

# 2019/20 Financial Performance

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Trust Board paper M2

## Purpose of report:

This paper is for:	Description	Select (X)
Decision	To formally receive a report and approve its recommendations OR a particular course of action	X
Discussion	To discuss, in depth, a report noting its implications without formally approving a recommendation or action	
Assurance	To assure the Board that systems and processes are in place, or to advise a gap along with treatment plan	
Noting	For noting without the need for discussion	

## Previous consideration:

Meeting	Date	Please clarify the purpose of the paper to that meeting using the categories above
CMG Board (specify which CMG)	Not applicable	-
Executive Board	24.09.19	Decision
Trust Board Committee	26.09.10	Decision
Trust Board	Not applicable	-

## Executive Summary

### Context

The 2019/20 Financial Plan requires delivery of a £48.7m deficit which excludes central funding in relation to Provider Sustainability Funding (PSF), Financial Recovery Funding (FRF) and MRET funding of £38m. The planned deficit including this central funding is £10.7m and is aligned to the NHSE/I Control Total.

Delivery of the 2019/20 Financial Control Total is essential in order to maintain the Trust's position as an organisation with good financial control supporting financial improvement and sustainability.

### Questions

#### 1. What is the financial performance for the period ending 31<sup>st</sup> August 2019?

The Trust has achieved a year to date deficit of £26.7m excluding PSF, FRF and MRET and which is in line with plan. Including PSF/FRF/MRET, the Trust has achieved a year to date deficit of £15.0m in line with plan.

Underlying performance is in line with Plan with over-performance across in Emergency and Elective activity offset by the marginal cost to deliver the additional activity. Financial risks emerging in CHUGGS, ITAPS, MSS, W&C and Estates with recovery planning in place.

**2. What is the performance against the agency ceiling?**

Agency expenditure is currently on track to achieve the agency cap set by NHSE/I (£18.8m same level as 2018/19).

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

The Trust's Cost Improvement Programme target is £26.6m. As at Month 5, the Trust has delivered efficiencies of £10.5m which is £1.4mF to Plan.

**4. What is the financial forecast for the full year?**

As part of Month 5 reporting to NHSE/I, the Trust has submitted a forecast of £10.7m (deficit) in line with Plan.

**5. What are key risks to delivery of the planned deficit?**

As outlined on Page 21 of the Finance Report, the key risks are summarised as:

- Delivery of the CMG Control Totals which includes £26.6m efficiencies
- Identification of actions to close the Planning gap of £7.8m
- Commissioner affordability and the requirement for the Trust to be paid for all completed activity
- Shortage of Capital Funding and achieving CRL

## Input Sought

We would welcome the Trust Board's **APPROVAL** of the month 5 financial performance and **NOTE** the risks to the delivery of the planned deficit.

**For Reference:**

**This report relates to the following UHL quality and supporting priorities:**

**1. Quality priorities**

Safe, surgery and procedures	<b>Not applicable</b>
Safely and timely discharge	<b>Not applicable</b>
Improved Cancer pathways	<b>Not applicable</b>
Streamlined emergency care	<b>Not applicable</b>
Better care pathways	<b>Not applicable</b>
Ward accreditation	<b>Not applicable</b>

**2. Supporting priorities:**

People strategy implementation	<b>Not applicable</b>
Estate investment and reconfiguration	<b>Not applicable</b>
e-Hospital	<b>Not applicable</b>
More embedded research	<b>Not applicable</b>
Better corporate services	<b>Not applicable</b>
Quality strategy development	<b>Not applicable</b>

**3. Equality Impact Assessment and Patient and Public Involvement considerations:**

- What was the outcome of your Equality Impact Assessment (EIA)? **Not applicable**
- Briefly describe the Patient and Public Involvement (PPI) activities undertaken in relation to this report, or confirm that none were required. **None required**
- How did the outcome of the EIA influence your Patient and Public Involvement? **Not applicable**
- If an EIA was not carried out, what was the rationale for this decision? **Not applicable**

**4. Risk and Assurance**

**Risk Reference:**

Does this paper reference a risk event?	Select (X)	Risk Description:
<b>Strategic:</b> Does this link to a <i>Principal Risk</i> on the BAF?	<b>X</b>	Principal Risk 9 - Failure to meet the financial control total including through improved productivity
<b>Organisational:</b> Does this link to an <i>Operational/Corporate Risk</i> on Datix Register		
<b>New Risk</b> identified in paper: What <i>type</i> and <i>description</i> ?		
<b>None</b>		

- 5. Scheduled date for the **next paper** on this topic: **7 November 2019**
- 6. Executive Summaries should not exceed **5 sides** [My paper does/~~does not~~ comply]

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# Executive Summary

## Financial performance

### Statutory duties

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

### Financial Performance

- **Deficit of £26.7m excluding Provider Sustainability Funds (PSF), Financial Recovery Fund (FRF), and Marginal Rate Emergency Tariff (MRET), in line with Plan:** Performance in line with Plan with over-performance in Emergency activity offset by marginal cost to deliver additional activity and cost pressures supporting the Emergency Pathway. The year-to-date position includes release of £2.1m cost contingency in line with Plan.
- **Including PSF/FRF/MRET: Deficit of £15.0m, in line with plan**
- **Patient Care Income, £8.3mF to Plan :** Underlying over-delivery of £6.3m excluding drugs and devices excluded from tariff. Over-performance in Emergency activity partially offset by underperformance in Critical Care and ECMO together with provisions for contract challenges. Emergency over-performance of £9.8m before applying the blended rate adjustment of £3.1m.
- **Operating Costs, £7.7mA to Plan:** Pay £2.7mF to Plan including £1.9mF release of Central contingency. Underlying non-pay overspend of £8.3m excluding drugs and devices excluded from tariff. Overspend is driven by marginal cost to deliver activity together with cost pressures mitigated by activity over-performance.
- **CIP £10.5m delivered, £1.4mF Plan**
- **Forecast:** As part of Month 5 reporting to NHSI, the Trust has submitted a forecast of £10.7m (deficit) in line with Plan.

## Cash

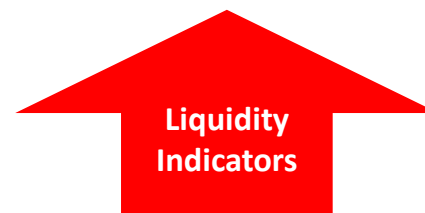
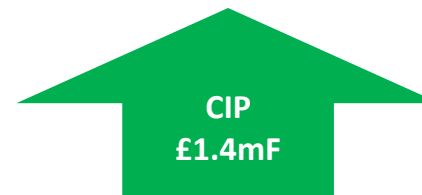
- Closing cash position at August of £3.2m, including Trust Group Holdings (TGH) of £1.5m. This is higher than forecast due to the timing of month end cash receipts from Commissioners.
- TGH cash balance was £1.5m.
- Funded year to date operating deficit of £15.0m and movement in working capital by securing £23.8m of external financing.

## Capital

- **August:** Total capital expenditure of £9.3m, £15.0mF to Plan.

Underspend due to phasing of ICU together with uncertainties of capital funding through Emergency Capital loans and an alternative solution for Endoscopy Decontamination. Therefore, all budget holders are working within a reduce capital budget until funding is confirmed.

# August 2019: 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 £15.0m

	Aug-19				YTD			
	Plan	Actual	Vs Plan	%	Plan	Actual	F/(A)	%
Day Case	8,360	9,047	687	8%	43,049	45,565	2,516	6%
Elective Inpatient	1,711	1,758	47	3%	8,649	8,520	(129)	(1%)
Emergency / Non-elective Inpatient	9,810	9,864	53	1%	49,076	49,874	799	2%
Emergency Department	20,554	21,299	745	4%	105,479	108,527	3,048	3%
Outpatients	81,415	81,422	7	0%	414,907	418,489	3,582	1%
Critical Care Services	4,888	5,194	305	6%	24,197	24,271	74	0%
Renal Dialysis and Transplant	15,621	16,152	531	3%	76,972	78,864	1,892	2%
Other Activity	697,108	679,302	(17,806)	(3%)	3,479,773	3,644,816	165,042	5%
WTE Total	14,807	14,392	414	3%	14,807	14,392	414	3%
WTE Agency	261	235	27	10%	261	235	27	10%

	Aug-19				YTD			
	Plan £'000	Actual £'000	Vs Plan £'000	%	Plan £'000	Actual £'000	F/(A) £'000	%
Patient Care Income	73,961	77,474	3,513	5%	368,425	376,729	8,304	2%
Non Patient Care Income	356	446	90	25%	2,167	2,116	(51)	(2%)
Other Operating Income	10,226	9,460	(766)	(7%)	50,944	51,003	59	0%
<b>Total Income</b>	<b>84,543</b>	<b>87,380</b>	<b>2,837</b>	<b>3%</b>	<b>421,536</b>	<b>429,848</b>	<b>8,312</b>	<b>2%</b>
Pay Costs	(54,457)	(53,881)	575	(1%)	(274,098)	(271,916)	2,182	1%
Pay Costs: Agency	(1,609)	(1,568)	42	(3%)	(8,031)	(7,525)	506	6%
Non Pay	(29,591)	(33,096)	(3,506)	12%	(150,683)	(161,063)	(10,380)	(7%)
<b>Total Operating Costs</b>	<b>(85,657)</b>	<b>(88,545)</b>	<b>(2,889)</b>	<b>3%</b>	<b>(432,812)</b>	<b>(440,504)</b>	<b>(7,692)</b>	<b>(2%)</b>
<b>EBITDA</b>	<b>(1,114)</b>	<b>(1,165)</b>	<b>(52)</b>	<b>5%</b>	<b>(11,276)</b>	<b>(10,655)</b>	<b>621</b>	<b>(6%)</b>
<b>Non Operating Costs</b>	<b>(3,131)</b>	<b>(3,080)</b>	<b>51</b>	<b>(2%)</b>	<b>(15,530)</b>	<b>(16,052)</b>	<b>(522)</b>	<b>(3%)</b>
<b>Retained deficit</b>	<b>(4,245)</b>	<b>(4,246)</b>	<b>(1)</b>	<b>(0%)</b>	<b>(26,806)</b>	<b>(26,707)</b>	<b>99</b>	<b>0%</b>
Adjustments for Donated Assets	19	25	6	(29%)	97	9	(88)	91%
<b>Net Deficit</b>	<b>(4,226)</b>	<b>(4,221)</b>	<b>5</b>	<b>0%</b>	<b>(26,709)</b>	<b>(26,698)</b>	<b>11</b>	<b>0%</b>
PSF/FRF/MRET	2,652	2,652	0	0%	11,700	11,700	0	0%
<b>Net Deficit Including PSF/FRF/MRET</b>	<b>(1,574)</b>	<b>(1,569)</b>	<b>5</b>	<b>0%</b>	<b>(15,009)</b>	<b>(14,998)</b>	<b>11</b>	<b>0%</b>

