

2017/18 Financial Performance

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Executive Summary

Paper K1

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 28th February 2018?

Winter Funding

On 15th 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 Quarter 4.

M11 Financial Performance

Excluding Tranche 1, the Trust has achieved a year to date deficit of £37.2m which is £10m adverse to plan. Quarter 4 activity has been impacted by Emergency pressures and elective cancellations which is driving the adverse performance to plan.

Underlying performance is £26.5m adverse to Plan with Winter operational pressures driving £10m with the remainder due to overspend in both pay (particularly Medical pay) and non-pay driven by high marginal cost to deliver additional activity, non-delivery of CIP and general cost over-runs across the Trust.

The underlying under-performance of £26.5m has been mitigated by £16.5m through £10.2m Corporate actions predominantly accelerating additional FIT actions and £6.3m non-recurrent benefits. The remainder £10m represents the underlying pressure from operational Winter pressures which is reflected in the year to date performance of £10mA to Plan.

It is critical that CMGs and Corporate Directorates deliver a financial outturn in line with the updated forecast together with Corporate delivery of additional Finance and Technical Actions which requires Corporate support and engagement.

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 startpoint 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 11 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 through to March 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 driving a forecast I&E deficit of £34.5m which is £10mA to Plan.

Mitigating actions to bring the forecast back in line with Plan are predicated on:

- Further identification and delivery of CIP and Supplementary CIP programmes

- Financial outturn in line with forecast
- Enhanced controls for pay and non-pay
- Identification and execution of additional FIT actions
- Mitigation of any additional Winter pressures

As noted above and very explicitly in the main report, given the current level of unidentified CIP of £5.0m combined with the adverse financial performance in most CMGs, there are material risks to delivery of the target which are being closely monitored as we approach year end.

Therefore, the mitigating actions need prompt execution and on-going monitoring to ensure delivery of the Trust's financial commitment.

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, £34.2m of the total £44.2m has been delivered. This is £4.1m adverse to Plan due to the crystallisation of un-identified CIP. Of the £44.2m this year, £5.0m 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 Quarter 1, 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 11.

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: **3rd May 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**]

Contents

Executive Summary	<u>Page 2</u>
I&E: Overall Position	
• February 2018: Key Facts	<u>Page 3</u>
• Financial Performance	<u>Page 4</u>
• I&E Bridge	<u>Page 5</u>
Patient Income	
• NHS Patient Income	<u>Page 6</u>
• Activity & Income: Performance versus Contract	<u>Page 7</u>
• Patient Income Run Rates	<u>Page 8</u>
• Patient Income Run Rates: Point of Delivery	<u>Page 9</u>
Pay Costs	
• Pay Costs	<u>Page 10</u>
• Pay Cost Run Rates	<u>Page 11</u>
I&E: Other	
• Non-Pay	<u>Page 12</u>
• CIP	<u>Page 13</u>
• Financial Improvement and Technical	<u>Page 14</u>
• I&E Run Rates	<u>Page 15</u>
• YTD Performance by CMGs and Corporate Directorates	<u>Page 16</u>
Forecast Outturn	<u>Page 17</u>
Assets & Liabilities	
• February 2018: Statement of Financial Position	<u>Page 18</u>
• Cash	<u>Page 19</u>
• Liquidity	<u>Page 20</u>
• Better Payments Practice Code	<u>Page 21</u>
• Capital	<u>Page 22</u>
Risks & Mitigation	<u>Page 23</u>

Executive Summary

Financial performance

Statutory duties

- Delivering the planned deficit: off track by £10mA with the recognition for Winter operational pressures in February
- Achieving the External Funding Limit: Achieved
- Achieving the Capital Resource Limit: Achieved

Financial Performance

- **Excluding Winter Funding Tranche 1, Deficit of £37.3m, £10.0mA 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, Elective Inpatients/Day Case and Outpatients partially offset by over-performance on Non-Elective/Emergency. 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 £35.7m, £8.3mA to Plan:** representing the flow through of £1.7m Winter monies.
- **Patient Care Income, £1.3mA to Plan:** Under performance predominantly driven by ED, Day Case and Elective Inpatients/Day Case and Outpatients partially offset by over-performance on Non-Elective/Emergency
- **Operating Costs, £11.4mA to Plan:** with pay £14.4mA to Plan including £2m release of reserves with underlying overspend in all staff groups. Non-pay underspend of £3.1m with £13.4mF 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, £4.1mA to Plan** representing crystallisation of unidentified CIP.
- **Finance Improvement and Technical £0.4mA to Plan:** Phasing of £10k accrual de-minimus policy which will be executed in March.
- **Forecast Outturn:** Excluding Tranche 1 Winter Funding: Net deficit of £36.7m, £10mA to Plan with winter operational pressures driving overspend. Including Tranche 1 Winter Funding: Net deficit of £34.5m £7.8m adverse to Plan.
- The sale of the Paddock land has been removed from the forecast and is now expected to materialise in 18/19.

Cash

- **Closing cash balance at February of £6.3m**, which is higher than Plan due to monthly timing differences.
- Trust Med Pharmacy cash balance was £2.4m.
- Funded YTD net deficit by drawing down £26.7m of our Interim Revolving Working Capital Facility (IRWC) and revenue support loan.
- A further £28.2m cash was received in January and February with an additional £5.7m to be received in March
- Forecast of £1m cash holding at the year end.

Capital

- **February:** Total capital expenditure of £24m
 - Year to date spend driven by:
 - Re-configuration projects
 - Emergency Floor
 - Managed Equipment Service Finance Leases
 - Estates, backlog maintenance
- Underspend predominantly related to delays with MES installations and delays in completion of ED phase 2.

February 2018: Key Facts



Patient
Income
£1.3mA

Other
Income
£1.3mF



Substantive
pay
£15.0mA

Agency
Spend
£0.6mF



Non-pay
£3.1mF

Non-op
costs
£1.6mF



EBITDA
£11.4mA

CIP
£4.1mA



Liquidity
Indicators

Capital
Spend
£6.1mF

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 £37.3m, £10.0mA with Plan

	Feb-18			YTD				
	Plan	Actual	Vs Plan	Plan	Actual	F/(A)		
							%	
Value Drivers	Day Case	8,651	8,162	(489)	98,537	95,732	(2,805)	(3%)
	Elective Inpatient	1,793	1,270	(523)	20,230	18,637	(1,593)	(8%)
	Emergency / Non-elective Inpatient	9,211	9,376	166	105,777	108,523	2,746	3%
	Emergency Department	18,878	18,026	(852)	225,059	219,059	(6,000)	(3%)
	Outpatient Procedures	78,132	73,574	(4,559)	886,355	865,510	(20,846)	(2%)
	Critical Care Services	4,484	4,970	486	51,583	53,497	1,915	4%
	Renal Dialysis and Transplant	13,422	13,386	(36)	159,205	160,437	1,232	1%
	Other Activity	718,757	633,623	(85,134)	8,250,422	7,327,287	(923,135)	(11%)
	WTE Total	13,913	15,579	(1,665)	13,913	15,579	(1,665)	(12%)
	WTE Agency	272	281	(10)	290	281	9	3%

	Feb-18			YTD				
	Plan	Actual	Vs Plan	Plan	Actual	F/(A)		
	£'000	£'000	£'000	£'000	£'000	£'000	%	
I&E'000	Patient Care Income	64,361	61,651	(2,710)	739,419	738,078	(1,341)	(0%)
	Non Patient Care Income	533	782	249	5,860	6,560	700	12%
	Other Operating Income	10,580	10,935	355	116,365	116,965	600	1%
	Total Income	75,474	73,368	(2,106)	861,644	861,603	(41)	(0%)
	Pay Costs	(45,277)	(47,974)	(2,697)	(512,655)	(527,659)	(15,004)	(3%)
	Pay Costs: Agency	(1,529)	(1,583)	(54)	(19,131)	(18,562)	569	3%
	Non Pay	(27,741)	(25,472)	2,269	(318,327)	(315,252)	3,075	1%
	Total Operating Costs	(74,547)	(75,029)	(482)	(850,113)	(861,473)	(11,360)	(1%)
	EBITDA	927	(1,661)	(2,588)	11,531	130	(11,401)	(99%)
	Non Operating Costs	(3,541)	(4,045)	(504)	(38,920)	(37,287)	1,633	4%
	Retained deficit	(2,614)	(5,705)	(3,091)	(27,389)	(37,157)	(9,768)	(36%)
	Adjustments for Donated Assets	3	41	38	51	(179)	(230)	(450%)
	Net Deficit Excluding Winter Funding	(2,611)	(5,664)	(3,053)	(27,338)	(37,336)	(9,998)	(37%)
Winter Funding - Tranche 1	0	561	561	0	1,682	1,682	0%	
Net Deficit Including Winter Funding	(2,611)	(5,104)	(2,493)	(27,338)	(35,654)	(8,316)	(30%)	
Ratios	Agency: Total Pay	3.38%	3.30%		3.73%	3.52%		
	EBITDA: Income	1.23%	(2.26%)		1.34%	0.02%		
	Net Deficit: Income	(3.46%)	(6.96%)		(3.17%)	(4.14%)		

