

2017/18 Financial Performance

Author: Tarun Basra

Sponsor: Paul Traynor

Trust Board paper O1

Executive Summary

Context

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

Questions

1. What is our financial performance for the period ending 31st March 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

M12 Financial Performance

Excluding Tranche 1, the Trust has achieved a year end deficit of £36.6m 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 £26.6m 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 £26.6m 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.

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 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, £39.3m of the total £44.2m has been delivered. This is £4.8m adverse to Plan due to the crystallisation of un-identified CIP.

4. 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.

Input Sought

Note the financial performance at Month 12.

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: **7th June 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

Please note Month 12 is subject to finalisation and subject to Audit approval

Statutory duties

- Delivering the planned deficit: off track, driven by £9.9mA impact of Winter operational pressures
- Achieving the External Funding Limit: Achieved
- Achieving the Capital Resource Limit: Achieved

Financial Performance

- **Excluding Winter Funding Tranche 1, Deficit of £36.6m, £9.9mA to Plan:** 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 delivery of additional non-recurrent technical actions.
- **Including Winter Funding Tranche 1, Deficit of £34.4m, £7.7mA to Plan:** representing the flow through of £2.2m Winter monies.
- **Patient Care Income, £0.3mA 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, £37.8mA to Plan:** with pay £19.2mA to Plan including with underlying overspend in all staff groups. Non-pay overspend of £8.6m driven by deliver additional activity, support the Emergency pathway and non-delivery of CIP.
- **CIP, £4.8mA to Plan** representing crystallisation of unidentified CIP.
- **Finance Improvement and Technical £0.4mF to Plan:** additional income from LDA.

Cash

- Closing cash balance at March of £2.9m.
- Trust Med Pharmacy cash balance was £1.66m.
- Funded YTD operating deficit (net of PDC) of £30.9m and movement in working capital by securing £60.3m of external financing.
- Improvement in working capital, capital loan, and internal capital funding enabled interest payment and capital expenditure of £32.3m.

Capital

- **March:** Total capital expenditure of £33.3m
 - 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.

March 2018: Key Facts



Patient Income
£0.3mA

Other Income
£19.8mF



Substantive pay
£19.4mA

Agency Spend
£0.2mF



Non-pay
£3.1mF

Non-op costs
£1.1mA



EBITDA
£8.2mA

CIP
£4.8mA



Liquidity Indicators

Capital Spend
£0.3mF

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 £34.4m, £7.7mA with Plan

	Mar-18			YTD			
	Plan	Actual	Vs Plan	Plan	Actual	F/(A)	%
Value Drivers							
Day Case	8,935	8,612	(323)	107,471	104,344	(3,127)	(3%)
Elective Inpatient	1,866	1,446	(420)	22,096	20,083	(2,013)	(9%)
Emergency / Non-elective Inpatient	10,136	10,217	81	115,913	118,740	2,827	2%
Emergency Department	20,893	19,503	(1,390)	245,952	238,147	(7,805)	(3%)
Outpatient Procedures	79,874	77,605	(2,269)	966,229	943,115	(23,114)	(2%)
Critical Care Services	4,924	4,606	(317)	56,507	58,104	1,597	3%
Renal Dialysis and Transplant	14,851	14,761	(90)	174,056	175,198	1,142	1%
Other Activity	754,192	717,389	(36,803)	9,004,614	8,044,676	(959,938)	(11%)
WTE Total	13,914	14,104	(190)	13,914	14,104	(190)	(1%)
WTE Agency	150	185	(34)	187	185	2	1%
	Mar-18			YTD			
	Plan	Actual	Vs Plan	Plan	Actual	F/(A)	%
	£'000	£'000	£'000	£'000	£'000	£'000	%
I&E £'000							
Patient Care Income	68,297	69,368	1,071	807,716	807,446	(270)	(0%)
Non Patient Care Income	535	1,820	1,285	6,395	8,380	1,985	31%
Other Operating Income	10,571	27,817	17,246	126,936	144,782	17,846	14%
Total Income	79,403	99,004	19,601	941,047	960,608	19,561	2%
Pay Costs	(45,073)	(49,510)	(4,437)	(557,728)	(577,169)	(19,441)	(3%)
Pay Costs: Agency	(1,489)	(1,828)	(339)	(20,620)	(20,390)	230	1%
Non Pay	(28,671)	(40,305)	(11,634)	(346,998)	(355,557)	(8,559)	(2%)
Total Operating Costs	(75,233)	(91,643)	(16,410)	(925,346)	(953,116)	(27,770)	(3%)
EBITDA	4,170	7,362	3,191	15,701	7,492	(8,210)	(52%)
Non Operating Costs	(3,535)	(6,280)	(2,745)	(42,455)	(43,567)	(1,112)	(3%)
Retained deficit	635	1,082	446	(26,754)	(36,076)	(9,322)	(35%)
Adjustments for Donated Assets	3	(388)	(391)	54	(567)	(621)	(1150%)
Net Deficit Excluding Winter Funding	638	693	55	(26,700)	(36,643)	(9,943)	(37%)
Winter Funding - Tranche 1	0	561	561	0	2,243	2,243	0%
Net Deficit Including Winter Funding	638	1,254	616	(26,700)	(34,400)	(7,700)	(29%)
Impairments	0	(2,735)	(2,735)	0	(2,735)	(2,735)	0%
Net Deficit Including Impairments	638	(1,481)	(2,119)	(26,700)	(37,134)	(10,435)	(39%)
Ratios							
Agency: Total Pay	3.30%	3.69%		3.70%	3.53%		
EBITDA: Income	5.25%	7.44%		1.67%	0.78%		
Net Deficit: Income	0.80%	1.27%		(2.84%)	(3.58%)		

