

2016/17 Financial Performance

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Executive Summary

Trust Board paper O

Context

The Trust is planning for an income and expenditure deficit of £8.3m in 2016/17 with a capital plan of £82.0m. The headline deficit of £8.3m represents a £31.7m deficit which is supported by £23.4m of Sustainability and Transformation Funding (STF). Delivery of the financial plan in 2016/17 is essential in order to maintain our position as an organisation with good financial control; effectively a pre-requisite to access the extremely limited national capital resource for reconfiguration.

Questions

1. What is our financial performance for the year end 31st March 2017?
2. What is our performance against the agency ceiling?

Conclusion

1. The Trust has achieved the revised forecast as part of the Month 9 revised year end forecast.
Excluding STF, we have recorded a year to date deficit of £38.6m, £6.9m adverse to plan. When STF is included, we have recorded a year to date deficit of £27.2m, £18.9m adverse to plan that includes £12m non-recognition of STF based on financial performance at Q3 being adverse to Plan and non-delivery of Q2 Cancer target.
2. Agency expenditure year to date is £25m compared to planned expenditure of £20.7m representing a £4.3m adverse variance to plan.

Input Sought

Trust Board is requested to **note** the financial performance at Month 12

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: **01/06/17**

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: off track and delivered £6.9mA to Plan (excluding STF)
- Achieving the External Funding Limit: Achieved
- Achieving the Capital Resource Limit: Achieved

Financial Performance

- **Deficit of £27.2m excluding impairments of £24.8m, £18.9mA to Plan including £12mA relating to STF:** Underlying performance excluding STF is £6.9mA to plan with over-delivery of Patient Care Income offset by the cost to deliver higher levels of activity. Non-recurrent benefits and non-operating costs are helping to close the gap and support the Trust financial position.
- **Patient Care Income, £4.5mF to Plan:** Non elective, ED and ECMO over-performance is offset by under-performance in Elective , Critical Care and Day Case. The main drivers of under-delivery in Day Case is Orthopaedic Surgery and General Surgery, Orthopaedic Surgery is also driving the under-performance in Elective.
- **Operating Costs, £15.5mA to Plan:** with £9.6m pay overspend, £4.4m of which is driven by agency and a £5.9mA variance on non pay including underspend in E&F and non-recurrent actions.
- **CIP £1.1mF to Plan:** efficiency improvement is being delivered by additional income despite being planned as non-pay reductions.
- **Impairments of £24.8m:** Recognised as part of year end fixed asset revaluation process, this impairment does not affect the financial performance of the Trust.

Cash

- **Closing cash balance at March of £1.2m**, in line with forecast.

Net deficit funded by drawing down Interim Revolving Working Capital Facility which includes the timing difference on the receipt of STF funds.

- **Liquidity:** Opening cash deficit due to 2015/16 actions to achieve £3m cash balance. The impact of the 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

- **March:** Total capital expenditure of £62.6m.
 - **Emergency Floor:** Direct spend of £19.8m with a further commitment of £1.2m
 - **Vascular:** Spend of £7.6m and committed spend of a further £0.6m
 - **Estates and Facilities:** Spend of £9.9m with £1.0m further committed spend
 - **Linear Accelerator:** Spend of £2.7m. Unit delivered and being commissioned. Funded by NHS PDC allocation.

March 2017: Year to Date - Key Facts



Patient Income
£775.1m

Other
Income
£137.7m



Substantive pay
£550.9m

Agency
£25.0m



Non-pay
£339.1m

Non-
Operating
Costs
£36.7m



EBITDA
£2.1m
negative

CIP
£36.2m



Liquidity
Indicators

Capital Spend
£62.6m

Key

- EBITDA refers to Earnings Before Interest, Taxes, Depreciation and Amortisation
- Colour indicates status of variance on planned position (Green is Favourable/In Line and Red is Adverse)
- Number relates to value in month

Financial Performance: YTD Deficit of £27.2m, £18.9mA to Plan excluding Impairments, £6.9mA to Plan excluding STF

	Mar-17					YTD				
	Plan	FOT	Actual	Vs Plan	Vs FOT	Plan	Actual	F/(A)		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	%	
Value Drivers	Day Case	9,305	9,163	9,126	(179)	(37)	103,500	103,069	(431)	(0%)
	Elective Inpatient	2,024	1,992	2,006	(18)	14	22,459	21,045	(1,414)	(6%)
	Emergency / Non-elective Inpatient	9,138	9,319	9,412	274	93	106,432	107,841	1,409	1%
	Emergency Department	21,753	24,347	24,524	2,770	177	256,108	285,570	29,462	12%
	Outpatient Procedures	80,371	84,823	86,516	6,145	1,693	901,976	942,726	40,750	5%
	Critical Care Services	4,912	4,705	4,839	(73)	134	56,989	55,666	(1,323)	(2%)
	Renal Dialysis and Transplant	15,373	14,864	14,668	(705)	(196)	178,494	173,333	(5,161)	(3%)
	Other Activity	754,360	798,780	772,684	18,324	(26,096)	8,394,540	8,564,547	170,007	2%
	WTE Total	13,468	N/A	13,594	(126)	N/A	13,334	13,039	295	2%
WTE Agency	223	N/A	303	(80)	N/A	267	324	(56)	(21%)	
18.£'000	Plan	FOT	Actual	Vs Plan	Vs FOT	Plan	Actual	F/(A)		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	%	
	Patient Care Income	68,149	69,603	68,483	334	(1,119)	770,569	775,116	4,547	1%
	Non Patient Care Income	569	727	710	142	(17)	6,796	6,374	(422)	(6%)
	Other Operating Income	11,145	12,177	14,516	3,370	2,338	132,563	131,372	(1,192)	(1%)
	Total Income	79,863	82,507	83,709	3,846	1,202	909,928	912,862	2,934	(0%)
	Pay Costs	(46,436)	(47,836)	(47,120)	(684)	716	(545,659)	(550,861)	(5,201)	(1%)
	Pay Costs: Agency	(1,468)	(2,013)	(1,994)	(525)	19	(20,680)	(25,042)	(4,362)	(21%)
	Non Pay	(28,275)	(28,212)	(29,970)	(1,695)	(1,758)	(333,173)	(339,089)	(5,917)	(2%)
	Total Operating Costs	(76,179)	(78,060)	(79,083)	(2,904)	(1,023)	(899,512)	(914,992)	(15,480)	(2%)
	EBITDA	3,684	4,447	4,626	942	179	10,416	(2,130)	(12,546)	(120%)
	Non Operating Costs	(3,517)	(1,907)	(1,855)	1,662	52	(42,155)	(36,743)	5,412	13%
	Retained deficit	167	2,540	2,771	2,604	231	(31,739)	(38,873)	(7,134)	(22%)
	Adjustments for Donated Assets	45	47	(137)	(182)	(184)	39	313	274	(705%)
	Net Deficit Excluding STF	212	2,587	2,634	2,422	46	(31,700)	(38,560)	(6,860)	(22%)
Sustainability & Transformation Funding	1,950	0	0	(1,950)	0	23,400	11,407	(11,993)	51%	
Net Deficit Including STF	2,162	2,587	2,634	472	46	(8,300)	(27,153)	(18,853)	(227%)	
Impairments	0	0	(24,826)	(24,826)	(24,826)	0	(24,826)	(24,826)	0%	
Net Deficit Including Impairments	2,162	2,587	(22,193)	(24,354)	(24,780)	(8,300)	(51,979)	(43,679)	(526%)	
Ratios										
Agency: Total Pay	0.00%	0.00%	0.00%			0.00%	0.00%			
Net Deficit: Income	0.00%	0.00%	0.00%			0.00%	0.00%			
Net Deficit: Income	0.26%	3.14%	3.15%			(3.48%)	(4.22%)			