	Agency: Total Pay	EBITDA: Income	Net Deficit: Income
Agency: Total Pay	2.96%	2.91%	0.05%
EBITDA: Income	(1.32%)	(1.33%)	(0.02%)
Net Deficit: Income	(5.00%)	(4.83%)	0.17%

## 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: £376.7m, £8.3mF** including £2.0mF in relation to drugs and devices excluded from tariff with the offset in non-pay. Underlying over-delivery of £6.3m with over-performance in Emergency, Day Case and Outpatients activity partially offset by under-performance in Critical Care and ECMO together with provisions for contract challenges.
- **Other Income: £53.1m, in line with plan**
- **Total Pay Costs: £279.4m, £2.7mF** including £1.9mF from release of contingency in line with Plan. Underlying underspend with most CMGs either in line or below plan with the exception of ESM (Non Clinical & Nursing) and CHUGGS (Nursing) who have a combined overspend of £2.1mA.

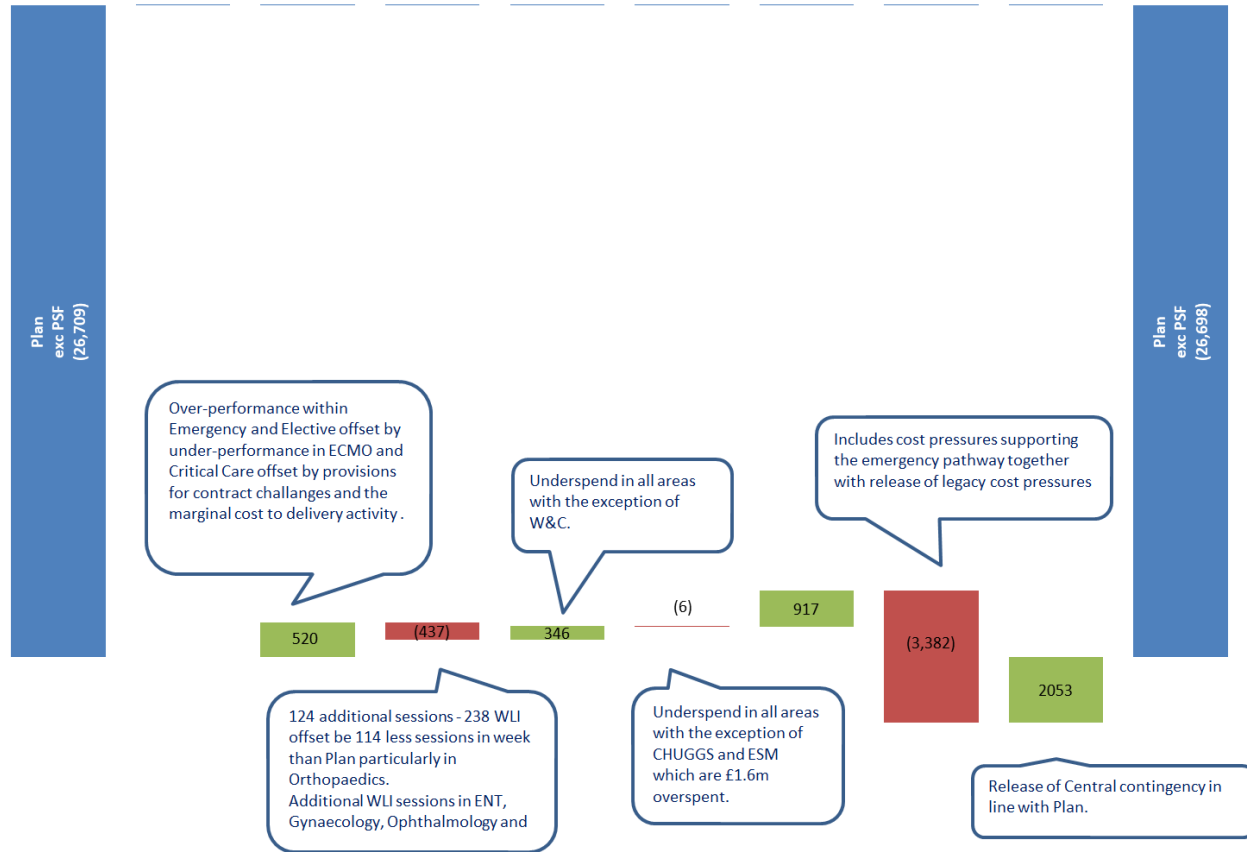
Agency spend remains below the NHSI agency ceiling.

Pay remains an area of focus in 2019/20 to ensure appropriate control and optimum use of financial resources to support the Trust's financial commitments in line with funded Establishment.

- **Non-Pay: £161.1m, £10.4mA** including £2.0mA relating drugs and devices excluded from tariff and £0.2mF release of central contingency. Underlying overspend of £8.4m which is driven by marginal cost to deliver the additional activity together with additional capacity and additional Patient Transport costs to support the Emergency Pathway, along with under-delivery of planned non-pay CIP which has been delivered elsewhere.
- **EBITDA: deficit of £10.7m, £0.6mF**
- **Non-Operating Costs: £16.1m, £0.5mA** due to depreciation being adverse to plan.
- **Provider Sustainability Fund, Financial Recovery Fund, Marginal Rate Emergency Tariff (PSF,FRF,MRET), in line with plan.**

# I&E Bridge: in line with plan

Underlying performance in line with Plan with over-performance in Emergency activity offset by marginal cost to deliver additional activity and cost pressures supporting the Emergency Pathway. The year-to-date position includes release of £2.1m cost contingency in line with Plan.

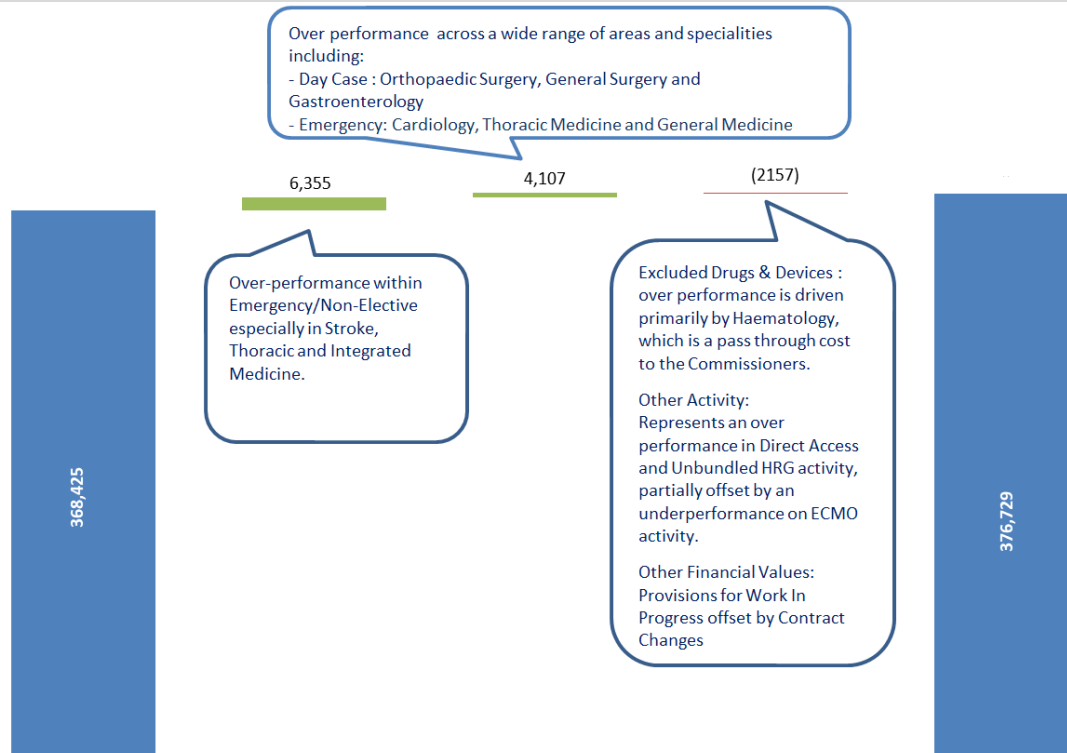


£(000)	Plan exc PSF	Pass Through	Activity	Theatres	Medical Pay	Nursing Pay	Other Pay	Cost Pressures	Other	Plan exc PSF	Var F/(A)
NHS PCI	368,425	2,031	5,780						494	376,729	8,304
Other Income	53,002	(192)	146						1	52,957	(45)
Pay	(274,098)			(320)	111	(369)	1,009		1,751	(271,916)	2,182
Pay: Agency	(8,031)				235	363	(91)			(7,525)	506
Non Pay	(150,683)	(1,839)	(5,041)	(117)				(3,382)		(161,063)	(10,380)
Non-Operating Costs	(15,325)								(557)	(15,882)	(557)
<b>Net Deficit</b>	<b>(26,709)</b>	<b>0</b>	<b>886</b>	<b>(437)</b>	<b>346</b>	<b>(6)</b>	<b>917</b>	<b>(3,382)</b>	<b>1,688</b>	<b>(26,698)</b>	<b>11</b>



# NHS Patient Income: August £376.7m, £8.3mF to Plan

Over-performance in Day Case, Emergency and Outpatients activity partially offset by the blended rate adjustment together with underperformance in Critical Care and ECMO.



