

2018/19 Financial Performance

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Trust Board paper J1

Executive Summary

Context

The Trust originally planned for an income and expenditure deficit of £29.9m in 2018/19 with a capital plan of £50.4m. The Trust Board approved a revision to the income and expenditure deficit of £21.2m in line with NHS Improvement's revised Control Total. If delivered, this revised Control Total would give the Trust access to provider sustainability funding (PSF) of £21.9m giving a reported surplus of £0.8m.

Delivery of the financial plan in 2018/19 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 30th September 2018?

M6 Financial Performance

The Trust has achieved a year to date deficit of £42.3m excluding PSF which is £17.2m adverse to Plan driven by the cessation of FM LLP (£13m) and the crystallisation of the unmitigated Financial Recovery Board risk (£4.3m). Including PSF, the Trust has achieved a year to date deficit of £40m representing a £22.8m adverse position to plan due to non-recognition of PSF due to the impact of FM LLP from Quarter Two reporting.

From Month 6, the financial position and forecast now includes the underlying impact due to the cessation of FM LLP which is valued at a full year adverse impact of £21.9m.

Underlying performance is adverse to Plan with over-performance within Emergency and Outpatients offset by under-performance in Elective Activity together with the marginal cost to deliver activity and pay cost pressures. The adverse position in

underlying performance is driven by the crystallisation of the unmitigated Financial Recovery Board risk of £4.3m.

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 the performance against the Trust's Cost Improvement Programme?

The Trust's Cost Improvement Programme target is £51.5m. To date, £13.9m has been delivered against a plan of £14.2m which is £0.4mA to Plan. The forecast outturn is £43m reflecting a gap of £8.5m with £7.9m driven by the cessation of FM LLP.

4. What is our forecast I&E position for 2018/19?

As outlined on Page 17 of the report, the Month 6 submitted forecast of £51.8m, which is £30.6m adverse to Plan, represents the full year impact of FM LLP (£21.9m) together with a risk assessment of the underlying forecast (£8.7m). There remains a further risk of £5m-£8m which is intended to be addressed through increased pay controls to reduce the current run rate.

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

In setting budgets appropriately and in accordance with 2017/18 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 has chaired a specific Executive Board meeting (Star Chamber) to consider any such pressures which potentially cannot be avoided. This ensures that we have senior oversight and transparency regarding such decisions in 2018/19.

6. What risk mitigation strategies are in place for 2018/19?

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 6.

For Reference

Edit as appropriate:

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

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

2.This matter relates to the following governance initiatives:

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

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: **6th December 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: Off track YTD and Forecast
- Achieving the External Funding Limit: On track
- Achieving the Capital Resource Limit: On track

Financial Performance

- **Deficit of £42.3m, £17.4m adverse to Plan excluding Provider Sustainability Funds (PSF):** Over-performance within Emergency and Outpatients offset by under-performance in Elective Activity together with the marginal cost to deliver activity and pay cost pressures. The adverse position is driven by the crystallisation of the unmitigated risk within the Financial Recovery Board (FRB) and the impact of FM LLP.
- **Including PSF: Deficit of £40m, £22.8mA to plan:** with the additional adverse position driven by non-recognition of any PSF.
- **Patient Care Income, £7.1mF to Plan :** Includes Agenda for Change funding together with over-performance within Emergency and Outpatients partially offset by under performance in Day Case and Elective Inpatients.
- **Operating Costs, £23.5mA to Plan:** with pay £8.9mA to Plan including Agenda for Change together with underlying overspend within the CMGs. Non-pay overspend of £14.6m driven by additional cost to deliver activity together with cost pressures within the CMGs, financial impact of FM LLP £13.0m offset by implementation of FRB actions.
- **CIP £0.4mA to Plan.**
- **Forecast:** Net deficit of £51.8m , £30.6mA to Plan driven by FM LLP and a risk assessment of the underlying forecast. Remaining risk of £3m-£8m is being managed through pay controls.
- **Including PSF:** Net deficit of £49.5m which is £50.2mA with the additional adverse variance to plan due to non-receipt of PSF.

Cash

- Closing cash position at September of £4.1m including Trust Group Holdings (TGH)
- TGH cash balance was £2.2m
- Funded YTD operating deficit and movement in working capital by securing £20.2m of external financing.

Capital

- **September:** Total capital expenditure of £7.9m, £8.2mF to Plan driven by most capital projects being underspent at this point in the financial year.

September 2018: Key Facts



Patient
Income
£5.7mF

Other
Income
£0.6mF



Substantive
pay
£9.4mA

Agency
£0.4mF



Non pay
£14.6mA

Non Operating Costs
In line



EBITDA
£17.3mF

CIP
£0.4A



Liquidity
Indicators

Capital
£8.2mF

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 £42.3m Excluding PSF

Value Drivers

	Sep-18			YTD			
	Plan	Actual	Vs Plan	Plan	Actual	F/(A)	%
Day Case	8,955	8,638	(317)	53,909	52,216	(1,693)	(3%)
Elective Inpatient	1,936	1,674	(262)	10,971	10,294	(677)	(6%)
Emergency / Non-elective Inpatient	9,955	9,309	(646)	59,345	59,039	(306)	(1%)
Emergency Department	19,586	20,217	631	119,470	120,698	1,228	1%
Outpatient Procedures	78,507	80,949	2,442	479,201	486,748	7,547	2%
Critical Care Services	4,653	4,441	(212)	28,738	28,328	(410)	(1%)
Renal Dialysis and Transplant	14,646	14,248	(398)	88,935	88,404	(531)	(1%)
Other Activity	678,796	649,384	(29,412)	4,180,510	4,249,734	69,224	2%
WTE Total	14,345	14,689	(344)	14,345	14,689	(344)	(2%)
WTE Agency	252	238	15	249	238	12	5%

I&E £'000

	Sep-18			YTD			
	Plan £'000	Actual £'000	Vs Plan £'000	Plan £'000	Actual £'000	F/(A) £'000	%
Patient Care Income	69,847	68,427	(1,420)	415,611	421,312	5,701	1%
Non Patient Care Income	597	341	(256)	3,619	2,699	(920)	(25%)
Other Operating Income	10,153	10,211	58	60,796	62,360	1,564	3%
Total Income	80,597	78,978	(1,619)	480,026	486,371	6,345	1%
Pay Costs	(49,380)	(50,676)	(1,296)	(299,779)	(309,199)	(9,420)	(3%)
Pay Costs: Agency	(1,508)	(1,420)	88	(9,961)	(9,499)	462	5%
Non Pay	(27,534)	(42,069)	(14,535)	(175,780)	(190,420)	(14,640)	(8%)
Total Operating Costs	(78,422)	(94,164)	(15,742)	(485,520)	(509,118)	(23,598)	(5%)
EBITDA	2,175	(15,186)	(17,361)	(5,494)	(22,747)	(17,253)	314%
Non Operating Costs	(3,250)	(3,300)	(50)	(19,515)	(19,573)	(58)	(0%)
Retained deficit	(1,075)	(18,486)	(17,411)	(25,009)	(42,320)	(17,311)	(69%)
Adjustments for Donated Assets	16	41	25	96	33	(63)	66%
Net Deficit	(1,059)	(18,445)	(17,386)	(24,913)	(42,287)	(17,374)	(70%)
Provider Sustainability Fund (PSF)	1,463	0	(1,463)	7,681	2,304	(5,377)	70%
Net Deficit Including PSF	404	(18,445)	(18,849)	(17,232)	(39,983)	(22,751)	(132%)

Ratios

Agency: Total Pay	3.05%	2.80%		3.32%	3.07%	
EBITDA: Income	2.70%	(19.23%)		(1.14%)	(4.68%)	
Net Deficit: Income	(1.31%)	(23.35%)		(5.19%)	(8.69%)	

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: £486.9m, £5.7mF** including £3.5mA in relation to drugs and devices excluded from tariff with the offset in non-pay and £5.3mF funding in relation to Agenda For Change. Underlying over-performance of £3.9m predominantly within Emergency and Outpatients supporting CIP delivery. This over-performance is currently absorbing under-delivery of Elective Activity particularly within MSS and W&C.
- **Other Income: £54.5m, £0.6mF** driven by release of income provisions in line with FRB Plan offset by Trust Med Pharmacy which is offset in non-pay.
- **Pay Costs: £318.7m, £8.9mA** which includes £5.3mA in relation to Agenda For Change and £0.4mA driven by non-delivery of planned pay CIP. Underlying overspend in all staff groups.

Whilst agency pay remains under the Agency expenditure ceiling, pay remains an area of concern to ensure appropriate control and optimum use of financial resources to support the Trust's financial commitments.

