

# 2017/18 Financial Performance

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Trust Board paper N1

## Executive Summary

### Context

The Trust is planning for an income and expenditure deficit of £26.7m in 2017/18 with a capital plan of £54.4m. Delivery of the financial plan in 2017/18 is essential in order to maintain our position as an organisation with good financial control; effectively a pre-requisite to access the extremely limited national capital resource for reconfiguration.

### Questions

1. What is our financial performance for the period ending 31<sup>st</sup> January 2018?

#### **Winter funding**

On 15<sup>th</sup> December 2017, the Trust received notification from NHS Improvement of winter funding being made available to support emergency pressures. The funding is in two tranches:

1. Tranche 1 - £2,243k: this money is to be used to fund existing costs and represents a required improvement to the Trust's deficit from £26.7m to £24.5m
2. Tranche 2 - £1,096k: this is to fund specific initiatives to help improve emergency performance and is contingent upon ED achieving 90% performance over Q4

#### **M10 Financial Performance**

Excluding Tranche 1, the Trust has achieved a year to date deficit of £31.7m which is £6.9m adverse to plan. January activity has been impacted by emergency pressures and elective cancellations.

Combined with the inherent risk associated with CIP delivery in the year to go (illustrated on Pages 13 and 15 of the report) as the profile of savings increases

through the year, this represents a material risk to delivery of the full year plan embedded in the unmitigated forecast referenced in Question 3 below.

2. What is our performance against the agency ceiling?

Agency expenditure is below the required level (as per the NHSI agency cap for UHL). The cap essentially mandates a 30% reduction on 2015/16 agency spend. This is very positive news especially given our start point as a relatively low use of agency compared to our acute peer group.

3. What is our forecast I&E position for 2017/18?

As outlined on Page 17 of the report and in line with previous months, the Month 10 unmitigated forecast indicates a risk of £18.7m to the planned I&E deficit of £24.5m including the Winter Funding Tranche 1. The forecast under-performance is driven by unidentified CIP, delivery risk of supplementary CIP together with on-going pay and non-pay pressures as noted in Question 1 above in addition to income provisions in relation to 2016/17 settlement and Sepsis coding.

In addition to the above risks, winter operational pressures and elective cancellations are driving lower elective activity in December, January and forecast to February through increased cancellations and lower bookings. This is compounded through additional costs over and above winter funding to support the emergency pathway with downstream risk on achieving ED performance and the potential claw back of Tranche 2 Winter Funding. Current forecasts show a net pressure of £10m over and above the underlying risk described above. The Trust is liaising closely with NHSI whilst a nationally derived solution is being developed. If this remains unresolved, there is a £10m net pressure to the Trust.

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

The Trust's Cost Improvement Programme target has increased from £33m to £44.2m with the inclusion of £3.5m for supplementary CIP and £7.6m from financial improvement and technical schemes being re-aligned as CIP. To date, £29.3m of the total £44.2m has been delivered. This is £3.6m adverse to plan due to the crystallisation of un-identified CIP. Of the £44.2m this year, £4.9m is still unidentified representing a risk to the programme and the overall delivery of the I&E plan. Escalation meetings will continue with the CMGs concerned.

5. How are we managing unfunded cost pressures this year?

In setting budgets appropriately and in accordance with 2016/17 spend levels, the Trust has little additional (reserve) funding to allocate to CMGs to fund any further cost pressures this year. To ensure that this does not impact negatively on the quality of our services, the Chief Executive is chairing a specific Executive Board meeting (Star Chamber) as necessary to consider any such pressures which potentially cannot be avoided. This will ensure that we have senior oversight and transparency regarding such decisions in 2017/18.

As at the end of Q1, the Star Chamber has identified unavoidable cost pressures totalling a further £10m which creates a £3.5m in-year funding gap for the Trust. To help close the overall budget gap, the Trust has targeted an additional £3.5m reduction in the pay bill through a structured supplementary CIP programme which is in addition to the existing CIP target of £33m referenced in Answer 4 above.

6. What risk mitigation strategies are in place for 2017/18?

Page 23 of the report provides information on the key risks and their mitigations, some of which have already been mentioned in this summary.

## Input Sought

**Note** the financial performance at Month 10.

# For Reference

Edit as appropriate:

1.The following objectives were considered when preparing this report:

Safe, high quality, patient centred healthcare	[ <del>Yes</del> / <del>No</del> / <del>Not applicable</del> ]
Effective, integrated emergency care	[ <del>Yes</del> / <del>No</del> / <b>Not applicable</b> ]
Consistently meeting national access standards	[ <del>Yes</del> / <del>No</del> / <b>Not applicable</b> ]
Integrated care in partnership with others	[ <del>Yes</del> / <del>No</del> / <b>Not applicable</b> ]
Enhanced delivery in research, innovation & ed'	[ <del>Yes</del> / <del>No</del> / <b>Not applicable</b> ]
A caring, professional, engaged workforce	[ <del>Yes</del> / <del>No</del> / <b>Not applicable</b> ]
Clinically sustainable services with excellent facilities	[ <del>Yes</del> / <del>No</del> / <b>Not applicable</b> ]
Financially sustainable NHS organisation	[ <del>Yes</del> / <del>No</del> / <del>Not applicable</del> ]
Enabled by excellent IM&T	[ <del>Yes</del> / <del>No</del> / <b>Not applicable</b> ]

2.This matter relates to the following governance initiatives:

Organisational Risk Register	[ <del>Yes</del> / <del>No</del> / <del>Not applicable</del> ]
Board Assurance Framework	[ <del>Yes</del> / <del>No</del> / <del>Not applicable</del> ]

3.Related Patient and Public Involvement actions taken, or to be taken: **Considered but not applicable**

4.Results of any Equality Impact Assessment, relating to this matter: **Considered but not applicable**

5.Scheduled date for the next paper on this topic: **12<sup>th</sup> April 2018**

6.Executive Summaries should not exceed 1 page. [**My paper does/does not comply**]

7.Papers should not exceed 7 pages. [**My paper does/does not comply**]

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# Executive Summary

## Financial performance

### Statutory duties

- Delivering the planned deficit: on track with risk from Winter operational pressures
- Achieving the External Funding Limit: Achieved
- Achieving the Capital Resource Limit: Achieved

### Financial Performance

- **Excluding Winter Funding Tranche 1, Deficit of £31.7m, £6.9mA to Plan:** In month performance has been impacted by a reduction in activity due to elective cancellations, winter and Emergency pressures. Under delivery predominantly in ED, Day Case and Elective Inpatients offset by over-performance on Non-Elective/Emergency, Audiology and National Screening. Underlying over-spend in Medical workforce and cost pressures are mitigated by release of Central reserves and acceleration of technical actions.
- **Including Winter Funding Tranche 1, Deficit of £30.6m, £5.8mA to Plan:** representing the flow through of £1.1m Winter monies.
- **Patient Care Income, £1.4mF to Plan:** Over-performance driven by Emergency/Non-elective, National Screening and Audiology offset by under delivery across other points of delivery, predominantly ED, Day Case and Elective Inpatients.
- **Operating Costs, £10.9mA to Plan:** with pay £11.7mA to Plan including £2.3m release of reserves with underlying overspend in all staff groups. Non-pay underspend of £0.8m with £11.2mF from release of reserves and accelerated FIT actions with underlying overspend to deliver additional activity, support the Emergency pathway and non-delivery of CIP.
- **CIP, £3.6mA to Plan** representing crystallisation of unidentified CIP.
- **Finance Improvement and Technical £0.5mA to Plan:** Phasing of £10k accrual de-minimus policy expected to deliver in February.
- **Forecast Outturn:** in line with Plan adjusted for Winter Funding Tranche 1 of £2.2m resulting in a revised deficit of £24.5m. Forecast Winter operational pressures drive an additional £10m risk with the spectrum of risk outlined on page 23.

## Cash

- **Closing cash balance at January of £6.0m,** which is higher than Plan due to normal monthly timing differences.
- Trust Med Pharmacy cash balance was £4.2m.
- Funded YTD net deficit by drawing down £26.7m of our Interim Revolving Working Capital Facility (IRWC) and revenue support loan.
- Forecast of £1m cash holding at the year end.

## Capital

- **January:** Total capital expenditure of £20.7m, £5.8mF to Plan
  - Year to date spend driven by:
    - Re-configuration projects
    - Emergency Floor
    - Managed Equipment Service Finance Leases
    - Estates, backlog maintenance
  - Underspend predominantly related to reconfiguration schemes due to delays in spend together with under-spend within Estates.

# January 2018: Key Facts



**Key**

- EBITDA refers to Earnings Before Interest, Taxes, Depreciation and Amortisation
- Colour indicates status of variance on planned position (Green is Favourable/In Line and Red is Adverse)
- Number relates to variance YTD

# Financial Performance: YTD Deficit of £31.7m, £6.9mA with Plan

	Jan-18			YTD				
	Plan	Actual	Vs Plan	Plan	Actual	F/(A)	%	
Value Drivers	Day Case	9,398	8,963	(435)	89,885	87,570	(2,315)	(3%)
	Elective Inpatient	1,918	1,052	(866)	18,437	17,367	(1,070)	(6%)
	Emergency / Non-elective Inpatient	10,086	10,607	520	96,567	99,147	2,580	3%
	Emergency Department	20,844	20,609	(235)	206,181	201,033	(5,148)	(2%)
	Outpatient Procedures	85,280	83,751	(1,529)	808,223	791,936	(16,287)	(2%)
	Critical Care Services	4,866	5,522	656	47,099	48,527	1,428	3%
	Renal Dialysis and Transplant	14,852	14,751	(101)	145,783	147,051	1,268	1%
	Other Activity	788,226	618,073	(170,153)	7,531,665	6,693,664	(838,001)	(11%)
	WTE Total	13,953	13,507	447	13,953	13,507	447	3%
	WTE Agency	235	266	(31)	275	266	10	4%
1&E £'000	Jan-18			YTD				
	Plan	Actual	Vs Plan	Plan	Actual	F/(A)	%	
	£'000	£'000	£'000	£'000	£'000	£'000	%	
	Patient Care Income	69,852	70,308	456	675,058	676,427	1,369	0%
	Non Patient Care Income	534	351	(183)	5,327	5,778	451	8%
	Other Operating Income	10,579	10,191	(388)	105,785	106,031	246	0%
	<b>Total Income</b>	<b>80,965</b>	<b>80,850</b>	<b>(115)</b>	<b>786,170</b>	<b>788,235</b>	<b>2,065</b>	<b>0%</b>
	Pay Costs	(45,473)	(47,974)	(2,501)	(467,378)	(479,686)	(12,308)	(3%)
	Pay Costs: Agency	(1,570)	(1,777)	(207)	(17,602)	(16,979)	623	4%
	Non Pay	(28,815)	(30,017)	(1,202)	(290,586)	(289,780)	806	0%
	<b>Total Operating Costs</b>	<b>(75,858)</b>	<b>(79,768)</b>	<b>(3,910)</b>	<b>(775,566)</b>	<b>(786,445)</b>	<b>(10,879)</b>	<b>(1%)</b>
	<b>EBITDA</b>	<b>5,107</b>	<b>1,082</b>	<b>(4,025)</b>	<b>10,604</b>	<b>1,790</b>	<b>(8,814)</b>	<b>(83%)</b>
	<b>Non Operating Costs</b>	<b>(3,532)</b>	<b>(6,527)</b>	<b>(2,995)</b>	<b>(35,379)</b>	<b>(33,242)</b>	<b>2,137</b>	<b>6%</b>
	<b>Retained deficit</b>	<b>1,575</b>	<b>(5,445)</b>	<b>(7,020)</b>	<b>(24,775)</b>	<b>(31,452)</b>	<b>(6,677)</b>	<b>(27%)</b>
	Adjustments for Donated Assets	3	43	40	48	(220)	(268)	(558%)
<b>Net Deficit Excluding Winter Funding</b>	<b>1,578</b>	<b>(5,402)</b>	<b>(6,980)</b>	<b>(24,727)</b>	<b>(31,672)</b>	<b>(6,945)</b>	<b>(28%)</b>	
Winter Funding - Tranche 1	0	561	561	0	1,122	1,122	0%	
<b>Net Deficit Including Winter Funding</b>	<b>1,578</b>	<b>(4,841)</b>	<b>(6,419)</b>	<b>(24,727)</b>	<b>(30,550)</b>	<b>(5,823)</b>	<b>(24%)</b>	
Ratios	Agency: Total Pay	3.45%	3.70%		3.77%	3.54%		
	EBITDA: Income	6.31%	1.34%		1.35%	0.23%		
	Net Deficit: Income	1.95%	(5.99%)		(3.15%)	(3.88%)		