£(m)	Plan	Rate	Volume	Other	Actual	Var F / (A)
Day Case	25,268	(367)	1,456	0	26,357	1,088
Elective Inpatient	35,460	362	(533)	0	35,289	(171)
Emergency / Non-elective Inpatient	109,426	6,443	1,886	0	117,755	8,329
Emergency Blended Payment Adjustment	-	0	0	(3,100)	(3,100)	(3,100)
Emergency Department	16,208	174	473	0	16,855	648
Outpatient	51,002	111	441	0	51,554	552
Drugs and Devices excluded from Tariff	40,049	0	0	2,031	42,079	2,031
Critical Care Services	24,553	(459)	74	0	24,168	(385)
Renal Dialysis and Transplant	12,540	90	310	0	12,940	400
CQUIN	4,128	0	0	216	4,343	216
Other Activity	47,690	0	0	1,643	49,332	1,643
Other Financial Values	2,102	0	0	(2,947)	(845)	(2,947)
<b>Total</b>	<b>368,425</b>	<b>6,355</b>	<b>4,107</b>	<b>(2,157)</b>	<b>376,729</b>	<b>8,304</b>

# Activity & Income: Performance versus Contract

Activity	Case Mix	City	East	West	Specialised	Other	Alliance	Total	%
	Day Case	1,057	1,019	726	209	(297)	(198)	2,516	6%
	Elective Inpatient	12	(40)	(8)	34	(126)		(129)	(1%)
	Emergency / Non-elective Inpatient	642	(286)	363	39	41		799	2%
	Emergency Blended Payment Adjustment	0	0	0		0		0	0%
	Emergency Department	1,429	609	1,283		(273)		3,048	3%
	Outpatient	5,613	2,538	4,830	5,259	(11,920)	(2,737)	3,582	1%
	Excluded Drugs and Devices						-	0	0%
	Critical Care Services	140	(324)	323	(44)	(21)		74	0%
	Renal Dialysis and Transplant	0	0	0	1,880	12		1,892	2%
	CQUIN	0	0	0	0	0	0	0	0%
	Other Activity	96,430	14,542	49,422	3,715	(898)	1,832	165,042	5%
Other Financial Values	3,077	(893)	2,773	1,719	1,997	6,948	15,622	0%	

Financial	Case Mix	City (£000)	East (£000)	West (£000)	Specialised (£000)	Other (£000)	Alliance (£000)	Total (£000)	%
	Day Case	659	860	340	257	(801)	(227)	1,088	4%
	Elective Inpatient	(62)	(253)	(110)	609	(354)	0	(171)	(0%)
	Emergency / Non-elective Inpatient	543	2,482	3,113	(1,401)	3,592	0	8,329	8%
	Emergency Blended Payment Adjustment	(1,243)	(843)	(1,014)	0	(0)	0	(3,100)	-
	Emergency Department	373	173	271	0	(170)	0	648	4%
	Outpatient	670	323	630	664	(1,476)	(259)	552	1%
	Excluded Drugs and Devices	25	(21)	(71)	1,317	801	(21)	2,031	5%
	Critical Care Services	89	(223)	267	(414)	(104)	0	(385)	(2%)
	Renal Dialysis and Transplant	0	0	0	400	1	0	400	3%
	CQUIN	43	31	40	(42)	144	0	216	5%
	Other Activity	850	684	626	(457)	(225)	165	1,643	3%
Other Financial Values	(207)	679	520	2,123	(6,092)	31	(2,947)	(140%)	
<b>Grand Total</b>	<b>1,740</b>	<b>3,892</b>	<b>4,613</b>	<b>3,054</b>	<b>(4,686)</b>	<b>(310)</b>	<b>8,304</b>	<b>2%</b>	

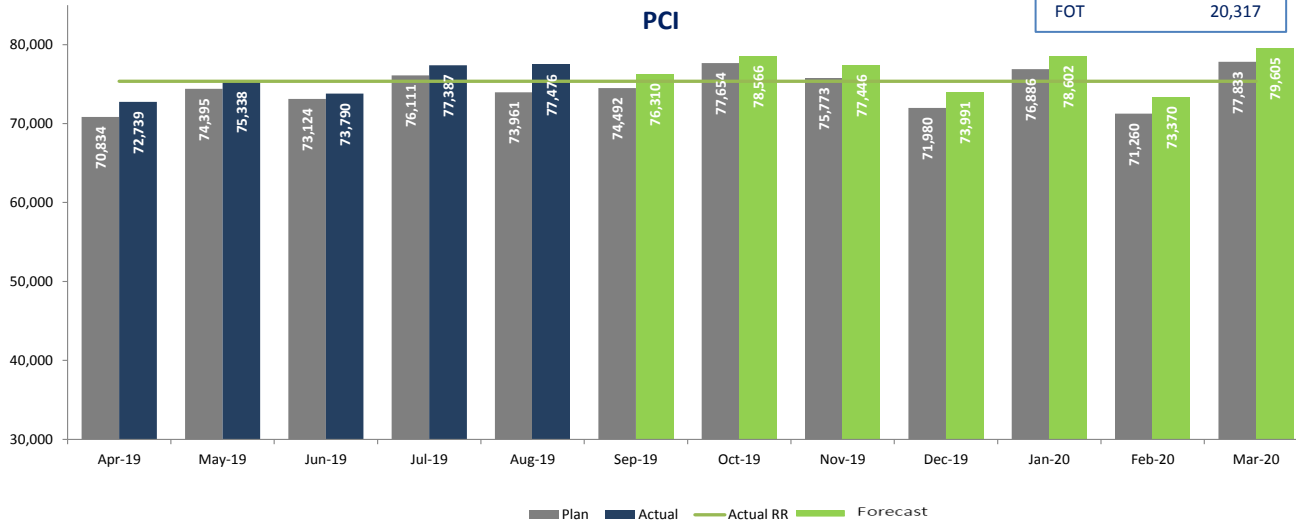
## Contracts:

- Day Case & Elective Inpatient:** Day Case over performance predominantly within Cardiology, Adult Congenital Cardiac Surgery and Thoracic Surgery. Elective Inpatient under-performance in ENT and Cardiac Surgery.
- Emergency / Non Elective:** Over performance across specialities including Stroke Medicine, Thoracic Medicine and Integrated Medicine offset by the Emergency Blended Payment Adjustment.
- Outpatients:** Over performance predominately within Orthopaedic Surgery, Ophthalmology and Paediatric Congenital Cardiology specialties offset by underperforming specialties , including Maxillofacial Surgery, Paediatric Cardiology and Thoracic Medicine.
- Critical Care services:** Underperformance within ITU
- Other Activity:** Over performance in Obstetrics and Diagnostic imaging absorbing under-performance within Adult ECMO.
- The CCG contract is over performing by £10.3m and commissioners remain extremely concerned about this position. The Trust has received significant contract challenges in relation to increases in coded complexity for emergency admissions in particular which are being worked through with the CCGs. The CCGs have also written to the Trust regarding the overall forecast outturn and the impact on CCG and System affordability.

