2018/19 Financial Performance

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Executive Summary Paper L1

Context

The Trust originally planned for a 2018/19 income and expenditure deficit of £29.9m with a capital plan of £50.4m. The Trust Board approved a revision to the income and expenditure deficit of £21.2m in line with NHS Improvement's revised Control Total. If delivered, this revised Control Total would have given the Trust access to provider sustainability funding (PSF) of £21.9m giving a reported surplus of £0.8m.

At Quarter 2, following the cessation of FM LLP together with a risk assessment of the Control Total, the Trust revised its financial outturn to a deficit of £51.8m excluding Provider Sustainability Funding (PSF). This represented deterioration from Plan of £30.6m with £21.9m driven by the impact of the cessation of FM LLP and £8.7m representing the underlying risk assessment of the plan.

Delivery of the 2018/19 revised financial outturn 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 the financial performance for the period ending 31st March 2019?

   Please note Month 12 is subject to finalisation and Audit approval

   M12 Financial Performance
   The Trust has achieved a year to date deficit of £51.8m excluding PSF and Impairment which is £30.6m adverse to Plan driven by the cessation of FM LLP and the crystallisation of the unmitigated Financial Recovery Board risk together with financial deterioration within the CMGs. Including PSF, the Trust has achieved a year to date deficit of £48.5m representing a £50.3m adverse position to plan due to non-recognition of PSF due to the impact of FM LLP from Quarter 2 reporting.

From Quarter 2, the financial position and forecast reflects the underlying impact due to the cessation of FM LLP which is valued at a full year adverse impact of £21.9m.

Underlying performance is adverse to Plan with over-performance across all Points of Delivery offset by the marginal cost to deliver activity and pay cost pressures. The adverse position in underlying performance is driven by the crystallisation of the unmitigated Financial Recovery Board risk together with financial deterioration within CMGs.

2. What is the performance against the agency ceiling?

Agency expenditure is below 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 start point as a relatively low use of agency compared to our acute peer group.

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

The Trust's Cost Improvement Programme target is £51.5m. As at Month 12, the Trust has delivered efficiencies of £51.6m which is £0.1m favourable to Plan.

4. How has the Trust managed unfunded cost pressures this year?

In setting budgets appropriately and in accordance with 2017/18 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 has chaired a specific Executive Board meeting (Star Chamber) to consider any such pressures which potentially cannot be avoided. This ensures that we have senior oversight and transparency regarding such decisions in 2018/19.

Input Sought

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: **6th June 2019**

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

Please note Month 12 is subject to finalisation and Audit approval

Statutory duties

- Delivering the planned deficit: Not achieved due to cessation of FM LLP and performance risk
- Achieving the External Funding Limit: Achieved
- Achieving the Capital Resource Limit: Achieved

Financial Performance

- **Deficit of £51.8m excluding Provider Sustainability Funds (PSF) and Impairment, £30.6mA to Plan :** Over-performance within Patient Care offset by marginal cost to deliver activity and pay cost pressures in excess of Agenda for Change impact. The adverse position is driven by deterioration within CMGs and together with the impact of FM LLP in line offset by FRB and technical actions. The full year deficit of £51.8m is in line with the submitted forecast as at Month 6.
- **Including PSF: Deficit of £48.5m, £50.2mA to plan:** with the additional adverse position driven by non-recognition of any PSF.
- **In Month surplus of £9.3m in line with the submitted re-forecast.**
- **Patient Care Income, £23.7mF to Plan :** Includes Agenda for Change funding together with over-performance across all Points of Delivery supporting CIP delivery
- **Operating Costs, £51.6mA to Plan:** with pay £26.5mA to Plan including Agenda for Change together with underlying overspend within the CMGs in all staff groups. Non-pay overspend of £25.1m driven by additional cost to deliver activity together with cost pressures within the CMGs and the financial impact of FM LLP partially offset by implementation of FRB actions.
- **CIP in line with Plan**

Cash

- Closing cash position at March of £4m, including Trust Group Holdings (TGH) which is higher than forecast due to the timing of month end cash receipts from Commissioners.
- TGH cash balance was £2.4m.
- Funded YTD operating deficit and movement in working capital by securing £51.8m of external financing.

Capital

- **March**: Total capital expenditure of £26.7m in line with CRL.

<u>**Key**</u>
F refers to a Favourable variance to plan, A refers to an Adverse variance to plan

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March 2019: Key Facts

Patient Income £23.7mF	Other Income £6.7mA
Substantive pay £26.5mA	Agency In line
Non pay £25.1mA	Non-Operating Costs £4.1mF
EBITDA £34.6mA	CIP In line
Liquidity Indicators	Capital In line with CRL

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 £51.8m Excluding PSF

		Mar-19					YTD				
		Plan	FOT	Actual	Vs Plan	Vs FOT	Plan	FOT	Actual	F/(A)	%
Value Drivers	Day Case	9,112	9,627	9,397	285	(230)	108,065	106,555	106,327	(1,738)	(2%)
	Elective Inpatient	1,510	1,767	1,893	383	126	20,554	20,140	20,664	110	1%
	Emergency / Non-elective Inpatient	10,418	10,287	10,260	(157)	(27)	120,243	119,252	118,054	(2,189)	(2%)
	Emergency Department	20,238	21,335	22,735	2,497	1,400	238,286	247,659	250,096	11,810	5%
	Outpatient Procedures	82,412	83,770	84,586	2,173	816	967,934	990,989	985,797	17,864	2%
	Critical Care Services	5,030	5,074	5,146	115	72	57,743	57,386	58,002	259	0%
	Renal Dialysis and Transplant	15,311	15,781	15,459	148	(322)	178,367	180,421	179,654	1,287	1%
	Other Activity	720,034	748,686	699,397	(20,636)	(49,288)	8,487,390	8,632,945	8,459,886	(27,504)	(0%)
	WTE Total	14,586	14,367	14,261	325	(106)	14,586	14,367	14,261	325	2%
	WTE Agency	70	247	354	(284)	107	70	247	354	(284)	(408%)
		Mar-19					YTD				
		Plan £'000	FOT £'000	Actual £'000	Vs Plan £'000	Vs FOT £'000	Plan £'000	FOT £'000	Actual £'000	F/(A) £'000	%
I&E £'000	Patient Care Income	70,457	75,534	76,933	6,477	1,400	835,803	856,133	859,510	23,706	3%
	Non Patient Care Income	610	240	(282)	(892)	(523)	7,275	5,252	4,396	(2,879)	(40%)
	Other Operating Income	10,275	11,824	16,329	6,054	4,505	122,242	126,749	118,433	(3,809)	(3%)
	Total Income	**81,342**	**87,599**	**92,980**	**11,638**	**5,382**	**965,320**	**988,133**	**982,338**	**17,018**	**2%**
	Pay Costs	(49,948)	(52,283)	(52,471)	(2,523)	(188)	(599,043)	(623,031)	(625,590)	(26,546)	(4%)
	Pay Costs: Agency	(1,453)	(1,552)	(1,507)	(54)	45	(18,812)	(18,415)	(18,770)	42	0%
	Non Pay	(26,857)	(27,570)	(29,918)	(3,061)	(2,348)	(338,337)	(369,008)	(363,425)	(25,088)	(7%)
	Total Operating Costs	**(78,258)**	**(81,406)**	**(83,896)**	**(5,638)**	**(2,490)**	**(956,192)**	**(1,010,455)**	**(1,007,785)**	**(51,593)**	**(5%)**
	EBITDA	**3,084**	**6,193**	**9,084**	**6,001**	**2,891**	**9,128**	**(22,322)**	**(25,447)**	**(34,575)**	**(379%)**
	Non Operating Costs	3,363	3,046	266	(3,097)	(2,780)	(30,514)	(29,710)	(26,405)	4,110	13%
	Retained deficit	**6,447**	**9,240**	**9,351**	**2,904**	**111**	**(21,386)**	**(52,032)**	**(51,851)**	**(30,465)**	**(142%)**
	Adjustments for Donated Assets	16	20	(83)	(99)	(103)	192	232	63	(129)	67%
	Net Deficit	**6,463**	**9,260**	**9,268**	**2,805**	**8**	**(21,194)**	**(51,800)**	**(51,788)**	**(30,594)**	**(144%)**
	Provider Sustainability Fund (PSF)	2,562	0	0	(2,562)	0	21,947	2,304	2,304	(19,643)	90%
	Net Deficit Including PSF	**9,025**	**9,260**	**9,268**	**243**	**8**	**753**	**(49,496)**	**(49,484)**	**(50,237)**	**6675%**
	Impairments	**0**	**0**	**(1,833)**	**(1,833)**	**(1,833)**	**0**	**0**	**(1,833)**	**0**	
	Net Deficit Including Impairments	**9,025**	**9,260**	**7,434**	**(1,590)**	**(1,825)**	**753**	**(49,496)**	**(51,318)**	**(50,237)**	**67**
Ratios	Agency: Total Pay	2.91%	2.97%	2.87%	0.04%	0.10%	3.14%	2.96%	3.00%	0.14%	
	EBITDA: Income	3.79%	7.07%	9.77%	5.98%	2.70%	0.95%	(2.26%)	(2.59%)	(3.54%)	
	Net Deficit: Income	7.94%	10.57%	9.97%	2.02%	(0.60%)	(2.20%)	0.00%	(5.27%)	(3.08%)	

- **NHS Patient Care Income: £859.5m,£23.7mF** including £6.2mA in relation to drugs and devices excluded from tariff with the offset in non-pay and £10.6mF funding in relation to Agenda For Change. Underlying over-performance across most Points of Delivery supporting CIP delivery.
- **Other Income: £122.8m, £6.7mA** driven by the financial impact of the cessation of FM of £12.5mA partially offset by FRB actions.
- **Pay Costs: £644.4m, £26.5mA** which includes £11mA in relation to Agenda For Change and £4.7mA driven by non-delivery of planned pay CIP.

  Underlying overspend in all staff groups and CMGs.