## Key

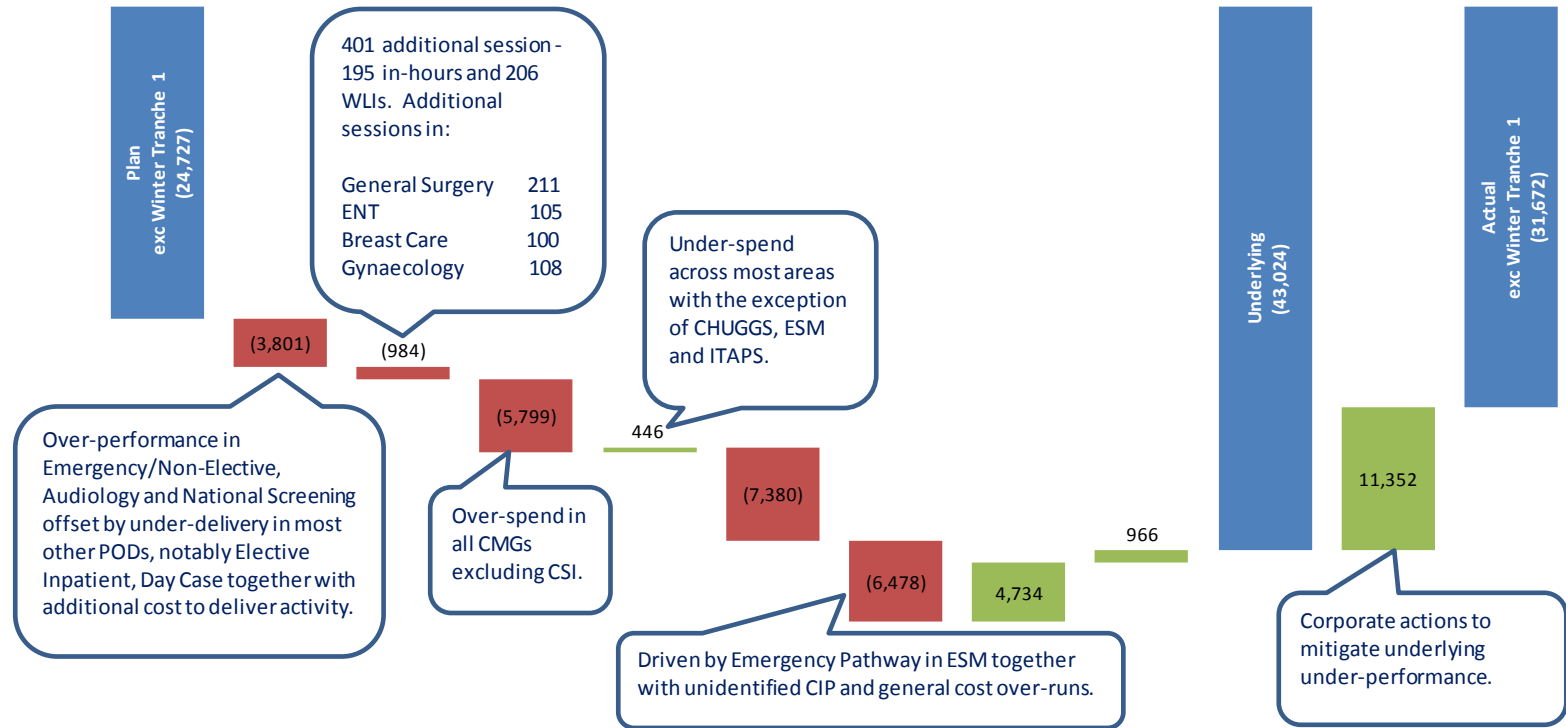
- EBITDA refers to Earnings Before Interest, Taxes, Depreciation and Amortisation
- F refers to a Favourable variance to plan
- A refers to an Adverse variance to plan

- **NHS Patient Care Income: £676.4m, £1.4mF** including £0.8mF in relation to drugs and devices excluded from tariff with the offset in non-pay and £2.1mA in relation to the central income provisions. Underlying over-performance of £2.8m predominantly within Emergency/Non-elective, National Screening Programme, Direct access Pathology, Radiotherapy and Audiology offset by Work in Progress and underperformance in Elective Inpatients, ED and Day Case.
- **Non Patient Care Income & Other Income: £111.8m, £0.7mF** driven by £0.8mF in relation to dividends together with acceleration of deferred income release and additional income from donated assets.
- **Pay Costs: £479.7m, £12.3mA** which includes £2.3mF utilisation of central reserves. Underlying overspend of £14.6m across all staff groups with Medical being the biggest area of overspend at £6mA across all CMGS with the exception of CSI, followed by Non Clinical which is £4.9mA with the exception of central. Pay remains an area of concern requiring control and optimum use of financial resources to support operational pressures impacting the Emergency flow.
- **Agency: £17.0m, £0.6mF to Plan** driven by Nursing in ESM.
- **Non-Pay: £289.8m, £0.8mF** including £11.2mF relating to Central Provisions together with £0.8mA in relation to drugs and devices excluded from tariff. Underlying overspend of £9.6m is predominantly driven by additional cost to deliver activity together with costs in relation to patient transport, Non Weight Bearing pathway and unidentified CIP. Non-pay remains a critical area of spend to ensure tight cost control underpinned by activity performance.
- **EBITDA: surplus of £1.8m, £8.8mA.**
- **Non-Operating Costs: £33.2m, £2.1mF to Plan** including £3.8mF acceleration of additional Financial Improvement Technical actions.



# I&E Bridge: in line with Plan with Emergency pressures

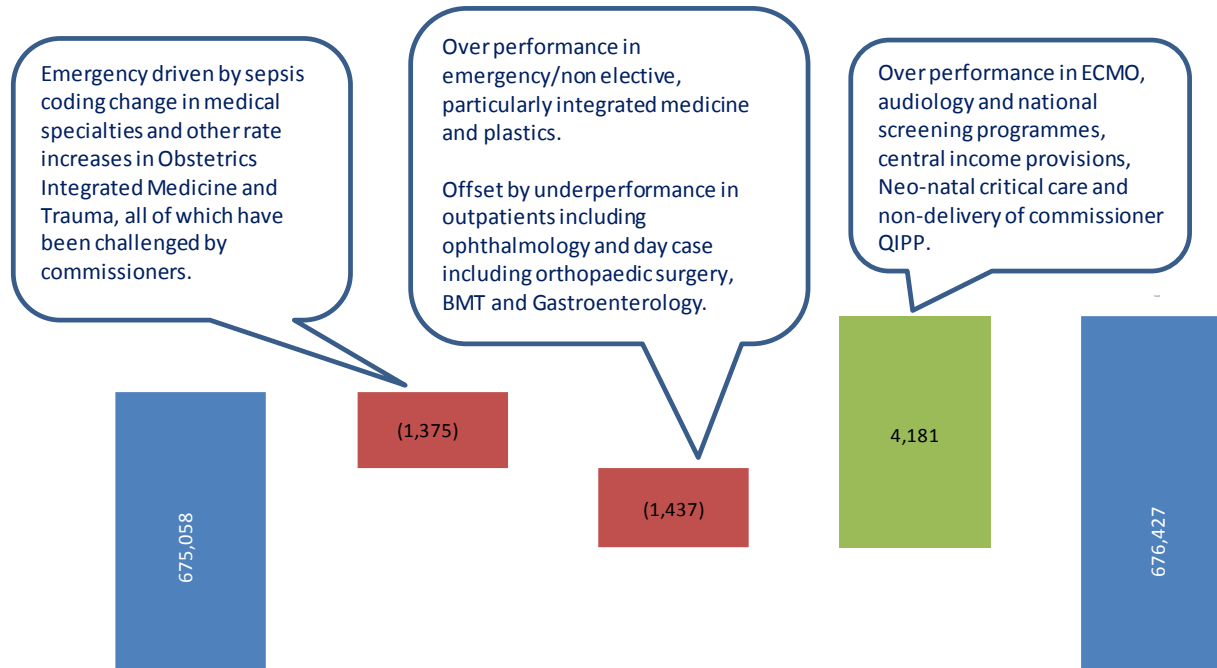
Over-performance on Non-Elective/Emergency, Audiology and National Screening offset by Under-delivery in Elective Inpatient and Day Case. Under-lying over-spend in Medical workforce and cost pressures are currently being mitigated by release of Central reserves and acceleration of mitigating actions. In month financial performance has been impacted by a reduction in activity due to Emergency pressures and elective cancellations.



£(000)	Plan exc Winter Tranche 1	Activity	Theatres	Medical Pay	Nursing Pay	Other Pay	Cost Pressures	Reserves	Other	Underlying	Non-recurrent Items	Actual exc Winter Tranche 1	Var F/(A)
NHS PCI	675,058	(228)							2,346	677,175	(748)	676,427	1,369
Other Income	110,697								(460)	110,236	944	111,180	484
Pay	(467,378)		(915)	(5,443)	(145)	(7,768)		1,670		(479,979)	294	(479,686)	(12,308)
Pay: Agency	(17,602)			(357)	591	388				(16,979)		(16,979)	623
Non Pay	(290,586)	(3,573)	(69)				(6,478)	3,064	(676)	(298,317)	8,538	(289,780)	806
Non-Operating Costs	(34,916)								(243)	(35,159)	2,325	(32,834)	2,082
<b>Net Deficit</b>	<b>(24,727)</b>	<b>(3,801)</b>	<b>(984)</b>	<b>(5,799)</b>	<b>446</b>	<b>(7,380)</b>	<b>(6,478)</b>	<b>4,734</b>	<b>966</b>	<b>(43,024)</b>	<b>11,352</b>	<b>(31,672)</b>	<b>(6,945)</b>

# NHS Patient Income: January £676.4m, £1.4mF to Plan

Over-performance driven by Emergency/Non-elective, National Screening Programme, Direct Access Pathology, Radiotherapy and Audiology offset by Work in Progress and under delivery across other points of delivery, predominantly ED, day case and elective inpatients



£(m)	Plan exc Winter T1	Rate	Volume	Other	Actual exc Winter T1	Var F / (A)
Day Case	51,836	(1,204)	(1,304)	0	49,328	(2,508)
Elective Inpatient	68,553	(1,654)	(3,883)	0	63,015	(5,537)
Emergency / Non-elective Inpatient	177,248	2,266	4,797	0	184,310	7,063
Marginal Rate Emergency Threshold	(5,412)	0	0	289	(5,123)	289
Emergency Department	26,071	(461)	(639)	0	24,971	(1,100)
Outpatient	94,578	1,572	(1,938)	0	94,212	(366)
Drugs and Devices excluded from Tariff	83,304	0	0	781	84,084	781
Critical Care Services	45,362	(1,411)	1,333	0	45,284	(78)
Renal Dialysis and Transplant	23,184	(482)	197	0	22,899	(285)
CQUIN	13,549	0	0	530	14,079	530
Other Activity	87,973	0	0	189	88,162	189
Other Financial Values	8,813	0	0	2,393	11,205	2,393
<b>Total</b>	<b>675,058</b>	<b>(1,375)</b>	<b>(1,437)</b>	<b>4,181</b>	<b>676,427</b>	<b>1,369</b>