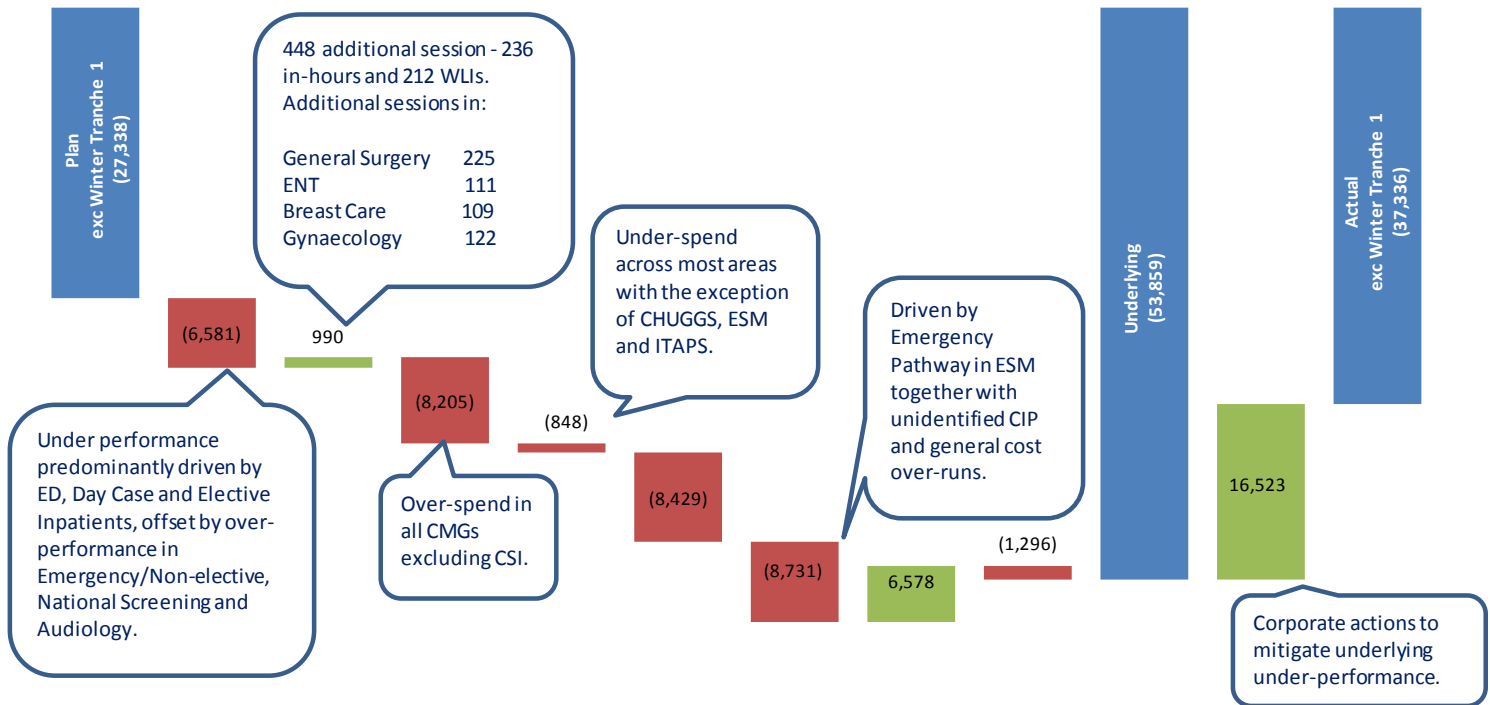
Key

- 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: £738.1m, £1.3mA** including £0.4mF in relation to drugs and devices excluded from tariff with the offset in non-pay. Under-performance is predominantly within Elective Inpatients/Day Case, Outpatients which have been impacted by Winter operational pressures. Under-performance is partially offset by Emergency/Non-Elective, Critical Care and ECMO.
- **Non Patient Care Income & Other Income: £123.5m, £1.3mF** driven by £0.8mF in relation to dividends together with acceleration of deferred income release and additional income from donated assets.
- **Pay Costs: £527.7m, £15.0mA** which includes £2mF utilisation of central reserves. Underlying overspend of £17m across all staff groups with Medical being the biggest area of overspend at £7.1mA across all CMGS with the exception of CSI, followed by Non Clinical which is £4.2mA. Pay remains an area of concern requiring control and optimum use of financial resources to support operational pressures impacting the Emergency flow.
- **Agency: £18.6m, £0.6mF to Plan** driven by Nursing in ESM.
- **Non-Pay: £315.3m, £3.1mF** including £13.4mF relating to Central Provisions together with £0.4mA in relation to drugs and devices excluded from tariff. Underlying overspend of £9.9m 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 £130k, £11.4mA.**
- **Non-Operating Costs: £37.3m, £1.6mF** to Plan including £3.1mF acceleration of additional Financial Improvement Technical actions.

I&E Bridge: £10mA driven by Emergency pressures

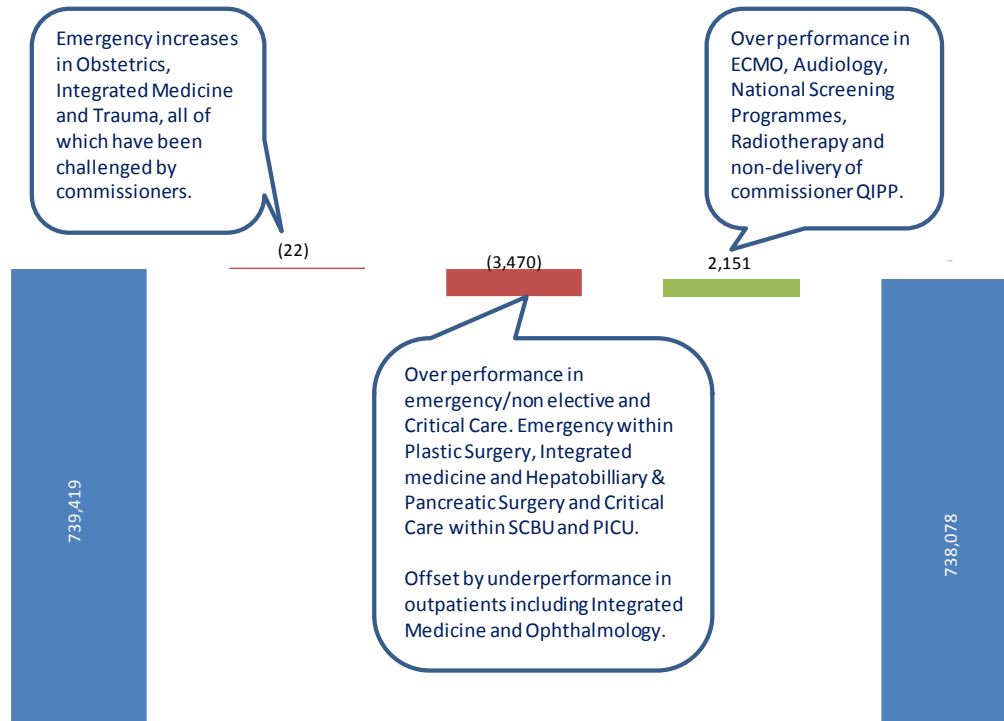
Over-performance on Non-Elective/Emergency, Critical Care and ECMO offset by Under-delivery in Elective Inpatient/ Day Case. Underlying over-spend in Medical workforce and cost pressures are currently being mitigated by release of Central reserves and acceleration of mitigating actions. In month financial performance has been impacted by continued 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	739,419	(2,976)							1,516	737,959	119	738,078	(1,341)
Other Income	121,766								134	121,900	997	122,897	1,131
Pay	(512,655)		1,013	(7,715)	(1,408)	(8,927)		1,886	0	(527,806)	147	(527,659)	(15,004)
Pay: Agency	(19,131)			(490)	560	498			0	(18,562)	0	(18,562)	569
Non Pay	(318,327)	(3,605)	(23)				(8,731)	4,692	(939)	(326,933)	11,681	(315,252)	3,075
Non-Operating Costs	(38,410)								(2,007)	(40,417)	3,579	(36,838)	1,572
Net Deficit	(27,338)	(6,581)	990	(8,205)	(848)	(8,429)	(8,731)	6,578	(1,296)	(53,859)	16,523	(37,336)	(9,998)

NHS Patient Income: February £738.1m, £1.3mA to Plan

Over-performance predominantly driven by Emergency/Non-elective, Critical Care Services, National Screening Programme, and ECMO offset by under delivery across other points of delivery, predominantly Elective Inpatients, Day Case and Emergency Department



£(m)	Plan exc Winter T1	Rate	Volume	Other	Actual exc Winter T1	Var F / (A)
Day Case	56,879	(1,365)	(1,580)	0	53,934	(2,945)
Elective Inpatient	75,237	(1,779)	(5,786)	0	67,671	(7,565)
Emergency / Non-elective Inpatient	194,173	3,579	5,134	0	202,886	8,713
Marginal Rate Emergency Threshold	(5,907)	0	0	(107)	(6,014)	(107)
Emergency Department	28,461	(478)	(746)	0	27,237	(1,224)
Outpatient	103,706	1,780	(2,481)	0	103,005	(701)
Drugs and Devices excluded from Tariff	91,234	0	0	352	91,585	352
Critical Care Services	49,639	(1,227)	1,797	0	50,208	570
Renal Dialysis and Transplant	25,341	(532)	192	0	25,001	(340)
CQUIN	14,904	0	0	232	15,136	232
Other Activity	96,641	0	0	509	97,149	509
Other Financial Values	9,112	0	0	1,166	10,278	1,166
Total	739,419	(22)	(3,470)	2,151	738,078	(1,341)

Activity & Income: Performance versus Contract

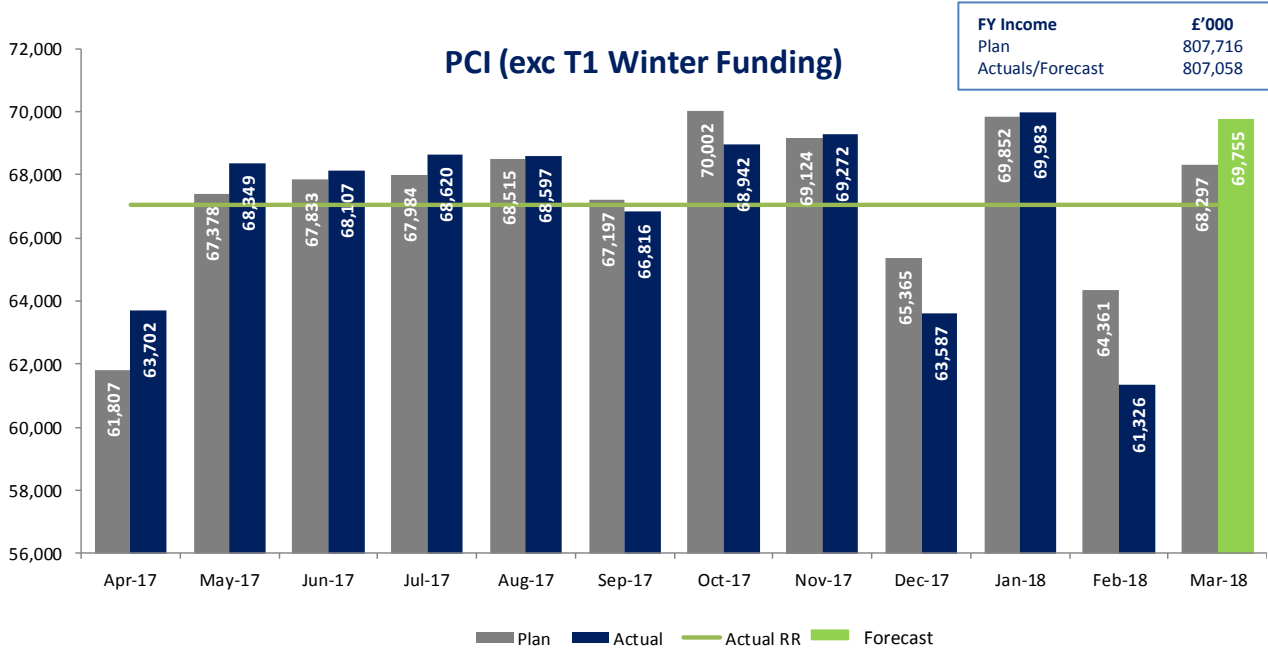
Activity	Case Mix	City	East	West	Specialised	Other	Alliance	Total	%
	Day Case	(606)	(1,467)	(745)	1,858	(727)	(1,117)	(2,805)	(3%)
	Elective Inpatient	(252)	(348)	(306)	(161)	(527)		(1,593)	(8%)
	Emergency / Non-elective Inpatient	(63)	856	1,222	1,212	(480)		2,746	3%
	Marginal Rate Emergency Threshold (MRET)	0	0	0	0	0		0	0%
	Emergency Department	192	3,651	2,697		(12,540)		(6,000)	(3%)
	Outpatient	6,396	9,899	7,002	20,193	(60,659)	(3,676)	(20,846)	(2%)
	Excluded Drugs and Devices						0	0	0%
	Critical Care Services	39	215	(431)	1,661	431		1,915	4%
	Renal Dialysis and Transplant	0	0	0	(528)	1,760		1,232	1%
CQUIN	0	0	0	0	0	0	0	0%	
Other Activity	(360,124)	(345,713)	(198,531)	5,666	(17,207)	(7,227)	(923,135)	(11%)	
Other Financial Values	1,064	1,190	1,825	4,500	(3,992)	(1,049)	3,538	0%	