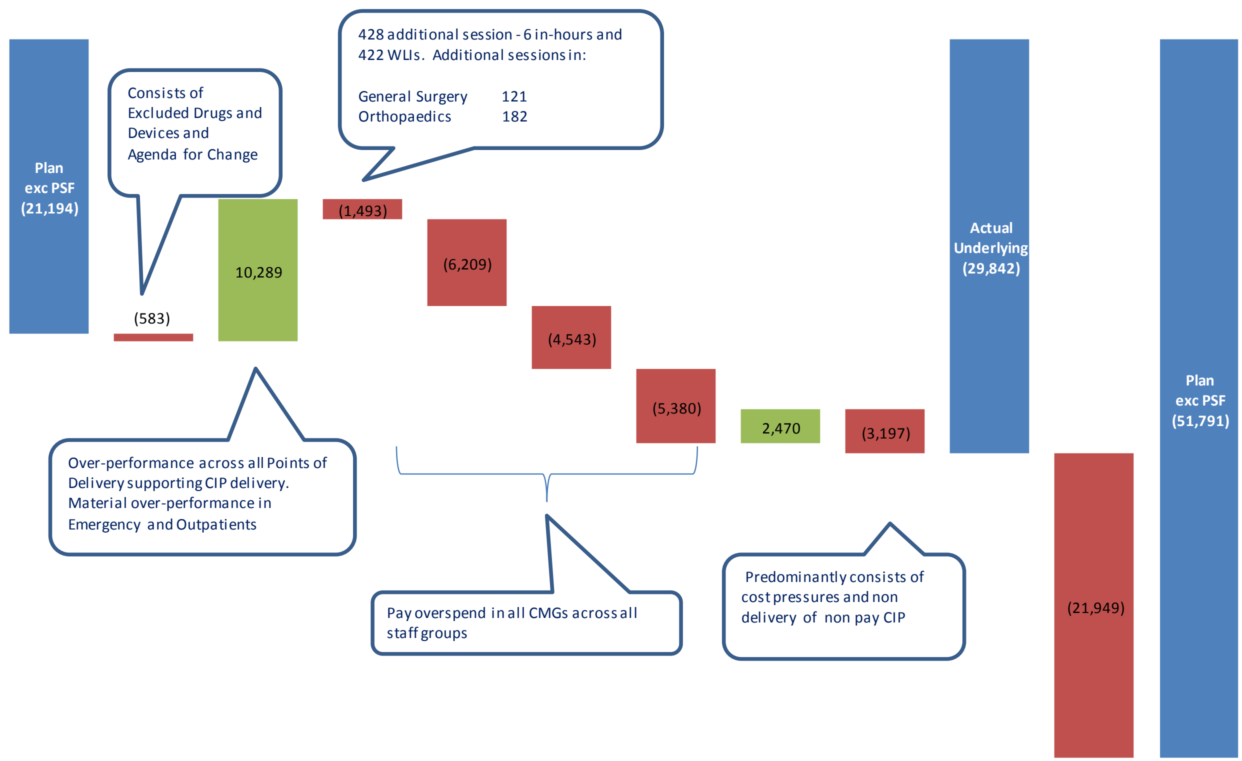
  Agency spend in line with the NHSI agency ceiling.

  Pay remains an area of concern to ensure appropriate control and optimum use of financial resources to support the Trust's financial commitments. This is supported by enhanced pay controls implemented through the Financial Recovery Board.
- **Non-Pay: £363.4m, £25.1mA** including £6.2mF relating to drugs and devices excluded from tariff. The financial impact of the cessation of FM LLP £5.9mA is a significant part of the over spend. Underlying overspend is predominantly driven by the marginal cost to deliver additional activity, under-delivery of CIP and general cost pressures.
- **EBITDA: deficit of £25.5m, £34.6mA Plan.**
- **Non-Operating Costs: £26.4m, £4.1Fm** including £3.5mA from FM LLP. Under-spend is driven by depreciation due to pro-active management of asset base as part of the Trusts financial recovery.
- **Provider Sustainability Fund (PSF): £2.3m, £17.1mA** – recognition of quarter one only.

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

I&E Bridge: £30.6mA to plan driven by performance risk and FM LLP

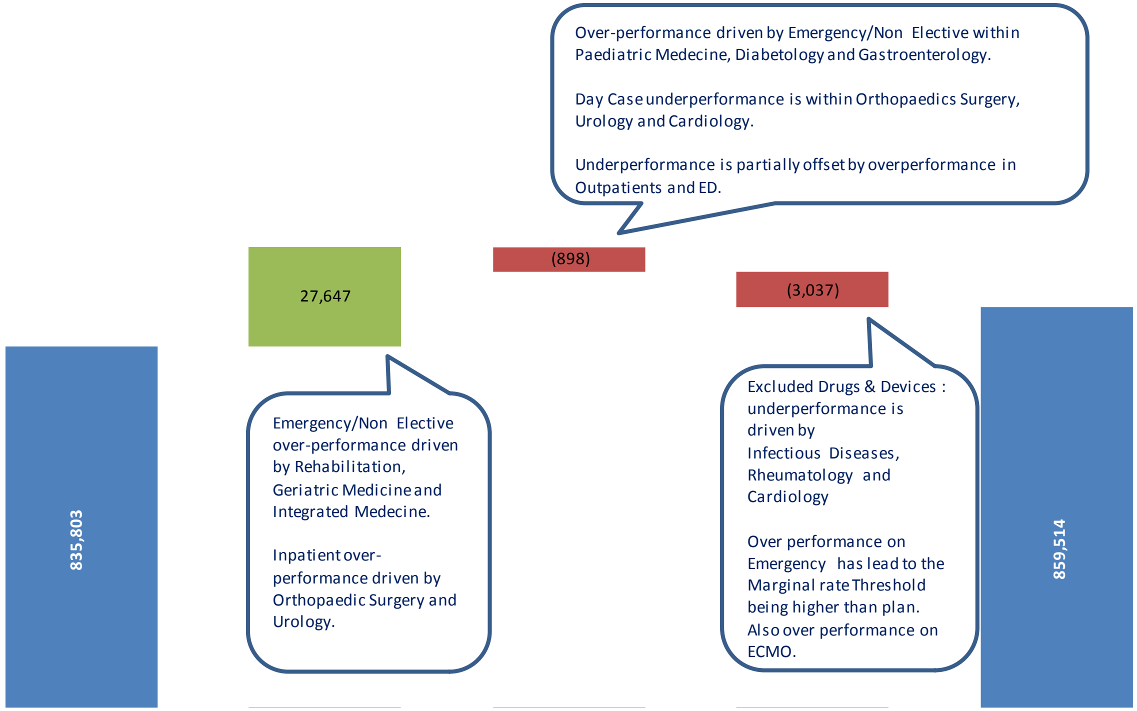
Over-performance within Patient Care offset by marginal cost to deliver activity and pay cost pressures in excess of Agenda for Change impact. The adverse position is driven by deterioration within CMGs and together with the impact of FM LLP in line offset by FRB and technical actions. The full year deficit of £51.8m is in line with the submitted forecast as at Month 6.



£(000)	Plan exc PSF	Pass Through	Activity	Theatres	Medical Pay	Nursing Pay	Other Pay	FRB	Other	Actual Underlying	FM LLP	Plan exc PSF	Var F/(A)
NHS PCI	**835,803**	4,405	22,967					(4,190)	525	**859,510**		**859,510**	23,706
Other Income	**129,219**	(1,821)	144					7,038	321	**134,900**	(12,501)	**122,399**	(6,819)
Pay	**(599,043)**	(11,020)		(1,162)	(4,225)	(6,469)	(5,670)	3,702	(1,702)	**(625,590)**		**(625,590)**	(26,546)
Pay: Agency	**(18,812)**	(190)			(1,984)	1,926	290			**(18,770)**		**(18,770)**	42
Non Pay	**(338,337)**	8,043	(12,822)	(331)				(7,151)	(6,877)	**(357,475)**	(5,950)	**(363,425)**	(25,088)
Non-Operating Costs	**(30,024)**							3,071	4,536	**(22,417)**	(3,498)	**(25,915)**	4,110
Net Deficit	**(21,194)**	**(583)**	**10,289**	**(1,493)**	**(6,209)**	**(4,543)**	**(5,380)**	**2,470**	**(3,197)**	**(29,842)**	**(21,949)**	**(51,791)**	**(30,594)**

NHS Patient Income: March £859.5m, £23.7mF to Plan

Over-performance in all Points of Delivery. Emergency/Non-elective over-performance predominantly within Hepatology, Care of the Elderly, Stroke and Rehabilitation and Inpatients driven by Orthopaedics, Cardiac Surgery, Spine and Trauma.



£(m)	Plan	Rate	Volume	Other	Actual	Var F / (A)
Day Case	61,628	1,568	(1,016)	0	62,180	552
Elective Inpatient	75,616	3,851	427	0	79,894	4,278
Emergency / Non-elective Inpatient	225,920	20,020	(4,478)	0	241,462	15,542
Marginal Rate Emergency Threshold	(7,029)	0	0	(2,422)	(9,451)	(2,422)
Emergency Department	32,152	(204)	1,583	0	33,532	1,380
Outpatient	114,221	1,521	2,136	0	117,878	3,657
Drugs and Devices excluded from Tariff	105,921	0	0	(6,233)	99,689	(6,233)
Critical Care Services	54,225	1,531	250	0	56,006	1,781
Renal Dialysis and Transplant	28,357	(640)	200	0	27,917	(440)
CQUIN	16,894	0	0	525	17,418	525
Other Activity	108,191	0	0	3,731	111,922	3,731
Other Financial Values	19,708	0	0	1,356	21,064	1,356
Total	**835,803**	**27,647**	**(898)**	**(3,042)**	**859,510**	**23,706**

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Activity & Income: Performance versus Contract

Activity

Case Mix	City	East	West	Specialised	Other	Alliance	Total	%
Day Case	(855)	803	64	193	(1,848)	(96)	**(1,738)**	**(2%)**
Elective Inpatient	(180)	80	77	(3)	136		**110**	**1%**
Emergency / Non-elective Inpatient	(1,109)	(521)	87	197	(844)		**(2,189)**	**(2%)**
Marginal Rate Emergency Threshold (MRET)	0	0	0	0	0		**0**	**0%**
Emergency Department	4,650	2,026	4,447		687		**11,810**	**5%**
Outpatient	5,327	5,002	10,930	10,857	(14,579)	326	**17,864**	**2%**
Excluded Drugs and Devices					-		**0**	**0%**
Critical Care Services	(473)	(29)	495	(611)	877		**259**	**0%**
Renal Dialysis and Transplant	0	0	0	1,295	(8)		**1,287**	**1%**
CQUIN	0	0	0	0	0	0	**0**	**0%**
Other Activity	(29,892)	29,432	(22,648)	3,829	(8,415)	189	**(27,504)**	**(0%)**
Other Financial Values	4,263	4,328	3,617	539	7,113	6,424	**26,284**	**0%**