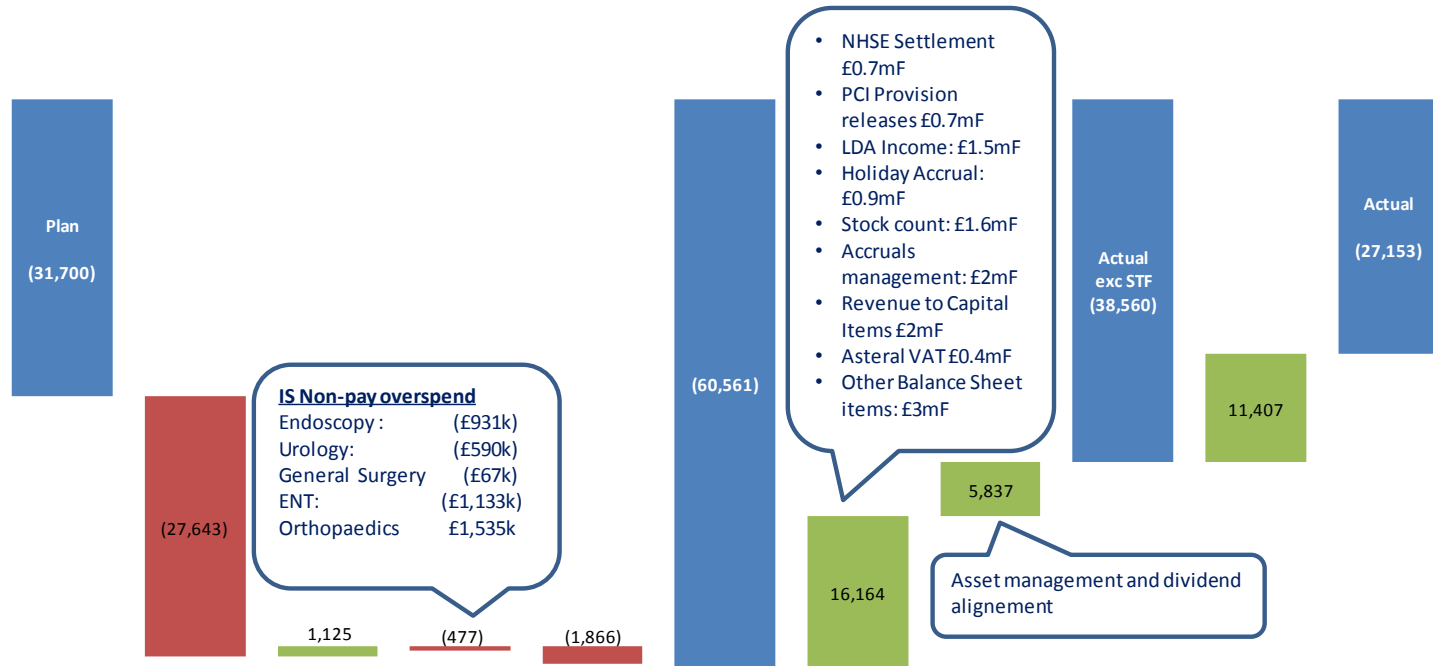
Key

- 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: £775.1m, £4.5mF** with over-performance in Non-elective, ECMO, Outpatients and Direct Access offsetting under-performance in Elective activity particularly in MSS & RRCV and Critical Care.
- **Non Patient Care Income & Other Income: £137.7m, £1.6mA** with £5.4mA in Estates and Facilities (E&F) driven income/non-pay budget misalignment due to the complexity of the service integration. Underlying adverse position is driven by shortfall in Private Patient income
- **Pay Costs: £550.9m, £5.2mA** with £11.8m unplanned expenditure across all CMGs and E&F with the exception of CSI and R&I. This over-spend is offset by £6.1mF planned use of contingency and Central non-recurrent actions.
- **Agency: £25.0m, £4.4mA** overspend predominantly in ESM across both medical and nursing.
- **Non-Pay: £339.1m, £5.9A** Underlying over-spend of £11.2m with £6.9mF in E&F from budget misalignment. Whilst there is continued non pay CIP shortfall delivered through income, non-pay is not demonstrating any improvement in run rate representing an ongoing risk and need for tightened controls.
- **EBITDA: deficit of £2.1m, £12.5mA**
- **Non-Operating Costs: £36.7m, £5.4mF** from depreciation and dividend payable.
- **Sustainability and Transformation Funding: £11.4m, £12.0mA** as Q3 is adverse to Plan together with non-delivery of Q2 Cancer Target– see page 13.
- **Impairments of £24.8m**, recognised as part of year end fixed asset revaluation process, this impairment does not affect the financial performance of the Trust.

I&E Bridge: £6.9mA to Plan excluding STF

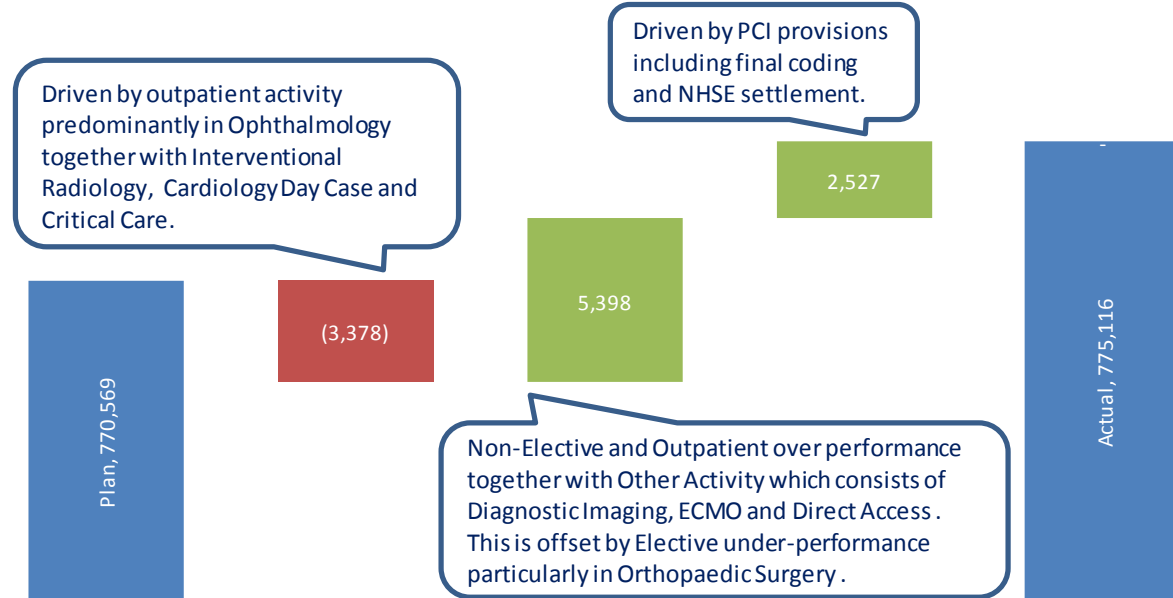
Combined with CIP, underlying performance is adverse to plan with over delivery of Patient Care Income offset by the cost to deliver higher levels of activity including additional Ward capacity to support Winter pressures, theatre sessions and the use of the Independent Sector. Non-recurrent benefits and non-operating costs are helping to close the gap and support the Trust financial position.



£(000)	Plan	Underlying	CIP Delivery	Independent Sector	Theatre Sessions	Underlying	Non-recurrent Items	Non-Operating Costs	Actual exc STF	STF	Actual	Var F/(A) exc STF
NHS PCI	770,569	(1,369)	4,134	844	0	774,178	938	0	775,116	11,407	786,523	4,547
Other Income	138,857	(3,739)	(614)		0	134,504	2,739	425	137,668		137,668	(1,188)
Pay	(545,659)	(5,112)	648		(1,015)	(551,138)	277	0	(550,861)		(550,861)	(5,201)
Pay: Agency	(20,680)	(4,452)	0		0	(25,132)	90	0	(25,042)		(25,042)	(4,362)
Non Pay	(333,173)	(9,291)	(3,042)	(1,321)	(852)	(347,678)	8,589	0	(339,089)		(339,089)	(5,917)
Non-Operating Costs	(41,614)	(3,681)			0	(45,295)	3530	5,412	(36,353)		(36,353)	5,261
Net Deficit	(31,700)	(27,643)	1,125	(477)	(1,866)	(60,561)	16,164	5,837	(38,560)	11,407	(27,153)	(6,860)

NHS Patient Income: YTD £775.1m, £4.5mF to Plan

Non elective, ED and ECMO over-performance is offset by under-performance in Elective and Day Case. The main drivers of under-delivery in Day Case is Orthopaedic Surgery and General Surgery, Orthopaedic Surgery is also driving the under-performance in Elective.