# Activity & Income: Performance versus Contract

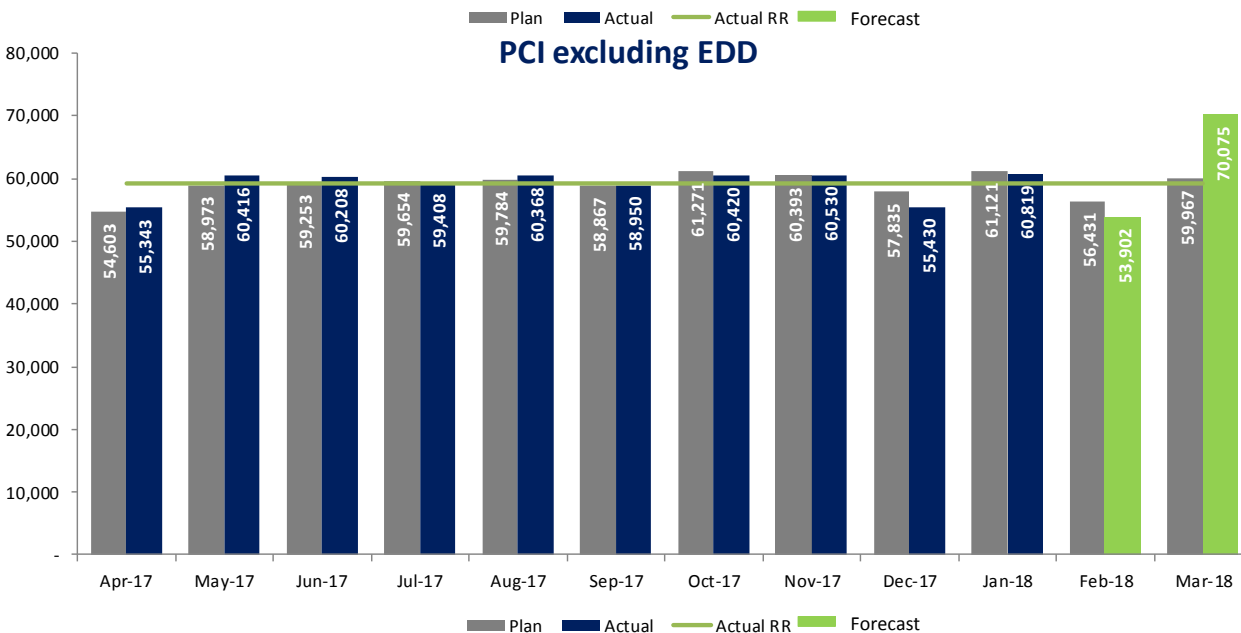
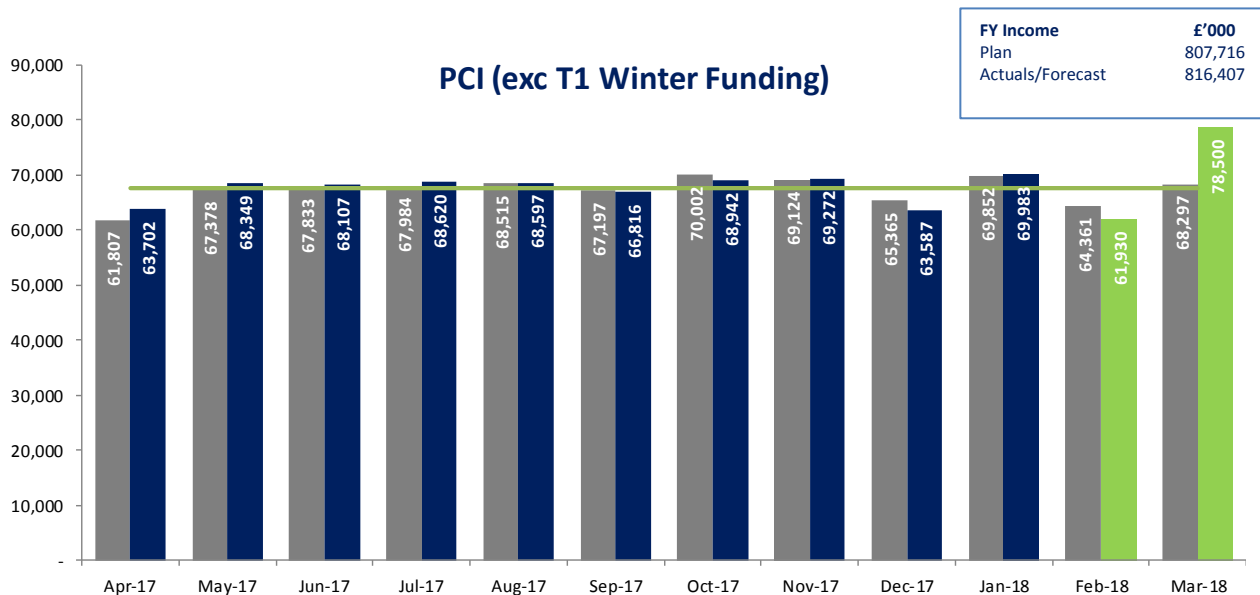
Activity	Case Mix	City	East	West	Specialised	Other	Alliance	Total	%
	Day Case	(359)	(1,328)	(602)	1,613	(500)	(1,139)	(2,315)	(3%)
	Elective Inpatient	(117)	(172)	(165)	(177)	(438)		(1,070)	(6%)
	Emergency / Non-elective Inpatient	92	735	1,069	1,065	(381)		2,580	3%
	Marginal Rate Emergency Threshold (MRET)	0	0	0	0	0		0	0%
	Emergency Department	265	3,464	2,482		(11,359)		(5,148)	(2%)
	Outpatient	6,440	9,278	6,634	19,187	(54,395)	(3,431)	(16,287)	(2%)
	Excluded Drugs and Devices	2,117	2,880	2,816	22,358	(101)	0	30,069	0%
	Critical Care Services	67	(25)	(636)	1,502	521		1,428	3%
	Renal Dialysis and Transplant	0	0	0	(349)	1,617		1,268	1%
CQUIN	0	0	0	0	0	0	0	0%	
Other Activity	(315,474)	(321,349)	(184,194)	6,488	(16,681)	(6,792)	(838,001)	(11%)	
Other Financial Values	976	1,018	1,613	4,051	(4,430)	(964)	2,263	0%	

Financial	Case Mix	City (£000)	East (£000)	West (£000)	Specialised (£000)	Other (£000)	Alliance (£000)	Total (£000)	%
	Day Case	147	(386)	38	565	(2,012)	(861)	(2,508)	(5%)
	Elective Inpatient	(757)	(999)	(470)	(1,713)	(1,599)	0	(5,537)	(8%)
	Emergency / Non-elective Inpatient	1,600	2,195	2,890	3,405	(3,028)	0	7,063	4%
	Marginal Rate Emergency Threshold (MRET)	161	124	(15)	(1)	20	0	289	5%
	Emergency Department	9	4	3	0	(1,115)	0	(1,100)	(4%)
	Outpatient	932	1,142	906	2,279	(5,270)	(356)	(366)	(0%)
	Excluded Drugs and Devices	(211)	8	(1)	2,849	(1,878)	14	781	1%
	Critical Care Services	(121)	37	(595)	(56)	657	0	(78)	(0%)
	Renal Dialysis and Transplant	0	0	0	(325)	40	0	(285)	(1%)
CQUIN	768	592	607	256	(1,662)	(31)	530	4%	
Other Activity	39	360	160	776	(697)	(450)	189	0%	
Other Financial Values	1,634	1,185	1,291	588	(2,327)	22	2,393	27%	
<b>Grand Total</b>	<b>4,202</b>	<b>4,263</b>	<b>4,816</b>	<b>8,621</b>	<b>(18,870)</b>	<b>(1,663)</b>	<b>1,369</b>	<b>0%</b>	

## Contracts:

- Day Case & Elective Inpatient:**  
 Underperformance in Orthopaedic Surgery, Gynaecology, BMT, Cardiac Surgery, Paediatric Cardiac Surgery, ENT and Neurology.
- Emergency / Non Elective:**  
 Over performance across a wide range of specialties including Integrated Medicine, Trauma, Thoracic Medicine, Hepatobiliary & Pancreatic Surgery, Cardiac Surgery, Obstetrics and Urology. Offset by underperformance in Stroke Medicine and Paediatric Cardiothoracic Surgery.
- Outpatients:**  
 Underperformance is within the Cardio Vascular, Diabetology and Ophthalmology Specialities, offset by over performance within specialties Integrated Medicine, and Endocrinology.
- Excluded Drugs and Devices:**  
 Over performance in Clinical Oncology drugs, TAVI and Neurology, offset by underperformance against the Cancer Drugs Fund, and Implantable Defibrillators.
- Other Financial Values:**  
 Relates to the implementation of new Best Practice Tariff for COPD, Home Oxygen Service and molecular testing in oncology. Underperformance against unallocated commissioner QIPP schemes is also contributing significantly to this variance. In addition, the value of work in progress has increased this month.

# Patient Income Run Rates



## Year to Date

- Year to date over-performance of £1.4m which includes £0.8mF in relation to drugs and devices excluded from tariff together with £2.1mA in relation to Central income provisions.
- Over-performance predominantly driven by Emergency/Non-elective, National Screening Programme, Direct Access Pathology, Radiotherapy and Audiology offset by Work in Progress and under delivery across other points of delivery, predominantly ED, day case and elective inpatients.
- January activity is further impacted by elective cancellations driving lower bookings and higher cancellations.

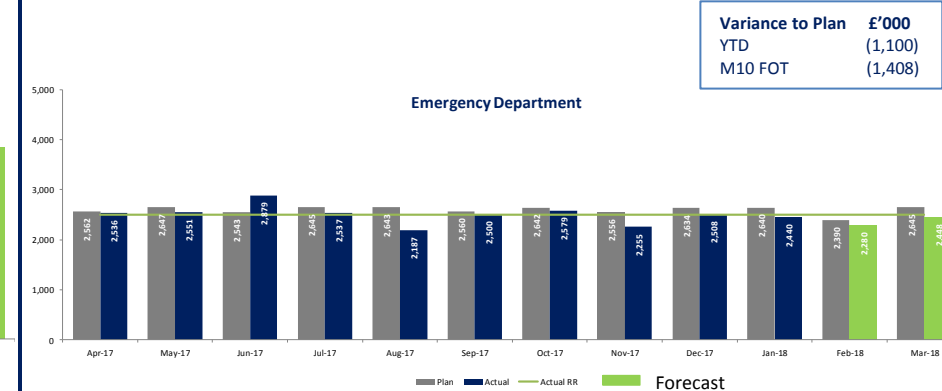
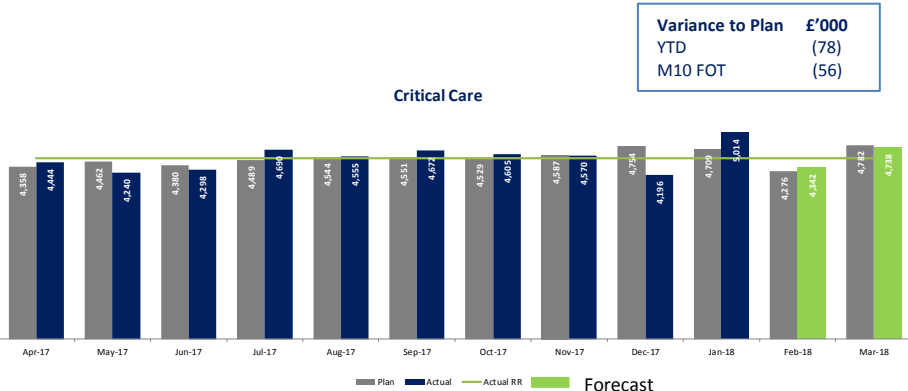
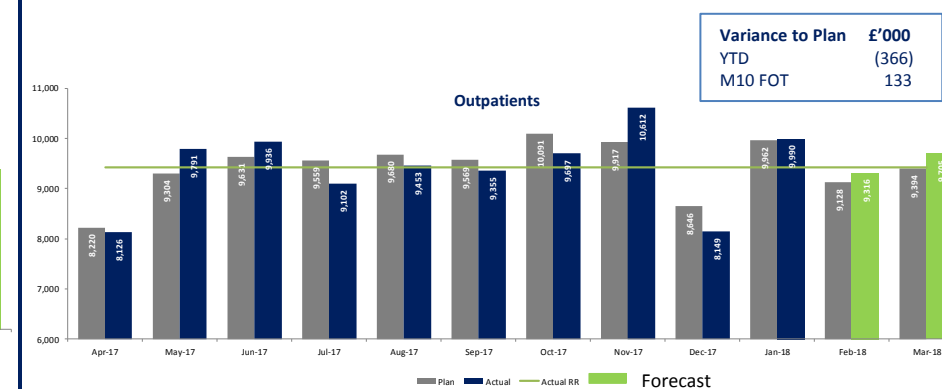
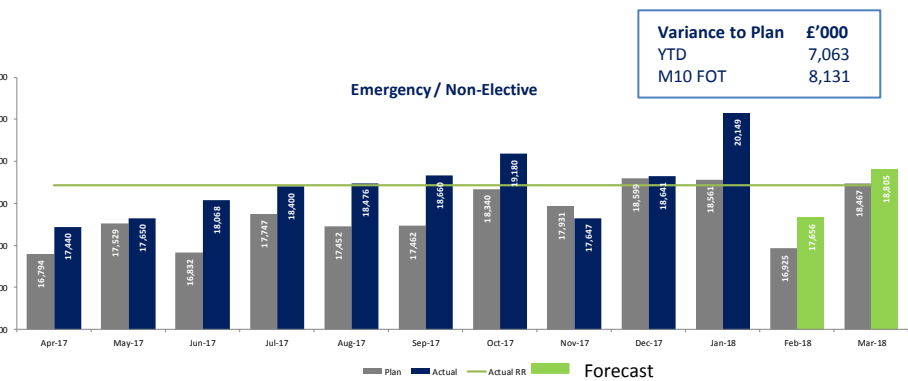
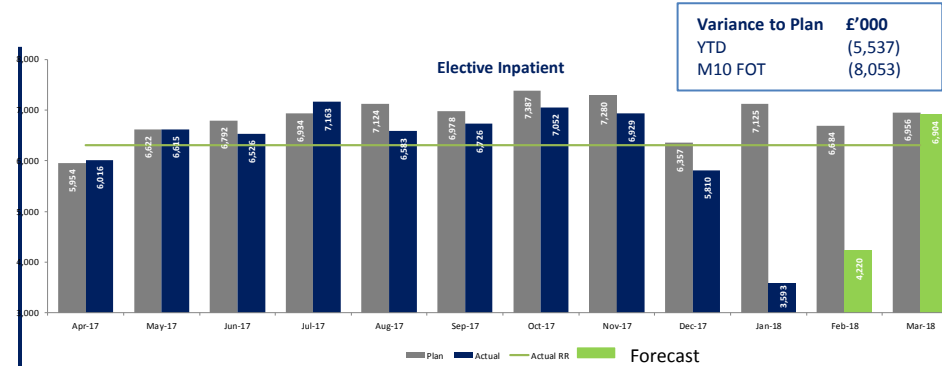
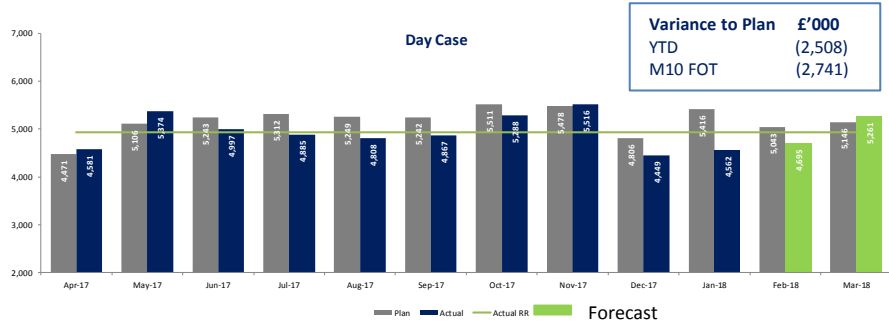
## Forecast