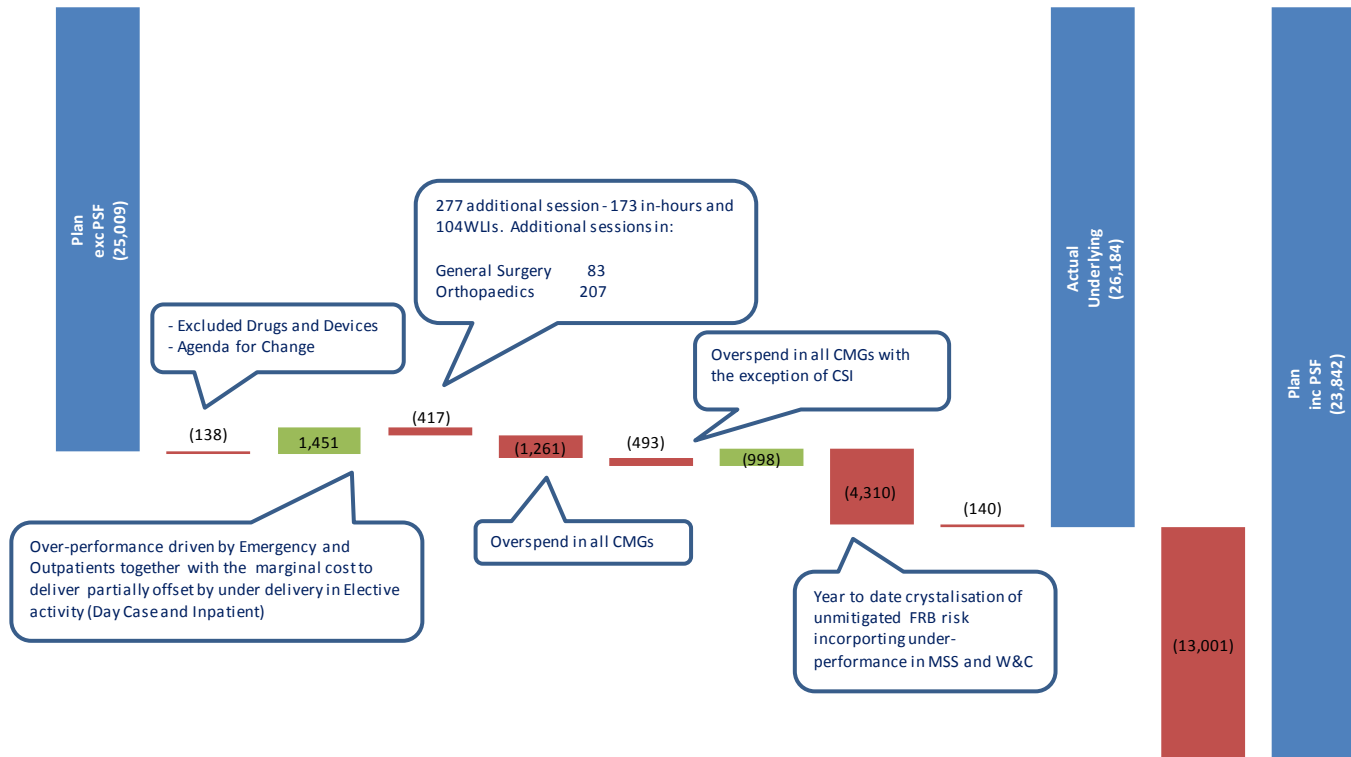
- **Non-Pay: £148.3m, £14.6mA** including £3.5mF relating to drugs and devices excluded from tariff. The financial impact of the cessation of FM LLP £13mA is driving the in month movement. Underlying overspend is predominantly driven by the marginal cost to deliver additional activity, under-delivery of CIP and general cost pressures.

Non-pay needs to be continuously controlled in order to maximise the opportunity from over-delivery of activity.

- **EBITDA: deficit of £22.7m, £17.3mA Plan.**
- **Non-Operating Costs: £19.6m, in line with Plan.**
- **Provider Sustainability Fund (PSF): £2.3m, £5.4mA** – recognition of quarter one only due to the financial pressures from cessation of FM LLP and non delivery of the A&E 4 hour target of 90%.

I&E Bridge: £17.3mA driven by performance risk and FM LLP

Over-performance within Emergency and Outpatients offset by under-performance in Elective Activity together with the marginal cost to deliver activity and pay cost pressures. The adverse position is driven by the crystallisation of the unmitigated risk within the Financial Recovery Board (FRB) and the impact of FM LLP.



£(000)	Plan exc PSF	Pass Through	Activity	Theatres	Medical Pay	Nursing Pay	Other Pay	FRB	Other	Actual Underlying	FM LLP	Plan exc PSF	Var F/(A)
NHS PCI	415,611	1,822	4,490					(299)	(312)	421,311		421,311	5,701
Other Income	64,415	(900)	(483)					1,964	64	65,060		65,060	644
Pay	(299,779)	(5,446)		(322)	(616)	(1,934)	1,472	(2,575)		(309,199)		(309,199)	(9,420)
Pay: Agency	(9,961)				(645)	1,441	(474)	140		(9,499)		(9,499)	462
Non Pay	(175,780)	4,385	(2,555)	(96)				(3,373)		(177,419)	(13,001)	(190,420)	(14,639)
Non-Operating Costs	(19,515)							(167)	108	(19,574)		(19,574)	(58)
Net Deficit	(25,009)	(138)	1,451	(417)	(1,261)	(493)	998	(4,310)	(140)	(29,319)	(13,001)	(42,320)	(17,311)

NHS Patient Income: September £421.3m, £5.7mF to Plan

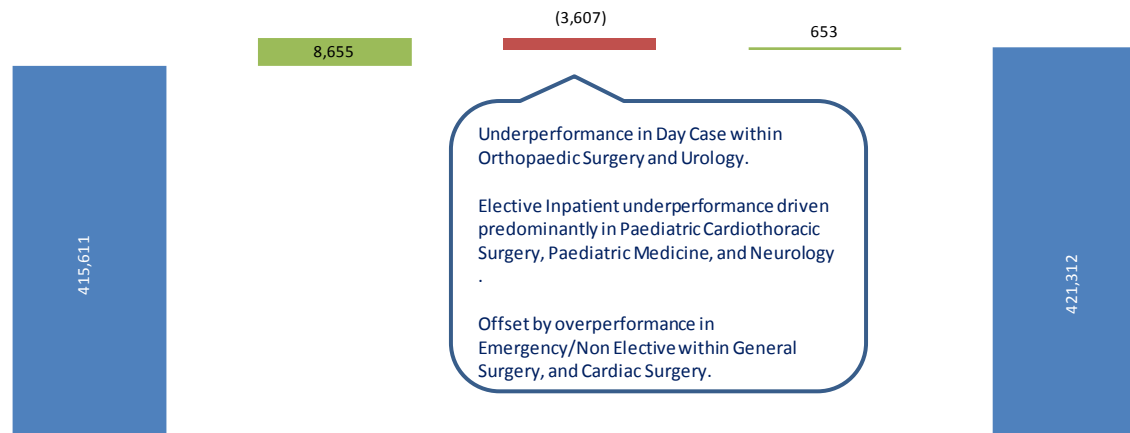
Over-performance predominantly driven by Emergency/Non-elective within Cardiology, Integrated Medicine, Rehabilitation and Outpatients offsetting under-performance in Elective Inpatients and Day Case.

Emergency/Non Elective over-performance driven by Rehabilitation, Cardiology, and Integrated Medicine.

Inpatient over-performance driven by Haematology, Vascular and Cardiac Surgery.

Excluded Drugs & Devices: underperformance is driven by Infectious Diseases, Rheumatology and national funding for new Hep C therapies.

Other Financial Values is driven by Agenda for Change funding of £5.3m.



£(m)	Plan	Rate	Volume	Other	Actual	Var F / (A)
Day Case	30,739	386	(977)	0	30,147	(591)
Elective Inpatient	40,383	1,822	(2,605)	0	39,600	(783)
Emergency / Non-elective Inpatient	111,725	5,818	(606)	0	116,937	5,212
Marginal Rate Emergency Threshold	(3,474)	0	0	(784)	(4,258)	(784)
Emergency Department	16,120	(141)	164	0	16,143	23
Outpatient	56,502	337	895	0	57,734	1,232
Drugs and Devices excluded from Tariff	52,755	0	0	(3,505)	49,250	(3,505)
Critical Care Services	26,973	823	(397)	0	27,399	426
Renal Dialysis and Transplant	14,125	(389)	(82)	0	13,653	(471)
CQUIN	8,413	0	0	197	8,610	197
Other Activity	53,651	0	0	697	54,348	697
Other Financial Values	7,699	0	0	4,047	11,747	4,047
Total	415,611	8,655	(3,607)	653	421,312	5,701

Activity & Income: Performance versus Contract

Activity	Case Mix	City	East	West	Specialised	Other	Alliance	Total	%
	Day Case	(913)	222	(358)	277	(453)	(468)	(1,693)	(3%)
	Elective Inpatient	(228)	(161)	(172)	(106)	(10)		(677)	(6%)
	Emergency / Non-elective Inpatient	(268)	(14)	312	77	(413)		(306)	(1%)
	Marginal Rate Emergency Threshold (MRET)	0	0	0	0	0		0	0%
	Emergency Department	285	419	985		(461)		1,228	1%
	Outpatient	1,835	2,941	5,504	2,671	(2,750)	(2,653)	7,547	2%
	Excluded Drugs and Devices					0		0	0%
	Critical Care Services	(185)	116	241	(754)	173		(410)	(1%)
	Renal Dialysis and Transplant	0	0	0	(527)	(4)		(531)	(1%)
CQUIN	0	0	0	0	0	0	0	0%	
Other Activity	42,026	20,633	11,036	1,720	(5,739)	(452)	69,224	2%	
Other Financial Values	1,187	2,017	1,567	134	869	556	6,329	0%	

Financial	Case Mix	City (£000)	East (£000)	West (£000)	Specialised (£000)	Other (£000)	Alliance (£000)	Total (£000)	%
	Day Case	(525)	64	74	457	(402)	(260)	(591)	(2%)
	Elective Inpatient	(191)	(57)	(527)	(523)	515	0	(783)	(2%)
	Emergency / Non-elective Inpatient	1,412	1,282	2,619	1,091	(1,192)	0	5,212	5%
	Marginal Rate Emergency Threshold (MRET)	(270)	(244)	(409)	9	129	0	(784)	(23%)
	Emergency Department	130	75	147	0	(329)	0	23	0%
	Outpatient	465	419	775	216	(355)	(287)	1,232	2%
	Excluded Drugs and Devices	(352)	(470)	(423)	(1,655)	(593)	(12)	(3,505)	(7%)
	Critical Care Services	(132)	70	365	(71)	194	0	426	2%
	Renal Dialysis and Transplant	0	0	0	(464)	(7)	0	(471)	(3%)
	CQUIN	(103)	(42)	(8)	81	279	(11)	197	2%
	Other Activity	(252)	(137)	(46)	946	195	(9)	697	1%
	Other Financial Values	573	244	324	(84)	3,182	(191)	4,047	53%
Grand Total	754	1,206	2,892	3	1,616	(771)	5,701	1%	

Contracts:

- **Day Case & Elective Inpatient:** Day case under-performance in the main is within Orthopaedic Surgery. Elective Inpatient underperformance is predominantly in Paediatric Cardiothoracic Surgery partially offset by Cardiac and Orthopaedic Surgery.
- **Emergency / Non Elective:** Over performance across a wide range of specialties with Integrated Medicine, Hepatology and Rehabilitation. Offset by underperformance in Diabetology and Gastroenterology.

Outpatients:

The majority of the over-performance is within follow-up appointments. There are a range of Specialties which are over performing including Integrated Medicine, Dermatology.

- **Excluded Drugs and Devices:** The underperformance is driven by Infectious Diseases, Rheumatology and national funding for new Hep C therapies.

