

2017/18 Financial Performance

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Trust Board paper N1

Executive Summary

Context

The Trust is planning for an income and expenditure deficit of £26.7m in 2017/18 with a capital plan of £54.4m. Delivery of the financial plan in 2017/18 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 period ending 31st October 2017?

The Trust has achieved a year to date deficit of £24.7m which is in line with our plan to this point. Although there is significant risk in the remaining months particularly associated with the delivery of CIP and Finance and Technical actions. The CIP and FIT profiles are illustrated on pages 13 and 14 of the report and the corresponding impact of the savings on pay and non-pay run rates is on page 15.

2. What is our performance against the agency ceiling?

Agency expenditure is within the required level (as per the NHSI agency cap for UHL). The cap essentially mandates a 30% reduction on 2015/16 agency spend. This is very positive news especially given our startpoint as a relatively low use of agency compared to our acute peer group.

3. What is our forecast I&E position for 2017/18?

As outlined on page 17 of the report, the Month 7 unmitigated forecast indicates a risk of £18.7m to the Planned I&E deficit of £26.7m. Following revised Control Totals and Corporate mitigating actions, the forecast was brought back in line with Plan which needs prompt execution and on-going monitoring to ensure delivery of the

Trust's financial commitment. As noted above and very explicitly in the main report, there are risks to delivery of the target.

4. What is the performance against the Trust's Cost Improvement Programme?

The Trust's Cost Improvement Programme target has increased from £33m to £44.2m with the inclusion of £3.5m for supplementary CIP and £7.6m from financial improvement and technical schemes being re-aligned as CIP. To date, £19.5m of the total £44.2m has been delivered. This is £0.6m adverse to Plan due to the crystallisation of un-identified CIP. Of the £44.2m this year, £5.8m is still unidentified representing a risk to the programme and the overall delivery of the I&E plan. Escalation meetings will continue with the CMGs concerned.

5. How are we managing unfunded cost pressures this year?

In setting budgets appropriately and in accordance with 2016/17 spend levels, the Trust has little additional (reserve) funding to allocate to CMGs to fund any further cost pressures this year. To ensure that this does not impact negatively on the quality of our services, the Chief Executive is chairing a specific Executive Board meeting (Star Chamber) as necessary to consider any such pressures which potentially cannot be avoided. This will ensure that we have senior oversight and transparency regarding such decisions in 2017/18.

As at the end of Q1, the Star Chamber has identified unavoidable cost pressures totalling a further £10m which creates a £3.5m in-year funding gap for the Trust. To help close the overall budget gap, the Trust has targeted an additional £3.5m reduction in the pay bill through a structured supplementary CIP programme which is in addition to the existing CIP target of £33m referenced in answer 4 above.

6. What risk mitigation strategies are in place for 2017/18?

Page 25 of the report provides information on the key risks and their mitigations, some of which have already been mentioned in this summary.

Input Sought

Note the financial performance at Month 7.

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: **4th January 2018**

6.Executive Summaries should not exceed 2 pages. [**My paper does/does not comply**]

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

Contents

| | |
|--|-------------------------|
| Executive Summary | Page 2 |
| I&E: Overall Position | |
| • October 2017: Key Facts | Page 3 |
| • Financial Performance | Page 4 |
| • I&E Bridge | Page 5 |
| Patient Income | |
| • NHS Patient Income | Page 6 |
| • Activity & Income: Performance versus Contract | Page 7 |
| • Patient Income Run Rates | Page 8 |
| • Patient Income Run Rates: Point of Delivery | Page 9 |
| Pay Costs | |
| • Pay Costs | Page 10 |
| • Pay Cost Run Rates | Page 11 |
| I&E: Other | |
| • Non-Pay | Page 12 |
| • CIP | Page 13 |
| • Financial Improvement and Technical | Page 14 |
| • I&E Run Rates | Page 15 |
| • YTD Performance by CMGs and Corporate Directorates | Page 16 |
| Forecast Outturn | Page 17 |
| Revised Control Totals | Page 18 |
| Assets & Liabilities | |
| • October 2017: Statement of Financial Position | Page 19 |
| • Cash | Page 20 |
| • Liquidity | Page 21 |
| • Better Payments Practice Code | Page 22 |
| • Capital | Page 23 |
| Finance and use of resources metrics | Page 24 |
| Risks & Mitigation | Page 25 |

Executive Summary

Financial performance

Statutory duties

- Delivering the planned deficit: on track
- Achieving the External Funding Limit: Achieved
- Achieving the Capital Resource Limit: Achieved

Financial Performance

- **Deficit of £24.7m, in line with Plan:** Reporting in line with Plan representing over-performance on Patient Care Income offset by the additional cost to deliver the additional activity. Over-spend in Medical workforce and emerging cost pressures are currently being mitigated by release of Central reserves and acceleration of mitigating actions.
- **Patient Care Income, £2.4mF to Plan:** Over-performance driven by Emergency/Non-elective, National Screening Programmes, Audiology and ECMO offset by under delivery across other points of delivery, predominantly within Day Case and Elective Inpatients.
- **Operating Costs, £4.1mA to Plan:** with pay £4.9mA to Plan including £1.1m release of reserves with underlying overspend in all staff groups. Non-pay underspend of £0.8m with £5.5mF from release of reserves and accelerated FIT actions with underlying overspend to deliver additional activity and non-delivery of CIP.
- **CIP, £0.6mA to Plan** representing crystallisation of unidentified CIP.
- **Finance Improvement and Technical:** currently over-delivering actions due to acceleration of release of deferred income.
- **Forecast Outturn:** in line with Plan with the un-mitigated forecast being £18.7mA to Plan representing a risk to achieving the full year planned deficit. Revised Control Totals have been issued based on individual reviews with each CMG, CIP performance and M7 outturn. The residual risk is mitigated through additional FIT actions to be delivered. The spectrum of risk is outlined on page 24.

Cash

- **Closing cash balance at October of £3.2m**, which is higher than Plan due to normal monthly timing differences.
- Trust Med Pharmacy cash balance was £1.0m.
- Funded YTD net deficit of £24.5m by drawing down £24.7m of our Interim Revolving Working Capital Facility (IRWC) and revenue support loan.

Capital

- **October:** Total capital expenditure of £15.2m, £1.9mF to Plan
 - Year to date spend driven by:
 - Re-configuration projects
 - Emergency Floor
 - Managed Equipment Service Finance Leases
 - Estates, backlog maintenance
 - Underspend predominantly related to reconfiguration schemes due to delays in spend together with under-spend within Estates.

October 2017: Key Facts



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 variance YTD

Financial Performance: YTD Deficit of £24.7m, in line with Plan

| Value Drivers | Oct-17 | | | YTD | | | |
|------------------------------------|---------|---------|---------|-----------|-----------|-----------|------|
| | Plan | Actual | Vs Plan | Plan | Actual | F/(A) | % |
| | | | | | | | |
| Day Case | 9,188 | 9,494 | 306 | 62,766 | 61,275 | (1,491) | (2%) |
| Elective Inpatient | 1,900 | 1,988 | 88 | 12,877 | 12,803 | (74) | (1%) |
| Emergency / Non-elective Inpatient | 10,080 | 9,953 | (126) | 66,567 | 68,602 | 2,035 | 3% |
| Emergency Department | 21,346 | 20,862 | (484) | 144,387 | 141,430 | (2,957) | (2%) |
| Outpatient Procedures | 84,571 | 86,226 | 1,655 | 564,561 | 553,731 | (10,831) | (2%) |
| Critical Care Services | 5,604 | 4,730 | (874) | 32,603 | 33,645 | 1,042 | 3% |
| Renal Dialysis and Transplant | 14,697 | 14,814 | 117 | 101,733 | 102,388 | 655 | 1% |
| Other Activity | 668,823 | 788,609 | 119,786 | 5,273,430 | 4,774,491 | (498,939) | (9%) |
| WTE Total | 13,840 | 13,502 | 339 | 13,840 | 13,502 | 339 | 2% |
| WTE Agency | 257 | 214 | 43 | 221 | 214 | 7 | 3% |

| 18&E '000 | Oct-17 | | | YTD | | | |
|--------------------------------|-----------------|-----------------|----------------|------------------|------------------|----------------|----------------|
| | Plan | Actual | Vs Plan | Plan | Actual | F/(A) | % |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | % |
| Patient Care Income | 70,002 | 68,942 | (1,060) | 470,717 | 473,134 | 2,417 | 1% |
| Non Patient Care Income | 532 | 589 | 57 | 3,727 | 4,052 | 325 | 9% |
| Other Operating Income | 10,578 | 10,642 | 64 | 74,049 | 74,851 | 802 | 1% |
| Total Income | 81,112 | 80,173 | (939) | 548,493 | 552,037 | 3,544 | 1% |
| Pay Costs | (46,056) | (47,243) | (1,187) | (330,376) | (335,703) | (5,327) | (2%) |
| Pay Costs: Agency | (1,691) | (1,409) | 282 | (12,774) | (12,353) | 421 | 3% |
| Non Pay | (28,815) | (28,076) | 739 | (205,365) | (204,540) | 825 | 0% |
| Total Operating Costs | (76,562) | (76,729) | (167) | (548,515) | (552,596) | (4,081) | (1%) |
| EBITDA | 4,550 | 3,445 | (1,105) | (22) | (559) | (537) | (2439%) |
| Non Operating Costs | (3,534) | (2,426) | 1,108 | (24,761) | (23,906) | 855 | 3% |
| Retained deficit | 1,016 | 1,019 | 3 | (24,783) | (24,465) | 318 | 1% |
| Adjustments for Donated Assets | 5 | 3 | (2) | 35 | (280) | (315) | 899% |
| Net Deficit | 1,021 | 1,022 | 1 | (24,748) | (24,745) | 3 | 0% |

| Ratios | Oct-17 | YTD |
|---------------------|--------|-------|
| Agency: Total Pay | 3.67% | 2.98% |
| EBITDA: Income | 5.61% | 4.30% |
| Net Deficit: Income | 1.26% | 1.27% |

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: £473m, £2.4mF** including £0.3mA in relation to drugs and devices excluded from tariff with the offset in non-pay and £0.7mF in relation to central income provisions. Underlying over-performance of £2m predominantly within Emergency/Non-elective, National Screening Programme and ECMO offset by underperformance in Elective and ED.
- **Non Patient Care Income & Other Income: £78.9m, £1.1mF** with additional income from donated assets relating to Thomson Travel Charities and Royal Voluntary Service. Donated assets income is offset from our financial performance through donated assets adjustment.
- **Pay Costs: £335.7m, £5.3mA** which includes £1.1mF utilisation of reserves. Underlying overspend of £6.4m driven by Medical across all CMGS with the exception of CSI and Other Clinical/non-Clinical predominantly in CSI to clear reporting backlog and Estates due to premium pay.

Of particular concern is pay spend within ED, Nursing enhancements and premium spend in E&F.