Financial

Case Mix	City (£000)	East (£000)	West (£000)	Specialised (£000)	Other (£000)	Alliance (£000)	Total (£000)	%
Day Case	(175)	484	984	963	(1,588)	(116)	**552**	**1%**
Elective Inpatient	634	1,498	596	457	1,093	0	**4,278**	**6%**
Emergency / Non-elective Inpatient	4,891	4,136	5,842	2,935	(2,263)	0	**15,542**	**7%**
Marginal Rate Emergency Threshold (MRET)	(1,862)	(401)	(429)	0	270	0	**(2,422)**	**(34%)**
Emergency Department	859	357	628	0	(464)	0	**1,380**	**4%**
Outpatient	1,254	866	1,570	1,672	(1,721)	16	**3,657**	**3%**
Excluded Drugs and Devices	(1,148)	(1,508)	(1,143)	(1,768)	(640)	(25)	**(6,233)**	**(6%)**
Critical Care Services	(516)	(150)	651	553	1,244	0	**1,781**	**3%**
Renal Dialysis and Transplant	2	0	0	(419)	(23)	0	**(440)**	**(2%)**
CQUIN	(165)	(85)	3	93	680	(1)	**525**	**3%**
Other Activity	(93)	(283)	409	3,230	432	36	**3,731**	**3%**
Other Financial Values	(577)	(894)	(1,090)	3,725	597	(404)	**1,356**	**7%**
Grand Total	**3,104**	**4,019**	**8,020**	**11,441**	**(2,383)**	**(494)**	**23,706**	**3%**

Contracts:

- **Day Case & Elective Inpatient:** over performance predominantly within Gastroenterology and Podiatric Surgery. partially offset by under performance in Paediatric Cardiothoracic Surgery and Paediatric Cardiology.
- **Emergency / Non Elective:** Over performance across a wide range of specialties with Geriatric Medicine, Hepatology and Rehabilitation. This is partially offset by underperformance in Diabetology, Gastroenterology and Paediatric Medicine.
- **Outpatients:** There are a range of Specialties which are over performing including Paediatric Congenital Surgery Integrated Medicine and Dermatology.
- **Excluded Drugs and Devices:** The underperformance is driven by Infectious Diseases, Rheumatology and Cardiology.

- The CCG contracts have significantly over performed in 18/19, mainly on emergency admissions but also more recently on elective activity. The significant contract challenges around emergency activity and activity coding have now been resolved, although new challenges continue to be raised by commissioners in other areas. Meetings are on-going to mitigate and resolve these issues where possible.

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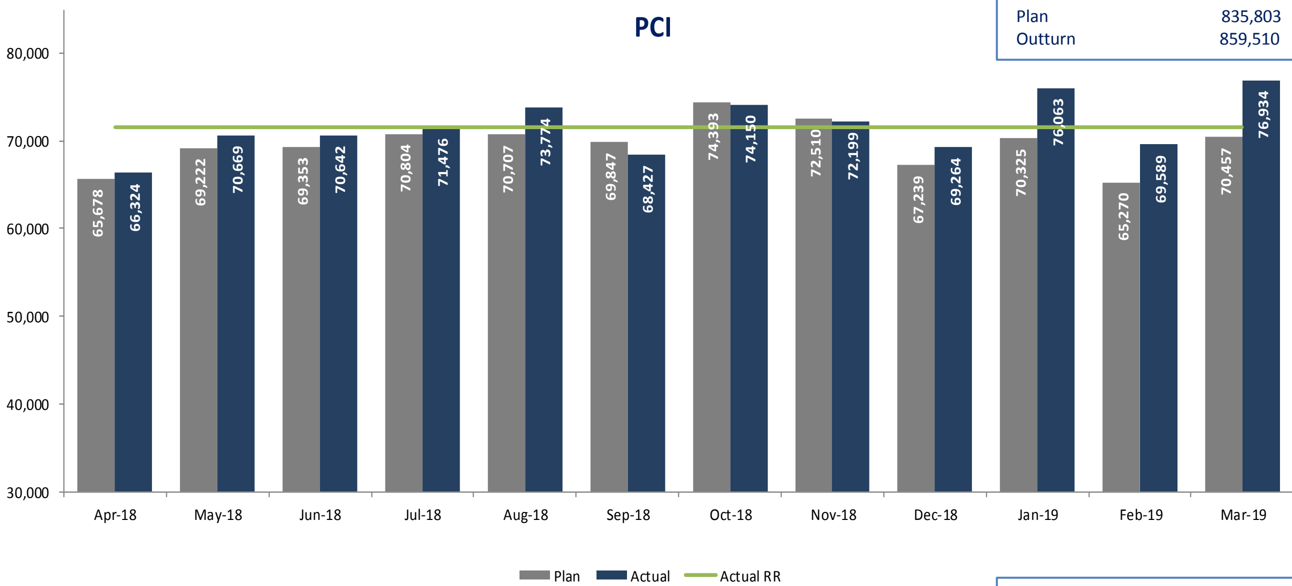
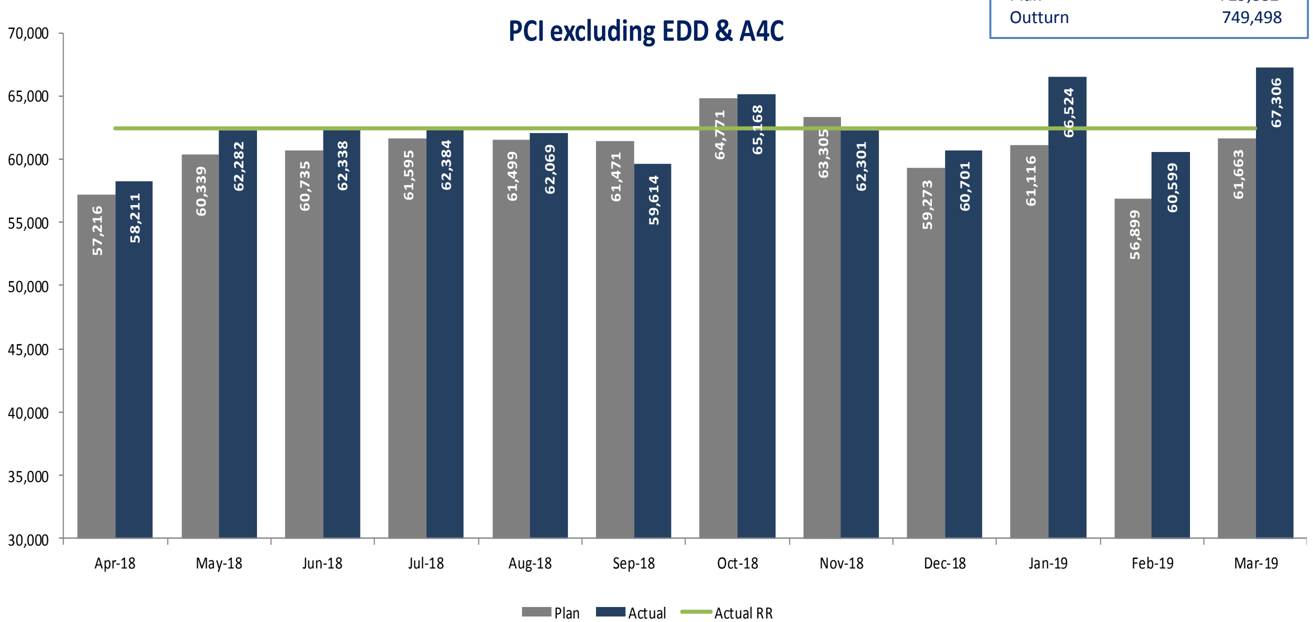
Patient Income Run Rates

FY Income	£'000
Plan	835,803
Outturn	859,510



FY Income	£'000
Plan	729,882
Outturn	749,498



Year to Date

- Year to date over-performance of £17.2m which includes £6.2mA in relation to drugs and devices excluded from tariff and £10.6mF in relation to Agenda for Change funding.
- Over-performance across most Points of Delivery but predominantly within driven by Elective Inpatients, Emergency/Non-elective and Outpatients.
- Quarter 4 activity and over-performance is driven by the revised Winter Plan together with continued over-performance in Emergency/Non-Elective.

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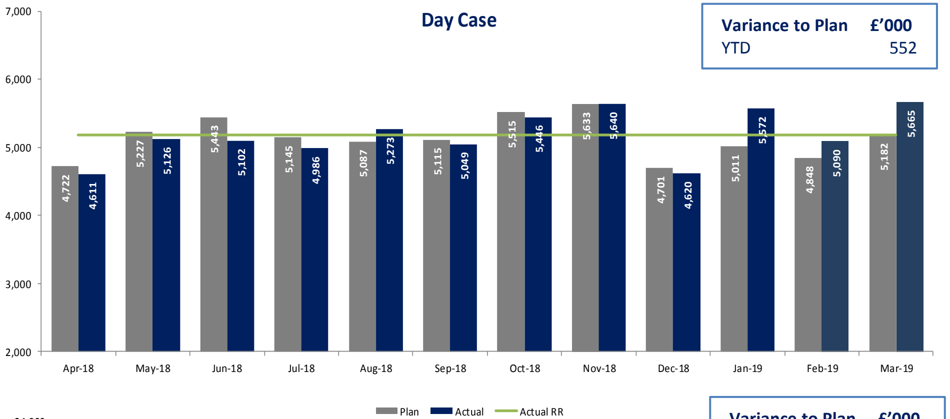
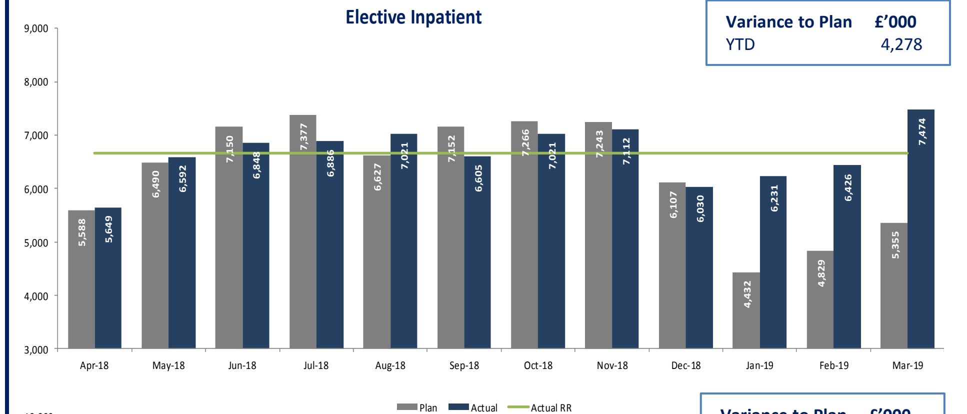
Patient Income Run Rates: Point of Delivery

