

2019/20 Financial Performance

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Trust Board paper J2

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	
Discussion	To discuss, in depth, a report noting its implications without formally approving a recommendation or action	X
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)		
Executive Board	26.11.19	Executive Performance Board
Trust Board Committee	28.11.19	Finance and Investment Committee
Trust Board		

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 31st October 2019?

The Trust has achieved a year to date deficit of £31m excluding PSF, FRF and MRET which is in line with Plan. Including PSF/FRF/MRET, the Trust has achieved a year to date deficit of £13m in line with Plan.

Underlying performance adverse to Plan with over-performance in Emergency offset by the impact of the blended tariff, contract challenges together with the marginal cost to deliver additional activity and cost pressures supporting the Emergency Pathway. Performance risks in various CMGs with ITAPS and W&C in Special Measures and CHUGGS, CSI, MSS and Estates & Facilities Directorate having Corporate Finance oversight outside of the formal monthly Performance Review meetings in order to track financial performance and recovery.

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 6, the Trust has delivered efficiencies of £13.4m which is £0.2mA to Plan.

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

As part of Month 7 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 Financial Performance 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:

The Trust Board is asked to **note** the financial performance at Month 7.

For Reference:

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

1. Quality priorities:

Safe, surgery and procedures
Safely and timely discharge
Improved Cancer pathways
Streamlined emergency care
Better care pathways
Ward accreditation

Not applicable
Not applicable
Not applicable
Not applicable
Not applicable
Not applicable

2. Supporting priorities:

People strategy implementation
Estate investment and reconfiguration
e-Hospital
More embedded research
Better corporate services
Quality strategy development

Not applicable
Not applicable
Not applicable
Not applicable
Not applicable
Not applicable

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:
Strategic: Does this link to a Principal Risk on the BAF?	X	Principal Risk 9 - Failure to meet the financial control total including through improved productivity
Organisational: Does this link to an Operational/Corporate Risk on Datix Register		
New Risk identified in paper: What type and description ?		None

5. Scheduled date for the **next paper** on this topic:

9 January 2020

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 £31.0m excluding Provider Sustainability Funds (PSF), Financial Recovery Fund (FRF), and Marginal Rate Emergency Tariff (MRET), in line with Plan:** Underlying performance adverse to Plan with over-performance in Emergency offset by the impact of the blended tariff, contract challenges together with the marginal cost to deliver additional activity and cost pressures supporting the Emergency Pathway. The position includes release of £3m reserves in line with Plan and the acceleration of central reserves of £1.5m which will be partially mitigated from the benefit in the M7 fully coded income position of £0.8m.
- **Including PSF/FRF/MRET: Deficit of £13.0m, in line with plan**
- **Patient Care Income, £13.4mF to Plan :** Underlying over-delivery of £8.9m excluding drugs and devices excluded from tariff and funding of the Medical Pay Award. Over-performance in Emergency, Day Case, Outpatients and Direct Access partially offset by underperformance in Elective Inpatient and ECMO. Emergency over-performance of £8.7m before applying the blended rate adjustment of £4.4m.
- **Operating Costs, £12.0mA to Plan:** Pay £0.4mF to Plan including release of Central contingency and the medical pay award . Underlying non-pay overspend of £12.1m excluding drugs and devices excluded from tariff. Overspend is predominantly driven by marginal cost to deliver activity together with Emergency pathway cost pressures and the crystallisation of funding pressures. The Month 7 position includes £1.5m acceleration of central reserves.
- **CMG Financial Performance:** Performance risks in various CMGS with ITAPS and W&C in Special Measures and CHUGGS, CSI, MSS and Estates having Corporate Finance oversight outside of the formal monthly PRMs to track financial recovery.
- **CIP £13.4m delivered, £0.2mA Plan**

Cash

- Closing cash position at October of £3.8m, including Trust Group Holdings (TGH) of £2.2m. This is higher than forecast due to the timing of month end cash receipts from Commissioners.
- TGH cash balance was £2.2m.
- Funded YTD operating deficit (net of PDC) of £13.0m and movement in working capital by securing £48.0m of external financing.

Capital

- **October:** Total capital expenditure of £14.7m, £20.4mF 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. Following verbal confirmation of £10m Emergency Capital Loans, capital spend will be incurred in line with the required parameters

October 2019: Key Facts



Patient
Income
£13.4mF

Other
Income
£0.6mA



Substantive
Pay
£0.4mA

Agency
£0.8mF



Non Pay
£12.5mA

Non-Op
Costs
£0.5mA



EBITDA
£0.7mF

CIP
£0.2mA



Liquidity
Indicators

Capital
£20.4mF

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 £13m

Value Drivers	Oct-19					YTD			
	Plan	FOT	Actual	Vs Plan	%	Plan	Actual	F/(A)	%
Day Case	9,359	9,520	9,510	151	2%	61,481	63,943	2,462	4%
Elective Inpatient	1,870	1,836	1,744	(126)	(7%)	12,329	11,862	(467)	(4%)
Emergency / Non-elective Inpatient	9,948	9,964	10,432	484	5%	68,784	70,198	1,414	2%
Emergency Department	22,022	22,682	21,743	(279)	(1%)	148,533	152,060	3,527	2%
Outpatients	88,209	87,711	92,805	4,597	5%	588,159	595,975	7,816	1%
Critical Care Services	4,915	4,831	5,439	523	11%	33,719	34,638	919	3%
Renal Dialysis and Transplant	15,670	15,992	16,347	677	4%	107,799	110,652	2,853	3%
Other Activity	778,097	808,694	749,734	(28,363)	(4%)	4,953,787	5,092,975	139,188	3%
WTE Total	14,872	14,872	14,460	412	3%	14,872	14,460	412	3%
WTE Agency	233	247	245	(12)	(5%)	233	245	(12)	(5%)

I&E £ '000	Oct-19					YTD			
	Plan	FOT	Actual	Vs Plan	%	Plan	Actual	F/(A)	%
	£'000	£'000	£'000	£'000	%	£'000	£'000	£'000	%
Patient Care Income	77,654	78,632	80,490	2,836	4%	520,571	533,923	13,352	3%
Non Patient Care Income	740	717	369	(371)	(50%)	3,281	2,929	(352)	(11%)
Other Operating Income	10,270	7,337	10,309	38	0%	71,440	71,194	(245)	(0%)
Total Income	88,664	86,687	91,167	2,503	3%	595,292	608,046	12,754	2%
Pay Costs	(54,393)	(53,966)	(55,038)	(645)	1%	(382,968)	(383,340)	(372)	(0%)
Pay Costs: Agency	(1,554)	(1,460)	(1,438)	116	(7%)	(11,131)	(10,309)	821	7%
Non Pay	(30,524)	(30,803)	(32,302)	(1,779)	6%	(210,650)	(223,122)	(12,472)	(6%)
Total Operating Costs	(86,471)	(86,229)	(88,778)	(2,307)	3%	(604,749)	(616,772)	(12,023)	(2%)
EBITDA	2,193	458	2,390	196	9%	(9,457)	(8,726)	731	(8%)
Non Operating Costs	(3,089)	(3,263)	(3,167)	(77)	3%	(21,769)	(22,295)	(526)	(2%)
Retained deficit	(896)	(2,804)	(777)	119	13%	(31,226)	(31,021)	205	1%
Adjustments for Donated Assets	19	19	(105)	(124)	641%	135	(65)	(200)	148%
Net Deficit	(877)	(2,785)	(882)	(5)	(1%)	(31,091)	(31,086)	5	0%
PSF/FRF/MRET	3,693	3,693	3,693	0	0%	18,047	18,047	0	0%
Net Deficit including PSF/FRF/MRET	2,816	908	2,811	(5)	0%	(13,044)	(13,039)	5	0%

Ratios	Plan	FOT	Actual	Vs Plan	%	Plan	Actual	F/(A)	%
Agency: Total Pay	2.86%	2.70%	2.61%	0.25%	(9%)	2.91%	2.69%	0.22%	
EBITDA: Income	2.47%	0.53%	2.62%	0.15%	(6%)	(1.59%)	(1.44%)	0.15%	
Net Deficit: Income	(0.99%)	(3.21%)	(0.97%)	0.02%	2%	(5.22%)	(5.11%)	0.11%	

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: £533.9m, £13.4mF** including £2.4mF in relation to drugs and devices excluded from tariff with the offset in non-pay and £2.0mF due to Medical Pay Award which is offset in Medical Pay. Underlying over-delivery of £8.9m with over-performance in Emergency, Day Case, Outpatients and Direct Access activity partially offset by under-performance in Elective Inpatients, BMT and ECMO together with the emergency blended payment adjustment.

The Month 7 Fully Coded Income position shows an £0.8m improvement on the reported position. This benefit will be recognised in M8 and will partially offset the acceleration of reserves within non-pay.

- **Other Income: £74.1m, £0.6mA to plan.**
- **Total Pay Costs: £393.6m, £0.5mF** including £2.4mF from release of contingency in line with Plan and £2mA in relation to the impact of the Medical Pay Award. Excluding the Medical Pay Award, there is underlying overspend of £0.8m driven by ESM, CHUGGS and ITAPS offset of £4.1m offset by underspend elsewhere.

Agency spend remains below the NHSI agency ceiling.