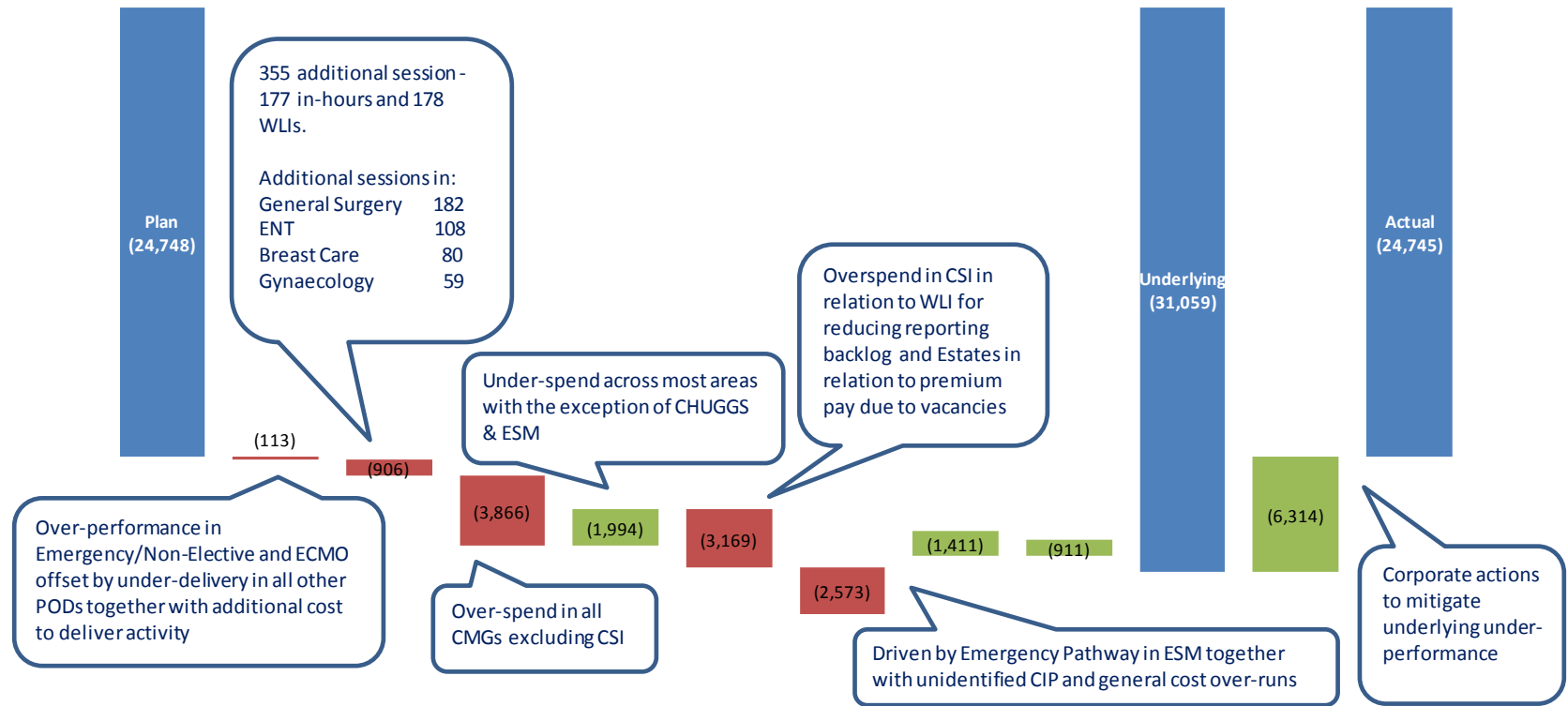
- **Agency: £12.4m, £0.4mF to Plan.**
- **Non-Pay: £204.5m, £0.8mF** including £5.5mF relating to release of Central Provision reserves together with £0.3mF in relation to drugs and devices excluded from tariff. Underlying overspend of £4.9m is predominantly driven by additional cost to deliver activity together with costs in relation to patient transport, Non Weight Bearing pathway and unidentified CIP.

Non-pay remains a critical area of spend to ensure tight cost control underpinned by activity performance.

- **EBITDA: deficit of £0.6m, £0.5mA.**
- **Non-Operating Costs: £23.9m, £0.9mF** to Plan including £1.4mF acceleration of additional Financial Improvement Technical actions.

I&E Bridge: in line with Plan

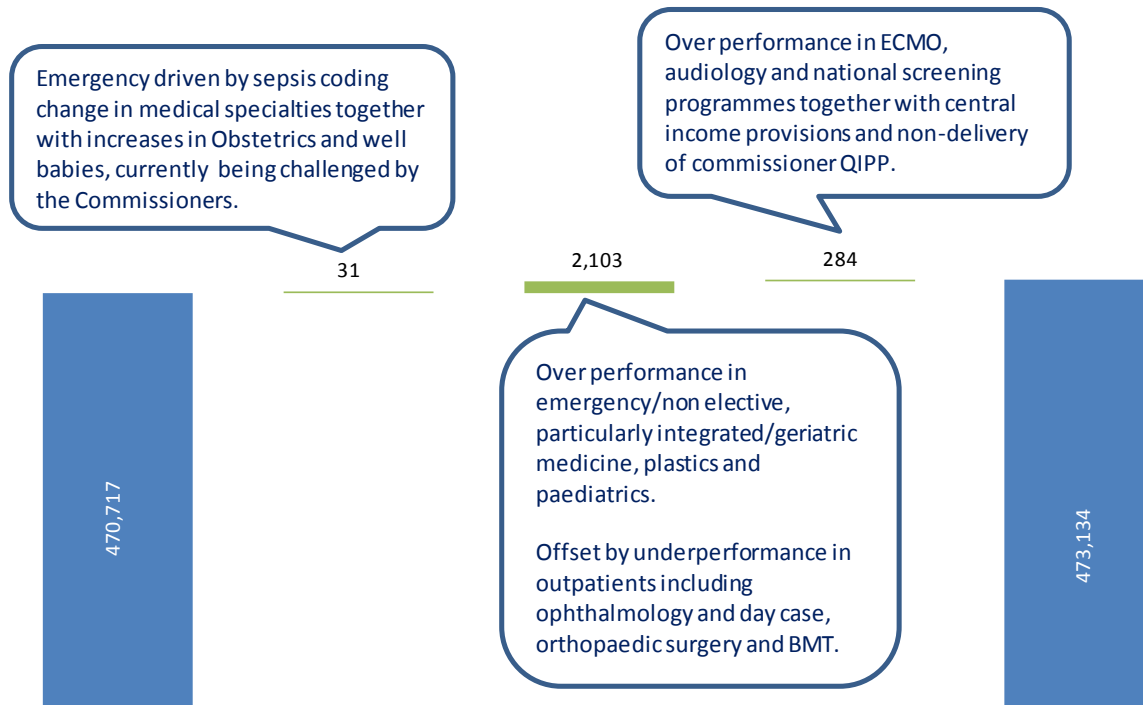
Reporting in line with Plan representing over-performance on Non-Elective/Emergency and ECMO income offset by the additional cost to deliver the additional activity. Under-lying over-spend in Medical workforce and cost pressures are currently being mitigated by release of Central reserves and acceleration of mitigating actions



| £(000) | Plan | Activity | Theatres | Medical Pay | Nursing Pay | Other Pay | Cost Pressures | Reserves | Other | Underlying | Non-recurrent Items | Actual | Var F/(A) |
|---------------------|-----------------|--------------|--------------|----------------|--------------|----------------|----------------|--------------|------------|-----------------|---------------------|-----------------|-----------|
| NHS PCI | 470,717 | 2,359 | | | | | | | (192) | 472,884 | 250 | 473,134 | 2,417 |
| Other Income | 77,487 | | | | | | | | 70 | 77,557 | 785 | 78,342 | 855 |
| Pay | (330,376) | | (769) | (3,422) | 1,427 | (3,467) | | 492 | | (336,115) | 413 | (335,703) | (5,327) |
| Pay: Agency | (12,774) | | | (444) | 568 | 298 | | | | (12,353) | | (12,353) | 421 |
| Non Pay | (205,365) | (2,472) | (137) | | | | (2,573) | 919 | 2,025 | (207,603) | 3,063 | (204,540) | 825 |
| Non-Operating Costs | (24,437) | | | | | | | | (992) | (25,429) | 1,804 | (23,625) | 812 |
| Net Deficit | (24,748) | (113) | (906) | (3,866) | 1,994 | (3,169) | (2,573) | 1,411 | 911 | (31,059) | 6,314 | (24,745) | 3 |

NHS Patient Income: September £473.1m, £2.4mF to Plan

Over-performance driven by Emergency/Non-elective, National Screening Programmes, Audiology and ECMO offset by under delivery across other points of delivery, predominantly within Day Case and Elective Inpatients.



| £(m) | Plan | Rate | Volume | Other | Actual | Var F / (A) |
|--|----------------|-----------|--------------|------------|----------------|--------------|
| Day Case | 36,136 | (488) | (847) | 0 | 34,801 | (1,335) |
| Elective Inpatient | 47,791 | (839) | (269) | 0 | 46,683 | (1,108) |
| Emergency / Non-elective Inpatient | 122,157 | 1,923 | 3,793 | 0 | 127,874 | 5,717 |
| Marginal Rate Emergency Threshold | (3,785) | 0 | 0 | (317) | (4,101) | (317) |
| Emergency Department | 18,242 | (102) | (372) | 0 | 17,768 | (473) |
| Outpatient | 66,054 | 688 | (1,280) | 0 | 65,461 | (593) |
| Drugs and Devices excluded from Tariff | 58,313 | 0 | 0 | (292) | 58,021 | (292) |
| Critical Care Services | 31,313 | (784) | 975 | 0 | 31,504 | 192 |
| Renal Dialysis and Transplant | 16,168 | (368) | 102 | 0 | 15,901 | (267) |
| CQUIN | 9,485 | 0 | 0 | (665) | 8,819 | (665) |
| Other Activity | 61,494 | 0 | 0 | 542 | 62,036 | 542 |
| Other Financial Values | 7,352 | 0 | 0 | 1,015 | 8,367 | 1,015 |
| Total | 470,717 | 31 | 2,103 | 284 | 473,134 | 2,417 |

Activity & Income: Performance versus Contract

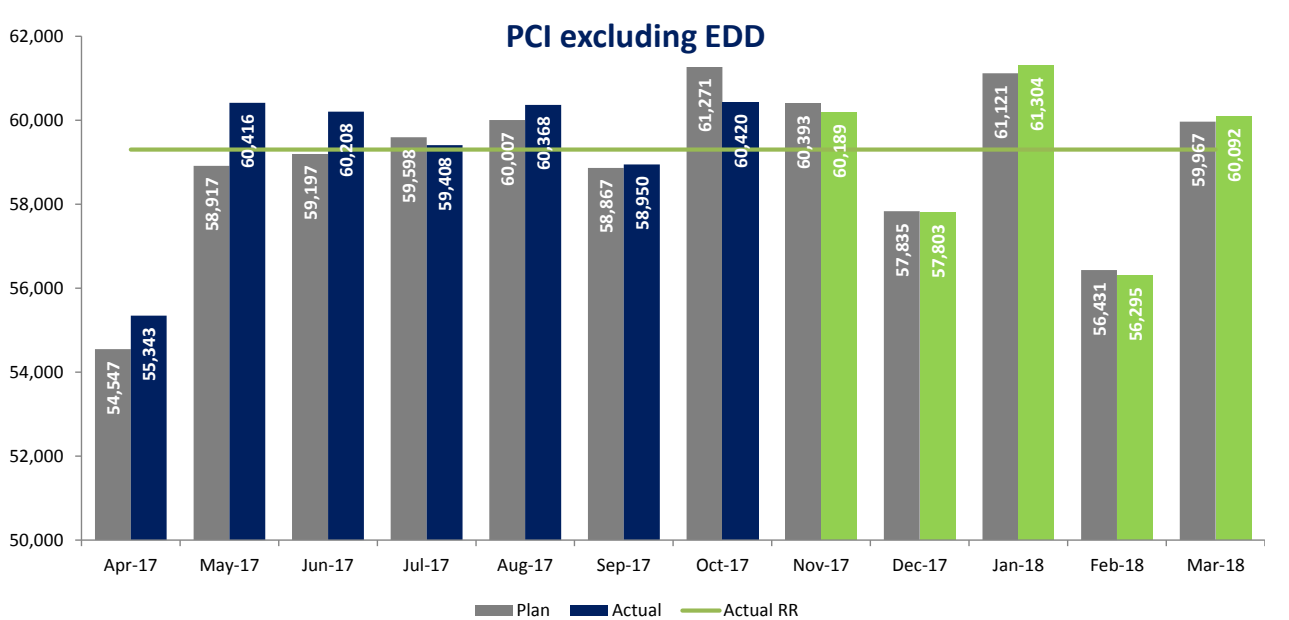
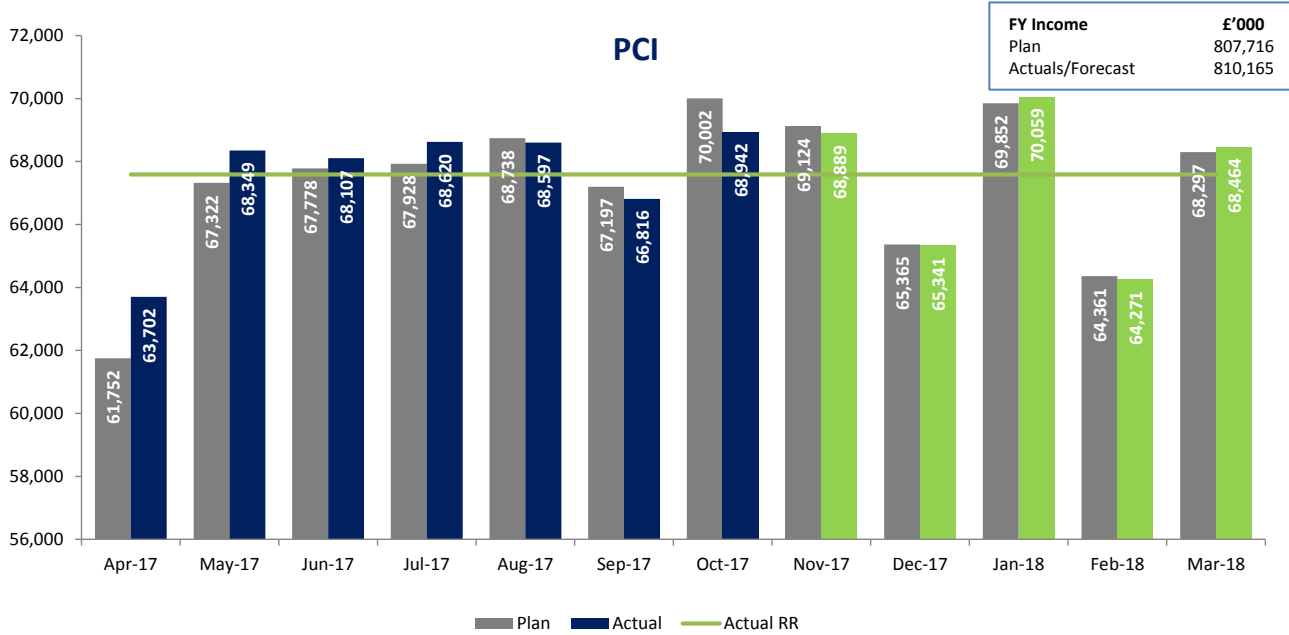
| Activity | Case Mix | City | East | West | Specialised | Other | Alliance | Total | % |
|------------------------|--|-----------|-----------|-------|-------------|----------|-----------|----------|------|
| | Day Case | (172) | (900) | (289) | 926 | (100) | (957) | (1,491) | (2%) |
| | Elective Inpatient | 108 | 26 | (8) | (56) | (144) | | (74) | (1%) |
| | Emergency / Non-elective Inpatient | 217 | 502 | 596 | 834 | (115) | | 2,035 | 3% |
| | Marginal Rate Emergency Threshold (MRET) | 0 | 0 | 0 | 0 | 0 | | 0 | 0% |
| | Emergency Department | 722 | 2,700 | 1,380 | (2) | (7,758) | | (2,957) | (2%) |
| | Outpatient | 4,862 | 7,349 | 4,758 | 12,566 | (36,876) | (3,491) | (10,831) | (2%) |
| | Excluded Drugs and Devices | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0% |
| | Critical Care Services | (183) | 255 | (320) | 1,058 | 232 | | 1,042 | 3% |
| | Renal Dialysis and Transplant | 0 | 0 | 0 | (488) | 1,142 | | 655 | 1% |
| CQUIN | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0% | |
| Other Activity | (159,921) | (215,909) | (115,388) | 8,881 | (11,961) | (4,641) | (498,939) | (9%) | |
| Other Financial Values | 558 | 546 | 1,020 | 32 | (1,874) | (474) | (192) | 0% | |