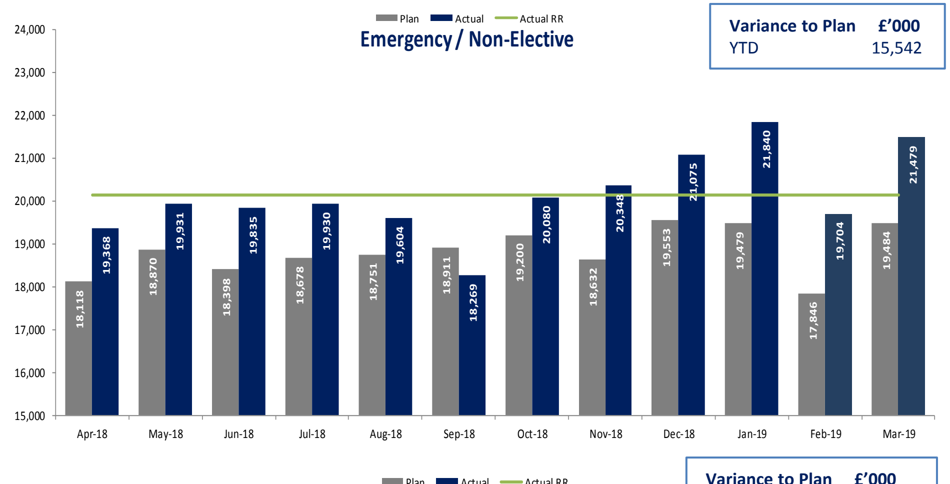
Variance to Plan	£'000
YTD	552



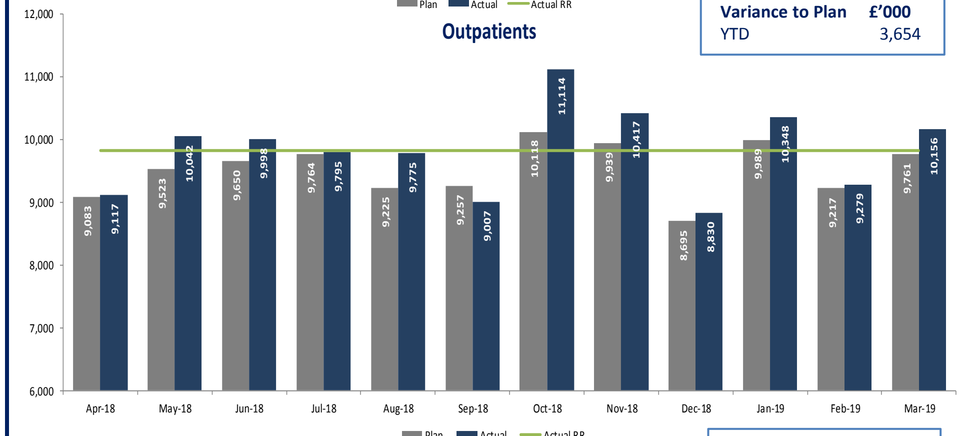
Variance to Plan	£'000
YTD	4,278



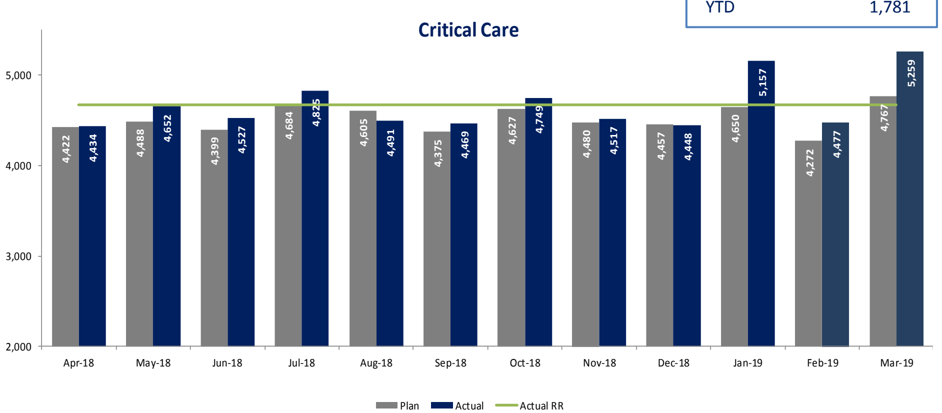
Variance to Plan	£'000
YTD	15,542



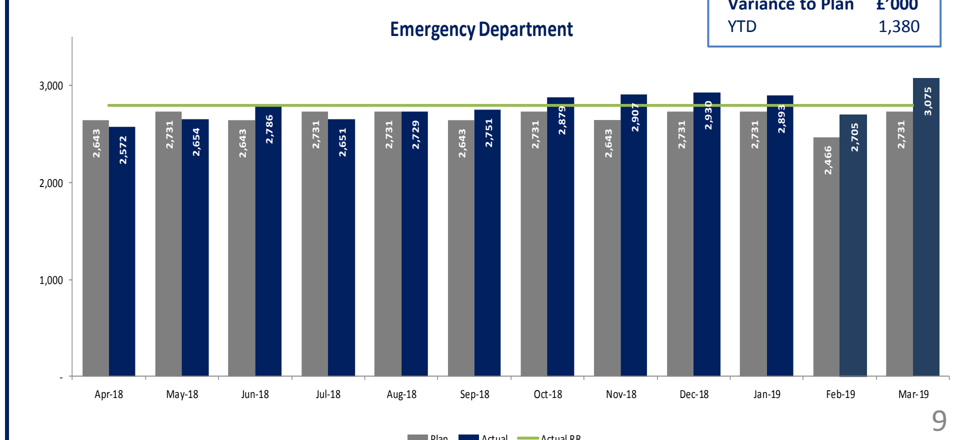
Variance to Plan	£'000
YTD	3,654



Variance to Plan	£'000
YTD	1,781



Variance to Plan	£'000
YTD	1,380



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Pay: YTD £644.4m, £26.5mA to Plan including £11m AFC

		Mar-19						YTD					
		£'000			WTE			£'000			WTE		
		Plan	Actual	F/(A)	Plan	Actual	F/(A)	Plan	Actual	F/(A)	Plan	Actual	F/(A)
Agency	Medical	376	369	6	3	141	(138)	5,185	7,170	(1,985)	3	141	(138)
	Nursing & Midwifery	859	787	71	24	135	(111)	10,700	8,884	1,816	24	135	(111)
	Other Clinical	173	227	(55)	28	32	(4)	2,306	2,305	0	28	32	(4)
	Non Clinical	46	124	(77)	15	46	(31)	621	411	210	15	46	(31)
	Total:Agency	**1,453**	**1,507**	**(54)**	**70**	**354**	**(284)**	**18,812**	**18,770**	**42**	**70**	**354**	**(284)**
Other Non-contracted	Medical	0	1,500	(1,500)	0	1	(1)	0	19,902	(19,902)	0	1	(1)
	Nursing & Midwifery	0	2,127	(2,127)	0	657	(657)	0	21,691	(21,691)	0	657	(657)
	Other Clinical	0	342	(342)	0	74	(74)	0	4,325	(4,325)	0	74	(74)
	Non Clinical	0	614	(614)	0	296	(296)	0	7,232	(7,232)	0	296	(296)
	Total: Other Non-contracted	**0**	**4,583**	**(4,583)**	**0**	**1,027**	**(1,027)**	**0**	**53,150**	**(53,150)**	**0**	**1,027**	**(1,027)**
Total Non-contracted	Medical	376	1,869	(1,494)	3	142	(139)	5,185	27,072	(21,887)	3	142	(139)
	Nursing & Midwifery	859	2,914	(2,055)	24	792	(768)	10,700	30,575	(19,875)	24	792	(768)
	Other Clinical	173	569	(397)	28	106	(78)	2,306	6,631	(4,325)	28	106	(78)
	Non Clinical	46	737	(691)	15	342	(327)	621	7,643	(7,022)	15	342	(327)
	Total: Non-contracted	**1,453**	**6,090**	**(4,637)**	**70**	**1,381**	**(1,311)**	**18,812**	**71,920**	**(53,109)**	**70**	**1,381**	**(1,311)**
Substantive	Medical	16,163	14,896	1,267	1,980	1,938	43	191,409	176,268	15,141	1,980	1,938	43
	Nursing & Midwifery	17,808	16,963	845	6,098	5,181	918	208,207	198,440	9,767	6,098	5,181	918
	Other Clinical	6,787	7,253	(466)	2,203	1,995	209	84,813	79,964	4,849	2,203	1,995	209
	Non Clinical	9,190	8,776	414	4,304	4,121	183	114,614	117,767	(3,153)	4,304	4,121	183
	Total: Substantive	**49,948**	**47,888**	**2,060**	**14,586**	**13,234**	**1,352**	**599,043**	**572,440**	**26,604**	**14,586**	**13,234**	**1,352**
Total	Medical	16,538	16,766	(227)	1,983	2,080	(96)	196,594	203,340	(6,746)	1,983	2,080	(96)
	Nursing & Midwifery	18,667	19,877	(1,210)	6,122	5,972	150	218,907	229,015	(10,108)	6,122	5,972	150
	Other Clinical	6,960	7,822	(863)	2,231	2,101	131	87,119	86,594	524	2,231	2,101	131
	Non Clinical	9,236	9,513	(277)	4,319	4,463	(143)	115,235	125,410	(10,175)	4,319	4,463	(143)
	TOTAL: Pay	**51,401**	**53,978**	**(2,577)**	**14,656**	**14,615**	**41**	**617,855**	**644,360**	**(26,505)**	**14,656**	**14,615**	**41**

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 £18.8m, in line with Plan.

