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.

More information is available in a separate Liquidity Strategy paper.

# Capital

	Scheme Name	YTD Spend £'000	Committed £'000	Annual Budget £'000
Internally Funded	<b>Estates &amp; Facilities</b>			
	Estates & Facilities	204	292	5,758
	MES Installation Costs	29	15	1,347
	IFM Facilities Asset Purchase	588	0	1,376
	Ward 9 & 7 Change of Use	0	0	150
	Paediatric Daycase / Dentistry	81	274	1,229
	Robert Kilpatrick	0	0	2,200
	<b>Sub-total: Estates &amp; Facilities</b>	<b>902</b>	<b>581</b>	<b>12,060</b>
	<b>IM&amp;T Schemes</b>			
	IM&T Infrastructure	681	218	3,862
	Heartsuite System	0	0	272
	Electronic Blood Tracking System	17	96	696
	Renal Transplant Lab System	0	0	100
	Learning Mgt System	0	0	70
	EF Plan B	0	0	500
	<b>Sub-total: IM&amp;T Schemes</b>	<b>698</b>	<b>314</b>	<b>5,500</b>
	<b>Medical Equipment Schemes</b>			
	Medical Equipment Executive	45	364	4,500
	Linear Accelerator	12	10	3,300
<b>Sub-total: Medical Equipment</b>	<b>57</b>	<b>374</b>	<b>7,800</b>	
<b>Reconfiguration</b>				
EMCH Interim Solution	97	351	683	
<b>Sub-total: Reconfiguration</b>	<b>143</b>	<b>351</b>	<b>683</b>	
<b>Corporate / Other Schemes</b>				
Paediatric & Genetic CRF	0	0	328	
Diabetes Conversion of Ward 2	186	385	1,122	
MES Finance Lease Additions	462	0	2,774	
Hybrid Theatre Addition	0	0	1,200	
Ward Capacity	0	0	4,400	
Infrastructure Costs	0	0	1,500	
<b>Sub-total: Corporate / Other Schemes</b>	<b>0</b>	<b>0</b>	<b>328</b>	
<b>TOTAL INTERNALLY FUNDED</b>	<b>1,800</b>	<b>2,005</b>	<b>37,367</b>	
Externally Funded	Emergency Floor	1,850	14,898	21,700
	Vascular	1,051	7,074	8,908
	ICU	205	79	3,020
	EPR			8,690
	Donations	27	0	300
	<b>TOTAL EXTERNALLY FUNDED</b>	<b>3,717</b>	<b>22,051</b>	<b>42,618</b>
Un- funded	Business Case Development	0	0	1,978
	Other Expenditure	112	335	0
	<b>TOTAL UNFUNDED EXPENDITURE</b>	<b>112</b>	<b>335</b>	<b>1,978</b>
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>5,629</b>	<b>24,391</b>	<b>81,963</b>	

- **May:** Total capital expenditure of £5.6m p
- **Key Projects:**
  - **Emergency Floor:** Total spend of £1.8m with a further commitment of £14.9m
  - **ICU:** Spend of £0.2m and committed spend of a further £0.1m
- **Annual Plan:**
  - **Capital Spend Plan D:** total capital expenditure of £82m.
  - **Change from Plan A:** Plan D represents a reduction of £9.5m from plan A for reconfiguration capital expenditure and reduction of £14.3m for EPR due to delays in approval.
  - **External funding:** The external borrowing requirement to execute this plan is £46.4m of which £21.7m is secured for the Emergency Floor development and £16.0m is required for reconfiguration schemes including Vascular and ICU business cases and £8.7m CRL is required for EPR.

# Risks & Opportunities: Consistent with prior month

Risks

## RISK / OPPORTUNITY

- **CIP:** remains key to meeting income and expenditure commitments. Whilst currently in line with plan CIP delivery remains a key dependency.

- **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:** Year to date results show an adverse position in Private Patient Income presenting a potential full year risk.

- **Agency Pay:** Current over spend presents potential risk to achieve £20.6m 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.