# Patient Income Run Rates

PCI

<b>Variance to Plan</b>	<b>£'000</b>
YTD	8,304
FOT	20,317

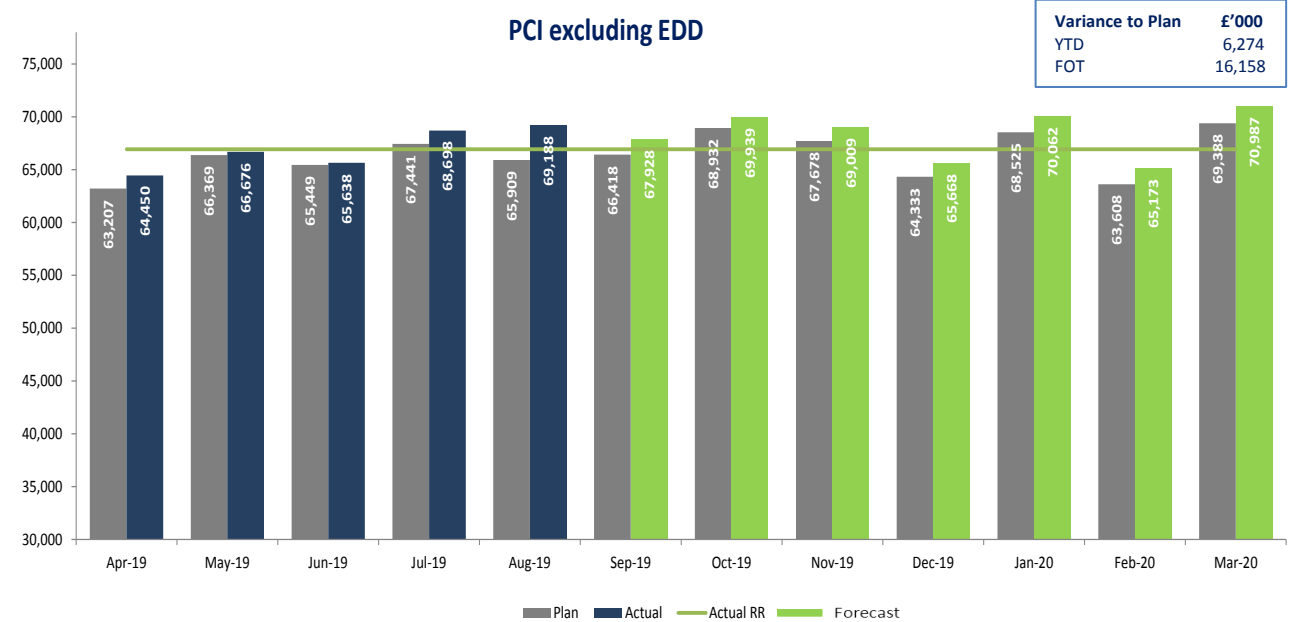


## Year to Date

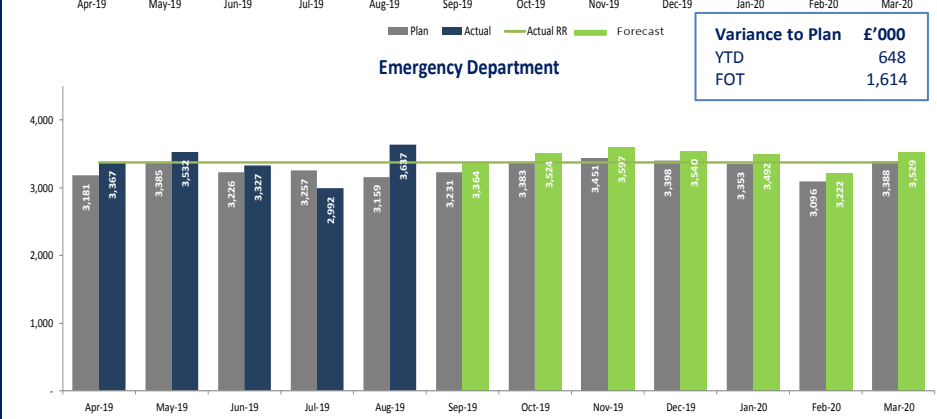
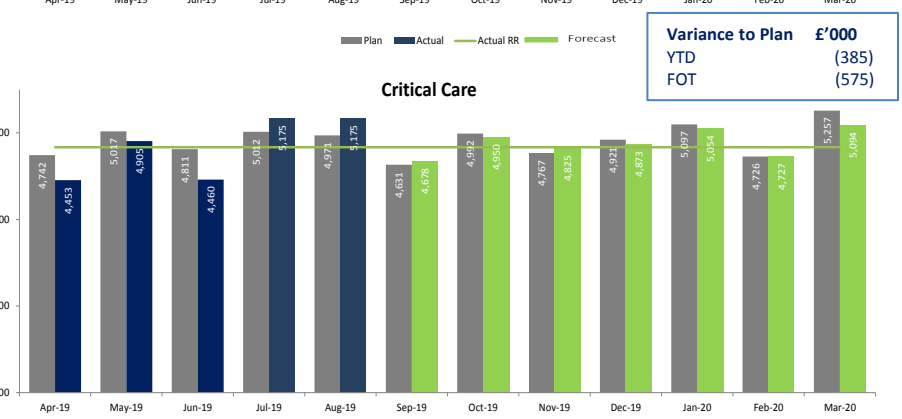
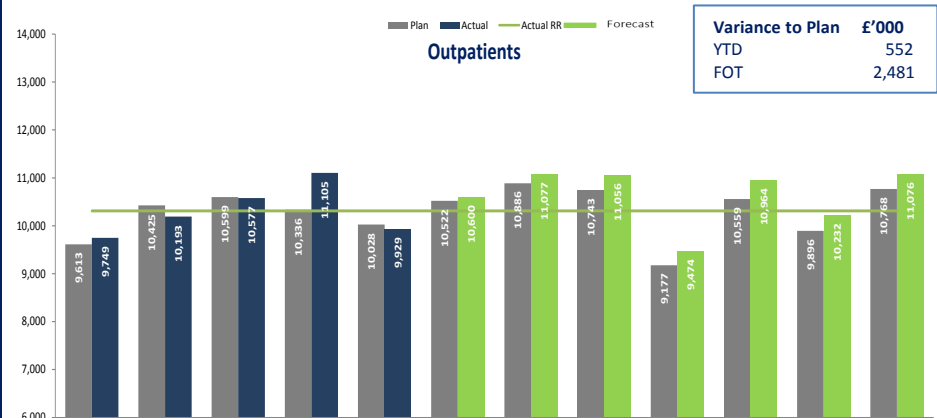
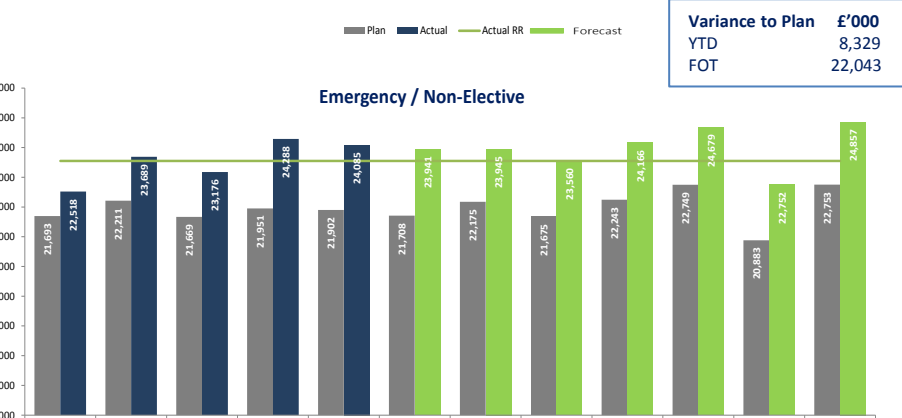
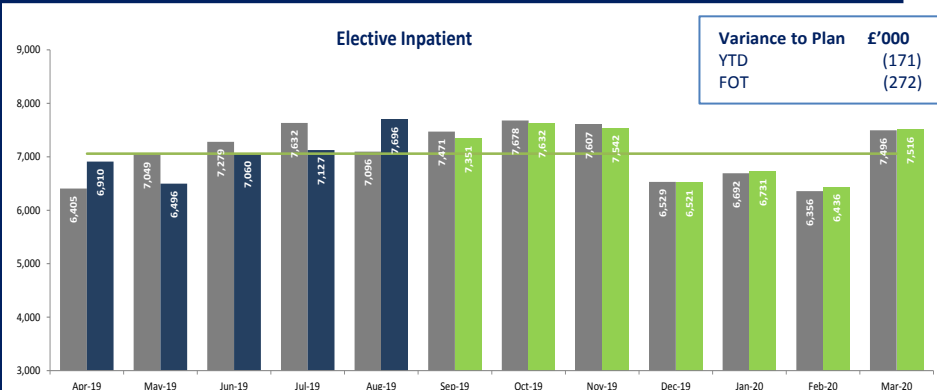
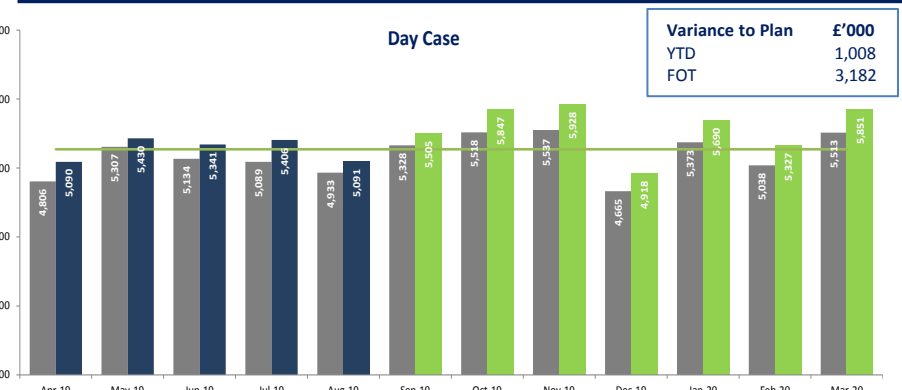
- Year to date over-performance of £8.3m which includes £2mF in relation to drugs and devices excluded from tariff.
- Over-performance predominantly driven by Day Case, Emergency and Outpatients activity across most CMGs partially offset by under-performance in Critical Care.

PCI excluding EDD

<b>Variance to Plan</b>	<b>£'000</b>
YTD	6,274
FOT	16,158



# Patient Income Run Rates: Point of Delivery



# Pay: YTD £279.4m, £2.7mF to Plan

	Aug-19							YTD					
	£'000			WTE			£'000			WTE			
	Plan	Actual	F/(A)	Plan	Actual	F/(A)	Plan	Actual	F/(A)	Plan	Actual	F/(A)	
Agency	Medical	571	566	5	49	42	7	2,959	2,725	235	49	42	7
	Nursing & Midwifery	811	711	100	165	164	2	3,956	3,593	363	165	164	2
	Other Clinical	191	287	(96)	35	23	11	933	1,155	(222)	35	23	11
	Non Clinical	37	4	33	12	6	7	183	52	131	12	6	7
	<b>Total: Agency</b>	<b>1,609</b>	<b>1,568</b>	<b>42</b>	<b>261</b>	<b>235</b>	<b>27</b>	<b>8,031</b>	<b>7,525</b>	<b>506</b>	<b>261</b>	<b>235</b>	<b>27</b>
Other Non-contracted	Medical		1,927	(1,927)	0	2	(2)		7,867	(7,867)	0	2	(2)
	Nursing & Midwifery		1,878	(1,878)	0	573	(573)		8,613	(8,613)	0	573	(573)
	Other Clinical		339	(339)	0	71	(71)		1,700	(1,700)	0	71	(71)
	Non Clinical		630	(630)	0	304	(304)		2,828	(2,828)	0	304	(304)
	<b>Total: Other Non-contracted</b>	<b>0</b>	<b>4,773</b>	<b>(4,773)</b>	<b>0</b>	<b>950</b>	<b>(950)</b>	<b>0</b>	<b>21,007</b>	<b>(21,007)</b>	<b>0</b>	<b>950</b>	<b>(950)</b>
Total Non-contracted	Medical	571	2,493	(1,922)	49	45	5	2,959	10,592	(7,632)	49	45	5
	Nursing & Midwifery	811	2,589	(1,778)	165	737	(571)	3,956	12,206	(8,250)	165	737	(571)
	Other Clinical	191	625	(435)	35	95	(60)	933	2,855	(1,922)	35	95	(60)
	Non Clinical	37	634	(597)	12	309	(297)	183	2,880	(2,697)	12	309	(297)
	<b>Total: Non-contracted</b>	<b>1,609</b>	<b>6,341</b>	<b>(4,732)</b>	<b>261</b>	<b>1,185</b>	<b>(924)</b>	<b>8,031</b>	<b>28,532</b>	<b>(20,501)</b>	<b>261</b>	<b>1,185</b>	<b>(924)</b>
Substantive	Medical	16,701	14,975	1,726	2,009	2,014	(5)	84,104	76,208	7,897	2,009	2,014	(5)
	Nursing & Midwifery	19,154	17,465	1,689	6,037	5,336	700	96,177	88,171	8,006	6,037	5,336	700
	Other Clinical	8,079	6,371	1,707	2,320	2,012	309	41,083	35,027	6,055	2,320	2,012	309
	Non Clinical	10,523	10,297	227	4,441	4,080	361	52,733	51,502	1,231	4,441	4,080	361
	<b>Total: Substantive</b>	<b>54,457</b>	<b>49,108</b>	<b>5,349</b>	<b>14,807</b>	<b>13,442</b>	<b>1,365</b>	<b>274,098</b>	<b>250,909</b>	<b>23,189</b>	<b>14,807</b>	<b>13,442</b>	<b>1,365</b>
Total	Medical	17,272	17,468	(197)	2,058	2,059	(1)	87,064	86,800	264	2,058	2,059	(1)
	Nursing & Midwifery	19,965	20,054	(89)	6,202	6,073	129	100,133	100,377	(244)	6,202	6,073	129
	Other Clinical	8,269	6,997	1,273	2,355	2,107	248	42,016	37,882	4,133	2,355	2,107	248
	Non Clinical	10,560	10,930	(370)	4,453	4,389	64	52,917	54,382	(1,465)	4,453	4,389	64
	<b>TOTAL: Pay</b>	<b>56,066</b>	<b>55,449</b>	<b>617</b>	<b>15,068</b>	<b>14,627</b>	<b>441</b>	<b>282,129</b>	<b>279,441</b>	<b>2,688</b>	<b>15,068</b>	<b>14,627</b>	<b>441</b>