| Financial | Case Mix | City (£000) | East (£000) | West (£000) | Specialised (£000) | Other (£000) | Alliance (£000) | Total (£000) | % |
|------------------------|--|----------------|----------------|----------------|-----------------------|-----------------|--------------------|-----------------|------|
| | Day Case | 243 | (116) | 143 | 265 | (1,214) | (655) | (1,335) | (4%) |
| | Elective Inpatient | 18 | (290) | (3) | (219) | (614) | 0 | (1,108) | (2%) |
| | Emergency / Non-elective Inpatient | 1,372 | 1,557 | 1,739 | 3,077 | (2,028) | 0 | 5,717 | 5% |
| | Marginal Rate Emergency Threshold (MRET) | 115 | 108 | 29 | 0 | (569) | 0 | (317) | (8%) |
| | Emergency Department | 118 | 70 | 61 | (0) | (721) | 0 | (473) | (3%) |
| | Outpatient | 567 | 790 | 550 | 1,357 | (3,531) | (326) | (593) | (1%) |
| | Excluded Drugs and Devices | (387) | (236) | (263) | 1,549 | (983) | 30 | (292) | (1%) |
| | Critical Care Services | (272) | 370 | (251) | (46) | 391 | 0 | 192 | 1% |
| | Renal Dialysis and Transplant | 0 | 0 | 0 | (296) | 29 | 0 | (267) | (2%) |
| CQUIN | 68 | 69 | 62 | 98 | (936) | (27) | (665) | (7%) | |
| Other Activity | 111 | 175 | 79 | 1,070 | (573) | (320) | 542 | 1% | |
| Other Financial Values | 1,614 | 1,195 | 1,242 | 549 | (3,622) | 36 | 1,015 | 14% | |
| Grand Total | 3,566 | 3,691 | 3,387 | 7,404 | (14,370) | (1,262) | 2,417 | 1% | |

Contracts:

- **Day Case & Elective Inpatient:**
Underperformance in BMT, Cardiac Surgery, Paediatric Cardiac Surgery, Neurology and Orthopaedic Surgery
- **Emergency / Non Elective:**
Over performance across a wide range of specialties including Integrated Medicine, Trauma, Hepatobiliary, Paediatric Medicine and Diabetology. Offset by underperformance in Stroke Medicine and Paediatric Cardiac Surgery.
- **Outpatients:**
Underperformance in Ophthalmology and Maxillofacial Surgery, offset by over performance in Integrated Medicine.
- The Alliance is underperforming in the majority of specialties including ENT, Integrated Medicine, Ophthalmology and Orthopaedic Surgery.
- **Excluded Drugs and Devices:**
Over performance in chemotherapy drugs and TAVI, offset by underperformance in ophthalmology drugs and implantable defibrillators.
- **Other Financial Values:**
Relates to the implementation of new Best Practice Tariff for COPD, molecular testing in oncology and the recharge of the Non Weight Bearing Pathway, although the latter is being challenged by commissioners. Underperformance against unallocated commissioner QIPP schemes.

Patient Income Run Rates



Year to Date

- Year to date over-performance of £2.4m which includes £0.3mA in relation to drugs and devices excluded from tariff together with £0.7mF in relation to re-phasing of central income provisions (CQUIN and Contract challenges).
- Underlying over-performance of £2m predominantly within Emergency/ Non-elective, national screening programme and ECMO partially offset by underperformance in Elective, Outpatients and ED.

Forecast

- Underlying over-performance is forecast to continue within Emergency and Non-elective. This is offset through Central Provisions in relation to resolution of contract challenges, Sepsis Coding and 2016/17 Final settlement.

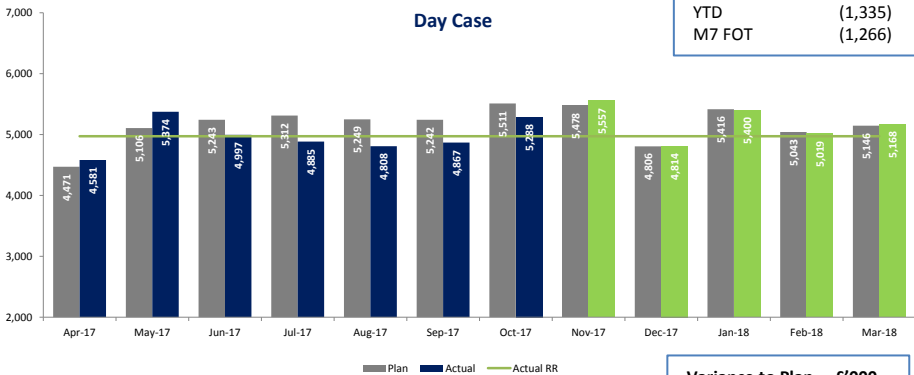
Alignment with LLR CCG forecast

- At Month 7, UHL and LLR CCGs reconciled own forecasts in order to understand the level of risk within the system.
- This showed that UHL are forecasting £7.1m more income than LLR CCGs, with the differences driven by:
 - baseline forecast assumptions: £0.1m
 - activity over current trend levels: £4.1m; and
 - expected outcome of CCG contract challenges: £2.9m.
- The Trust is continuing to review the proposed additional QIPP schemes and any impact they will have on our financial position.

Patient Income Run Rates: Point of Delivery

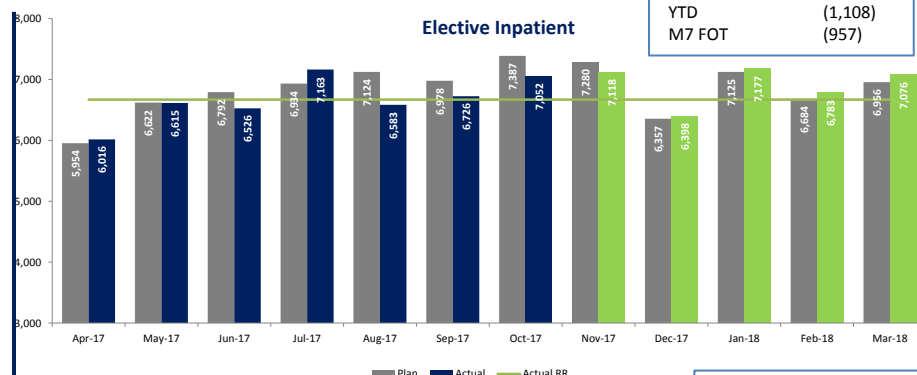
Day Case

Variance to Plan £'000
YTD (1,335)
M7 FOT (1,266)



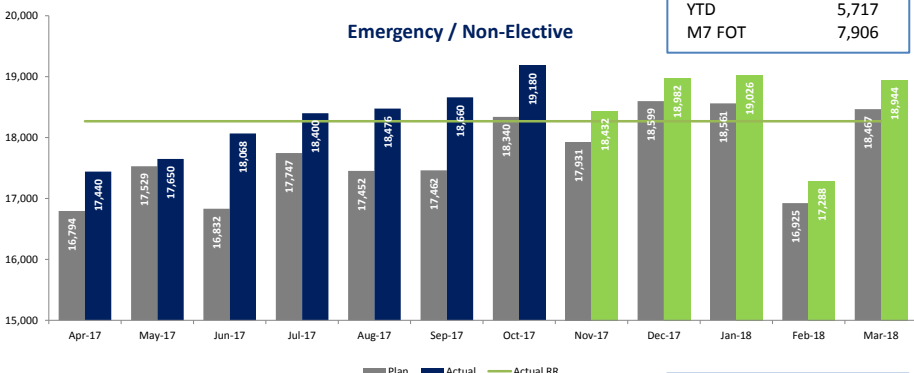
Elective Inpatient

Variance to Plan £'000
YTD (1,108)
M7 FOT (957)



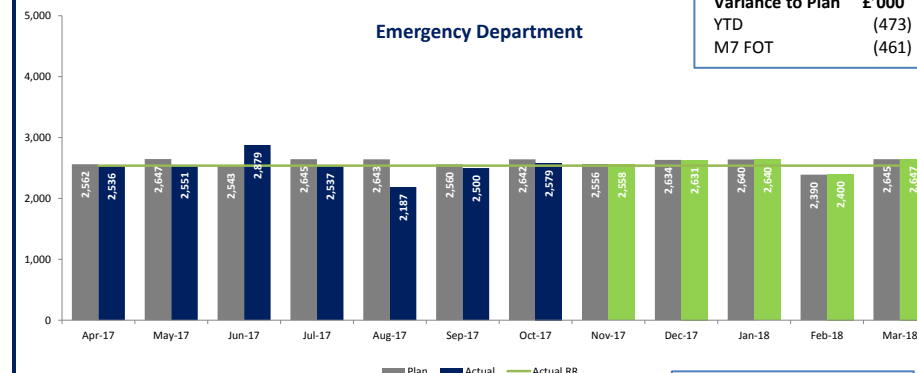
Emergency / Non-Elective

Variance to Plan £'000
YTD 5,717
M7 FOT 7,906



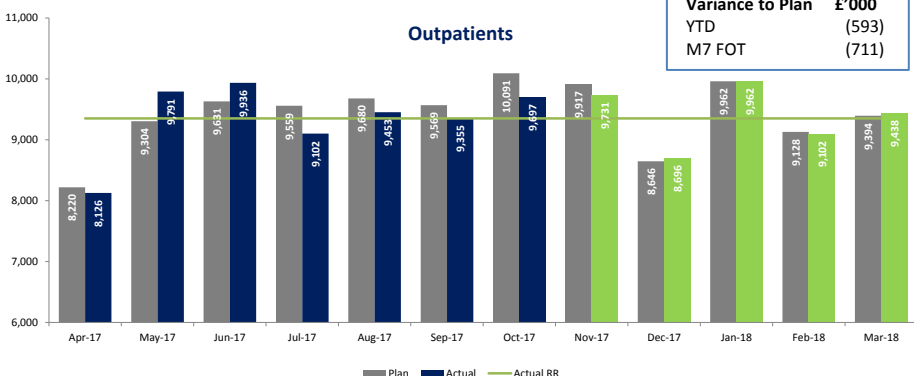
Emergency Department

Variance to Plan £'000
YTD (473)
M7 FOT (461)