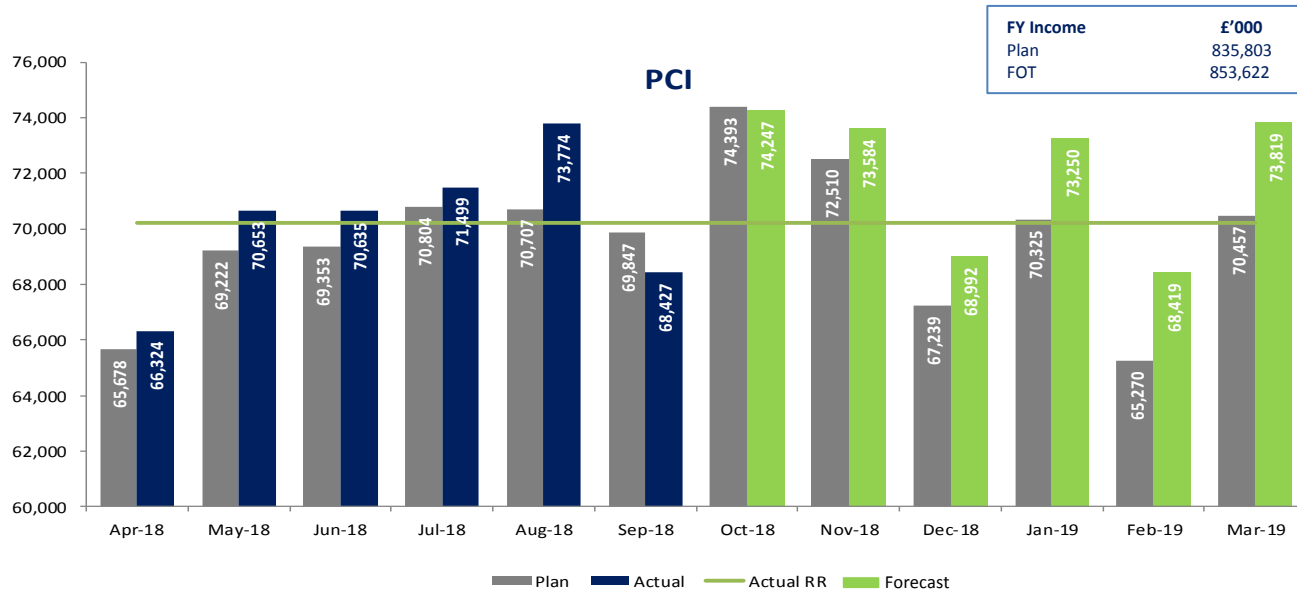
Alliance:

Driven by underperformance in Day Case within Orthopaedic Surgery and Urology partially offset by over-performance in Podiatric Surgery.

The CCG contracts are significantly over performing and there are a number of contract challenges relating to admission coding. Meetings are ongoing to resolve the issue.

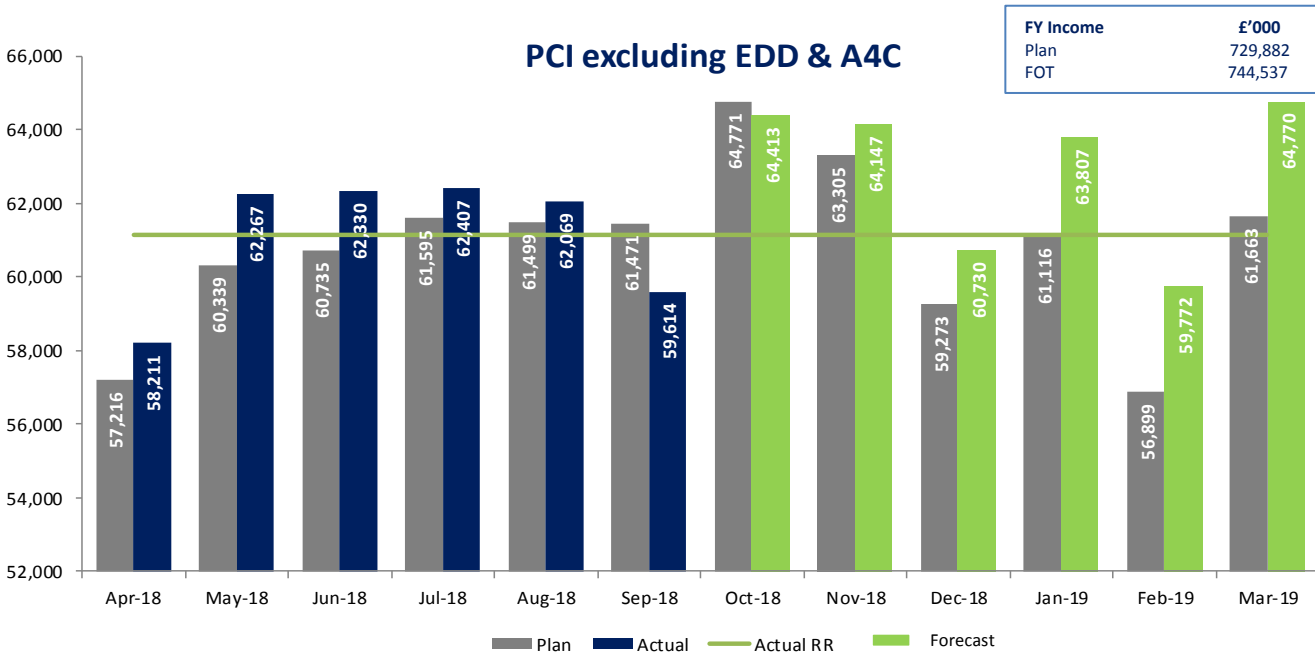
- Other includes Agenda for Change income of £5.3m

Patient Income Run Rates

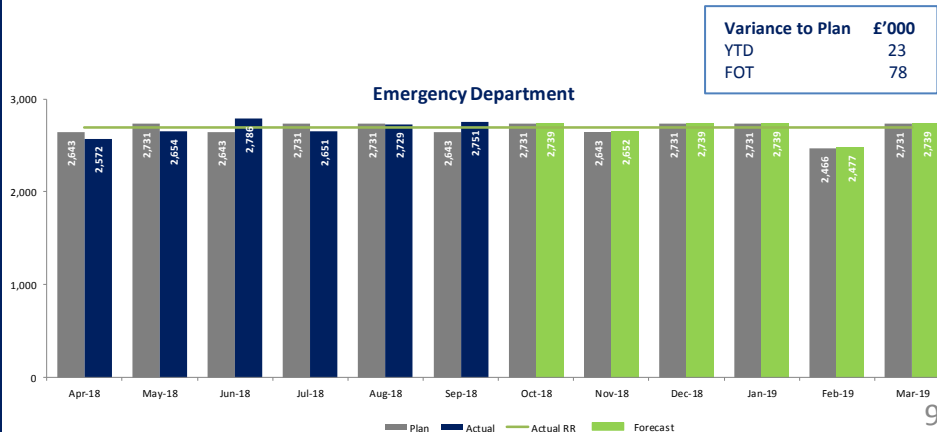
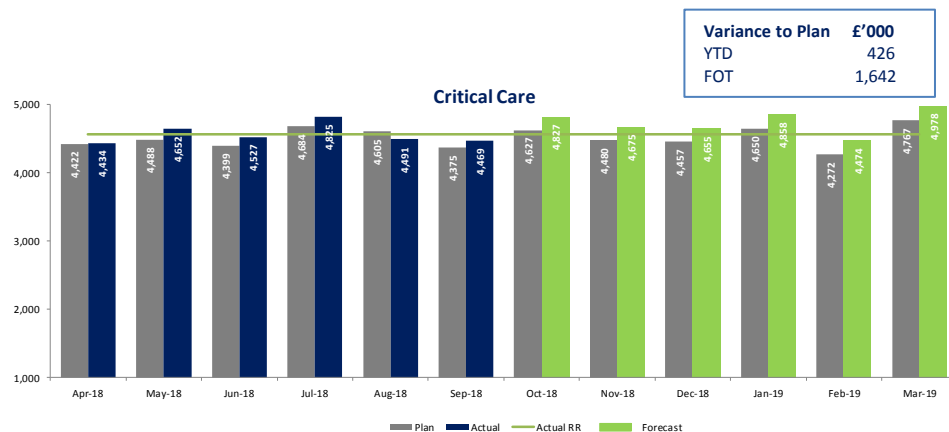
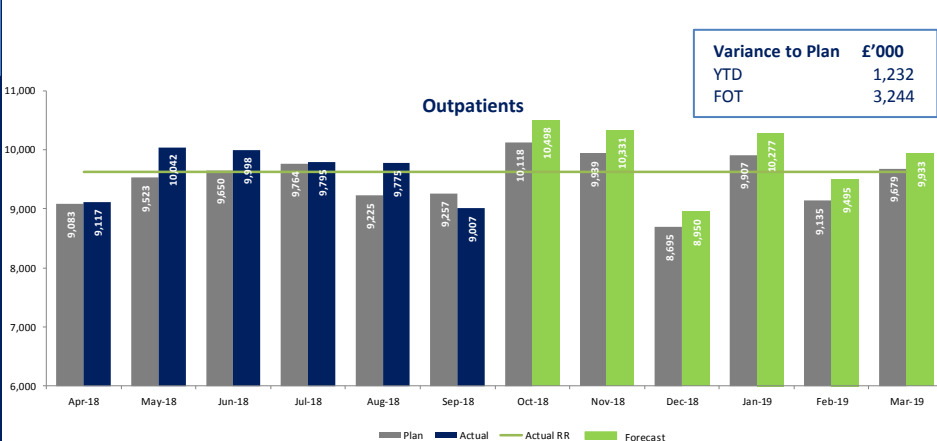
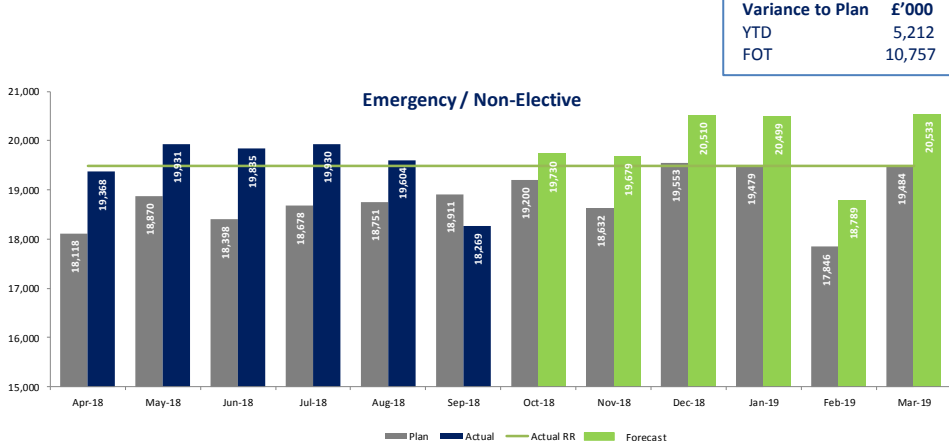
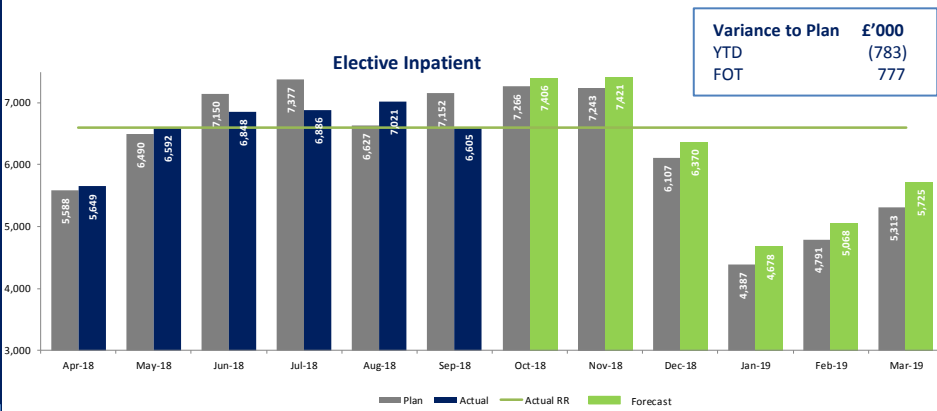
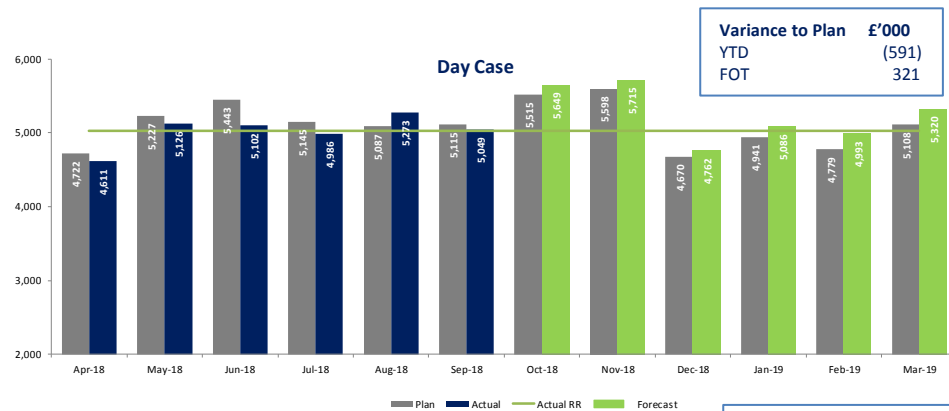