Financial	Case Mix	City (£000)	East (£000)	West (£000)	Specialised (£000)	Other (£000)	Alliance (£000)	Total (£000)	%
	Day Case	(32)	(494)	(53)	774	(2,400)	(740)	(2,945)	(5%)
	Elective Inpatient	(1,184)	(1,650)	(1,071)	(1,783)	(1,878)	0	(7,565)	(10%)
	Emergency / Non-elective Inpatient	1,892	2,526	3,524	4,068	(3,297)	0	8,713	4%
	Marginal Rate Emergency Threshold (MRET)	(7)	8	(153)	0	45	0	(107)	(2%)
	Emergency Department	6	3	2	0	(1,235)	0	(1,224)	(4%)
	Outpatient	976	1,228	973	2,386	(5,882)	(382)	(701)	(1%)
	Excluded Drugs and Devices	(314)	(54)	(61)	2,090	(1,323)	14	352	0%
	Critical Care Services	(169)	277	(290)	118	632	0	570	1%
	Renal Dialysis and Transplant	0	0	0	(383)	44	0	(340)	(1%)
CQUIN	(53)	(17)	13	149	174	(35)	232	2%	
Other Activity	(79)	327	322	1,166	(744)	(483)	509	1%	
Other Financial Values	1,900	1,031	1,500	584	(4,116)	267	1,166	13%	
Grand Total	2,938	3,184	4,706	9,170	(19,980)	(1,358)	(1,341)	(0%)	

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 specialities including Integrated Medicine, Trauma, Thoracic Medicine, Hepatobiliary & Pancreatic Surgery, Cardiac Surgery, Obstetrics and Urology . Offset by underperformance in Accident & Emergency and Paediatric Cardiothoracic Surgery.
- Outpatients:**
 Underperformance is within the Cardio Vascular, Diabetology and Ophthalmology Specialities, offset by over performance within specialities 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. There continue to be issues with recording high cost drug usage in Ophthalmology.
- 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

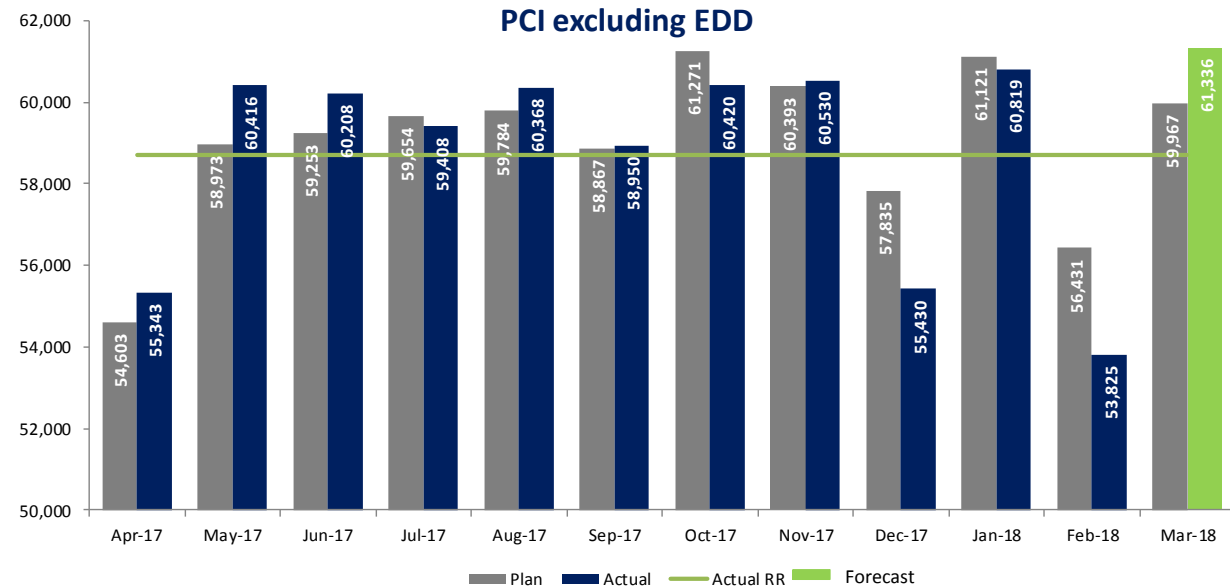


Year to Date

- Year to date under-performance of £1.3m which includes £0.4mF in relation to drugs and devices excluded from tariff .
- Over-performance predominantly driven by Emergency/Non-elective, Critical Cate, ECMO and National Screening Programme, offset by under delivery across other points of delivery, predominantly Elective Inpatients/Day Case, ED and outpatients.
- February activity has continued to be impacted by elective cancellations driving lower bookings and higher cancellations.

Forecast

- Underlying over-performance is forecast to continue within Emergency and Non-elective and partial recovery of elective activity.



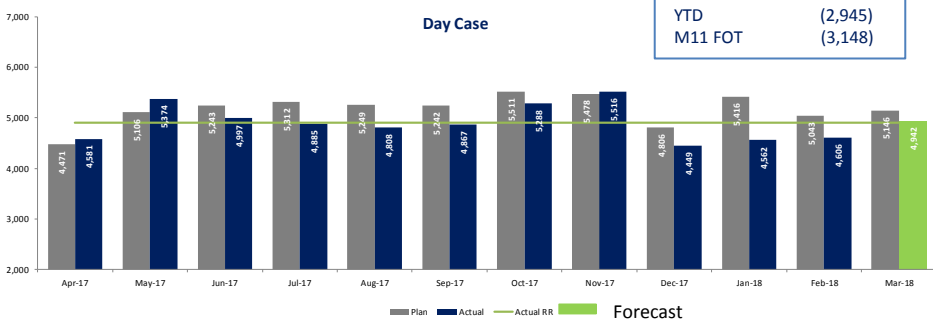
Alignment with LLR CCG forecast

- At Month 10, UHL and LLR CCGs reconciled own forecasts in order to understand the level of risk within the system.
- This showed that UHL are forecasting £2.2m more income than LLR CCGs, with the differences driven by:
 - Baseline forecast assumptions: £2.1mA
 - Expected outcome of CCG contract challenges: £4.3mF.

Patient Income Run Rates: Point of Delivery

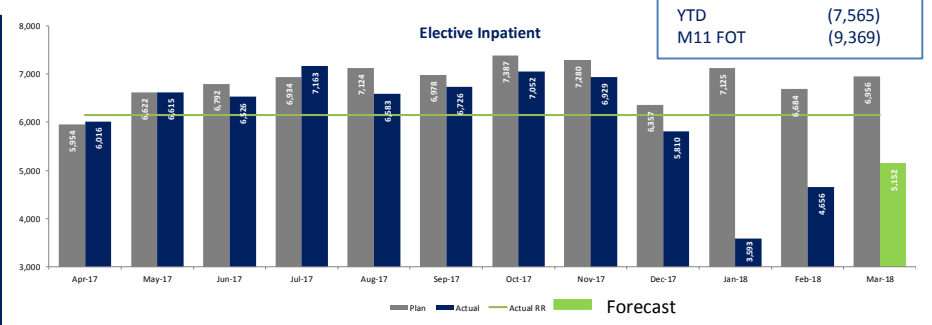
Day Case

Variance to Plan £'000
YTD (2,945)
M11 FOT (3,148)



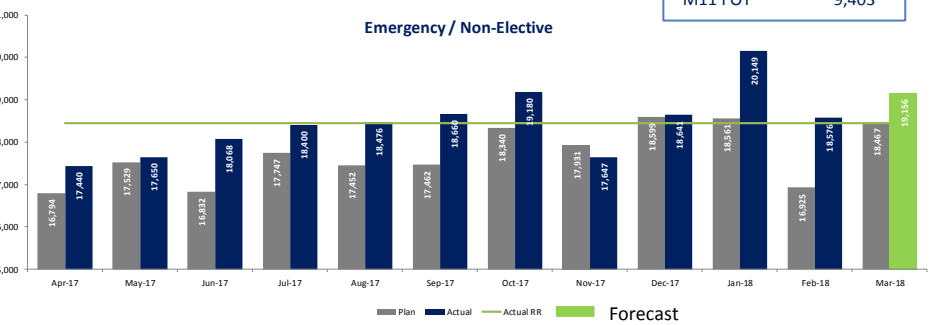
Elective Inpatient

Variance to Plan £'000
YTD (7,565)
M11 FOT (9,369)



