

# 2019/20 Financial Performance

Author: Chris Williams – Interim Head of Financial Planning

Sponsor: Simon Lazarus – Interim Chief Financial Officer

Trust Board paper I2

## 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	
Assurance	To assure the Board that systems and processes are in place, or to advise a gap along with treatment plan	X
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		
Trust Board Committee		
Trust Board		

## Executive Summary

### Context:

The 2019/20 Financial Plan required delivery of a £48.7m deficit which excluded 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 was £10.7m and was aligned to the NHSE/I Control Total.

As reported to the February Trust Board, in January the Interim CFO initiated a review of the Trust's balance sheet in response to concerns identified in the 2018/19 audit. The Trust, as a result of this review, is anticipating making a prior year adjustment to its 2018/19 financial statements and this adjustment is reflected in the financial performance reported for month 10. This adjustment has been updated as part of month 10 reporting.

Whilst this may be reflected in the Trust's accounts as a prior year adjustment the Board should note that in the consolidation of the financial position at national level the impact

will be visited in full in 2019/20. Therefore the Trust's financial performance for 2019/20 will be assessed including the full value of any adjustments.

The Trust's financial position has deteriorated due in large part to the complex impact of the balance sheet review and in view of this the accountancy firm PwC has been engaged by NHSE/I to carry out an independent review to investigate the reliability of the Trust's revised forecast. We will be in a position to update our forecast once the outcome of the PwC work is available. This work will also help inform the year end accounts position and external audit.

## Questions:

### 1. What is the financial performance for the period ending 31<sup>st</sup> January 2020?

The Trust has made a year to date deficit of £65.5m excluding PSF, FRF and MRET, which is £24.5m adverse to plan. Including PSF/FRF/MRET, the Trust has made a year to date deficit of £48.9m which is £37.5m adverse to plan. The reported figures may be subject to change as a result of the PwC work to support the Trust to determine its final year end position.

The adverse movement in the YTD position is a result of further corrections to the balance sheet in 19/20 and an updated position on operational cost pressures and mitigations. Underlying operational financial performance is adverse to Plan with over-performance in Emergency activity offset by the impact of the blended tariff and cost pressures supporting the Emergency Pathway. The revised forecast also reflects some additional cost pressures in CMGs and Estates and Facilities over and above their Control Totals.

### 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, the 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 10, the Trust has delivered efficiencies of £22.0m which is £0.8mF to Plan.

#### 4. What are key risks to delivery of the revised forecast deficit?

- Further issues arising from completion of the review of the Balance Sheet as informed by the PwC work
- Further deterioration in CMG delivery of their revised control totals
- Specialist Commissioning activity and income

### Input Sought:

Note the financial performance at Month 10.

### 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:
<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: 2<sup>nd</sup> April 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: not on track
- Achieving the External Funding Limit: on track
- Achieving the Capital Resource Limit: on track

### Financial Performance

- **Deficit of £65.5m excluding Provider Sustainability Funds (PSF), Financial Recovery Fund (FRF), and Marginal Rate Emergency Tariff (MRET):** The Month 10 position includes the in year impact of the financial review of the balance sheet and operational pressures (£8.5m) but is net of an expected £35.3m of prior year adjustments to 18/19 financial statements resulting from the review. This compares to a re-stated Month 9 deficit position, after prior year adjustments, of £49.5mA, a reported deterioration of £16mA. £7.8m of this is the in month impact of the review of the balance sheet, the balance of £8.2m is additional income and cost pressures identified in month 10.
- **Including PSF/FRF/MRET: Deficit of £48.9m, £37.5mA**
- **Patient Care Income, £20.4mF to Plan :** This is a £1.8m improvement over the £18.6mF reported in month 9 as a result of continued overperformance in Emergency, Outpatients, Direct Access, Diagnostic Imaging and critical care activity.
- **Other operating income, £2.1mA:** The Month 10 position is net of an expected £1.2m prior year adjustments to 18/19 financial statements resulting from the balance sheet review. This is a deterioration of £2.0m from month 9
- **Operating Costs, £34.5mA to Plan:** This compares to a re-stated Month 9 position excluding prior year balance sheet adjustments of £27mA. Pay £2.2mA to Plan including release of Central contingency and the medical pay award compared to a £1.1mA position in month 9. Underlying non-pay overspend of £29.2m excluding expected £31.6m of prior year adjustments to 18/19 financial statements. This is a deterioration of £6.3m against the re-stated underlying non pay overspend of £22.9m in month 9.
- **Non operating costs, £6.2mA to plan:** This compares to £1.3mA to plan in month 9, an increase of £4.9m mainly due to the balance sheet review.

## Cash

- Closing cash position of £4.9m, including Trust Group Holdings (TGH) of £2.6m. This is higher than forecast due to the timing of month end cash receipts from Commissioners.
- Funded YTD operating deficit (net of PDC) of £48.9m and movement in working capital by securing £50.0m of external financing.