Year to Date

- Year to date over-performance of £5.7m which includes £3.5mA in relation to drugs and devices excluded from tariff and £5.3mF in relation to Agenda for Change funding.
- Over-performance predominantly driven by Emergency/Non-elective within Integrated Medicine, Rehabilitation and Outpatients.



Patient Income Run Rates: Point of Delivery



Pay: YTD £318.7m, £8.9mA to Plan

	Sep-18						YTD						
	£'000			WTE			£'000			WTE			
	Plan	Actual	F/(A)	Plan	Actual	F/(A)	Plan	Actual	F/(A)	Plan	Actual	F/(A)	
Agency	Medical	375	745	(370)	3	44	(41)	2,925	4,230	(1,306)	3	44	(41)
	Nursing & Midwifery	894	499	395	24	166	(142)	5,470	3,889	1,581	24	166	(142)
	Other Clinical	186	137	50	30	21	10	1,238	1,112	125	30	21	10
	Non Clinical	52	39	14	15	7	8	328	267	61	15	7	8
	Total: Agency	1,508	1,420	88	72	238	(166)	9,961	9,499	462	72	238	(166)
Other Non-contracted	Medical	0	1,614	(1,614)	0	8	(8)	0	9,548	(9,548)	0	8	(8)
	Nursing & Midwifery	0	1,775	(1,775)	0	570	(570)	0	10,556	(10,556)	0	570	(570)
	Other Clinical	0	311	(311)	0	64	(64)	0	2,022	(2,022)	0	64	(64)
	Non Clinical	0	495	(495)	0	334	(334)	0	3,462	(3,462)	0	334	(334)
	Total: Other Non-contracted	0	4,195	(4,195)	0	977	(977)	0	25,587	(25,587)	0	977	(977)
Total Non-contracted	Medical	375	2,359	(1,984)	3	52	(49)	2,925	13,778	(10,853)	3	52	(49)
	Nursing & Midwifery	894	2,274	(1,380)	24	736	(712)	5,470	14,445	(8,975)	24	736	(712)
	Other Clinical	186	447	(261)	30	85	(54)	1,238	3,134	(1,897)	30	85	(54)
	Non Clinical	52	534	(482)	15	341	(326)	328	3,728	(3,400)	15	341	(326)
	Total: Non-contracted	1,508	5,614	(4,106)	72	1,214	(1,142)	9,961	35,086	(25,125)	72	1,214	(1,142)
Substantive	Medical	15,788	14,468	1,321	1,901	1,875	26	94,591	87,197	7,394	1,901	1,875	26
	Nursing & Midwifery	16,696	15,875	821	5,910	5,217	693	102,399	98,380	4,020	5,910	5,217	693
	Other Clinical	6,762	5,997	765	2,175	2,005	170	43,626	38,950	4,675	2,175	2,005	170
	Non Clinical	10,133	10,142	(8)	4,286	4,376	(91)	59,163	59,086	78	4,286	4,376	(91)
	Total: Substantive	49,380	46,481	2,899	14,273	13,474	799	299,779	283,612	16,167	14,273	13,474	799
Total	Medical	16,164	16,826	(663)	1,904	1,928	(23)	97,516	100,975	(3,459)	1,904	1,928	(23)
	Nursing & Midwifery	17,590	18,149	(559)	5,934	5,953	(19)	107,869	112,825	(4,955)	5,934	5,953	(19)
	Other Clinical	6,948	6,444	504	2,206	2,090	116	44,863	42,085	2,779	2,206	2,090	116
	Non Clinical	10,186	10,676	(490)	4,301	4,718	(417)	59,492	62,814	(3,322)	4,301	4,718	(417)
	TOTAL: Pay	50,888	52,095	(1,207)	14,345	14,689	(344)	309,740	318,698	(8,958)	14,345	14,689	(344)

Agency Pay

- Year to date cost of £9.5m, £0.5mF to Plan, driven by ESM in Nursing

Other Non-contracted Pay

- Other non-contracted pay consists of overtime, bank, WLLs and internal locums.
- Year to date expenditure of £25.5m with Medical and Nursing driving 79% 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.

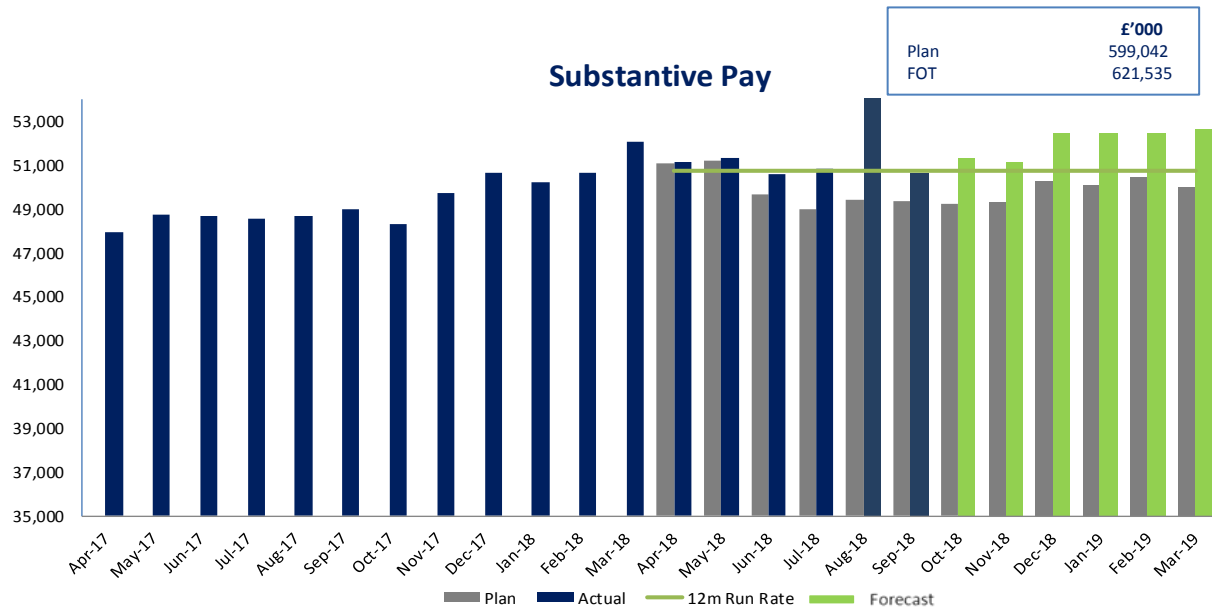
Substantive Pay

- Combined with other non-contracted, expenditure of £309.2m, £9.4mA to Plan which includes £5.4mA in relation to Agenda For Change and £2.1mF in relation to execution of FRB actions.
- Underlying overspend of £6.1m including non-delivery of planned pay CIP of £0.4m . Underlying overspend in all staff groups.
- Lack of control of pay costs is a key risk with the plan requiring a reduction in the 2017/18 exit run rate representing delivery of CIP and underlying reduction in WTEs.

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.

