

2019/20 Financial Performance

Author: Lisa Gale

Sponsor: Paul Traynor

Trust Board paper M1

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	27.08.19	Decision
Trust Board Committee	29.08.19	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 31st July 2019?

The Trust has achieved a year to date deficit of £22.5m 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 £13.4m in line with Plan.

Underlying performance is in line with Plan with over-performance in Emergency and Elective activity offset by the marginal cost to deliver the additional activity. Financial risks emerging in CHUGGS, ITAPS, MSS and W&C CMGs and Estates & Facilities Directorate 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 4, the Trust has delivered efficiencies of £7.1m which is £0.2mF to Plan.

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

As part of Month 4 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 4 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	Not applicable
Safely and timely discharge	Not applicable
Improved Cancer pathways	Not applicable
Streamlined emergency care	Not applicable
Better care pathways	Not applicable
Ward accreditation	Not applicable

2. Supporting priorities:

People strategy implementation	Not applicable
Estate investment and reconfiguration	Not applicable
e-Hospital	Not applicable
More embedded research	Not applicable
Better corporate services	Not applicable
Quality strategy development	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 <i>Principal Risk</i> on the BAF?	X	Principal Risk 9 - Failure to meet the financial control total including through improved productivity
Organisational: Does this link to an <i>Operational/Corporate Risk</i> on Datix Register		
New Risk identified in paper: What <i>type</i> and <i>description</i> ?		
None		

5. Scheduled date for the **next paper** on this topic: **3 October 2019**

6. Executive Summaries should not exceed **5 sides** [My paper does/~~does not~~ comply]

Contents

Executive Summary	Page 2
I&E: Overall Position	
• July 2019: Key Facts	Page 3
• Financial Performance	Page 4
• I&E Bridge	Page 5
Patient Income	
• NHS Patient Income	Page 6
• Activity & Income: Performance versus Contract	Page 7
• Patient Income Run Rates	Page 8
• Patient Income Run Rates: Point of Delivery	Page 9
Pay Costs	
• Pay Costs	Page 10
• Pay Cost Run Rates	Page 11
I&E: Other	
• Non-Pay	Page 12
• CIP	Page 13
• I&E Run Rates	Page 14
• Performance by CMG and Directorates : Year to Date	Page 15
Assets & Liabilities	
• July 2019: Statement of Financial Position	Page 16
• Cash	Page 17
• Liquidity	Page 18
• Better Payments Practice Code	Page 19
• Capital	Page 20
• Financial Plan: Risks and Mitigations	Page 21

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 £22.5m 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 £1.3m pay reserves in line with Plan.
- **Including PSF/FRF/MRET: Deficit of £13.4m, in line with plan**
- **Patient Care Income, £4.8mF to Plan :** Underlying over-delivery of £3.0m 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 £7.0m before applying the blended rate adjustment of £2.4m.
- **Operating Costs, £4.8mA to Plan:** Pay £2.1mF to Plan including £1.4mF release of Central contingency. Underlying non-pay overspend of £5.1m 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 £7.1m delivered, £0.2mF Plan**
- **Forecast:** As part of Month 4 reporting to NHSI, the Trust has submitted a forecast of £10.7m (deficit) in line with Plan.

Cash

- Closing cash position at July of £4.5m, including Trust Group Holdings (TGH) of £2.3m. This is higher than forecast due to the timing of month end cash receipts from Commissioners.
- TGH cash balance was £2.3m.
- Funded year to date operating deficit of £13.4m and movement in working capital by securing £20.2m of external financing.

Capital

- **July:** Total capital expenditure of £6.8m, £12.7mF 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.

Key

F refers to a Favourable variance to plan, A refers to an Adverse variance to plan

July 2019: Key Facts



Patient Income
£4.8mF

Other Income
£0.7mF



Substantive Pay
£1.6mF

Agency
£0.5mF



Non Pay
£6.9mA

Non-Op Costs
£0.6mA



EBITDA
£0.7mF

CIP
£0.2mF



Liquidity Indicators

Capital
£12.7mF

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 £13.4m

	Jul-19				YTD			
	Plan	Actual	Vs Plan	%	Plan	Actual	F/(A)	%
Value Drivers								
Day Case	8,820	9,570	750	8%	34,689	36,518	1,829	5%
Elective Inpatient	1,838	1,672	(166)	(9%)	6,938	6,762	(176)	(3%)
Emergency / Non-elective Inpatient	9,810	9,933	123	1%	39,265	40,011	745	2%
Emergency Department	21,198	21,718	520	2%	84,925	87,228	2,303	3%
Outpatients	83,874	89,396	5,522	7%	333,492	337,068	3,576	1%
Critical Care Services	4,923	4,997	74	1%	19,309	19,077	(231)	(1%)
Renal Dialysis and Transplant	15,620	16,268	648	4%	61,351	62,712	1,361	2%
Other Activity	697,892	818,568	120,676	17%	2,782,666	2,965,514	182,848	7%
WTE Total	14,764	14,286	478	3%	14,764	14,286	478	3%
WTE Agency	261	249	13	5%	261	249	13	5%
	Plan	Actual	Vs Plan	%	Plan	Actual	F/(A)	%
	£'000	£'000	£'000	%	£'000	£'000	£'000	%
I&E £'000								
Patient Care Income	76,111	77,387	1,276	2%	294,464	299,255	4,791	2%
Non Patient Care Income	721	328	(393)	(55%)	1,811	1,670	(141)	(8%)
Other Operating Income	10,228	10,786	558	5%	40,718	41,543	825	2%
Total Income	87,060	88,501	1,441	2%	336,993	342,468	5,475	2%
Pay Costs	(54,327)	(53,629)	698	(1%)	(219,641)	(218,034)	1,607	1%
Pay Costs: Agency	(1,639)	(1,523)	116	(7%)	(6,422)	(5,957)	464	7%
Non Pay	(30,524)	(32,065)	(1,541)	5%	(121,092)	(127,966)	(6,874)	(6%)
Total Operating Costs	(86,490)	(87,217)	(727)	1%	(347,155)	(351,958)	(4,803)	(1%)
EBITDA	570	1,284	713	125%	(10,162)	(9,490)	672	(7%)
Non Operating Costs	(3,094)	(3,763)	(668)	22%	(12,399)	(12,971)	(573)	(5%)
Retained deficit	(2,524)	(2,479)	45	2%	(22,561)	(22,461)	100	0%
Adjustments for Donated Assets	19	(27)	(46)	240%	77	(16)	(93)	120%
Net Deficit	(2,505)	(2,506)	(2)	(0%)	(22,484)	(22,477)	7	0%
PSF/FRF/MRET	2,652	2,652	0	0%	9,048	9,048	0	0%
Net Deficit Including PSF/FRF/MRET	147	146	(2)	1%	(13,436)	(13,429)	7	0%
Ratios								
Agency: Total Pay	3.02%	2.84%	0.18%	(6%)	2.92%	2.73%	0.19%	
EBITDA: Income	0.66%	1.45%	0.80%	(121%)	(3.02%)	(2.77%)	0.24%	
Net Deficit: Income	(2.88%)	(2.83%)	0.04%	2%	(6.67%)	(6.56%)	0.11%	

- **NHS Patient Care Income: £299.3m, £4.8mF** including £1.8mF in relation to drugs and devices excluded from tariff with the offset in non-pay. Underlying over-delivery of £3.0m with over-performance in Emergency activity partially offset by under-performance in Critical Care and ECMO together with provisions for contract challenges of £3.4m.
- **Other Income: £43.2m, £0.7mF** which is driven by various items none of which are individually material.
- **Total Pay Costs: £223.9m, £2.1mF** including £1.4mF from release of contingency in line with Plan. Underlying underspend with most CMGs either in line or below plan with the exception of ESM and CHUGGS (Nursing) which are £1.2m overspent.

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.