## Capital

- Refer to Update on capital programme report

# January 2019: Key Facts



Patient  
Income  
£20.4mF

Other  
Income  
£2.9mA



Substantive  
Pay  
£2.9mA

Agency  
£0.7mF



Non Pay  
£33.5mA

Non-Op  
Costs  
£6.2mA



EBITDA  
£18.1mA

CIP  
£0.8mF



Liquidity  
Indicators

## 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 £49m

	Jan-20					YTD			
	Plan	FOT	Actual	Vs Plan		Plan	Actual	F/(A)	
	£'000	£'000	£'000	£'000	%	£'000	£'000	£'000	%
<b>I &amp; E</b>									
Patient Care Income	76,886	77,847	78,680	1,794	2%	745,210	765,650	20,440	3%
Non Patient Care Income	380	509	156	(225)	(59%)	4,411	3,672	(740)	(17%)
Other Operating Income	10,267	9,521	8,197	(2,070)	(20%)	102,269	100,136	(2,133)	(2%)
<b>Total Income</b>	<b>87,533</b>	<b>87,877</b>	<b>87,032</b>	<b>(501)</b>	<b>(1%)</b>	<b>851,890</b>	<b>869,457</b>	<b>17,567</b>	<b>2%</b>
Pay Costs	(55,039)	(56,254)	(56,098)	(1,058)	2%	(547,364)	(550,300)	(2,936)	(1%)
Pay Costs: Agency	(1,579)	(1,754)	(1,584)	(5)	0%	(15,819)	(15,117)	702	4%
Non Pay	(29,853)	(32,208)	(34,443)	(4,591)	15%	(299,182)	(332,649)	(33,467)	(11%)
<b>Total Operating Costs</b>	<b>(86,471)</b>	<b>(90,216)</b>	<b>(92,125)</b>	<b>(5,654)</b>	<b>7%</b>	<b>(862,365)</b>	<b>(898,066)</b>	<b>(35,702)</b>	<b>(4%)</b>
<b>EBITDA</b>	<b>1,062</b>	<b>(2,339)</b>	<b>(5,093)</b>	<b>(6,155)</b>	<b>(579%)</b>	<b>(10,475)</b>	<b>(28,609)</b>	<b>(18,134)</b>	<b>173%</b>
<b>Non Operating Costs</b>	<b>(3,006)</b>	<b>(4,679)</b>	<b>(7,869)</b>	<b>(4,862)</b>	<b>162%</b>	<b>(30,780)</b>	<b>(36,946)</b>	<b>(6,166)</b>	<b>(20%)</b>
<b>Retained deficit</b>	<b>(1,944)</b>	<b>(7,019)</b>	<b>(12,961)</b>	<b>(11,017)</b>	<b>(567%)</b>	<b>(41,255)</b>	<b>(65,555)</b>	<b>(24,300)</b>	<b>(59%)</b>
Adjustments for Donated Assets	19	19	17	(3)	13%	193	17	(176)	91%
<b>Net Deficit</b>	<b>(1,925)</b>	<b>(7,000)</b>	<b>(12,945)</b>	<b>(11,020)</b>	<b>(573%)</b>	<b>(41,062)</b>	<b>(65,538)</b>	<b>(24,476)</b>	<b>(60%)</b>
PSF/FRF/MRET	4,212	572	572	(3,640)	86%	29,644	16,642	(13,002)	44%
<b>Net Deficit Including PSF/FRF/MRET</b>	<b>2,287</b>	<b>(6,428)</b>	<b>(12,373)</b>	<b>(14,660)</b>	<b>641%</b>	<b>(11,418)</b>	<b>(48,896)</b>	<b>(37,478)</b>	<b>(328%)</b>
<b>Ratios</b>									
Agency: Total Pay	2.87%	3.12%	2.82%	0.04%	(2%)	2.89%	2.75%	0.14%	
EBITDA: Income	1.21%	(2.66%)	(5.85%)	(7.07%)	582%	(1.23%)	(3.29%)	(2.06%)	
Net Deficit: Income	(2.20%)	(7.97%)	(14.87%)	(12.67%)	(576%)	(4.82%)	(7.54%)	(2.72%)	

## 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: £765.7m, £20.4mF** including £4.3mF in relation to drugs and devices excluded from tariff with the offset in non-pay and £1.9mF due to Medical Pay Award which is offset in Medical Pay. Underlying over-delivery of £14.2mF with over-performance in Emergency, Outpatients, Direct Access, Diagnostic Imaging and critical care activity partially offset by under-performance in Elective Inpatients, BMT and ECMO.
- **Other Income: £103.8m, £2.9mA to plan.** The Month 10 position is net of an expected £1.2m prior year adjustments to 18/19 financial statements resulting from the balance sheet review. This is a deterioration of £2.3m from month 9 relating to one off items including a reduction in income from the Facilities SLA with LPT.
- **Total Pay Costs: £565.4m, £2.2mA** including £3.3mF from release of contingency in line with Plan and £1.9mA in relation to the impact of the Medical Pay Award. Excluding the Medical Pay Award and contingency, there is an underlying £3.6m overspend across the CMG's driven by ESM, CHUGGS, ITAPS, CSI and W&C. Although pay is close to plan it has deteriorated in Month 10 by £1.1m  
Agency spend remains below the NHSI agency ceiling.
- **Non-Pay: £332.6m, £33.5mA** including £4.3mA relating drugs and devices excluded from tariff and £0.8mF release of central contingency. The Month 10 position includes the in year impact of the financial review of the balance sheet (£3m) but is net of an expected £31.6m prior year adjustments to 18/19 financial statements resulting from the balance sheet review. Underlying overspend of £30m compared to £22.9m in month 9.
- **EBITDA: deficit of £28.6m, £18.1mA.** This compares to a re-stated EBITDA deficit for month 9 of £24.4m, £12.6mA to plan.
- **Non-Operating Costs: £36.9m, £6.2mA** This compares to a re-stated non operating costs in month 9 of £29.1m, £1.3mA to plan. The further adverse movement is due to an increase in depreciation costs of £4.9m identified as part of the balance sheet review that has been reflected as an in year cost in month 10.
- **PSF, FRF and MRET: £13.0mA to plan** due to loss of PSF and FRF funding in Q3 as a consequence of being off plan.