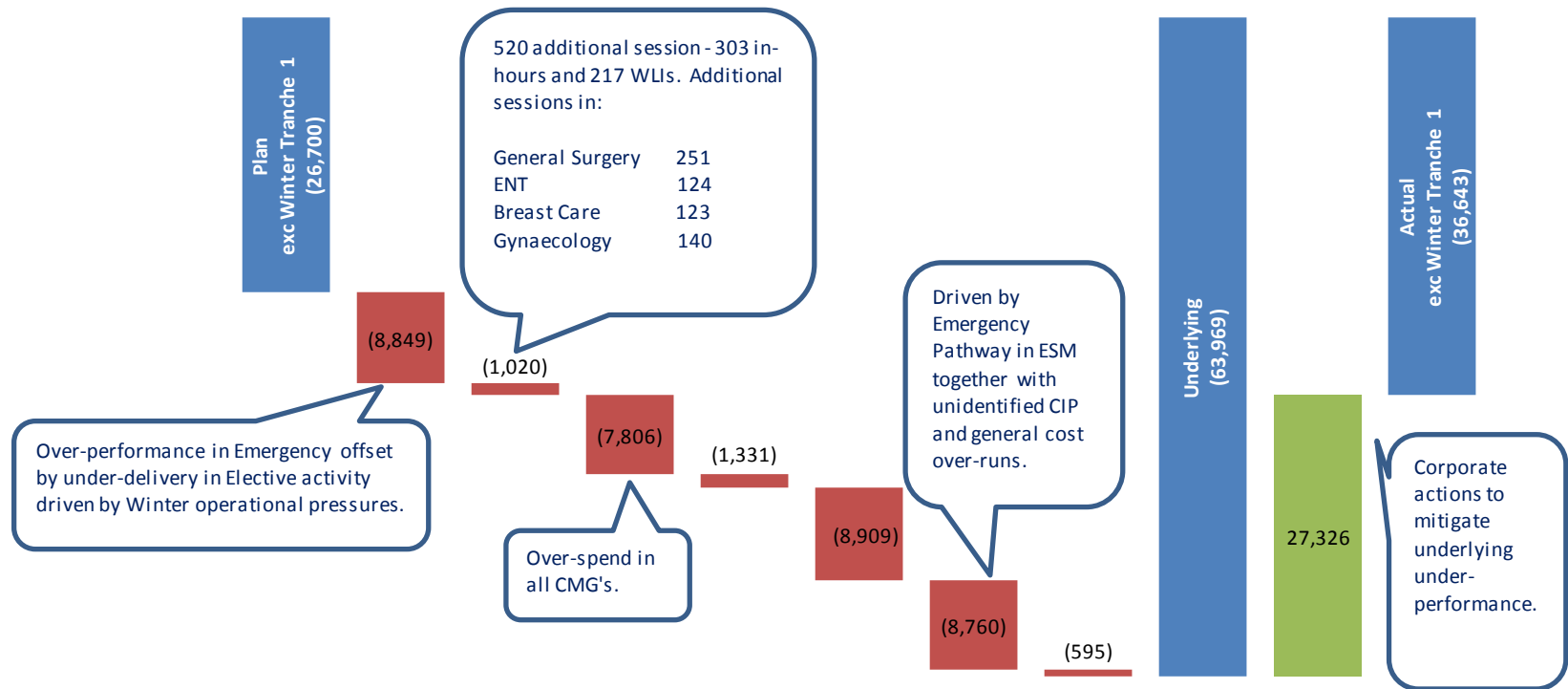
Key

- 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: £807.4m, £0.3mA** including £0.8mF 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: £153.2m, £1.3mF** driven by £19.8mF, £12.5m in relation to implementation of estates strategy together with deferred income release.
- **Pay Costs: £577.2m, £19.4mA** Underlying overspend across all staff groups with Medical being the biggest area of overspend at £7.9mA across all CMGS with the exception of CSI, followed by Non Clinical which is £5.7mA. Pay remains an area of concern requiring control and optimum use of financial resources to support operational pressures impacting the Emergency flow.
- **Agency: £20.4m, £0.2mF to Plan** driven by reduction in use of nursing agency in ESM.
- **Non-Pay: £355.6m, £8.6mA** including £0.8mA in relation to drugs and devices excluded from tariff. Underlying overspend 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 £7.5m, £8.2mA.**
- **Non-Operating Costs: £43.6m, £1.1mA.**