## 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 £7.5m, £0.5mF predominantly within Nursing and Medical Agency.

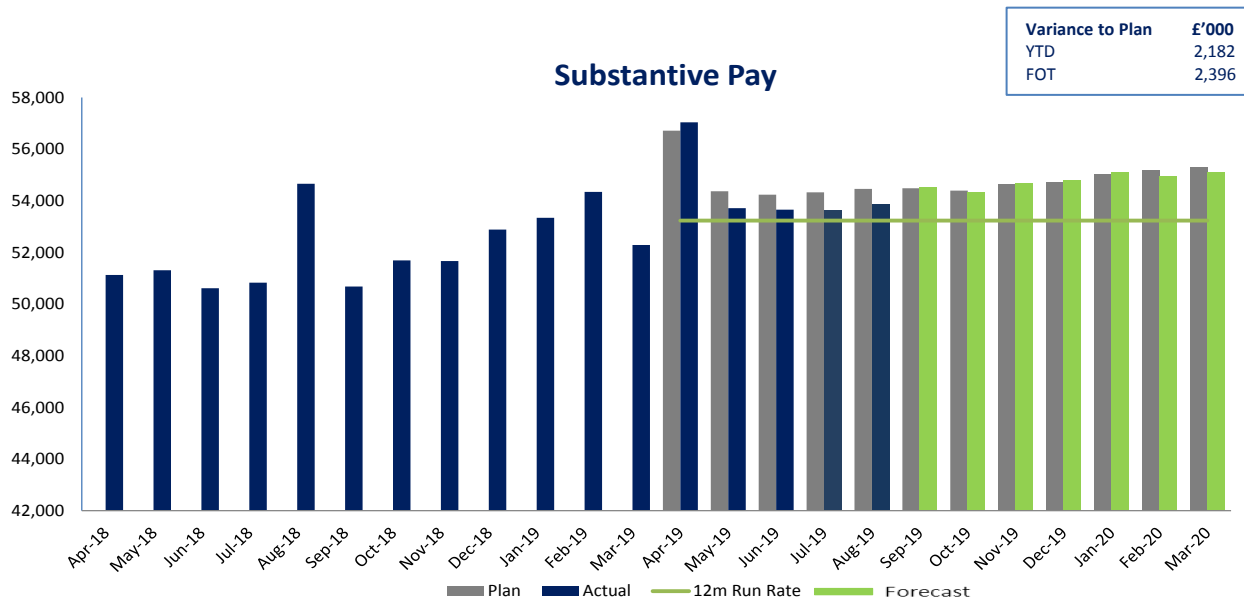
## Other Non-contracted Pay

- Other non-contracted pay consists of overtime, bank, WLIs and internal locums.
- Year to date expenditure of £21.0m 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 £272m, £2.2mF to Plan.
- Other Clinical includes £1.9mF relating to release of central contingency in line with Plan.
- Most CMGs are either in line or below Plan with overspends in Nursing in CHUGGS, Nursing and Non Clinical overspend in ESM and Non Clinical in Estates & Facilities.
- The overspend in non-clinical is predominantly within CSI which is offset by underspend in Other Clinical also within CSI together with the release of central reserves.

# Pay Run Rates

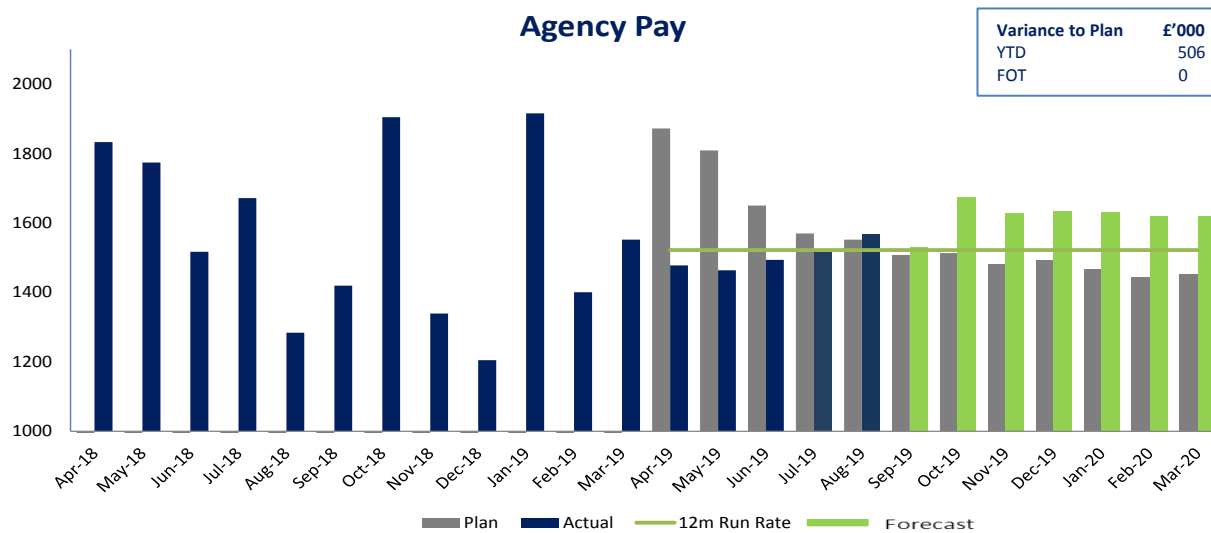


## Total Pay excluding Agency Pay

- Pay remains an area of focus in 2019/20 to ensure appropriate control and optimum use of financial resources to support the Trust's financial commitments in line with funded Establishment.
- Increase in April was driven by new AFC rates including a one-off cash payment and payment of Clinical Excellence Awards.

## Agency Pay

- The planned trajectory is supported by specific actions identified and tracked through the Premium Pay group.
- The NHSI Agency Ceiling for 2019/20 is £18.8m.



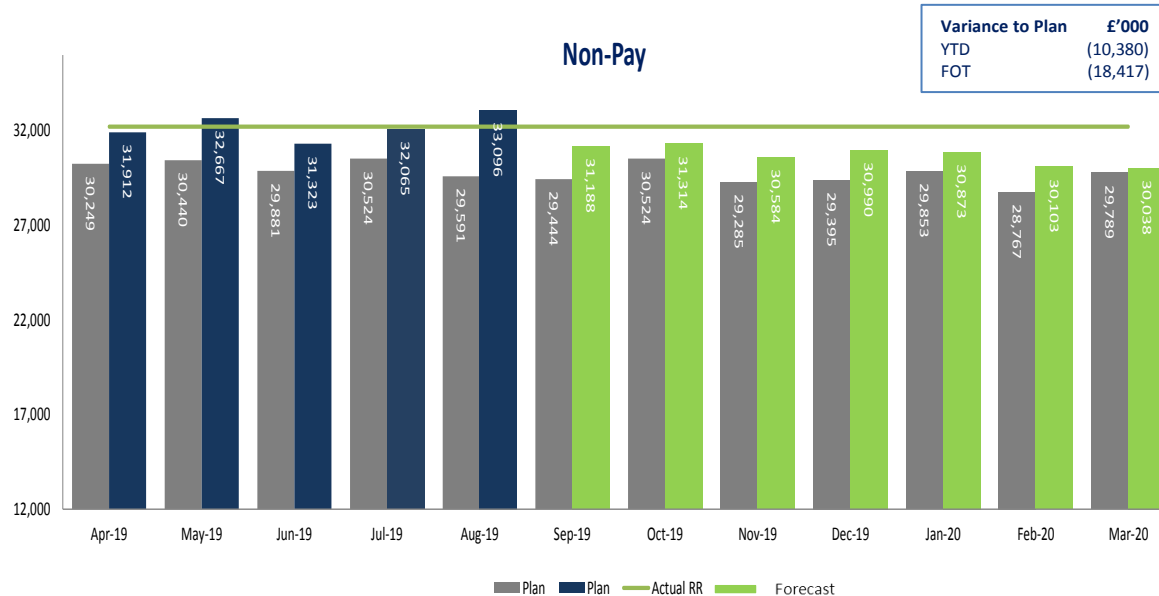
# Non-Pay: YTD £161.1m, £10.3mA to Plan

	Aug-19				YTD				
	Plan	Actual	F / (A)	%	Plan	Actual	F / (A)	%	
	£'000	£'000	£'000	%	£'000	£'000	£'000	%	
Direct	Blood Products	71	203	(132)	(185%)	356	801	(445)	(125%)
	Drugs	8,163	8,629	(466)	(6%)	42,018	43,820	(1,801)	(4%)
	Clinical Supplies & Services	9,488	10,812	(1,324)	(14%)	48,092	52,953	(4,861)	(10%)
	Transport	409	482	(73)	(18%)	2,033	2,669	(636)	(31%)
	Recharges	644	535	108	17%	3,148	3,146	2	0%
	Misc & General Supplies	1,667	2,837	(1,170)	(70%)	8,605	10,185	(1,579)	(18%)
External Providers	Healthcare	922	805	117	13%	4,656	4,286	370	8%
	Non Healthcare	1,253	1,279	(26)	(2%)	6,304	6,515	(211)	(3%)
Overheads	Establishment, Premises & Plant	4,348	4,883	(536)	(12%)	22,330	23,467	(1,137)	(5%)
	Consultancy	71	76	(5)	(8%)	370	451	(81)	(22%)
	Clinical Negligence	2,554	2,554	0	0%	12,770	12,770	0	0%
<b>Total: Non Pay</b>	<b>29,591</b>	<b>33,096</b>	<b>(3,506)</b>	<b>(12%)</b>	<b>150,683</b>	<b>161,063</b>	<b>(10,380)</b>	<b>(7%)</b>	

- **Direct Costs: £113.6m, £9.3mA to Plan** including £2.0mA in relation to drugs and devices excluded from tariff.