# Activity & Income: Performance versus Contract

Activity	Case Mix	City	East	West	Specialised	Other	Alliance	Total	%
	Day Case	1,767	1,437	1,012	290	(836)	(568)	3,103	4%
	Elective Inpatient	(22)	(233)	(144)	(21)	(356)		(777)	(4%)
	Emergency / Non-elective Inpatient	1,389	(214)	1,416	178	109	1	2,879	3%
	Blended Payment Adjustment	0	0	0		0		0	0%
	Emergency Department	1,198	288	1,814		(426)		2,874	1%
	Outpatient	16,172	9,265	12,207	12,191	(25,094)	36	24,777	3%
	Excluded Drugs and Devices						-	0	0%
	Critical Care Services	566	32	888	632	(308)		1,810	4%
	Renal Dialysis and Transplant	0	0	0	5,210	(1)		5,209	3%
CQUIN	0	0	0	0	0	0	0	0%	
Other Activity	(35,239)	(58,263)	(15,698)	6,428	(3,194)	1,471	(104,494)	(1%)	
Other Financial Values	5,512	(978)	5,847	2,257	(11,564)	6,948	8,022	0%	

Financial	Case Mix	City (£000)	East (£000)	West (£000)	Specialised (£000)	Other (£000)	Alliance (£000)	Total (£000)	%
	Day Case	1,090	1,266	633	155	(1,706)	(762)	676	1%
	Elective Inpatient	(399)	(1,275)	(749)	909	(1,766)	0	(3,279)	(5%)
	Emergency / Non-elective Inpatient	2,667	6,064	8,737	900	(622)	14	17,761	8%
	Blended Payment Adjustment	(3,360)	(2,175)	(3,125)	0	0	0	(8,659)	-
	Emergency Department	531	220	432	0	(353)	0	831	3%
	Outpatient	1,485	550	1,228	1,654	(3,191)	108	1,836	2%
	Excluded Drugs and Devices	252	(2)	(38)	1,925	2,124	26	4,287	5%
	Critical Care Services	638	146	803	(64)	(495)	0	1,028	2%
	Renal Dialysis and Transplant	0	0	0	945	(38)	0	907	4%
CQUIN	(22)	(15)	18	(118)	(32)	(0)	(169)	(2%)	
Other Activity	925	883	1,303	269	(1,053)	343	2,672	3%	
Other Financial Values	(749)	1,360	1,002	4,121	(3,203)	20	2,551	37%	
<b>Grand Total</b>	<b>3,060</b>	<b>7,023</b>	<b>10,244</b>	<b>10,696</b>	<b>(10,334)</b>	<b>(250)</b>	<b>20,440</b>	<b>3%</b>	

## Contracts:

- General:** The CCG and UHL have now formally agreed outturn positions that include settlement of all outstanding challenges, based on the month 8 forecasts. Patient care income is therefore fixed at this value for the financial year.
- Day Case & Elective Inpatient:** Over-performance is occurring within Thoracic Surgery, Blood and Marrow Transplantation and Urology but is off-set by under-performance within Cardiac Surgery, Hepatobiliary & Pancreatic Surgery and ENT
- Emergency / Non Elective:** Over performance across specialities including Stroke Medicine, Respiratory Medicine and Integrated Medicine offset by the Emergency Blended Payment Adjustment. Conversely there is a significant adverse rate variance Cardiac Surgery. Critical Care is under-performing within ITU.
- Outpatients:** Overall performance is around 2% over plan but is fluctuating across a range of specialties. 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, PICU & SCBU.
- Other Activity:** Over performance in Diagnostic imaging absorbing under-performance within Adult ECMO.