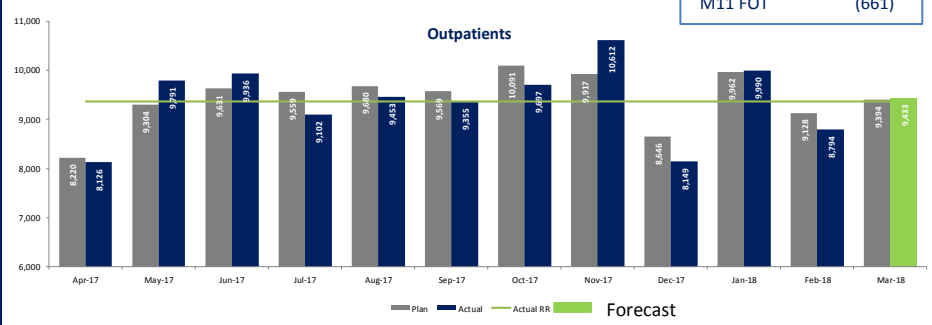
Emergency/ Non-Elective

Variance to Plan £'000
YTD 8,713
M11 FOT 9,403



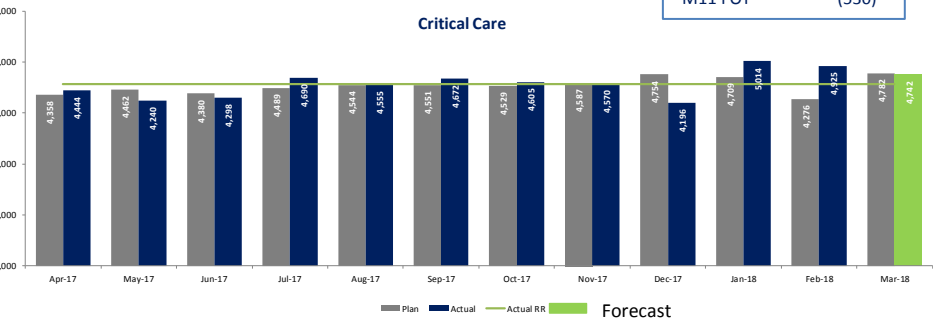
Outpatients

Variance to Plan £'000
YTD (701)
M11 FOT (661)



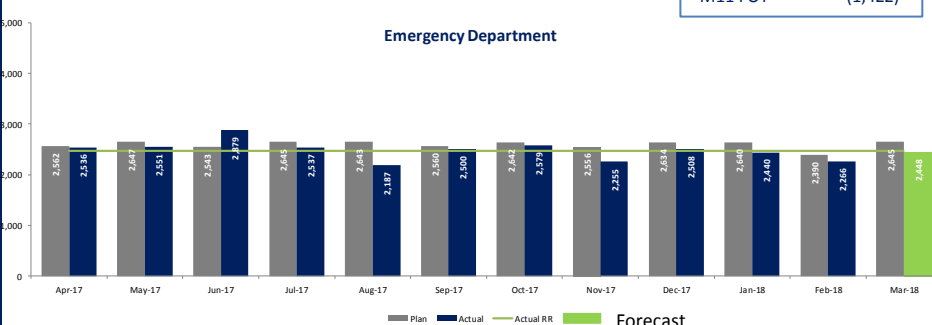
Critical Care

Variance to Plan £'000
YTD (570)
M11 FOT (530)



Emergency Department

Variance to Plan £'000
YTD (1,224)
M11 FOT (1,422)



Pay: YTD £546.2m, £14.4mA to Plan

	Feb-18						YTD					
	£'000			WTE			£'000			WTE		
	Plan	Actual	F/(A)	Plan	Actual	F/(A)	Plan	Actual	F/(A)	Plan	Actual	F/(A)
Agency												
Medical	533	667	(133)	20	72	(52)	7,780	8,150	(370)	20	72	(52)
Nursing & Midwifery	688	719	(31)	0	177	(177)	7,964	7,404	560	0	177	(177)
Other Clinical	212	122	90	67	23	43	2,337	2,414	(77)	67	23	43
Non Clinical	95	76	20	35	9	25	1,049	594	456	35	9	25
Total: Agency	1,529	1,583	(54)	121	281	(160)	19,131	18,562	569	121	281	(160)
Other Non-contracted												
Medical	0	1,352	(1,352)	0	14	(14)	0	14,893	(14,893)	0	14	(14)
Nursing & Midwifery	0	1,656	(1,656)	0	507	(507)	0	17,712	(17,712)	0	507	(507)
Other Clinical	0	307	(307)	0	67	(67)	0	3,397	(3,397)	0	67	(67)
Non Clinical	0	521	(521)	0	271	(271)	0	6,007	(6,007)	0	271	(271)
Total: Other Non-contracted	0	3,835	(3,835)	0	860	(860)	0	42,010	(42,010)	0	860	(860)
Total Non-contracted												
Medical	533	2,019	(1,485)	20	86	(66)	7,780	23,043	(15,263)	20	86	(66)
Nursing & Midwifery	688	2,375	(1,686)	0	685	(684)	7,964	25,116	(17,152)	0	685	(684)
Other Clinical	212	429	(217)	67	91	(24)	2,337	5,812	(3,474)	67	91	(24)
Non Clinical	95	596	(501)	35	280	(245)	1,049	6,601	(5,552)	35	280	(245)
Total: Non-contracted	1,529	5,418	(3,889)	121	1,141	(1,020)	19,131	60,572	(41,441)	121	1,141	(1,020)
Substantive												
Medical	15,261	14,991	270	1,835	1,953	(118)	166,319	158,515	7,803	1,835	1,953	(118)
Nursing & Midwifery	17,159	16,032	1,128	5,770	5,169	601	187,813	171,135	16,678	5,770	5,169	601
Other Clinical	6,464	6,259	205	2,189	3,537	(1,349)	70,823	70,101	722	2,189	3,537	(1,349)
Non Clinical	6,392	6,857	(464)	3,999	4,060	(61)	87,700	85,898	1,802	3,999	4,060	(61)
Total: Substantive	45,277	44,138	1,139	13,792	14,719	(927)	512,655	485,650	27,005	13,792	14,719	(927)
Total												
Medical	15,794	17,010	(1,216)	1,854	2,039	(184)	174,099	181,558	(7,460)	1,854	2,039	(184)
Nursing & Midwifery	17,847	18,406	(559)	5,770	5,854	(83)	195,777	196,252	(474)	5,770	5,854	(83)
Other Clinical	6,676	6,687	(11)	2,255	3,628	(1,373)	73,161	75,912	(2,752)	2,255	3,628	(1,373)
Non Clinical	6,488	7,453	(965)	4,033	4,340	(306)	88,749	92,499	(3,750)	4,033	4,340	(306)
TOTAL: Pay	46,806	49,556	(2,750)	13,913	15,860	(1,947)	531,786	546,221	(14,435)	13,913	15,860	(1,947)

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 £18.6m, £0.6mF to Plan. Medical overspend of £1.3m in CHUGGS and ESM offset by nursing underspend of £1.5m within ESM and non-clinical within the Corporate Directorates.

Other Non-contracted Pay

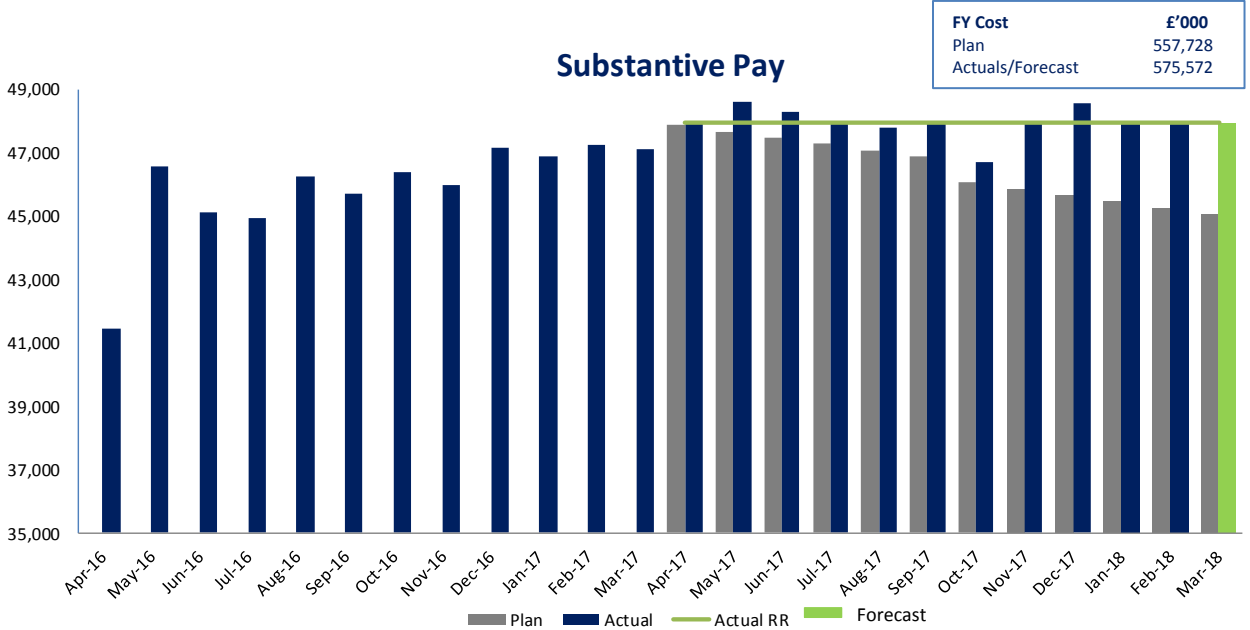
- Other non-contracted pay consists of overtime, bank, WLI's and internal locums.
- Year to date expenditure of £42.0m with Medical and Nursing driving 78% of spend. Whilst premium pay shows an overspend this needs to be taken into account with Substantive Pay as budgets are held at Established levels.

Substantive Pay

- Combined with other non-contracted, expenditure of £527.7m, £15.0mA to Plan.
- Pay position includes £2mF release of contingency to fund investments. Excluding this, the CMGs have an overspend of £17m driven by:
 - Medical: £7.1mA across most CMGs;
 - Non Clinical £4.2m driven by CSI to clear the backlog and W&C in relation to non-delivery of CIP.