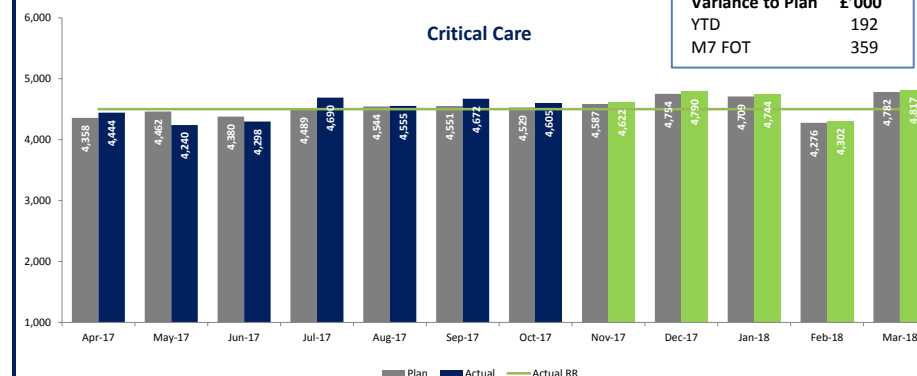
Outpatients

Variance to Plan £'000
YTD (593)
M7 FOT (711)



Critical Care

Variance to Plan £'000
YTD 192
M7 FOT 359



Pay: YTD £347.5m, £4.4mA to Plan

| | Oct-17 | | | | | | YTD | | | | | | |
|------------------------------------|---------------------|---------------|----------------|---------------|---------------|--------------|----------------|----------------|-----------------|---------------|---------------|--------------|-------|
| | £'000 | | | WTE | | | £'000 | | | WTE | | | |
| | Plan | Actual | F/(A) | Plan | Actual | F/(A) | Plan | Actual | F/(A) | Plan | Actual | F/(A) | |
| Agency | Medical | 680 | 708 | (28) | 20 | 55 | (35) | 5,425 | 5,749 | (324) | 20 | 55 | (35) |
| | Nursing & Midwifery | 703 | 471 | 232 | 0 | 112 | (111) | 5,193 | 4,625 | 568 | 0 | 112 | (111) |
| | Other Clinical | 212 | 191 | 22 | 67 | 22 | 44 | 1,488 | 1,619 | (131) | 67 | 22 | 44 |
| | Non Clinical | 95 | 39 | 56 | 35 | 25 | 9 | 668 | 359 | 309 | 35 | 25 | 9 |
| Total: Agency | 1,691 | 1,409 | 282 | 121 | 214 | (93) | 12,774 | 12,353 | 421 | 121 | 214 | (93) | |
| Other Non-contracted | Medical | 0 | 1,385 | (1,385) | 0 | 7 | (7) | 0 | 9,257 | (9,257) | 0 | 7 | (7) |
| | Nursing & Midwifery | 0 | 1,569 | (1,569) | 0 | 476 | (476) | 0 | 10,808 | (10,808) | 0 | 476 | (476) |
| | Other Clinical | 0 | 328 | (328) | 0 | 66 | (66) | 0 | 2,261 | (2,261) | 0 | 66 | (66) |
| | Non Clinical | 0 | 582 | (582) | 0 | 297 | (297) | 0 | 3,985 | (3,985) | 0 | 297 | (297) |
| Total: Other Non-contracted | 0 | 3,863 | (3,863) | 0 | 845 | (845) | 0 | 26,311 | (26,311) | 0 | 845 | (845) | |
| Total Non-contracted | Medical | 680 | 2,092 | (1,412) | 20 | 61 | (42) | 5,425 | 15,006 | (9,581) | 20 | 61 | (42) |
| | Nursing & Midwifery | 703 | 2,040 | (1,337) | 0 | 588 | (587) | 5,193 | 15,433 | (10,240) | 0 | 588 | (587) |
| | Other Clinical | 212 | 518 | (306) | 67 | 88 | (21) | 1,488 | 3,880 | (2,392) | 67 | 88 | (21) |
| | Non Clinical | 95 | 622 | (526) | 35 | 323 | (288) | 668 | 4,344 | (3,676) | 35 | 323 | (288) |
| Total: Non-contracted | 1,691 | 5,273 | (3,582) | 121 | 1,060 | (938) | 12,774 | 38,664 | (25,890) | 121 | 1,060 | (938) | |
| Substantive | Medical | 15,125 | 14,897 | 229 | 1,825 | 1,816 | 9 | 105,312 | 99,875 | 5,437 | 1,825 | 1,816 | 9 |
| | Nursing & Midwifery | 16,984 | 14,449 | 2,535 | 5,718 | 5,006 | 712 | 118,890 | 107,020 | 11,870 | 5,718 | 5,006 | 712 |
| | Other Clinical | 6,394 | 6,159 | 235 | 2,165 | 2,083 | 82 | 45,187 | 44,183 | 1,004 | 2,165 | 2,083 | 82 |
| | Non Clinical | 7,553 | 7,876 | (323) | 4,011 | 3,751 | 260 | 60,988 | 58,314 | 2,674 | 4,011 | 3,751 | 260 |
| Total: Substantive | 46,056 | 43,379 | 2,677 | 13,719 | 12,656 | 1,063 | 330,376 | 309,392 | 20,984 | 13,719 | 12,656 | 1,063 | |
| Total | Medical | 15,805 | 16,989 | (1,184) | 1,845 | 1,877 | (32) | 110,737 | 114,881 | (4,145) | 1,845 | 1,877 | (32) |
| | Nursing & Midwifery | 17,687 | 16,489 | 1,198 | 5,718 | 5,594 | 125 | 124,083 | 122,453 | 1,630 | 5,718 | 5,594 | 125 |
| | Other Clinical | 6,606 | 6,677 | (71) | 2,231 | 2,171 | 60 | 46,675 | 48,063 | (1,388) | 2,231 | 2,171 | 60 |
| | Non Clinical | 7,648 | 8,497 | (849) | 4,045 | 4,074 | (28) | 61,655 | 62,658 | (1,003) | 4,045 | 4,074 | (28) |
| TOTAL: Pay | 47,747 | 48,652 | (905) | 13,840 | 13,716 | 124 | 343,150 | 348,056 | (4,906) | 13,840 | 13,716 | 124 | |

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.

Agency Pay

- Year to date cost of £12.8m, £0.4mF to Plan. Medical overspend of £0.3m in CHUGGS and ESM offset by nursing underspend of £0.6m within ESM and non-clinical within the Corporate Directorates.

Other Non-contracted Pay

- Other non-contracted pay consists of overtime, bank, WLIs and internal locums.
- Year to date expenditure of £26.3m with Medical and Nursing driving 76% of spend. Whilst premium pay shows an overspend this needs to be taken into account with Substantive Pay as budgets are held at Established levels.

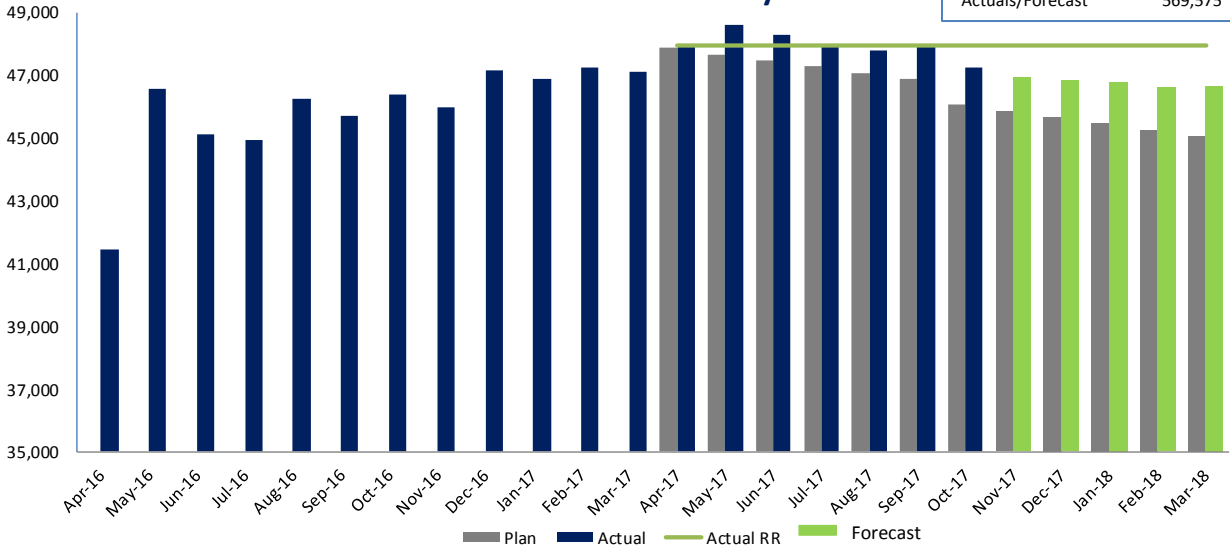
Substantive Pay

- Combined with other non-contracted, expenditure of £335.7m, £5.3mA to Plan.
- Pay position includes £1.1mF release of contingency to fund investments. Excluding this, the CMGs have an overspend of £6.4m driven by:
 - Medical: £3.9mA across most CMGs;
 - Other £3.0m driven by CSI to clear the backlog and W&C in relation to non-delivery of CIP.
- Lack of control of pay costs is a key risk to the delivery of the 2017/18 Financial Plan with specific concerns around on-going Medical spend, Nursing enhancements, and premium spend in E&F.**

Pay Run Rates

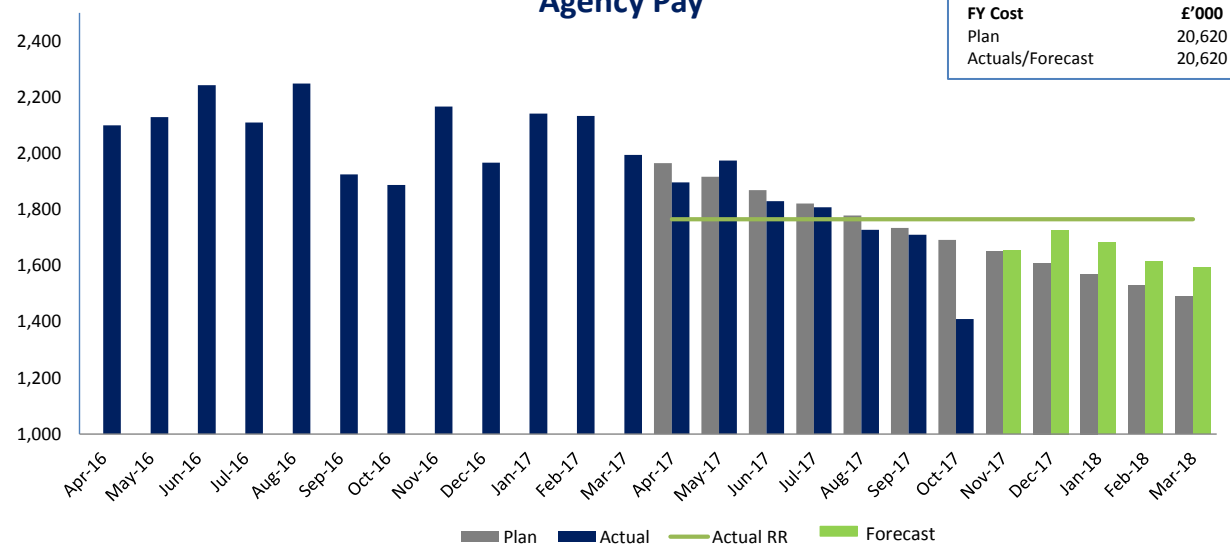
Substantive Pay

| FY Cost | | £'000 |
|------------------|--|---------|
| Plan | | 557,728 |
| Actuals/Forecast | | 569,575 |



Agency Pay

| FY Cost | | £'000 |
|------------------|--|--------|
| Plan | | 20,620 |
| Actuals/Forecast | | 20,620 |



Total Pay excluding Agency Pay

- Plan reflects a downward trajectory which requires full CIP delivery and tight discipline throughout the organisation to ensure this is delivered.
- Year to date run rate £47.9m needs to reduce by £1.1m to £46.8m in order to achieve Forecast. This includes the financial impact from the supplementary CIP from Month 7 onwards.
- This remains a key risk to the Financial Plan especially in relation to ED Floor, Nursing enhancements, Medical spend and premium spend within E&F.

Agency Pay

- The planned trajectory is supported by specific actions identified and tracked through the Premium Pay group.
- Year to date costs are favourable to Plan with a YTD correction in M7 driving the low charge. This needs continued focus and control to ensure the planned reduction is achieved especially as we enter the Winter period.
- Year to date run rate of £1.8m needs to reduce by £0.1m to £1.7m in order to achieve Forecast.