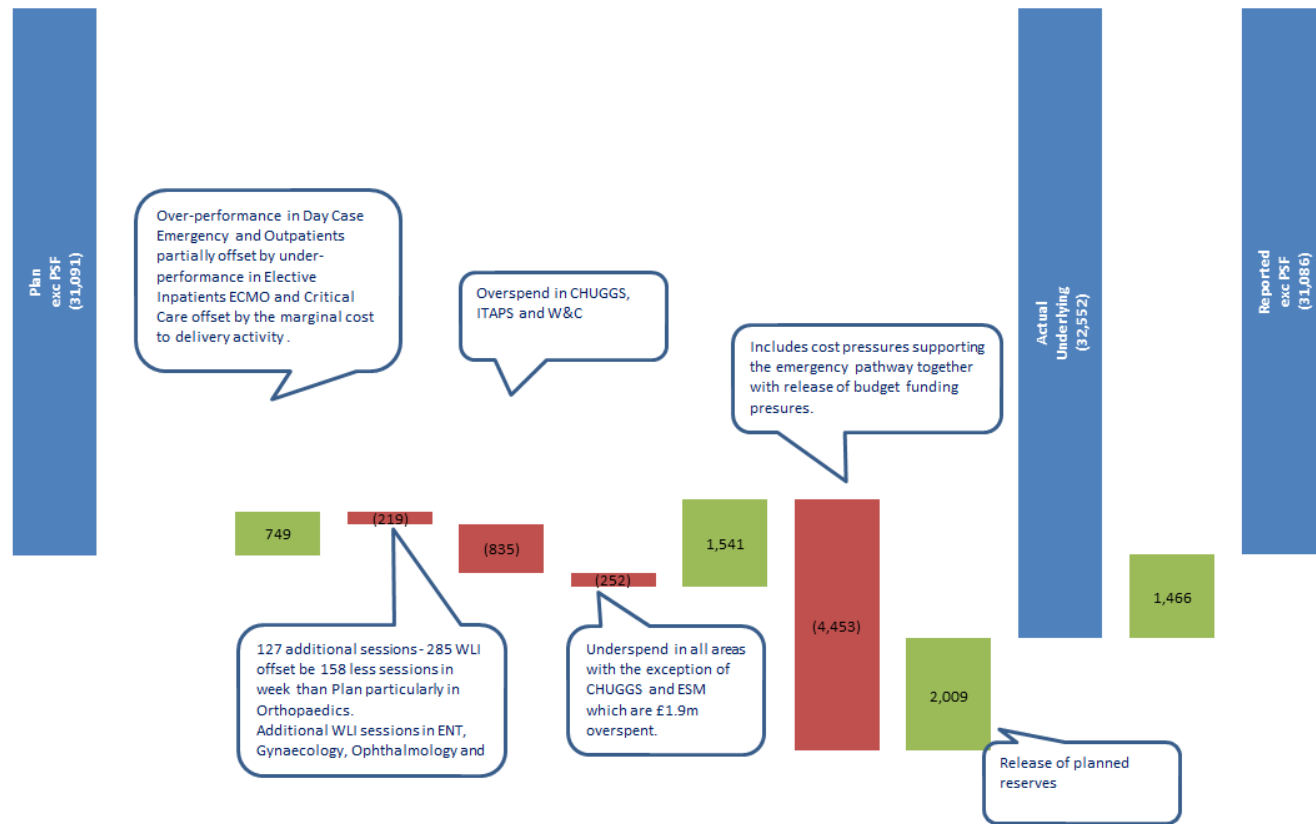
Pay remains an area of focus in 2019/20 to ensure appropriate control and optimum use of financial resources to support the Trust's financial commitments in line with funded Establishment. However, due to the operational pressures from Emergency demand additional capacity is driving pay pressures especially within ESM.

- **Non-Pay: £223.1m, £12.5mA** including £2.4mA relating drugs and devices excluded from tariff and £0.6mF release of central contingency. Underlying overspend of £12.1m 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 and opening budget pressures. The Month 7 includes £1.5m acceleration of central reserves which will be partially offset through the impact of M7 fully coded income.

- **EBITDA: deficit of £8.7m, £0.7mF**
- **Non-Operating Costs: £22.3m, £0.5mA** due to depreciation being adverse to plan driven by the 2018/19 year end valuation.
- **PSF, FRF and MRET, in line with plan.**

I&E Bridge: in line with plan

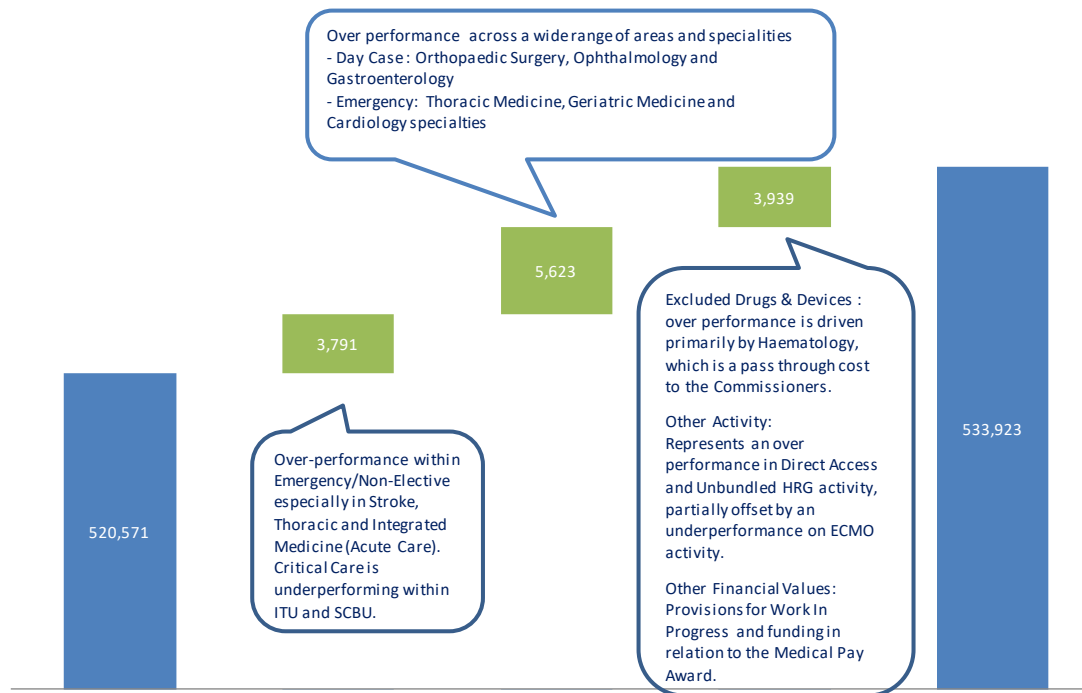
Underlying performance adverse to Plan with over-performance in Emergency offset by the impact of the blended tariff, contract challenges together with the marginal cost to deliver additional activity and cost pressures supporting the Emergency Pathway. The position includes release of £3m reserves in line with Plan and the acceleration of central reserves of £1.5m.



£(000)	Plan exc PSF	Pass Through	Activity	Theatres	Medical Pay	Nursing Pay	Other Pay	Cost Pressures	Other	Actual Underlying	Accelerated reserves	Reported exc PSF	Var F/(A)
NHS PCI	520,571	4,371	8,639						342	533,923		533,923	13,352
Other Income	74,569	(428)	(170)						(146)	73,825		73,825	(744)
Pay:	(382,968)	(1,964)		(435)	(1,081)	(768)	1,482		2,394	(383,340)		(383,340)	(372)
Pay: Agency	(11,131)				246	517	58			(10,309)		(10,309)	821
Non Pay	(210,650)	(1,980)	(7,720)	216				(4,453)		(224,587)	1,466	(223,122)	(12,472)
Non-Operating Costs	(21,482)								(581)	(22,063)		(22,063)	(581)
Net Deficit	(31,091)	0	749	(219)	(835)	(252)	1,541	(4,453)	2,009	(32,552)	1,466	(31,086)	5

NHS Patient Income: October £533.9m, £13.4mF to Plan

Underlying over-delivery of £8.9m excluding drugs and devices excluded from tariff and funding of the Medical Pay Award. Over-performance in Emergency , Day Case, Outpatients and Direct Access partially offset by underperformance in Elective Inpatient and ECMO. Emergency over-performance of £8.7m before applying the blended rate adjustment of £4.4m.