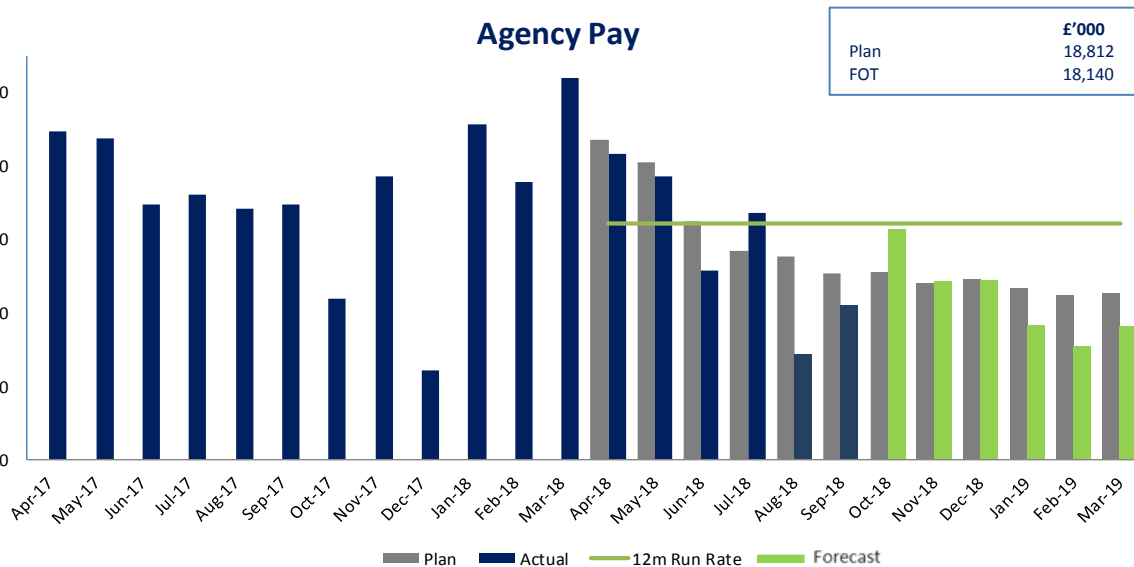
Pay Run Rates



Total Pay excluding Agency Pay

- This remains a key risk to the Financial Plan as we exit 2017/18 especially in relation to ED Floor, staff enhancements in excess of Agenda for Change and NHSI rates together with unfunded cost pressures.
- The increase in August pay is driven by year to date catch-up in relation to Agenda for Change of £3.4m.
- The increase in forecast pay from December is driven by additional capacity to support Winter pressures.

Agency Pay



- The planned trajectory is supported by specific actions identified and tracked through the Premium Pay group.
- The NHSI Agency Ceiling for 2018/19 is £18.8m.

Non-Pay: YTD £190.4m, £14.7mA to Plan

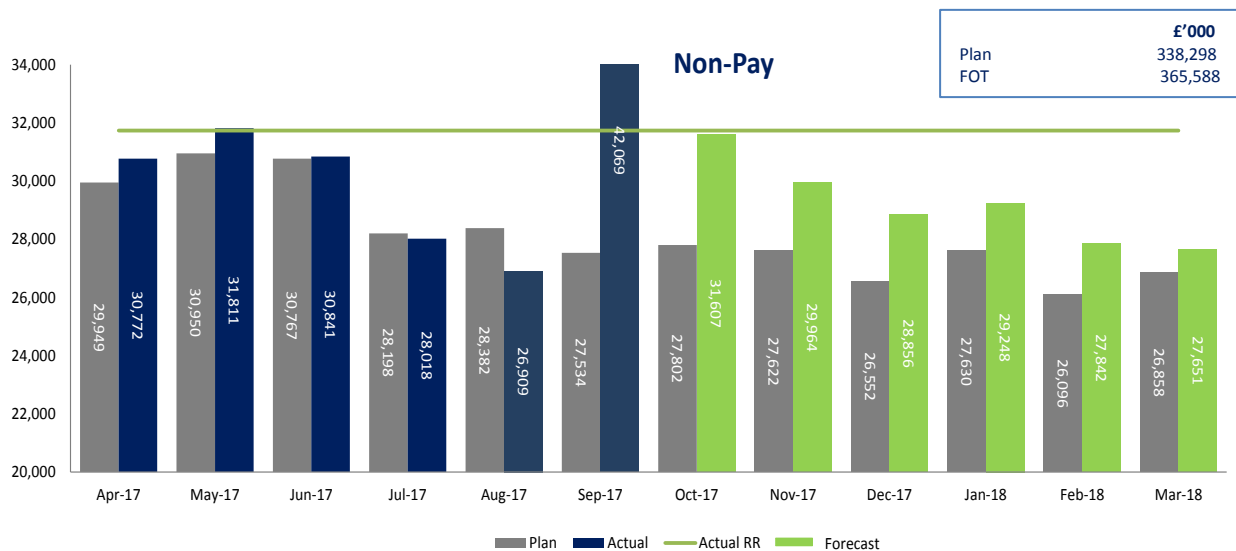
	Sep-18				YTD				
	Plan £'000	Actual £'000	F / (A) £'000	%	Plan £'000	Actual £'000	F / (A) £'000	%	
Direct	Blood Products	125	15	110	88%	778	450	328	42%
	Drugs	8,828	8,495	333	4%	55,869	51,385	4,484	8%
	Clinical Supplies & Services	9,105	9,165	(60)	(1%)	54,450	56,156	(1,705)	(3%)
	Transport	313	392	(79)	(25%)	1,889	2,158	(268)	(14%)
	Recharges	645	358	287	45%	3,360	3,833	(473)	(14%)
	Misc & General Supplies	(396)	14,117	(14,513)	(3669%)	6,413	22,255	(15,842)	(247%)
External Providers	Healthcare	911	974	(63)	(7%)	5,493	5,307	186	3%
	Non Healthcare	1,222	1,314	(92)	(8%)	7,332	7,597	(265)	(4%)
Overheads	Establishment, Premises & Plant	4,083	4,537	(454)	(11%)	23,984	25,080	(1,096)	(5%)
	Consultancy	38	41	(3)	(8%)	246	235	11	4%
	Clinical Negligence	2,661	2,661	(0)	(0%)	15,964	15,964	(0)	(0%)
Total: Non Pay	27,534	42,069	(14,535)	(53%)	175,780	190,420	(14,640)	(8%)	

- Direct Costs: £136.2m, £13.4mA to Plan** including £3.5mF in relation to drugs and devices excluded from tariff.

Month 6 includes the financial impact from the cessation of FM LLP driving a £13m overspend in month.

Underlying overspend driven by additional cost to deliver activity together with cost pressures within the CMGs.

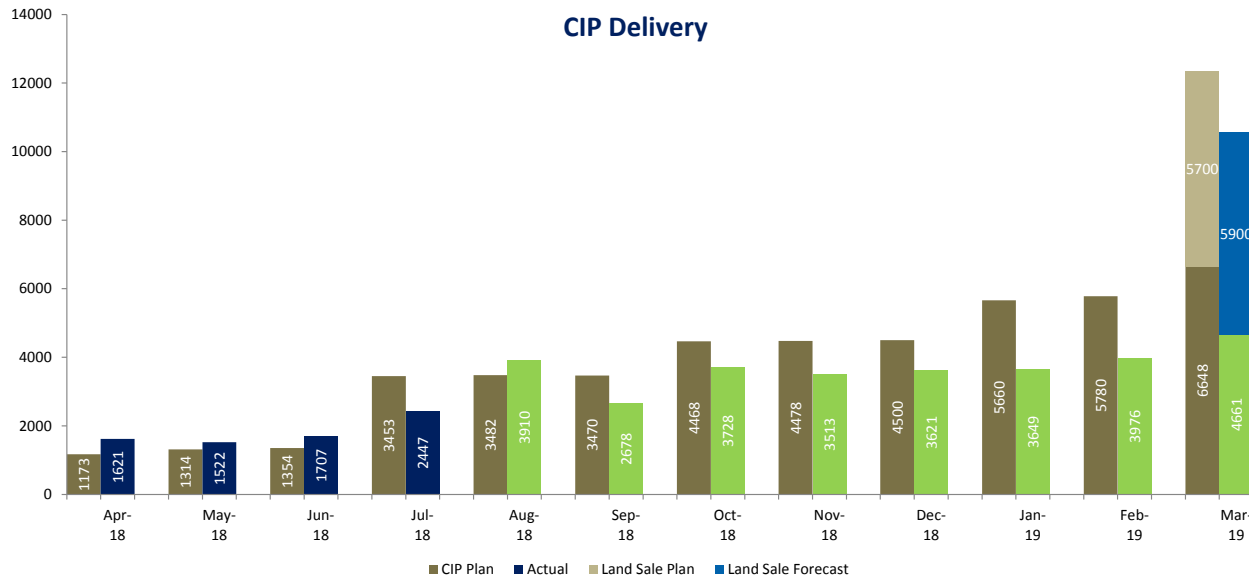
- External Providers:** YTD cost of £12.9m which in line with Plan.
- Overheads:** YTD expenditure of £41.3m, £1.1mA to Plan predominantly within Estates.
- Non-pay remains a critical area of spend to ensure tight cost control underpinned by activity performance.