Non-Pay: YTD £204.5m, £0.8mF to Plan

| | Oct-17 | | | | YTD | | | | |
|---------------------------|---------------------------------|-----------------|------------------|-----------|----------------|-----------------|------------------|-----------|-------|
| | Plan £'000 | Actual £'000 | F / (A) £'000 | % | Plan £'000 | Actual £'000 | F / (A) £'000 | % | |
| Direct | Blood Products | 112 | 112 | 1 | 1% | 760 | 810 | (50) | (7%) |
| | Drugs | 8,775 | 9,502 | (727) | (8%) | 59,453 | 61,609 | (2,156) | (4%) |
| | Clinical Supplies & Services | 8,809 | 8,038 | 771 | 9% | 61,123 | 63,331 | (2,208) | (4%) |
| | Transport | 253 | 288 | (35) | (14%) | 1,812 | 2,150 | (338) | (19%) |
| | Recharges | 114 | 393 | (279) | (244%) | 1,312 | 2,056 | (745) | (57%) |
| | Misc & General Supplies | 2,380 | 1,372 | 1,008 | 42% | 22,497 | 17,186 | 5,311 | 24% |
| External Providers | Healthcare | 854 | 862 | (8) | (1%) | 6,489 | 6,313 | 176 | 3% |
| | Non Healthcare | 1,197 | 1,223 | (26) | (2%) | 8,408 | 8,495 | (87) | (1%) |
| Overheads | Establishment, Premises & Plant | - | - | - | - | - | - | - | - |
| | Consultancy | 3,989 | 3,930 | 59 | 1% | 27,187 | 26,040 | 1,146 | 4% |
| | Clinical Negligence | 49 | 74 | (25) | (51%) | 342 | 565 | (223) | (65%) |
| Total: Non Pay | 28,815 | 28,076 | 739 | 3% | 205,365 | 204,540 | 825 | 0% | |

- Direct Costs: £147.1m, £0.2mA to Plan** including £5.5mF release of central provisions and acceleration of mitigating actions and £0.3mF relating to drugs and devices excluded from tariff.

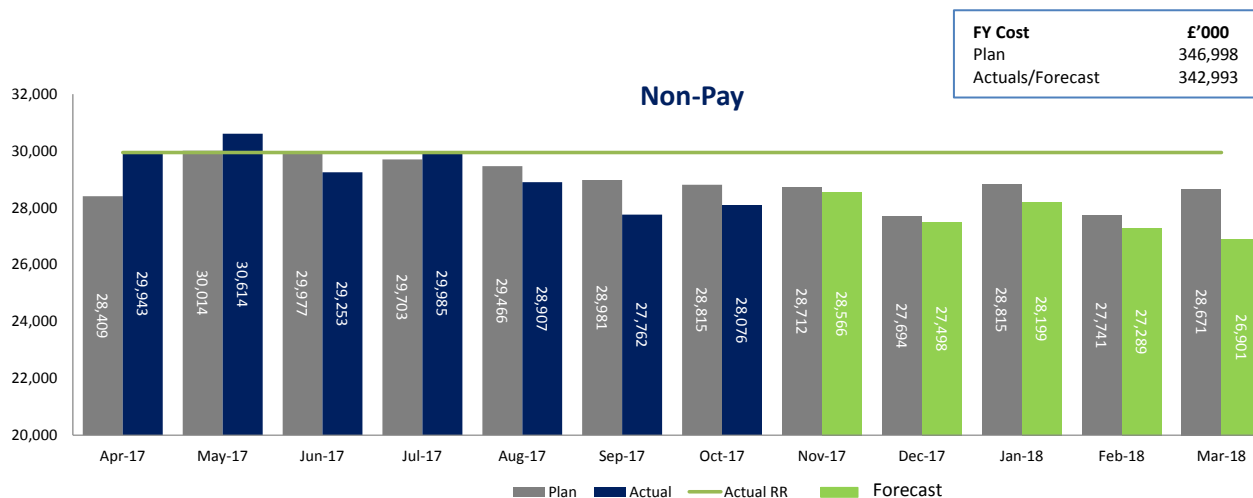
Underlying overspend of £6m predominantly relates to incremental cost to deliver additional activity together with CIP under-delivery and cost pressures connected to the emergency pathway.

In line with additional non-pay controls, further analysis of non-pay is being completed and will be presented with next month's report.

- External Providers:** YTD cost of £14.8m which is £0.1mF to Plan.
- Overheads:** YTD expenditure of £42.6m, £0.9mF to Plan predominantly within Estates.

Run Rates

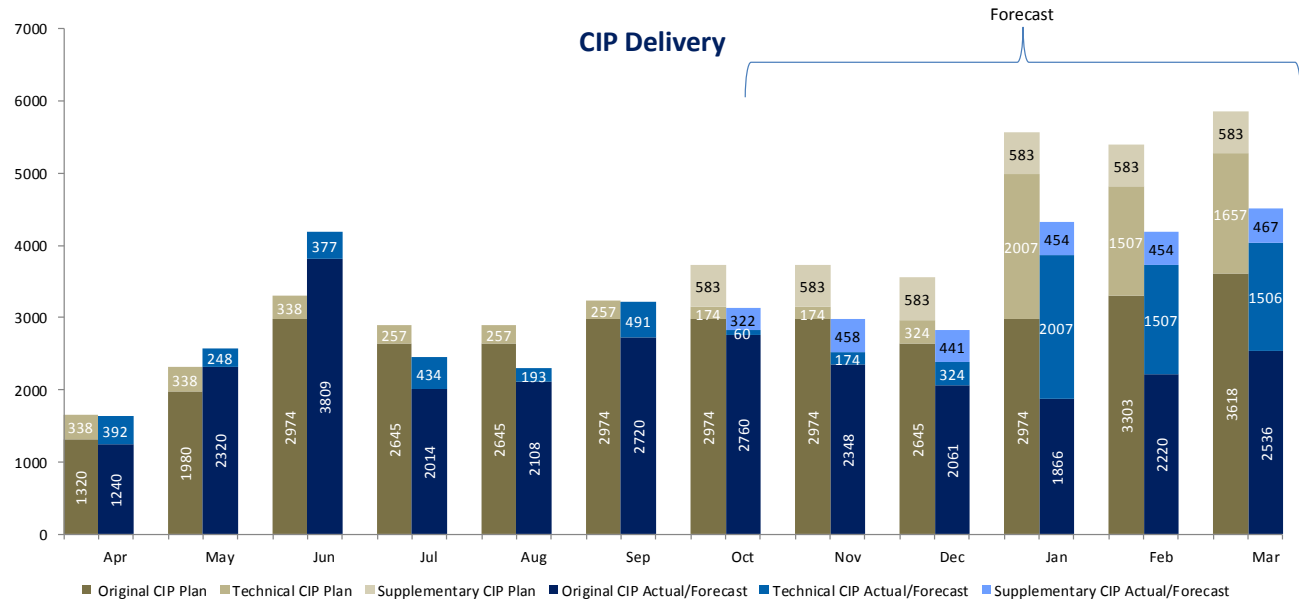
- Year to date run rate of £29.9m needs to reduce by £2m to deliver plan..
- Non-pay control is essential to the delivery of the financial plan and to ensure essential spend is underpinned by performance relating to patient care activity.



CIP: YTD £19.5m, £0.6mA to Plan

| | Oct-17 | | | | YTD | | | | FY Plan £'000 |
|--------------------|---------------|-----------------|------------------|--------------|---------------|-----------------|------------------|-------------|------------------|
| | Plan £'000 | Actual £'000 | F / (A) £'000 | % | Plan £'000 | Actual £'000 | F / (A) £'000 | % | |
| CHUGGS | 358 | 388 | 30 | 8% | 1,983 | 2,144 | 161 | 8% | 3,763 |
| CSI | 356 | 422 | 66 | 19% | 1,760 | 2,052 | 292 | 17% | 3,923 |
| ESM | 558 | 897 | 338 | 61% | 2,627 | 2,959 | 333 | 13% | 5,477 |
| ITAPS | 422 | 286 | (136) | (32%) | 2,004 | 1,292 | (712) | (36%) | 4,124 |
| MSS | 353 | 311 | (42) | (12%) | 1,719 | 1,838 | 119 | 7% | 3,635 |
| RRCV | 473 | 489 | 15 | 3% | 2,686 | 2,648 | (37) | (1%) | 5,061 |
| Womens & Childrens | 701 | 241 | (460) | (66%) | 1,636 | 1,291 | (345) | (21%) | 5,165 |
| Total: CMG | 3,222 | 3,033 | (189) | (6%) | 14,414 | 14,225 | (190) | (1%) | 31,149 |
| Facilities | 203 | 64 | (139) | (68%) | 1,208 | 802 | (407) | (34%) | 3,380 |
| Corporate Total | 306 | 44 | (262) | (86%) | 4,433 | 4,462 | 29 | 1% | 9,624 |
| Total CIP | 3,731 | 3,141 | (590) | (16%) | 20,055 | 19,488 | (567) | (3%) | 44,153 |

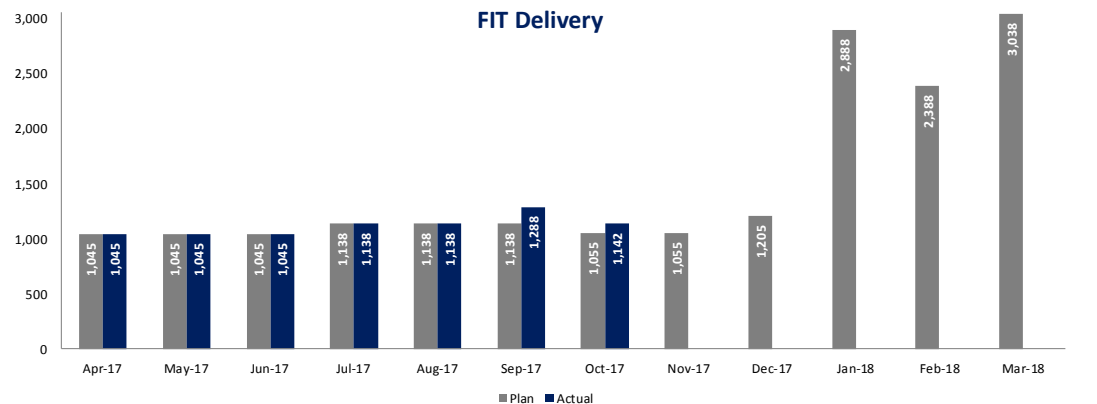
- The CIP forecast outturn is £38.3m representing an unidentified gap of £5.8m including £0.9m non-delivery of Supplementary CIP.
- In order to fund the additional costs in relation to Demand and Capacity and approved investments, there was an additional requirement of £3.5m supplementary CIP in relation to in-year pay bill and workforce reductions. At present this is forecast to deliver £2.6m savings driving a £0.9m shortfall.
- The under-performing areas of ESM, ITAPS, W&C and E&F have been in escalation meetings throughout the year in order to identify schemes to mitigate the gap. However, at present the gap is unlikely to be fully mitigated through recurrent schemes.
- Consideration should be given to badge the additional technical actions required to deliver the planned deficit as CIP to show full delivery through non-recurrent means.
- The full year plan of £44.1m incorporates the supplementary CIP together with £7.5m rebadging of technical items to CIP.