Other Non-contracted Pay

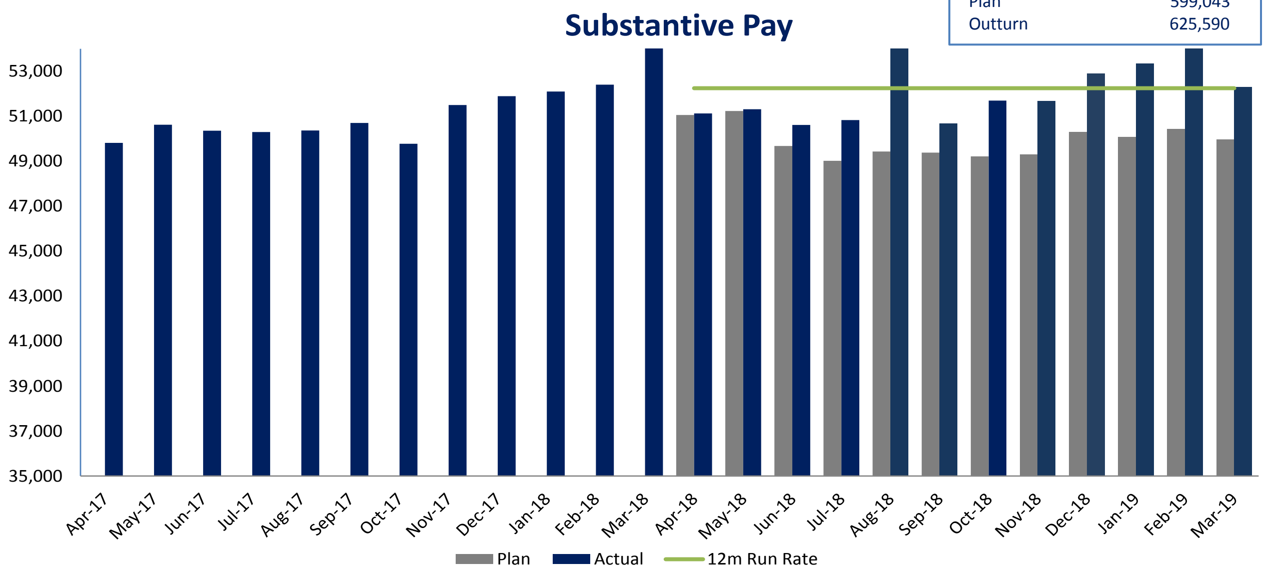
- Other non-contracted pay consists of overtime, bank, WLIs and internal locums.
- Year to date expenditure of £53.1m with Medical and Nursing driving 78% of spend. Whilst premium pay shows an overspend this needs to be taken into account with Substantive Pay as budgets are held at Established levels.

Substantive Pay

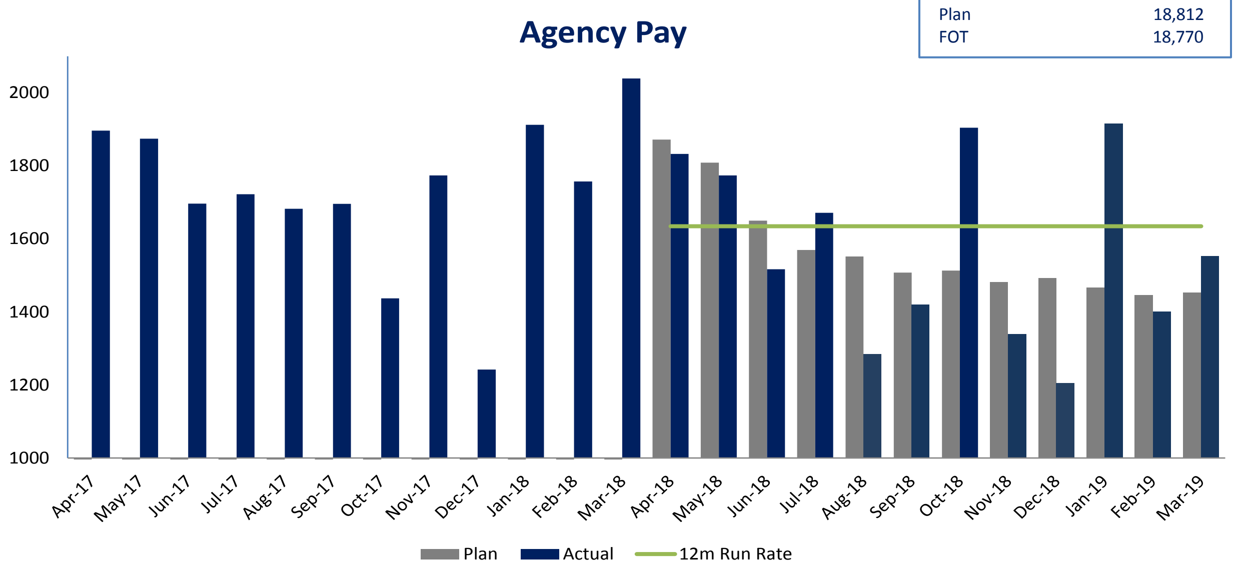
- Combined with other non-contracted, expenditure of £625.6m, £26.5mA to Plan which includes £11.1mA in relation to Agenda For Change.
- Underlying overspend including non-delivery of planned pay CIP of £4.7m. Underlying overspend in all staff groups.
- **As the Trust exists 2018/19 perceived lack of control of pay costs continues to be a risk for 2019/20 with the enhanced pay controls put in place to continue into the new financial year.**

Pay Run Rates

	£'000
Plan	599,043
Outturn	625,590



	£'000
Plan	18,812
FOT	18,770



Total Pay excluding Agency Pay

- This remains a key risk to the Financial Plan as the Trust exits 2019/20. Continued pressures are driven by use of premium pay in relation to supporting core capacity, together with staff enhancements in excess of Agenda for Change and NHSI rates.
- The increase in August pay is driven by year to date catch-up in relation to Agenda for Change of £3.4m.
- In addition, February includes a YTD technical reclassification between Pay costs and Non Operating Costs of 2.0m.

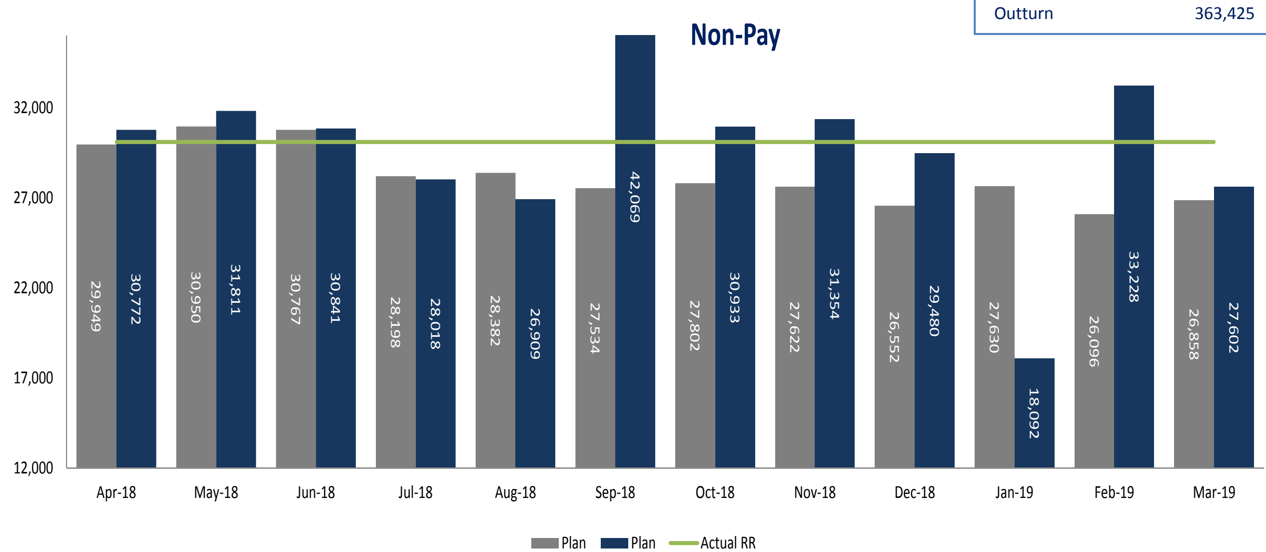
Agency Pay

- The planned trajectory is supported by specific actions identified and tracked through the Premium Pay group.
- The NHSI Agency Ceiling for 2018/19 is £18.8m.

Non-Pay: YTD £363.4m, £25.1mA to Plan

		Mar-19				YTD			
		Plan £'000	Actual £'000	F / (A) £'000	F / (A) %	Plan £'000	Actual £'000	F / (A) £'000	F / (A) %
Direct	Blood Products	130	122	8	6%	1,562	1,278	283	18%
	Drugs	9,259	6,855	2,404	26%	112,052	100,869	11,183	10%
	Clinical Supplies & Services	9,180	5,757	3,423	37%	108,709	112,668	(3,959)	(4%)
	Transport	317	482	(165)	(52%)	3,776	5,069	(1,293)	(34%)
	Recharges	707	914	(208)	(29%)	6,928	8,371	(1,443)	(21%)
	Misc & General Supplies	(1,721)	7,404	(9,124)	530%	(1,024)	27,357	(28,381)	2771%
External Providers	Healthcare	967	785	182	19%	10,821	10,515	306	3%
	Non Healthcare	1,222	1,353	(131)	(11%)	14,663	15,349	(686)	(5%)
Overheads	Establishment, Premises & Plant	4,098	3,610	488	12%	48,449	49,414	(965)	(2%)
	Consultancy	38	(24)	62	164%	474	609	(135)	(29%)
	Clinical Negligence	2,661	2,660	0	0%	31,928	31,927	0	0%
Total: Non Pay		**26,857**	**29,918**	**(3,061)**	**(11%)**	**338,337**	**363,426**	**(25,088)**	**(7%)**

	£'000
Plan	338,337
Outturn	363,425



- **Direct Costs**: **£255.6m, £23.6mA to Plan** including £6.2mF in relation to drugs and devices excluded from tariff.

  The financial impact from the cessation of FM LLP is driving a £5.9m of the over spend

  Underlying overspend driven by additional cost to deliver activity together with cost pressures within the CMGs and non-delivery of planned non-pay CIP.

- **External Providers:** YTD cost of £25.9m £0.4mA.

- **Overheads:** YTD expenditure of £82.0m, £1.1mA to Plan predominantly within Estates.