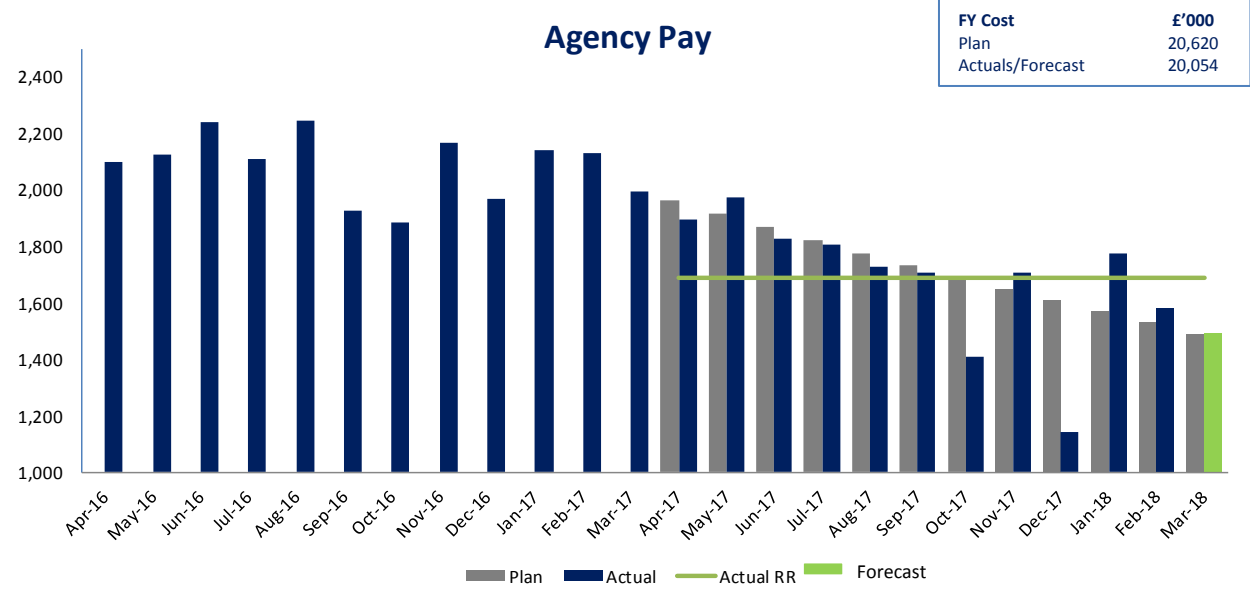
- Lack of control of pay costs is a key risk as the Trust exits 17/18 into 18/19 with specific concerns around on-going Medical spend, Nursing enhancements, and premium spend in E&F.**

Pay Run Rates



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 be maintained 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

- 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 £315.3m, £3.1mF to Plan

	Feb-18				YTD				
	Plan £'000	Actual £'000	F / (A) £'000	%	Plan £'000	Actual £'000	F / (A) £'000	%	
Direct	Blood Products	105	94	11	10%	1,190	1,420	(230)	(19%)
	Drugs	8,037	8,253	(216)	(3%)	93,077	96,226	(3,150)	(3%)
	Clinical Supplies & Services	8,399	8,206	193	2%	95,745	100,144	(4,399)	(5%)
	Transport	242	231	11	5%	2,809	3,115	(306)	(11%)
	Recharges	170	199	(29)	(17%)	2,161	3,183	(1,022)	(47%)
	Misc & General Supplies	2,815	678	2,138	76%	32,233	21,174	11,059	34%
External Providers	Healthcare	735	1,009	(273)	(37%)	9,595	9,636	(41)	(0%)
	Non Healthcare	1,186	1,201	(15)	(1%)	13,178	13,388	(210)	(2%)
Overheads	Establishment, Premises & Plant	-	-	427	11%	42,686	41,044	1,642	4%
	Consultancy	48	25	22	47%	537	806	(269)	(50%)
	Clinical Negligence	2,283	2,283	0	0%	25,115	25,115	(0)	(0%)
Total: Non Pay	27,741	25,472	2,269	8%	318,327	315,252	3,075	1%	

- Direct Costs: £225.3m, £1.9mF to Plan** including £13.4mF release of central provisions and acceleration of mitigating actions and £0.4mA relating to drugs and devices excluded from tariff.

Underlying overspend of £11m 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 £23.0m** which is £0.2mA to Plan.

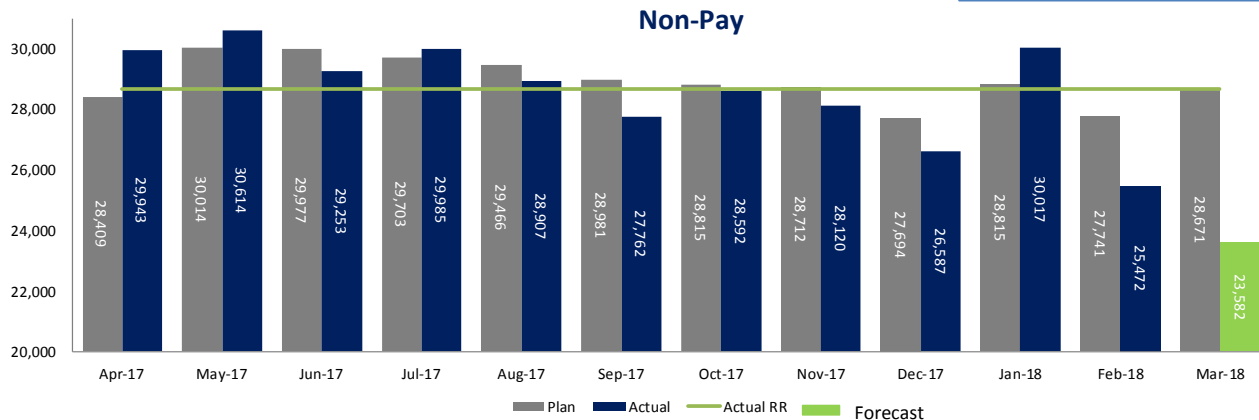
- Overheads: YTD expenditure of £67.0m, £1.4mF to Plan** predominantly within Estates.

Run Rates

- Year to date run rate of £28.7m needs to reduce by £5.1m to deliver forecast predominantly driven by Central technical actions to be executed in M12.

- 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.

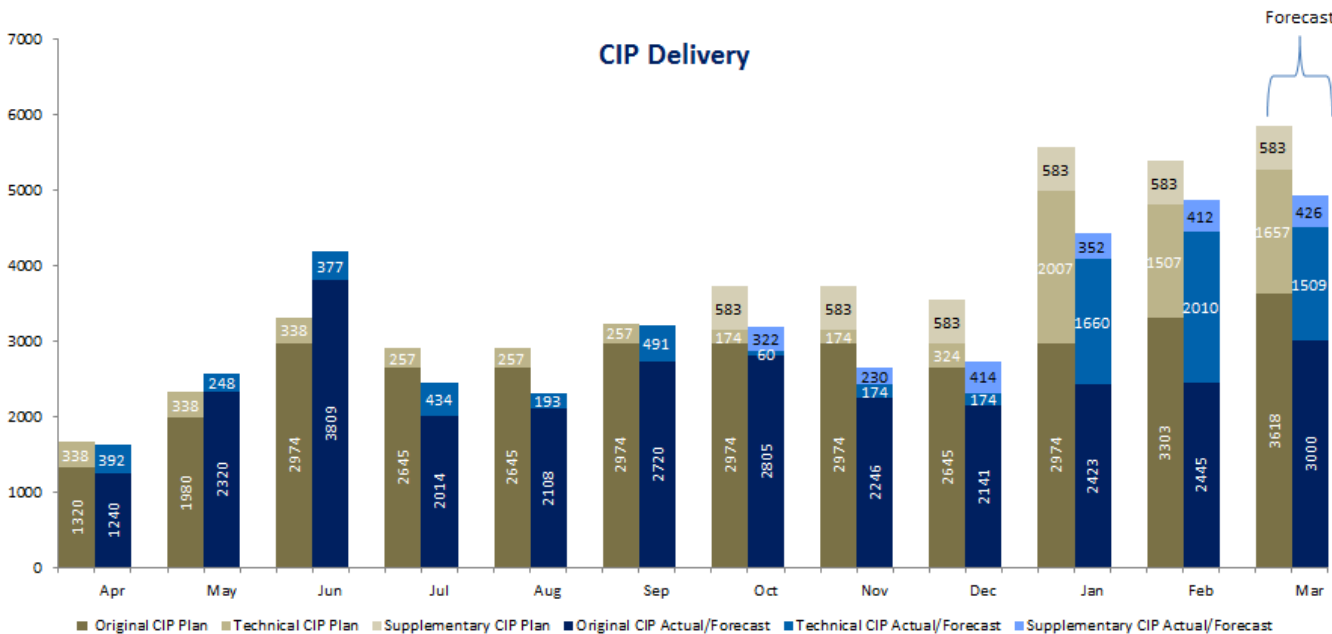
FY Cost	£'000
Plan	346,998
Actuals/Forecast	338,834



CIP: YTD £34.2m, £4.1mA to Plan

	Feb-18				YTD				FY Plan £'000
	Plan £'000	Actual £'000	F / (A) £'000	%	Plan £'000	Actual £'000	F / (A) £'000	%	
CHUGGS	355	323	(32)	(9%)	3,408	3,472	64	2%	3,763
CSI	487	404	(84)	(17%)	3,436	3,663	227	7%	3,923
ESM	573	371	(202)	(35%)	4,904	4,427	(477)	(10%)	5,477
ITAPS	423	240	(183)	(43%)	3,702	2,280	(1,423)	(38%)	4,124
MSS	400	391	(9)	(2%)	3,227	3,159	(68)	(2%)	3,635
RRCV	475	476	0	0%	4,585	4,578	(7)	(0%)	5,061
Womens & Childrens	707	169	(538)	(76%)	4,458	2,099	(2,360)	(53%)	5,165
Total: CMG	3,420	2,373	(1,047)	(31%)	27,720	23,676	(4,044)	(15%)	31,149
Facilities	589	576	(13)	(2%)	2,791	2,565	(226)	(8%)	3,380
Corporate Total	1,384	1,917	533	39%	7,784	7,971	187	2%	9,624
Total CIP	5,393	4,866	(526)	(10%)	38,295	34,212	(4,083)	(11%)	44,153