Finance Improvement and Technical (FIT)

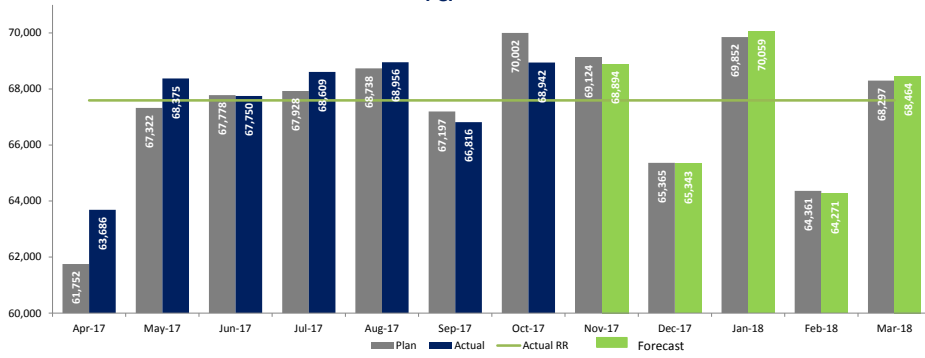
| | | Plan FY | YTD | | |
|--|---|---------------|--------------|--------------|----------------|
| | | £'000 | Plan £'000 | Actual £'000 | Variance £'000 |
| Strategic | HEEM: NR Funding | 500 | 0 | 0 | 0 |
| | Strategic review of subsidiary company: Depreciation & Dividend savings - CIP | 4,000 | 0 | 0 | 0 |
| | Total Value: Strategic | 4,500 | 0 | 0 | 0 |
| Statement of Financial Position Management | Accruals: apply policy of £10k de-minimus - CIP | 500 | 0 | 0 | 0 |
| | Deferred Income (inc Research): release - CIP | 150 | 0 | 150 | 150 |
| | Revenue to Capital transfer | 1,000 | 583 | 583 | (0) |
| | Duplicate invoices / VAT review - CIP | 150 | 0 | 0 | 0 |
| | Depreciation: extending lives and pausing charges for assets not in use - CIP | 2,086 | 1,217 | 1,217 | 0 |
| | Total Value: Statement of Financial Position | 3,886 | 1,800 | 1,950 | 150 |
| Contingency and Reserves | Investment Slippage - CIP | 741 | 741 | 828 | 87 |
| | Release of contingency to fund approved investments | 5,972 | 3,484 | 3,484 | 0 |
| | Junior Doctors: manage to best case of £2m | 300 | 175 | 175 | 0 |
| | Total Value: Contingency and Reserves | 7,013 | 4,400 | 4,487 | 87 |
| Technical | Defer NHSE settlement over 2 years | 1,217 | 710 | 710 | 0 |
| | QIPP EDD - 100% pass through | 784 | 349 | 349 | 0 |
| | CIP PCI Schemes alignment | 780 | 347 | 347 | 0 |
| | Total Value: Technical Actions | 2,781 | 1,405 | 1,405 | 0 |
| All Actions | CIP Related Actions | 7,627 | 1,958 | 2,195 | 237 |
| | Technical Actions | 10,553 | 5,647 | 5,647 | (0) |
| | Total Value: All Actions | 18,180 | 7,605 | 7,842 | 237 |

- 2017/18 Plan identified £18.2m of Finance Improvement and Technical actions in order to help meet the planned deficit.
- Month 7 is in line favourable to Plan.
- The FIT programme needs on-going monitoring to ensure the actions are executed and delivered in line with planning assumptions with additional actions required to help mitigate under-performance.
- A specific Finance Improvement and Technical work-stream has been set up to track deliverables, risk and mitigations.
- Key focus remains within non operating costs and the potential opportunities available including asset sales.
- £7.6m has now been re-aligned as CIP and £10.6m as Technical improvements.

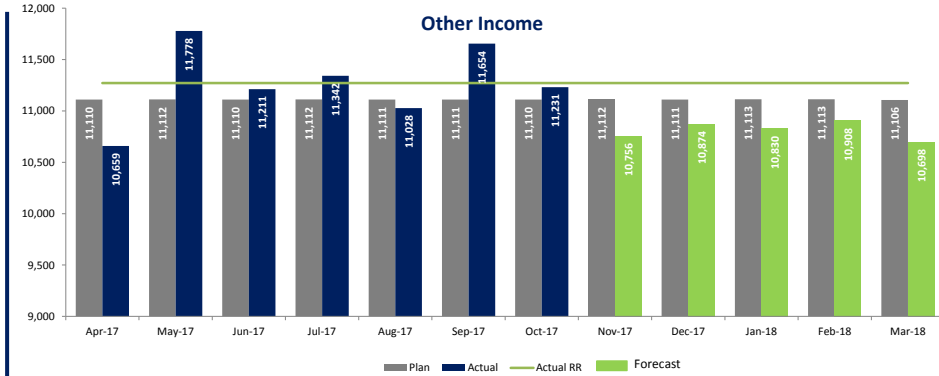


I&E Run Rates

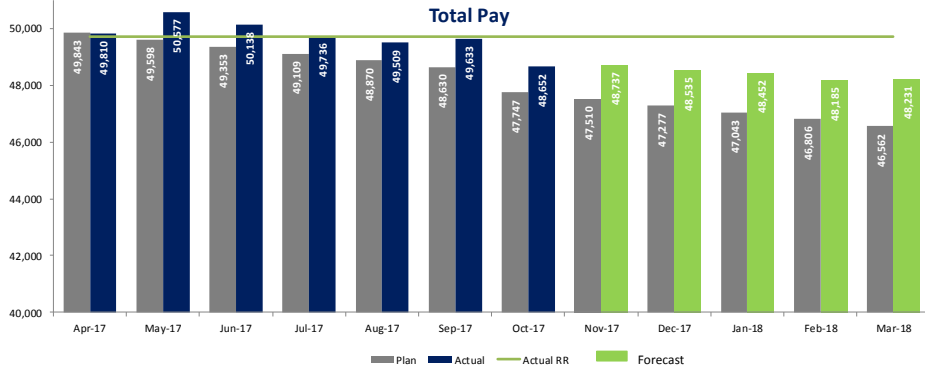
PCI



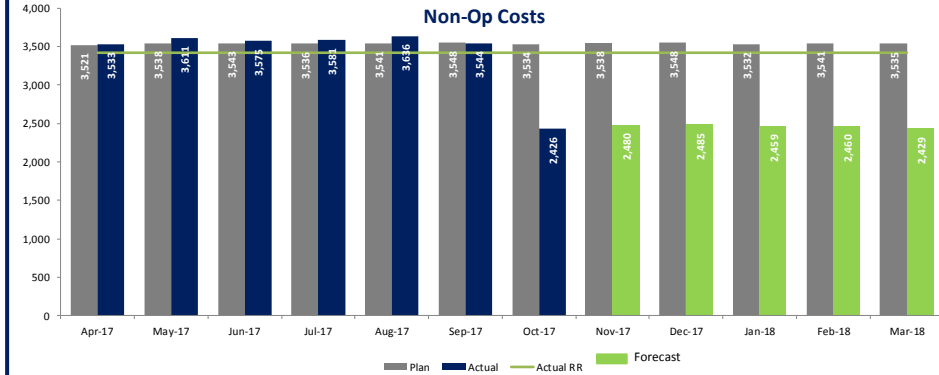
Other Income



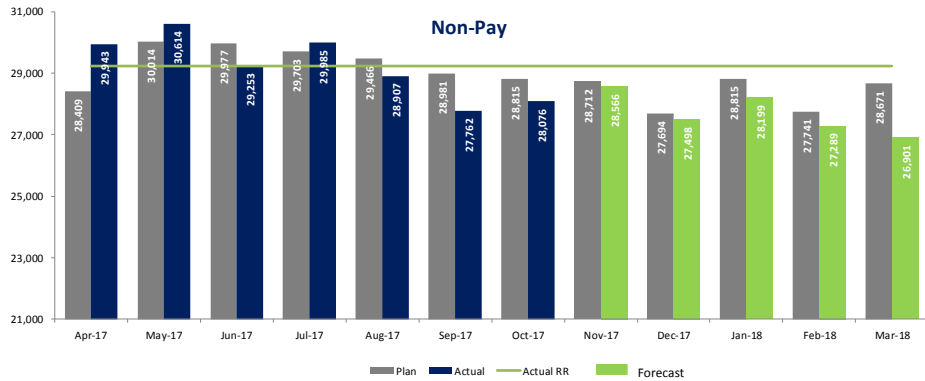
Total Pay



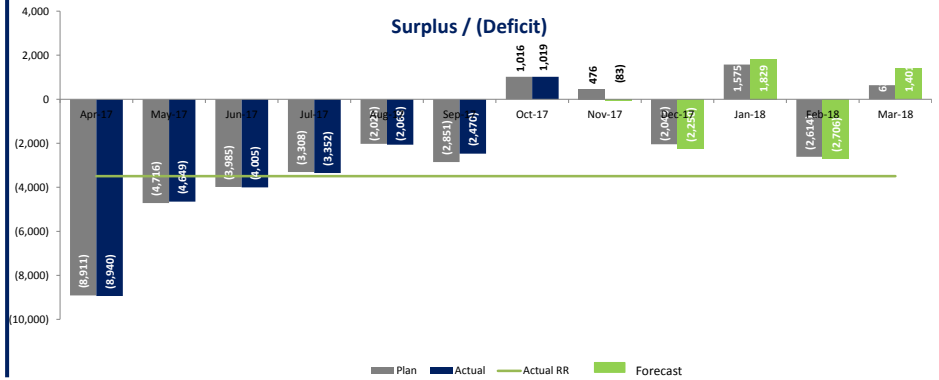
Non-Op Costs



Non-Pay

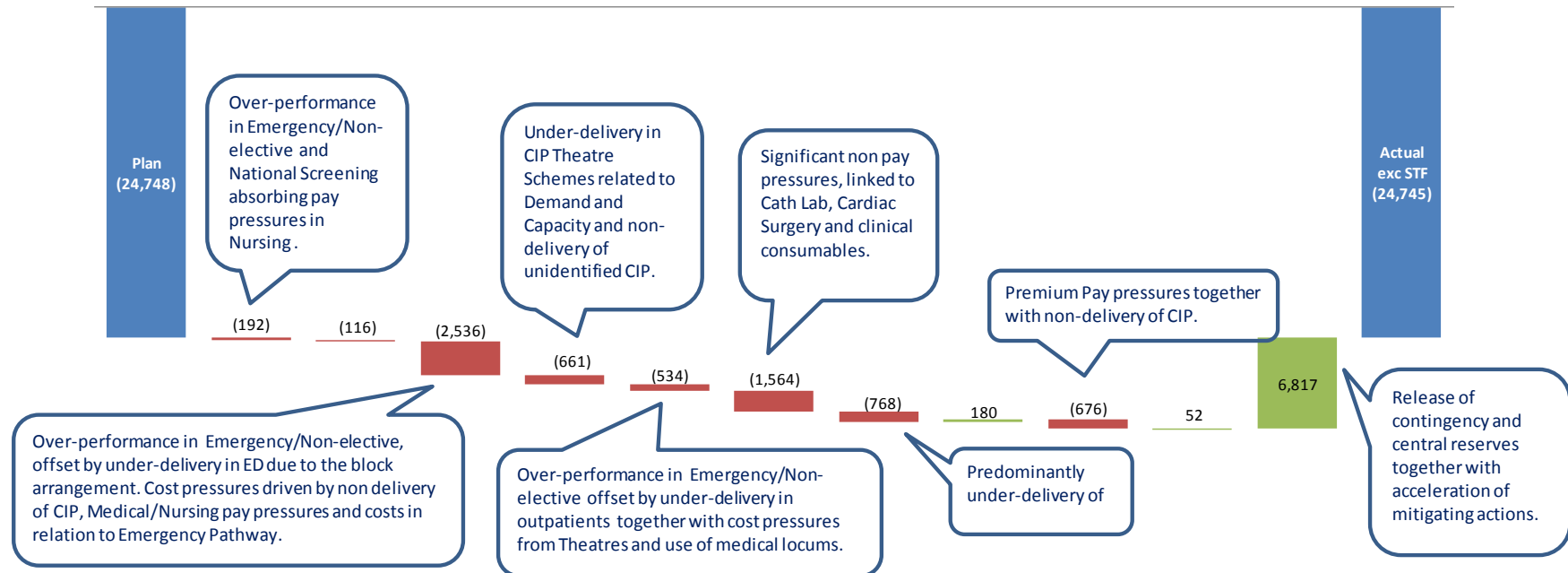


Surplus / (Deficit)



October performance by CMG and Directorates

Underperformance with all CMGs driven by cost pressures and under-delivery of CIP partially offset by over-performance in patient activity and corporate actions to mitigate performance risk. Revised Control Totals have been set in order to re-base 2017/18 expectations to deliver the planned deficit of £26.7m. However, underlying performance issues need to be addressed.



| £(000) | Plan | CHUGGS | CSI | ESM | ITAPS | MSS | RRCV | W&C | Corporate | Facilities | R&I | Centre | Actual exc STF | Var F/(A) |
|---------------------|-----------------|--------------|--------------|----------------|--------------|--------------|----------------|--------------|------------|--------------|-----------|--------------|-----------------|-----------|
| NHS PCI | 470,717 | 2,148 | 476 | 999 | (117) | (146) | 565 | 131 | 23 | 0 | 0 | (1,663) | 473,134 | 2,417 |
| Other Income | 77,487 | (215) | 274 | (142) | (36) | (71) | (305) | 168 | 356 | (302) | 46 | 1,080 | 78,341 | 854 |
| Pay | (330,376) | (1,387) | (1,763) | (1,385) | (928) | (359) | (74) | (563) | (74) | (557) | 264 | 1,500 | (335,703) | (5,327) |
| Pay: Agency | (12,774) | (444) | 96 | 443 | (35) | (26) | 224 | 72 | 175 | 5 | 5 | (94) | (12,353) | 421 |
| Non Pay | (205,365) | (294) | 801 | (2,451) | 448 | 69 | (1,975) | (577) | (250) | 179 | (263) | 5,138 | (204,540) | 825 |
| Non-Operating Costs | (24,437) | | | | 7 | | 1 | | (51) | | | 855 | (23,624) | 813 |
| Net Deficit | (24,748) | (192) | (116) | (2,536) | (661) | (534) | (1,564) | (768) | 180 | (676) | 52 | 6,817 | (24,745) | 3 |