# Pay: YTD £565.4m, £2.2mA to Plan

	Jan-20						YTD						
	£'000			WTE			£'000			WTE			
	Plan	Actual	F/(A)	Plan	Actual	F/(A)	Plan	Actual	F/(A)	Plan	Actual	F/(A)	
Agency	Medical	557	639	(82)	37	48	(11)	5,751	5,842	(91)	37	48	(11)
	Nursing & Midwifery	799	737	63	149	180	(31)	7,901	7,231	670	149	180	(31)
	Other Clinical	203	223	(21)	42	36	7	1,945	2,047	(102)	42	36	7
	Non Clinical	20	(15)	35	5	0	5	223	(3)	225	5	0	5
	<b>Total: Agency</b>	<b>1,579</b>	<b>1,584</b>	<b>(5)</b>	<b>233</b>	<b>264</b>	<b>(31)</b>	<b>15,819</b>	<b>15,117</b>	<b>702</b>	<b>233</b>	<b>264</b>	<b>(31)</b>
Other Non-contracted	Medical		1,423	(1,423)	0	7	(7)		15,013	(15,013)	0	7	(7)
	Nursing & Midwifery		1,674	(1,674)	0	486	(486)		17,208	(17,208)	0	486	(486)
	Other Clinical		342	(342)	0	68	(68)		3,440	(3,440)	0	68	(68)
	Non Clinical		523	(523)	0	240	(240)		5,680	(5,680)	0	240	(240)
	<b>Total: Other Non-contracted</b>	<b>0</b>	<b>3,962</b>	<b>(3,962)</b>	<b>0</b>	<b>802</b>	<b>(802)</b>	<b>0</b>	<b>41,342</b>	<b>(41,342)</b>	<b>0</b>	<b>802</b>	<b>(802)</b>
Total Non-contracted	Medical	557	2,062	(1,505)	37	55	(18)	5,751	20,855	(15,104)	37	55	(18)
	Nursing & Midwifery	799	2,411	(1,611)	149	667	(518)	7,901	24,439	(16,538)	149	667	(518)
	Other Clinical	203	565	(363)	42	104	(61)	1,945	5,487	(3,542)	42	104	(61)
	Non Clinical	20	508	(488)	5	240	(236)	223	5,678	(5,455)	5	240	(236)
	<b>Total: Non-contracted</b>	<b>1,579</b>	<b>5,546</b>	<b>(3,967)</b>	<b>233</b>	<b>1,065</b>	<b>(833)</b>	<b>15,819</b>	<b>56,459</b>	<b>(40,640)</b>	<b>233</b>	<b>1,065</b>	<b>(833)</b>
Substantive	Medical	16,743	16,889	(145)	2,059	1,976	82	167,449	158,832	8,617	2,059	1,976	82
	Nursing & Midwifery	19,294	18,051	1,243	6,162	5,407	755	192,472	177,428	15,044	6,162	5,407	755
	Other Clinical	8,323	7,256	1,066	2,204	2,083	121	81,751	70,693	11,058	2,204	2,083	121
	Non Clinical	10,679	9,940	739	4,450	4,016	434	105,692	102,006	3,686	4,450	4,016	434
	<b>Total: Substantive</b>	<b>55,039</b>	<b>52,136</b>	<b>2,903</b>	<b>14,874</b>	<b>13,482</b>	<b>1,393</b>	<b>547,364</b>	<b>508,959</b>	<b>38,405</b>	<b>14,874</b>	<b>13,482</b>	<b>1,393</b>
Total	Medical	17,300	18,951	(1,650)	2,095	2,031	64	173,200	179,686	(6,487)	2,095	2,031	64
	Nursing & Midwifery	20,093	20,462	(369)	6,311	6,074	237	200,373	201,868	(1,495)	6,311	6,074	237
	Other Clinical	8,525	7,822	704	2,246	2,186	60	83,696	76,180	7,516	2,246	2,186	60
	Non Clinical	10,699	10,448	251	4,454	4,256	199	105,915	107,683	(1,769)	4,454	4,256	199
	<b>TOTAL: Pay</b>	<b>56,618</b>	<b>57,682</b>	<b>(1,064)</b>	<b>15,107</b>	<b>14,547</b>	<b>560</b>	<b>563,183</b>	<b>565,417</b>	<b>(2,234)</b>	<b>15,107</b>	<b>14,547</b>	<b>560</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 £15.1m, £0.7mF across Nursing & Midwifery and Non Clinical staff groups.

## Other Non-contracted Pay

- Other non-contracted pay consists of overtime, bank, WLIs and internal locums.
- Year to date expenditure of £41.3m with Medical and Nursing driving 80% 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 £550.3m, £2.9mA to Plan.
- Medical Pay overspend is largely driven by the Medical Pay Award of £1.9m with underlying overspends in Medical pay within CHUGGS, ITAPS, ESM and W&C and in Nursing & Midwifery pay in CHUGGS, ESM & ITAPPS
- Other Clinical includes £3.3mF relating to release of central contingency in line with Plan.
- CHUGGS, ESM, ITAPS, W&C & CSI are overspent against plan with Emergency pressures driving increased costs on capacity to support patient flow.
- The overspend in non-clinical is predominantly within CSI (£2.7m) which is offset by underspends in Other Clinical also within CSI, together with the release of central reserves.

# Non-Pay: YTD £331.4m, £32.3mA to Plan

	Jan-20				YTD				
	Plan	Actual	F / (A)		Plan	Actual	F / (A)		
	£'000	£'000	£'000	%	£'000	£'000	£'000	%	
Direct	Blood Products	73	267	(194)	(264%)	716	2,207	(1,491)	(208%)
	Drugs	8,774	10,229	(1,454)	(17%)	85,144	89,728	(4,584)	(5%)
	Clinical Supplies & Services	9,397	10,224	(828)	(9%)	95,302	102,371	(7,070)	(7%)
	Transport	409	631	(221)	(54%)	4,067	5,559	(1,492)	(37%)
	Recharges	682	1,165	(483)	(71%)	6,311	7,604	(1,293)	(20%)
	Misc & General Supplies	1,151	2,731	(1,580)	(137%)	14,842	26,419	(11,577)	(78%)
External Providers	Healthcare	865	1,148	(283)	(33%)	9,085	9,455	(371)	(4%)
	Non Healthcare	1,250	1,296	(46)	(4%)	12,557	12,991	(434)	(3%)
Overheads	Establishment, Premises & Plant	4,648	5,614	(966)	(21%)	44,981	48,359	(3,378)	(8%)
	Consultancy	47	1,543	(1,496)	(3164%)	636	2,376	(1,740)	(274%)
	Clinical Negligence	2,554	2,594	(40)	(2%)	25,539	25,579	(40)	(0%)
<b>Total: Non Pay</b>	<b>29,853</b>	<b>37,443</b>	<b>(7,591)</b>	<b>(25%)</b>	<b>299,182</b>	<b>332,649</b>	<b>(33,468)</b>	<b>(11%)</b>	

- **Direct Costs: £233.9m, £27.5mA to Plan** including £4.3mA in relation to drugs and devices excluded from tariff.