£(m)	Plan	Rate	Volume	Other	Actual	Var F / (A)
Day Case	36,114	(655)	1,420	0	36,879	765
Elective Inpatient	50,609	340	(1,931)	0	49,019	(1,591)
Emergency / Non-elective Inpatient	153,309	4,649	3,247	0	161,205	7,896
Emergency Blended Payment Adjustment	-	0	0	(4,421)	(4,421)	(4,421)
Emergency Department	22,822	222	547	0	23,591	769
Outpatient	72,328	(167)	959	0	73,119	792
Drugs and Devices excluded from Tariff	56,845	0	0	2,407	59,252	2,407
Critical Care Services	34,176	(689)	913	0	34,400	224
Renal Dialysis and Transplant	17,568	91	467	0	18,126	558
CQUIN	5,779	0	0	154	5,933	154
Other Activity	67,026	0	0	2,015	69,041	2,015
Other Financial Values	3,995	0	0	3,784	7,778	3,784
Total	520,571	3,791	5,623	3,939	533,923	13,352

Activity & Income: Performance versus Contract

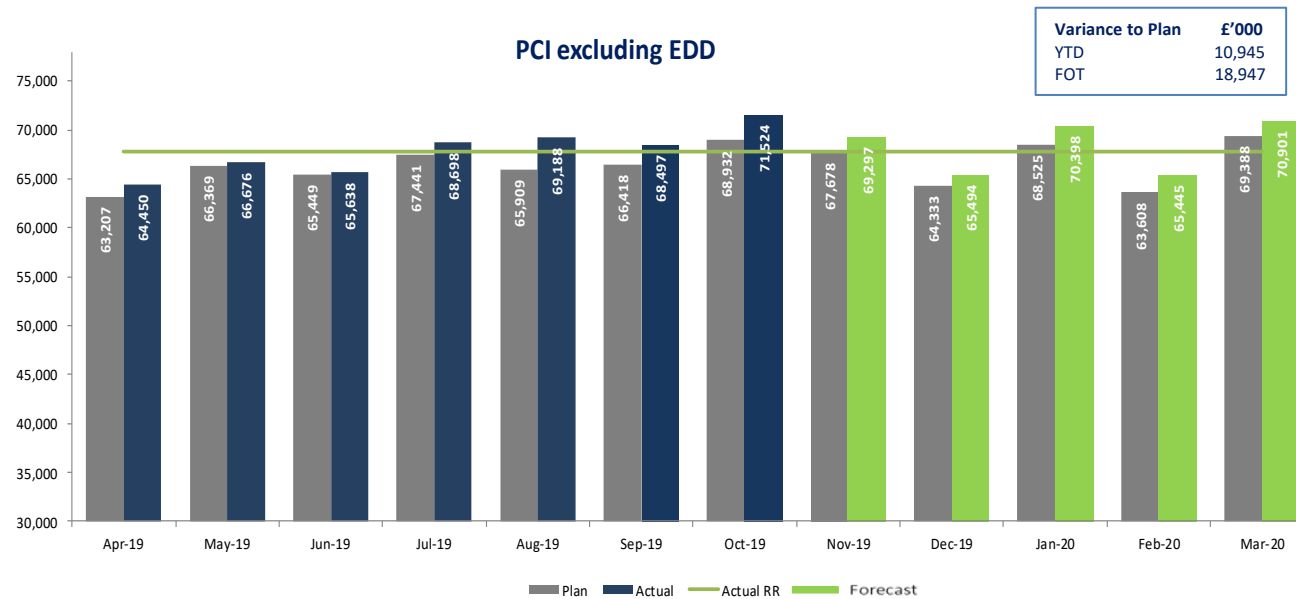
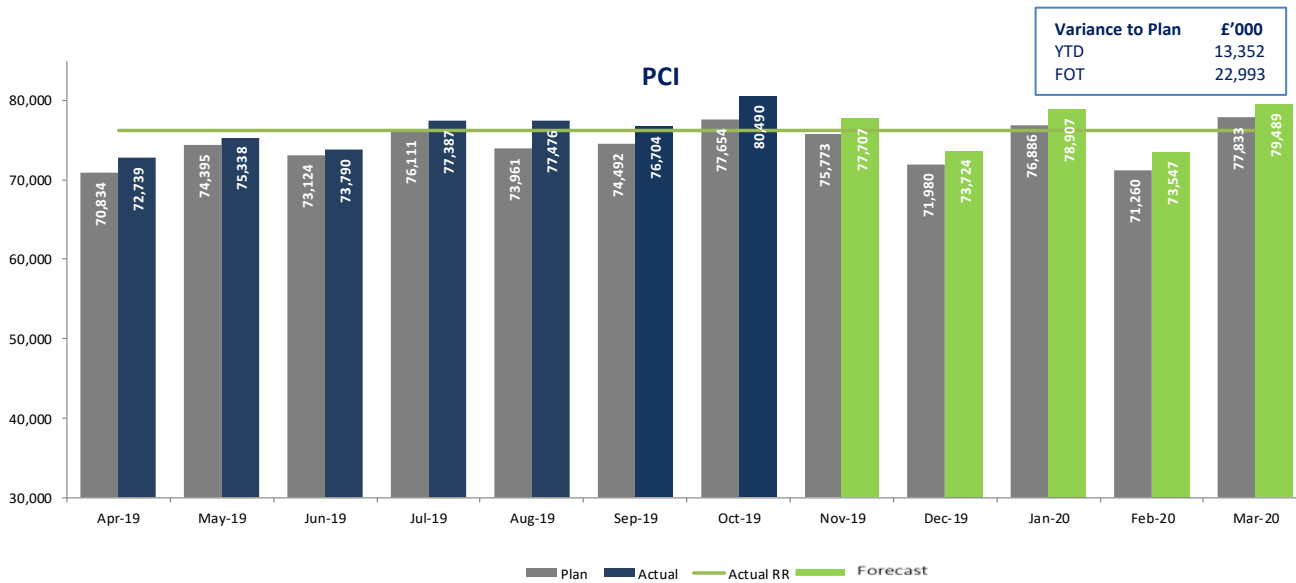
Activity	Case Mix	City	East	West	Specialised	Other	Alliance	Total	%
	Day Case	1,193	1,133	747	241	(557)	(295)	2,462	4%
	Elective Inpatient	(9)	(108)	(65)	(32)	(253)	-	(467)	(4%)
	Emergency / Non-elective Inpatient	882	(349)	711	120	50	-	1,414	2%
	Emergency Blended Payment Adjustment	0	0	0	0	0	0	0	0%
	Emergency Department	1,248	960	1,579	-	(260)	-	3,527	2%
	Outpatient	8,007	4,536	7,677	6,739	(16,932)	(2,212)	7,816	1%
	Excluded Drugs and Devices	-	-	-	-	-	-	0	0%
	Critical Care Services	319	(309)	415	705	(211)	-	919	3%
	Renal Dialysis and Transplant	0	0	0	2,841	12	0	2,853	3%
CQUIN	0	0	0	0	0	0	0	0%	
Other Activity	81,014	9,633	45,061	5,266	(3,375)	1,589	139,188	3%	
Other Financial Values	4,507	(1,226)	3,846	2,377	2,429	6,948	18,881	0%	

Financial	Case Mix	City (£000)	East (£000)	West (£000)	Specialised (£000)	Other (£000)	Alliance (£000)	Total (£000)	%
	Day Case	770	1,060	392	261	(1,262)	(456)	765	2%
	Elective Inpatient	(245)	(642)	(418)	919	(1,204)	0	(1,591)	(3%)
	Emergency / Non-elective Inpatient	918	3,379	4,785	(807)	(379)	0	7,896	5%
	Emergency Blended Payment Adjustment	(1,946)	(1,187)	(1,651)	0	363	0	(4,421)	-
	Emergency Department	437	244	336	0	(248)	0	769	3%
	Outpatient	856	505	982	757	(2,143)	(165)	792	1%
	Excluded Drugs and Devices	121	(52)	(83)	1,110	1,341	(29)	2,407	4%
	Critical Care Services	291	(249)	270	256	(343)	0	224	1%
	Renal Dialysis and Transplant	0	0	0	567	(9)	0	558	3%
CQUIN	57	36	59	(50)	52	(0)	154	3%	
Other Activity	942	846	898	49	(925)	205	2,015	3%	
Other Financial Values	(404)	943	724	2,911	(397)	7	3,784	95%	
Grand Total	1,797	4,882	6,294	5,973	(5,155)	(438)	13,352	3%	

Contracts:

- **Day Case & Elective Inpatient:** Over performance occurring within Cardiology, Adult Congenital Cardiac Surgery and Thoracic Surgery, off-set by under performance within Cardiac Surgery and Hepatobiliary & Pancreatic Surgery and ENT.
- **Emergency / Non Elective:** Over performance across specialities including Stroke Medicine, Thoracic Medicine and Integrated Medicine offset by the Emergency Blended Payment Adjustment.
- **Outpatients:** Performance is fluctuating across a range of specialities. Non-delivery of QIPP schemes is supporting over-delivery in Outpatients..
- **Critical Care services:** Significant underperformance within ITU off-set by over performance within HDU & SCBU.
- **Other Activity:** Over performance in Diagnostic imaging absorbing under-performance within Adult ECMO.
- The CCG contract is over performing by £13m 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 in conjunction with consideration of a year end settlement.