I&E Bridge: £9.9mA driven by Emergency pressures

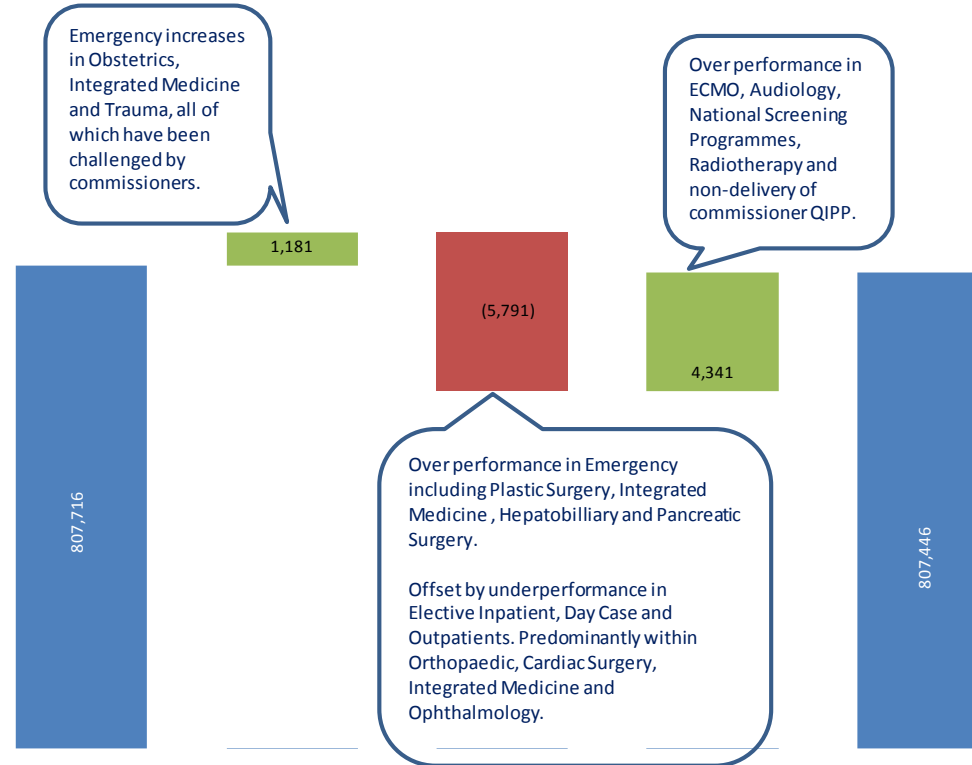
Over-performance on Non-Elective/Emergency by Under-delivery in Elective Inpatient/ Day Case driven by Winter operational pressures and capacity constraints impacting on elective activity. Underlying over-spend in Medical workforce and cost pressures including under-delivery of CIP are have been mitigated by Corporate actions.



£(000)	Plan exc Winter Tranche 1	Activity	Theatres	Medical Pay	Nursing Pay	Other Pay	Cost Pressures	Other	Underlying	Non-recurrent Items	Actual exc Winter Tranche 1	Var F/(A)
NHS PCI	807,716	(4,896)						4,626	807,446		807,446	(270)
Other Income	132,828							1,716	134,544	17,649	152,193	19,365
Pay	(557,728)		(1,165)	(7,141)	(1,727)	(9,408)			(577,169)		(577,169)	(19,441)
Pay: Agency	(20,620)			(665)	396	499			(20,390)		(20,390)	230
Non Pay	(346,998)	(3,952)	146				(8,760)	(1,714)	(361,279)	5,722	(355,557)	(8,559)
Non-Operating Costs	(41,898)							(5,223)	(47,121)	3,955	(43,166)	(1,268)
Net Deficit	(26,700)	(8,849)	(1,020)	(7,806)	(1,331)	(8,909)	(8,760)	(595)	(63,969)	27,326	(36,643)	(9,943)

NHS Patient Income: February £807.4m, £0.3mA to Plan

Over-performance predominantly driven by Emergency/Non-elective, Critical Care Services and National Screening Programme 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	62,024	(1,573)	(1,759)	0	58,692	(3,332)
Elective Inpatient	82,192	(2,113)	(7,295)	0	72,784	(9,408)
Emergency / Non-elective Inpatient	212,640	4,900	5,305	0	222,845	10,205
Marginal Rate Emergency Threshold	(6,456)	0	0	(22)	(6,478)	(22)
Emergency Department	31,107	(414)	(974)	0	29,718	(1,388)
Outpatient	113,100	2,017	(2,754)	0	112,363	(737)
Drugs and Devices excluded from Tariff	99,564	0	0	787	100,351	787
Critical Care Services	54,421	(1,096)	1,507	0	54,832	412
Renal Dialysis and Transplant	27,710	(541)	178	0	27,348	(363)
CQUIN	16,259	0	0	393	16,652	393
Other Activity	105,884	0	0	437	106,321	437
Other Financial Values	9,270	0	0	2,747	12,017	2,747
Total	807,716	1,181	(5,791)	4,341	807,446	(270)