Month 7 Forecast: In line with Plan with delivery risk

| Value Drivers | Outturn | | | |
|------------------------------------|-----------|-----------|-----------|------|
| | Plan | Outturn | F / (A) | |
| | | | | |
| Day Case | 107,471 | 106,498 | (974) | (1%) |
| Elective Inpatient | 22,096 | 22,003 | (93) | (0%) |
| Emergency / Non-elective Inpatient | 115,913 | 115,487 | (426) | (0%) |
| Emergency Department | 245,952 | 240,312 | (5,640) | (2%) |
| Outpatient Procedures | 966,229 | 955,689 | (10,541) | (1%) |
| Critical Care Services | 56,507 | 57,591 | 1,085 | 2% |
| Renal Dialysis & Transplant | 174,056 | 174,870 | 814 | 0% |
| Other | 9,004,614 | 8,220,105 | (784,509) | (9%) |

| I&E £'000 | Outturn | | | |
|--------------------------------|------------------|------------------|----------------|--------------|
| | Plan | Outturn | F / (A) | |
| | £'000 | £'000 | £'000 | % |
| Patient Care Income | 807,716 | 810,165 | 2,449 | 0% |
| Non Patient Care Income | 133,331 | 132,968 | (363) | (0%) |
| Total Income | 941,047 | 943,133 | 2,086 | 0% |
| Pay Costs | (557,728) | (569,575) | (11,847) | (2%) |
| Pay Costs: Agency | (20,620) | (20,620) | 0 | 0% |
| Total Pay Costs | (578,348) | (590,195) | (11,847) | (2%) |
| Non-Pay | (346,998) | (342,993) | 4,004 | 1% |
| Total Operating Costs | (925,346) | (933,188) | (7,842) | (1%) |
| EBITDA | 15,701 | 9,945 | (5,756) | (37%) |
| Non-Operating Costs | (42,455) | (36,218) | 6,237 | 15% |
| Retained Deficit | (26,754) | (26,273) | 480 | 0 |
| Adjustments for Donated Assets | 54 | (427) | (480) | 9 |
| Net Deficit | (26,700) | (26,700) | (0) | (0) |
| Agency: Total Pay | 3.57% | 3.49% | (0.07%) | |
| EBITDA: Income | 1.67% | 1.05% | (0.61%) | |
| Net Deficit: Income | (2.84%) | (2.83%) | 0.01% | |

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 £26.7m in line with Plan.
- **Underlying Forecast:** Unmitigated forecast indicates a full year risk of £18.7m driven by delivery risk surrounding:
 - Additional income provisions and contract challenges
 - Unidentified CIP
 - Supplementary pay CIP
 - Cost pressures driven by Medical Pay, Emergency Pathway and activity related non-pay costs
- **CMG reviews:** Based on M6 forecasts combined with detailed reviews and alignment with CIP, M7 performance and prior year seasonality revised Control Totals have been issued to each CMG plus Estates which in line with the Accountability Framework are in the process of internal Boards approval.
- **Mitigation** of the above is dependent upon:
 - Revised Control Totals issued across CMGs/Corporate Directorates incorporating CIP performance
 - Identification and execution of additional Finance Improvement and Technical actions

See Page 24 for more detail on risks together with mitigation.

Month 7 Forecast: Updated Control Totals

| | Plan | FOT M7 | Variance | Change | Additional | Control | Variance |
|--------------------|-----------------|-----------------|-----------------|------------|---------------|-----------------|----------|
| | £'000 | £'000 | £'000 | £'000 | FIT actions | Total | £'000 |
| | | | | | £'000 | £'000 | £'000 |
| CHUGGS | 44,967 | 44,438 | (529) | 529 | | 44,967 | 0 |
| CSI | (31,978) | (31,978) | 0 | | | (31,978) | 0 |
| ESM | 18,606 | 12,707 | (5,899) | | | 12,707 | (5,899) |
| ITAPs | (41,823) | (44,361) | (2,538) | | | (44,361) | (2,538) |
| MSS | 32,622 | 32,309 | (313) | 313 | | 32,622 | 0 |
| RRCV | 44,190 | 41,834 | (2,356) | | | 41,834 | (2,356) |
| W&C | 47,987 | 44,801 | (3,186) | | | 44,801 | (3,186) |
| Corporate | (59,094) | (59,165) | (71) | 71 | | (59,094) | 0 |
| Facilities | (44,194) | (45,096) | (902) | | | (45,096) | (902) |
| R&I | (49) | 50 | 99 | | | 50 | 99 |
| Alliance | 47 | (245) | (291) | | | (245) | (291) |
| Trust Med Pharmacy | 60 | 45 | (15) | 15 | | 60 | 0 |
| Central | (38,040) | (40,728) | (2,688) | | 17,761 | (22,967) | 15,073 |
| Total | (26,700) | (45,389) | (18,689) | 928 | 17,761 | (26,700) | 0 |

CMG/Directorate
£'000

- Bottom-up forecast indicates a forecast outturn which is £18.7mA to Plan with under-performance in most CMGs with ESM presenting a material risk to the Trust.
- A detailed review of M6 Forecast outturn was undertaken which was then triangulated with:
 1. M7 variance to M6 FOT
 2. CIP and Supplementary CIP performance
 3. Run Rates
 4. Prior Years Seasonality
- Using the above, updated Control Totals have been issued which in line with the accountability framework require CMG Board approval.
- ESM requires further support due to material under-performance and the on-going risk presented.

October 2017: Statement of Financial Position

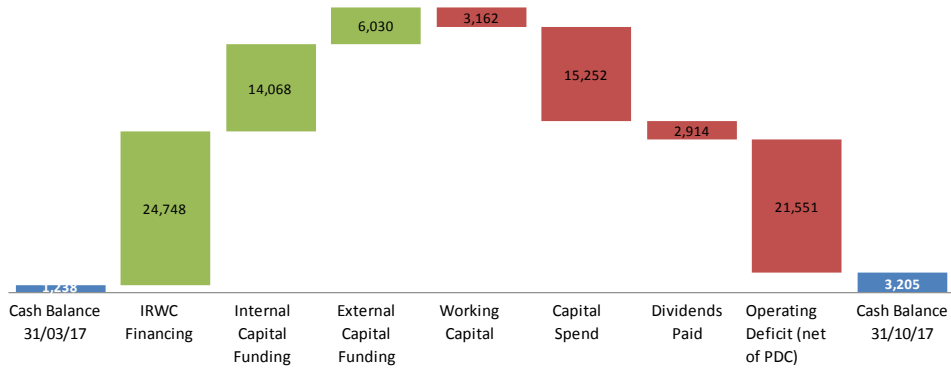
| | Mar-17 £000's Actual | Oct-17 £000's Actual | Movement £000's Actual |
|--|----------------------------|----------------------------|------------------------------|
| Non Current Assets | | | |
| Property, plant and equipment | 398,261 | 398,987 | 726 |
| Intangible assets | 11,467 | 10,182 | (1,285) |
| Trade and other receivables | 2,669 | 3,046 | 377 |
| TOTAL NON CURRENT ASSETS | 412,397 | 412,215 | (182) |
| Current Assets | | | |
| Inventories | 19,975 | 22,968 | 2,993 |
| Trade and other receivables | 55,953 | 63,785 | 7,832 |
| Cash and cash equivalents | 1,238 | 3,205 | 1,967 |
| TOTAL CURRENT ASSETS | 77,166 | 89,958 | 12,792 |
| Current Liabilities | | | |
| Trade and other payables | (110,675) | (115,383) | (4,708) |
| Dividend payable | 0 | (1,377) | (1,377) |
| Borrowings / Finance Leases | (4,474) | (4,540) | (66) |
| Other Liabilities / Loan | (1,838) | (2,162) | (324) |
| Provisions for liabilities and charges | (475) | (362) | 113 |
| TOTAL CURRENT LIABILITIES | (117,462) | (123,824) | (6,362) |
| NET CURRENT ASSETS (LIABILITIES) | (40,296) | (33,866) | 6,430 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | 372,101 | 378,349 | 6,248 |
| Non Current Liabilities | | | |
| Borrowings / Finance Leases | (7,531) | (7,871) | (340) |
| Other Liabilities / Loan | (132,235) | (162,689) | (30,454) |
| Provisions for liabilities and charges | (1,562) | (1,481) | 81 |
| TOTAL NON CURRENT LIABILITIES | (141,328) | (172,041) | (30,713) |
| TOTAL ASSETS EMPLOYED | 230,773 | 206,308 | (24,465) |
| Public dividend capital | 331,956 | 331,956 | 0 |
| Revaluation reserve | 77,427 | 77,427 | 0 |
| Retained earnings | (178,610) | (203,075) | (24,465) |
| TOTAL TAXPAYERS EQUITY | 230,773 | 206,308 | (24,465) |
| Ratios | | | |
| Liquidity Ratio Days (Working Capital Balance / Annual Operating Expenses) | (24) | (21) | |
| Liquidity Ratio Metric | 1 | 1 | |

- **Total Assets Employed:** Movement of £24.5m representing year to date Trust deficit (before donated asset adjustment).
- **Non-Current Assets :** Reduced by £0.2 reflecting spend on the emergency floor offset by depreciation charges.
- **Working capital:**
 - Stock growth in TMP stock holding and non pharmacy stock holding locations
 - Receivables have increased by £7.8m
 - Payables have increased by £4.7m
- **Cash:** October balance of £3.0m is marginally above the £1m cash balance to support working capital due to late receipt of cash .
- **Dividend payable:** £2.9m cash payment made in September, PDC accrued £1.4m representing the shortfall and accrual for October.
- **Non-current liabilities:**
 - £24.7m revolving working capital facility and revenue support loan.
 - £6m emergency floor capital loan, less £1.0m repayment of 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 £1.2m, in line with our plan.
- Funded YTD net deficit of £24.5m by drawing down £24.7m of our Interim Revolving Working Capital Facility (IRWC) and revenue support loan.
- Improvement in working capital and internal capital funding enabled interest payment and capital expenditure of £15.3m.

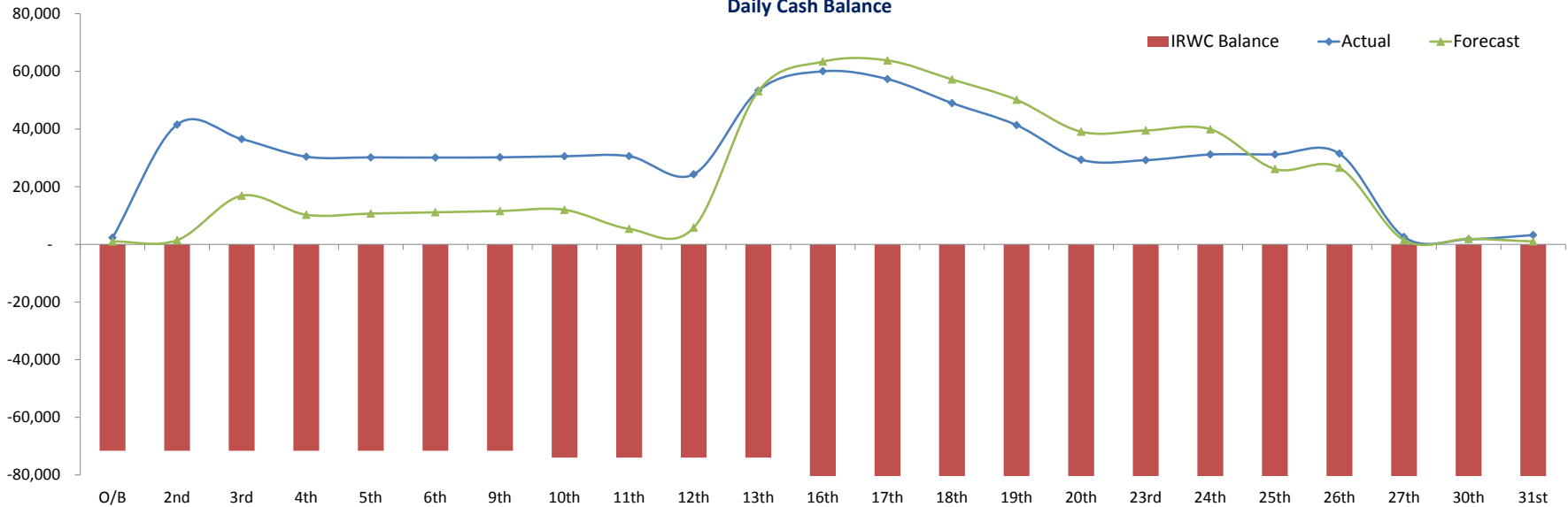
Full Year Forecast

- Forecast of £1m cash holding at the year end.