CIP: YTD £13.8m, £0.4mA to Plan

	Sep-18				YTD				FY Plan £'000
	Plan £'000	Actual £'000	F / (A) £'000	%	Plan £'000	Actual £'000	F / (A) £'000	%	
CHUGGS	355	361	6	2%	1,335	1,459	123	9%	3,467
CSI	177	256	79	45%	1,136	1,515	380	33%	2,287
ESM	510	510	0	0%	2,129	2,658	529	25%	5,189
ITAPS	297	298	0	0%	1,120	1,315	195	17%	2,908
MSS	338	306	(32)	(9%)	1,826	1,584	(242)	(13%)	3,911
RRCV	451	340	(111)	(25%)	2,307	2,428	121	5%	5,253
Womens & Childrens	441	203	(237)	(54%)	1,496	842	(654)	(44%)	5,268
Total: CMG	2,569	2,273	(295)	(11%)	11,348	11,800	452	4%	28,283
Facilities	167	51	(116)	(70%)	684	496	(188)	(28%)	2,377
Corporate Total	154	146	(8)	(5%)	470	342	(128)	(27%)	1,394
Central	581	208	(372)	(64%)	1,742	1,248	(494)	(28%)	19,426
Total CIP	3,470	2,678	(792)	(23%)	14,244	13,886	(358)	(3%)	51,480

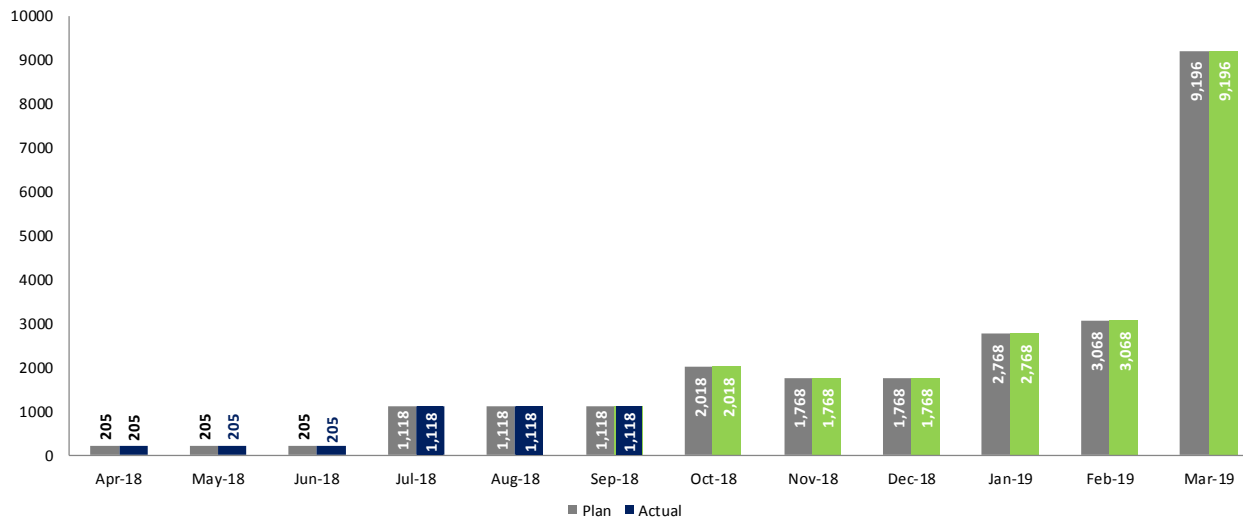
- The CIP forecast outturn is £43m representing an unidentified gap of £8.5m driven by cessation of FM LLP driving an under-deliver of £7.9m
- Achieving CIP is critical to delivering the 18/19 financial plan with key risks being unidentified or delivery slippage of CIP.
- Month 12 includes £5.9m for the sale of land.
- The specific CIP Paper provides further insight into the performance of CIP.



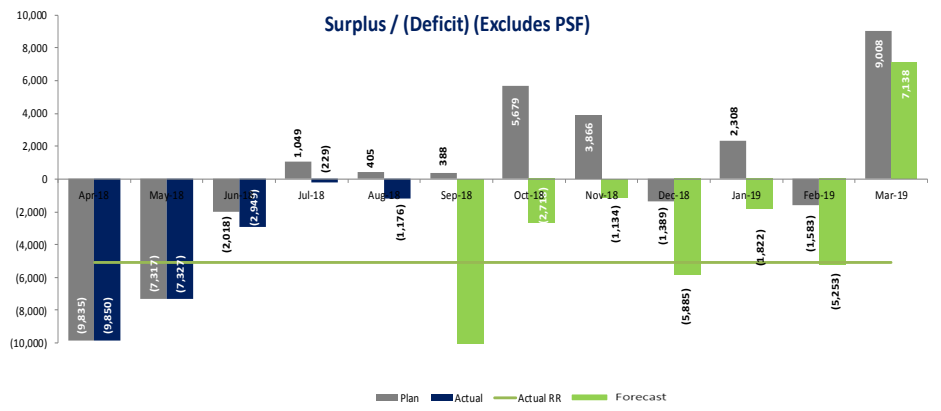
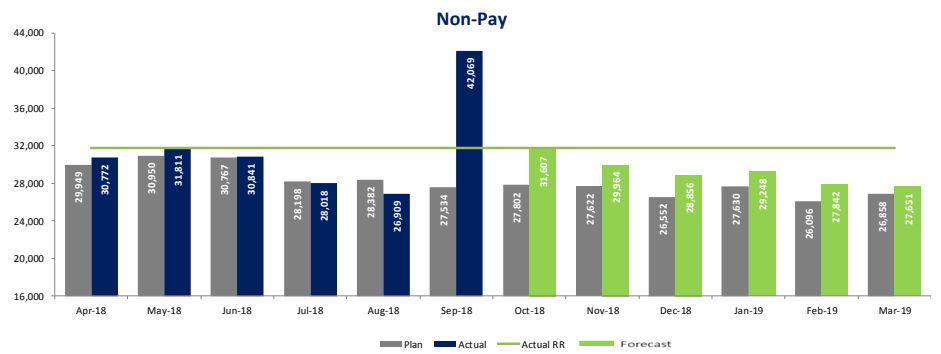
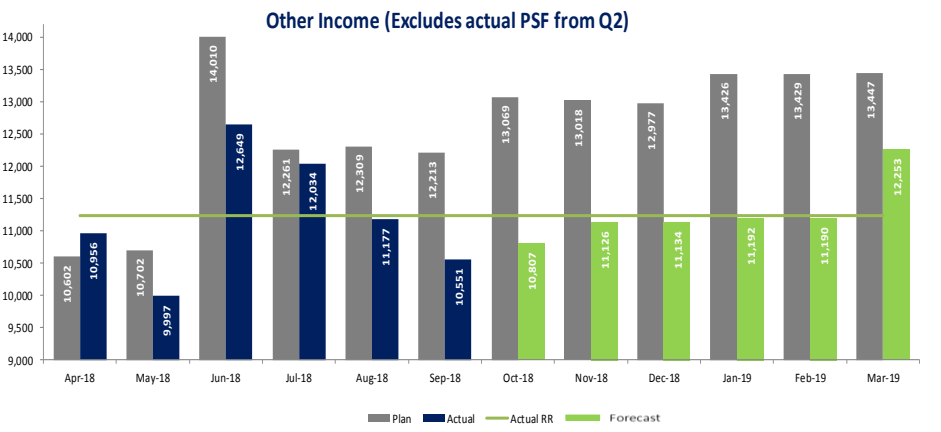
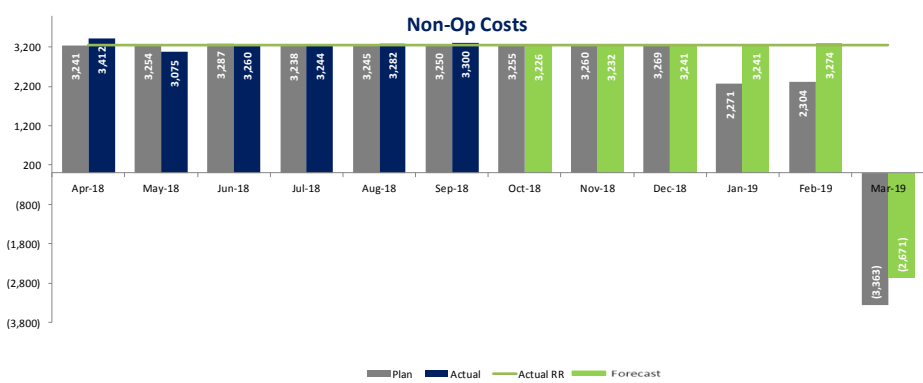
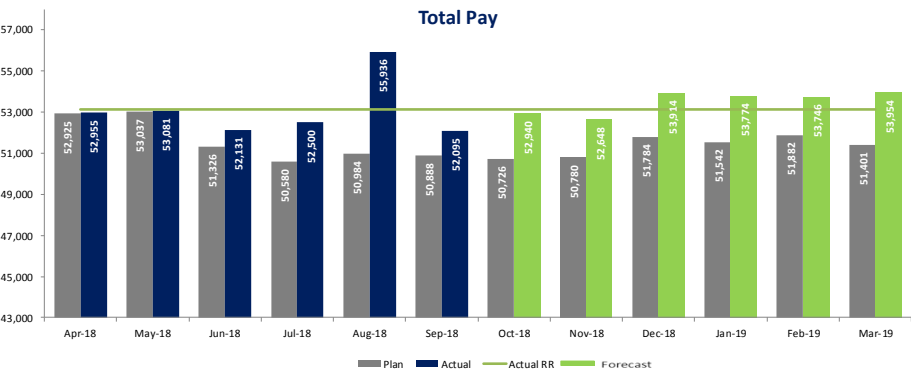
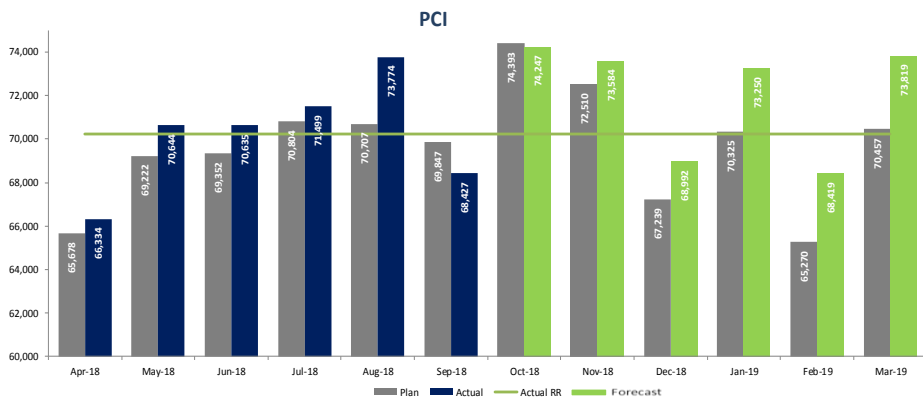
Finance Improvement and Technical (FIT)

		Plan			YTD		
		CIP	Non-CIP	Total	Plan	Actual	Variance
		£'000	£'000	£'000	£'000	£'000	£'000
Strategic	Estates Strategy: Run Savings	3,900		3,900	0	0	0
	Estates Strategy: Dividend and Depreciation benefit	4,000		4,000	0	0	0
	Estates Strategy: COGS		250	250	0	0	0
	Total Value: Strategic	7,900	250	8,150	0	0	0
Statement of Financial Position	Deferred Income (inc Research): release		150	150	0	0	0
	Revenue to Capital transfer		2,456	2,456	1,228	1,228	0
	Duplicate Invoices	150		150	0	0	0
	Total Value: Statement of Financial Position	150	2,606	2,756	1,228	1,228	0
Tactical	Additional FIT Actions (non-CIP)	5,676	2,268	7,944	2,739	2,739	0
	Profit from sale of Paddock	5,700		5,700	0	0	0
	Total Value: Tactical	11,376	2,268	13,644	2,739	2,739	0
All Actions	Strategic	7,900	250	8,150	0	0	0
	Statement of Financial Position	150	2,606	2,756	1,228	1,228	0
	Tactical	11,376	2,268	13,644	2,739	2,739	0
	Total Value: All Actions	19,426	5,124	24,550	3,967	3,967	0

- 2018/19 Plan identified £24.6m of Finance Improvement and Technical actions in order to help meet the planned deficit.
- The Financial Recovery Board (FRB) has now been established with the FIT being a component of FRB.