£(m)	Plan	Rate	Volume	Other	Actual	Var F / (A)
Day Case	60,147	(809)	(247)	0	59,091	(1,056)
Elective Inpatient	74,948	157	(4,727)	0	70,377	(4,570)
Emergency / Non-elective Inpatient	188,995	2,148	2,531	0	193,674	4,679
Marginal Rate Emergency Threshold	(4,463)	0	0	(1,959)	(6,422)	(1,959)
Emergency Department	24,546	(657)	2,748	0	26,637	2,092
Outpatient	113,964	(1,776)	5,068	0	117,256	3,292
Drugs and Devices excluded from Tariff	94,696	0	0	1,231	95,928	1,231
Critical Care Services	55,844	(2,077)	(1,248)	0	52,519	(3,325)
Renal Dialysis and Transplant	28,404	(84)	(819)	0	27,501	(903)
CQUIN	15,798	0	0	126	15,924	126
Other Activity	103,590	(280)	2,092	0	105,402	1,812
Other Financial Values	14,099	0	0	3,129	17,228	3,129
Total	770,569	(3,378)	5,398	2,527	775,116	4,547

Activity & Income: Performance versus Contract

Activity	Case Mix	City	East	West	Specialised	Other	Alliance	Total
	Day Case	671	723	1,795	(87)	(190)	(3,344)	(431)
	Elective Inpatient	(313)	(323)	(292)	(293)	(193)		(1,414)
	Emergency / Non-elective Inpatient	273	1,473	847	(312)	(872)		1,409
	Marginal Rate Emergency Threshold (MRET)	0	0	0	0	0		0
	Emergency Department	15,233	3,529	3,944		6,756		29,462
	Outpatient	17,807	15,911	11,318	1,972	(3,082)	(3,177)	40,750
	Excluded Drugs and Devices	0	0	0	0	0	0	0
	Critical Care Services	(361)	(1,214)	1,170	885	(1,803)		(1,323)
	Renal Dialysis and Transplant	0	0	0	(4,837)	(324)		(5,161)
CQUIN	0	0	0	0	0	0	0	
Other Activity	16,250	102,516	47,804	6,029	(4,826)	2,233	170,007	
Other Financial Values	1,690	522	162	(67)	4,573	(512)	6,368	

Financial	Case Mix	City (£000)	East (£000)	West (£000)	Specialised (£000)	Other (£000)	Alliance (£000)	Total (£000)
	Day Case	140	115	391	302	(455)	(1,550)	(1,056)
	Elective Inpatient	(1,292)	(1,010)	(644)	(972)	(653)	0	(4,570)
	Emergency / Non-elective Inpatient	2,192	2,822	1,078	(247)	(1,167)	0	4,679
	Marginal Rate Emergency Threshold (MRET)	(634)	(811)	(496)	0	(19)	0	(1,959)
	Emergency Department	1,157	525	433	0	(24)	0	2,092
	Outpatient	1,361	1,602	1,048	356	(637)	(436)	3,292
	Excluded Drugs and Devices	(327)	(633)	475	1,522	18	174	1,231
	Critical Care Services	(954)	(1,686)	848	123	(1,656)	0	(3,325)
	Renal Dialysis and Transplant	0	0	0	(799)	(104)	0	(903)
CQUIN	4	20	43	(824)	933	(50)	126	
Other Activity	420	844	654	1,216	(1,343)	23	1,813	
Other Financial Values	(440)	212	(100)	2,020	1,461	(34)	3,118	
Grand Total	1,628	2,001	3,730	2,697	(3,646)	(1,873)	4,537	

• CCG Contracts:

- **Non-elective / Emergency:** over-performance where the majority of QIPP schemes are included in the plans and is reflective of the demands upon the emergency pathway.
- **Elective:** under-performance predominantly relates to Orthopaedic surgery, net of spinal activity, being behind plan.
- **Outpatient:** over-performance mainly within Trauma and Dermatology.
- **Critical Care:** under-performance of ITU activity.
- **Other Activity:** over-performance driven by Direct Access Pathology and Diagnostic Imaging.
- **Specialised Services:**
 - **Elective:** under-performance in Thoracic and Cardiac Surgery activity.
 - **Other Activity:** over-performance relates to ECMO which is favourable to plan.
- **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 Specialised contract

Pay: YTD £575.9m, £9.6mA to Plan

	Mar-17						YTD						
	£'000			WTE			£'000			WTE			
	Plan	Actual	F/(A)	Plan	Actual	F/(A)	Plan	Actual	F/(A)	Plan	Actual	F/(A)	
Agency	Medical	670	1,104	(434)	26	94	(68)	8,022	10,104	(2,082)	27	78	(51)
	Nursing & Midwifery	492	720	(228)	0	159	(158)	8,966	11,004	(2,038)	0	183	(182)
	Other Clinical	217	298	(81)	67	35	31	2,606	3,160	(554)	68	41	27
	Non Clinical	89	(128)	218	0	15	(15)	1,086	774	311	0	22	(22)
	Total: Agency	1,468	1,994	(525)	93	303	(210)	20,680	25,042	(4,362)	95	324	(229)
Other Non-contracted	Medical	0	1,346	(1,346)	0	0	(0)	0	14,088	(14,088)	0	(0)	0
	Nursing & Midwifery	0	1,504	(1,504)	0	319	(319)	0	14,123	(14,123)	0	300	(300)
	Other Clinical	0	202	(202)	0	43	(43)	0	2,600	(2,600)	0	45	(45)
	Non Clinical	0	539	(539)	0	213	(213)	0	5,351	(5,351)	0	151	(151)
	Total: Other Non-contracted	0	3,591	(3,591)	0	575	(575)	0	36,161	(36,161)	0	497	(497)
Total Non-contracted	Medical	670	2,450	(1,779)	26	94	(68)	8,022	24,192	(16,170)	27	77	(51)
	Nursing & Midwifery	492	2,224	(1,732)	0	477	(477)	8,966	25,127	(16,161)	0	483	(483)
	Other Clinical	217	501	(284)	67	79	(12)	2,606	5,759	(3,153)	68	86	(18)
	Non Clinical	89	411	(321)	0	228	(228)	1,086	6,125	(5,040)	0	174	(174)
	Total: Non-contracted	1,468	5,585	(4,117)	93	878	(785)	20,680	61,203	(40,523)	95	820	(726)
Substantive	Medical	14,212	13,790	422	1,807	1,752	56	169,646	164,219	5,427	1,806	1,718	88
	Nursing & Midwifery	17,380	15,826	1,554	5,795	5,313	483	202,443	185,780	16,663	5,778	5,083	695
	Other Clinical	5,947	5,703	244	1,942	1,879	63	70,733	65,757	4,975	1,926	1,813	113
	Non Clinical	8,897	8,210	687	3,831	3,773	58	102,837	98,943	3,894	3,730	3,605	125
	Total: Substantive	46,436	43,529	2,907	13,375	12,716	658	545,659	514,699	30,960	13,240	12,218	1,021
Total	Medical	14,882	16,240	(1,358)	1,833	1,846	(12)	177,669	188,411	(10,743)	1,833	1,796	37
	Nursing & Midwifery	17,872	18,050	(178)	5,795	5,790	5	211,410	210,907	503	5,778	5,565	212
	Other Clinical	6,164	6,203	(39)	2,008	1,957	51	73,338	71,516	1,822	1,994	1,899	94
	Non Clinical	8,986	8,620	366	3,831	4,001	(170)	103,923	105,068	(1,146)	3,730	3,778	(49)
	TOTAL: Pay	47,904	49,113	(1,209)	13,468	13,594	(126)	566,339	575,903	(9,563)	13,334	13,039	295

Agency Pay

- Year to date cost of £25m, £4.4mA to Plan.
- Overspend driven by ESM on Medical staff and Nursing.

Other Non-contracted Pay

- Year to date expenditure of £36.2m with Medical and Nursing driving 78% of spend. Whilst this is adverse to plan, this is offset in Substantive Pay as the Plan assumes a fully established position. See below.