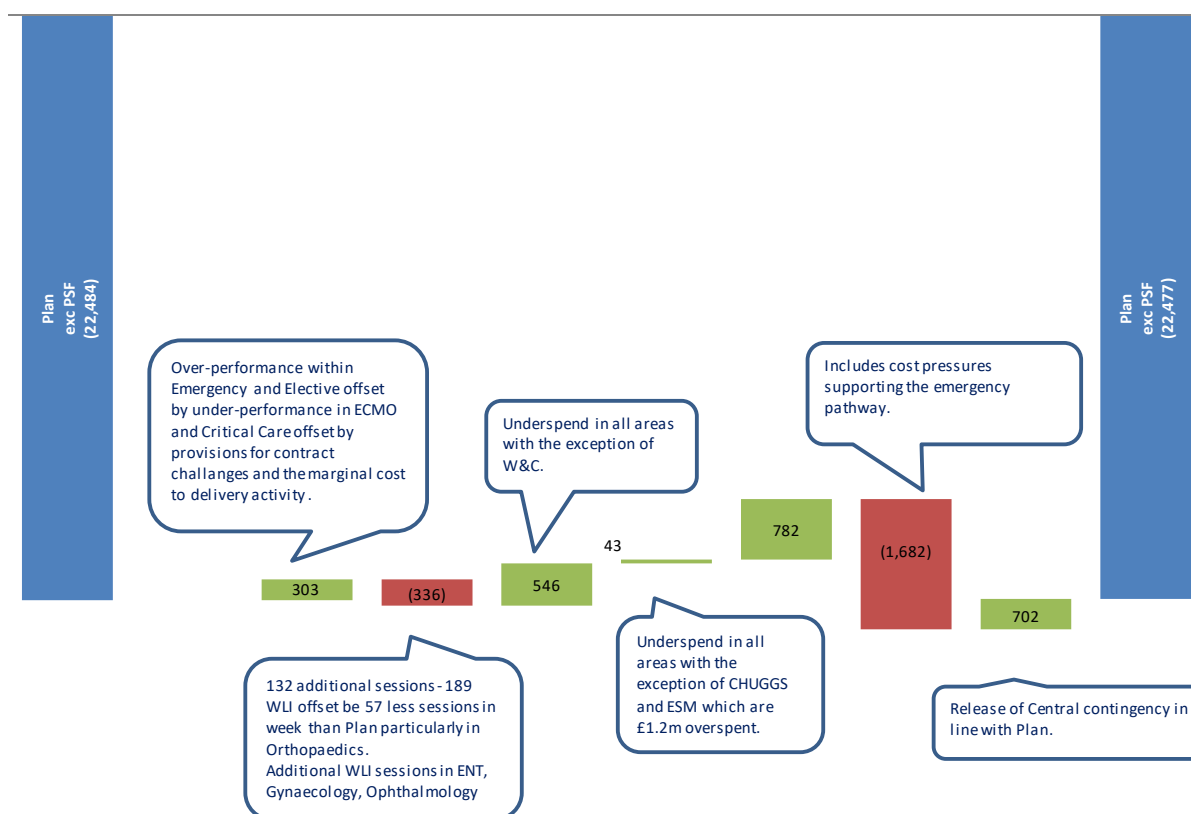
- **Non-Pay: £128.0m, £6.9mA** including £1.8mA relating drugs and devices excluded from tariff. Underlying overspend of £5.1m which is driven by marginal cost to deliver the additional activity together with additional capacity and additional Patient Transport costs to support the Emergency Pathway together with under-delivery of planned non-pay CIP which has been delivered elsewhere .
- **EBITDA: deficit of £9.5m, £0.7mF**
- **Non-Operating Costs: £12.9m, £0.6mA** due to depreciation being adverse to plan.
- **Provider Sustainability Fund, Financial Recovery Fund, Marginal Rate Emergency Tariff (PSF,FRF,MRET), in line with plan.**

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: in line with plan

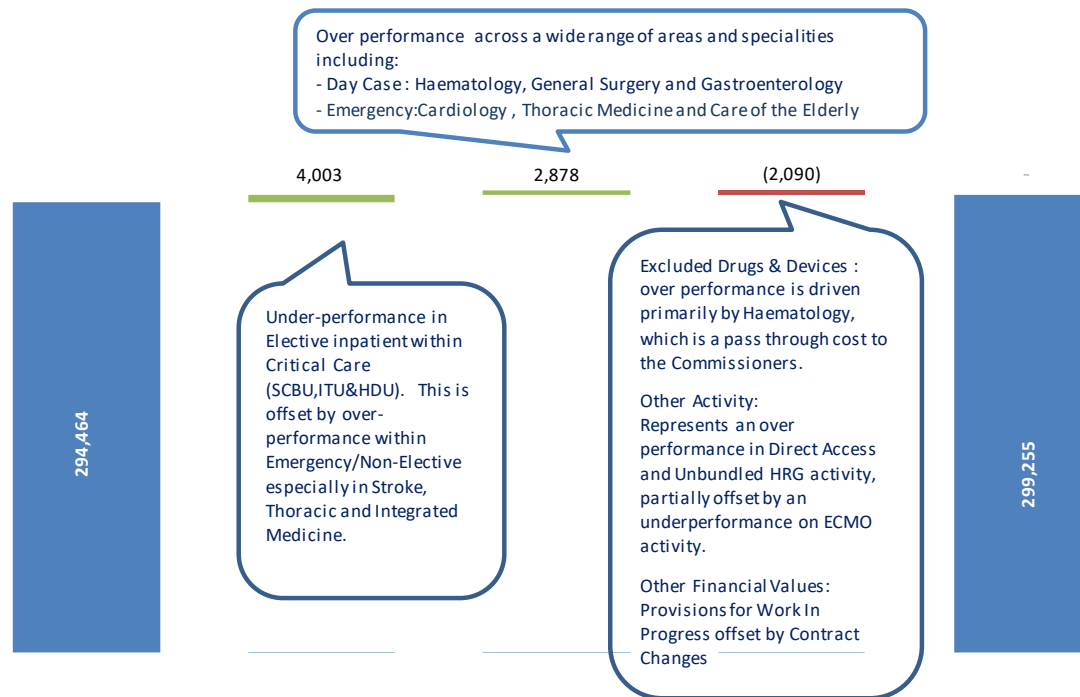
Underlying performance in line with Plan with over-performance in Emergency activity offset by marginal cost to deliver additional activity and cost pressures supporting the Emergency Pathway. The year-to-date position includes release of £1m pay reserves in line with Plan.



£(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	294,464	1,795	2,963						33	299,255	4,791
Other Income	42,442	(232)	875						(18)	43,067	625
Pay	(219,641)			(283)	316	(219)	810		984	(218,034)	1,607
Pay: Agency	(6,422)				230	262	(28)			(5,957)	464
Non Pay	(121,092)	(1,563)	(3,577)	(53)				(1,682)		(127,967)	(6,874)
Non-Operating Costs	(12,234)								(607)	(12,842)	(607)
Net Deficit	(22,484)	0	261	(336)	546	43	782	(1,682)	392	(22,477)	7

NHS Patient Income: July £299.3m, £4.8mF to Plan

Over-performance in Emergency activity and Outpatients 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	20,336	(135)	1,066	0	21,267	931
Elective Inpatient	28,364	(53)	(717)	0	27,594	(771)
Emergency / Non-elective Inpatient	87,524	4,401	1,745	0	93,670	6,146
Emergency Blended Payment Adjustment	-	0	0	(2,417)	(2,417)	(2,417)
Emergency Department	13,049	(180)	349	0	13,218	169
Outpatient	40,974	209	442	0	41,625	650
Drugs and Devices excluded from Tariff	31,997	0	0	1,795	33,792	1,795
Critical Care Services	19,582	(359)	(230)	0	18,993	(589)
Renal Dialysis and Transplant	10,002	120	224	0	10,346	344
CQUIN	3,302	0	0	0	3,302	0
Other Activity	38,026	0	0	1,099	39,125	1,099
Other Financial Values	1,307	0	0	(2,567)	(1,260)	(2,567)
Total	294,464	4,003	2,878	(2,090)	299,255	4,791