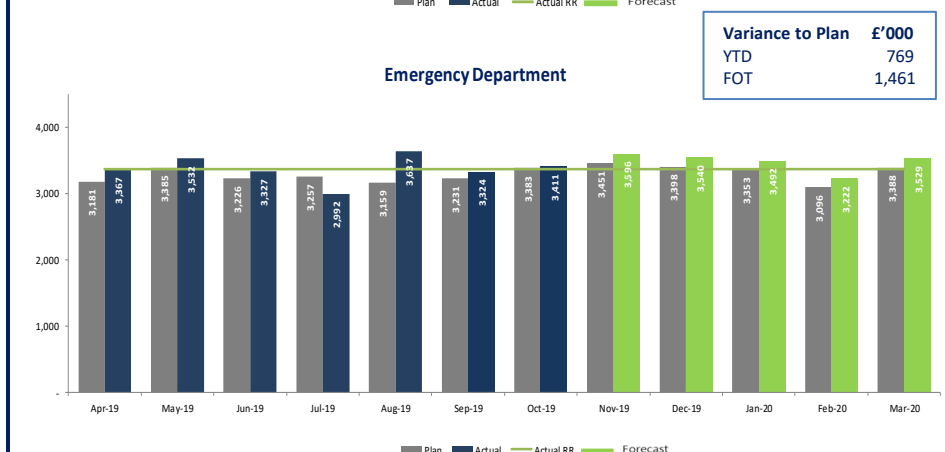
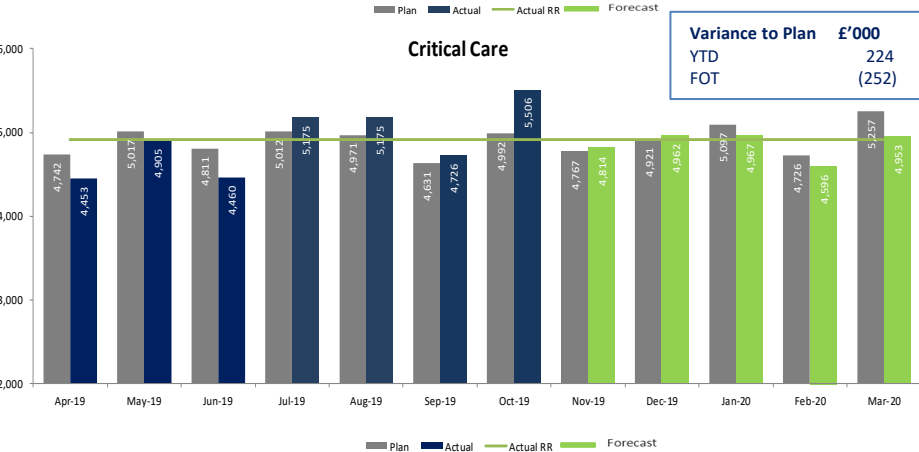
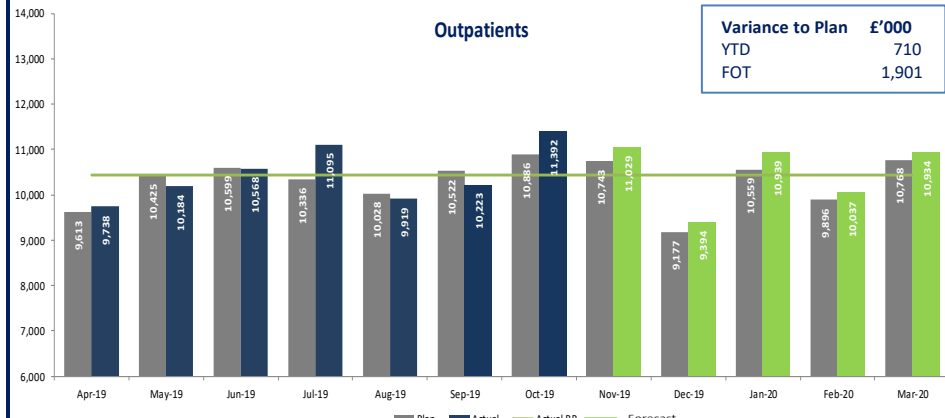
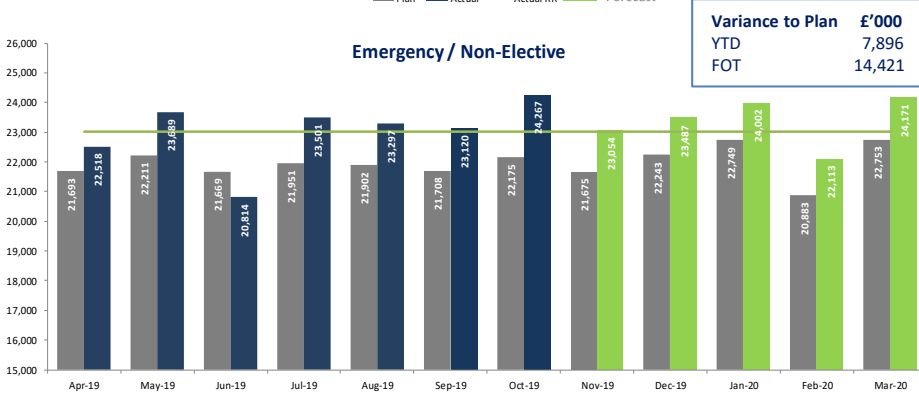
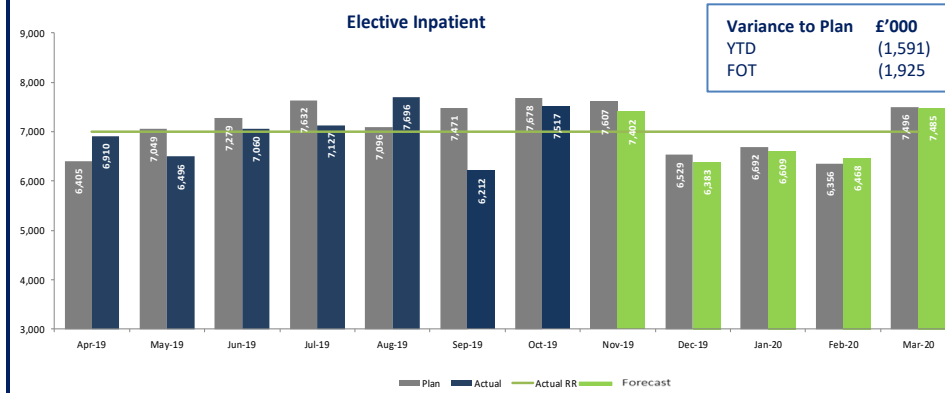
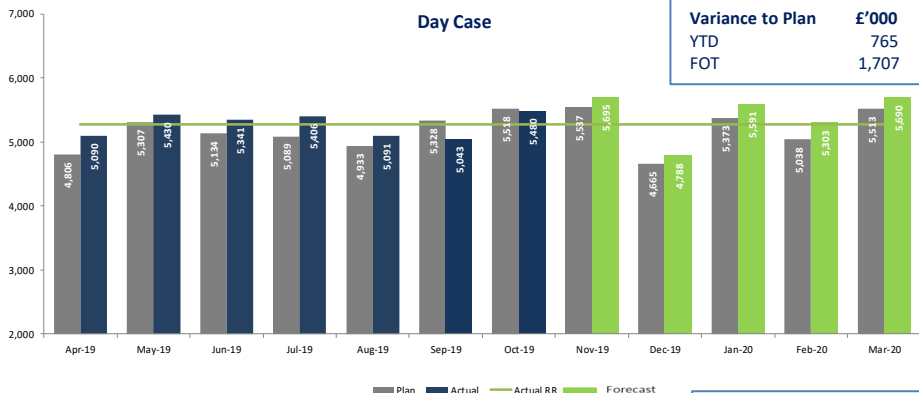
Patient Income Run Rates



Year to Date

- Year to date over-performance of £13.4m which includes £2.4mF in relation to drugs and devices excluded from tariff and £2.0mF due to the Medical Pay Award.
- Over-performance predominantly driven by Day Case, Emergency and Outpatients activity across most CMGs partially offset by under-performance in Elective Inpatients and ECMO.
- September PCI included year to date catch up funding in relation to the Medical Pay Award of £1.7m which is offset in Pay.

Patient Income Run Rates: Point of Delivery



Pay: YTD £393.7m, £0.5mF to Plan

		Oct-19						YTD					
		£'000			WTE			£'000			WTE		
		Plan	Actual	F/(A)	Plan	Actual	F/(A)	Plan	Actual	F/(A)	Plan	Actual	F/(A)
Agency	Medical	548	500	48	37	58	(21)	4,080	3,834	246	37	58	(21)
	Nursing & Midwifery	804	755	49	149	167	(18)	5,530	5,014	517	149	167	(18)
	Other Clinical	183	162	21	35	20	15	1,358	1,454	(97)	35	20	15
	Non Clinical	20	21	(1)	12	0	12	163	8	155	12	0	12
	Total: Agency	1,554	1,438	116	233	245	(12)	11,131	10,309	821	233	245	(12)
Other Non-contracted	Medical		1,443	(1,443)	0	3	(3)	10,854	(10,854)		0	3	(3)
	Nursing & Midwifery		1,645	(1,645)	0	515	(515)	11,874	(11,874)		0	515	(515)
	Other Clinical		361	(361)	0	70	(70)	2,402	(2,402)		0	70	(70)
	Non Clinical		552	(552)	0	257	(257)	3,949	(3,949)		0	257	(257)
	Total: Other Non-contracted	0	4,001	(4,001)	0	845	(845)	0	29,078	(29,078)	0	845	(845)
Total Non-contracted	Medical	548	1,943	(1,395)	37	62	(25)	4,080	14,687	(10,607)	37	62	(25)
	Nursing & Midwifery	804	2,400	(1,596)	149	682	(533)	5,530	16,888	(11,357)	149	682	(533)
	Other Clinical	183	523	(340)	35	90	(55)	1,358	3,856	(2,498)	35	90	(55)
	Non Clinical	20	573	(553)	12	257	(244)	163	3,957	(3,794)	12	257	(244)
	Total: Non-contracted	1,554	5,439	(3,885)	233	1,090	(858)	11,131	39,387	(28,256)	233	1,090	(858)
Substantive	Medical	16,728	16,137	591	2,052	2,006	46	117,564	109,845	7,719	2,052	2,006	46
	Nursing & Midwifery	18,962	17,704	1,259	6,054	5,428	626	134,199	123,438	10,761	6,054	5,428	626
	Other Clinical	8,128	6,946	1,182	2,321	2,048	272	57,396	49,131	8,264	2,321	2,048	272
	Non Clinical	10,574	10,250	324	4,445	4,132	313	73,810	71,848	1,962	4,445	4,132	313
	Total: Substantive	54,393	51,037	3,356	14,872	13,614	1,258	382,968	354,263	28,706	14,872	13,614	1,258
Total	Medical	17,276	18,080	(804)	2,088	2,067	21	121,644	124,533	(2,889)	2,088	2,067	21
	Nursing & Midwifery	19,766	20,104	(338)	6,203	6,110	93	139,729	140,326	(597)	6,203	6,110	93
	Other Clinical	8,310	7,469	842	2,355	2,139	217	58,753	52,987	5,766	2,355	2,139	217
	Non Clinical	10,594	10,823	(229)	4,458	4,389	69	73,973	75,805	(1,831)	4,458	4,389	69
	TOTAL: Pay	55,947	56,476	(529)	15,105	14,705	400	394,099	393,650	449	15,105	14,705	400

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 £10.3m, £0.8mF across most staff groups.