Substantive Pay

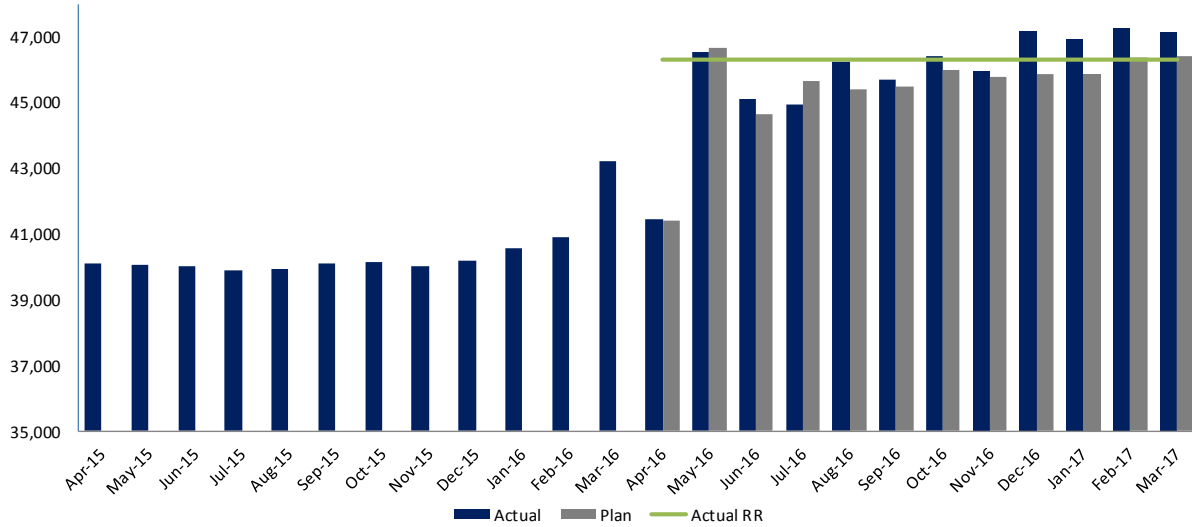
- Combined with other non-contracted, expenditure of £550.9m, £5.2mA.
- Medical Pay: Non agency costs are £8.7mA (£14.1mA non-contracted offset by £5.4mF substantive) with overspend in every CMG particularly in CSI, ITAPS and RRCV. Combined with £2.1mA in Agency, Medical has a total overspend of £10.7m.

Note

Other non-contracted medical pay is not represented by a WTE value as it represents an aggregate of payments like Waiting List Initiatives (WLI), on call, acting down payments across different grades of medical workforce where individuals often already represent 1 WTE in a substantive, contracted, role.

Pay Run Rates

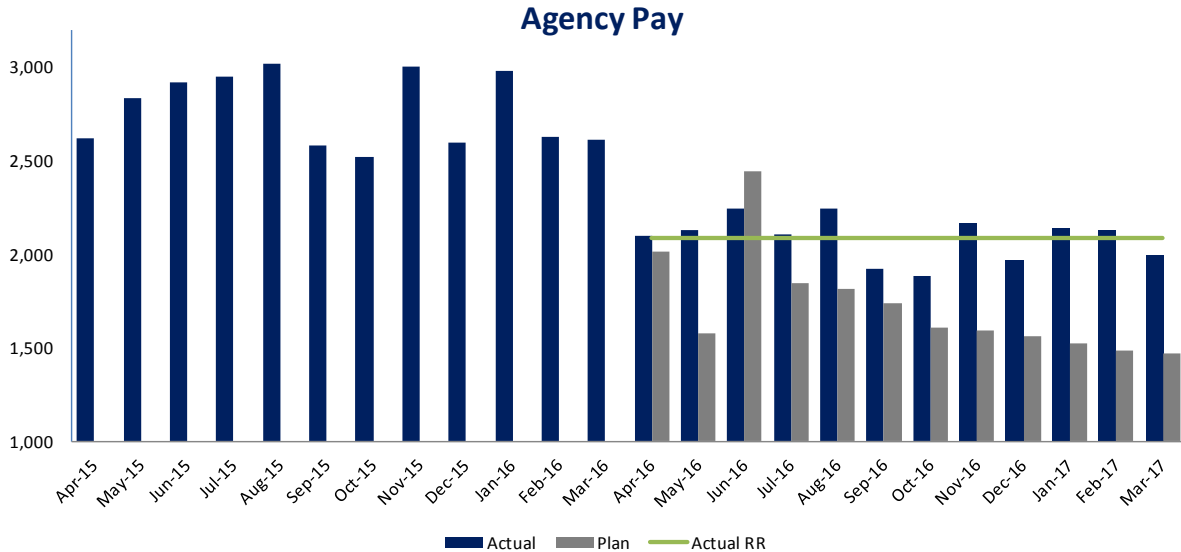
Total Pay Excluding Agency Pay



Total Pay excluding Agency Pay

- Year to date cost of £550.9m, £5.2mA to Plan. The average pay bill over 12 months being £46.3m per month.
- Plan and Actuals reflect an increase in pay from May due to the impact of E&F services integration where costs were previously reflected within non-pay.

Agency Pay



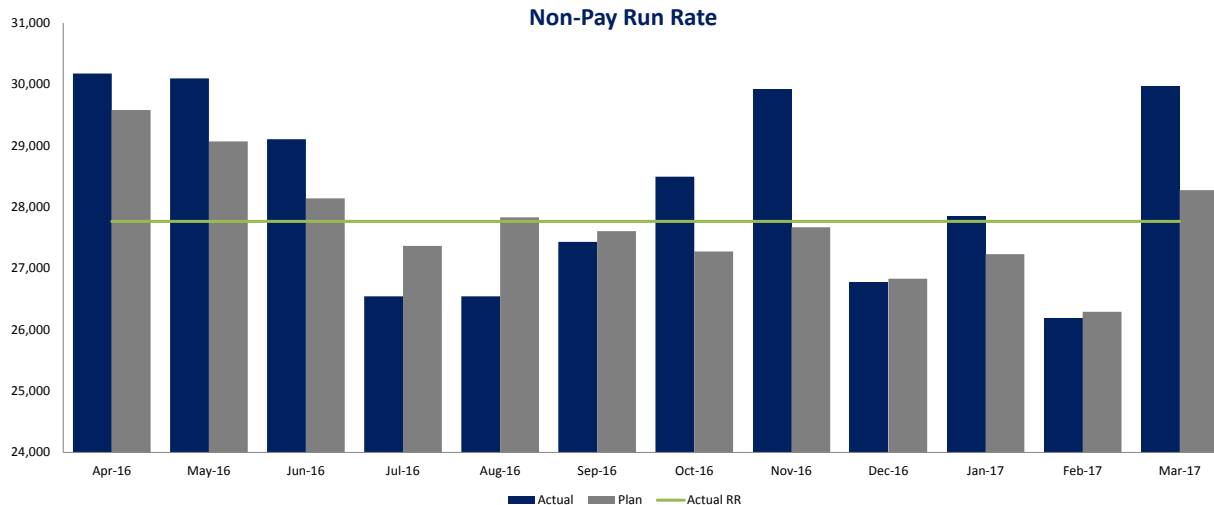
- Year to date cost of £25.0m, £4.4mA to Plan and is in excess of that required to achieve the planned annual ceiling of £20.6m.
- The increase in November is driven by additional Ward capacity to support winter pressures.
- Phasing of agency plan is prescribed by NHSI.

Non-Pay: YTD £339.1m, £5.9mA to Plan

	Mar-17				YTD				
	Plan £'000	Actual £'000	F / (A) £'000	%	Plan £'000	Actual £'000	F / (A) £'000	%	
Direct	Blood Products	94	95	(1)	(1%)	1,132	1,386	(255)	(22%)
	Drugs	8,060	8,317	(257)	(3%)	94,102	100,852	(6,750)	(7%)
	Clinical Supplies & Services	8,704	9,794	(1,090)	(13%)	100,985	105,402	(4,416)	(4%)
	Transport	185	517	(332)	(179%)	2,224	3,222	(998)	(45%)
	Recharges	185	(270)	455	246%	1,254	2,504	(1,250)	(100%)
	Misc & General Supplies	3,507	3,985	(478)	(14%)	39,867	29,712	10,155	25%
External Providers	Healthcare	878	766	112	13%	9,679	11,316	(1,636)	(17%)
	Non Healthcare	1,259	1,232	26	2%	15,714	16,119	(405)	(3%)
Overheads	Establishment, Premises & Plant	3,334	3,170	164	5%	42,410	42,345	65	0%
	Consultancy	92	386	(294)	(320%)	2,079	2,506	(427)	(21%)
	Clinical Negligence	1,977	1,977	(0)	(0%)	23,725	23,725	(0)	(0%)
Total: Non Pay	28,275	29,970	(1,695)	(6%)	333,173	339,089	(5,917)	(2%)	

- **Direct Costs: YTD £243.1m, £3.5mA to Plan**
YTD spend on Activity related costs (Blood, Drugs, Clinical Supplies and Recharges) of £210.1m, £12.7mA to Plan to over-deliver income of £4.5m.