Activity & Income: Performance versus Contract

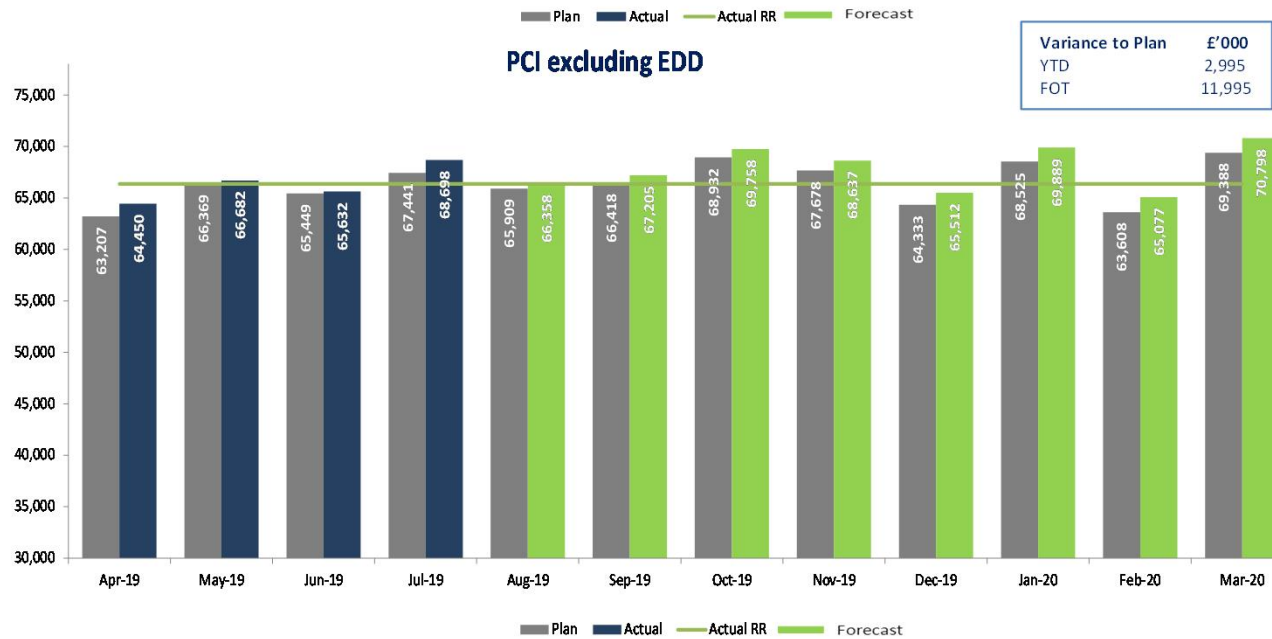
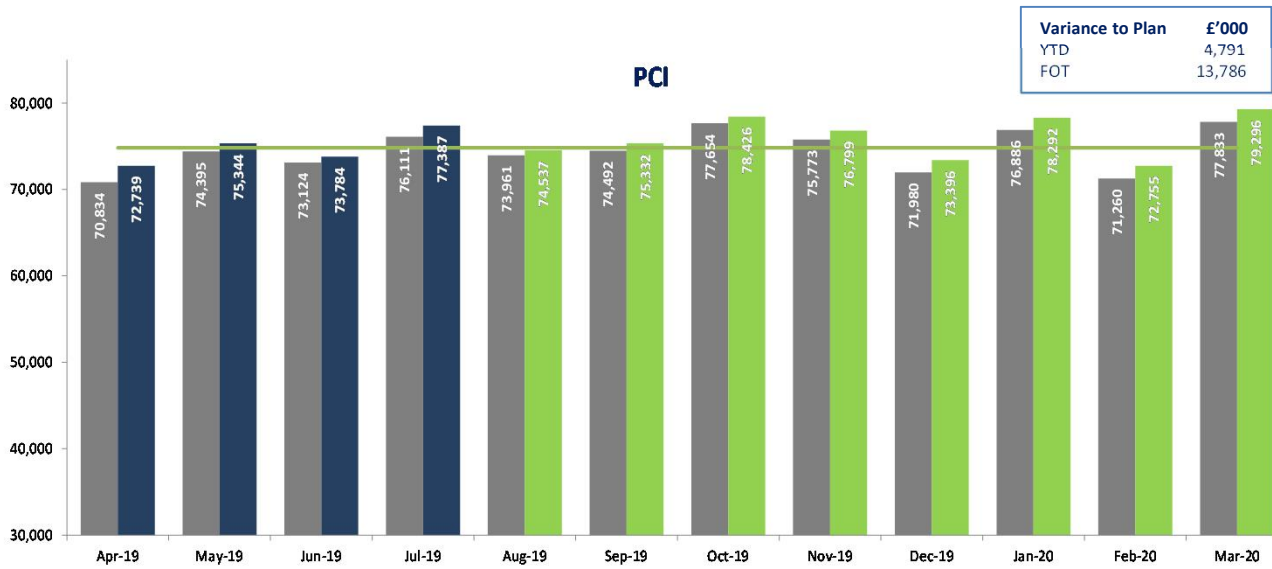
Activity	Case Mix	City	East	West	Specialised	Other	Alliance	Total	%
	Day Case		788	744	563	157	(217)	(207)	1,829
Elective Inpatient		(6)	(55)	(24)	14	(105)		(176)	(0%)
Emergency / Non-elective Inpatient		598	(212)	289	34	37		745	2%
Emergency Blended Payment Adjustment		0	0	0		0		0	0%
Emergency Department		1,141	382	991		(211)		2,303	3%
Outpatient		4,997	1,868	3,861	4,515	(9,216)	(2,449)	3,576	(1%)
Excluded Drugs and Devices								0	0%
Critical Care Services		(4)	(223)	341	(318)	(27)		(231)	(2%)
Renal Dialysis and Transplant		0	0	0	1,357	4		1,361	1%
CQUIN		0	0	0	0	0	0	0	0%
Other Activity		99,188	22,670	56,562	2,841	(349)	1,936	182,848	2%
Other Financial Values		2,573	(584)	2,266	1,447	3,296	6,948	15,946	0%

Financial	Case Mix	City	East	West	Specialised	Other	Alliance	Total	%
		(£000)	(£000)	(£000)	(£000)	(£000)	(£000)	(£000)	
Day Case		472	650	240	310	(554)	(188)	931	5%
Elective Inpatient		23	(399)	1	698	(1,095)	0	(771)	(3%)
Emergency / Non-elective Inpatient		3,954	1,807	2,288	(1,023)	(881)	0	6,146	7%
Emergency Blended Payment Adjustment		(1,095)	(617)	(809)	0	104	0	(2,417)	-
Emergency Department		279	116	203	0	(429)	0	169	1%
Outpatient		648	307	523	569	(1,151)	(245)	650	2%
Excluded Drugs and Devices		(26)	(5)	(61)	1,123	770	(7)	1,795	6%
Critical Care Services		12	(140)	355	(707)	(109)	0	(589)	(3%)
Renal Dialysis and Transplant		0	0	0	344	0	0	344	3%
CQUIN		44	23	37	(47)	(57)	0	(0)	0%
Other Activity		759	522	644	(327)	(646)	148	1,099	3%
Other Financial Values		(176)	677	417	1,713	(5,244)	47	(2,567)	(196%)
Grand Total		4,896	2,942	3,838	2,652	(9,294)	(244)	4,791	2%

Contracts:

- **Day Case & Elective Inpatient:** Day Case over performance predominantly within General Surgery, Haematology and Gastroenterology. Elective Inpatient under-performance in Orthopaedic Surgery 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, Dermatology and Paediatric Congenital Cardiology specialties offset by underperforming specialties, including Maxillofacial Surgery, Paediatric Cardiology and Thoracic Medicine.
- **Critical Care services:** Underperformance within SCBU, ITU & HDU
- **Other Activity:** Over performance in Obstetrics and Diagnostic imaging absorbing under-performance within Adult ECMO.
- **The CCG contract is over performing by £8.6m and whilst the rate of over performance has slowed in month 4, commissioners remain extremely concerned about this position. The Trust has received an Activity Query Notice in respect of elective over performance and meetings are ongoing. CCGs have also written to the Trust regarding the overall forecast outturn and the impact on CCG and System affordability.**