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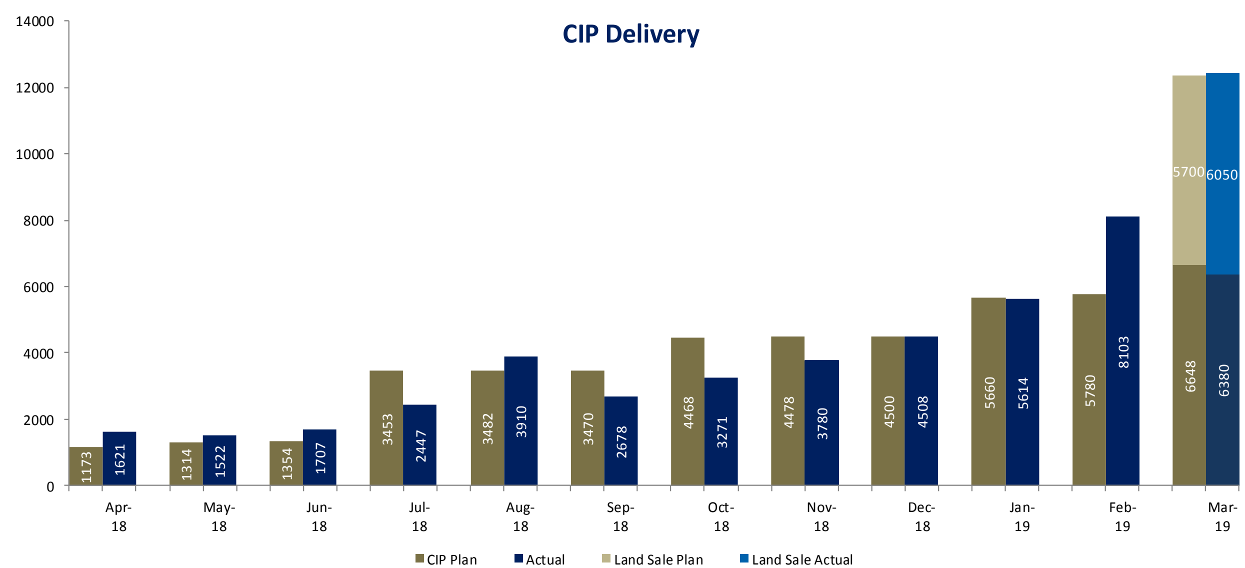
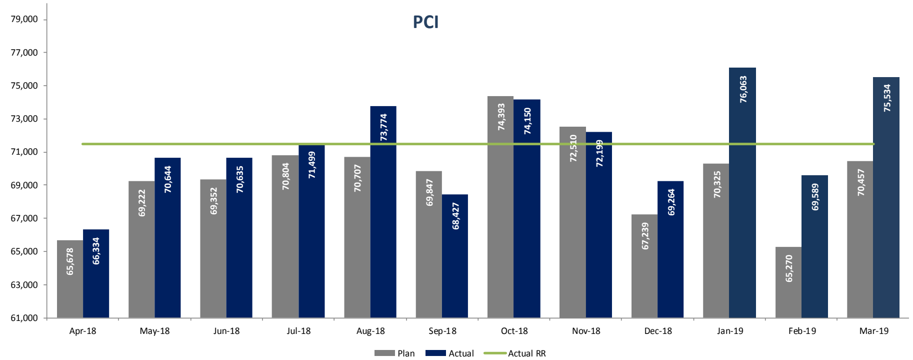
CIP: YTD £51.6m, £0.1mF to Plan

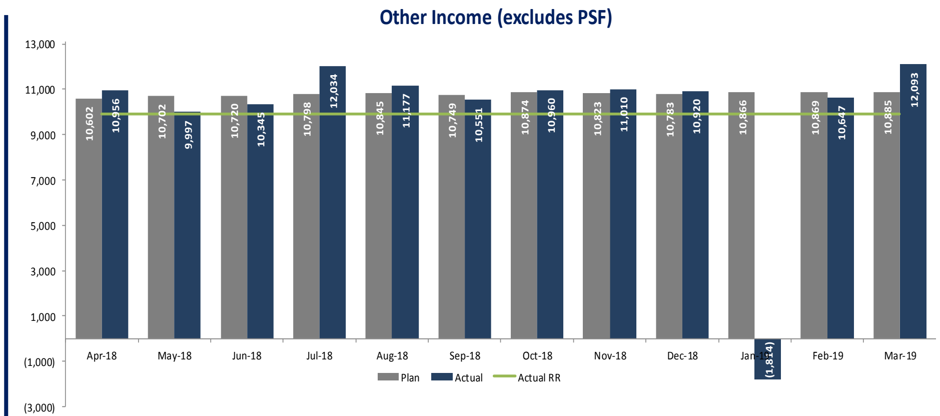
	Mar-19				YTD				
	Plan £'000	Actual £'000	F / (A) £'000	%	Plan £'000	Actual £'000	F / (A) £'000	%	FY Plan £'000
CHUGGS	355	359	3	1%	3,467	3,489	22	1%	3,467
CSI	191	243	52	27%	2,287	2,938	651	28%	2,287
ESM	510	670	160	31%	5,189	6,458	1,269	24%	5,189
ITAPS	298	264	(34)	(12%)	2,908	2,915	7	0%	2,908
MSS	349	483	134	38%	3,912	3,811	(102)	(3%)	3,911
RRCV	500	562	62	12%	5,253	5,253	(0)	(0%)	5,253
Womens & Childrens	629	249	(380)	(60%)	5,268	2,985	(2,282)	(43%)	5,268
Total: CMG	**2,832**	**2,829**	**(3)**	**(0%)**	**28,284**	**27,849**	**(435)**	**(2%)**	**28,283**
Facilities	0	319	319	0%	2,377	1,813	(564)	(24%)	2,377
Corporate Total	154	156	2	1%	1,394	1,091	(303)	(22%)	1,394
Central	9,081	9,125	45	0%	19,426	20,839	1,413	7%	19,426
Total CIP	**12,067**	**12,430**	**363**	**3%**	**51,480**	**51,590**	**110**	**0%**	**51,480**

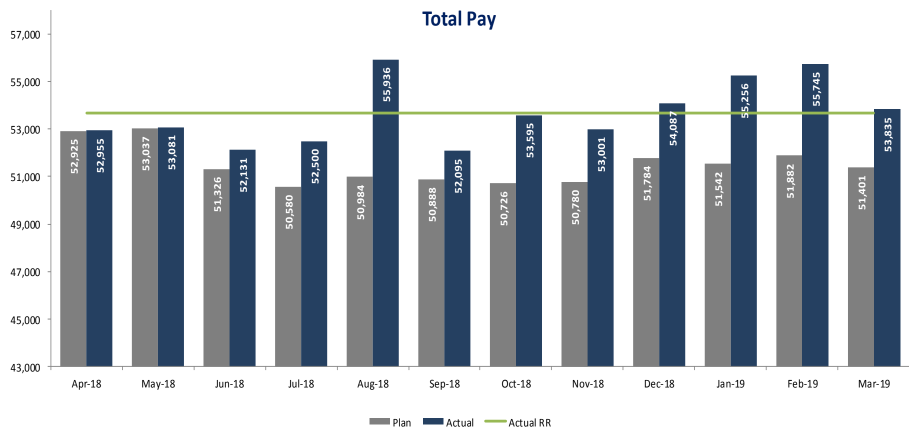


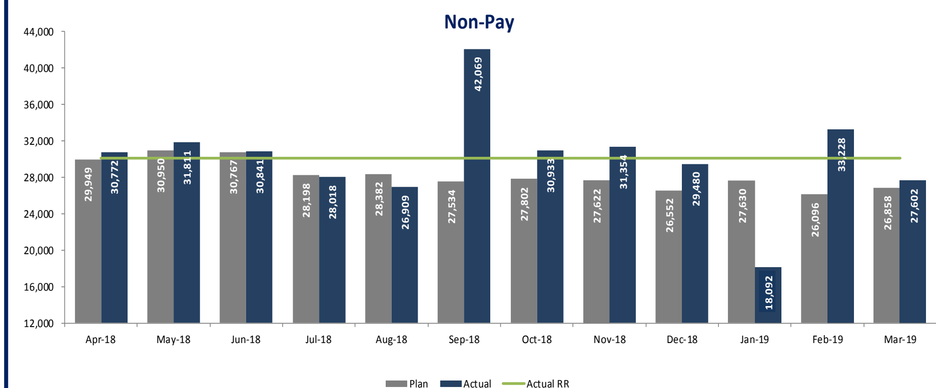
- CIP delivered of £51.6m which is £0.1mF to Plan.
- Month 12 includes £5.9m for the sale of land.
- The specific CIP Paper provides further insight into the performance of CIP.

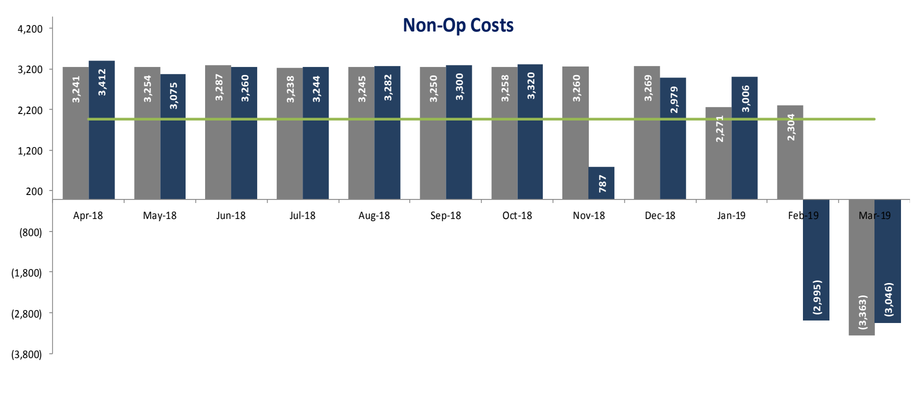
I&E Run Rates

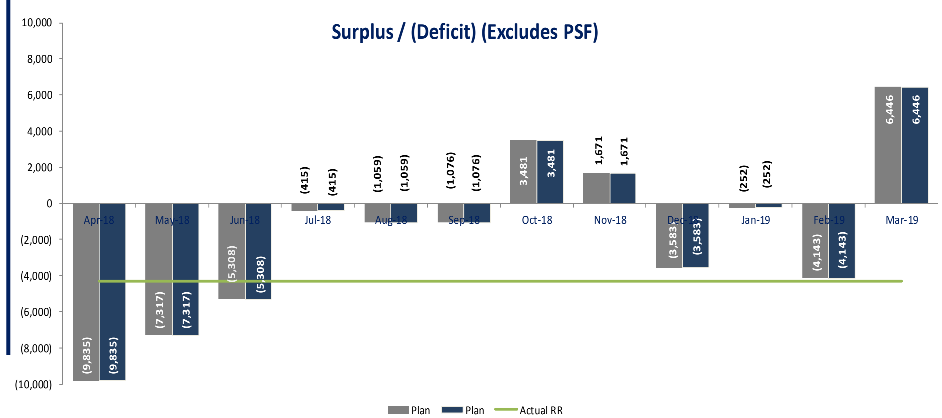

PCI
Apr-18 65,678 66,334
May-18 69,222 70,644
Jun-18 69,352 70,635
Jul-18 70,804 71,499
Aug-18 70,707 73,774
Sep-18 69,847 68,427
Oct-18 74,393 74,150
Nov-18 72,510 72,199
Dec-18 67,239 69,264
Jan-19 70,325 76,063
Feb-19 65,270 69,589
Mar-19 70,457 75,534
Plan
Actual
Actual RR