CIP: included in Plan was CIP delivery through non-pay where efficiency has been delivered through income.
- **External Providers: YTD cost of £27.4m, £2.0mA to Plan** driven by continued use of the IS by MSS and CHUGGS.
- **Overheads: YTD expenditure of £68.6m, £0.4mA to Plan.**

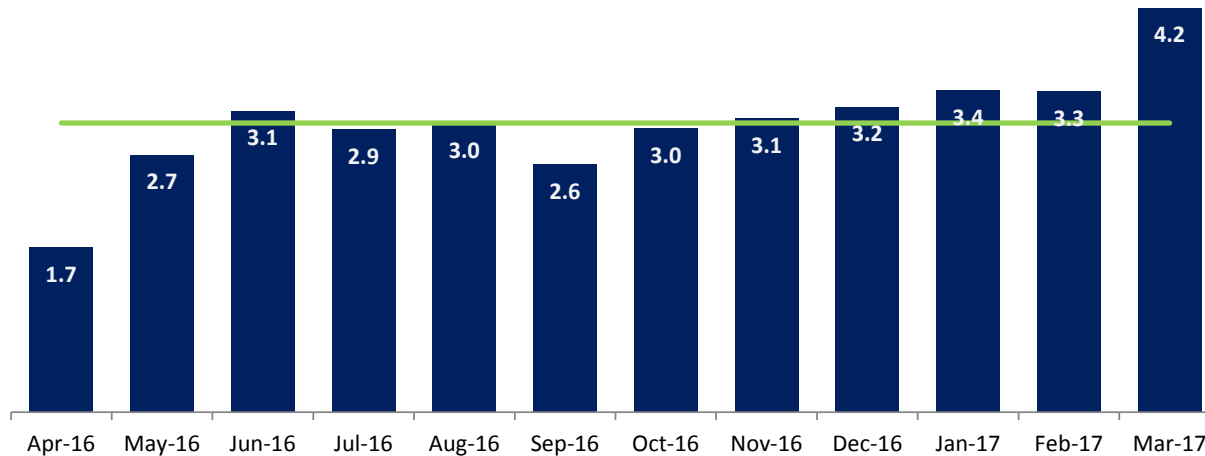


CIP: YTD £36.2m, £1.1mF to Plan

	Mar-17				YTD				FY Plan £'000
	Plan £'000	Actual £'000	F / (A) £'000	%	Plan £'000	Actual £'000	F / (A) £'000	%	
CHUGGS	322	319	(3)	(1%)	3,810	4,130	320	8%	3,810
CSI	423	460	37	9%	4,370	4,385	14	0%	4,370
ESM	521	755	233	45%	5,845	5,898	53	1%	5,845
ITAPS	390	369	(21)	(5%)	3,794	3,975	180	5%	3,794
MSS	392	661	268	68%	4,011	4,037	26	1%	4,011
RRCV	494	579	85	17%	5,814	5,876	61	1%	5,814
Womens & Childrens	469	349	(120)	(26%)	3,928	2,928	(1,000)	(25%)	3,928
Total: CMG	3,012	3,493	480	16%	31,573	31,228	(345)	(1%)	31,573
Facilities	8	132	125	1665%	830	1,947	1,117	135%	830
Corporate Total	273	585	312	114%	2,641	2,995	354	13%	2,641
Total CIP	3,293	4,210	917	28%	35,044	36,170	1,125	3%	35,044

- Year to date under-delivery in W&C, offset by over-delivery in other areas including E&F driven by Utilities, together with over performance across other CMGs.
- The specific CIP Paper provides further insight into the performance of CIP.

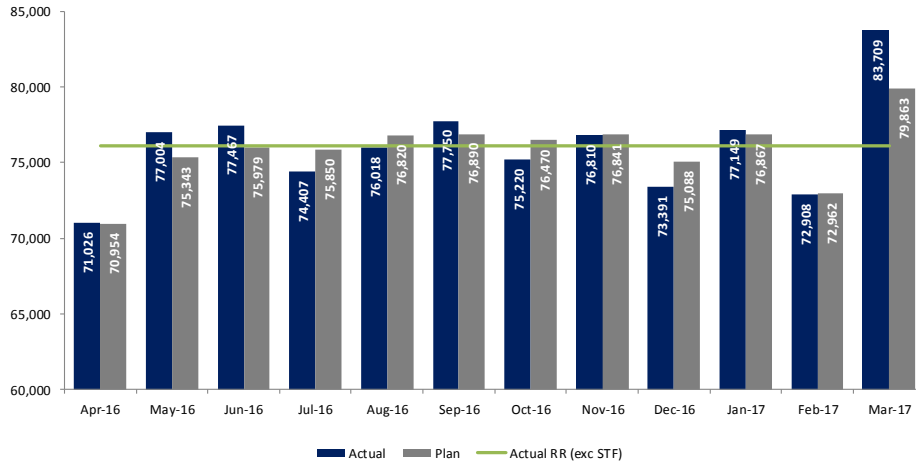
CIP Delivery



I&E Run Rates, Excluding Impairments

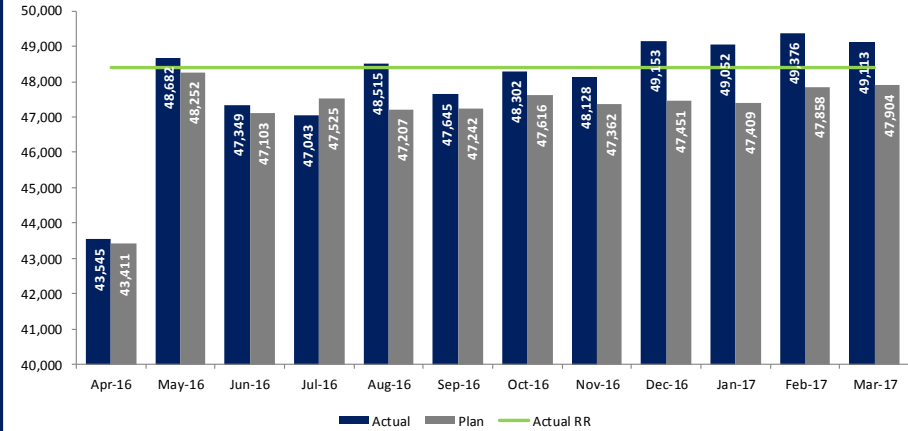
Income excluding STF

Underlying income fluctuates in line with working days and calendar days .



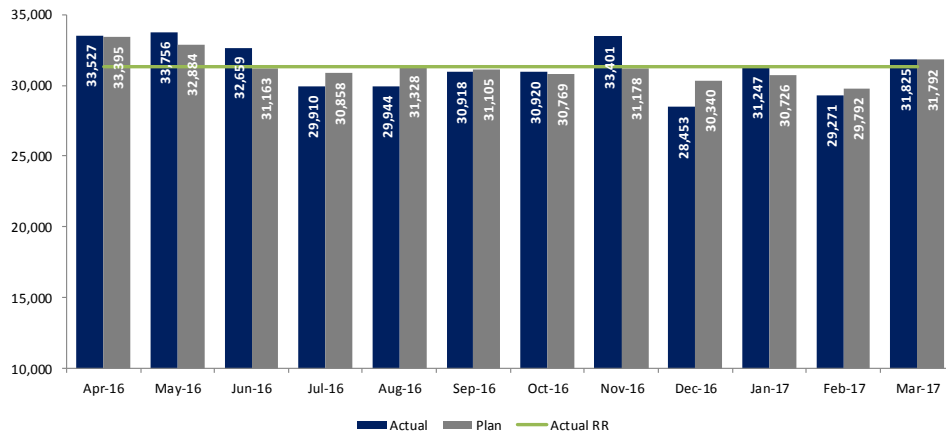
Pay

The step-change in May reflects the impact of E&F services integration.



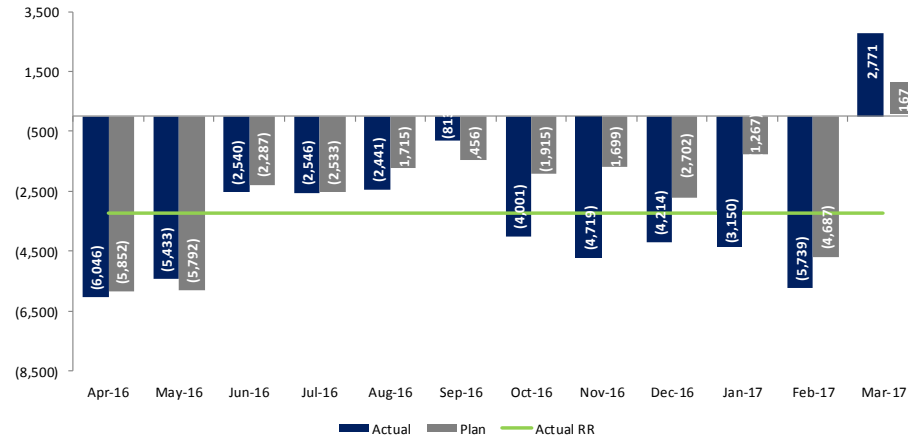
Non-Pay

High non-pay year to date partially driven by over-performance in activity.