Underlying overspend of £4.9m which is driven by marginal cost to deliver the additional activity. In addition, there are additional cost pressures including additional Patient Transport which supports the Emergency Pathway and under-delivery of non-pay plan CIP which is delivered by CIP delivery in other schemes.

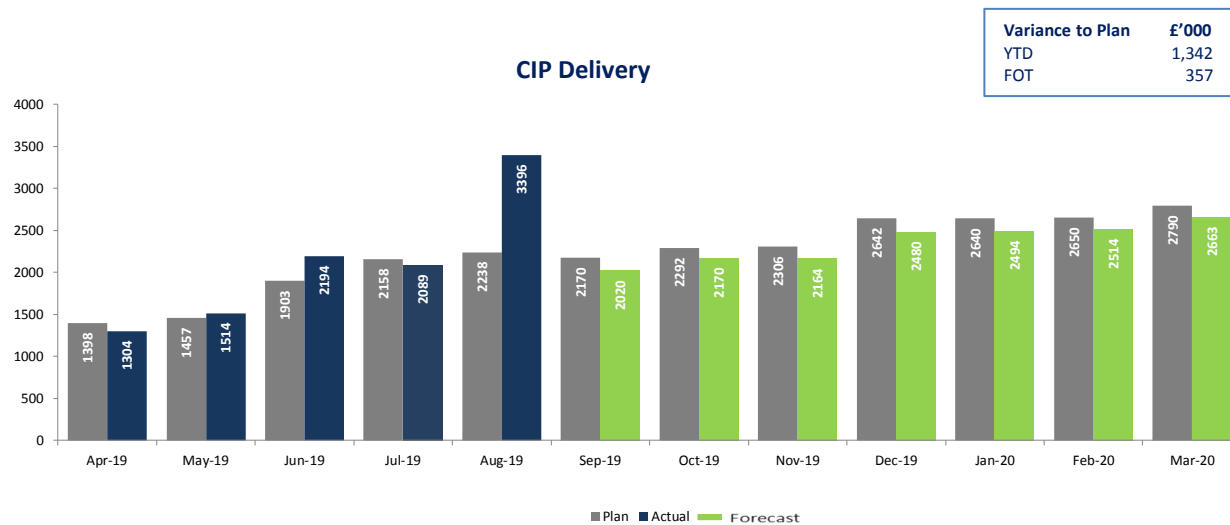
- **External Providers:** YTD cost of £10.8m, in line with plan.
- **Overheads:** YTD expenditure of £36.7m, £1.2mA to Plan due to the recognition of Microsoft Licences which were previously capitalised and amortised.



# CIP: YTD £10.5m, £1.4m favourable to Plan

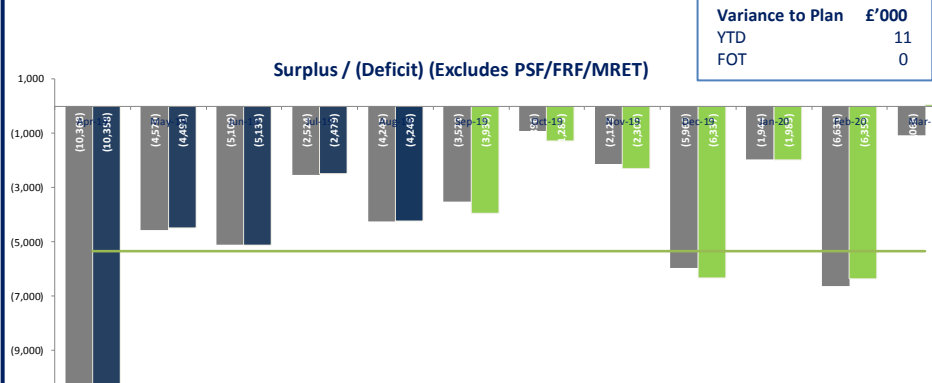
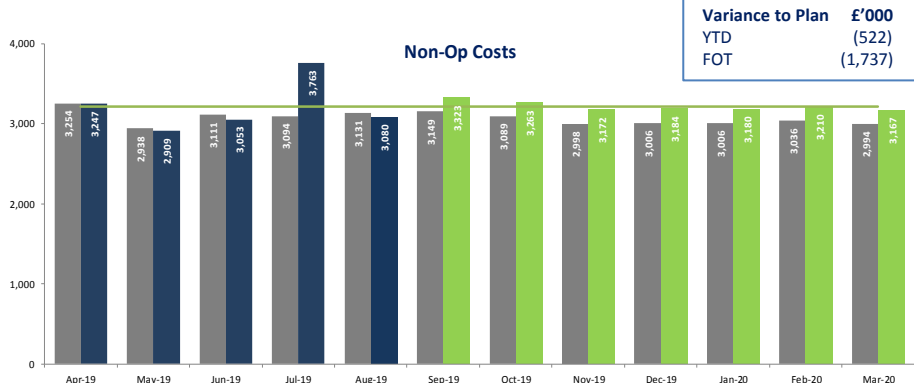
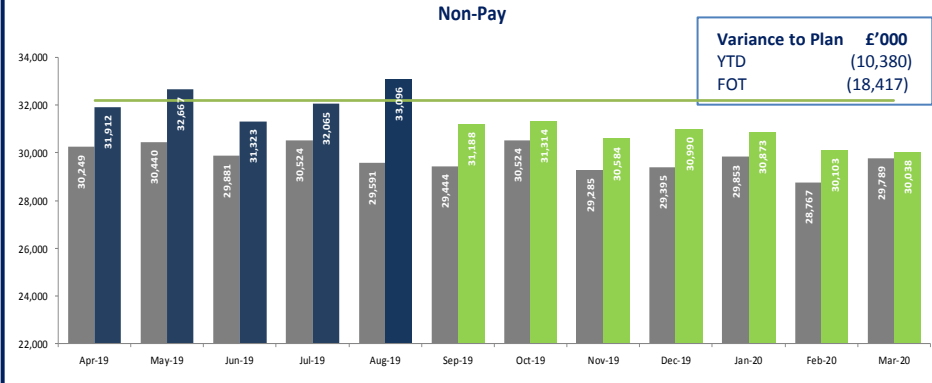
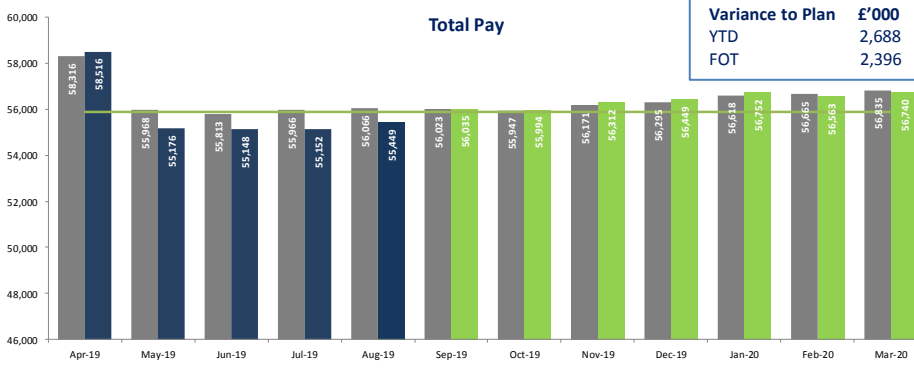
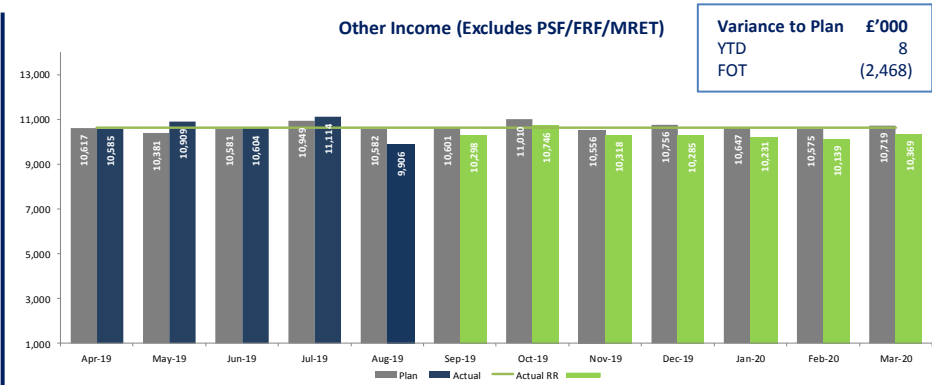
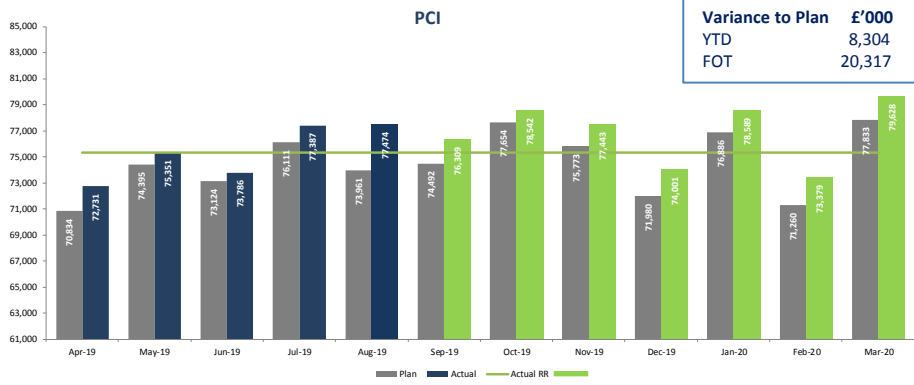
	Aug-19				YTD				FY Plan £'000
	Plan	Actual	F / (A)		Plan	Actual	F / (A)		
	£'000	£'000	£'000	%	£'000	£'000	£'000	%	
CHUGGS	395	425	30	8%	1,471	1,196	(275)	(19%)	4,245
CSI	232	272	40	17%	924	1,283	359	39%	2,058
ESM	406	941	535	132%	1,715	2,729	1,014	59%	4,294
ITAPS	137	127	(10)	(7%)	590	709	119	20%	1,564
MSS	360	378	18	5%	1,743	1,552	(191)	(11%)	4,330
RRCV	251	867	616	245%	986	1,818	832	84%	3,325
Womens & Childrens	158	245	87	55%	743	728	(15)	(2%)	3,405
<b>Total: CMG</b>	<b>1,939</b>	<b>3,254</b>	<b>1,316</b>	<b>68%</b>	<b>8,172</b>	<b>10,013</b>	<b>1,841</b>	<b>23%</b>	<b>23,220</b>
Corporate Total	25	26	1	4%	123	113	(11)	(9%)	540
Facilities	162	116	(45)	(28%)	632	371	(261)	(41%)	1,862
Central	114	0	(114)	(100%)	227	0	(227)	(100%)	1,023
<b>Total CIP</b>	<b>2,239</b>	<b>3,396</b>	<b>1,157</b>	<b>52%</b>	<b>9,154</b>	<b>10,496</b>	<b>1,342</b>	<b>15%</b>	<b>26,645</b>