- Underlying over-performance is forecast to continue within Emergency and Non-elective. Offset through central provisions in relation to the resolution of contract challenges, Sepsis Coding and 2016/17 Final settlement.

## Alignment with LLR CCG forecast

- At Month 9, UHL and LLR CCGs reconciled own forecasts in order to understand the level of risk within the system.
- This showed that UHL are forecasting £3m more income than LLR CCGs, with the differences driven by:
  - Baseline forecast assumptions: £0.3mA
  - Activity over current trend levels: £1mF; and expected outcome of CCG contract challenges: £2.3mF.

# Patient Income Run Rates: Point of Delivery



# Pay: YTD £496.7m, £11.7mA to Plan

	Jan-18						YTD						
	£'000			WTE			£'000			WTE			
	Plan	Actual	F/(A)	Plan	Actual	F/(A)	Plan	Actual	F/(A)	Plan	Actual	F/(A)	
Agency	Medical	572	724	(152)	20	71	(52)	7,246	7,483	(237)	20	71	(52)
	Nursing & Midwifery	690	768	(78)	0	151	(151)	7,276	6,685	591	0	151	(151)
	Other Clinical	212	221	(9)	67	18	48	2,125	2,293	(167)	67	18	48
	Non Clinical	95	63	32	35	25	10	954	518	436	35	25	10
	<b>Total: Agency</b>	<b>1,570</b>	<b>1,777</b>	<b>(207)</b>	<b>121</b>	<b>266</b>	<b>(144)</b>	<b>17,602</b>	<b>16,979</b>	<b>623</b>	<b>121</b>	<b>266</b>	<b>(144)</b>
Other Non-contracted	Medical	0	1,528	(1,528)	0	5	(5)	0	13,758	(13,758)	0	5	(5)
	Nursing & Midwifery	0	1,935	(1,935)	0	610	(610)	0	16,313	(16,313)	0	610	(610)
	Other Clinical	0	273	(273)	0	61	(61)	0	3,144	(3,144)	0	61	(61)
	Non Clinical	0	531	(531)	0	284	(284)	0	5,581	(5,581)	0	284	(284)
	<b>Total: Other Non-contracted</b>	<b>0</b>	<b>4,267</b>	<b>(4,267)</b>	<b>0</b>	<b>959</b>	<b>(959)</b>	<b>0</b>	<b>38,796</b>	<b>(38,796)</b>	<b>0</b>	<b>959</b>	<b>(959)</b>
Total Non-contracted	Medical	572	2,252	(1,680)	20	76	(56)	7,246	21,241	(13,995)	20	76	(56)
	Nursing & Midwifery	690	2,704	(2,013)	0	761	(761)	7,276	22,999	(15,722)	0	761	(761)
	Other Clinical	212	494	(282)	67	79	(12)	2,125	5,436	(3,311)	67	79	(12)
	Non Clinical	95	595	(499)	35	309	(274)	954	6,100	(5,146)	35	309	(274)
	<b>Total: Non-contracted</b>	<b>1,570</b>	<b>6,044</b>	<b>(4,474)</b>	<b>121</b>	<b>1,225</b>	<b>(1,103)</b>	<b>17,602</b>	<b>55,776</b>	<b>(38,174)</b>	<b>121</b>	<b>1,225</b>	<b>(1,103)</b>
Substantive	Medical	15,261	14,620	641	1,835	1,910	(75)	151,058	143,307	7,751	1,835	1,910	(75)
	Nursing & Midwifery	17,289	15,797	1,492	5,770	4,852	918	170,654	154,847	15,807	5,770	4,852	918
	Other Clinical	6,474	6,512	(39)	2,190	2,073	116	64,359	63,789	570	2,190	2,073	116
	Non Clinical	6,449	6,777	(328)	4,038	3,713	325	81,308	78,947	2,361	4,038	3,713	325
	<b>Total: Substantive</b>	<b>45,473</b>	<b>43,706</b>	<b>1,767</b>	<b>13,832</b>	<b>12,548</b>	<b>1,284</b>	<b>467,378</b>	<b>440,889</b>	<b>26,489</b>	<b>13,832</b>	<b>12,548</b>	<b>1,284</b>
Total	Medical	15,834	16,872	(1,039)	1,854	1,986	(131)	158,304	164,548	(6,244)	1,854	1,986	(131)
	Nursing & Midwifery	17,979	18,501	(522)	5,770	5,613	157	177,930	177,846	84	5,770	5,613	157
	Other Clinical	6,686	7,006	(320)	2,256	2,152	104	66,484	69,225	(2,741)	2,256	2,152	104
	Non Clinical	6,545	7,372	(827)	4,073	4,022	51	82,262	85,046	(2,785)	4,073	4,022	51
	<b>TOTAL: Pay</b>	<b>47,043</b>	<b>49,751</b>	<b>(2,708)</b>	<b>13,953</b>	<b>13,772</b>	<b>181</b>	<b>484,980</b>	<b>496,665</b>	<b>(11,685)</b>	<b>13,953</b>	<b>13,772</b>	<b>181</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 £17.0m, £0.6mF to Plan. Medical overspend of £1.1m in CHUGGS and ESM offset by nursing underspend of £1.6m within ESM and non-clinical within the Corporate Directorates.

## Other Non-contracted Pay

- Other non-contracted pay consists of overtime, bank, WLI's and internal locums.
- Year to date expenditure of £39.0m with Medical and Nursing driving 78% of spend. Whilst premium pay shows an overspend this needs to be taken into account with Substantive Pay as budgets are held at Established levels.

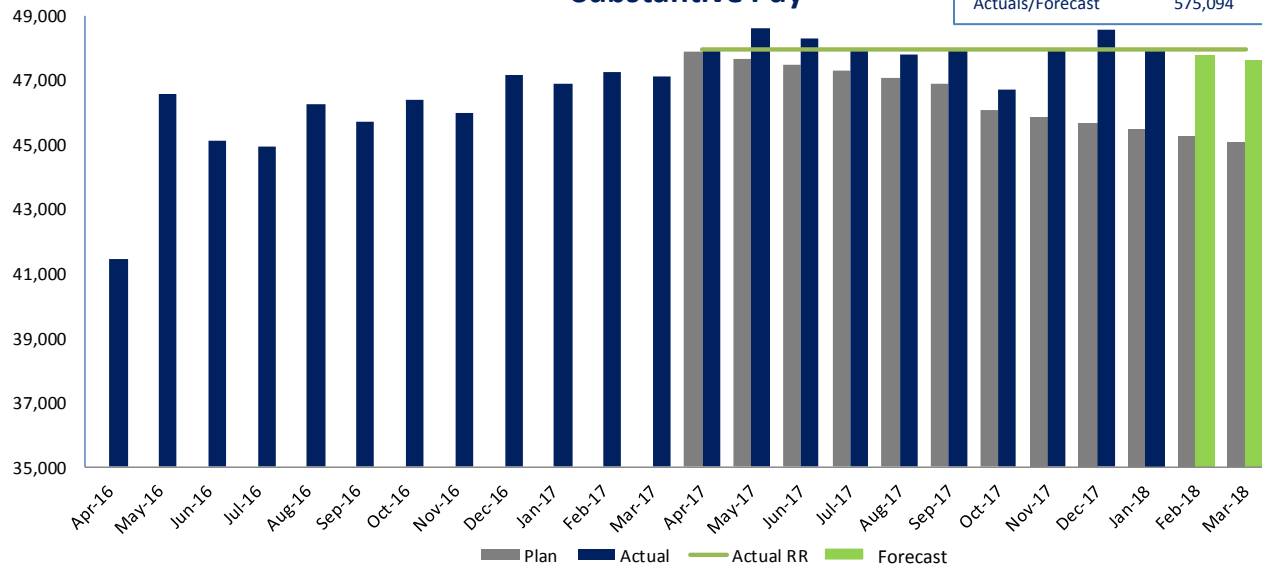
## Substantive Pay

- Combined with other non-contracted, expenditure of £479.7m, £12.3mA to Plan.
- Pay position includes £2.3mF release of contingency to fund investments. Excluding this, the CMGs have an overspend of £14.6m driven by:
  - Medical: £6.0mA across most CMGs;
  - Non Clinical £3.8m driven by CSI to clear the backlog and W&C in relation to non-delivery of CIP.
- Lack of control of pay costs is a key risk to the delivery of the 2017/18 Financial Plan with specific concerns around on-going Medical spend, Nursing enhancements, and premium spend in E&F.**

# Pay Run Rates

## Substantive Pay

FY Cost		£'000
Plan		557,728
Actuals/Forecast		575,094

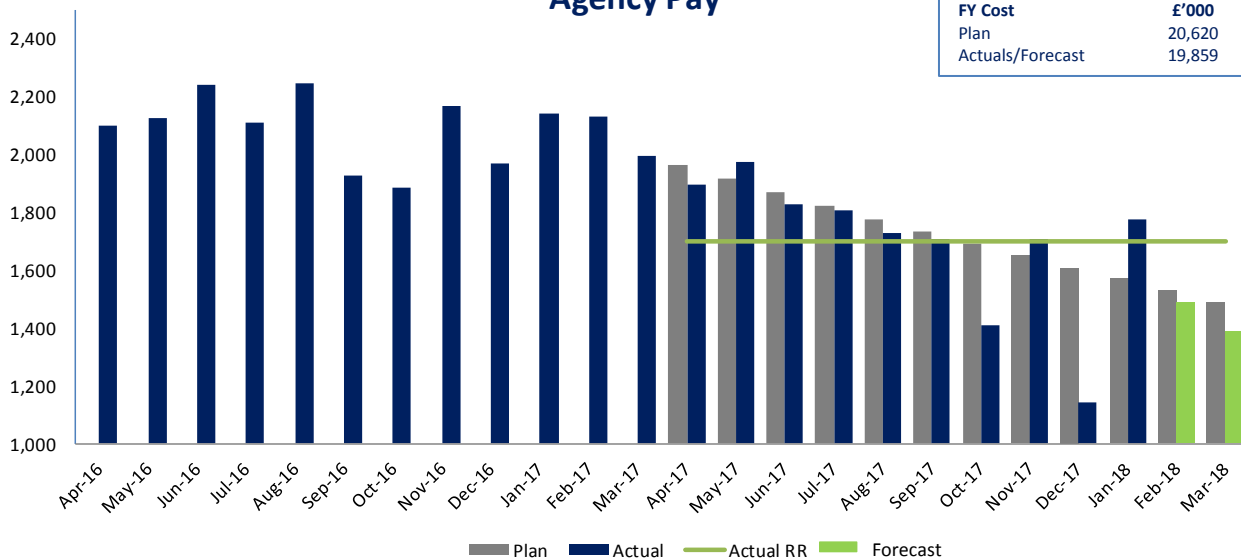


## Total Pay excluding Agency Pay

- Plan reflects a downward trajectory which requires full CIP delivery and tight discipline throughout the organisation to ensure this is delivered.
- Year to date run rate of £48m needs to reduce by £0.5m to £47.4m in order to achieve Forecast. This includes the financial impact from the supplementary CIP from Month 7 onwards.
- This remains a key risk to the Financial Plan especially in relation to ED Floor, Nursing enhancements, Medical spend and premium spend within E&F which is compounded by operational Winter pressures.