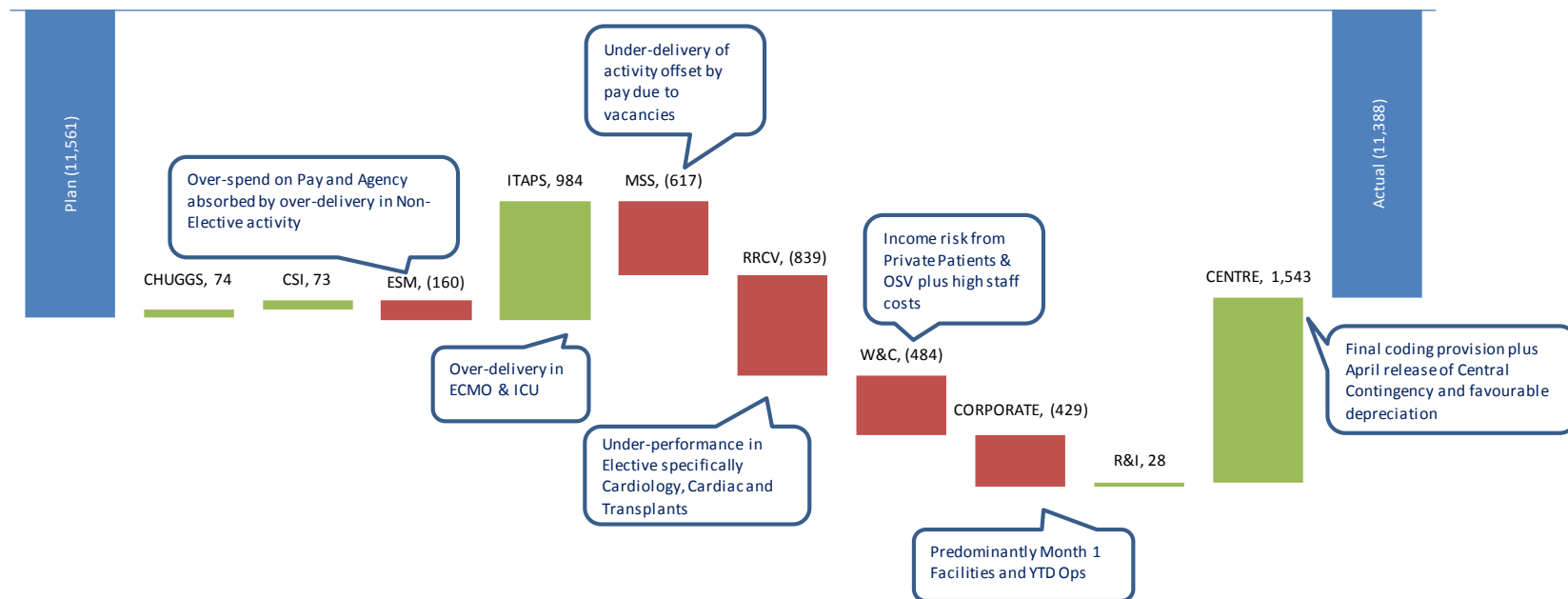
- Alternative scenarios within the capital programme (Plan B and C) until additional borrowing is approved. This plan has been agreed at the Capital Management and Investment Committee.

- Updated Plan to NHSI amended to include full year benefit of £2.9m off-set through increased Central Contingency in pay and non-pay.

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	124,336	633	426	1,137	745	(941)	(487)	382	0	(0)	167	126,397	1.7%
Other Income	21,936	(42)	21	(86)	72	(41)	(90)	(160)	(34)	37	21	21,634	(1.4%)
Pay	(88,067)	8	81	(220)	(25)	487	(42)	(477)	(123)	(119)	499	(87,998)	(0.1%)
Pay: Agency	(3,596)	5	(141)	(502)	21	(67)	(75)	58	12	9	47	(4,228)	17.6%
Non Pay	(58,651)	(530)	(313)	(490)	172	(55)	(145)	(287)	(283)	101	205	(60,276)	2.8%
Non-Operating Costs	(7,519)										603	(6,916)	(8.0%)
<b>Deficit</b>	<b>(11,561)</b>	<b>74</b>	<b>73</b>	<b>(160)</b>	<b>984</b>	<b>(617)</b>	<b>(839)</b>	<b>(484)</b>	<b>(429)</b>	<b>28</b>	<b>1,543</b>	<b>(11,388)</b>	<b>(1.5%)</b>