- CIP delivered of £10.5m which is favourable to Plan with under-delivery in CHUGGS, MSS, W&C and Estates offset by over-delivery elsewhere.
- The specific CIP Paper provides further insight into the performance of CIP.





# I&E Run Rates



# Performance by CMG and Directorates: Year to Date

Performance in line with Plan with income over-performance absorbing additional cost to deliver and other cost pressures plus release of reserves. Financial risk in CHUGGS, ITAPS, MSS, W&C and Estates with recovery planning in place.

	CHUGGS		
	Plan	YTD	Variance
	£'m	£'m	£'m
PCI	69.2	71.4	2.1
Other Income	3.4	3.2	(0.1)
<b>Total Income</b>	<b>72.6</b>	<b>74.6</b>	<b>2.0</b>
Total Pay	(25.7)	(26.4)	(0.7)
Total Non-Pay	(24.9)	(26.9)	(2.0)
<b>EBITDA</b>	<b>22.0</b>	<b>21.3</b>	<b>(0.7)</b>

	CSI		
	Plan	YTD	Variance
	£'m	£'m	£'m
PCI	17.6	19.0	1.4
Other Income	5.1	4.4	(0.7)
<b>Total Income</b>	<b>22.7</b>	<b>23.5</b>	<b>0.7</b>
Total Pay	(38.4)	(38.0)	0.4
Total Non-Pay	(0.8)	(2.0)	(1.1)
<b>EBITDA</b>	<b>(16.5)</b>	<b>(16.5)</b>	<b>0.0</b>

	ESM		
	Plan	YTD	Variance
	£'m	£'m	£'m
PCI	73.1	75.2	2.1
Other Income	4.4	4.4	0.1
<b>Total Income</b>	<b>77.4</b>	<b>79.6</b>	<b>2.2</b>
Total Pay	(44.9)	(46.3)	(1.4)
Total Non-Pay	(21.2)	(21.9)	(0.7)
<b>EBITDA</b>	<b>11.4</b>	<b>11.4</b>	<b>0.0</b>

	ITAPS		
	Plan	YTD	Variance
	£'m	£'m	£'m
PCI	16.0	14.1	(1.9)
Other Income	1.6	2.7	1.1
<b>Total Income</b>	<b>17.6</b>	<b>16.8</b>	<b>(0.8)</b>
Total Pay	(29.1)	(28.9)	0.2
Total Non-Pay	(8.4)	(9.4)	(1.0)
<b>EBITDA</b>	<b>(19.9)</b>	<b>(21.5)</b>	<b>(1.6)</b>

	MSS		
	Plan	YTD	Variance
	£'m	£'m	£'m
PCI	44.8	45.1	0.3
Other Income	2.7	2.3	(0.3)
<b>Total Income</b>	<b>47.5</b>	<b>47.4</b>	<b>(0.0)</b>
Total Pay	(24.0)	(23.5)	0.5
Total Non-Pay	(10.7)	(11.3)	(0.6)
<b>EBITDA</b>	<b>12.8</b>	<b>12.6</b>	<b>(0.2)</b>

	RRCV		
	Plan	YTD	Variance
	£'m	£'m	£'m
PCI	76.4	79.6	3.3
Other Income	3.5	3.1	(0.3)
<b>Total Income</b>	<b>79.8</b>	<b>82.8</b>	<b>2.9</b>
Total Pay	(35.0)	(34.5)	0.5
Total Non-Pay	(24.8)	(27.6)	(2.8)
<b>EBITDA</b>	<b>20.0</b>	<b>20.7</b>	<b>0.7</b>

	W&C		
	Plan	YTD	Variance
	£'m	£'m	£'m
PCI	67.7	66.5	(1.2)
Other Income	4.1	4.0	(0.1)
<b>Total Income</b>	<b>71.8</b>	<b>70.5</b>	<b>(1.3)</b>
Total Pay	(37.8)	(37.5)	0.3
Total Non-Pay	(15.8)	(15.8)	0.0
<b>EBITDA</b>	<b>18.2</b>	<b>17.2</b>	<b>(1.0)</b>

	ESTATES		
	Plan	YTD	Variance
	£'m	£'m	£'m
PCI	0.0	0.0	0.0
Other Income	9.3	9.3	0.0
<b>Total Income</b>	<b>9.3</b>	<b>9.3</b>	<b>0.0</b>
Total Pay	(15.9)	(16.0)	(0.1)
Total Non-Pay	(14.0)	(15.2)	(1.2)
<b>EBITDA</b>	<b>(20.6)</b>	<b>(21.8)</b>	<b>(1.2)</b>

	CORPORATE		
	Plan	YTD	Variance
	£'m	£'m	£'m
PCI	0.0	0.0	0.0
Other Income	2.8	2.8	0.0
<b>Total Income</b>	<b>2.8</b>	<b>2.8</b>	<b>0.0</b>
Total Pay	(15.0)	(14.4)	0.6
Total Non-Pay	(16.6)	(17.2)	(0.6)
<b>EBITDA</b>	<b>(28.8)</b>	<b>(28.8)</b>	<b>0.0</b>

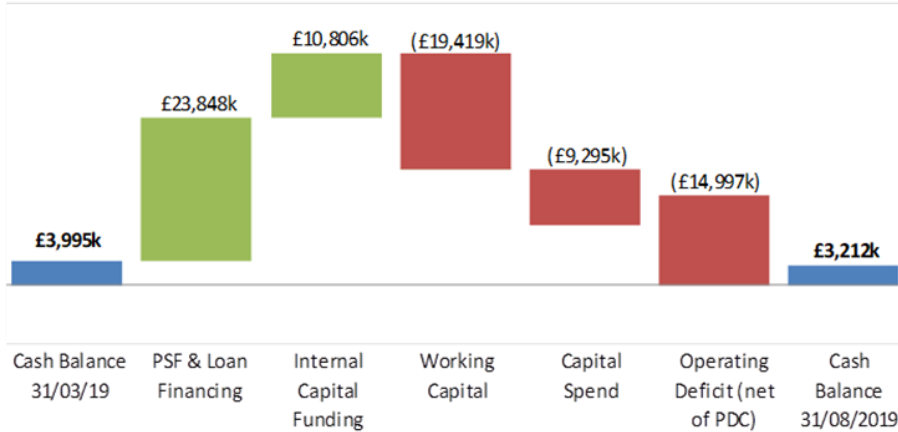
# August 2019: Statement of Financial Position

	Mar-19 £000's Actual	Aug-19 £000's Actual	Movement £000's Actual
<b>Non Current Assets</b>			
Property, plant and equipment	479,471	480,532	1,061
Intangible assets	8,889	8,084	(805)
Trade and other receivables	6,573	5,951	(622)
<b>TOTAL NON CURRENT ASSETS</b>	<b>494,933</b>	<b>494,566</b>	<b>(367)</b>
<b>Current Assets</b>			
Inventories	25,052	24,961	(91)
Trade and other receivables	67,696	72,227	4,531
Cash and cash equivalents	3,995	3,212	(782)
<b>TOTAL CURRENT ASSETS</b>	<b>96,743</b>	<b>100,401</b>	<b>3,658</b>
<b>Current Liabilities</b>			
Trade and other payables	(110,311)	(102,392)	7,919
Borrowings / Finance Leases	(53,133)	(42,214)	10,919
Other Liabilities	(7,566)	(10,506)	(2,940)
Provisions for liabilities and charges	(368)	(448)	(80)
<b>TOTAL CURRENT LIABILITIES</b>	<b>(171,378)</b>	<b>(155,560)</b>	<b>15,818</b>
<b>NET CURRENT ASSETS (LIABILITIES)</b>	<b>(74,635)</b>	<b>(55,159)</b>	<b>19,476</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>420,298</b>	<b>439,407</b>	<b>19,109</b>
<b>Non Current Liabilities</b>			
Borrowings / Finance Leases	(200,320)	(236,538)	(36,218)
Provisions for liabilities and charges	(1,584)	(1,092)	492
<b>TOTAL NON CURRENT LIABILITIES</b>	<b>(201,904)</b>	<b>(237,630)</b>	<b>(35,726)</b>
<b>TOTAL ASSETS EMPLOYED</b>	<b>218,394</b>	<b>201,777</b>	<b>(16,617)</b>
Public dividend capital	341,176	341,176	0
Revaluation reserve	142,351	140,730	(1,621)
Retained earnings	(265,133)	(280,130)	(14,997)
<b>TOTAL TAXPAYERS EQUITY</b>	<b>218,394</b>	<b>201,776</b>	<b>(16,618)</b>
<b>Ratios</b>			
Liquidity Ratio Days (Working Capital Balance / Annual Operating Expenses)	(32)	(28)	
Liquidity Ratio Metric	4	4	

- **Total Assets Employed:** Movement of £17.0m
- **Non-Current Assets:** Decreased by £0.4m.
- **Working capital:**
  - Trade receivables have increased by £4.5m
  - Trade payables have reduced by £7.9m
- **Cash:** July balance of £3.2m is above the £1m target cash balance due to the timing of cash receipts, and includes TMP cash of £1.7m.
- **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.