## Agency Pay

FY Cost		£'000
Plan		20,620
Actuals/Forecast		19,859



## Agency Pay

- The planned trajectory is supported by specific actions identified and tracked through the Premium Pay group.
- Year to date costs are favourable to Plan. This needs continued focus and control to ensure the planned reduction is achieved.

# Non-Pay: YTD £289.8m, £0.8mF to Plan

	Jan-18				YTD				
	Plan	Actual	F / (A)	%	Plan	Actual	F / (A)	%	
	£'000	£'000	£'000	%	£'000	£'000	£'000	%	
Direct	Blood Products	112	202	(89)	(79%)	1,086	1,326	(240)	(22%)
	Drugs	8,761	9,459	(698)	(8%)	84,763	87,777	(3,014)	(4%)
	Clinical Supplies & Services	8,836	9,011	(175)	(2%)	87,061	91,744	(4,683)	(5%)
	Transport	253	241	12	5%	2,567	2,884	(317)	(12%)
	Recharges	157	404	(247)	(158%)	1,991	2,984	(993)	(50%)
	Misc & General Supplies	2,576	2,233	343	13%	29,979	20,886	9,093	30%
External Providers	Healthcare	795	867	(72)	(9%)	8,860	8,627	233	3%
	Non Healthcare	1,195	1,221	(26)	(2%)	11,992	12,187	(195)	(2%)
Overheads	Establishment, Premises & Plant	-	-	-	-	-	37,751	1,215	3%
	Consultancy	49	42	7	14%	489	780	(291)	(60%)
	Clinical Negligence	2,283	2,283	(0)	(0%)	22,832	22,832	(0)	(0%)
<b>Total: Non Pay</b>	<b>28,815</b>	<b>30,017</b>	<b>(1,202)</b>	<b>(4%)</b>	<b>290,586</b>	<b>289,780</b>	<b>806</b>	<b>0%</b>	

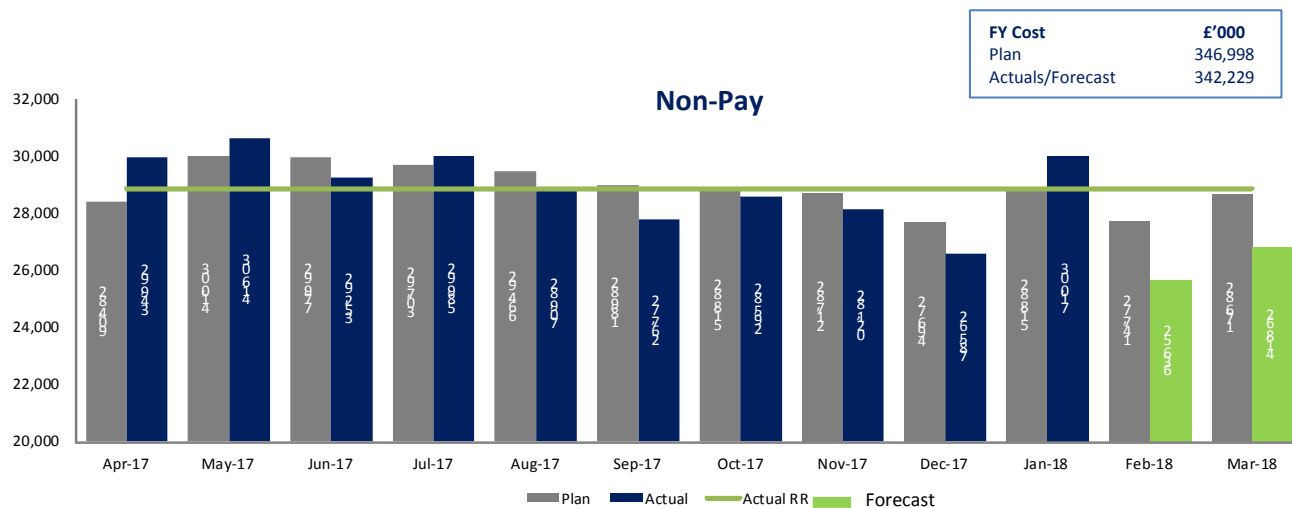
- Direct Costs: £207.6m, £0.2mA to Plan** including £11.2mF release of central provisions and acceleration of mitigating actions and £0.8mA relating to drugs and devices excluded from tariff .

Underlying overspend of £10.6m predominantly relates to incremental cost to deliver additional activity together with CIP under-delivery and cost pressures connected to the emergency pathway.

- External Providers:** YTD cost of £20.8m which is £38kF to Plan.
- Overheads:** YTD expenditure of £61.4m, £0.9mF to Plan predominantly within Estates.

## Run Rates

- Year to date run rate of £29.0m needs to reduce by £2.7m to deliver forecast.
- Non-pay control is essential to the delivery of the financial plan and to ensure essential spend is underpinned by performance relating to patient care activity.

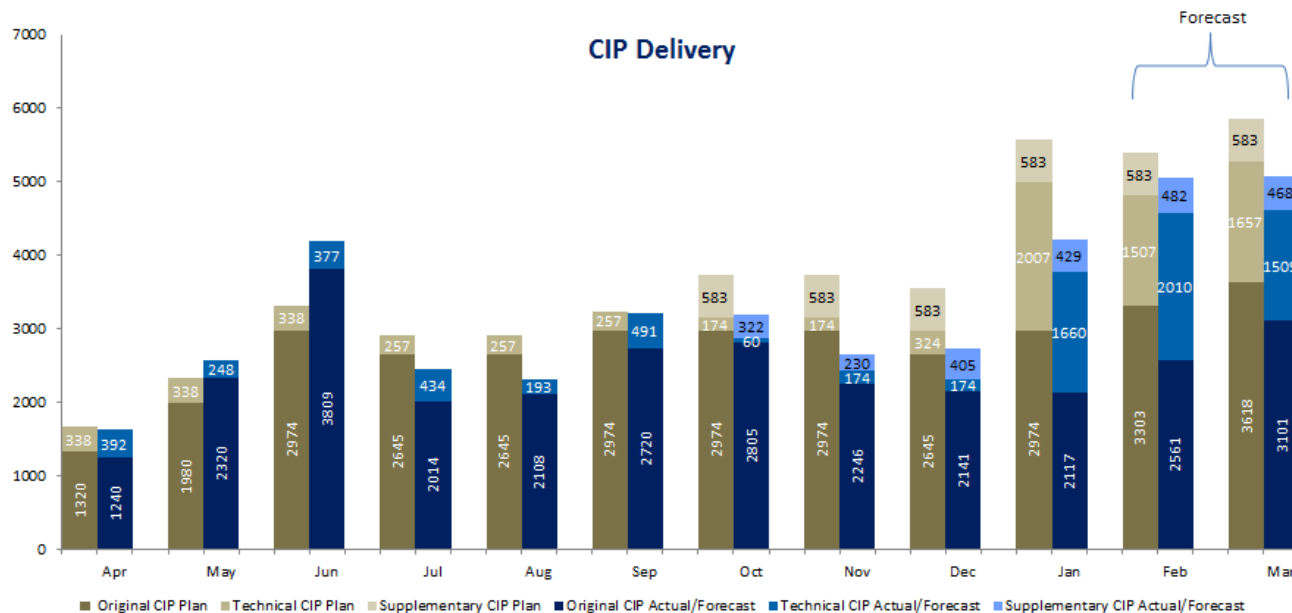




# CIP: YTD £29.3m, £3.6mA to Plan

	Jan-18				YTD				FY Plan £'000
	Plan £'000	Actual £'000	F / (A) £'000	%	Plan £'000	Actual £'000	F / (A) £'000	%	
CHUGGS	355	343	(12)	(3%)	3,053	3,149	96	3%	3,763
CSI	487	410	(78)	(16%)	2,948	3,260	311	11%	3,923
ESM	573	565	(7)	(1%)	4,331	4,055	(275)	(6%)	5,477
ITAPS	424	365	(59)	(14%)	3,279	2,039	(1,240)	(38%)	4,124
MSS	396	303	(92)	(23%)	2,827	2,768	(59)	(2%)	3,635
RRCV	475	478	3	1%	4,110	4,102	(8)	(0%)	5,061
Womens & Childrens	707	198	(509)	(72%)	3,751	1,929	(1,822)	(49%)	5,165
<b>Total: CMG</b>	<b>3,417</b>	<b>2,663</b>	<b>(754)</b>	<b>(22%)</b>	<b>24,300</b>	<b>21,303</b>	<b>(2,997)</b>	<b>(12%)</b>	<b>31,149</b>
Facilities	589	575	(14)	(2%)	2,202	1,989	(214)	(10%)	3,380
Corporate Total	1,559	1,197	(362)	(23%)	6,400	6,054	(346)	(5%)	9,624
<b>Total CIP</b>	<b>5,564</b>	<b>4,434</b>	<b>(1,130)</b>	<b>(20%)</b>	<b>32,902</b>	<b>29,345</b>	<b>(3,557)</b>	<b>(11%)</b>	<b>44,153</b>

- The CIP forecast outturn is £39.2m representing an unidentified gap of £4.9m including £1.2m non-delivery of Supplementary CIP.
- In order to fund the additional costs in relation to Demand and Capacity and approved investments, there was an additional requirement of £3.5m supplementary CIP in relation to in-year pay bill and workforce reductions. At present this is forecast to deliver £2.3m savings driving a £1.2m shortfall.
- The under-performing areas of ITAPS, W&C and E&F have been in escalation meetings throughout the year in order to identify schemes to mitigate the gap. However, at present the gap is unlikely to be fully mitigated through recurrent schemes.
- Consideration should be given to align the additional technical actions as CIP to show full delivery through non-recurrent means.
- The full year plan of £44.2m incorporates the supplementary CIP together with £7.6m alignment of technical items to CIP.

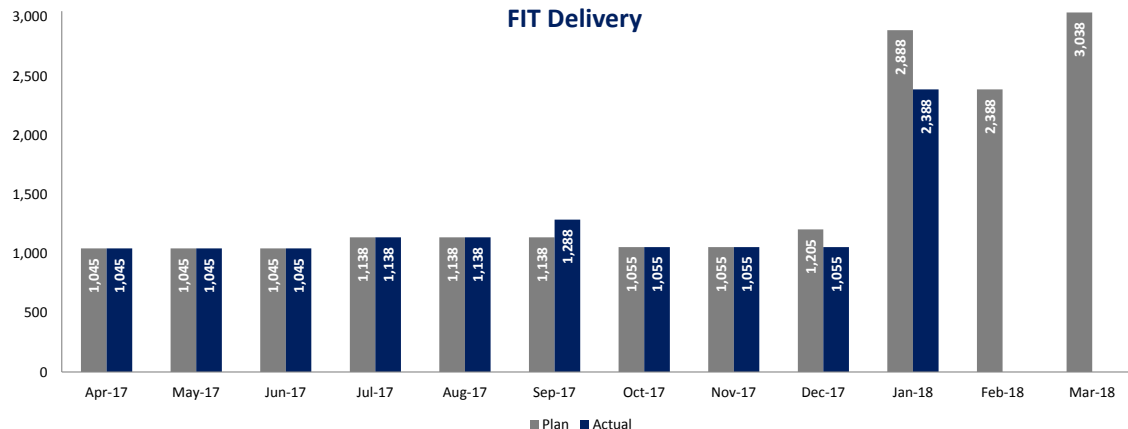


# Finance Improvement and Technical (FIT)

		Plan	YTD		
		FY	Plan	Actual	Variance
		£'000	£'000	£'000	£'000
<b>Strategic</b>	HEEM: NR Funding	500	0	0	0
	Strategic review of subsidiary company: Depreciation & Dividend savings - CIP	4,000	1,333	1,333	0
	<b>Total Value: Strategic</b>	<b>4,500</b>	<b>1,333</b>	<b>1,333</b>	<b>0</b>
<b>Statement of Financial Position Management</b>	Accruals: apply policy of £10k de-minimus - CIP	500	500	0	(500)
	Deferred Income (inc Research): release - CIP	150	0	150	150
	Revenue to Capital transfer	1,000	833	833	(0)
	Duplicate invoices / VAT review - CIP	150	150	0	(150)
	Depreciation: extending lives and pausing charges for assets not in use - CIP	2,086	1,738	1,738	0
<b>Total Value: Statement of Financial Position</b>	<b>3,886</b>	<b>3,222</b>	<b>2,722</b>	<b>(500)</b>	
<b>Contingency and Reserves</b>	Investment Slippage - CIP	741	741	741	0
	Release of contingency to fund approved investments	5,972	4,977	4,977	0
	Junior Doctors: manage to best case of £2m	300	250	250	0
	<b>Total Value: Contingency and Reserves</b>	<b>7,013</b>	<b>5,968</b>	<b>5,968</b>	<b>0</b>
<b>Technical</b>	Defer NHSE settlement over 2 years	1,217	1,014	1,014	0
	QIPP EDD - 100% pass through	784	610	610	0
	CIP PCI Schemes alignment	780	607	607	0
	<b>Total Value: Technical Actions</b>	<b>2,781</b>	<b>2,230</b>	<b>2,230</b>	<b>0</b>
<b>All Actions</b>	CIP Related Actions	7,627	4,463	3,963	(500)
	Technical Actions	10,553	8,291	8,291	(0)
	<b>Total Value: All Actions</b>	<b>18,180</b>	<b>12,753</b>	<b>12,253</b>	<b>(500)</b>