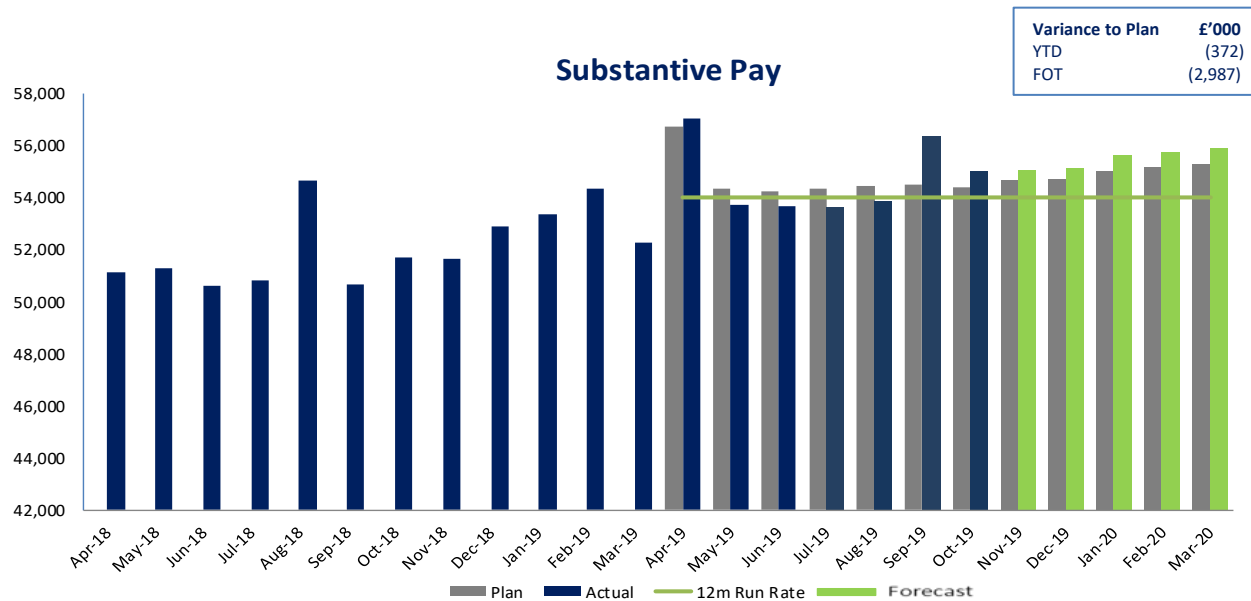
Other Non-contracted Pay

- Other non-contracted pay consists of overtime, bank, WLIs and internal locums.
- Year to date expenditure of £29.1m 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

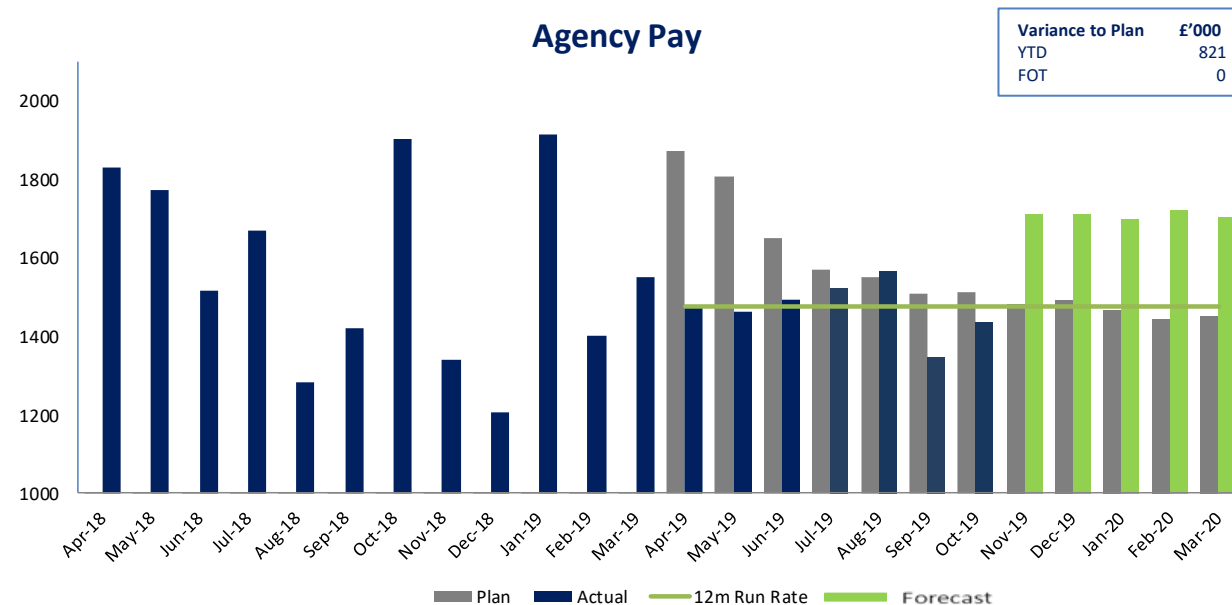
- Combined with other non-contracted, expenditure of £393.7m, £0.4mF to Plan.
- Medical Pay overspend is predominantly driven by the Medical Pay Award of £2.0m with underlying overspend in Medical within CHUGGS, ITAPS and W&C.
- Other Clinical includes £2.4mF relating to release of central contingency in line with Plan.
- Most CMGs are either in line or below Plan with overspends in CHUGGS, ESM and ITAPS with Emergency pressures driving increased costs on capacity to support patient flow.
- 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.
- Changes to run rates:
 - April 2019 was driven by new AFC rates including a one-off cash payment and payment of Clinical Excellence Awards;
 - September 2019 includes the year to date payment of £1.7m for the Medical Pay Award which is offset in income.
 - October through to March reflects the cost of the planned additional capacity to support operational Winter pressures.



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 £223.1m, £12.5mA to Plan

	Oct-19				YTD				
	Plan	Actual	F / (A)		Plan	Actual	F / (A)		
	£'000	£'000	£'000	%	£'000	£'000	£'000	%	
Direct	Blood Products	75	291	(216)	(286%)	503	1,392	(890)	(177%)
	Drugs	9,415	9,459	(43)	(0%)	59,792	62,056	(2,264)	(4%)
	Clinical Supplies & Services	9,537	10,477	(940)	(10%)	67,096	72,154	(5,057)	(8%)
	Transport	410	531	(121)	(30%)	2,846	3,780	(934)	(33%)
	Recharges	647	708	(61)	(9%)	4,394	4,909	(515)	(12%)
	Misc & General Supplies	1,129	1,161	(32)	(3%)	11,125	12,185	(1,060)	(10%)
External Providers	Healthcare	916	1,004	(88)	(10%)	6,493	6,212	281	4%
	Non Healthcare	1,250	1,060	190	15%	8,807	8,842	(35)	(0%)
Overheads	Establishment, Premises & Plant	4,543	4,887	(344)	(8%)	31,223	33,016	(1,793)	(6%)
	Consultancy	47	170	(123)	(260%)	494	699	(205)	(41%)
	Clinical Negligence	2,554	2,554	0	0%	17,878	17,878	0	0%
Total: Non Pay	30,524	32,302	(1,779)	(6%)	210,650	223,122	(12,472)	(6%)	

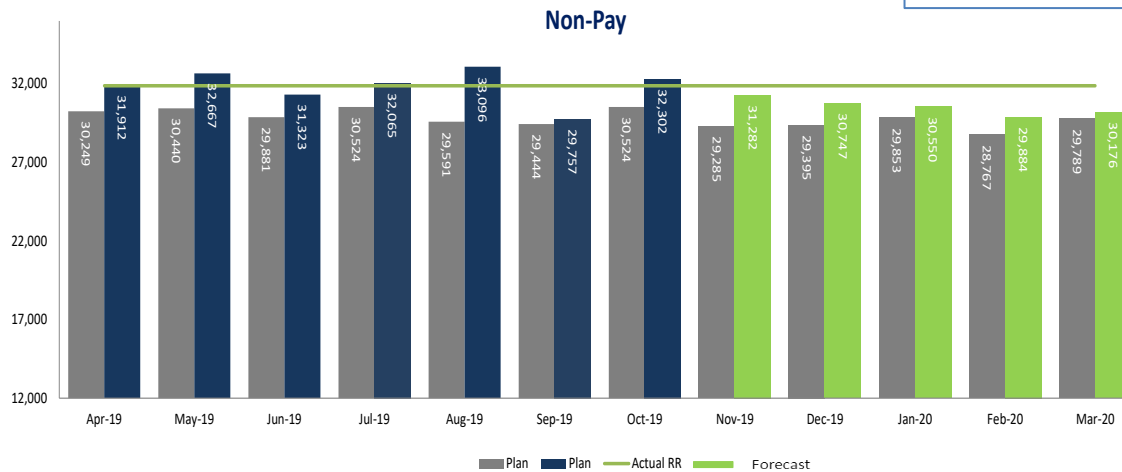
- **Direct Costs: £156.5m, £10.7mA to Plan** including £2.4mA in relation to drugs and devices excluded from tariff.