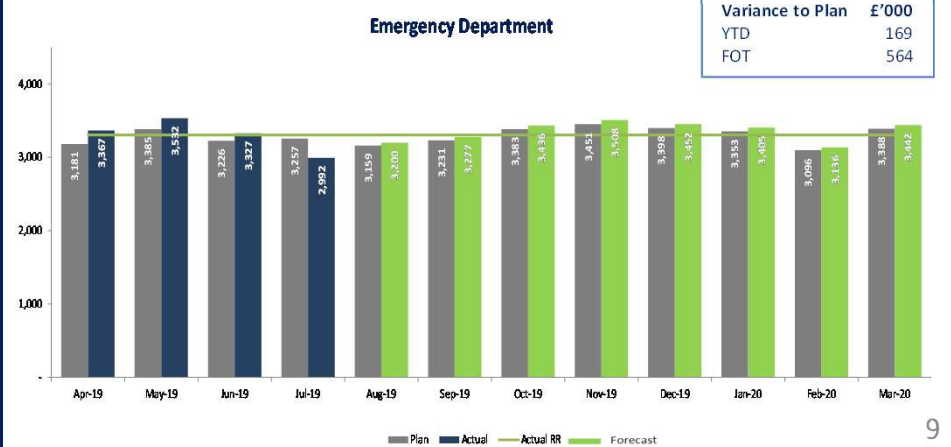
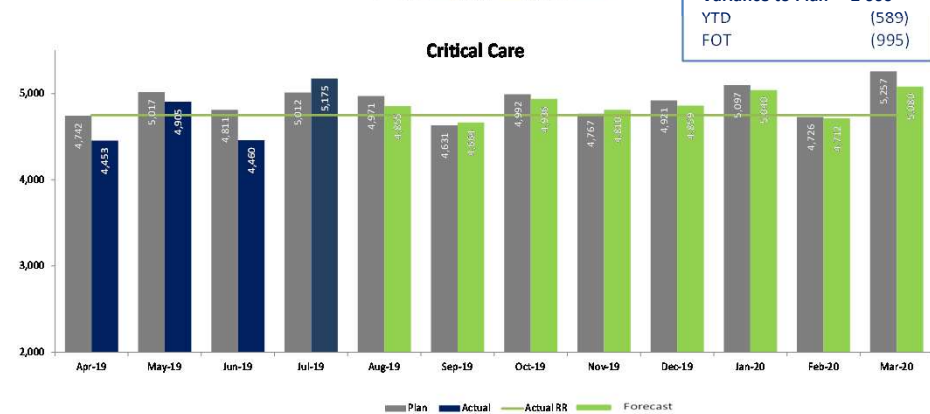
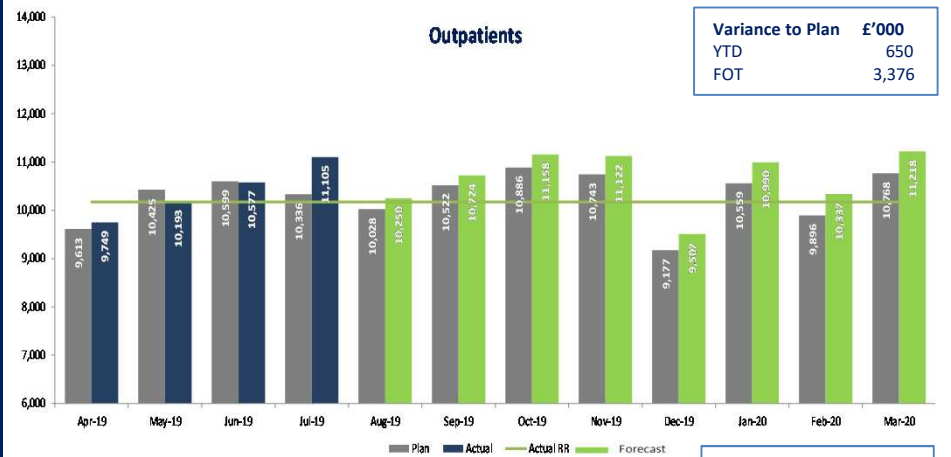
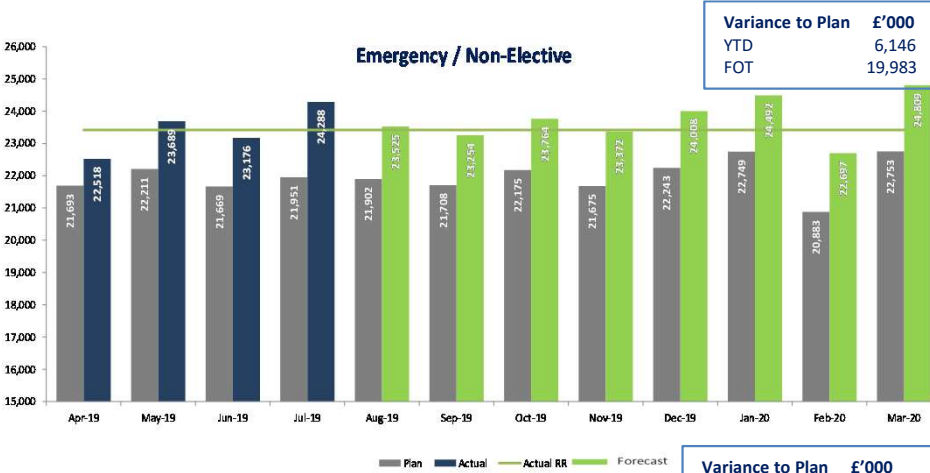
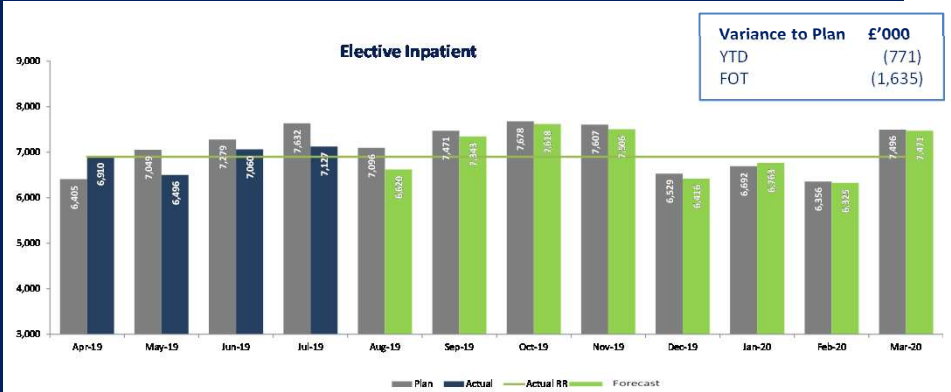
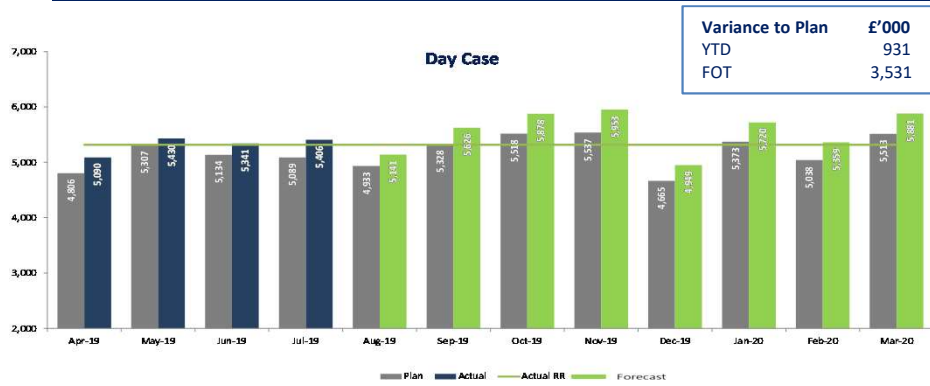
Patient Income Run Rates



Year to Date

- Year to date over-performance of £3.5m which includes £1.8mF in relation to drugs and devices excluded from tariff.
- Over-performance predominantly driven by Emergency and Day Case activity across most CMGs partially offset by under-performance in Critical Care.

Patient Income Run Rates: Point of Delivery



Pay: YTD £224m, £2.1mF to Plan

	Jul-19						YTD						
	£'000			WTE			£'000			WTE			
	Plan	Actual	F/(A)	Plan	Actual	F/(A)	Plan	Actual	F/(A)	Plan	Actual	F/(A)	
Agency	Medical	614	628	(13)	49	60	(11)	2,388	2,159	230	49	60	(11)
	Nursing & Midwifery	797	662	135	165	164	1	3,145	2,882	262	165	164	1
	Other Clinical	191	219	(28)	35	21	14	742	868	(126)	35	21	14
	Non Clinical	37	13	23	12	3	9	147	49	98	12	3	9
	Total: Agency	1,639	1,523	116	261	249	13	6,422	5,957	464	261	249	13
Other Non-contracted	Medical	0	1,336	(1,336)	0	1	(1)	0	5,940	(5,940)	0	1	(1)
	Nursing & Midwifery	0	1,531	(1,531)	0	469	(469)	0	6,735	(6,735)	0	469	(469)
	Other Clinical	0	327	(327)	0	64	(64)	0	1,361	(1,361)	0	64	(64)
	Non Clinical	0	527	(527)	0	250	(250)	0	2,198	(2,198)	0	250	(250)
	Total: Other Non-contracted	0	3,720	(3,720)	0	785	(785)	0	16,234	(16,234)	0	785	(785)
Total Non-contracted	Medical	614	1,963	(1,349)	49	62	(13)	2,388	8,098	(5,710)	49	62	(13)
	Nursing & Midwifery	797	2,193	(1,396)	165	634	(468)	3,145	9,617	(6,472)	165	634	(468)
	Other Clinical	191	546	(355)	35	85	(51)	742	2,230	(1,487)	35	85	(51)
	Non Clinical	37	541	(504)	12	253	(241)	147	2,246	(2,100)	12	253	(241)
	Total: Non-contracted	1,639	5,242	(3,604)	261	1,034	(772)	6,422	22,191	(15,769)	261	1,034	(772)
Substantive	Medical	16,708	15,108	1,600	2,009	1,968	41	67,404	61,233	6,171	2,009	1,968	41
	Nursing & Midwifery	18,943	17,670	1,273	6,017	5,423	594	77,023	70,706	6,317	6,017	5,423	594
	Other Clinical	8,208	6,788	1,421	2,303	1,999	305	33,004	28,656	4,348	2,303	1,999	305
	Non Clinical	10,468	10,344	124	4,434	4,111	323	42,210	41,205	1,005	4,434	4,111	323
	Total: Substantive	54,327	49,909	4,418	14,764	13,502	1,262	219,641	201,801	17,841	14,764	13,502	1,262
Total	Medical	17,322	17,071	251	2,058	2,030	28	69,792	69,331	461	2,058	2,030	28
	Nursing & Midwifery	19,740	19,863	(123)	6,182	6,057	125	80,168	80,323	(155)	6,182	6,057	125
	Other Clinical	8,399	7,333	1,066	2,338	2,084	254	33,746	30,886	2,861	2,338	2,084	254
	Non Clinical	10,504	10,885	(380)	4,447	4,364	82	42,357	43,452	(1,095)	4,447	4,364	82
	TOTAL: Pay	55,966	55,152	814	15,025	14,535	490	226,063	223,992	2,071	15,025	14,535	490

Agency Pay

- Year to date cost of £6m, £0.5mF predominantly within Medical Agency.