Activity & Income: Performance versus Contract

Activity	Case Mix	City	East	West	Specialised	Other	Alliance	Total	%
	Day Case	(781)	(1,559)	(862)	2,070	(894)	(1,101)	(3,127)	(3%)
	Elective Inpatient	(371)	(453)	(395)	(194)	(600)		(2,013)	(9%)
	Emergency / Non-elective Inpatient	(70)	800	1,405	1,339	(647)		2,826	2%
	Marginal Rate Emergency Threshold (MRET)	0	0	0	0	0		0	0%
	Emergency Department	(67)	3,618	2,920		(14,276)		(7,805)	(3%)
	Outpatient	6,961	10,146	8,075	22,018	(66,472)	(3,841)	(23,114)	(2%)
	Excluded Drugs and Devices						0	0	0%
	Critical Care Services	273	131	(676)	1,258	611		1,597	3%
	Renal Dialysis and Transplant	0	0	0	(775)	1,917		1,142	1%
CQUIN	0	0	0	0	0	0	0	0%	
Other Activity	(387,674)	(349,970)	(202,090)	5,591	(18,585)	(7,210)	(959,938)	(11%)	
Other Financial Values	1,340	1,498	2,037	4,957	(2,804)	(1,122)	5,906	0%	

Financial	Case Mix	City (£000)	East (£000)	West (£000)	Specialised (£000)	Other (£000)	Alliance (£000)	Total (£000)	%
	Day Case	(149)	(533)	(119)	901	(2,682)	(750)	(3,332)	(5%)
	Elective Inpatient	(1,544)	(2,127)	(1,559)	(2,079)	(2,099)	0	(9,408)	(11%)
	Emergency / Non-elective Inpatient	2,524	2,811	4,107	4,452	(3,688)	0	10,205	5%
	Marginal Rate Emergency Threshold (MRET)	(178)	(61)	(256)	0	473	0	(22)	(0%)
	Emergency Department	(8)	(4)	(4)	0	(1,372)	0	(1,388)	(4%)
	Outpatient	1,147	1,363	1,134	2,646	(6,604)	(422)	(737)	(1%)
	Excluded Drugs and Devices	(382)	(79)	(53)	2,437	(1,167)	31	787	1%
	Critical Care Services	227	214	(541)	(275)	787	0	412	1%
	Renal Dialysis and Transplant	0	0	0	(410)	47	0	(363)	(1%)
	CQUIN	895	652	701	185	(2,010)	(34)	389	2%
	Other Activity	(146)	440	488	1,368	(1,208)	(505)	437	0%
	Other Financial Values	2,285	1,395	1,881	660	(3,500)	29	2,750	30%
Grand Total	4,670	4,069	5,780	9,886	(23,022)	(1,653)	(270)	(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 specialties 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.
- Other Financial Values:**
 Over performance relates to the Inpatient work in progress movement, implementation of new Best Practice Tariff for COPD, Maternity prepayment, Home Oxygen Service and molecular testing in oncology.

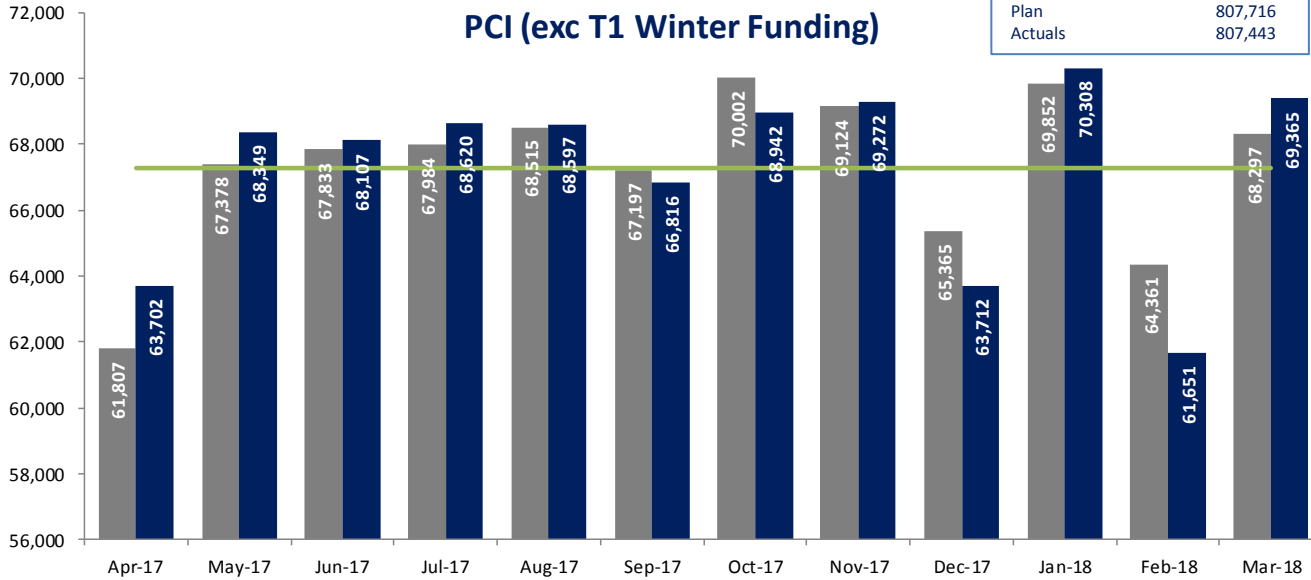
Patient Income Run Rates

PCI (exc T1 Winter Funding)