Net Deficit excluding STF & Impairments

Cumulative deficit of £38.4m (£27.0m with STF)



STF: Financial & Operational Trajectories

Year to date position includes £11.4m of STF based on financial and operational performance delivery for Q1 and Q2. Performance for Q4 has deteriorated resulting in a outturn which is adverse to Plan resulting in non-recognition of STF of £11.7m together with £0.3m unrecovered STF in relation to Q2 Cancer Target.

	Quarter 1			Quarter 2			Quarter 3			Quarter 4		
	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
Financial performance (70%, £16.4m)												
YTD Trajectory (£k)	(5,823)	(11,561)	(13,940)	(16,450)	(18,181)	(19,629)	(21,588)	(23,242)	(25,899)	(27,269)	(31,912)	(31,700)
YTD Actual (£k)	(6,003)	(11,368)	(13,920)	(16,420)	(18,845)	(19,612)	(23,574)	(28,247)	(32,417)	(35,498)	(41,194)	(38,560)
ED: 4 hour turnaround (12.5%, £2.9m)												
Monthly Trajectory ²	78.00%	78.00%	79.00%	79.00%	80.00%	85.00%	85.00%	85.00%	85.00%	89.00%	89.00%	91.20%
Monthly Actual	81.20%	79.90%	80.60%	76.90%	80.10%	79.80%	78.00%	77.60%	75.50%	78.00%	83.80%	83.90%
RTT: 18 Week Pathway (12.5%, £2.9m)												
Monthly Trajectory ³	92.00%	92.00%	92.00%	92.00%	92.00%	92.00%	92.00%	92.00%	92.00%	92.00%	92.00%	92.00%
Monthly Actual	92.70%	92.70%	92.40%	92.40%	92.10%	91.70%	91.50%	92.20%	91.30%	90.90%	91.20%	91.80%
Cancer: 62 Day Pathway (5%, £1.2m)												
Monthly Trajectory ⁴	70.20%	74.00%	85.10%	85.10%	85.10%	85.10%	85.10%	85.10%	85.10%	85.10%	85.10%	85.10%
Monthly Actual	75.90%	74.90%	77.30%	83.70%	78.40%	77.90%	73.94%	77.20%	79.50%	75.50%	76.50%	
Diagnostics: 6 week wait (0%, £0.0m)												
Monthly Trajectory	0.98%	0.98%	0.98%	0.98%	0.98%	0.98%	0.98%	0.98%	0.98%	0.98%	0.98%	0.98%
Monthly Actual	0.70%	0.60%	0.70%	0.60%	1.40%	1.50%	0.60%	0.60%	0.90%	0.88%	0.90%	0.90%

Notes

¹ Quarter 1 operational trajectories were delivered (green) by virtue of agreeing a trajectory with NHSI, regardless of performance

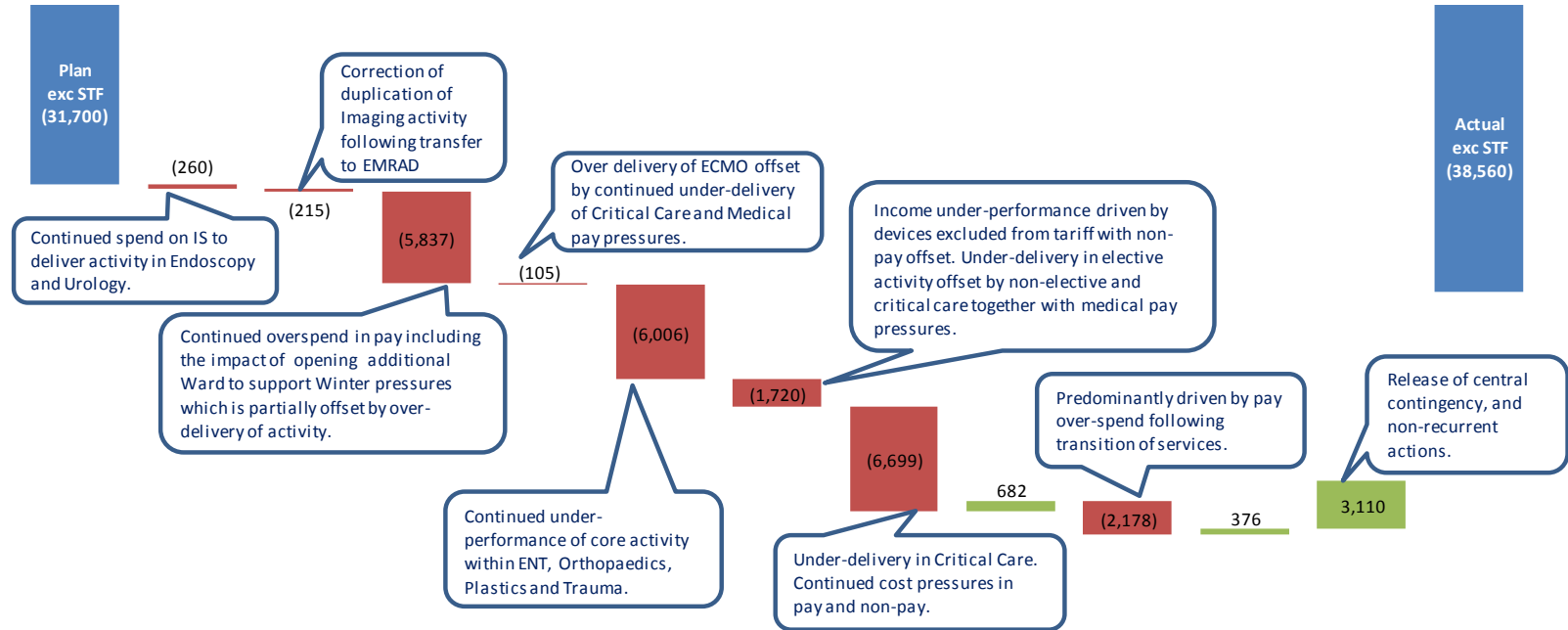
² Trajectory submitted on a “best endeavours basis” for the full year

³ Trajectory submitted on a “best endeavours basis” April to June

⁴ Trajectory submitted on a “best endeavours basis” June to August

March YTD by CMG and Directorates

The YTD performance by CMG and Corporate Directorate is shown below.



£(000)	Plan exc STF	CHUGGS	CSI	ESM	ITAPS	MSS	RRCV	W&C	Corporate	Facilities	R&I	Centre	Actual exc STF	Var F/(A)
NHS PCI	770,569	6,300	1,701	3,833	(1,252)	(3,068)	(401)	(125)	269	0	(0)	(14,703)	775,116	4,547
Other Income	138,857	(225)	482	1,659	470	47	(256)	(1,833)	1,460	(5,446)	653	1,802	137,669	(1,188)
Pay	(545,659)	(643)	1	(2,325)	(922)	(58)	(1,467)	(2,349)	(743)	(3,529)	262	6,572	(550,861)	(5,201)
Pay: Agency	(20,680)	(176)	(134)	(3,343)	(51)	173	27	40	296	(124)	64	(1,134)	(25,042)	(4,362)
Non Pay	(333,173)	(5,516)	(2,267)	(5,661)	1,656	(3,100)	378	(2,431)	(569)	6,922	(603)	5,275	(339,089)	(5,917)
Non-Operating Costs	(41,614)		1		(6)		(2)		(31)			5,299	(36,353)	5,261
Net Deficit	(31,700)	(260)	(215)	(5,837)	(105)	(6,006)	(1,720)	(6,699)	682	(2,178)	376	3,110	(38,560)	(6,860)