Other Non-contracted Pay

- Other non-contracted pay consists of overtime, bank, WLIs and internal locums.
- Year to date expenditure of £16.4m 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.

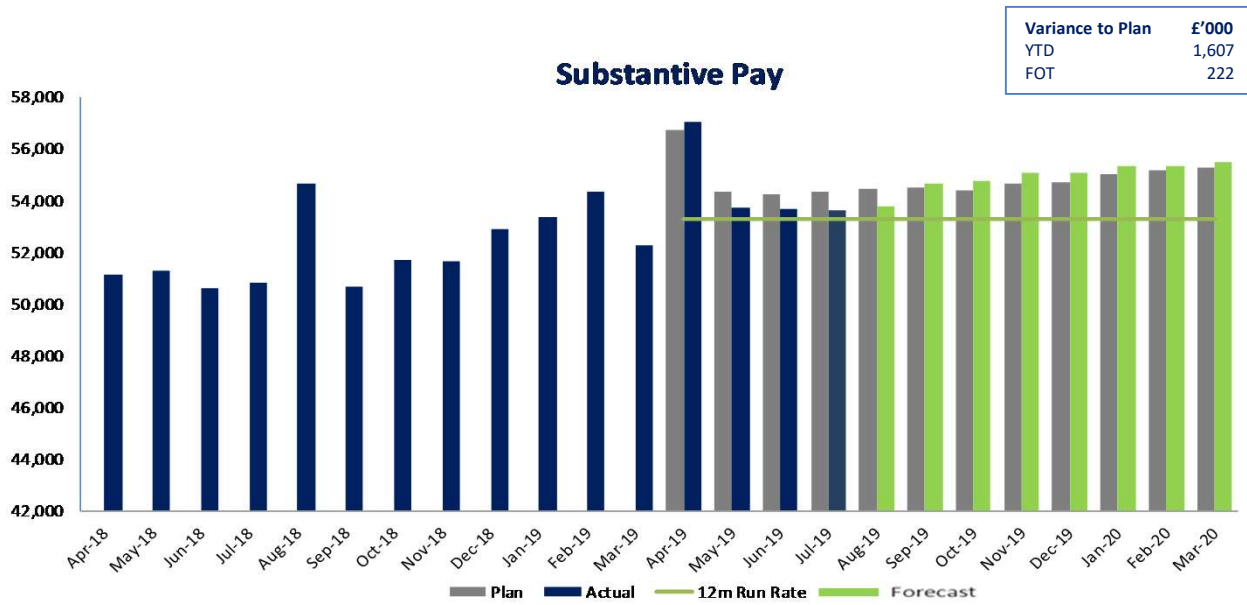
Substantive Pay

- Combined with other non-contracted, expenditure of £218.4m, £1.6mF to Plan.
- Other Clinical includes £1.4mF 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 together with Nursing and Non Clinical overspend in ESM.
- The overspend in non-clinical is predominantly within CSI which is offset by overspend in Other Clinical also within CSI together with the release of central reserves.

Note

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

Pay Run Rates

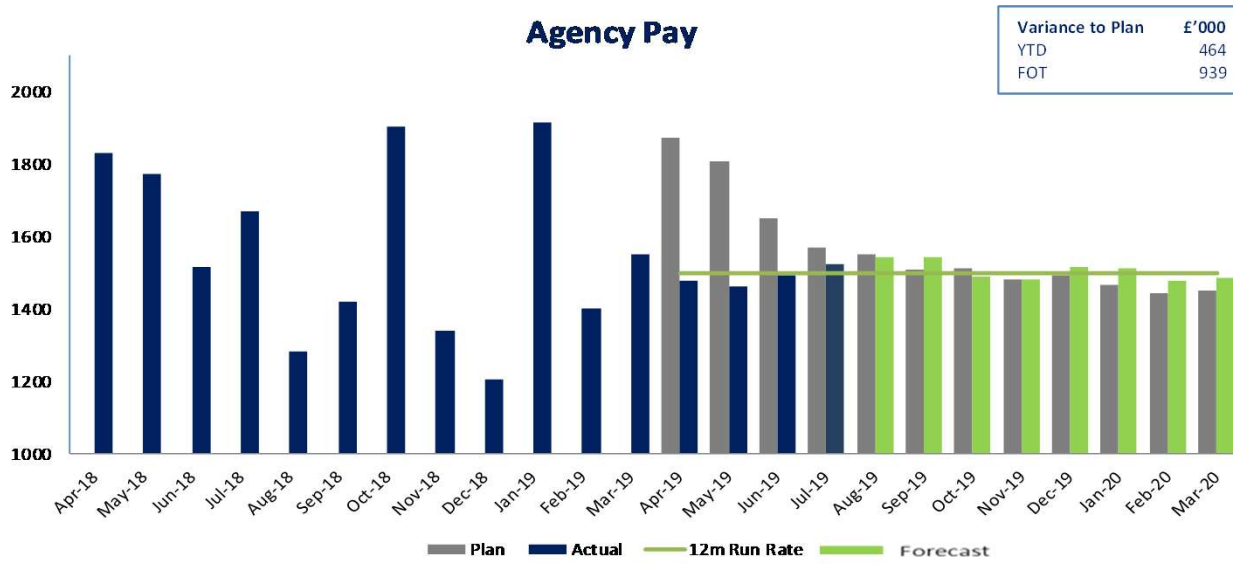


Total Pay excluding Agency Pay

- 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.



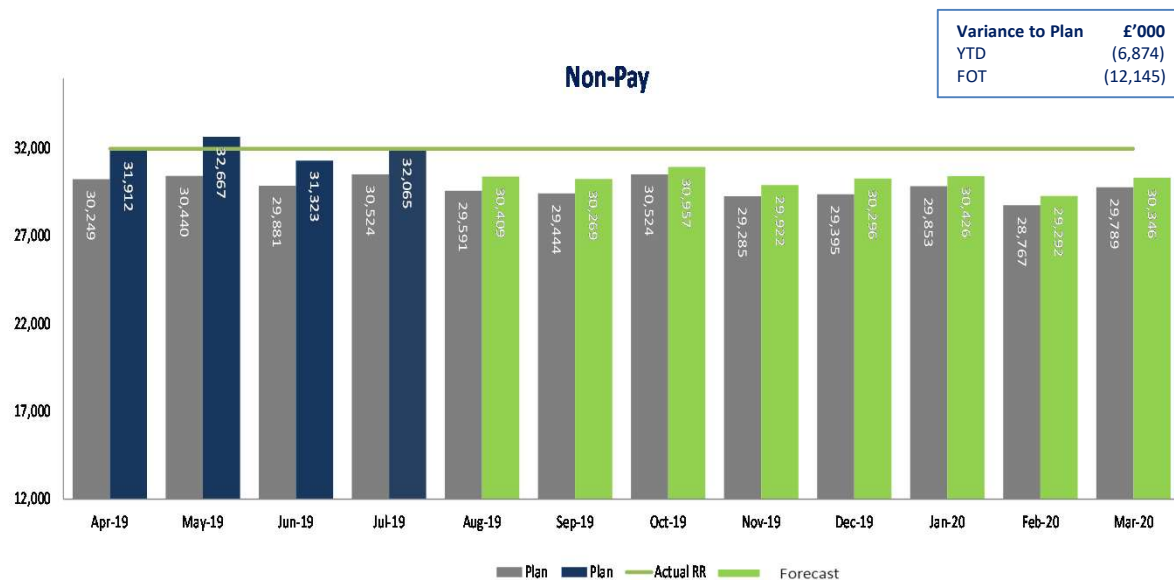
Non-Pay: YTD £127.9m, £6.9mA to Plan

	Jul-19				YTD				
	Plan	Actual	F / (A)	%	Plan	Actual	F / (A)	%	
	£'000	£'000	£'000	%	£'000	£'000	£'000	%	
Direct	Blood Products	75	354	(278)	(369%)	285	598	(313)	(110%)
	Drugs	9,197	9,011	186	2%	33,855	35,191	(1,336)	(4%)
	Clinical Supplies & Services	9,514	10,956	(1,442)	(15%)	38,604	42,141	(3,537)	(9%)
	Transport	410	537	(127)	(31%)	1,624	2,187	(563)	(35%)
	Recharges	677	736	(59)	(9%)	2,505	2,610	(106)	(4%)
	Misc & General Supplies	1,317	1,088	230	17%	6,938	7,348	(410)	(6%)
External Providers	Healthcare	925	831	93	10%	3,734	3,481	252	7%
	Non Healthcare	1,254	1,300	(46)	(4%)	5,050	5,236	(186)	(4%)
Overheads	Establishment, Premises & Plant	4,530	4,580	(50)	(1%)	17,982	18,583	(601)	(3%)
	Consultancy	71	118	(47)	(67%)	300	375	(75)	(25%)
	Clinical Negligence	2,554	2,554	0	0%	10,216	10,216	0	0%
Total: Non Pay	30,524	32,065	(1,541)	(5%)	121,092	127,966	(6,874)	(6%)	

- **Direct Costs: £90.1m, £6.3mA to Plan** including £1.8mA in relation to drugs and devices excluded from tariff.