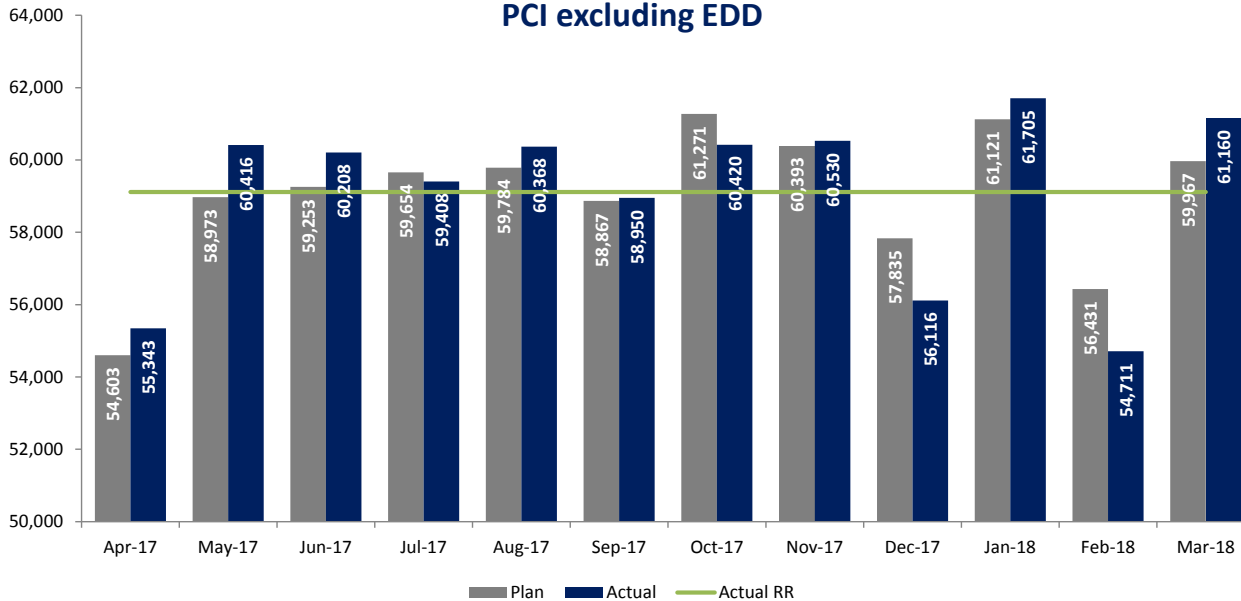
FY Income	£'000
Plan	807,716
Actuals	807,443