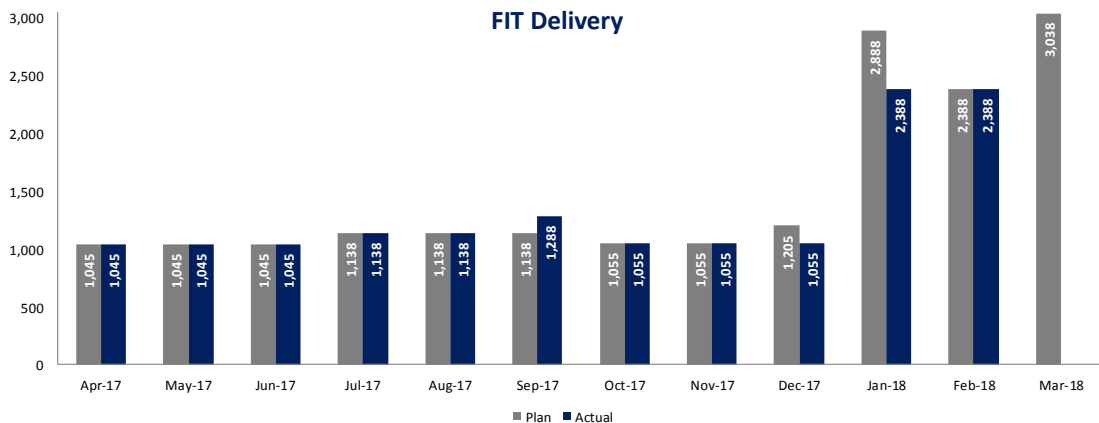
- The CIP forecast outturn is £39.1m representing an unidentified gap of £5.0m including £1.3m non-delivery of Supplementary CIP.
- In order to fund the additional costs in relation to Demand and Capacity and approved investments, there was an additional requirement of £3.5m supplementary CIP in relation to in-year pay bill and workforce reductions. At present this is forecast to deliver £2.2m savings driving a £1.3m 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, the gap will not be fully mitigated through recurrent schemes.
- 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)

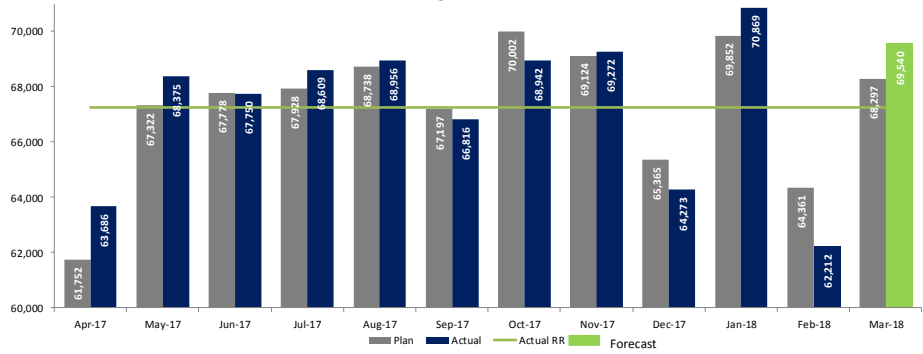
		Plan	YTD		Variance
		FY	Plan	Actual	
		£'000	£'000	£'000	£'000
Strategic	HEEM: NR Funding	500	0	0	0
	Strategic review of subsidiary company: Depreciation & Dividend savings - CIP	4,000	2,667	2,667	0
	Total Value: Strategic	4,500	2,667	2,667	0
Statement of Financial Position Management	Accruals: apply 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	917	917	(0)
	Duplicate invoices / VAT review - CIP	150	150	150	0
	Depreciation: extending lives and pausing charges for assets not in use - CIP	2,086	1,912	1,912	0
Total Value: Statement of Financial Position	3,886	3,479	3,129	(350)	
Contingency and Reserves	Investment Slippage - CIP	741	741	741	0
	Release of contingency to fund approved investments	5,972	5,474	5,474	0
	Junior Doctors: manage to best case of £2m	300	275	275	0
	Total Value: Contingency and Reserves	7,013	6,491	6,491	0
Technical	Defer NHSE settlement over 2 years	1,217	1,115	1,115	0
	QIPP EDD - 100% pass through	784	697	697	0
	CIP PCI Schemes alignment	780	693	693	0
	Total Value: Technical Actions	2,781	2,506	2,506	0
All Actions	CIP Related Actions	7,627	5,970	5,620	(350)
	Technical Actions	10,553	9,172	9,172	(0)
	Total Value: All Actions	18,180	15,142	14,792	(350)

- 2017/18 Plan identified £18.2m of Finance Improvement and Technical actions in order to help meet the planned deficit.
- Month 11 is £0.4mA to plan with the benefit of the accruals de-minimus policy of £10k being deferred until March 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.