Underlying overspend of £4.5m 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.

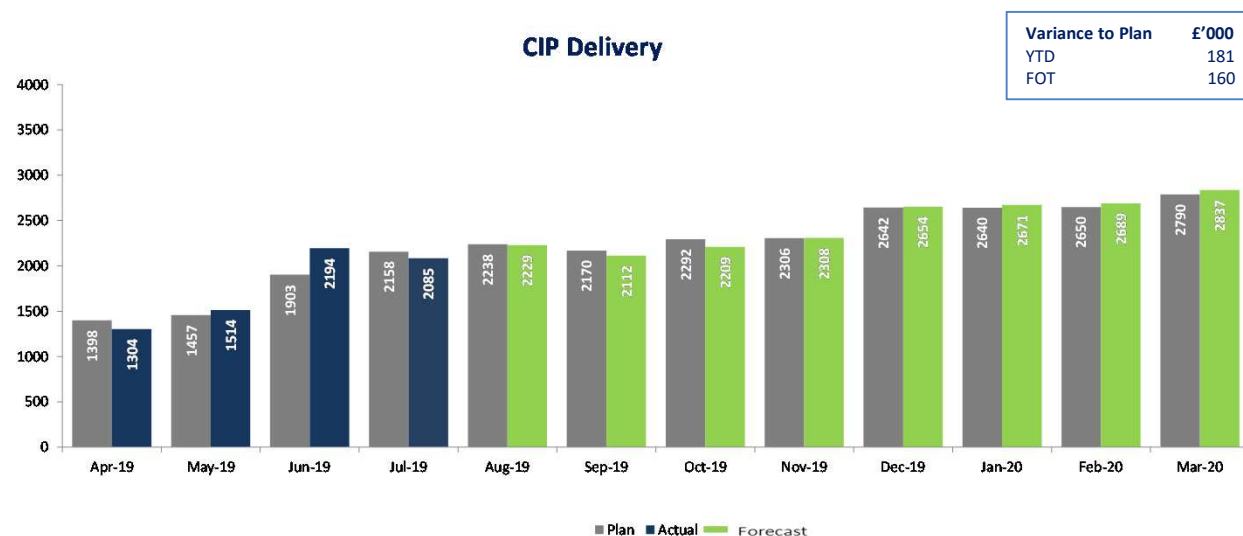
- **External Providers: YTD cost of £8.7m, in line with plan.**
- **Overheads: YTD expenditure of £28.5m, £0.6mA to Plan.**



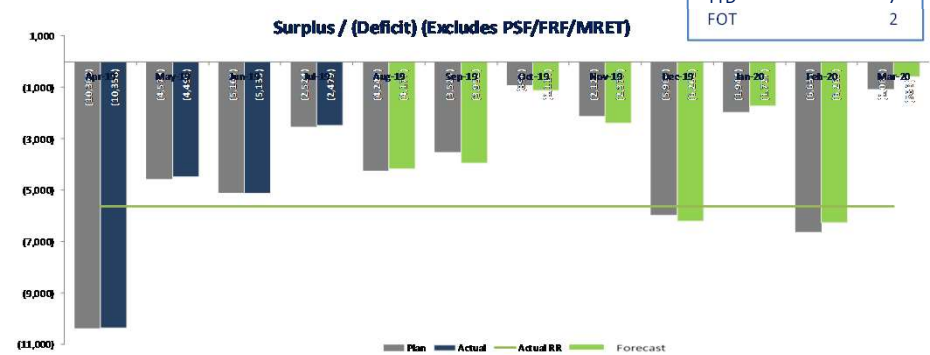
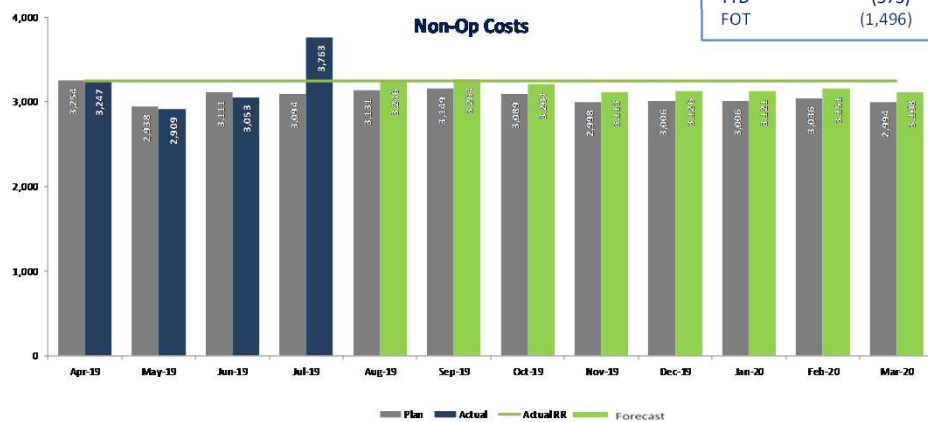
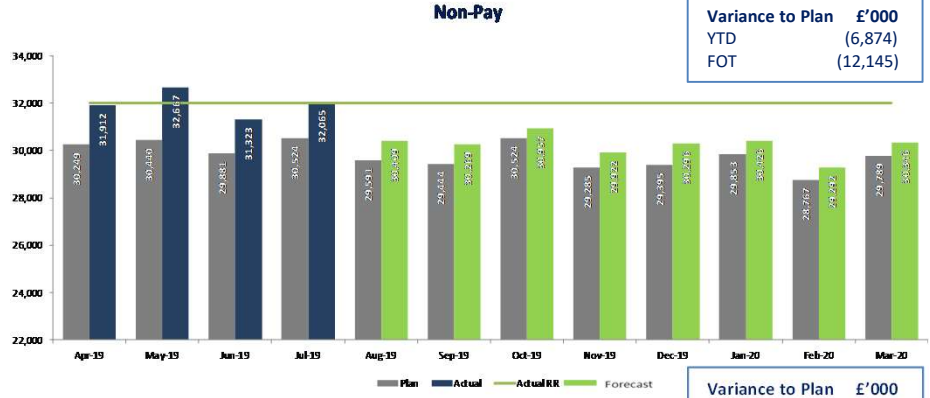
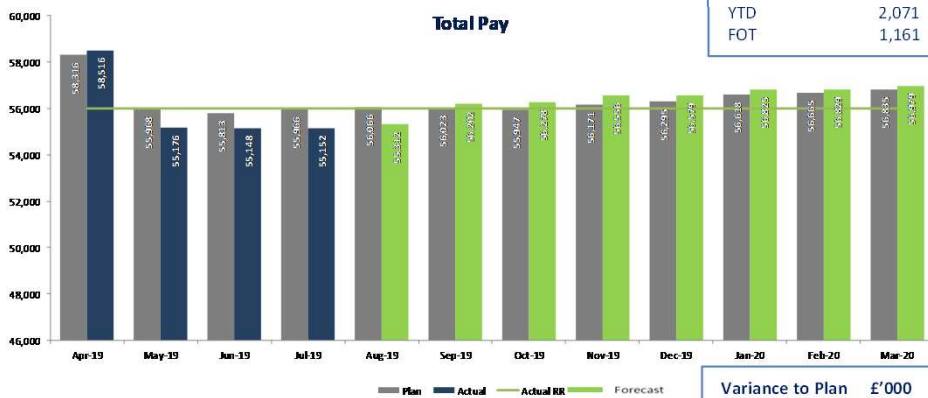
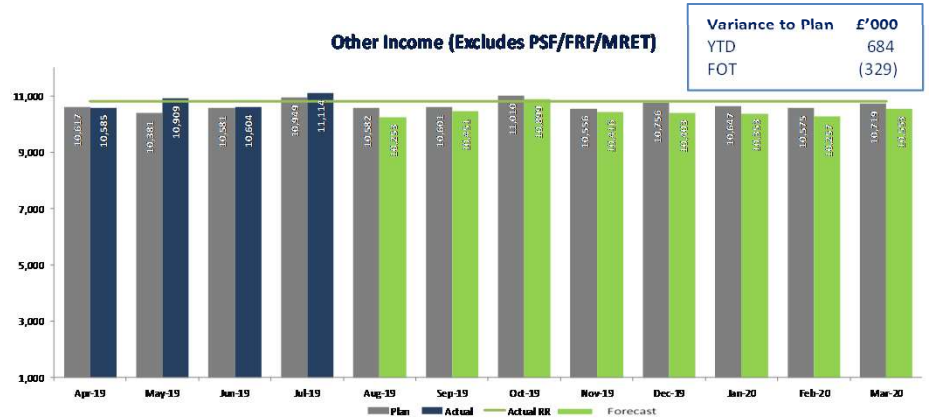
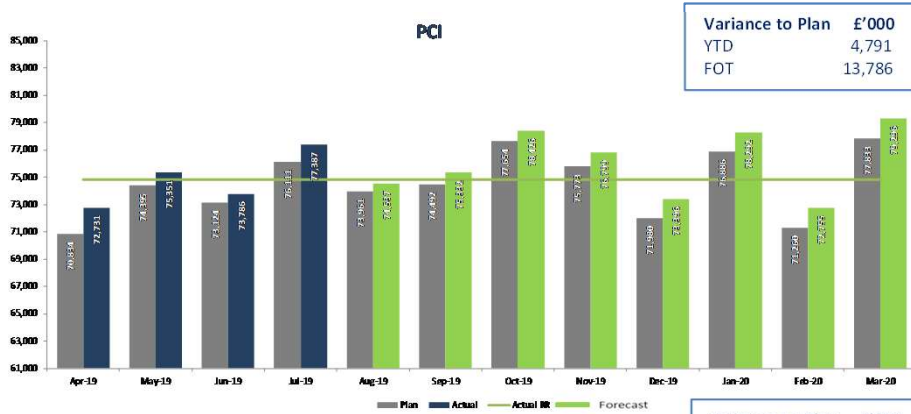
CIP: YTD £7.1m, £0.2m favourable to Plan