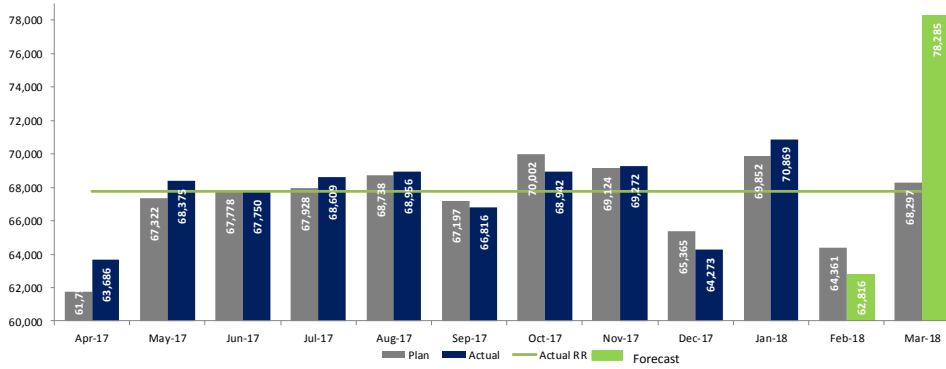
- 2017/18 Plan identified £18.2m of Finance Improvement and Technical actions in order to help meet the planned deficit.
- Month 10 is £500k adverse to plan with the benefit of the accruals de-minimus policy of £10k being deferred until February as compared to January.
- The FIT programme needs on-going monitoring to ensure the actions are executed and delivered in line with planning assumptions with additional actions required to help mitigate under-performance.
- A specific Finance Improvement and Technical work-stream has been set up to track deliverables, risk and mitigations.
- Key focus remains within non operating costs and the opportunities available through asset sales.
- £7.6m has now been re-aligned as CIP and £10.6m as Technical improvements.

### FIT Delivery

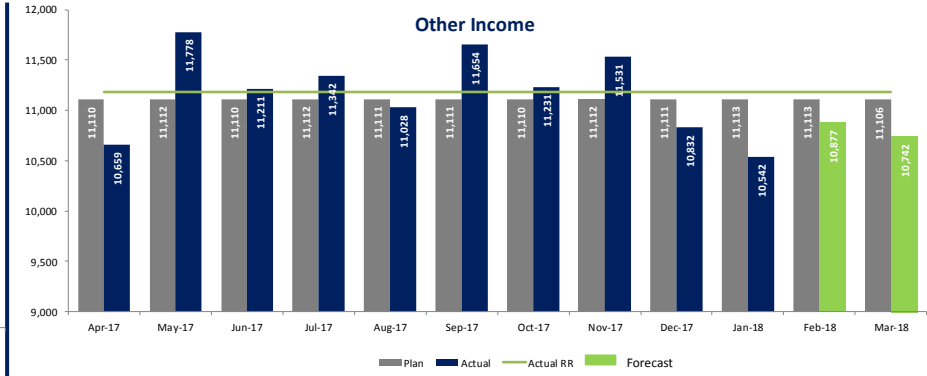


# I&E Run Rates

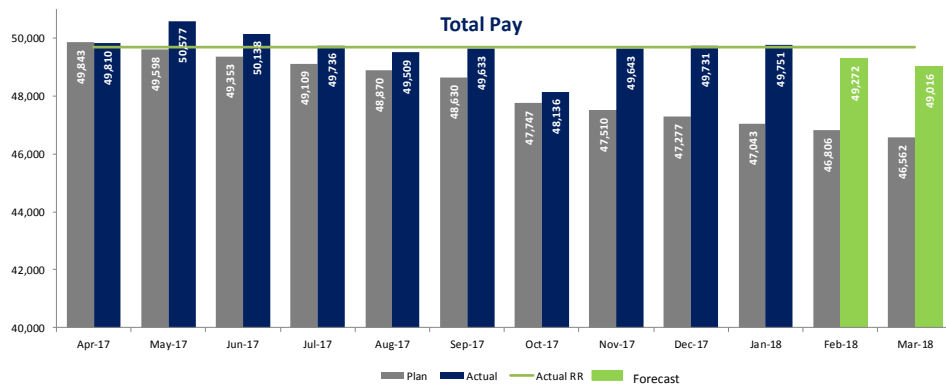
PCI



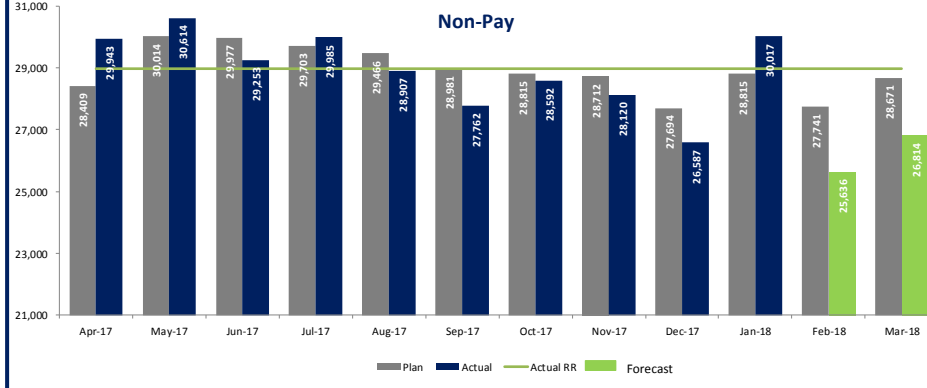
Other Income



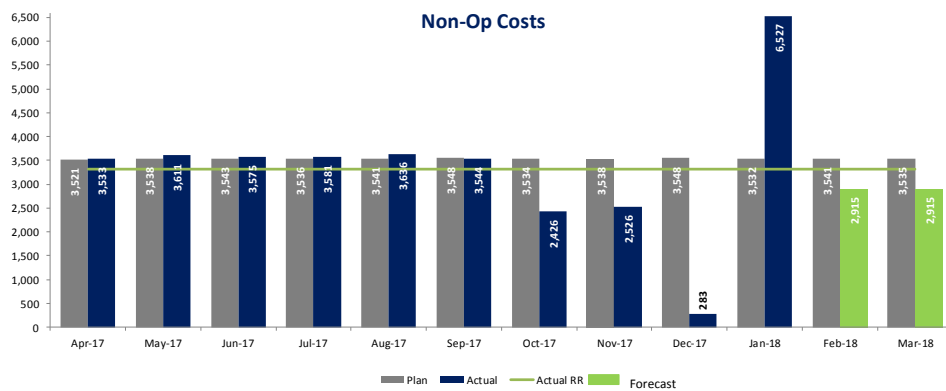
Total Pay



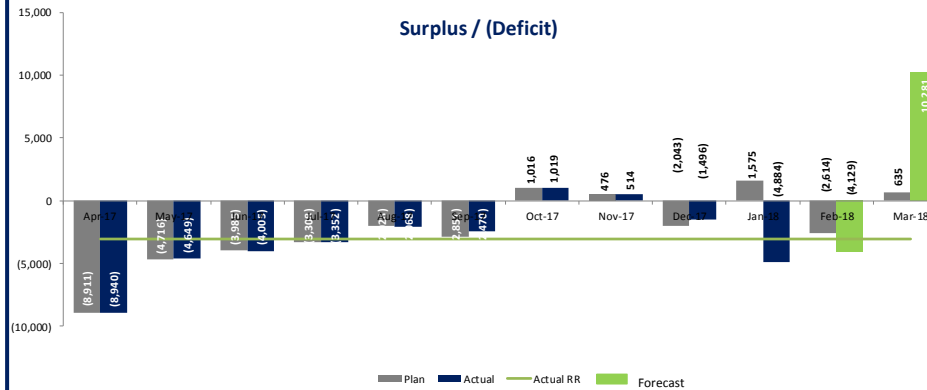
Non-Pay



Non-Op Costs

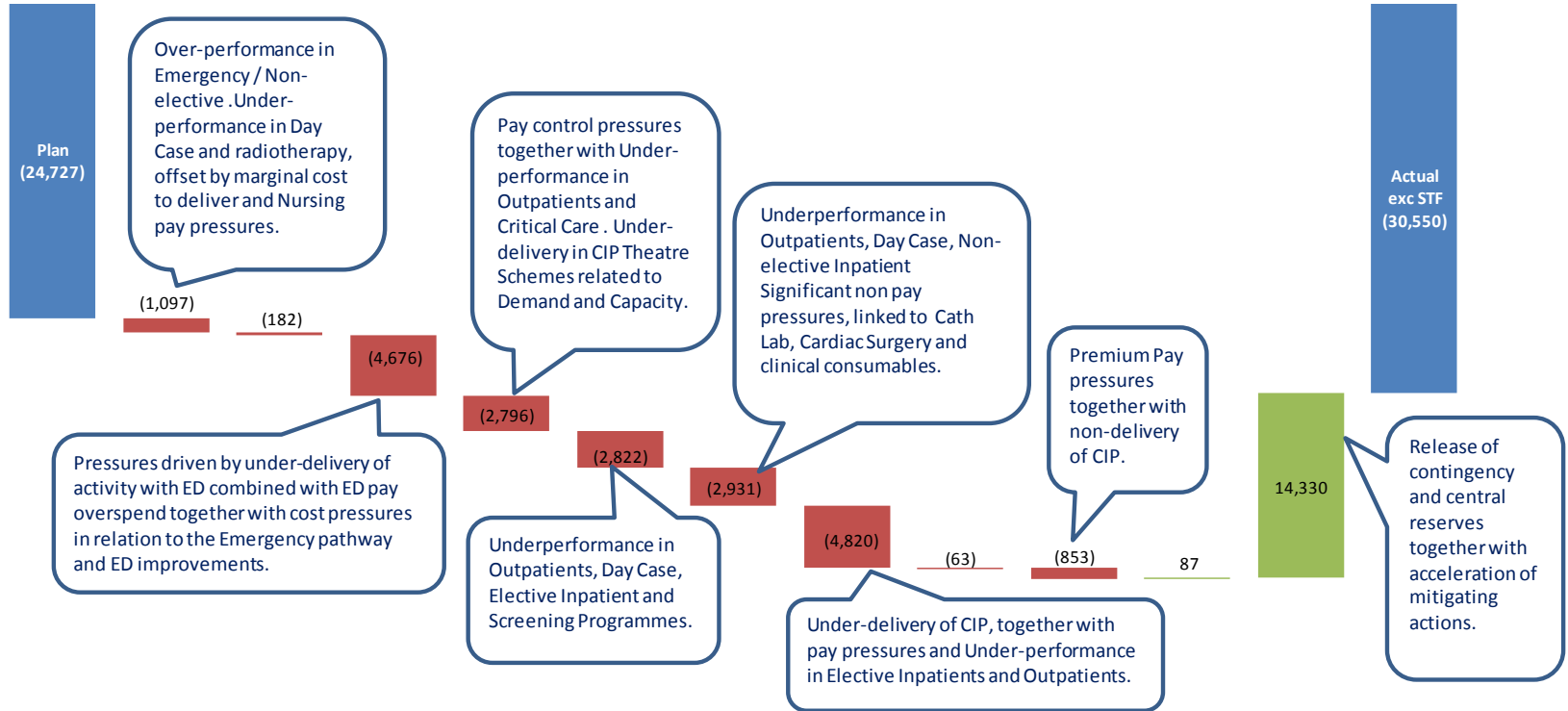


Surplus / (Deficit)



# January performance by CMG and Directorates

Underperformance with all CMGs driven by income under-performance, cost pressures and under-delivery of CIP partially offset by corporate actions to mitigate performance risk. Revised Control Totals have been set with all areas however, underlying performance issues need to be addressed.