I&E Run Rates



September performance by CMG and Directorates

Underperformance within MSS, RRCV and W&C driven by under-delivery of activity, CIP and cost overspend with the adverse position in Central driven by the cessation of FM LLP. W&C and MSS are both in special measures, and are subject to weekly financial recovery actions with RRCV forecasting to recover its under-performance. All other CMGs are performing in line with Plan with over-performance in Emergency Activity offset by marginal costs together with cost pressures

	Sep-18				YTD				
	Plan	Actual	F / (A)		Plan	Actual	F / (A)		
	£'000	£'000	£'000	%	£'000	£'000	£'000	%	
CMGs	CHUGGS	3,856	3,856	(0)	(0%)	22,311	22,313	2	0%
	CSI	(3,506)	(3,504)	2	0%	(18,271)	(18,268)	3	(0%)
	ESM	1,143	1,143	(0)	(0%)	6,788	7,181	394	6%
	ITAPS	(3,927)	(3,927)	0	(0%)	(23,755)	(23,744)	11	(0%)
	MSS	2,827	2,340	(486)	(17%)	16,100	14,181	(1,919)	(12%)
	RRCV	3,654	2,790	(864)	(24%)	20,323	19,458	(864)	(4%)
	W&C	3,667	2,740	(926)	(25%)	21,431	18,657	(2,774)	(13%)
	FACILITIES	(3,809)	(3,811)	(2)	0%	(22,455)	(22,455)	(0)	0%
	TOTAL CMGs	3,905	1,628	(2,277)	(58%)	22,471	17,324	(5,147)	(23%)
Corporate Directorates	Communications & Ext Relations	(62)	(62)	0	0%	(359)	(351)	8	2%
	Corporate & Legal	(297)	(297)	0	0%	(1,625)	(1,621)	5	0%
	Corporate Medical	(1,819)	(1,824)	(6)	(0%)	(10,969)	(11,031)	(61)	(1%)
	Operations	(348)	(349)	(0)	(0%)	(2,188)	(2,113)	75	3%
	Finance & Procurement	(586)	(578)	8	1%	(3,715)	(3,629)	86	2%
	Nursing	(570)	(593)	(23)	(4%)	(3,058)	(3,134)	(75)	(2%)
	Human Resources	(510)	(511)	(1)	(0%)	(2,760)	(2,787)	(27)	(1%)
	IM&T	(1,047)	(1,140)	(93)	(9%)	(6,116)	(6,434)	(319)	(5%)
	Strategic Development	(53)	(48)	5	10%	(332)	(294)	38	12%
	TOTAL CORPORATE DIRECTORATES	(5,293)	(5,403)	(110)	2%	(31,123)	(31,393)	(270)	1%
Trust	Research	(0)	2	2	0%	(0)	14	14	0%
	Trust Med Pharmacy	4	6	2	(48%)	34	36	2	(6%)
	Alliance	(55)	(47)	8	14%	(177)	(625)	(447)	(252%)
	Central	364	(14,672)	(15,036)	4134%	(16,214)	(27,676)	(11,462)	(71%)
	Donated Assets Adjustment	16	41	25	(156%)	96	33	(63)	66%
	UHL Total Excluding PSF	(1,059)	(18,445)	(17,386)	39	(24,913)	(42,287)	(17,374)	70%

Forecast Outturn: Deficit of £51.8m (excluding PSF)

	Outturn			
	Plan	Outturn	F / (A)	
Day Case	107,741	105,828	(1,913)	(2%)
Elective Inpatient	20,518	19,890	(628)	(3%)
Emergency / Non-elective Inpatient	120,243	120,089	(154)	(0%)
Emergency Department	238,286	240,984	2,698	1%
Outpatient Procedures	967,308	984,765	17,457	2%
Critical Care Services	57,743	57,929	186	0%
Renal Dialysis & Transplant	178,367	177,838	(529)	(0%)
Other	8,593,200	8,757,916	164,715	2%

	Outturn			
	Plan	Outturn	F / (A)	
	£'000	£'000	£'000	%
Patient Care Income	835,804	853,622	17,819	2%
Non Patient Care Income	129,518	132,761	3,244	3%
Total Income	965,321	986,384	21,062	2%
Pay Costs	(599,042)	(621,535)	(22,492)	(4%)
Pay Costs: Agency	(18,812)	(18,140)	672	4%
Non-Pay	(338,298)	(365,588)	(27,290)	(8%)
Total Operating Costs	(956,152)	(1,005,263)	(49,111)	(5%)
EBITDA	9,169	(18,879)	(28,048)	(306%)
Non-Operating Costs	(30,554)	(33,114)	(2,560)	(8%)
Retained Deficit	(21,385)	(51,993)	(30,608)	(143%)
Adjustments for Donated Assets	193	193	0	(0%)
Net Deficit	(21,192)	(51,800)	(30,608)	(144%)
Provider Sustainability Fund (PSF)	21,947	2,305	(19,642)	(89%)
Net Deficit Including PSF	755	(49,495)	(50,250)	(6655%)
Agency: Total Pay	3.04%	2.84%	(0.21%)	
EBITDA: Income	0.95%	(1.91%)	(2.86%)	
Net Deficit: Income	(2.20%)	(5.25%)	(3.06%)	

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

- **Overall:** Net deficit of £51.8m, £30.6mA to Plan driven by:
 - Financial impact from cessation of FM LLP: £21.9m; and
 - Risk assessment of underlying forecast: £8.7mA
- **Including PSF:** Net deficit of £49.5m which is £50.2mA to plan due to the crystallisation of the above risks together with £19.6m non-receipt of PSF.
- **Underlying Forecast:** Unmitigated forecast indicates an additional risk of £3m-£8m driven by delivery risk surrounding:
 - £3m current FRB gap; and
 - £5m run rate risk predominantly within pay.
- **Mitigation:**
 - CMG and Corporate Directorates delivery of 18/19 Control Totals including recovery plans as required;
 - Identification and execution of the full value of CIP; and
 - Financial Recovery Board in place chaired by the CEO with full execution of actions;
 - Pay Control Totals to be set at CMG/Directorate level supported by enhanced control mechanisms.

See Page 23 for more detail on Risks/Mitigations

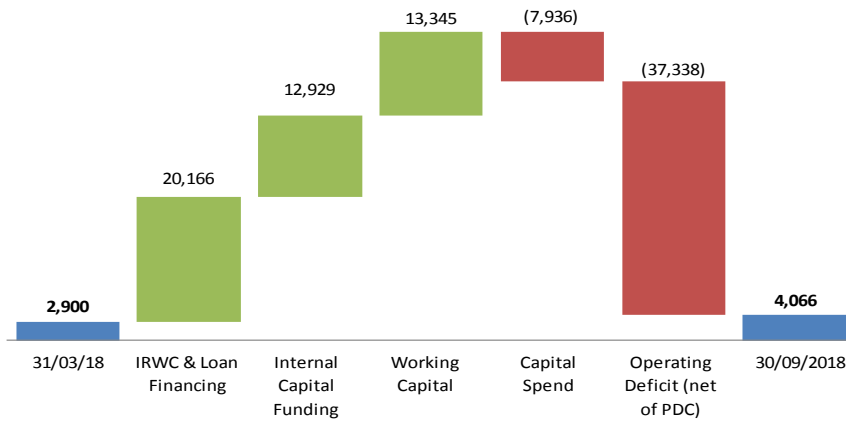
September 2018: Statement of Financial Position

	Mar-18 £000's Actual	Sep-18 £000's Actual	Movement £000's Actual
Non Current Assets			
Property, plant and equipment	427,610	418,692	(8,918)
Intangible assets	11,480	11,361	(119)
Trade and other receivables	2,904	2,757	(147)
TOTAL NON CURRENT ASSETS	441,994	432,810	(9,184)
Current Assets			
Inventories	23,829	23,839	10
Trade and other receivables	70,519	54,045	(16,474)
Cash and cash equivalents	2,900	4,066	1,166
TOTAL CURRENT ASSETS	97,248	81,949	(15,299)
Current Liabilities			
Trade and other payables	(112,706)	(117,913)	(5,207)
Dividend payable	0	128	128
Borrowings / Finance Leases	(4,518)	(4,518)	0
Other Liabilities / Loan	(36,260)	(36,260)	(0)
Provisions for liabilities and charges	(448)	(448)	0
TOTAL CURRENT LIABILITIES	(153,932)	(159,011)	(5,079)
NET CURRENT ASSETS (LIABILITIES)	(56,684)	(77,062)	(20,378)
TOTAL ASSETS LESS CURRENT LIABILITIES	385,310	355,748	(29,562)
Non Current Liabilities			
Borrowings / Finance Leases	(6,395)	(6,080)	315
Other Liabilities / Loan	(162,075)	(177,995)	(15,920)
Provisions for liabilities and charges	(1,465)	(1,244)	221
TOTAL NON CURRENT LIABILITIES	(169,935)	(185,320)	(15,385)
TOTAL ASSETS EMPLOYED	215,375	170,428	(44,947)
Public dividend capital	331,956	331,956	(0)
Revaluation reserve	98,349	98,349	(0)
Retained earnings	(214,930)	(259,877)	(44,947)
TOTAL TAXPAYERS EQUITY	215,375	170,428	(44,947)
Ratios			
Liquidity Ratio Days (Working Capital Balance / Annual Operating Expenses)	(31)	(35)	
Liquidity Ratio Metric	4	4	

- Total Assets Employed: Movement of £44.9m representing year to date Trust deficit .
- Non-Current Assets : Increased by £9.2m.
- Working capital:
 - Trade receivables have decreased by £16.5m
 - Trade payables have increased by £5.2m
- Cash: September balance of £4m is above the £1m target cash balance due to the timing of cash receipts, and includes TGH cash of £2.2m.
- Non-current liabilities:
 - Increase due to loan funding received in September.
 - 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.