Underlying overspend of £10.4m which is driven by marginal cost to deliver the additional activity together with costs to support the Emergency Pathway including Patient Transport. In addition the adverse position includes under-delivery of non-pay plan CIP which is delivered by CIP delivery in other schemes together with the crystallisation of budget pressures particularly within Estates.

The Month position includes release of planning reserves in line with plan and £1.5m acceleration of central reserves. This will be partially offset through the impact of M7 fully coded income.

- **External Providers: YTD cost of £15m, £0.2mF to plan.**
- **Overheads: YTD expenditure of £51.6m, £2.0mA to Plan** largely due to the recognition of Microsoft Licences which were previously capitalised and amortised together with IT costs. Research costs are also £0.3mA, which is offset by pay / income.

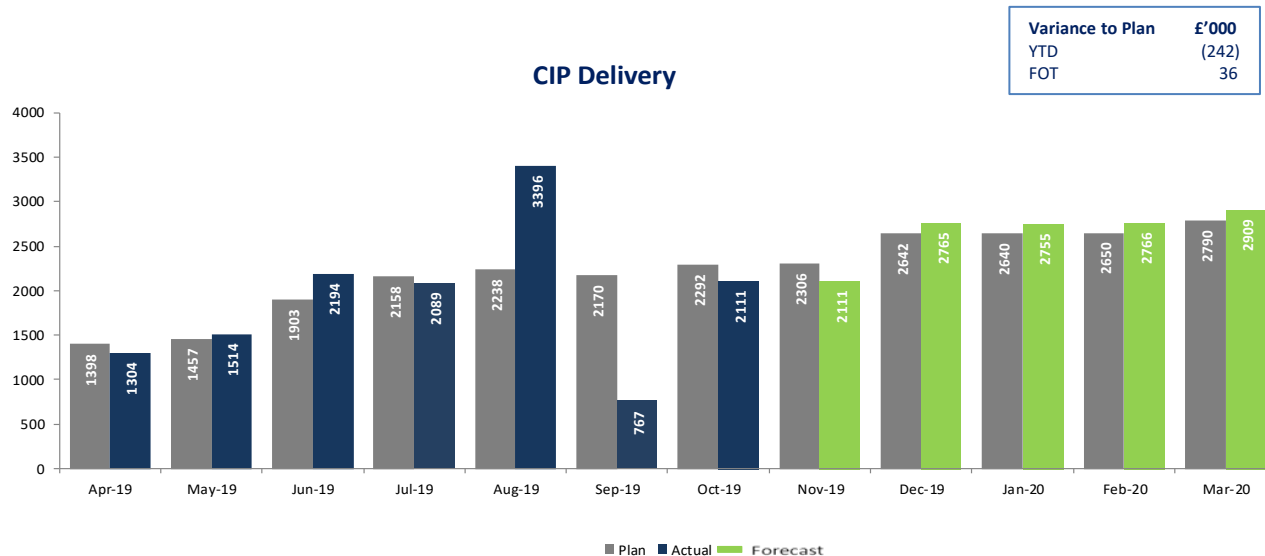
Variance to Plan	£'000
YTD	(12,472)
FOT	(18,024)



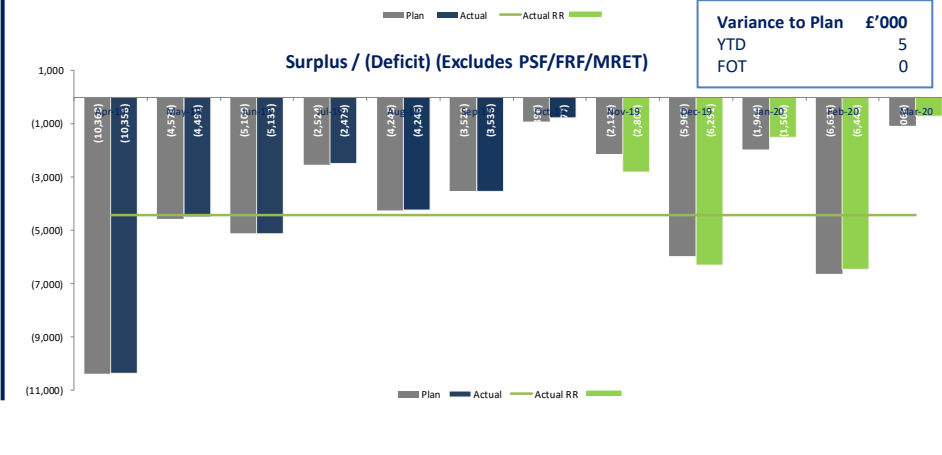
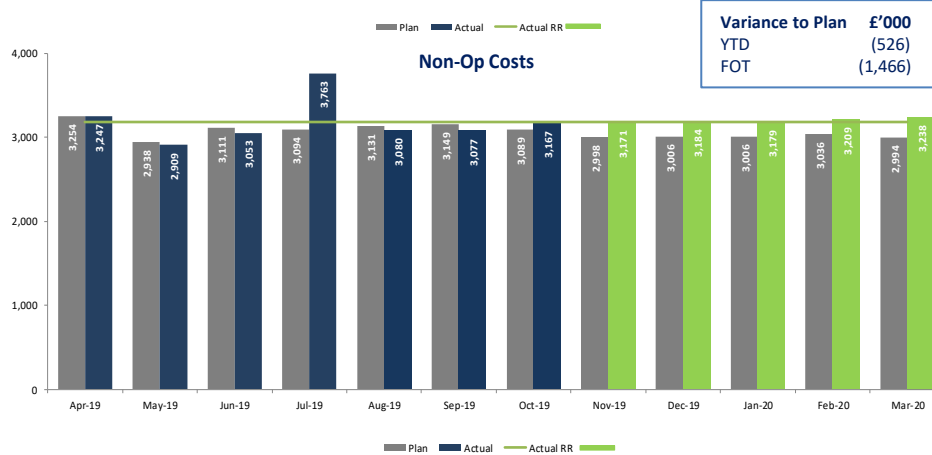
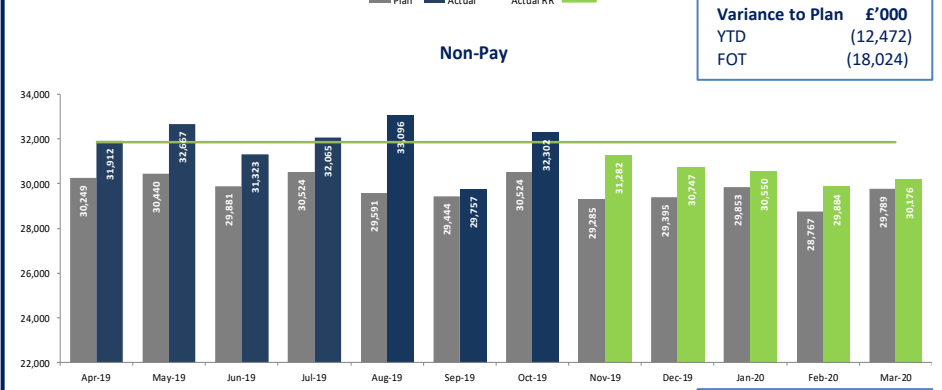
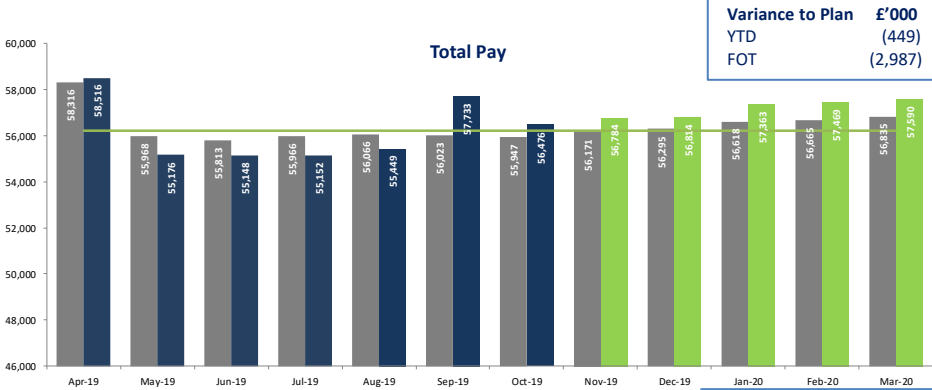
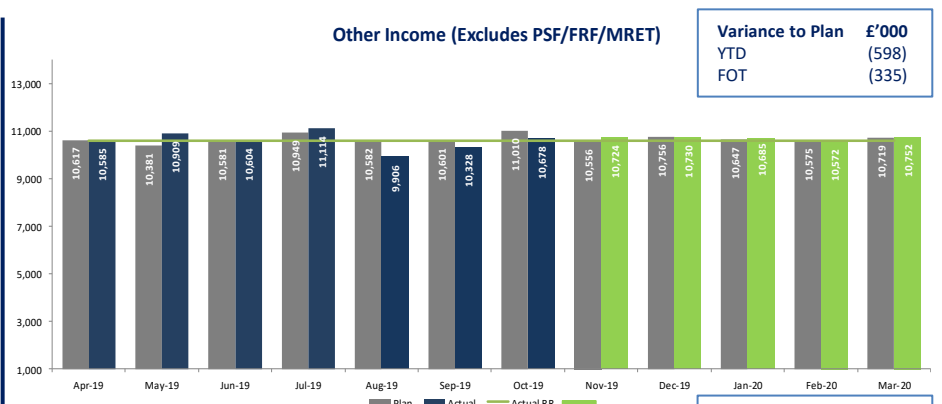
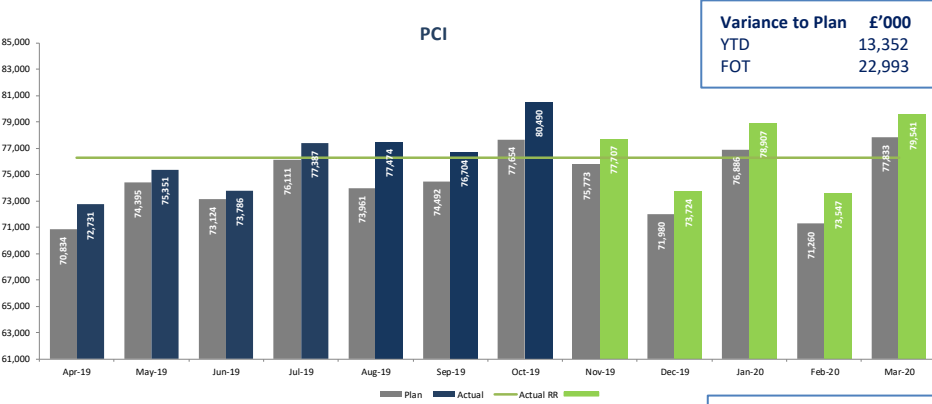
CIP: YTD £13.4m, £0.2m adverse to Plan