Daily Cash Balance

- In line with forecast the mid-month peak is driven by receipt of SLA income and reduction on 27th October 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 | 37,100 | 32,268 | 4,832 | 18,982 | 5,347 | 1,903 | 6,036 | 19% |
| | Non-NHS receivables - revenue | 12,498 | 16,366 | (3,868) | 8,575 | 2,948 | 536 | 4,307 | 26% |
| | Provision for the impairment of receivables | (1,024) | 0 | (1,024) | 0 | | | | |
| | Non-NHS prepayments and accrued income | 4,797 | 12,090 | (7,293) | 12,090 | | | | |
| | PDC dividend prepaid to DH | 764 | 0 | 764 | 0 | | | | |
| | VAT | 1,195 | 2,265 | (1,070) | 2,265 | | | | |
| | Other receivables | 623 | 796 | (173) | 796 | | | | |
| | TOTAL | 55,953 | 63,785 | (7,832) | 42,708 | 8,295 | 2,439 | 10,343 | 0 |
| Accounts Payable | NHS payables - revenue | (9,327) | (33,844) | 24,517 | (13,334) | (4,180) | (2,368) | (13,962) | 41% |
| | NHS accruals and deferred income | (5,584) | 0 | (5,584) | 0 | | | | |
| | Non-NHS payables - revenue | (49,480) | (38,043) | (11,437) | (17,487) | (10,662) | (4,166) | (5,728) | 15% |
| | Non-NHS payables - capital | (4,808) | (4,176) | (632) | (1,509) | (919) | (1,507) | (241) | 6% |
| | Non-NHS accruals and deferred income | (21,449) | (21,314) | (135) | (5,733) | (5,319) | (2,263) | (7,999) | 38% |
| | Social security costs | (6,439) | (6,504) | 65 | (6,504) | | | | |
| | Accrued Interest on DH Loans | (123) | (599) | 476 | (599) | | | | |
| | Tax | (5,584) | (5,620) | 36 | (5,620) | | | | |
| | Other | (7,881) | (5,283) | (2,598) | (5,283) | | | | |
| | TOTAL | (110,675) | (115,383) | 4,708 | (56,069) | (21,080) | (10,304) | (27,930) | 1 |
| Total Liquidity | (54,722) | (51,598) | (3,124) | | | | | | |

Liquidity: movement of £3.1m from opening position due to:

- Accounts receivable: increase of £7.8 driven by an increase in Non-NHS prepayments and accrued income.
- Accounts payable: increase of £4.7m with material movement in NHS payables.

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

- NHS receivables: 19% representing £6.0m being over 90 days with Leicestershire Partnership NHS at £2.0m.
- Non-NHS receivables: 26% representing £4.3m being over 90 days with the largest component being Overseas Visitors at £1.8m (42%). The balance consists of various items which in isolation are not material.
- NHS payables-revenue: £14.0m, representing 41% in excess of 90 days with NHS Business Services Authority at £12.8m (91%).
- Further analysis of receivables is provided in the separate cash report.

Better Payments Practice Code: Non-compliant

| Better Payment Practice Code - Measure of Compliance | Oct YTD | | Prior month YTD | |
|--|------------|------------|-----------------|------------|
| | Number | £000s | Number | £000s |
| All | | | | |
| Total Invoices Paid in the Year | 91,472 | 392,413 | 75,646 | 329,193 |
| Total Invoices Paid Within Target | 26,469 | 250,926 | 21,890 | 216,214 |
| Percentage Invoices Paid Within Target (target 95%) | 29% | 64% | 29% | 66% |
| Non-NHS Payables | | | | |
| Total Non-NHS Invoices Paid in the Year | 87,797 | 311,214 | 72,663 | 262,238 |
| Total Non-NHS Invoices Paid Within Target | 25,883 | 206,733 | 21,363 | 178,266 |
| Percentage of Non-NHS Invoices Paid Within Target | 29% | 66% | 29% | 68% |
| Local SME payables | | | | |
| Total SME Invoices Paid in the Year | 574 | 5,756 | 423 | 4,632 |
| Total SME Invoices Paid Within Target | 160 | 876 | 140 | 839 |
| Percentage of Local SME Invoices Paid Within Target | 28% | 15% | 33% | 18% |
| NHS Payables | | | | |
| Total NHS Invoices Paid in the Year | 3,101 | 75,443 | 2,560 | 62,323 |
| Total NHS Invoices Paid Within Target | 426 | 43,317 | 387 | 37,109 |
| Percentage of NHS Invoices Paid Within Target | 14% | 57% | 15% | 60% |

- **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.

The likely performance for the year with additional financing is 31% by volume (currently 29%) and 68% by value (currently 64%).

Capital: October £15.2m spend, £1.9mF to Plan

| | Scheme Name | October-17 | | | Annual | |
|----------------------|--|---------------|-----------------|------------------|-----------------|----------------------|
| | | Plan £'000 | Actual £'000 | F / (A) £'000 | Budget £'000 | Commitments £'000 |
| Reconfiguration | Emergency Floor | 7,155 | 6,176 | 979 | 7,033 | 4,351 |
| | ICU Beds | 0 | 0 | 0 | 4,200 | 0 |
| | LRI Beds | 0 | 0 | 0 | 3,330 | 0 |
| | GH Beds | 0 | 0 | 0 | 6,485 | 0 |
| | Imaging: GH & LRI | 0 | 0 | 0 | 4,291 | 0 |
| | Treatment Centre | 37 | 43 | (6) | 600 | 0 |
| | ITU LRI | 43 | 98 | (55) | 100 | 496 |
| | Women's Service | 36 | 39 | (3) | 849 | 0 |
| | Children's Hospital | 58 | 81 | (23) | 1,000 | 0 |
| | Theatres LRI | 42 | 31 | 11 | 381 | 0 |
| | Beds Workstream & DCP | 72 | 87 | (15) | 0 | 22 |
| | Additional Beds - GH | 55 | 0 | 55 | 0 | 36 |
| | Additional Beds - LRI | 85 | 12 | 73 | 0 | 0 |
| | Diagnostics & Clinical Support Services | 25 | 14 | 11 | 0 | 0 |
| | LRI Wards (EMCHC) | 110 | (14) | 124 | 0 | 0 |
| | Supporting Infrastructure | 70 | | 70 | 1,000 | 7 |
| | Vascular | 204 | 151 | 53 | 0 | 0 |
| | ED Project IT Issues | 180 | 194 | (14) | 0 | 4 |
| | ED Access & Transport | 108 | 41 | 67 | 0 | 0 |
| | Other Reconfiguration | 0 | 1 | (1) | 0 | 1 |
| | Sub-total: Reconfiguration | 8,280 | 6,954 | 1,326 | 29,269 | 4,917 |
| Estates & Facilities | Estates & Facilities | 2,048 | 2,020 | 28 | 8,520 | 767 |
| | MES Installation Costs | 430 | 199 | 231 | 1,500 | 244 |
| | LGH Renal Water Treatment | 400 | 8 | 392 | 0 | 517 |
| | Other Estates & Facilities | 20 | (3) | 23 | 480 | 17 |
| | Sub-total: Estates & Facilities | 2,898 | 2,224 | 674 | 10,500 | 1,545 |
| IM&T | IM&T Infrastructure | 670 | 561 | 109 | 3,526 | 679 |
| | EDRM | 150 | (6) | 156 | 0 | 51 |
| | Nervecentre | 100 | 247 | (147) | 474 | 16 |
| | Heartsuite System | 163 | 28 | 135 | 100 | 0 |
| | Electronic Blood Tracking System | 150 | 32 | 118 | 0 | 0 |
| | Learning Mgt System | 21 | (12) | 33 | 18 | 0 |
| | Other IM&T | 0 | 49 | (49) | 0 | 74 |
| | Sub-total: IM&T Schemes | 1,254 | 899 | 355 | 4,118 | 820 |
| Medical Equipment | Medical Equipment Executive | 500 | 725 | (225) | 4,371 | 200 |
| | Radiotherapy CT Scanner | 0 | 0 | 0 | 629 | 0 |
| | CCU Monitoring | 456 | 290 | 166 | 0 | 10 |
| | Linear Accelerator | 271 | 285 | (14) | 39 | 2 |
| | Other Medical Equipment | 0 | 0 | 0 | 0 | 0 |
| | Sub-total: Medical Equipment | 1,227 | 1,300 | (73) | 5,039 | 212 |
| Finance Leases | Donations | 475 | 561 | (86) | 300 | 0 |
| | MES Finance Lease Additions | 2,997 | 2,997 | 0 | 5,138 | 0 |
| | Optimed | 0 | 120 | (120) | 0 | 0 |
| | Other Expenditure | 0 | 197 | (197) | 0 | 33 |
| | Sub-total: Finance Leases | 3,472 | 3,875 | (403) | 5,438 | 33 |
| | TOTAL CAPITAL EXPENDITURE | 17,131 | 15,252 | 1,879 | 54,364 | 7,527 |

Year to date:

- Total Capital expenditure of £15.2m driven by Emergency Floor, Estates and MES.
- Underspend predominantly related to reconfiguration schemes due to delays in spend together with under-spend within Estates.
- Capital Plan:** Total expected capital expenditure of £54.4m funded by:
 - £31.5m depreciation;
 - £7.0m external borrowing for the Emergency Floor development;
 - £5.1m finance lease additions funded through revenue;
 - £0.3m donations.

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 | Plan | | Actual | | Variance | |
|--------------------------|-------------------------------|--|---------|----------|---------|----------|----------|----------|
| | | | Metric | Score | Metric | Score | Metric | Score |
| Financial Sustainability | Capital Service Capacity | Degree to which generated income covers financial obligations <i>EBITDA + Interest receivable / Annual Debt Service (Interest Payable + Dividend + borrowings repaid)</i> | (0.03) | 4 | (0.52) | 4 | (0.49) | 0 |
| | 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> | (27.82) | 4 | (21.83) | 4 | 5.99 | 0 |
| Financial efficiency | EBITDA margin | I&E Surplus or Deficit / Total Revenue | (4.51%) | 4 | (4.49%) | 4 | 0.03% | 0 |
| Financial Controls | 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> | n/a | n/a | 0.03% | 1 | n/a | 1 |
| | Agency spend | Distance from agency ceiling <i>Year to date variance to Ceiling / Year to date Ceiling</i> | 3.97% | 2 | 0.25% | 2 | 3.72% | 0 * |
| Overall | 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 | | 3 | | 3 | | 0 |

* Per NHSI return which tracks Agency to NHSI phasing of ceiling versus Plan. Compared to Plan, Agency spend is 1.2% favourable and would score 1

Risks & Mitigation

Year to date under-performance within CMGs combined with unidentified CIP together with delivery of the supplementary CIP indicates an unmitigated I&E risk £18.7m.

| | Risk | Unmitigated £'000 | Mitigated £'000 | Action to mitigate |
|---------------------------|---|----------------------|--------------------|---|
| I&E | CIP: Non-delivery of unidentified CIP | (4,939) | (4,939) | Impacted CMGs are in the escalation process in line with governance arrangements. At this stage it is unlikely that this will be mitigated through recurrent schemes |
| | Supplementary CIP: Delivery of supplementary pay CIP required to fund demand and capacity investment | (903) | (903) | Supplementary CIP has a specific programme and timelines for execution and monitoring |
| | CMG/Corporate Directorates Financial Performance: continued under-performance related to pay and non-pay cost pressures | (12,846) | (11,918) | Based on M7 forecast with CHUGGS, MSS and Corporate Directorates required to improve performance to deliver break-even to full year plan predominantly based on anticipated income seasonality |
| | FIT actions: delivery of planned actions and identification of additional schemes | | 5,000 | Workstream in place to identify additional technical actions |
| | Profit on Sale of Assets: sale of the Paddock land to HCA | | 5,700 | |
| | Estates Strategy for the delivery of estates and facilities services | | 7,061 | |
| | Agency: Whilst currently in line with Plan, reduction in agency expenditure of 17% is required to deliver the planned Agency ceiling | tbc | - | The workforce and premium pay sub-work streams are concentrating on delivery of savings through the monitoring and compliance of recruitment initiatives, workforce planning and the application of internal controls. |
| | Commissioner affordability: increased contract challenges and misalignment with LLR forecast assumptions | | | The Trust must ensure that a more disciplined approach and responsiveness to contract challenges and contract queries is adopted. The governance structure around Contract Management Performance with CCGs will continue to be in place. |
| Total I&E risk | | (18,689) | 0 | |

| | | | |
|---------------------------------------|--|--|--|
| Statement of Financial Position | Cash: planned deficit includes FIT actions which are non-cash and means there is insufficient cash to support expenditure | | The Trust has access to an Interim Revolving Working Capital Support (temporary borrowing) to meet immediate cash requirements |
| | Capital: requires further borrowing that is yet to be approved. | | The Trust is in the process of following Nationally defined process to access funding. |