- CIP delivered of £7.1m 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.

	Jul-19				YTD				FY Plan £'000
	Plan	Actual	F / (A)	%	Plan	Actual	F / (A)	%	
	£'000	£'000	£'000	%	£'000	£'000	£'000	%	
CHUGGS	395	211	(185)	(47%)	1,076	771	(305)	(28%)	4,245
CSI	175	251	77	44%	692	1,007	315	46%	2,058
ESM	406	703	296	73%	1,309	1,788	479	37%	4,294
ITAPS	139	225	87	63%	453	582	129	28%	1,564
MSS	370	321	(49)	(13%)	1,383	1,174	(209)	(15%)	4,330
RRCV	218	198	(20)	(9%)	735	951	216	29%	3,325
Womens & Childrens	155	53	(103)	(66%)	585	483	(102)	(17%)	3,405
Total: CMG	1,858	1,962	104	6%	6,233	6,755	522	8%	23,220
Corporate Total	25	21	(3)	(14%)	470	255	(216)	(46%)	1,862
Facilities	162	102	(59)	(37%)	99	87	(12)	(12%)	540
Central	114	0	(114)	(100%)	114	0	(114)	(100%)	1,023
Total CIP	2,158	2,085	(73)	(3%)	6,916	7,097	181	3%	26,645



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	55.4	56.8	1.5
Other Income	2.7	2.6	(0.0)
Total Income	58.1	59.5	1.4
Total Pay	(20.5)	(21.0)	(0.5)
Total Non-Pay	(19.9)	(21.6)	(1.7)
EBITDA	17.6	16.9	(0.8)

	CSI		
	Plan	YTD	Variance
	£'m	£'m	£'m
PCI	14.1	14.9	0.8
Other Income	4.1	3.6	(0.5)
Total Income	18.2	18.4	0.3
Total Pay	(30.7)	(30.4)	0.3
Total Non-Pay	(0.7)	(1.3)	(0.6)
EBITDA	(13.2)	(13.2)	(0.0)

	ESM		
	Plan	YTD	Variance
	£'m	£'m	£'m
PCI	58.6	59.7	1.1
Other Income	3.5	4.2	0.7
Total Income	62.1	63.9	1.9
Total Pay	(35.8)	(37.0)	(1.2)
Total Non-Pay	(16.9)	(17.6)	(0.7)
EBITDA	9.4	9.4	0.0

	ITAPS		
	Plan	YTD	Variance
	£'m	£'m	£'m
PCI	12.7	11.5	(1.3)
Other Income	1.3	2.1	0.8
Total Income	14.0	13.5	(0.5)
Total Pay	(23.3)	(22.9)	0.5
Total Non-Pay	(6.7)	(7.3)	(0.6)
EBITDA	(16.1)	(16.7)	(0.6)

	MSS		
	Plan	YTD	Variance
	£'m	£'m	£'m
PCI	35.9	36.0	0.1
Other Income	2.1	1.9	(0.2)
Total Income	38.0	37.9	(0.1)
Total Pay	(19.2)	(18.8)	0.4
Total Non-Pay	(8.6)	(9.1)	(0.5)
EBITDA	10.2	10.0	(0.2)

	RRCV		
	Plan	YTD	Variance
	£'m	£'m	£'m
PCI	60.9	62.8	1.8
Other Income	2.8	2.5	(0.2)
Total Income	63.7	65.3	1.6
Total Pay	(28.0)	(27.6)	0.4
Total Non-Pay	(19.8)	(21.8)	(2.0)
EBITDA	15.9	15.9	0.0

	W&C		
	Plan	YTD	Variance
	£'m	£'m	£'m
PCI	54.1	53.4	(0.7)
Other Income	3.3	3.2	(0.0)
Total Income	57.3	56.6	(0.7)
Total Pay	(30.3)	(30.1)	0.2
Total Non-Pay	(12.9)	(12.7)	0.2
EBITDA	14.2	13.8	(0.3)

	ESTATES		
	Plan	YTD	Variance
	£'m	£'m	£'m
PCI	0.0	0.0	0.0
Other Income	7.5	7.5	0.0
Total Income	7.5	7.5	0.0
Total Pay	(12.8)	(12.8)	(0.0)
Total Non-Pay	(11.3)	(12.0)	(0.7)
EBITDA	(16.6)	(17.3)	(0.7)

	CORPORATE		
	Plan	YTD	Variance
	£'m	£'m	£'m
PCI	0.0	0.0	0.0
Other Income	2.3	2.2	(0.0)
Total Income	2.3	2.2	(0.0)
Total Pay	(12.0)	(11.6)	0.4
Total Non-Pay	(13.3)	(13.6)	(0.3)
EBITDA	(23.0)	(23.0)	0.1

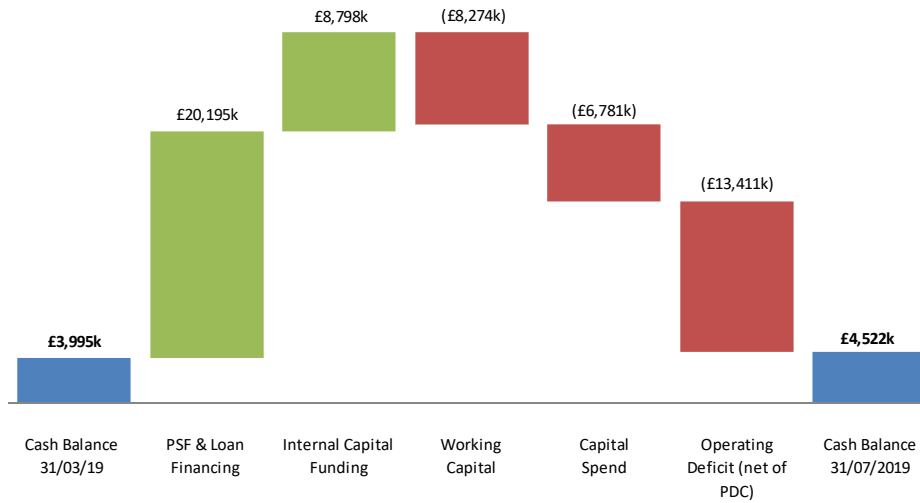
July 2019: Statement of Financial Position