September 2018 Cash movement

Year to Date Cash Bridge £'000



Cash Bridge:

- Opening cash balance of £2.9m, in line with our plan.
- Funded YTD operating deficit (net of PDC) of £37.3m and movement in working capital by securing £20.2m of external financing.

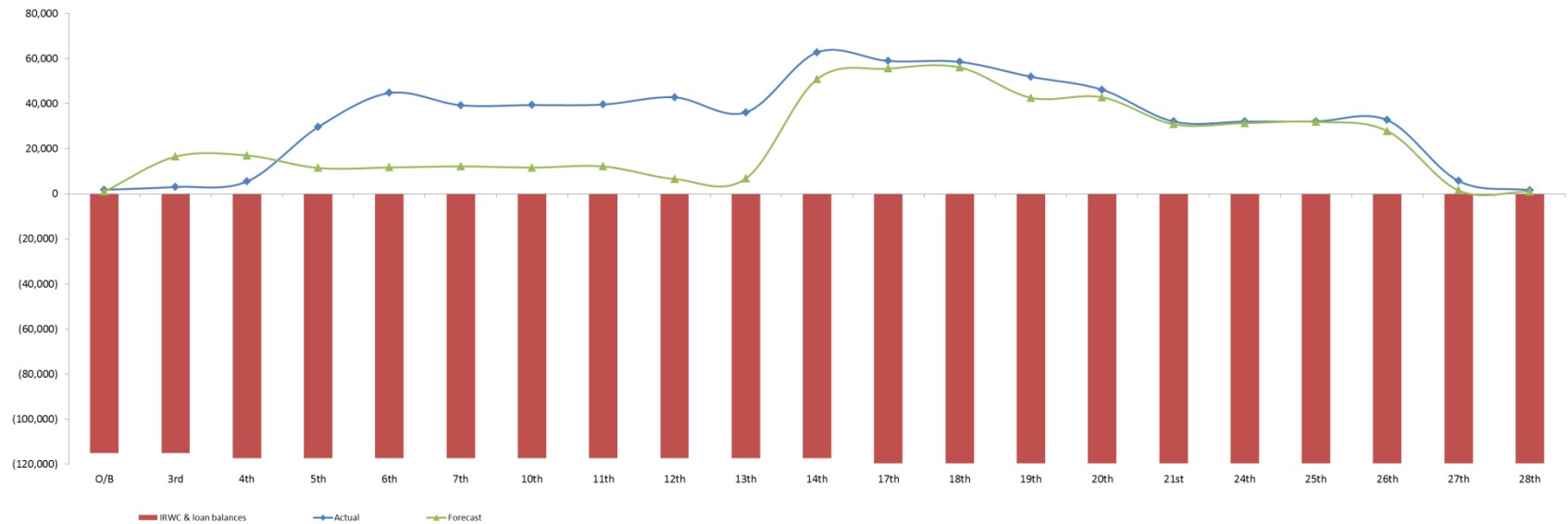
Full Year Forecast

- 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 September due to the monthly payroll run.

Daily Cash Balance



Liquidity as at 30th September 2018

	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	36,268	18,011	18,256	12,195	(1,323)	481	6,659	37%
	Non-NHS receivables - revenue	23,444	16,459	6,985	7,647	1,192	814	6,806	41%
	Provision for the impairment of receivables	0	0	0	0				
	Non-NHS prepayments and accrued income	7,271	17,416	(10,145)	17,416				
	PDC dividend prepaid to DH	0	0	0	0				
	VAT	2,011	1,231	780	1,231				
	Other receivables	1,525	856	669	856				
	TOTAL	70,518	53,973	16,545	39,345	(131)	1,295	13,464	
Accounts Payable	NHS payables - revenue	(35,065)	(39,954)	4,889	(12,458)	(2,693)	(1,941)	(22,862)	57%
	NHS accruals and deferred income	0	0	0	0				
	Non-NHS payables - revenue	(33,650)	(36,410)	2,760	(20,686)	(8,681)	(2,673)	(4,370)	12%
	Non-NHS payables - capital	(4,307)	(480)	(3,827)	337	(357)	(172)	(288)	60%
	Non-NHS accruals and deferred income	(10,699)	(13,409)	2,711	(7,618)	(3,197)	(984)	(1,609)	12%
	Social security costs	(6,969)	(7,035)	65	(7,035)				
	Tax	(5,892)	(5,750)	(142)	(5,750)				
	Other	(12,649)	(11,876)	(773)	(11,876)				
TOTAL	(109,231)	(114,914)	5,684	(65,086)	(14,929)	(5,770)	(29,128)		
Total Liquidity	(38,713)	(60,941)	22,228						

Liquidity: movement of £22.2m from opening position due to:

- Accounts receivable: decrease of £16.5m.
- Accounts payable: increase of £5.7m.

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

- NHS receivables: 37% representing £6.7m being over 90 days.
- Non-NHS receivables: 41% representing £6.8m being over 90 days with the largest component being Overseas Visitors at £3m. This balance consists of various items which in isolation are not material.
- NHS payables-revenue: £22.9m, representing 57% over 90 days; non-NHS payables 12% (£4.4m) over 90 days; non-NHS accruals and deferred income 12% (£1.6m) over 90 days.
- Further analysis of receivables is provided in the separate cash report.

YTD Better Payments Practice Code: Non-compliant

Better Payment Practice Code - Measure of Compliance	September YTD		Prior month YTD	
	Number	£000s	Number	£000s
All				
Total Invoices Paid in the Year	85,054	356,807	71,924	299,415
Total Invoices Paid Within Target	35,701	237,464	29,590	196,217
Percentage Invoices Paid Within Target (target 95%)	42%	67%	41%	66%
Non-NHS Payables				
Total Non-NHS Invoices Paid in the Year	82,096	288,570	69,343	244,030
Total Non-NHS Invoices Paid Within Target	35,176	195,119	29,140	162,117
Percentage of Non-NHS Invoices Paid Within Target	43%	68%	42%	66%
Local SME payables				
Total SME Invoices Paid in the Year	351	3,495	302	2,736
Total SME Invoices Paid Within Target	63	350	51	289
Percentage of Local SME Invoices Paid Within Target	18%	10%	17%	11%
NHS Payables				
Total NHS Invoices Paid in the Year	2,607	64,742	2,279	52,649
Total NHS Invoices Paid Within Target	462	41,995	399	33,811
Percentage of NHS Invoices Paid Within Target	18%	65%	18%	64%

- 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: September £7.9m spend, £8.2m under plan

Significant underspend driven by ICU Projects, Estates, IM&T and Modular Ward. Underspend in Modular Ward reflects slippage with full year cost expected to be in line with Plan. Underspend on Interim ICU Projects is connected to the approval of the business case with capital spend likely to slip to 2019/20.

Scheme Name	YTD Plan £'000	YTD Actual £'000	F / (A) £'000
Interim ICU Projects	2,000	302	1,698
UHL Reconfiguration Programme	460	207	253
Donations	150	156	(6)
Estates & Facilities	2,700	1,325	1,375
IM&T Schemes	2,515	1,063	1,453
MS Datacentre Licences	1,090	1,102	(12)
Medical Equipment Schemes	1,225	651	574
EMCHC	650	96	554
Corporate / Other	708	317	391
Emergency Floor	1,308	1,200	108
Additional modular ward at GH and CDU	1,825	18	1,807
Subtotal	14,632	6,436	8,196
MES	1,500	1,500	0
Subtotal	16,132	7,936	8,196
TOTAL CAPITAL EXPENDITURE	16,132	7,936	8,196

2018/19 Plan: Key Risks

- **Risk:** Updated Control Total to deliver an Income and Expenditure deficit of £21.2m (excluding PSF) requires additional improvement of £8.7m.

Mitigation: this has been incorporated as part of the Trust's Financial Recovery Plan which includes the identification and monitoring of the delivery of the associated efficiencies and actions to deliver the required financial improvement. A residual risk of £9-£12m remains and following a risk assessment at quarter two this has resulted in a revised forecast of £51.8m.

- **FM LLP:** Following the advise not to progress with FM LLP this drives a material adverse financial impact of £21.9m resulting in a significant risk to the Trust's ability to deliver it's Control Total.

Mitigation: the adverse financial impact has been reflected in quarter two forecast submission of £51.8m (deficit).

- **Risk:** Delivery of planned activity and mitigation of financial impact from Winter operational pressures and capacity.

Mitigation: the Plan reflected phasing of activity for more to be delivered in Months 1-9 in addition to increased capacity for December-March to manage emergency demands and help to protect planned level of elective procedures. In addition Winter Planning is underway which includes delivering more elective procedures supported by additional theatre sessions and bed capacity together with engagement with Four Eyes Insight to improve Theatre and Outpatient utilisation.

- **Risk:** Full delivery of the CIP programme.

Mitigation: An established PMO function and associated governance arrangements are in place to drive more rigor into the CIP process, giving pace, accountability and clearly defined targets, militating against the risk of underperformance.

- **Risk:** Delivery of established control totals by CMG's and Corporate Directorates. Due to the level of risk the Trust is managing through the Financial Recovery Board (FRB) there is no ability for under-performance to be absorbed.

Mitigation: This will be managed through the development and implementation of the performance management accountability framework which is being led by Chief Operating Officer which will include appropriate levels of incentives and sanctions.

- **Risk:** sale of the Paddock at Glenfield generating profit on sale of asset and capital headroom to facilitate additional Revenue to Capital transfers.

Mitigation: this is being overseen by Finance and Investment Committee with regular updates outlining progress together with timelines and next steps. In addition this is a specific action on the Financial Recovery Board to ensure delivery in line with Plan.