	Oct-19				YTD				FY Plan £'000
	Plan	Actual	F / (A)		Plan	Actual	F / (A)		
	£'000	£'000	£'000	%	£'000	£'000	£'000	%	
CHUGGS	396	312	(84)	(21%)	2,264	1,941	(323)	(14%)	4,245
CSI	174	260	87	50%	1,276	1,798	523	41%	2,058
ESM	368	364	(4)	(1%)	2,453	2,937	485	20%	4,294
ITAPS	138	154	16	11%	869	1,012	143	16%	1,564
MSS	370	358	(12)	(3%)	2,476	2,203	(273)	(11%)	4,330
RRCV	299	269	(30)	(10%)	1,548	1,728	180	12%	3,325
Womens & Childrens	207	169	(38)	(18%)	1,109	903	(206)	(19%)	3,405
Total: CMG	1,952	1,887	(65)	(3%)	11,994	12,522	528	4%	23,220
Corporate Total	65	41	(25)	(38%)	213	179	(34)	(16%)	540
Facilities	162	185	24	15%	955	674	(281)	(29%)	1,862
Central	114	0	(114)	(100%)	454	0	(454)	(100%)	1,023
Total CIP	2,293	2,113	(180)	(8%)	13,617	13,375	(242)	(2%)	26,645

- CIP delivered of £13.4m which is £0.2m adverse to Plan with under-delivery in CHUGGS, MSS, W&C and Estates partially 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 risks in various CMGS with ITAPS and W&C in Special Measures and CHUGGS, CSI, MSS and Estates having Corporate Finance oversight outside of the formal monthly PRMs in order to track financial performance and recovery.

	CHUGGS		
	Plan	YTD	Variance
	£'m	£'m	£'m
PCI	98.6	100.9	2.4
Other Income	4.7	4.6	(0.1)
Total Income	103.3	105.5	2.3
Total Pay	(35.8)	(37.2)	(1.3)
Total Non-Pay	(35.1)	(37.8)	(2.7)
EBITDA	32.3	30.6	(1.8)

	CSI		
	Plan	YTD	Variance
	£'m	£'m	£'m
PCI	25.0	26.9	1.9
Other Income	7.2	6.3	(0.9)
Total Income	32.2	33.2	1.0
Total Pay	(53.6)	(53.5)	0.0
Total Non-Pay	(1.2)	(2.3)	(1.1)
EBITDA	(22.6)	(22.6)	(0.0)

	ESM		
	Plan	YTD	Variance
	£'m	£'m	£'m
PCI	103.0	106.3	3.3
Other Income	5.9	6.0	0.1
Total Income	108.9	112.3	3.4
Total Pay	(62.8)	(65.7)	(2.8)
Total Non-Pay	(29.6)	(30.5)	(1.0)
EBITDA	16.5	16.1	(0.4)

	ITAPS		
	Plan	YTD	Variance
	£'m	£'m	£'m
PCI	22.0	20.0	(1.9)
Other Income	2.3	3.3	1.0
Total Income	24.2	23.3	(0.9)
Total Pay	(40.7)	(41.1)	(0.4)
Total Non-Pay	(11.8)	(13.1)	(1.4)
EBITDA	(28.3)	(30.9)	(2.7)

	MSS		
	Plan	YTD	Variance
	£'m	£'m	£'m
PCI	64.1	63.6	(0.4)
Other Income	3.7	3.1	(0.6)
Total Income	67.8	66.8	(1.0)
Total Pay	(33.6)	(33.2)	0.4
Total Non-Pay	(15.0)	(16.3)	(1.3)
EBITDA	19.2	17.2	(2.0)

	RRCV		
	Plan	YTD	Variance
	£'m	£'m	£'m
PCI	107.7	112.1	4.3
Other Income	4.8	4.3	(0.6)
Total Income	112.5	116.3	3.8
Total Pay	(48.8)	(48.3)	0.5
Total Non-Pay	(35.1)	(38.3)	(3.2)
EBITDA	28.6	29.8	1.1

	W&C		
	Plan	YTD	Variance
	£'m	£'m	£'m
PCI	95.0	94.3	(0.7)
Other Income	5.6	5.3	(0.3)
Total Income	100.7	99.7	(1.0)
Total Pay	(52.8)	(53.1)	(0.3)
Total Non-Pay	(21.7)	(21.9)	(0.2)
EBITDA	26.2	24.7	(1.4)

	ESTATES		
	Plan	YTD	Variance
	£'m	£'m	£'m
PCI	0.0	0.0	0.0
Other Income	13.0	13.1	0.1
Total Income	13.0	13.1	0.1
Total Pay	(22.1)	(22.2)	(0.0)
Total Non-Pay	(19.7)	(21.4)	(1.7)
EBITDA	(28.8)	(30.5)	(1.7)

	CORPORATE		
	Plan	YTD	Variance
	£'m	£'m	£'m
PCI	0.0	0.0	0.0
Other Income	4.1	4.1	0.0
Total Income	4.1	4.1	0.0
Total Pay	(21.3)	(20.3)	1.0
Total Non-Pay	(23.3)	(24.3)	(1.0)
EBITDA	(40.5)	(40.5)	0.0

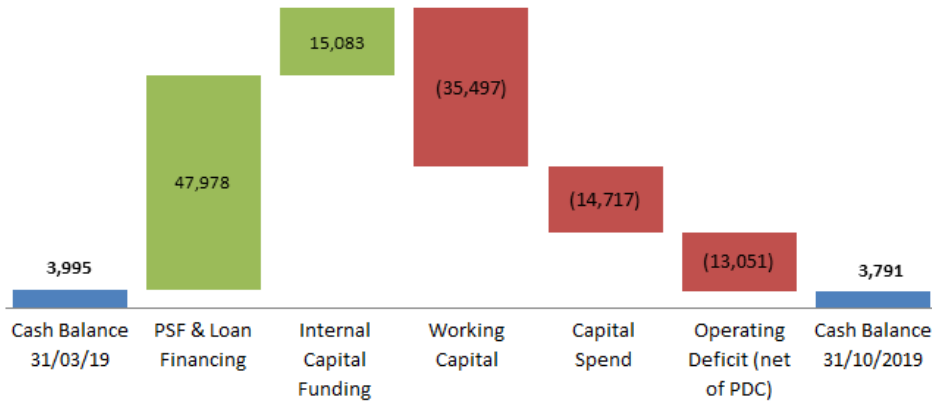
October 2019: Statement of Financial Position