The Month 10 position is adjusted by £30.5m to remove the impact of the prior year impact of the detailed financial review of the balance sheet. The position also includes a £2.9mA increase in 19/20 non pay costs relating to the balance sheet review.

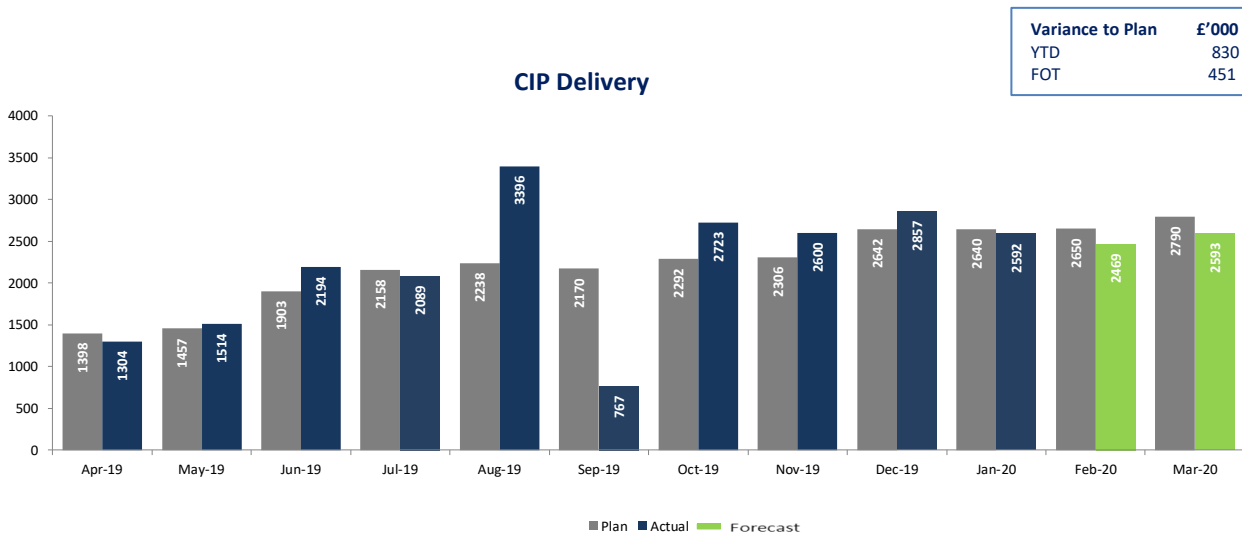
Underlying overspend of £23.3m which is driven by marginal cost to deliver the additional activity together with costs to support the Emergency Pathway including Patient Transport. In addition the adverse position includes under-delivery of non-pay plan CIP which is delivered by CIP delivery in other schemes together budget pressures particularly within Estates.

- **External Providers: YTD cost of £22.4m, £0.8mA to plan.**
- **Overheads: YTD expenditure of £76.3m, £5.1mA to Plan,** mainly due to IT and Estates & Facilities cost pressures. Research costs are also £0.8mA, which is offset by pay / income.
- The Month 10 position is adjusted by £1.1m to remove the impact of prior year adjustments identified in the balance sheet review.

# CIP: YTD £22 m, £0.8m favourable to Plan

	Jan-20				YTD				FY Plan £'000
	Plan	Actual	F / (A)		Plan	Actual	F / (A)		
	£'000	£'000	£'000	%	£'000	£'000	£'000	%	
CHUGGS	396	384	(12)	(3%)	3,452	3,449	(3)	(0%)	4,245
CSI	152	218	66	43%	1,745	2,466	721	41%	2,058
ESM	369	360	(9)	(2%)	3,558	4,049	492	14%	4,294
ITAPS	139	133	(6)	(4%)	1,286	1,413	127	10%	1,564
MSS	371	361	(10)	(3%)	3,588	3,239	(349)	(10%)	4,330
RRCV	319	397	78	25%	2,540	3,262	722	28%	3,325
Womens & Childrens	522	487	(36)	(7%)	2,360	2,419	59	2%	3,405
<b>Total: CMG</b>	<b>2,268</b>	<b>2,340</b>	<b>72</b>	<b>3%</b>	<b>18,529</b>	<b>20,298</b>	<b>1,769</b>	<b>10%</b>	<b>23,220</b>
Corporate Total	65	35	(30)	(46%)	409	456	47	11%	540
Facilities	193	216	23	12%	1,471	1,280	(191)	(13%)	1,862
Central	114	0	(114)	(100%)	795	0	(795)	(100%)	1,023
<b>Total CIP</b>	<b>2,640</b>	<b>2,592</b>	<b>(49)</b>	<b>(2%)</b>	<b>21,205</b>	<b>22,035</b>	<b>830</b>	<b>4%</b>	<b>26,645</b>

- CIP delivered of £22m which is £0.8m favourable to Plan with under-delivery in MSS and Facilities offset by over-delivery elsewhere.
- The specific CIP Paper provides further insight into the performance of CIP.



# Performance by CMG and Directorates: Year to Date

Performance risks in various CMGS with ITAPS, CHUGGS and MSS in Special Measures. All CMGs and Estates and Facilities have reset control totals and continue to have Corporate Finance oversight outside of the formal monthly PRMs in order to track financial performance and recovery in line with the agreed control totals.