£(000)	Plan	CHUGGS	CSI	ESM	ITAPS	MSS	RRCV	W&C	Corporate	Facilities	R&I	Centre	Actual exc STF	Var F/(A)
NHS PCI	675,058	2,664	909	2,103	(246)	(2,739)	1,261	(1,397)	33	0	0	(98)	677,548	2,490
Other Income	110,697	(345)	68	16	(76)	2	(405)	255	333	(230)	223	641	111,180	483
Pay	(467,378)	(2,372)	(3,124)	(2,629)	(2,133)	(215)	(694)	(2,687)	(220)	(645)	341	2,071	(479,686)	(12,308)
Pay: Agency	(17,602)	(676)	108	681	(233)	45	178	194	261	50	7	6	(16,979)	623
Non Pay	(290,586)	(367)	1,856	(4,847)	(118)	86	(3,269)	(1,186)	(394)	(28)	(485)	9,559	(289,780)	806
Non-Operating Costs	(34,916)				9		(2)		(77)			2,152	(32,834)	2,082
<b>Net Deficit</b>	<b>(24,727)</b>	<b>(1,097)</b>	<b>(182)</b>	<b>(4,676)</b>	<b>(2,796)</b>	<b>(2,822)</b>	<b>(2,931)</b>	<b>(4,820)</b>	<b>(63)</b>	<b>(853)</b>	<b>87</b>	<b>14,330</b>	<b>(30,550)</b>	<b>(5,823)</b>

# Forecast: Emergency operational pressures drives financial risk

Value Drivers	Outturn			
	Plan	Outturn	F / (A)	
Day Case	107,471	105,204	(2,268)	(2%)
Elective Inpatient	22,096	20,478	(1,618)	(7%)
Emergency / Non-elective Inpatient	115,913	118,905	2,992	3%
Emergency Department	245,952	241,954	(3,997)	(2%)
Outpatient Procedures	966,229	953,711	(12,519)	(1%)
Critical Care Services	56,507	58,014	1,507	3%
Renal Dialysis & Transplant	174,056	175,418	1,362	1%
Other	9,004,614	8,053,829	(950,785)	(11%)

I&E £'000	Outturn			
	Plan	Outturn	F / (A)	
	£'000	£'000	£'000	%
Patient Care Income	807,716	816,407	8,691	1%
Non Patient Care Income	133,331	133,427	96	0%
<b>Total Income</b>	<b>941,047</b>	<b>949,834</b>	<b>8,787</b>	<b>1%</b>
Pay Costs	(557,728)	(575,094)	(17,366)	(3%)
Pay Costs: Agency	(20,620)	(19,859)	761	4%
Total Pay Costs	(578,348)	(594,953)	(16,605)	(3%)
Non-Pay	(346,998)	(342,229)	4,768	1%
<b>Total Operating Costs</b>	<b>(925,346)</b>	<b>(937,183)</b>	<b>(11,837)</b>	<b>-1%</b>
<b>EBITDA</b>	<b>15,701</b>	<b>12,652</b>	<b>(3,050)</b>	<b>(19%)</b>
<b>Non-Operating Costs</b>	<b>(42,455)</b>	<b>(39,073)</b>	<b>3,382</b>	<b>8%</b>
<b>Retained Deficit</b>	<b>(26,754)</b>	<b>(26,421)</b>	<b>332</b>	<b>0</b>
Adjustments for Donated Assets	54	(279)	(332)	618%
<b>Net Deficit Excluding Winter Funding</b>	<b>(26,700)</b>	<b>(26,700)</b>	<b>0</b>	<b>0</b>
Winter Funding - Tranche 1	0	2,243	2,243	-
<b>Net Deficit Including Winter Funding</b>	<b>(26,700)</b>	<b>(24,457)</b>	<b>2,243</b>	<b>0</b>
Agency: Total Pay	3.57%	3.34%	(0.23%)	
EBITDA: Income	1.67%	1.33%	(0.34%)	
Net Deficit: Income	(2.84%)	(2.81%)	0.03%	

## 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

- **Winter Funding:** The Trust will receive Winter Funding in two tranches:
  - **Tranche 1 - £2,243k:** to fund existing costs and therefore represents a straight improvement to the Trust net deficit.
  - **Tranche 2 - £1,096k:** to fund additional Emergency costs contingent on achieving 90% ED target in Q4.
- **Overall:**
  - **Excluding Tranche 1 Winter Funding:** Net deficit of £26.7m in line with Plan with Winter Emergency pressures offset through a Central adjustment whilst being validated.
  - **Including Tranche 1 Winter Funding:** Net deficit of £24.5m representing a £2.2m improvement to Plan due to the flow through of central funding.
- **Underlying Forecast:** Unmitigated forecast indicates a full year risk of £18.7m driven by delivery risk surrounding:
  - Additional income provisions and contract challenges
  - Unidentified CIP and Supplementary pay CIP
  - Cost pressures driven by Medical Pay, Emergency Pathway and activity related non-pay costs
- **Winter Pressures:** Emergency operational pressures are driving lower elective activity in December, January and forecast to February through increased cancellations and lower bookings. This is compounded through additional costs over and above Winter funding to support the Emergency pathway with downstream risk on achieving ED performance and the potential claw back of Tranche 2 Winter funding. Current forecast show a net pressure of £10m over and above the underlying risk described above. Discussions are progressing with NHSI with the aim of a national solution being derived, if unresolved there is a £10m net pressure to the Trust.
- **Mitigation** of the above is dependent upon:
  - Delivery in line with revised Control Totals issued across CMGs/Corporate Directorates incorporating CIP performance
  - Identification and execution of additional FIT actions
  - Mitigation of Winter pressures

See Page 23 for more detail on risks together with mitigation.

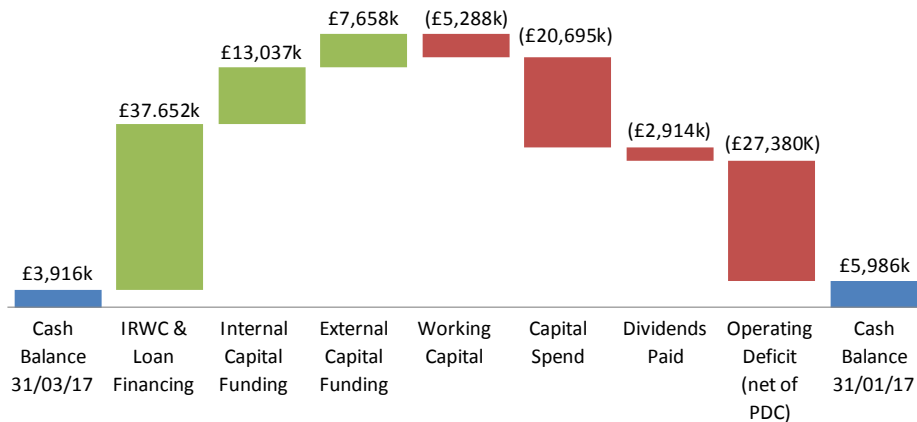
# January 2018: Statement of Financial Position

	Mar-17 £000's Actual	Jan-18 £000's Actual	Movement £000's Actual
<b>Non Current Assets</b>			
Property, plant and equipment	398,261	400,676	2,415
Intangible assets	11,467	11,361	(106)
Trade and other receivables	2,669	3,004	335
<b>TOTAL NON CURRENT ASSETS</b>	<b>412,397</b>	<b>415,041</b>	<b>2,644</b>
<b>Current Assets</b>			
Inventories	19,975	23,146	3,171
Trade and other receivables	55,953	62,788	6,835
Cash and cash equivalents	1,238	5,986	4,748
<b>TOTAL CURRENT ASSETS</b>	<b>77,166</b>	<b>91,920</b>	<b>14,754</b>
<b>Current Liabilities</b>			
Trade and other payables	(110,675)	(115,119)	(4,444)
Dividend payable	0	(2,452)	(2,452)
Borrowings / Finance Leases	(4,474)	(4,540)	(66)
Other Liabilities / Loan	(1,838)	(2,162)	(324)
Provisions for liabilities and charges	(475)	(362)	113
<b>TOTAL CURRENT LIABILITIES</b>	<b>(117,462)</b>	<b>(124,635)</b>	<b>(7,173)</b>
<b>NET CURRENT ASSETS (LIABILITIES)</b>	<b>(40,296)</b>	<b>(32,715)</b>	<b>7,581</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>372,101</b>	<b>382,326</b>	<b>10,225</b>
<b>Non Current Liabilities</b>			
Borrowings / Finance Leases	(7,531)	(6,199)	1,332
Other Liabilities / Loan	(132,235)	(174,266)	(42,031)
Provisions for liabilities and charges	(1,562)	(1,418)	144
<b>TOTAL NON CURRENT LIABILITIES</b>	<b>(141,328)</b>	<b>(181,883)</b>	<b>(40,555)</b>
<b>TOTAL ASSETS EMPLOYED</b>	<b>230,773</b>	<b>200,443</b>	<b>(30,330)</b>
Public dividend capital	331,956	331,956	0
Revaluation reserve	77,427	77,427	0
Retained earnings	(178,610)	(208,940)	(30,330)
<b>TOTAL TAXPAYERS EQUITY</b>	<b>230,773</b>	<b>200,443</b>	<b>(30,330)</b>
<b>Ratios</b>			
Liquidity Ratio Days (Working Capital Balance / Annual Operating Expenses)	(24)	(24)	
Liquidity Ratio Metric	4	4	

- **Total Assets Employed:** Movement of £30.3m representing year to date Trust deficit (before donated asset adjustment).
- **Non-Current Assets :** Increased by £2.6m reflecting spend on capital offset by depreciation charges.
- **Working capital:**
  - Stock growth in TMP stock holding and non pharmacy stock holding locations
  - Trade Receivables have increased by £6.8m
  - Trade Payables have increased by £4.4m
- **Cash:** January balance of £6.0m includes TMP cash and is above the £1m target cash balance due to late receipt of cash .
- **Dividend payable:** £2.9m cash payment made in September, PDC accrued £2.5m representing the accrual for October to January.
- **Non-current liabilities:**
  - £34.6m increase in revolving working capital facility and revenue support loans.
  - £7.7m emergency floor capital loan, less £1.0m repayment of capital loan.
- **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.

# Cash

Year to Date Cash Bridge £'000



## Cash Bridge:

- Opening cash balance of £3.9m, in line with our plan.
- Funded YTD operating deficit of £27.4m by drawing down £26.7m of our Interim Working Capital Facility (IRWC).
- Improvement in working capital and internal capital funding enabled interest payment and capital expenditure of £25.1m.
- A further £9m cash was received in January through an interim loan, in addition £17.2m will be received in February.