	Mar-19 £000's Actual	Oct-19 £000's Actual	Movement £000's Actual
Non Current Assets			
Property, plant and equipment	479,471	482,521	3,050
Intangible assets	8,889	7,762	(1,127)
Trade and other receivables	6,573	7,260	687
TOTAL NON CURRENT ASSETS	494,933	497,543	2,610
Current Assets			
Inventories	25,052	26,467	1,415
Trade and other receivables	67,696	74,579	6,883
Cash and cash equivalents	3,995	3,791	(204)
TOTAL CURRENT ASSETS	96,743	104,837	8,094
Current Liabilities			
Trade and other payables	(110,311)	(87,736)	22,575
Borrowings / Finance Leases	(53,133)	(37,982)	15,151
Other Liabilities	(7,566)	(4,566)	3,000
Provisions for liabilities and charges	(368)	(448)	(80)
TOTAL CURRENT LIABILITIES	(171,378)	(130,732)	40,646
NET CURRENT ASSETS (LIABILITIES)	(74,635)	(25,895)	48,740
TOTAL ASSETS LESS CURRENT LIABILITIES	420,298	471,648	51,350
Non Current Liabilities			
Borrowings / Finance Leases	(200,320)	(262,614)	(62,294)
Provisions for liabilities and charges	(1,584)	(1,017)	567
TOTAL NON CURRENT LIABILITIES	(201,904)	(263,631)	(61,727)
TOTAL ASSETS EMPLOYED	218,394	208,017	(10,377)
Public dividend capital	341,176	347,517	6,341
Revaluation reserve	142,351	142,350	(1)
Retained earnings	(265,133)	(281,850)	(16,717)
TOTAL TAXPAYERS EQUITY	218,394	208,017	(10,377)
Ratios			
Liquidity Ratio Days (Working Capital Balance / Annual Operating Expenses)	(32)	(28)	
Liquidity Ratio Metric	4	4	

- **Total Assets Employed:** Movement of £8.4m
- **Non-Current Assets:** Increased by £2.6m.
- **Working capital:**
 - Trade receivables have reduced by £6.9m
 - Trade payables have reduced by £24.6m due mainly to the receipt of an additional £17.9m working capital loan financing in October
- **Cash:** September balance of £3.8m is above the £1m target cash balance due to the timing of cash receipts, and includes TMP cash of £2.2m.
- **Non-current liabilities:**
 - Increase of £61.7m 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 a score of 4 (high risk), which is in line with our plan.

October 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 £13.0m and movement in working capital by securing £48.0m of external financing.

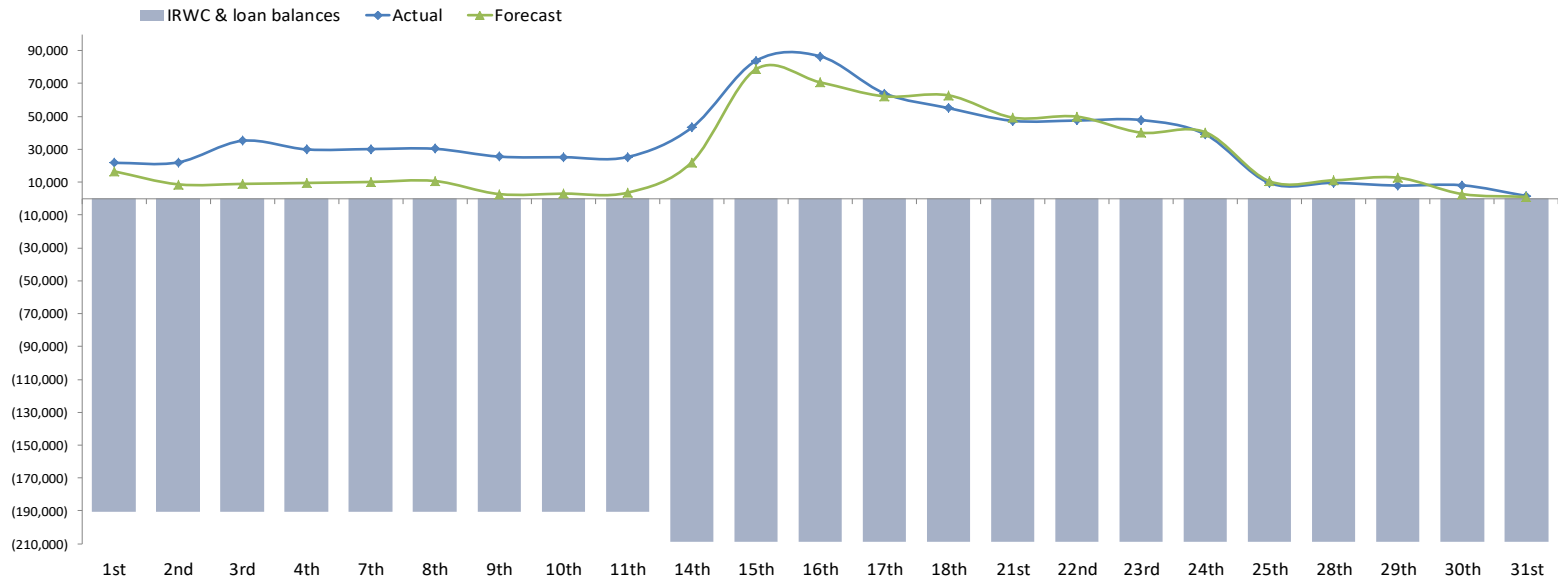
Full Year Forecast

- 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 25th October due to the monthly payroll run.

Daily Cash Balance



Liquidity: Movement of £30.9m

	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	35,691	2,322	15,164	5,214	10,102	5,211	15%
	Non-NHS receivables - revenue	14,767	16,310	1,543	6,173	1,884	842	7,411	45%
	Provision for the impairment of receivables	(2,170)	(2,170)	0	(2,170)				
	Non-NHS prepayments and accrued income	9,308	16,961	7,653	16,961				
	VAT	1,782	2,028	246	2,028				
	Other receivables	674	982	308	982				
	TOTAL	57,730	70,180	12,450	39,516	7,098	10,944	12,622	
Accounts Payable	NHS payables - revenue	(31,530)	(31,410)	120	(164)	(124)	(1,011)	(30,111)	96%
	Non-NHS payables - revenue	(36,191)	(28,356)	7,835	(10,314)	(11,651)	(5,144)	(1,247)	4%
	Non-NHS payables - capital	(3,423)	(469)	2,954	(172)	(142)	(66)	(89)	19%
	Non-NHS accruals and deferred income	(14,550)	(3,368)	11,182	(3,368)				
	Social security costs	(7,298)	(7,482)	(184)	(7,482)				
	Tax	(6,121)	(6,234)	(113)	(6,234)				
	Other	(11,200)	(14,422)	(3,222)	(14,422)				
	Payments received on account	(2,585)	(2,663)	(78)	(2,663)				
	TOTAL	(112,899)	(94,404)	18,495	(44,819)	(11,917)	(6,221)	(31,447)	
Total Liquidity	(55,168)	(24,224)	30,944						

Liquidity: movement of £30.9m from opening position due to:

- Accounts receivable: increase of £12.5m
- Accounts payable: reduction of £18.5m

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

- NHS receivables: 15% - £5.2m over 90 days.
- Non-NHS receivables: 45% - £7.4m over 90 days.
- NHS payables-revenue: 96% - £30.1m 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	October YTD		Prior month YTD	
	Number	£000s	Number	£000s
All				
Total Invoices Paid in the Year	87,165	402,376	73,905	335,358
Total Invoices Paid Within Target	32,896	257,668	27,041	212,418
Percentage Invoices Paid Within Target (target 95%)	38%	64%	37%	63%
Non-NHS Payables				
Total Non-NHS Invoices Paid in the Year	84,240	331,749	71,812	279,320
Total Non-NHS Invoices Paid Within Target	32,184	207,189	26,665	170,957
Percentage of Non-NHS Invoices Paid Within Target	38%	62%	37%	61%
Local SME payables				
Total SME Invoices Paid in the Year	410	5,852	338	4,871
Total SME Invoices Paid Within Target	260	986	209	815
Percentage of Local SME Invoices Paid Within Target	63%	17%	62%	17%
NHS Payables				
Total NHS Invoices Paid in the Year	2,515	64,775	2,093	56,038
Total NHS Invoices Paid Within Target	452	49,494	376	41,461
Percentage of NHS Invoices Paid Within Target	18%	76%	18%	74%

- 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: October £14.7m, £15.5mF 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. Following verbal confirmation of £10m Emergency Capital Loans, Capital Spend will incurred in line with the required parameters.

Scheme Name	September 2019			
	Annual	YTD	YTD	YTD
	Budget	Plan	Actual	F / (A)
	£'000	£'000	£'000	£'000
ICU Pre-commitment	21,567	12,582	8,065	4,517
Endoscopy Decontamination	8,600	5,019	0	5,019
Business Cases & Reconfiguration Schemes	6,453	3,951	911	3,040
Estates & Facilities Schemes	8,429	4,914	3,039	1,875
IM&T Schemes	4,000	2,331	1,901	430
Medical Equipment Schemes	3,000	1,750	0	1,750
3T MRI Scanner / Linear Accelerator	3,700	2,575	0	2,575
Managed Equipment Service	3,349	1,953	801	1,152
Other	0	0	0	0
TOTAL CAPITAL EXPENDITURE	59,098	35,075	14,717	20,358

2019/20 Financial Plan: Key Risks

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

Mitigation: continuation of Performance Management Framework including use of Financial Special Measures 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 together with System wide working in order to secure the best financial outturn across LLR.

- **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 with additional Winter pressures are intended to be funded through external funding

- **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.