	Mar-19 £000's Actual	Jul-19 £000's Actual	Movement £000's Actual
Non Current Assets			
Property, plant and equipment	479,471	479,432	(39)
Intangible assets	8,889	8,245	(644)
Trade and other receivables	6,573	5,968	(605)
TOTAL NON CURRENT ASSETS	494,933	493,645	(1,288)
Current Assets			
Inventories	25,052	25,349	297
Trade and other receivables	67,696	70,180	2,484
Cash and cash equivalents	3,995	4,522	527
TOTAL CURRENT ASSETS	96,743	100,051	3,308
Current Liabilities			
Trade and other payables	(110,311)	(94,715)	15,596
Borrowings / Finance Leases	(53,133)	(43,390)	9,743
Other Liabilities	(7,566)	(16,096)	(8,530)
Provisions for liabilities and charges	(368)	(448)	(80)
TOTAL CURRENT LIABILITIES	(171,378)	(154,649)	16,729
NET CURRENT ASSETS (LIABILITIES)	(74,635)	(54,598)	20,037
TOTAL ASSETS LESS CURRENT LIABILITIES	420,298	439,047	18,749
Non Current Liabilities			
Borrowings / Finance Leases	(200,320)	(232,852)	(32,532)
Provisions for liabilities and charges	(1,584)	(1,215)	369
TOTAL NON CURRENT LIABILITIES	(201,904)	(234,067)	(32,163)
TOTAL ASSETS EMPLOYED	218,394	204,980	(13,414)
Public dividend capital	341,176	341,176	0
Revaluation reserve	142,351	142,350	(1)
Retained earnings	(265,133)	(278,546)	(13,413)
TOTAL TAXPAYERS EQUITY	218,394	204,980	(13,414)
Ratios			
Liquidity Ratio Days (Working Capital Balance / Annual Operating Expenses)	(32)	(28)	
Liquidity Ratio Metric	4	4	

- **Total Assets Employed:** Movement of £15.0m
- **Non-Current Assets:** Decreased by £1.3m.
- **Working capital:**
 - Trade receivables have increased by £2.5m
 - Trade payables have reduced by £15.6m
- **Cash:** July balance of £4.5m is above the £1m target cash balance due to the timing of cash receipts, and includes TMP cash of £2.3m.
- **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.

July 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 of £13.4m and movement in working capital by securing £20.2m of external financing.

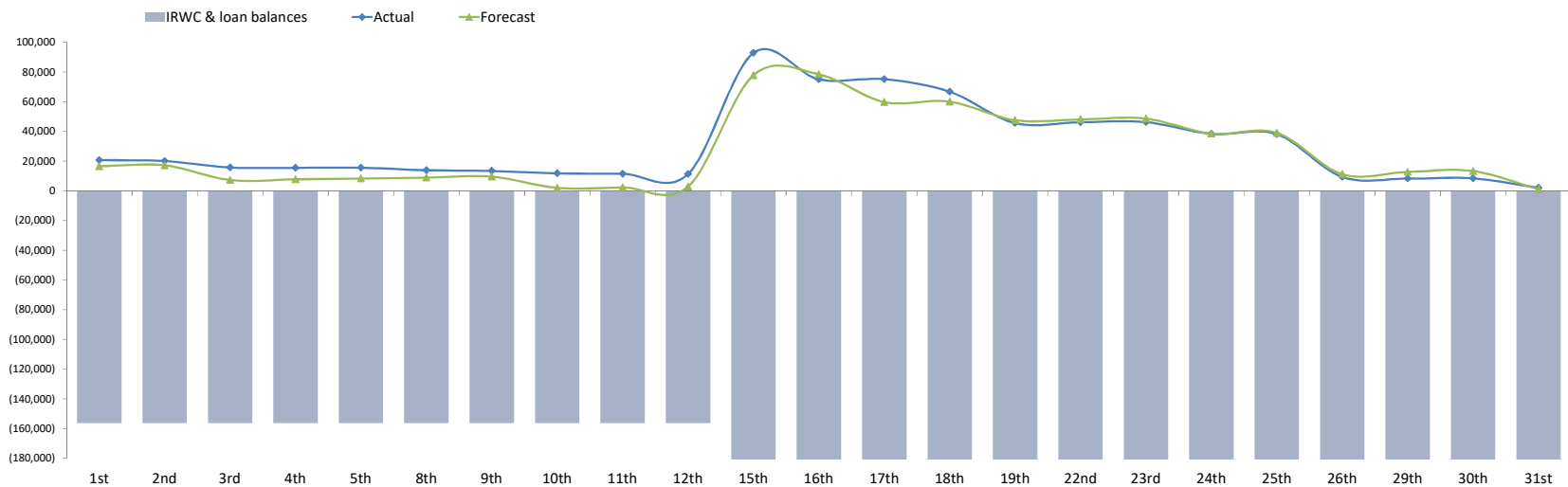
Full Year Forecast

- 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 July 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	35,691	(2,322)	23,124	6,032	853	5,682	16%
	Non-NHS receivables - revenue	14,767	16,310	(1,543)	9,745	703	799	5,063	31%
	Provision for the impairment of receivables	(2,170)	(2,170)	0	(2,170)				
	Non-NHS prepayments and accrued income	9,308	17,096	(7,788)	17,096				
	PDC dividend prepaid to DH	0	243	(243)	243				
	VAT	1,782	2,028	(246)	2,028				
	Other receivables	674	982	(308)	982				
	TOTAL	57,730	70,180	(12,450)	51,048	6,735	1,652	10,745	
Accounts Payable	NHS payables - revenue	(31,530)	(29,665)	1,865	(3,288)	(2,688)	(1,181)	(22,508)	76%
	Non-NHS payables - revenue	(36,191)	(33,530)	2,661	(4,079)	(12,306)	(7,793)	(9,352)	28%
	Non-NHS payables - capital	(3,423)	(707)	2,716	(176)	(180)	(250)	(101)	14%
	Non-NHS accruals and deferred income	(14,550)	(17,706)	(3,156)	(17,706)				
	Social security costs	(7,298)	(7,269)	29	(7,269)				
	Tax	(6,121)	(6,005)	116	(6,005)				
	Other	(11,200)	(12,988)	(1,788)	(12,988)				
	Payments received on account	(2,585)	(2,940)	(355)	(2,940)				
TOTAL	(112,899)	(110,810)	2,088	(54,451)	(15,174)	(9,224)	(31,961)		
Total Liquidity	(55,168)	(40,630)	14,538						

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

- Accounts receivable: increase of £12.5m
- Accounts payable: decrease of £0.5m

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

- NHS receivables: 16% - £5.7m over 90 days.
- Non-NHS receivables: 31% - £5.1m over 90 days.
- NHS payables-revenue: 76% - £22.5m over 90 days
- Non-NHS payables: 28% - £9.4m 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	July YTD		Prior month YTD	
	Number	£000s	Number	£000s
All				
Total Invoices Paid in the Year	59,912	273,153	39,737	186,172
Total Invoices Paid Within Target	20,962	168,865	15,063	124,825
Percentage Invoices Paid Within Target (target 95%)	35%	62%	38%	67%
Non-NHS Payables				
Total Non-NHS Invoices Paid in the Year	57,825	222,479	38,924	151,804
Total Non-NHS Invoices Paid Within Target	20,430	134,868	14,737	99,755
Percentage of Non-NHS Invoices Paid Within Target	35%	61%	38%	66%
Local SME payables				
Total SME Invoices Paid in the Year	289	3,864	165	2,511
Total SME Invoices Paid Within Target	197	718	111	450
Percentage of Local SME Invoices Paid Within Target	68%	19%	67%	18%
NHS Payables				
Total NHS Invoices Paid in the Year	1,798	46,809	648	31,858
Total NHS Invoices Paid Within Target	335	33,279	215	24,621
Percentage of NHS Invoices Paid Within Target	19%	71%	33%	77%

- 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 £6.8m, £12.7mF 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	July 2019			
	Annual	YTD	YTD	YTD
	Budget	Plan	Actual	F / (A)
	£'000	£'000	£'000	£'000
ICU Pre-commitment	21,567	7,191	2,410	4,781
Endoscopy Decontamination	8,600	2,868	18	2,850
Business Cases & Reconfiguration Schemes	6,453	2,259	406	1,853
Estates & Facilities Schemes	8,429	2,808	645	2,163
IM&T Schemes	4,000	1,332	2,488	(1,156)
Medical Equipment Schemes	3,000	1,000	0	1,000
3T MRI Scanner / Linear Accelerator	3,700	900	0	900
Managed Equipment Service	3,349	1,116	438	678
Other	0	0	376	(376)
TOTAL CAPITAL EXPENDITURE	59,098	19,474	6,781	12,693

2019/20 Financial Plan: Key Risks

- **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.