	CHUGGS		
	Plan	YTD	Variance
	£'m	£'m	£'m
PCI	140.7	144.9	4.2
Other Income	6.9	6.7	(0.1)
<b>Total Income</b>	<b>147.6</b>	<b>151.7</b>	<b>4.1</b>
Total Pay	(51.2)	(53.2)	(2.0)
Total Non-Pay	(50.0)	(54.6)	(4.6)
<b>EBITDA</b>	<b>46.4</b>	<b>43.9</b>	<b>(2.5)</b>

	CSI		
	Plan	YTD	Variance
	£'m	£'m	£'m
PCI	36.1	38.5	2.4
Other Income	10.5	9.3	(1.1)
<b>Total Income</b>	<b>46.6</b>	<b>47.8</b>	<b>1.2</b>
Total Pay	(76.6)	(77.1)	(0.6)
Total Non-Pay	(1.8)	(6.9)	(5.1)
<b>EBITDA</b>	<b>(31.8)</b>	<b>(36.2)</b>	<b>(4.4)</b>

	ESM		
	Plan	YTD	Variance
	£'m	£'m	£'m
PCI	147.2	153.7	6.5
Other Income	7.9	8.1	0.2
<b>Total Income</b>	<b>155.1</b>	<b>161.8</b>	<b>6.7</b>
Total Pay	(90.2)	(95.1)	(4.9)
Total Non-Pay	(42.4)	(44.2)	(1.9)
<b>EBITDA</b>	<b>22.6</b>	<b>22.5</b>	<b>(0.1)</b>

	ITAPS		
	Plan	YTD	Variance
	£'m	£'m	£'m
PCI	31.6	30.5	(1.1)
Other Income	3.3	3.3	(0.1)
<b>Total Income</b>	<b>34.9</b>	<b>33.8</b>	<b>(1.1)</b>
Total Pay	(58.1)	(59.4)	(1.3)
Total Non-Pay	(16.9)	(19.0)	(2.2)
<b>EBITDA</b>	<b>(40.0)</b>	<b>(44.6)</b>	<b>(4.6)</b>

	MSS		
	Plan	YTD	Variance
	£'m	£'m	£'m
PCI	91.2	91.5	0.3
Other Income	5.1	4.2	(1.0)
<b>Total Income</b>	<b>96.3</b>	<b>95.6</b>	<b>(0.7)</b>
Total Pay	(47.8)	(47.4)	0.5
Total Non-Pay	(21.4)	(24.2)	(2.8)
<b>EBITDA</b>	<b>27.0</b>	<b>24.1</b>	<b>(2.9)</b>

	RRCV		
	Plan	YTD	Variance
	£'m	£'m	£'m
PCI	155.3	160.9	5.6
Other Income	6.8	6.1	(0.7)
<b>Total Income</b>	<b>162.1</b>	<b>166.9</b>	<b>4.9</b>
Total Pay	(70.0)	(69.5)	0.5
Total Non-Pay	(50.0)	(54.1)	(4.1)
<b>EBITDA</b>	<b>42.1</b>	<b>43.3</b>	<b>1.3</b>

	W&C		
	Plan	YTD	Variance
	£'m	£'m	£'m
PCI	135.4	136.3	0.9
Other Income	7.9	7.4	(0.5)
<b>Total Income</b>	<b>143.3</b>	<b>143.7</b>	<b>0.4</b>
Total Pay	(75.6)	(76.4)	(0.8)
Total Non-Pay	(30.4)	(32.2)	(1.8)
<b>EBITDA</b>	<b>37.3</b>	<b>35.1</b>	<b>(2.2)</b>

	ESTATES		
	Plan	YTD	Variance
	£'m	£'m	£'m
PCI	0.0	(0.0)	(0.0)
Other Income	18.6	18.3	(0.4)
<b>Total Income</b>	<b>18.6</b>	<b>18.3</b>	<b>(0.4)</b>
Total Pay	(31.6)	(31.5)	0.1
Total Non-Pay	(28.4)	(30.9)	(2.6)
<b>EBITDA</b>	<b>(41.3)</b>	<b>(44.1)</b>	<b>(2.8)</b>

	CORPORATE		
	Plan	YTD	Variance
	£'m	£'m	£'m
PCI	0.0	0.1	0.1
Other Income	6.2	6.4	0.2
<b>Total Income</b>	<b>6.2</b>	<b>6.5</b>	<b>0.3</b>
Total Pay	(30.7)	(28.4)	2.3
Total Non-Pay	(33.3)	(35.7)	(2.4)
<b>EBITDA</b>	<b>(57.8)</b>	<b>(57.6)</b>	<b>0.2</b>