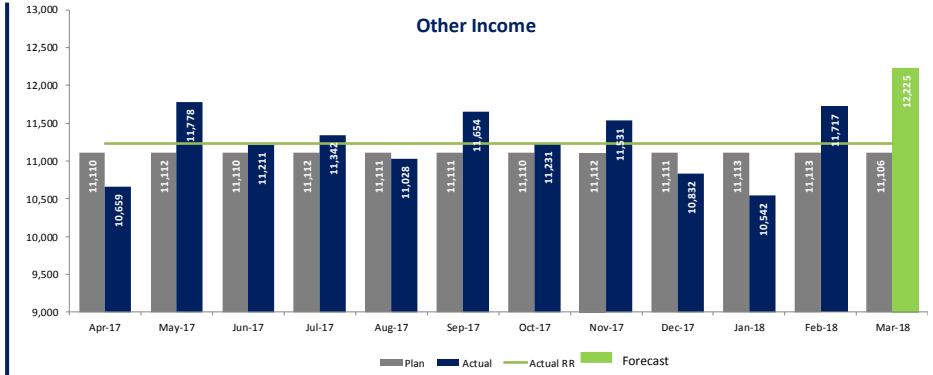


I&E Run Rates

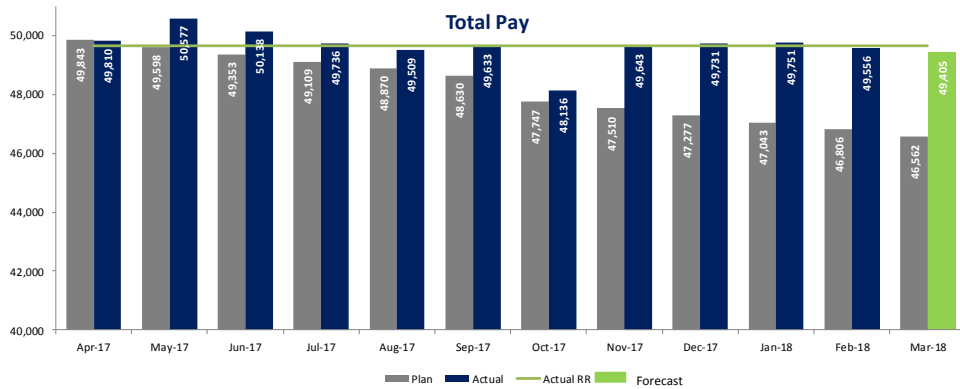
PCI



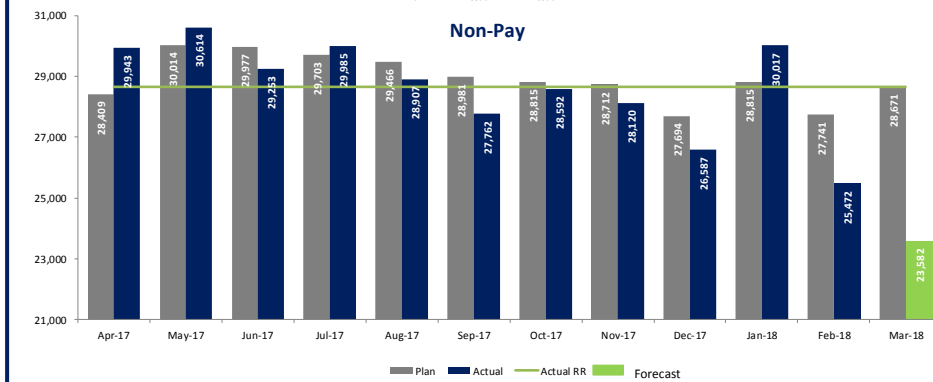
Other Income



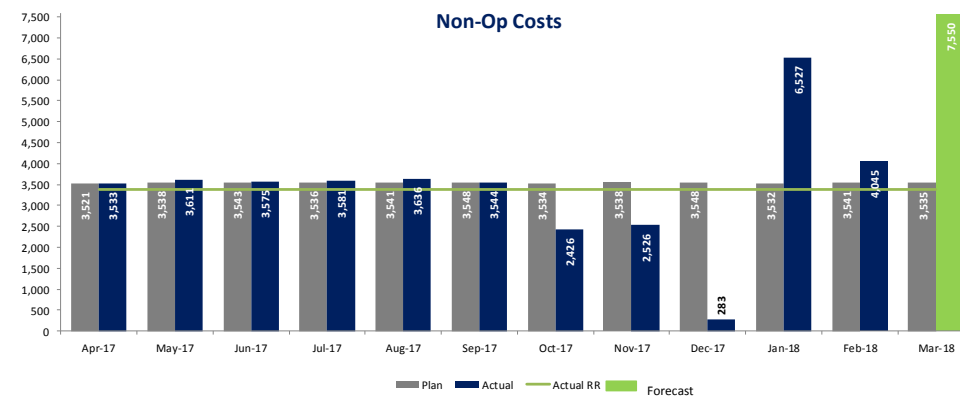
Total Pay



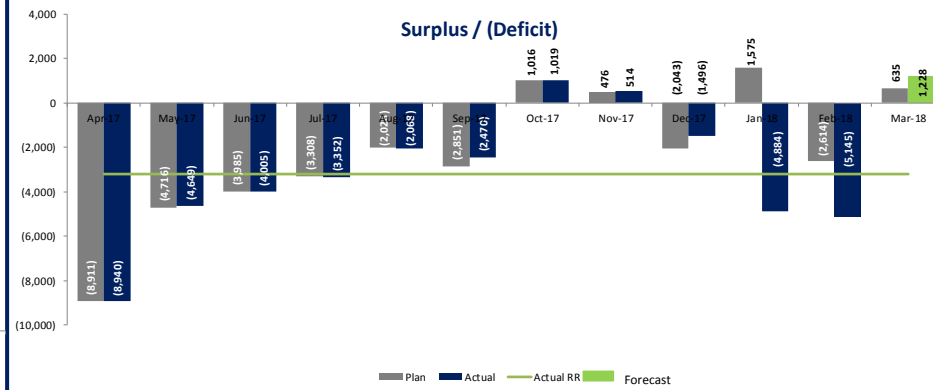
Non-Pay



Non-Op Costs

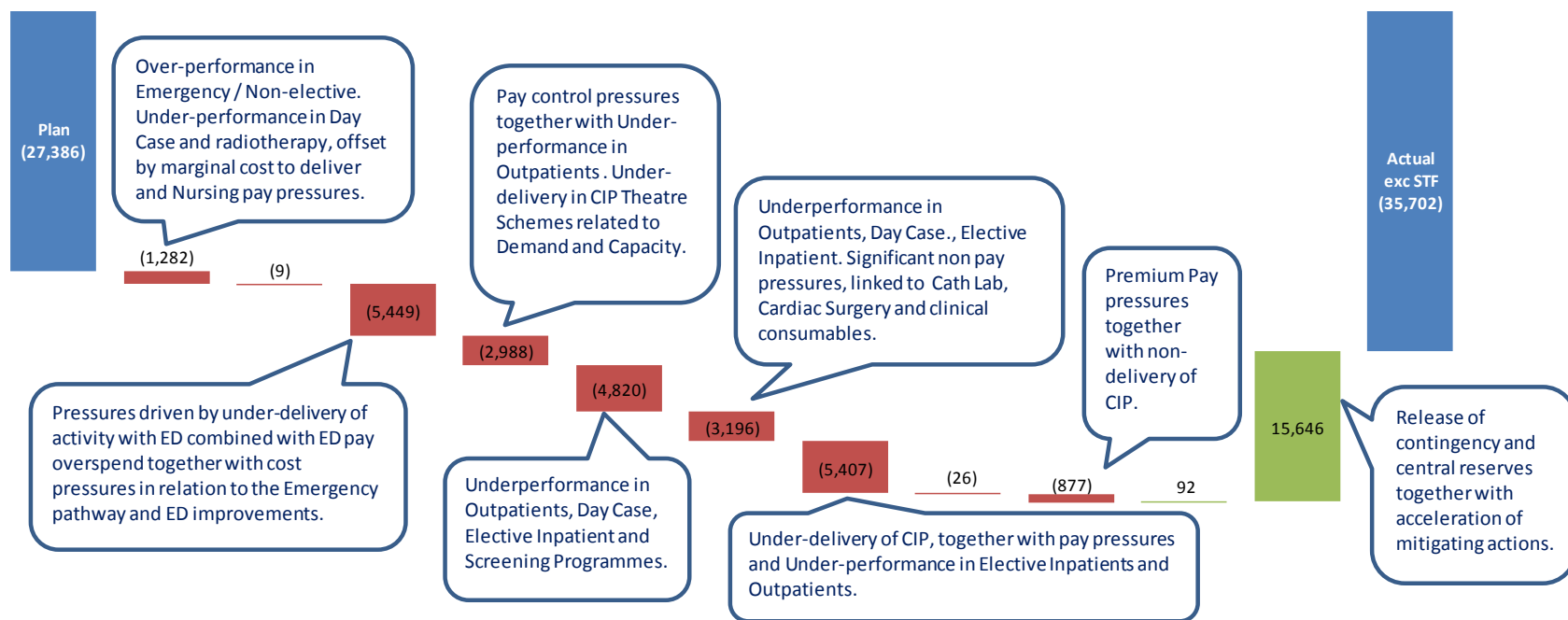


Surplus / (Deficit)



February 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	739,419	3,049	791	2,057	96	(5,195)	1,868	(1,572)	37	0	0	(789)	739,761	342
Other Income	122,181	(125)	339	149	(66)	(0)	(326)	407	569	(500)	178	506	123,311	1,130
Pay	(512,655)	(2,785)	(3,619)	(3,113)	(2,482)	(116)	(957)	(3,348)	(517)	(517)	368	2,083	(527,659)	(15,004)
Pay: Agency	(19,131)	(784)	244	682	(327)	23	147	216	300	60	8	0	(18,562)	569
Non Pay	(318,327)	(637)	2,237	(5,223)	(219)	468	(3,925)	(1,109)	(330)	79	(462)	12,196	(315,252)	3,075
Non-Operating Costs	(38,873)				10		(3)		(84)			1,650	(37,301)	1,572
Net Deficit	(27,386)	(1,282)	(9)	(5,449)	(2,988)	(4,820)	(3,196)	(5,407)	(26)	(877)	92	15,646	(35,702)	(8,316)

Forecast: Emergency pressures drives financial risk

Value Drivers	Outturn			
	Plan	Outturn	F / (A)	
Day Case	107,471	104,407	(3,064)	(3%)
Elective Inpatient	22,096	20,052	(2,044)	(9%)
Emergency / Non-elective Inpatient	115,913	118,661	2,748	2%
Emergency Department	245,952	238,533	(7,419)	(3%)
Outpatient Procedures	966,229	946,241	(19,989)	(2%)
Critical Care Services	56,507	58,431	1,924	3%
Renal Dialysis & Transplant	174,056	175,351	1,295	1%
Other	9,004,614	8,023,997	(980,617)	(11%)

I&E £'000	Outturn			
	Plan	Outturn	F / (A)	
	£'000	£'000	£'000	%
Patient Care Income	807,716	807,058	(658)	(0%)
Non Patient Care Income	133,331	135,750	2,419	2%
Total Income	941,047	942,808	1,761	0%
Pay Costs	(557,728)	(575,572)	(17,844)	(3%)
Pay Costs: Agency	(20,620)	(20,054)	566	3%
Total Pay Costs	(578,348)	(595,626)	(17,278)	(3%)
Non-Pay	(346,998)	(338,834)	8,164	2%
Total Operating Costs	(925,346)	(934,460)	(9,115)	(1%)
EBITDA	15,701	8,347	(7,354)	(47%)
Non-Operating Costs	(42,455)	(44,837)	(2,382)	(6%)
Retained Deficit	(26,754)	(36,490)	(9,736)	(0)
Adjustments for Donated Assets	54	(208)	(262)	487%
Net Deficit Excluding Winter Funding	(26,700)	(36,698)	(9,998)	(0)
Winter Funding - Tranche 1	0	2,243	2,243	-
Net Deficit Including Winter Funding	(26,700)	(34,455)	(7,755)	(0)
Agency: Total Pay	3.57%	3.37%	(0.20%)	
EBITDA: Income	1.67%	0.89%	(0.78%)	
Net Deficit: Income	(2.84%)	(3.89%)	(1.06%)	

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

- **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 £36.7m £10m adverse to Plan.
 - **Including Tranche 1 Winter Funding:** Net deficit of £34.5m £7.8m adverse to Plan.
- **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 through to March 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.
- **Mitigation** of the above is dependent upon:
 - Delivery in line with M11 forecast
 - Identification and execution of additional FIT actions. The sale of the Paddock has been delayed to 18/19 financial year with the financial pressure created from this delay mitigated through balance sheet optimisation.
 - Mitigation of further Winter pressures in excess of £10m reflected in the forecast

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

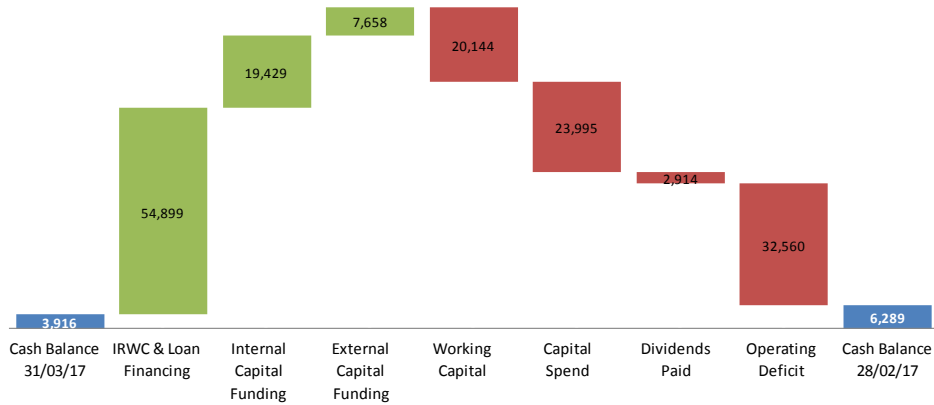
February 2018: Statement of Financial Position

	Mar-17 £000's Actual	Feb-18 £000's Actual	Movement £000's Actual
Non Current Assets			
Property, plant and equipment	398,261	401,121	2,860
Intangible assets	11,467	11,092	(375)
Trade and other receivables	2,669	3,004	335
TOTAL NON CURRENT ASSETS	412,397	415,217	2,820
Current Assets			
Inventories	19,975	23,285	3,310
Trade and other receivables	55,953	58,976	3,023
Cash and cash equivalents	1,238	6,289	5,051
TOTAL CURRENT ASSETS	77,166	88,550	11,384
Current Liabilities			
Trade and other payables	(110,675)	(96,616)	14,059
Dividend payable	0	(3,065)	(3,065)
Borrowings / Finance Leases	(4,474)	(4,540)	(66)
Other Liabilities / Loan	(1,838)	(2,160)	(322)
Provisions for liabilities and charges	(475)	(362)	113
TOTAL CURRENT LIABILITIES	(117,462)	(106,743)	10,719
NET CURRENT ASSETS (LIABILITIES)	(40,296)	(18,193)	22,103
TOTAL ASSETS LESS CURRENT LIABILITIES	372,101	397,024	24,923
Non Current Liabilities			
Borrowings / Finance Leases	(7,531)	(5,633)	1,898
Other Liabilities / Loan	(132,235)	(190,709)	(58,474)
Provisions for liabilities and charges	(1,562)	(1,385)	177
TOTAL NON CURRENT LIABILITIES	(141,328)	(197,727)	(56,399)
TOTAL ASSETS EMPLOYED	230,773	199,297	(31,476)
Public dividend capital	331,956	331,956	0
Revaluation reserve	77,427	77,427	0
Other reserves	0	4,000	4,000
Retained earnings	(178,610)	(214,085)	(35,475)
TOTAL TAXPAYERS EQUITY	230,773	199,298	(31,475)
Ratios			
Liquidity Ratio Days (Working Capital Balance / Annual Operating Expenses)	(24)	(16)	
Liquidity Ratio Metric	4	4	

- **Total Assets Employed:** Movement of £31.5m representing year to date Trust deficit (before donated asset adjustment).
- **Non-Current Assets :** Increased by £2.8m 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 £3.0m
 - Trade Payables have decreased by £14.1m
- **Cash:** February balance of £6.3m includes TMP cash and is above the £1m target cash balance due to the timing of cash receipts.
- **Dividend payable:** £2.9m cash payment made in September, PDC accrued £3.1m representing the accrual for October to February.
- **Non-current liabilities:**
 - £56.4m 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.
 - Our liquidity days have improved from (24) to (16).