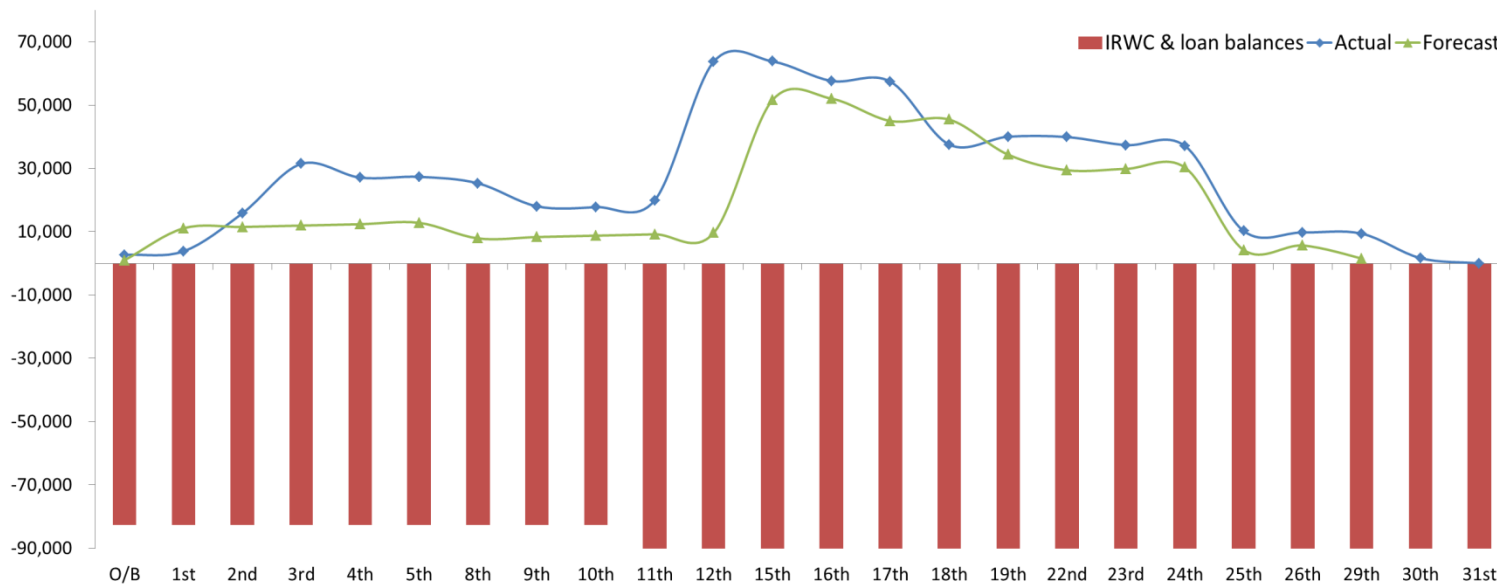
## Full Year Forecast

- 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 January of the monthly payroll run.

Daily Cash Balance



# Liquidity

	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	%	
<b>Accounts Receivable</b>	NHS receivables - revenue	37,100	32,105	4,995	19,414	5,054	4,558	3,079	10%
	Non-NHS receivables - revenue	12,498	14,866	(2,368)	9,350	588	482	4,446	30%
	Provision for the impairment of receivables	(1,024)	396	(1,420)	396				
	Non-NHS prepayments and accrued income	4,797	13,399	(8,602)	13,399				
	PDC dividend prepaid to DH	764	0	764	0				
	VAT	1,195	1,486	(291)	1,486				
	Other receivables	623	537	86	537				
<b>TOTAL</b>	<b>55,953</b>	<b>62,789</b>	<b>(6,836)</b>	<b>44,582</b>	<b>5,642</b>	<b>5,040</b>	<b>7,525</b>		
<b>Accounts Payable</b>	NHS payables - revenue	(9,327)	(38,017)	28,690	(12,573)	(1,156)	(4,301)	(19,987)	53%
	NHS accruals and deferred income	(5,584)	0	(5,584)	0				
	Non-NHS payables - revenue	(49,480)	(40,171)	(9,309)	(20,411)	(7,953)	(5,728)	(6,079)	15%
	Non-NHS payables - capital	(4,808)	(799)	(4,009)	(31)	(428)	(262)	(78)	10%
	Non-NHS accruals and deferred income	(21,449)	(8,082)	(13,367)	(2,344)	(2,344)	(970)	(2,425)	30%
	Social security costs	(6,439)	(6,644)	205	(6,644)				
	Tax	(5,584)	(5,601)	17	(5,601)				
	Other	(7,881)	(15,804)	7,923	(15,804)				
<b>TOTAL</b>	<b>(110,552)</b>	<b>(115,118)</b>	<b>4,566</b>	<b>(63,408)</b>	<b>(11,881)</b>	<b>(11,261)</b>	<b>(28,569)</b>		
<b>Total Liquidity</b>	<b>(54,599)</b>	<b>(52,329)</b>	<b>(2,270)</b>						

**Liquidity:** movement of £2.3m from opening position due to:

- Accounts receivable: increase of £6.8m driven by an increase in Non-NHS prepayments and accrued income, and non-NHS receivables, and decrease in NHS receivables.
- Accounts payable: increase of £4.6m with material movement in NHS payables.

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

- NHS receivables: 10% representing £3.1m being over 90 days.
- Non-NHS receivables: 30% representing £4.4m being over 90 days with the largest component being Overseas Visitors at £2.2m. This balance consists of various items which in isolation are not material.
- NHS payables-revenue: £20.0m, representing 53% over 90 days; non-NHS payables 15% (£6.1m) over 90 days; non-NHS accruals and deferred income 30% (£2.4m) over 90 days.
- Further analysis of receivables is provided in the separate cash report.



# 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	137,257	573,924	119,682	511,345
Total Invoices Paid Within Target	36,668	356,573	31,869	321,320
<b>Percentage Invoices Paid Within Target (target 95%)</b>	<b>27%</b>	<b>62%</b>	<b>27%</b>	<b>63%</b>
<b>Non-NHS Payables</b>				
Total Non-NHS Invoices Paid in the Year	132,468	463,814	115,269	409,017
Total Non-NHS Invoices Paid Within Target	35,870	295,147	31,163	263,910
<b>Percentage of Non-NHS Invoices Paid Within Target</b>	<b>27%</b>	<b>64%</b>	<b>27%</b>	<b>65%</b>
<b>Local SME payables</b>				
Total SME Invoices Paid in the Year	670	7,303	638	6,802
Total SME Invoices Paid Within Target	192	992	176	942
<b>Percentage of Local SME Invoices Paid Within Target</b>	<b>29%</b>	<b>14%</b>	<b>28%</b>	<b>14%</b>
<b>NHS Payables</b>				
Total NHS Invoices Paid in the Year	4,119	102,808	3,775	95,526
Total NHS Invoices Paid Within Target	606	60,434	530	56,468
<b>Percentage of NHS Invoices Paid Within Target</b>	<b>15%</b>	<b>59%</b>	<b>14%</b>	<b>59%</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.

- **Impact of additional financing:** We have undertaken analysis of the impact of expected additional financing on the BPPC performance.

This analysis is limited to non - NHS BPPC performance as we will not receive any additional financing for NHS creditors.

The likely performance for the year with additional financing is 30% by volume (currently 27%) and 66% by value (currently 62%).

There is limited improvement in the forecast BPPC after external financing because this will be primarily used to pay invoices which are already overdue and will fail against the BPPC standard. Going forward, the funding should put us in a better position to improve our BPPC performance next year.

# Capital: January £20.7m spend, £5.8mF to Plan

	Scheme Name	January 2018			Annual	
		Plan	Actual	F / (A)	Budget	Commitments
		£'000	£'000	£'000	£'000	£'000
Reconfiguration	Emergency Floor	10,099	9,316	783	11,850	943
	ICU Beds	0	0	0		0
	LRI Beds	0	0	0		0
	GH Beds	0	0	0		0
	Imaging: GH & LRI	0	0	0		0
	Treatment Centre	53	62	(9)	64	0
	Interim ICU Scheme	82	630	(548)	108	449
	Women's Service	51	46	5	62	0
	Children's Hospital	83	71	12	100	0
	Theatres LRI	60	38	22	71	0
	Beds Workstream & DCP	391	199	192	533	27
	Diagnostics & Clinical Support Services	40	35	5	52	0
	LRI Wards (EMCHC)	300	-7	307	500	64
	Supporting Infrastructure	110	3	107	150	4
	Vascular	204	154	50	204	0
	ED Project IT Issues	262	181	81	322	58
	ED Access & Transport	149	125	24	185	4
Other Reconfiguration	0	-4	4		1	
	<b>Sub-total: Reconfiguration</b>	<b>11,884</b>	<b>10,850</b>	<b>1,034</b>	<b>14,201</b>	<b>1,550</b>
Estates & Facilities	Estates & Facilities	3,548	2,727	821	4,684	1,320
	MES Installation Costs	566	94	472	702	233
	LGH Renal Water Treatment	550	298	252	550	254
	Other Estates & Facilities	60	-33	93	100	44
		<b>Sub-total: Estates &amp; Facilities</b>	<b>4,724</b>	<b>3,086</b>	<b>1,638</b>	<b>6,036</b>
IM&T	IM&T Infrastructure	1,270	1,759	(489)	2,062	299
	EDRM	250	55	195	350	0
	Nervecentre	400	368	32	474	0
	Heartsuite System	163	28	135	163	0
	Electronic Blood Tracking System	240	3	237	300	0
	Learning Mgt System	21	0	21	21	0
	Other IM&T	0	0	(0)		74
	<b>Sub-total: IM&amp;T Schemes</b>	<b>2,344</b>	<b>2,213</b>	<b>131</b>	<b>3,370</b>	<b>372</b>
Medical Equipment	Medical Equipment Executive	1,550	1,114	436	2,556	907
	Radiotherapy CT Scanner	229	11	218	629	144
	CCU Monitoring	456	292	164	456	0
	Linear Accelerator	271	274	(3)	276	2
	Other Medical Equipment	0	0	0		0
	<b>Sub-total: Medical Equipment</b>	<b>2,506</b>	<b>1,691</b>	<b>815</b>	<b>3,917</b>	<b>1,053</b>
Finance Leases	Donations	750	628	122	950	0
	MES Finance Lease Additions	4,282	1,623	2,659	5,138	0
	Optimed	0	180	(180)		0
	Other Expenditure	0	424	(424)		67
	<b>Sub-total: Finance Leases</b>	<b>5,032</b>	<b>2,854</b>	<b>2,178</b>	<b>6,088</b>	<b>67</b>
	<b>TOTAL CAPITAL EXPENDITURE</b>	<b>26,490</b>	<b>20,695</b>	<b>5,795</b>	<b>33,612</b>	<b>4,894</b>

## Year to date:

- Total Capital expenditure of £20.7m driven by Emergency Floor, Estates and IM&T.
- Underspend predominantly related to delays with MES installations and the delayed completion of ED phase 2 .
- **Capital Plan:** Total expected capital expenditure of £33.6m funded by:
  - £27.8m depreciation;
  - £7.0m external borrowing for the Emergency Floor development less £2.1m loan repayments;
  - £0.9m donations.

# Risks & Mitigation: Emergency pathway pressures

Year to date under-performance within CMGs combined with unidentified CIP together with delivery of the supplementary CIP indicates an unmitigated I&E risk £18.7m. Emergency operational pressures during the Winter period driving elective cancellations and increased costs to support the Emergency pathway indicates a net pressure of £10m

	Risk	Unmitigated £'000	Mitigated £'000	Action to mitigate	
I&E	<b>Emergency pressures:</b> cancellations of elective activity and Outpatients clinics to support Winter Pressures	(10,000)	(10,000)	Discussions are progressing with NHSI with the aim of a national solution being derived, if unresolved there is a £10m net pressure to the Trust.	
	<b>CIP:</b> Non-delivery of unidentified CIP	(4,002)	(4,002)	Impacted CMGs are in the escalation process in line with governance arrangements. At this stage it is unlikely that this will be mitigated through recurrent schemes	
	<b>Supplementary CIP:</b> Delivery of supplementary pay CIP required to fund demand and capacity investment	(1,187)	(1,187)	Supplementary CIP has a specific programme and timelines for execution and monitoring	
	<b>CMG/Corporate Directorates Financial Performance:</b> continued under-performance related to pay and non-pay cost pressures	(13,499)	(12,572)	Based on M7 forecast with CHUGGS, MSS and Corporate Directorates required to improve performance to deliver break-even to full year plan predominantly based on anticipated income seasonality	
	<b>FIT actions:</b> delivery of planned actions and identification of additional schemes		5,000	Workstream in place to identify additional technical actions	
	<b>Profit on Sale of Assets:</b> sale of the Paddock land to HCA		5,700		
	<b>Estates Strategy for the delivery of estates and facilities services</b>			7,061	
	<b>Agency:</b> Whilst currently in line with Plan, reduction in agency expenditure of 17% is required to deliver the planned Agency ceiling	tbc	-		The workforce and premium pay sub-work streams are concentrating on delivery of savings through the monitoring and compliance of recruitment initiatives, workforce planning and the application of internal controls.
	<b>Commissioner affordability:</b> increased contract challenges and misalignment with LLR forecast assumptions				The Trust must ensure that a more disciplined approach and responsiveness to contract challenges and contract queries is adopted. The governance structure around Contract Management Performance with CCGs will continue to be in place.
	<b>Total I&amp;E risk</b>		<b>(28,689)</b>	<b>(10,000)</b>	
Statement of Financial Position	<b>Cash:</b> planned deficit includes FIT actions which are non-cash and means there is insufficient cash to support expenditure				The Trust has access to an Interim Revolving Working Capital Support (temporary borrowing) to meet immediate cash requirements
	<b>Capital:</b> requires further borrowing that is yet to be approved.				The Trust is in the process of following Nationally defined process to access funding.