# January 2020: Statement of Financial Position

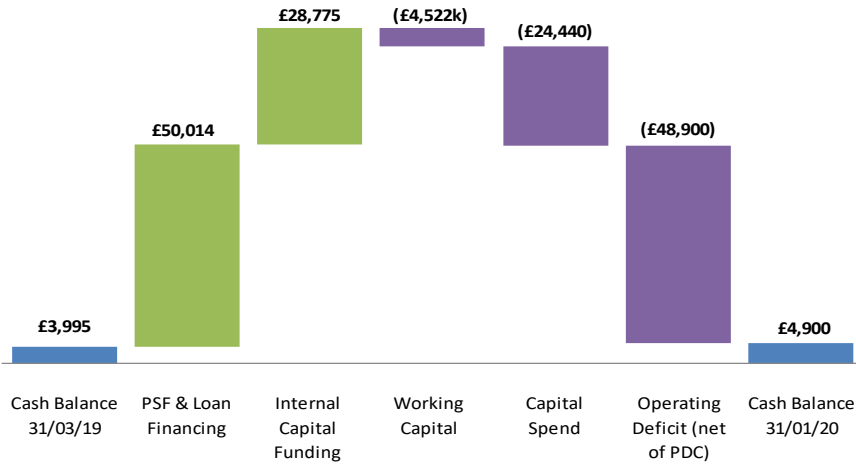
Statement of Financial Position

	Mar-19 £000's restated	Jan-20 £000's Actual	Movement £000's Actual
<b>Non Current Assets</b>			
Property, plant and equipment	476,971	480,579	3,608
Intangible assets	8,889	7,087	(1,802)
Trade and other receivables	6,573	4,470	(2,103)
<b>TOTAL NON CURRENT ASSETS</b>	<b>492,433</b>	<b>492,136</b>	<b>(297)</b>
<b>Current Assets</b>			
Inventories	22,852	23,753	901
Trade and other receivables	58,952	55,063	(3,889)
Cash and cash equivalents	3,995	4,900	905
<b>TOTAL CURRENT ASSETS</b>	<b>85,799</b>	<b>83,716</b>	<b>(2,083)</b>
<b>Current Liabilities</b>			
Trade and other payables	(129,803)	(94,592)	35,211
Borrowings / Finance Leases	(53,133)	(128,478)	(75,345)
Other Liabilities	(7,566)	(26,088)	(18,522)
Provisions for liabilities and charges	(2,768)	0	2,768
<b>TOTAL CURRENT LIABILITIES</b>	<b>(193,270)</b>	<b>(249,158)</b>	<b>(55,888)</b>
<b>NET CURRENT ASSETS (LIABILITIES)</b>	<b>(107,471)</b>	<b>(165,442)</b>	<b>(57,971)</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>384,962</b>	<b>326,694</b>	<b>(58,268)</b>
<b>Non Current Liabilities</b>			
Borrowings / Finance Leases	(200,320)	(176,117)	24,203
Provisions for liabilities and charges	(1,584)	(2,155)	(571)
<b>TOTAL NON CURRENT LIABILITIES</b>	<b>(201,904)</b>	<b>(178,272)</b>	<b>23,632</b>
<b>TOTAL ASSETS EMPLOYED</b>	<b>183,058</b>	<b>148,422</b>	<b>(34,636)</b>
Public dividend capital	341,176	355,446	14,270
Revaluation reserve	142,351	142,350	(1)
Retained earnings	(300,469)	(349,374)	(48,905)
<b>TOTAL TAXPAYERS EQUITY</b>	<b>183,058</b>	<b>148,422</b>	<b>(34,636)</b>

- **Total Assets Employed:** Movement of £34.6m
- **Non-Current Assets:** Decreased by £0.3m
- **Working capital:**
  - Trade receivables have reduced by £3.9m
  - Trade payables have reduced by £35.2m
- **Cash:** November balance of £4.9m is above the £1m target cash balance due to the timing of cash receipts, and includes TGH cash of £2.6m
- **Current liabilities (other than Trade payables):**
  - Increase of £91.1m due to timing of loans becoming due, although we expect these loans to be rolled over and the terms extended as we do not have the cash to repay them
- **Non-current liabilities:** Decrease of £23.6m due to loan funding reclassified from non current to current reflecting repayment terms
- **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
- **Balance Sheet review:** The impact of the review is reflected in the prior year (March 2019) balance sheet and month 10 balance sheet.

# January 2020: 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 £48.9m and movement in working capital by securing £50m of external financing.