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 £32.6m by drawing down £26.7m of our Interim Working Capital Facility (IRWC).
- A further £28.2m cash was received in January and February with an additional £5.7m to be received in March
- Improvement in working capital and internal capital funding enabled interest payment and capital expenditure of £25.1m.

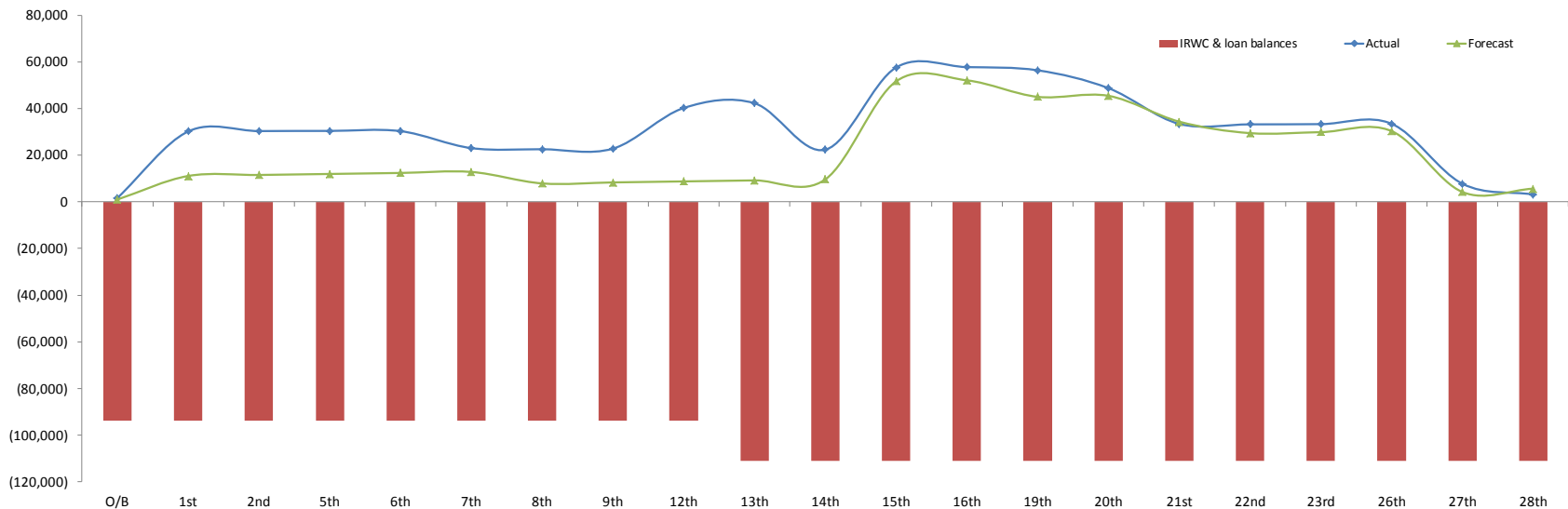
Full Year Forecast

- 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 February 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	%
Accounts Receivable	NHS receivables - revenue	37,100	28,671	8,429	16,309	1,949	4,113	6,300	22%
	Non-NHS receivables - revenue	12,498	17,197	(4,699)	10,794	1,526	1,000	3,877	23%
	Provision for the impairment of receivables	(1,024)	0	(1,024)	0				
	Non-NHS prepayments and accrued income	4,797	12,052	(7,255)	12,052				
	PDC dividend prepaid to DH	764	0	764	0				
	VAT	1,195	1,055	140	1,055				
	Other receivables	623	2,964	(2,341)	2,964				
TOTAL	55,953	61,939	(5,986)	43,174	3,475	5,113	10,177		
Accounts Payable	NHS payables - revenue	(9,327)	(14,459)	5,132	(405)	(1,269)	(1,108)	(11,677)	81%
	NHS accruals and deferred income	(5,584)	(13,048)	7,464	(13,048)				
	Non-NHS payables - revenue	(49,480)	(29,280)	(20,200)	(1,332)	(10,480)	(8,760)	(8,708)	30%
	Non-NHS payables - capital	(4,808)	(741)	(4,067)	(359)	(261)	(17)	(104)	14%
	Non-NHS accruals and deferred income	(21,449)	(10,732)	(10,717)	(875)	(6,211)	(2,114)	(1,532)	14%
	Social security costs	(6,439)	(13,347)	6,908	(13,347)				
	Tax	(5,584)	(11,434)	5,850	(11,434)				
	Other	(7,881)	(3,065)	(4,816)	(3,065)				
TOTAL	(110,552)	(96,106)	(14,446)	(43,865)	(18,221)	(11,999)	(22,021)		
Total Liquidity	(54,599)	(34,167)	(20,432)						

Liquidity: movement of £20.4m from opening position due to:

- Accounts receivable: increase of £6.0m driven by an increase in Non-NHS prepayments and accrued income, and non-NHS receivables, and decrease in NHS receivables.
- Accounts payable: decrease of £14.4m due to the receipt of working capital loans.

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

- NHS receivables: 22% representing £6.3m being over 90 days.
- Non-NHS receivables: 23% representing £3.9m 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: £11.7m, representing 81% over 90 days; non-NHS payables 30% (£8.7m) over 90 days; non-NHS accruals and deferred income 14% (£1.5m) 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	February YTD		Prior month YTD	
	Number	£000s	Number	£000s
All				
Total Invoices Paid in the Year	155,486	639,800	137,257	573,924
Total Invoices Paid Within Target	42,423	388,517	36,668	356,573
Percentage Invoices Paid Within Target (target 95%)	27%	61%	27%	62%
Non-NHS Payables				
Total Non-NHS Invoices Paid in the Year	149,862	513,870	132,468	463,814
Total Non-NHS Invoices Paid Within Target	41,515	323,539	35,870	295,147
Percentage of Non-NHS Invoices Paid Within Target	28%	63%	27%	64%
Local SME payables				
Total SME Invoices Paid in the Year	745	8,214	670	7,303
Total SME Invoices Paid Within Target	223	1,211	192	992
Percentage of Local SME Invoices Paid Within Target	30%	15%	29%	14%
NHS Payables				
Total NHS Invoices Paid in the Year	4,879	117,716	4,119	102,808
Total NHS Invoices Paid Within Target	685	63,767	606	60,434
Percentage of NHS Invoices Paid Within Target	14%	54%	15%	59%

- 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:**

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: February £24m spend, £6.1mF to Plan

	Scheme Name	Year to Date - February 2018			Annual Budget £'000	Commitments £'000
		Plan £'000	Actual £'000	F / (A) £'000		
Reconfiguration	Emergency Floor	11,104	10,062	1,042	11,850	548
	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	58	67	(9)	64	0
	Interim ICU Scheme	95	790	(695)	108	594
	Women's Service	56	50	6	62	0
	Children's Hospital	91	76	15	100	0
	Theatres LRI	66	42	24	71	0
	Beds Workstream & DCP	461	227	234	533	7
	Diagnostics & Clinical Support Services	45	40	5	52	0
	LRI Wards (EMCHC)	400	17	383	500	100
	Supporting Infrastructure	130	3	127	150	84
	Vascular	204	154	50	204	1
	ED Project IT Issues	292	438	(146)	322	90
	ED Access & Transport	167	124	43	185	17
Other Reconfiguration	0	(4)	4		1	
	Sub-total: Reconfiguration	13,169	12,086	1,083	14,201	1,440
Estates & Facilities	Estates & Facilities	4,048	3,314	734	4,684	1,033
	MES Installation Costs	634	256	378	702	119
	LGH Renal Water Treatment	550	303	247	550	248
	Other Estates & Facilities	80	(31)	111	100	42
		Sub-total: Estates & Facilities	5,312	3,843	1,469	6,036
IM&T	IM&T Infrastructure	1,620	1,750	(130)	2,062	315
	EDRM	300	45	255	350	0
	Nervecentre	474	429	45	474	60
	Heartsuite System	163	103	60	163	0
	Electronic Blood Tracking System	270	8	262	300	0
	Learning Mgt System	21	0	21	21	0
	Other IM&T	0	142	(142)		45
	Sub-total: IM&T Schemes	2,848	2,476	372	3,370	420
Medical Equipment	Medical Equipment Executive	2,050	1,197	853	2,556	1,252
	Radiotherapy CT Scanner	429	11	418	629	144
	CCU Monitoring	456	292	164	456	0
	Linear Accelerator	271	274	(3)	276	2
	Other Medical Equipment	0	0	0		0
	Sub-total: Medical Equipment	3,206	1,773	1,433	3,917	1,398
Finance Leases	Donations	850	662	188	950	0
	MES Finance Lease Additions	4,710	2,494	2,216	5,138	0
	Optimed	0	180	(180)		0
	Other Expenditure	0	481	(481)		88
		Sub-total: Finance Leases	5,560	3,817	1,743	6,088
	TOTAL CAPITAL EXPENDITURE	30,095	23,995	6,100	33,612	4,788

Year to date:

- Total Capital expenditure of £24.0m 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 non delivery of 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 which has been embedded in current forecast.

	Risk	Unmitigated £'000	Mitigated £'000	Action to mitigate
I&E	Emergency pressures: cancellations of elective activity and Outpatients clinics to support Winter Pressures			£10m risk included in forecast outturn. Ongoing pressures remain which are being managed within the overall risk communicated to NHSI
	CIP: Non-delivery of unidentified CIP	(3,628)	(3,628)	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
	Supplementary CIP: Delivery of supplementary pay CIP required to fund demand and capacity investment	(1,378)	(1,378)	Supplementary CIP has a specific programme and timelines for execution and monitoring
	CMG/Corporate Directorates Financial Performance: continued under-performance related to pay and non-pay cost pressures	(13,683)	(13,192)	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
	FIT actions: additional Revenue to Capital		4,662	Workstream in place to identify and monitor progress on additional technical actions
	Balance Sheet Optimisation		2,236	Workstream in place to identify and monitor progress on additional technical actions
	Estates Strategy for the delivery of estates and facilities services		11,300	Workstream in place to identify and monitor progress on additional technical actions
	Agency: 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.
Commissioner affordability: 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.	
	Total I&E risk	(18,689)	0	
Statement of Financial Position	Cash: 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
	Capital: requires further borrowing that is yet to be approved.			The Trust is in the process of following Nationally defined process to access funding.