# August 2019: Cash movement

Year to Date Cash Bridge £'000



### Cash Bridge:

- Opening cash balance of £4m, in line with our plan.
- Funded YTD operating deficit (net of PDC) of £15.0m and movement in working capital by securing £23.8m of external financing.

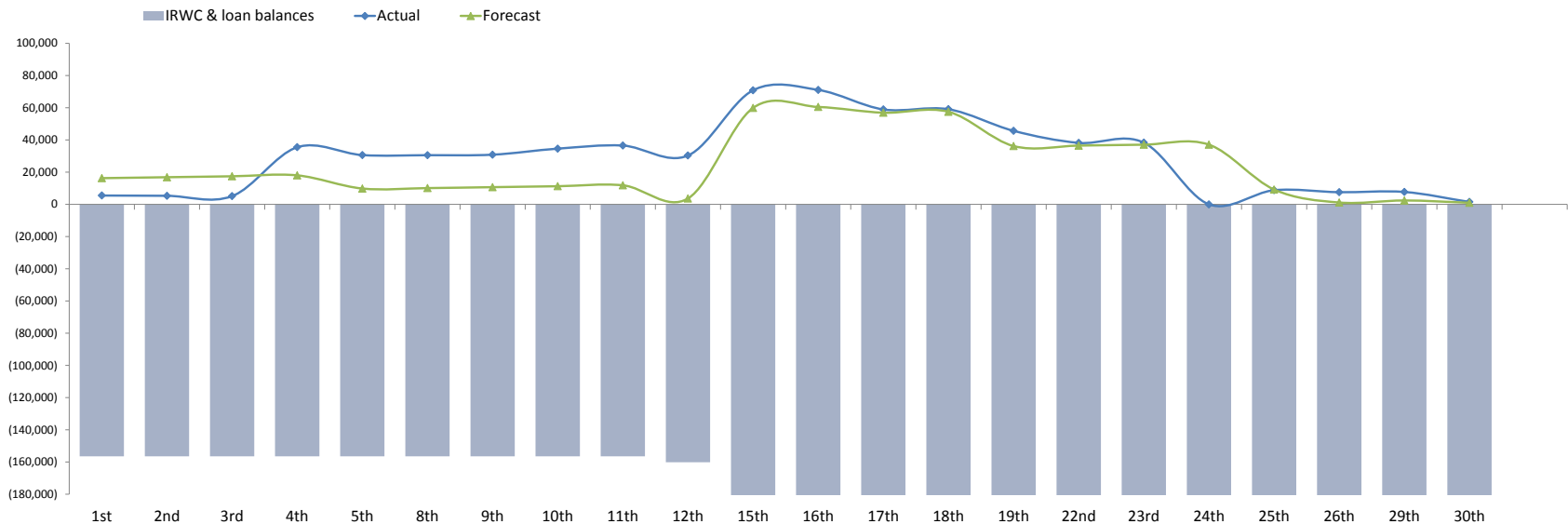
### Full Year Forecast

- 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 August due to the monthly payroll run.

Daily Cash Balance



# Liquidity: Movement of £14.5m

	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	33,369	37,157	(3,789)	14,987	5,613	9,493	7,064	19%
	Non-NHS receivables - revenue	14,767	16,409	(1,642)	5,509	2,593	779	7,527	46%
	Provision for the impairment of receivables	(2,170)	(2,170)	0	(2,170)				
	Non-NHS prepayments and accrued income	9,308	17,878	(8,570)	17,878				
	PDC dividend prepaid to DH	0	243	(243)	243				
	VAT	1,782	1,804	(22)	1,804				
	Other receivables	674	906	(232)	906				
	<b>TOTAL</b>	<b>57,730</b>	<b>72,227</b>	<b>(14,497)</b>	<b>39,157</b>	<b>8,207</b>	<b>10,273</b>	<b>14,591</b>	
Accounts Payable	NHS payables - revenue	(31,530)	(31,129)	401	(82)	(296)	(895)	(29,856)	96%
	Non-NHS payables - revenue	(36,191)	(37,726)	(1,535)	(12,048)	(13,381)	(5,783)	(6,513)	17%
	Non-NHS payables - capital	(3,423)	(580)	2,843	(20)	(272)	(24)	(264)	45%
	Non-NHS accruals and deferred income	(14,550)	(10,506)	4,044	(10,506)				
	Social security costs	(7,298)	(7,440)	(142)	(7,440)				
	Tax	(6,121)	(6,073)	48	(6,073)				
	Other	(11,200)	(16,345)	(5,145)	(16,345)				
	Payments received on account	(2,585)	(3,100)	(515)	(3,100)				
<b>TOTAL</b>	<b>(112,899)</b>	<b>(112,899)</b>	<b>(0)</b>	<b>(55,615)</b>	<b>(13,949)</b>	<b>(6,702)</b>	<b>(36,633)</b>		
<b>Total Liquidity</b>	<b>(55,168)</b>	<b>(40,671)</b>	<b>(14,497)</b>						

**Liquidity:** movement of £14.5m from opening position due to:

- Accounts receivable: increase of £14.5m
- Accounts payable: movement of £0m

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

- NHS receivables: 19% - £7.0m over 90 days.
- Non-NHS receivables: 46% - £7.5m over 90 days.
- NHS payables-revenue: 96% - £29.9m over 90 days
- Non-NHS payables: 17% - £6.5m over 90 days
- Further analysis of payables and receivables is provided in the separate cash report.

# YTD Better Payments Practice Code: Non-compliant

Better Payment Practice Code - Measure of Compliance	August YTD		Prior month YTD	
	Number	£000s	Number	£000s
<b>All</b>				
Total Invoices Paid in the Year	73,905	335,358	59,912	273,153
Total Invoices Paid Within Target	27,041	212,418	20,962	168,865
<b>Percentage Invoices Paid Within Target (target 95%)</b>	<b>37%</b>	<b>63%</b>	<b>35%</b>	<b>62%</b>
<b>Non-NHS Payables</b>				
Total Non-NHS Invoices Paid in the Year	71,812	279,320	58,114	226,343
Total Non-NHS Invoices Paid Within Target	26,665	170,957	20,627	135,586
<b>Percentage of Non-NHS Invoices Paid Within Target</b>	<b>37%</b>	<b>61%</b>	<b>38%</b>	<b>66%</b>
<b>Local SME payables</b>				
Total SME Invoices Paid in the Year	338	4,871	289	3,864
Total SME Invoices Paid Within Target	209	815	197	718
<b>Percentage of Local SME Invoices Paid Within Target</b>	<b>62%</b>	<b>17%</b>	<b>68%</b>	<b>19%</b>
<b>NHS Payables</b>				
Total NHS Invoices Paid in the Year	2,093	56,038	1,798	46,809
Total NHS Invoices Paid Within Target	376	41,461	335	33,279
<b>Percentage of NHS Invoices Paid Within Target</b>	<b>18%</b>	<b>74%</b>	<b>19%</b>	<b>71%</b>

- 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.

# Capital: June £9.3m, £15.0mF to Plan

Underspend due to phasing of ICU together with uncertainties of capital funding through Emergency Capital loans and an alternative solution for Endoscopy Decontamination. Therefore, all budget holders are working within a reduce capital budget until funding is confirmed.

Scheme Name	August 2019			
	Annual	YTD	YTD	YTD
	Budget	Plan	Actual	F / (A)
	£'000	£'000	£'000	£'000
ICU Pre-commitment	21,567	8,988	4,296	4,692
Endoscopy Decontamination	8,600	3,585	18	3,567
Business Cases & Reconfiguration Schemes	6,453	2,823	588	2,235
Estates & Facilities Schemes	8,429	3,510	918	2,592
IM&T Schemes	4,000	1,665	2,567	(902)
Medical Equipment Schemes	3,000	1,250	0	1,250
3T MRI Scanner / Linear Accelerator	3,700	1,125	0	1,125
Managed Equipment Service	3,349	1,395	363	1,032
Other	0	0	545	(545)
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>59,098</b>	<b>24,341</b>	<b>9,295</b>	<b>15,046</b>

# 2019/20 Financial Plan: Key Risks

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- **Risk:** Delivery of the CMG Control Totals which includes £26.6m efficiencies

**Mitigation:** continuation of Performance Management Framework together with any CMG/Directorate at risk to have regular meetings with Corporate to pro-actively manage the risk with associated Corporate Support. In addition, an established PMO function is in place to support the efficiency target together with planned investment in the Quality Strategy to drive increased sustainable, cash releasing efficiencies.

- **Risk:** System imbalance and Commissioner Affordability

**Mitigation:** The governance structure around Contract Management Performance with CCGs continues to be in place

- **Risk:** Identification and execution of actions to bridge the residual planning gap

**Mitigation:** Continuation of FRB continue with the objective to identify and ensure delivery of financial opportunities to close the gap

- **Risk:** delivery of planned activity and managing Emergency pressures

**Mitigation:** phasing of in line with capacity together with increased permanent and Winter bed capacity for December-March to manage emergency demands and help to protect planned level of elective procedures.

- **Risk:** Shortage of Capital Funding and achieving CRL

**Mitigation:** Application of Emergency Capital Loans in accordance with NHSI process together with proactive investigation of alternative funding options for Endoscopy Decontamination. In the meantime, all budget holders are working within a reduce capital budget until funding is confirmed.