Year to Date

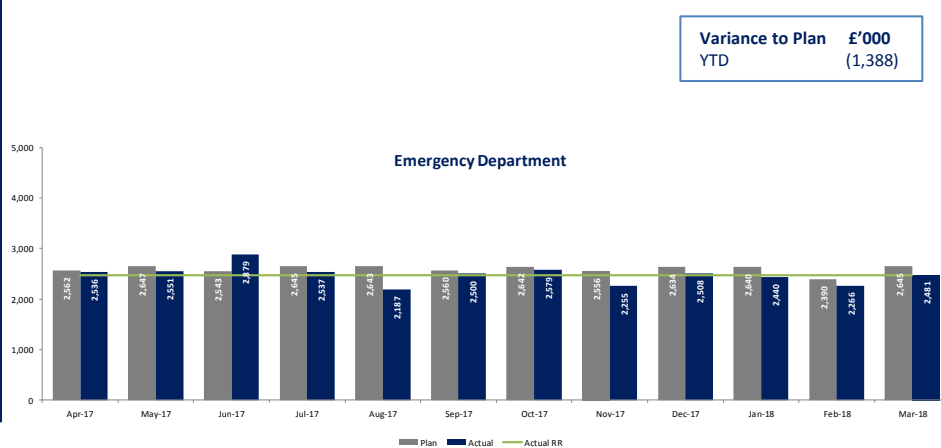
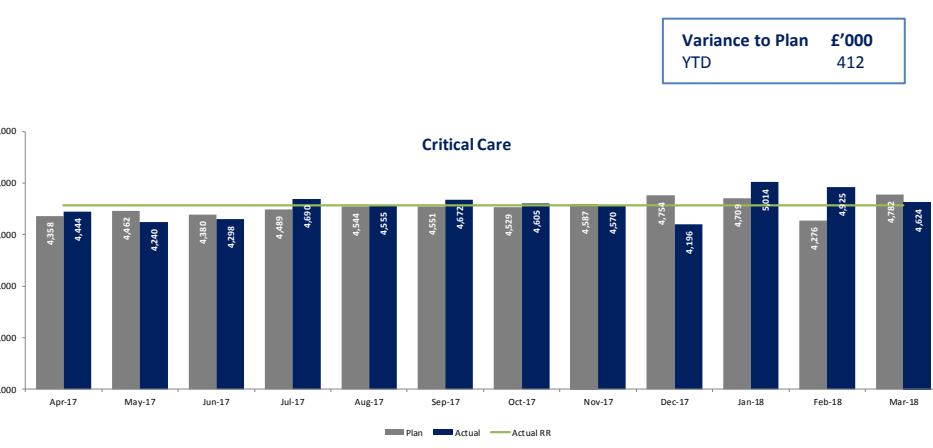
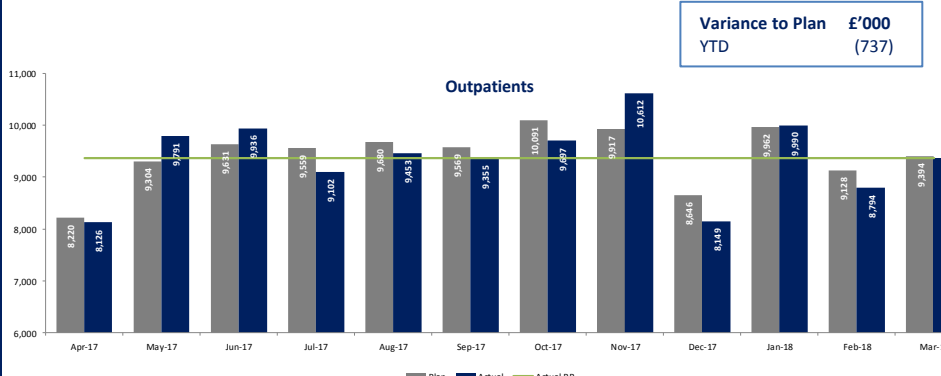
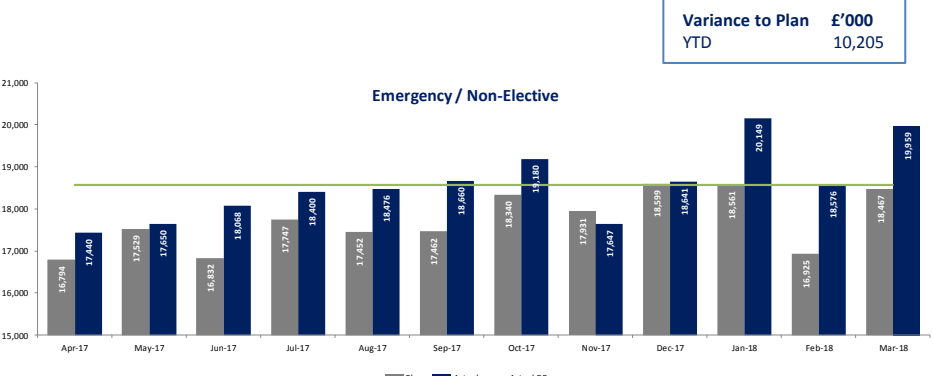
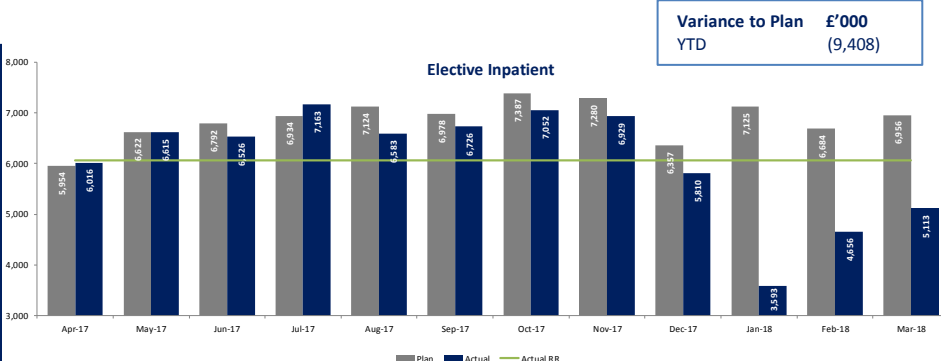
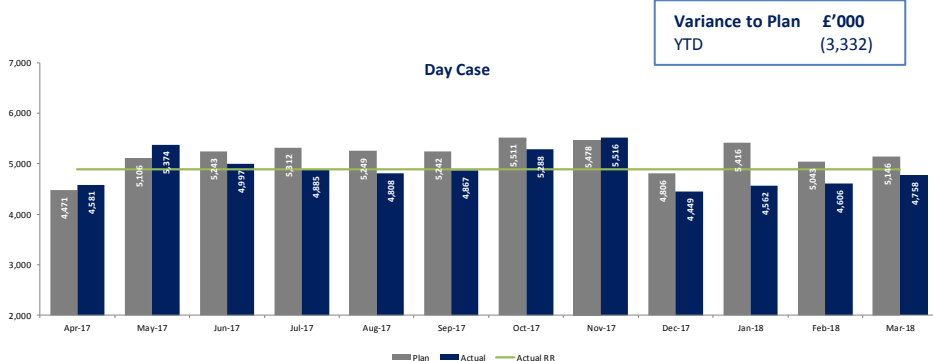
- Year to date under-performance of £0.3m which includes £0.8mF in relation to drugs and devices excluded from tariff .
- Over-performance predominantly driven by Emergency/Non-elective, Critical Care, ECMO and National Screening Programme, offset by under delivery across other points of delivery, predominantly Elective Inpatients/Day Case, ED and outpatients.
- March activity has continued to be impacted by elective cancellations driving lower bookings and higher cancellations.