March 2017: Statement of Financial Position

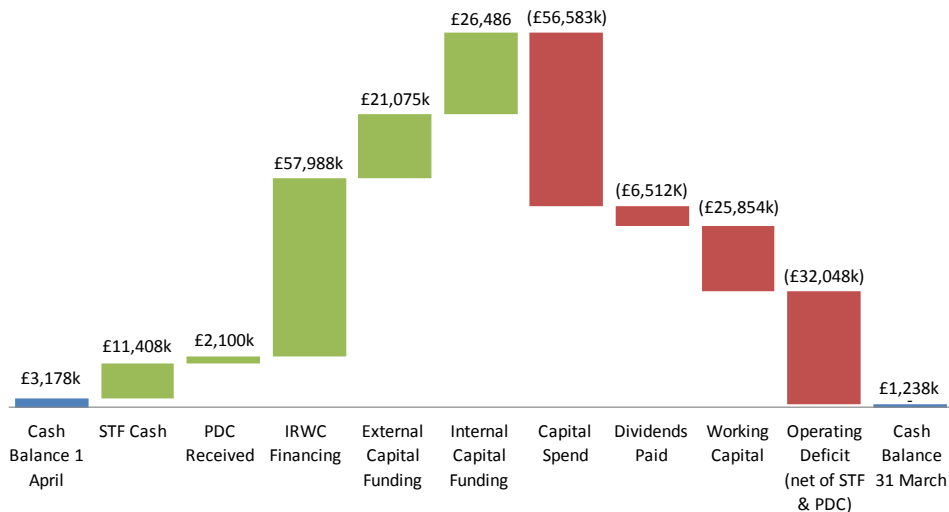
	Mar-16 £000's Actual	Mar-17 £000's Actual	Movement £000's Actual
Non Current Assets			
Property, plant and equipment	391,358	398,262	6,904
Intangible assets	10,452	11,468	1,016
Trade and other receivables	2,727	2,668	(59)
TOTAL NON CURRENT ASSETS	404,537	412,398	7,861
Current Assets			
Inventories	18,605	20,086	1,481
Trade and other receivables	45,106	57,252	12,146
Cash and cash equivalents	3,178	1,238	(1,940)
TOTAL CURRENT ASSETS	66,889	78,576	11,687
Current Liabilities			
Trade and other payables	(120,985)	(112,463)	8,522
Dividend payable	0	0	0
Borrowings / Finance Leases	(4,315)	(3,280)	1,035
Other Liabilities / Loan	(545)	(545)	0
Provisions for liabilities and charges	(633)	(475)	158
TOTAL CURRENT LIABILITIES	(126,478)	(116,763)	9,715
NET CURRENT ASSETS (LIABILITIES)	(59,589)	(38,187)	21,402
TOTAL ASSETS LESS CURRENT LIABILITIES	344,948	374,211	29,263
Non Current Liabilities			
Borrowings / Finance Leases	(3,930)	(8,726)	(4,796)
Other Liabilities / Loan	(55,010)	(133,527)	(78,517)
Provisions for liabilities and charges	(1,678)	(1,525)	153
TOTAL NON CURRENT LIABILITIES	(60,618)	(143,778)	(83,160)
TOTAL ASSETS EMPLOYED	284,330	230,433	(53,897)
Public dividend capital	329,856	331,956	2,100
Revaluation reserve	81,133	77,427	(3,706)
Retained earnings	(126,659)	(178,950)	(52,291)
TOTAL TAXPAYERS EQUITY	284,330	230,433	(53,897)
Ratios			
Liquidity Ratio Days (Working Capital Balance / Annual Operating Expenses)	(33)	(22)	
Liquidity Ratio Metric	1	1	

- **Total Assets Employed:** Movement of £53.9m representing year to date Trust deficit (before donated asset adjustment and the impairment).
- **Non-Current Assets :** Increased by £7.9m reflecting capital spend of £62.6m on the emergency floor, vascular scheme, Robert Kilpatrick building. Net asset revaluation impairment of £(28.7)m and depreciation/amortisation of £(25)m.
- **Working capital:**
 - Stock growth in non pharmacy stock holding locations
 - Receivables have increased by £12.1m
 - Payables have decreased by £8.5m
- **Cash:** March balance of £1.2m is marginally above the £1m cash balance to support working capital.
- **Non-current liabilities:**
 - £58.0m revolving working capital facility
 - £21.1m emergency floor capital loan.
- **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 £'000



Cash Bridge:

- Opening cash balance of £3.2m, in line with our plan.
- Funded YTD net deficit of £27.1m by drawing down £58.0m of our Interim Revolving Working Capital Facility (IRWC), which also provides cash in lieu of STF funding prior to its receipt.
- Improvement in working capital and internal capital funding enabled interest payment and capital expenditure of £62.6m.

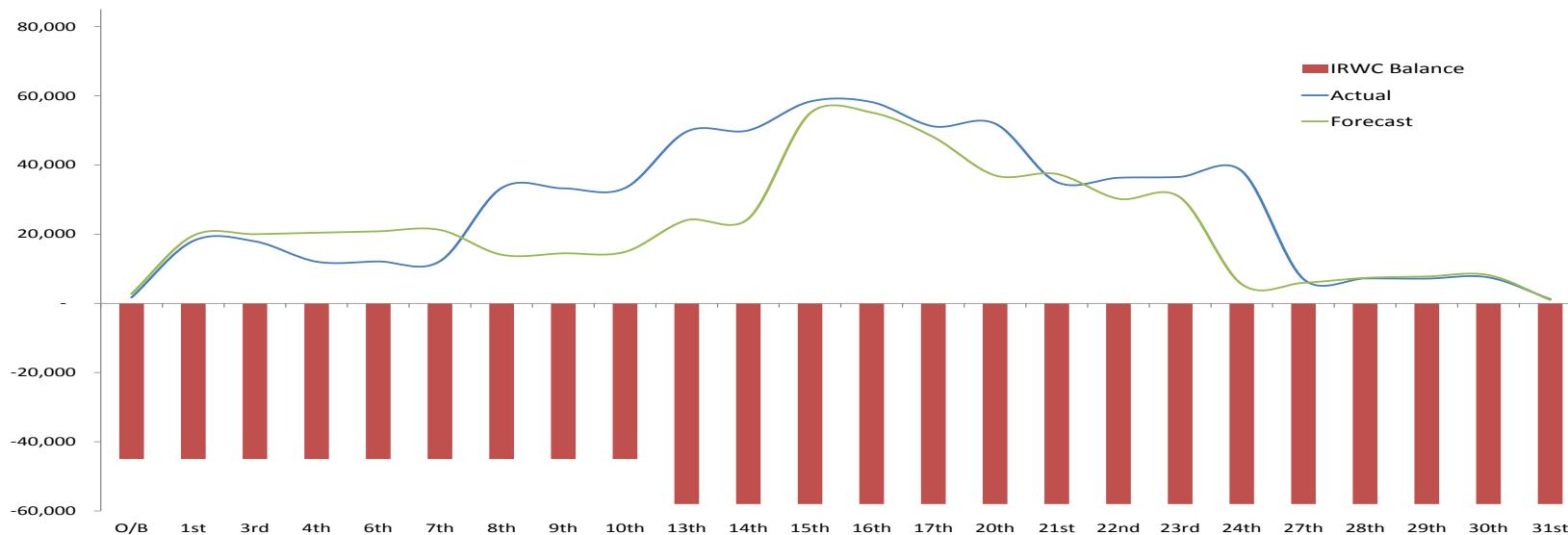
Year End Position

- Cash holding at year end of £1.2m compared to original plan of £3m. We have been permitted to reduce our minimum cash balance to £1m from £3m to support working capital. NHSI have confirmed that DH will not provide the additional £4m cash support for TrustMed Pharmacy.

Daily Cash Balance

- In line with forecast the mid-month peak is driven by receipt of SLA income and reduction on 27th March is the monthly payroll run.

Daily Cash Balance



Liquidity

	Liquidity			Ageing				Total	
	Opening	YTD	Movement	0 - 30 Days	31 - 60 Days	61 - 90 Days	Over 90 Days	Over 90 Days	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	%	
Accounts Receivable	NHS receivables - revenue	25,351	36,823	(11,472)	27,552	2,919	4,849	1,503	4%
	Non-NHS receivables - revenue	13,097	14,074	(977)	8,520	865	437	4,252	30%
	Provision for the impairment of receivables	(764)	(1,024)	260	(1,024)				
	Non-NHS prepayments and accrued income	3,068	4,810	(1,742)	4,810				
	PDC dividend prepaid to DH	1,307	764	543	764				
	VAT	2,622	1,195	1,427	1,195				
	Other receivables	425	610	(185)	610				
	TOTAL	45,106	57,252	(12,146)	42,427	3,784	5,286	5,755	0
Accounts Payable	NHS payables - revenue	(9,502)	(29,698)	20,196	(20,075)	(2,332)	(517)	(6,774)	23%
	NHS accruals and deferred income	(5,889)	(5,584)	(305)	(5,584)				
	Non-NHS payables - revenue	(43,305)	(30,409)	(12,896)	(22,006)	(6,740)	(1,172)	(491)	2%
	Non-NHS payables - capital	(14,052)	(4,808)	(9,244)	(4,463)	(292)	(52)	(1)	0%
	Non-NHS accruals and deferred income	(31,368)	(21,449)	(9,919)	(7,499)	(4,013)	(3,452)	(6,485)	30%
	Social security costs	(4,740)	(6,439)	1,699	(6,439)				
	Accrued Interest on DH Loans	(126)	(123)	(3)	(123)				
	Tax	(5,054)	(5,584)	530	(5,584)				
	Other	(6,949)	(8,369)	1,420	(8,369)				
	TOTAL	(120,985)	(112,463)	(8,522)	(80,142)	(13,377)	(5,193)	(13,751)	1
Total Liquidity	(75,879)	(55,211)	(20,668)						

Liquidity: movement of £20.7m from opening position due to:

- Accounts receivable: increased by £12.1m driven by increase in NHS receivables.
- Accounts payable: decrease of £8.5m with material movement Non-NHS payables.