Other Income (excludes PSF)
Apr-18 10,602 10,956
May-18 10,702 9,997
Jun-18 10,720 10,345
Jul-18 10,798 12,034
Aug-18 10,845 11,177
Sep-18 10,749 10,551
Oct-18 10,874 10,960
Nov-18 10,823 11,010
Dec-18 10,783 10,920
Jan-19 10,866 (1,814)
Feb-19 10,869 10,647
Mar-19 10,885 12,093
Plan
Actual
Actual RR


Total Pay
Apr-18 52,925 52,955
May-18 53,037 53,081
Jun-18 51,326 52,131
Jul-18 50,580 52,500
Aug-18 50,984 55,936
Sep-18 50,888 52,095
Oct-18 50,726 53,595
Nov-18 50,780 53,001
Dec-18 51,784 54,087
Jan-19 51,542 55,256
Feb-19 51,882 55,745
Mar-19 51,401 53,835
Plan
Actual
Actual RR


Non-Pay
Apr-18 29,949 30,772
May-18 30,950 31,811
Jun-18 30,767 30,841
Jul-18 28,198 28,018
Aug-18 28,382 26,909
Sep-18 27,534 42,069
Oct-18 27,802 30,933
Nov-18 27,622 31,354
Dec-18 26,552 29,480
Jan-19 27,630 18,092
Feb-19 26,096 33,228
Mar-19 26,858 27,602
Plan
Actual
Actual RR


Non-Op Costs
Apr-18 3,241 3,412
May-18 3,254 3,075
Jun-18 3,287 3,260
Jul-18 3,238 3,244
Aug-18 3,245 3,282
Sep-18 3,250 3,300
Oct-18 3,258 3,320
Nov-18 3,260 787
Dec-18 3,269 2,979
Jan-19 2,271 3,006
Feb-19 2,304 (2,995)
Mar-19 (3,363) (3,046)
Plan
Actual
Actual RR


Surplus / (Deficit) (Excludes PSF)
Apr-18 (9,835) (9,835)
May-18 (7,317) (7,317)
Jun-18 (5,308) (5,308)
Jul-18 (415) (415)
Aug-18 (1,059) (1,059)
Sep-18 (1,076) (1,076)
Oct-18 3,481 3,481
Nov-18 1,671 1,671
Dec-18 (3,583) (3,583)
Jan-19 (252) (252)
Feb-19 (4,143) (4,143)
Mar-19 6,446 6,446
Plan
Plan
Actual RR

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March performance by CMG and Directorates: Plan

Underperformance within most CMGs plus Estates driven by under-delivery of CIP and cost overspend with the adverse position in Central driven by the cessation of FM LLP.

	Mar-19			YTD					
	Plan £'000	Actual £'000	Vs Plan B/(W) £'000	Plan £'000	Actual £'000	Vs Plan B/(W) £'000	Plan £'000	FOT £'000	F / (A) £'000
CHUGGS	3,945	5,034	1,088	45,492	45,029	(463)	45,492	44,123	(1,369)
CSI	(2,500)	(1,999)	501	(33,457)	(33,043)	414	(33,457)	(33,451)	7
ESM	1,222	2,515	1,293	12,999	16,883	3,885	12,999	15,903	2,904
ITAPS	(3,310)	(3,533)	(223)	(46,074)	(46,261)	(187)	(46,074)	(46,066)	8
MSS	1,570	3,596	2,025	28,819	27,005	(1,814)	28,819	25,841	(2,978)
RRCV	3,792	5,545	1,753	42,235	40,082	(2,153)	42,235	39,218	(3,016)
W&C	4,099	4,610	511	45,227	38,495	(6,731)	45,227	38,033	(7,194)
FACILITIES	(3,730)	(3,426)	304	(44,563)	(44,979)	(417)	(44,563)	(45,105)	(542)
TOTAL CMGs	**5,089**	**12,342**	**7,252**	**50,677**	**43,212**	**(7,465)**	**50,677**	**38,496**	**(12,181)**
Communications & Ext Relations	(61)	(55)	6	(722)	(712)	10	(722)	(721)	0
Corporate & Legal	(261)	(202)	59	(3,211)	(3,289)	(78)	(3,211)	(3,315)	(105)
Corporate Medical	(1,811)	(1,805)	6	(21,854)	(21,878)	(24)	(21,854)	(21,902)	(48)
Operations	(340)	(443)	(103)	(4,226)	(4,198)	29	(4,226)	(4,226)	0
Finance & Procurement	(569)	(832)	(263)	(7,139)	(7,372)	(234)	(7,139)	(7,138)	0
Nursing	(416)	(299)	117	(5,582)	(5,631)	(49)	(5,582)	(5,783)	(201)
Human Resources	(437)	(304)	133	(5,408)	(5,482)	(74)	(5,408)	(5,637)	(229)
IM&T	(994)	(1,122)	(128)	(12,119)	(12,220)	(102)	(12,119)	(12,164)	(46)
Strategic Development	(41)	(14)	27	(590)	(542)	48	(590)	(564)	26
TOTAL CORPORATE DIRECTORATES	**(4,929)**	**(5,075)**	**(146)**	**(60,850)**	**(61,323)**	**(474)**	**(60,850)**	**(61,451)**	**(601)**
Research	0	14	14	0	41	41	0	30	30
Trust Med Pharmacy	7	10	3	64	73	9	64	64	0
Alliance	52	503	452	(0)	4	4	(0)	(190)	(190)
Central	6,228	1,557	(4,671)	(11,278)	(33,858)	(22,580)	(11,278)	(28,914)	(17,636)
Donated Assets Adjustment	16	(83)	(99)	192	63	(129)	192	166	(26)
UHL Total Excluding PSF	**6,463**	**9,268**	**2,805**	**(21,194)**	**(51,788)**	**(30,594)**	**(21,194)**	**(51,800)**	**(30,605)**

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March performance by CMG and Directorates: Forecast

Over performance within CMGs plus Estates driven by execution of technical FRB actions which were forecast in Central but transacted at a CMG level.

	Mar-19			YTD		
	FOT	Actual	Vs FOT B/(W)	FOT	Actual	F / (A)
	£'000	£'000	£'000	£'000	£'000	£'000
CHUGGS	4,127	5,034	906	44,123	45,029	906
CSI	(2,407)	(1,999)	408	(33,451)	(33,043)	407
ESM	1,534	2,515	981	15,903	16,883	981
ITAPS	(3,339)	(3,533)	(195)	(46,066)	(46,261)	(195)
MSS	2,431	3,596	1,164	25,841	27,005	1,164
RRCV	4,682	5,545	864	39,218	40,082	864
W&C	4,148	4,610	462	38,033	38,495	462
FACILITIES	(3,551)	(3,426)	126	(45,105)	(44,979)	126
TOTAL CMGs	**7,625**	**12,342**	**4,716**	**38,496**	**43,212**	**4,716**
Communications & Ext Relations	(65)	(55)	10	(721)	(712)	10
Corporate & Legal	(229)	(202)	27	(3,315)	(3,289)	27
Corporate Medical	(1,830)	(1,805)	24	(21,902)	(21,878)	24
Operations	(472)	(443)	29	(4,226)	(4,198)	29
Finance & Procurement	(597)	(832)	(235)	(7,138)	(7,372)	(234)
Nursing	(451)	(299)	152	(5,783)	(5,631)	152
Human Resources	(459)	(304)	155	(5,637)	(5,482)	155
IM&T	(1,066)	(1,122)	(56)	(12,164)	(12,220)	(56)
Strategic Development	(35)	(14)	21	(564)	(542)	21
TOTAL CORPORATE DIRECTORATES	**(5,201)**	**(5,075)**	**126**	**(61,451)**	**(61,323)**	**128**
Research	3	14	11	30	41	11
Trust Med Pharmacy	- 2	10	11	64	73	9
Alliance	310	503	193	(190)	4	194
Central	6,505	1,557	(4,947)	(28,914)	(33,858)	(4,944)
Donated Assets Adjustment	20	(83)	(103)	166	63	(103)
UHL Total Excluding PSF	**9,260**	**9,268**	**8**	**(51,800)**	**(51,788)**	**12**

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March 2019: Statement of Financial Position

Statement of Financial Position

	Mar-18 £000's Actual	Mar-19 £000's Actual	Movement £000's Actual
Non Current Assets			
Property, plant and equipment	427,610	473,262	45,652
Intangible assets	11,480	8,953	(2,527)
Trade and other receivables	2,904	15,356	12,452
TOTAL NON CURRENT ASSETS	**441,994**	**497,571**	**55,577**
Current Assets			
Inventories	23,829	25,052	1,223
Trade and other receivables	70,519	57,731	(12,788)
Cash and cash equivalents	2,900	3,995	1,095
TOTAL CURRENT ASSETS	**97,248**	**86,778**	**(10,470)**
Current Liabilities			
Trade and other payables	(112,706)	(112,899)	(193)
Dividend payable	0	0	0
Borrowings / Finance Leases	(4,518)	(5,415)	(897)
Other Liabilities / Loan	(36,260)	(37,982)	(1,722)
Provisions for liabilities and charges	(448)	(368)	80
TOTAL CURRENT LIABILITIES	**(153,932)**	**(156,664)**	**(2,732)**
NET CURRENT ASSETS (LIABILITIES)	**(56,684)**	**(69,886)**	**(13,202)**
TOTAL ASSETS LESS CURRENT LIABILITIES	**385,310**	**427,685**	**42,375**
Non Current Liabilities			
Borrowings / Finance Leases	(6,395)	(10,289)	(3,894)
Other Liabilities / Loan	(162,075)	(208,549)	(46,474)
Provisions for liabilities and charges	(1,465)	(1,584)	(119)
TOTAL NON CURRENT LIABILITIES	**(169,935)**	**(220,422)**	**(50,487)**
TOTAL ASSETS EMPLOYED	**215,375**	**207,263**	**(8,112)**
Public dividend capital	331,956	341,176	9,220
Revaluation reserve	98,349	134,417	36,068
Retained earnings	(214,930)	(268,329)	(53,399)
TOTAL TAXPAYERS EQUITY	**215,375**	**207,263**	**(8,112)**

Ratios

Liquidity Ratio Days (Working Capital Balance / Annual Operating Expenses)	(31)	(33)	
Liquidity Ratio Metric	4	4	

- **Total Assets Employed:** Movement of £8.1m representing year to date Trust deficit and revaluation of the Estate (before donated asset adjustment).
- **Non-Current Assets**: Increased by £55.6m reflecting revaluation of our estate and capital spend offset by depreciation charges.
- **Working capital:**
  - Stock growth of £1.2m
  - Trade receivables have decreased by £12.8m
  - Trade payables have increased by £193
- **Cash:** March balance of £4m is above the £1m target cash balance due to the timing of cash receipts, and includes TGH cash of £2.4m.
- **Non-current liabilities**:
  - Increase due to loan funding received.
- **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 4 (high risk), which is in line with our plan.