PCI excluding EDD



Patient Income Run Rates: Point of Delivery



Pay: YTD £597.6m, £19.2mA to Plan

	Mar-18						YTD					
	£'000			WTE			£'000			WTE		
	Plan	Actual	F/(A)	Plan	Actual	F/(A)	Plan	Actual	F/(A)	Plan	Actual	F/(A)
Agency												
Medical	496	791	(295)	20	54	(35)	8,276	8,941	(665)	20	54	(35)
Nursing & Midwifery	685	850	(164)	0	91	(91)	8,650	8,254	396	0	91	(91)
Other Clinical	212	143	69	67	29	38	2,550	2,557	(8)	67	29	38
Non Clinical	95	44	51	35	11	24	1,145	638	507	35	11	24
Total: Agency	1,489	1,828	(339)	121	185	(63)	20,620	20,390	230	121	185	(63)
Other Non-contracted												
Medical	0	1,314	(1,314)	0	3	(3)	0	16,424	(16,424)	0	3	(3)
Nursing & Midwifery	0	2,205	(2,205)	0	650	(650)	0	20,174	(20,174)	0	650	(650)
Other Clinical	0	368	(368)	0	76	(76)	0	3,818	(3,818)	0	76	(76)
Non Clinical	0	608	(608)	0	321	(321)	0	6,710	(6,710)	0	321	(321)
Total: Other Non-contracted	0	4,495	(4,495)	0	1,049	(1,049)	0	47,127	(47,127)	0	1,049	(1,049)
Total Non-contracted												
Medical	496	2,106	(1,609)	20	57	(37)	8,276	25,365	(17,089)	20	57	(37)
Nursing & Midwifery	685	3,054	(2,369)	0	741	(741)	8,650	28,428	(19,778)	0	741	(741)
Other Clinical	212	511	(299)	67	105	(38)	2,550	6,376	(3,826)	67	105	(38)
Non Clinical	95	652	(557)	35	332	(298)	1,145	7,348	(6,203)	35	332	(298)
Total: Non-contracted	1,489	6,323	(4,834)	121	1,234	(1,113)	20,620	67,517	(46,897)	121	1,234	(1,113)
Substantive												
Medical	15,271	14,737	534	1,835	1,831	3	181,590	173,036	8,554	1,835	1,831	3
Nursing & Midwifery	17,197	16,136	1,061	5,771	5,264	507	205,010	187,014	17,996	5,771	5,264	507
Other Clinical	6,460	7,099	(639)	2,189	2,094	94	77,283	77,146	137	2,189	2,094	94
Non Clinical	6,145	7,043	(898)	3,999	3,865	134	93,845	92,846	999	3,999	3,865	134
Total: Substantive	45,073	45,015	58	13,793	13,054	739	557,728	530,043	27,685	13,793	13,054	739
Total												
Medical	15,767	16,843	(1,075)	1,854	1,888	(34)	189,866	198,401	(8,535)	1,854	1,888	(34)
Nursing & Midwifery	17,882	19,190	(1,308)	5,771	6,004	(234)	213,660	215,442	(1,782)	5,771	6,004	(234)
Other Clinical	6,672	7,609	(938)	2,255	2,199	57	79,832	83,522	(3,690)	2,255	2,199	57
Non Clinical	6,240	7,695	(1,455)	4,033	4,197	(164)	94,990	100,194	(5,204)	4,033	4,197	(164)
TOTAL: Pay	46,562	51,338	(4,776)	13,914	14,288	(374)	578,348	597,559	(19,211)	13,914	14,288	(374)

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 £20.4m, £0.2mF to Plan. Medical overspend of £1.7m 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 £47.1m 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.