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

- NHS receivables: 4% representing £1.5m being over 90 days NHS Leicester CCG at £0.3m.
- Non-NHS receivables: 29% representing £4.3m being over 90 days with the largest component being Overseas Visitors at £2.6m (60%). The balance consists of various items which in isolation are not material.
- NHS payables-revenue: £6.8m, representing 23% in excess of 90 days with NHS Business Services Authority at £5.4m (79%).
- Further analysis of receivables is provided in the separate cash report.

Better Payments Practice Code: Non-compliant

Better Payment Practice Code - Measure of Compliance	March YTD		Prior Month YTD	
	Number	£000s	Number	£000s
All				
Total Invoices Paid in the Year	164,175	752,564	145,514	687,175
Total Invoices Paid Within Target	30,705	476,617	26,020	442,712
Percentage Invoices Paid Within Target (target 95%)	19%	63%	18%	64%
Non-NHS Payables				
Total Non-NHS Invoices Paid in the Year	155,649	623,753	138,792	573,591
Total Non-NHS Invoices Paid Within Target	29,470	394,044	24,938	366,000
Percentage of Non-NHS Invoices Paid Within Target	19%	63%	18%	64%
Local SME payables				
Total SME Invoices Paid in the Year	3,547	12,632	2,760	11,588
Total SME Invoices Paid Within Target	737	2,281	656	2,096
Percentage of Local SME Invoices Paid Within Target	21%	18%	24%	18%
NHS Payables				
Total NHS Invoices Paid in the Year	4,979	116,179	3,962	101,996
Total NHS Invoices Paid Within Target	498	80,292	426	74,616
Percentage of NHS Invoices Paid Within Target	10%	69%	11%	73%

- **BPPC performance:** As a result of cash constraints the Trust is unable to achieve the BPPC performance target of 95%.

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.

- **Impact of additional financing:** We have undertaken analysis of the impact of expected additional financing on the BPPC performance.

This analysis is limited to non - NHS BPPC performance as we will not receive any additional financing for NHS creditors.

Capital: £62.6m spend YTD

	Scheme Name	YTD Spend	Annual Budget
Funded	Estates & Facilities		
	Estates & Facilities	4,016	5,758
	MES Installation Costs	885	1,347
	IFM Facilities Asset Purchase	1,548	1,376
	Paediatric Daycase / Dentistry	1,137	1,229
	Ward 9 & 7 Change of Use	132	150
	Robert Kilpatrick	2,200	2,200
	Sub-total: Estates & Facilities	9,917	12,060
	IM&T Schemes		
	IM&T Infrastructure	3,042	3,712
	Heartsuite System	22	272
	Electronic Blood Tracking System	344	696
	Renal Transplant Lab System	111	100
	Learning Mgt System	72	70
	EF EPR Plan B	544	500
	Sub-total: IM&T Schemes	4,135	5,350
	Medical Equipment Schemes		
	Medical Equipment Executive	2,974	4,500
	Linear Accelerator	2,755	3,300
	Sub-total: Medical Equipment	5,729	7,800
	Reconfiguration		
	Emergency Floor	19,842	21,700
	Vascular	7,578	8,908
	ICU	431	3,020
	EMCH Interim Solution	556	683
	Ward Capacity	0	4,400
	Infrastructure Costs	0	1,500
Business Case Development	829	2,128	
EPR Programme	(21)	8,690	
EF IM&T Equipment	423		
ED Floor: Phase II Enabling	436	0	
Sub-total: Reconfiguration	30,075	51,029	
Corporate / Other Schemes			
Diabetes Conversion of Ward 2	537	1,122	
Donations	199	300	
Paediatric & Genetic CRF	393	328	
Ophthalmology	121	0	
Sub-total: Corporate / Other	1,250	1,750	
MES Finance Lease Additions	7,401	2,774	
Hybrid Theatre Addition	1,200	1,200	
Sub-total: Finance Leases	8,601	3,974	
Total Secured Funding	59,707	81,963	
Unfunded	EDRM	461	0
	Other Expenditure	2,449	0
	TOTAL UNFUNDED EXPENDITURE	2,910	0
	TOTAL CAPITAL EXPENDITURE	62,617	81,963

Year to date:

- Total Capital expenditure of £62.6m
- **Emergency Floor:** Direct spend of £19.8m with a further commitment of £1.2m
- **Vascular:** Spend of £7.6m and committed spend of a further £0.6m
- **Estates and Facilities:** Spend of £9.9m with £1.0m further committed spend
- **Linear Accelerator:** Spend of £2.7m. Unit delivered and being commissioned. Funded by NHS PDC allocation.

Finance and use of resources metrics

In September 2016 NHSI published the final Single Oversight Framework. Within this there are a series of financial measures, below we have shown the Trust score against these measures based on NHSI definitions. Whilst each metric carries equal weighting if any metric scores a 4 the overall score cannot be any higher than 3.

Metric	Definition	Actual	Score
Capital Service Capacity	Degree to which generated income covers financial obligations <i>EBITDA + Interest receivable / Annual Debt Service (Interest Payable + Dividend + borrowings repaid)</i>	0	4
Liquidity (days)	Days of operating costs held in cash or cash equivalent forms including wholly committed lines of credit available for drawdown <i>Working Capital Balance / Year to Date Operating Costs</i>	(29)	4
EBITDA margin	I&E Surplus or Deficit / Total Revenue	(3.54%)	4
Distance from financial plan	Year to date actual I&E surplus/deficit in comparison to year to date planned I&E surplus/deficit <i>Difference between I&E Plan Margin and I&E Actual Margin</i>	(2.31%)	4
Agency spend	Distance from agency ceiling <i>Year to date variance to Ceiling / Year to date Ceiling</i>	20.31%	2
Total (weighted) score	All five metrics are equally weighted to give an overall mean score however scoring a 4 on any measure results in a 3 overall at best		4

Risks & Mitigation

RISK	MITIGATION
<ul style="list-style-type: none"> Cost Pressures: Current over-delivery of activity and use of central contingency is offsetting underlying pay and non-pay pressures. 	<ul style="list-style-type: none"> Additional Executive scrutiny to monitor financial performance and improve control. Trust measures to tighten financial controls on non essential costs. Central mitigating actions have been identified which are being actively pursued.
<ul style="list-style-type: none"> Financial Recovery plans: continued under-performance and deterioration of CMGs and Corporate driving Trust level risk to deliver on planned deficit. 	<ul style="list-style-type: none"> Trust-wide Financial Actions are in place and monitored through EPB.
<ul style="list-style-type: none"> Contractual over performance: continued over-performance and associated financial pressures within local CCGs. 	<ul style="list-style-type: none"> Close monitoring of contractual and financial performance at monthly Contract Performance Meeting. Contractual mechanisms i.e. AQN have been followed.
<ul style="list-style-type: none"> CIP: remains key to meeting income and expenditure commitments. Whilst currently in line with plan CIP delivery remains a key dependency. 	<ul style="list-style-type: none"> 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.
<ul style="list-style-type: none"> Sustainability & Transformation Funding: inability to achieve financial control total (70%) and operational performance target trajectory (30%) 	<ul style="list-style-type: none"> This had crystallised in Month 9 with non-recognition of Q3 and Q4 STF.
<ul style="list-style-type: none"> Agency Pay: Current and forecast over spend against the £20.6m agency ceiling creates a risk of further escalation actions with NHSI. 	<ul style="list-style-type: none"> 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.
<ul style="list-style-type: none"> Cash: planned deficit position means there is insufficient cash to support expenditure. 	<ul style="list-style-type: none"> The Trust has access to an Interim Revolving Working Capital Support (temporary borrowing) to meet immediate cash requirements.
<ul style="list-style-type: none"> Capital: Capital Plan requires further borrowing that is yet to be approved. 	<ul style="list-style-type: none"> Alternative scenarios within the capital programme until additional borrowing is approved. This plan has been agreed at the Capital Management and Investment Committee.