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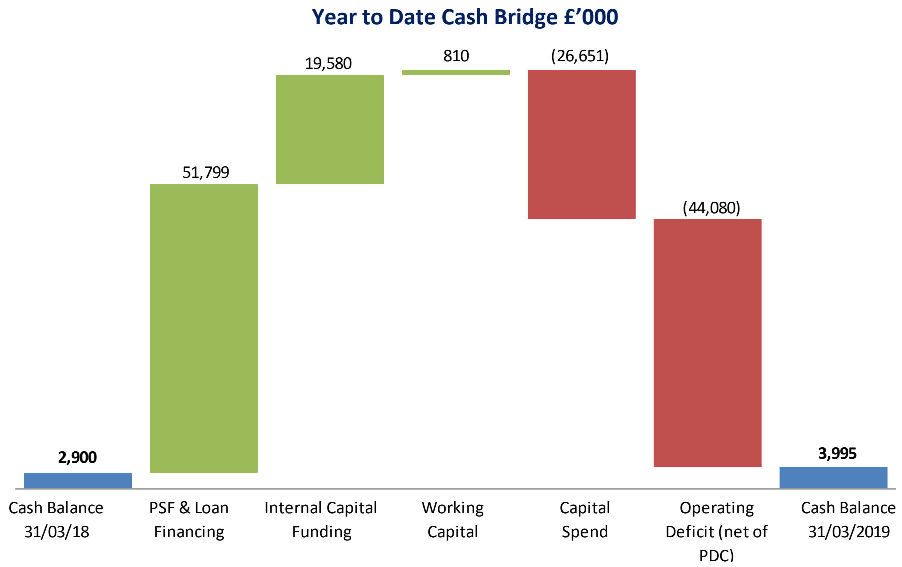
March 2019: Cash movement



Cash Bridge:

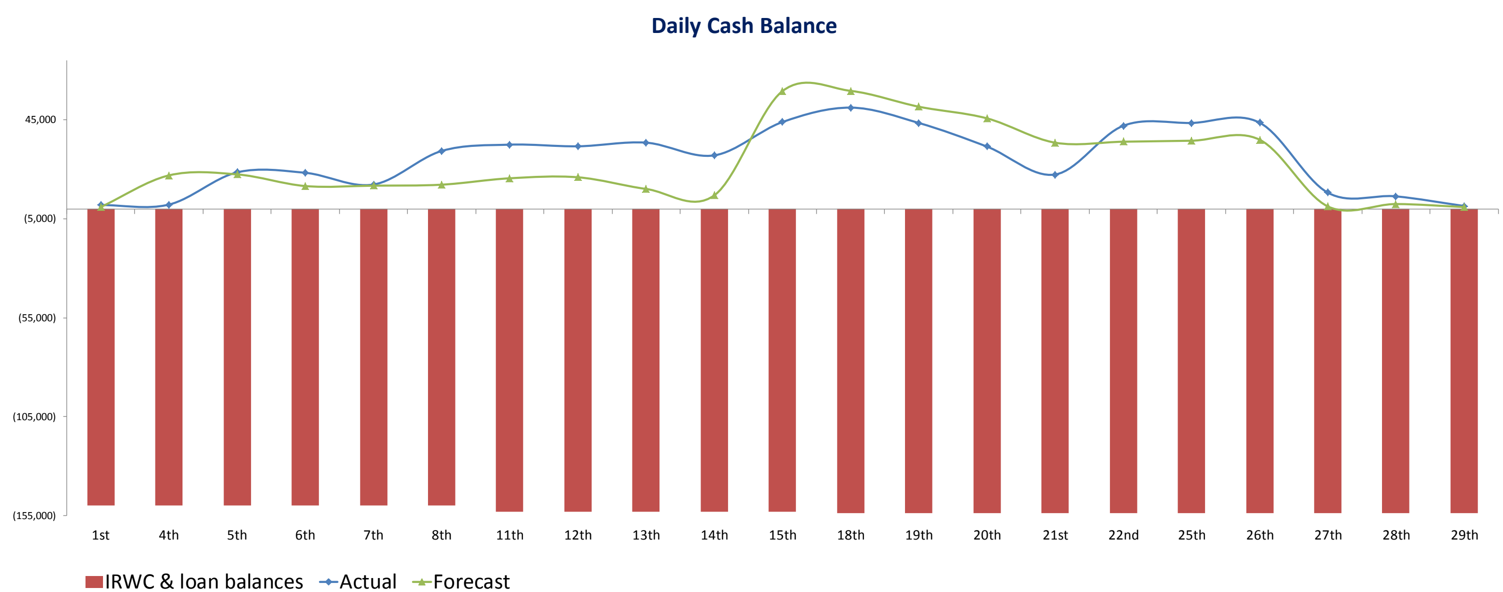
- Opening cash balance of £2.9m, in line with plan.
- Funded YTD operating deficit (net of PDC) of £44.1m and movement in working capital by securing £51.8m of external financing.

Year end cash position

- £4m 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 27 March due to the monthly payroll run.



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Liquidity as at 31 March 2019

		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	36,268	33,369	2,899	25,295	519	108	7,447	22%
	Non-NHS receivables - revenue	23,444	14,767	8,676	9,005	902	856	4,004	27%
	Provision for the impairment of receivables	0	(2,170)	2,170	(2,170)				
	Non-NHS prepayments and accrued income	7,271	9,308	(2,037)	9,308				
	PDC dividend prepaid to DH	0	0	0	0				
	VAT	2,011	1,782	229	1,782				
	Other receivables	1,525	674	850	674				
	TOTAL	**70,518**	**57,730**	**12,788**	**43,895**	**1,421**	**964**	**11,451**	
Accounts Payable	NHS payables - revenue	(35,065)	(31,530)	3,535	(12,414)	(761)	(1,743)	(16,612)	53%
	NHS accruals and deferred income	0	0	0	0				
	Non-NHS payables - revenue	(33,650)	(36,191)	(2,541)	(22,549)	(8,166)	(4,091)	(1,384)	4%
	Non-NHS payables - capital	(4,307)	(3,423)	883	(680)	(1,460)	(1,275)	(9)	0%
	Non-NHS accruals and deferred income	(10,699)	(14,550)	(3,851)	(9,066)	(3,283)	(1,645)	(557)	4%
	Social security costs	(6,969)	(7,298)	(329)	(7,298)				
	Tax	(5,892)	(6,121)	(229)	(6,121)				
	Other	(12,649)	(11,200)	1,449	(11,200)				
	TOTAL	**(109,231)**	**(110,313)**	**(1,083)**	**(69,328)**	**(13,670)**	**(8,754)**	**(18,562)**	
Total Liquidity		**(38,713)**	**(52,583)**	**11,705**					

Liquidity: movement of £11.7m from opening position due to:

- Accounts receivable: decrease of £12.8m
- Accounts payable: increase of £1.1m

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

- NHS receivables: 22% - £7.5m over 90 days.
- Non-NHS receivables: 27% - £4m over 90 days.
- NHS payables-revenue: 53% - £16.6m over 90 days
- Non-NHS payables: 4% - £1.4m over 90 days
- Non-NHS accruals and deferred income: 4% - £0.5m over 90 days
- Further analysis of payables and receivables is provided in the separate cash report.

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YTD 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	175,252	727,520	156,430	655,829
Total Invoices Paid Within Target	66,938	471,789	60,275	434,185
Percentage Invoices Paid Within Target (target 95%)	**38%**	**65%**	**39%**	**66%**
Non-NHS Payables				
Total Non-NHS Invoices Paid in the Year	168,792	590,724	150,840	530,442
Total Non-NHS Invoices Paid Within Target	65,816	394,946	59,309	358,655
Percentage of Non-NHS Invoices Paid Within Target	**39%**	**67%**	**39%**	**68%**
Local SME payables				
Total SME Invoices Paid in the Year	821	6,845	722	6,157
Total SME Invoices Paid Within Target	158	685	134	631
Percentage of Local SME Invoices Paid Within Target	**19%**	**10%**	**19%**	**10%**
NHS Payables				
Total NHS Invoices Paid in the Year	5,639	129,951	4,868	119,230
Total NHS Invoices Paid Within Target	964	76,159	832	74,898
Percentage of NHS Invoices Paid Within Target	**17%**	**59%**	**17%**	**63%**

- **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.

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Capital: March £26.7m spend, in line with CRL

Scheme Name	Year to Date - March 19 YTD Plan £'000	YTD Actual £'000	YTD F / (A) £'000
Interim ICU Projects	8,611	8,611	-
UHL Reconfiguration Programme	1,080	450	630
Donations	227	293	(66)
Estates & Facilities	4,778	3,660	1,118
IM&T Schemes	3,578	2,234	1,343
MS Datacentre Licences	1,091	744	347
Medical Equipment Schemes	3,196	2,487	709
EMCHC, Gynae/SCBU Relocation, Supporting Infrastructure	2,268	1,191	1,077
Corporate / Other	836	555	281
Emergency Floor	991	747	244
Additional modular ward at GH and CDU		2,928	(2,928)
Subtotal	**26,656**	**23,901**	**2,755**
MES		2,750	(2,750)
TOTAL CAPITAL EXPENDITURE	**26,656**	**26,651**	**5**
Capital Resource Limit	25,926	25,926	0
Donations	430	430	0
Disposals	300	300	0
AVAILABLE FUNDING	**26,656**	**26,656**	**0**