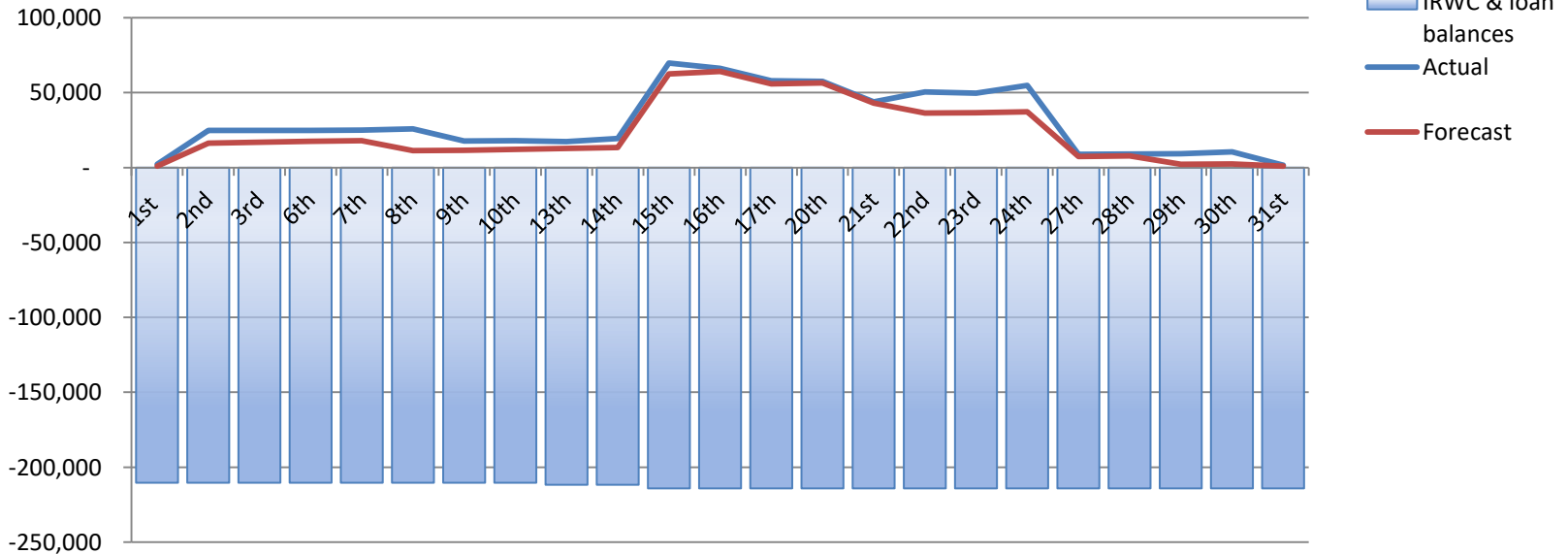
### Full Year Forecast

- 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 27<sup>th</sup> January 2020 due to the monthly payroll run.

Daily Cash Balance



# Aged payables and receivables as at 31<sup>st</sup> January 2020

		Ageing				Total
		0 - 30 Days	31 - 60 Days	61 - 90 Days	Over 90 Days	Over 90 Days
		£'000	£'000	£'000	£'000	%
Accounts Receivable	NHS receivables - revenue	18,932	2,799	3,435	4,283	15%
	Non-NHS receivables - revenue	11,770	496	643	5,437	30%
	Provision for the impairment of receivables	(6,443)				
	Non-NHS prepayments and accrued income	12,086				
	VAT	1,459				
	Other receivables	166				
	<b>TOTAL</b>	<b>37,970</b>	<b>3,295</b>	<b>4,078</b>	<b>9,720</b>	
Accounts Payable	NHS payables - revenue	(16,403)	(453)	(489)	(14,577)	46%
	Non-NHS payables - revenue	(2,177)	(6,518)	(3,903)	(20,339)	62%
	Non-NHS payables - capital	(17)	(52)	(41)	(151)	58%
	Non-NHS accruals and deferred income	(34,982)				
	Social security costs	(7,542)				
	Tax	(6,219)				
	Other	(14,827)				
	Payments received on account	(8,009)				
<b>TOTAL</b>	<b>(90,176)</b>	<b>(7,023)</b>	<b>(4,433)</b>	<b>(35,067)</b>		

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

- NHS receivables: 15% - £4.3m over 90 days
- Non-NHS receivables: 30% - £5.4m over 90 days
- NHS payables-revenue: 46% - £14.6m over 90 days
- Non- NHS payables-revenue: 46% - £20.4m 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	January YTD		Prior month YTD	
	Number	£000s	Number	£000s
<b>All</b>				
Total Invoices Paid in the Year	155,202	679,397	137,213	607,977
Total Invoices Paid Within Target	60,336	442,303	52,933	397,098
<b>Percentage Invoices Paid Within Target (target 95%)</b>	<b>39%</b>	<b>65%</b>	<b>39%</b>	<b>65%</b>
<b>Non-NHS Payables</b>				
Total Non-NHS Invoices Paid in the Year	150,759	574,293	133,048	513,347
Total Non-NHS Invoices Paid Within Target	59,126	360,338	51,838	323,695
<b>Percentage of Non-NHS Invoices Paid Within Target</b>	<b>39%</b>	<b>63%</b>	<b>39%</b>	<b>63%</b>
<b>Local SME payables</b>				
Total SME Invoices Paid in the Year	945	11,340	625	6,654
Total SME Invoices Paid Within Target	612	2,155	400	1,198
<b>Percentage of Local SME Invoices Paid Within Target</b>	<b>65%</b>	<b>19%</b>	<b>64%</b>	<b>18%</b>
<b>NHS Payables</b>				
Total NHS Invoices Paid in the Year	4,443	105,103	4,165	94,630
Total NHS Invoices Paid Within Target	1,210	81,965	1,095	73,403
<b>Percentage of NHS Invoices Paid Within Target</b>	<b>27%</b>	<b>78%</b>	<b>26%</b>	<b>78%</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.

# 2019/20 Financial Plan: Key Risks

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- **Risk:** Review of Balance Sheet and operational pressures.

**Mitigation:** A detailed review has been undertaken and a number of issues have been identified and corrected in the balance sheet and in I & E. Adjustments affecting I & E have been analysed between those required in the prior period (18/19 financial statements) and those that impact on I & E in the current year. Adjustments to the balance sheet affecting the prior year have been removed from the 19/20 I & E position as reported. An element of this (primarily accruals) has been estimated in terms of prior year impact and further work is required to confirm the precise prior year adjustment and as a consequence the impact on I & E in 19/20.

- **Risk:** Delivery of the CMG Control Totals. A risk of £3.5m overspend against Control Totals is built in to the Trusts forecast outturn although the in year impact of the balance sheet review has led to additional expenditure of £2.9m being identified in month 10 in addition to a further £1.1m of cost pressures and a pass through income pressure of £1.1m

**Mitigation:** Continuation of Performance Management Framework including use of Financial Special Measures to pro-actively manage the risk with associated Corporate Support.

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

**Mitigation:** A fixed income deal has been agreed with LLR CCGs. The month 10 report also assumes a minimum income deal is agreed with Specialised Commissioning to secure income as reported for month 10 and FOT

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

**Mitigation:** Winter operational pressures from increased emergency demand are being managed through increased capacity but within available funding through flexible use of internal staffing resources, reducing the need to pay agency rates