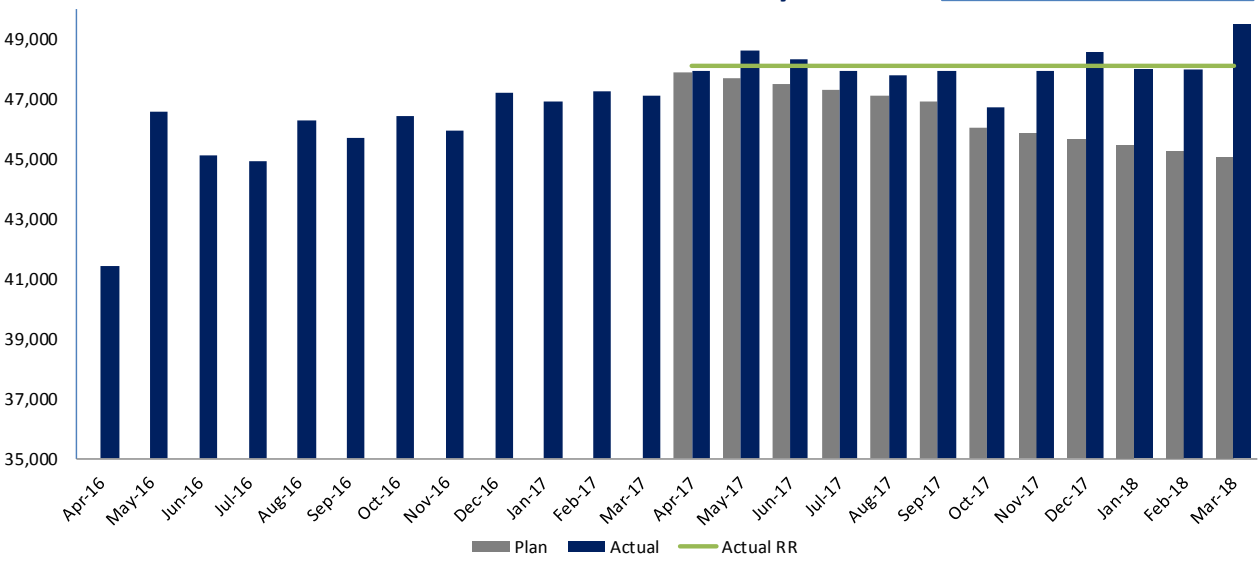
Substantive Pay

- Combined with other non-contracted, expenditure of £577.2m, £19.4mA to Plan driven by:
 - Medical: £7.9mA across most CMGs;
 - Non Clinical £5.7m 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

Substantive Pay

FY Cost	£'000
Plan	557,728
Actuals	577,169



Total Pay excluding Agency Pay

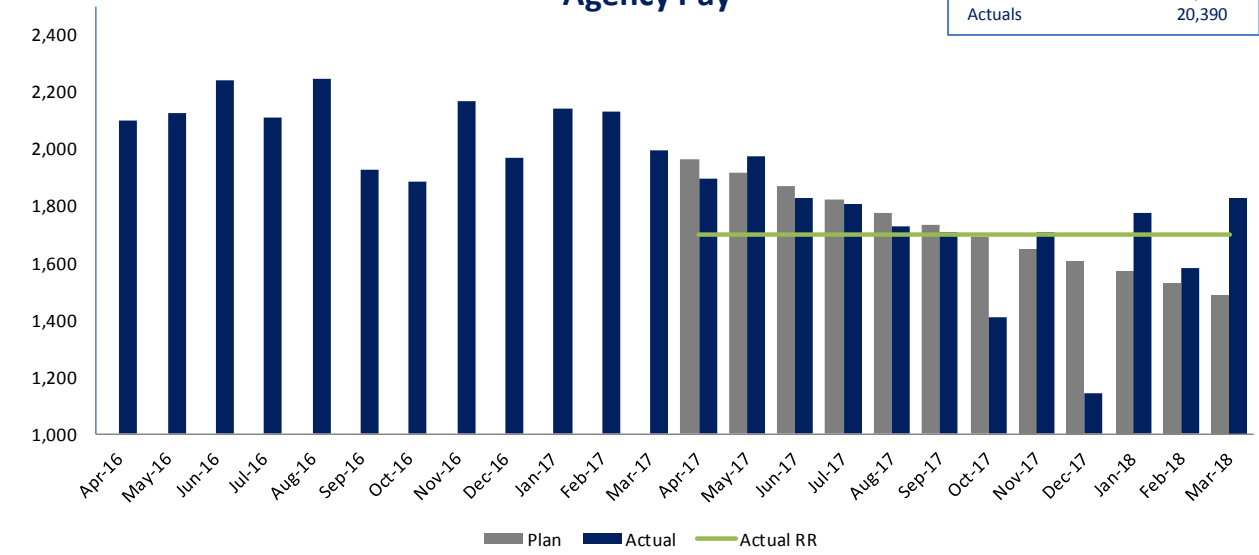
- This remains a key risk to the Financial Plan as we exit 17/18 especially in relation to ED Floor, Nursing enhancements, Medical spend and premium spend within E&F.

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.

Agency Pay

FY Cost	£'000
Plan	20,620
Actuals	20,390



Non-Pay: YTD £355.6m, £8.6mA to Plan

	Mar-18				YTD				
	Plan	Actual	F / (A)	%	Plan	Actual	F / (A)	%	
	£'000	£'000	£'000	%	£'000	£'000	£'000	%	
Direct	Blood Products	109	99	9	8%	1,299	1,519	(220)	(17%)
	Drugs	8,445	8,079	366	4%	101,247	104,318	(3,071)	(3%)
	Clinical Supplies & Services	8,716	9,638	(921)	(11%)	104,179	109,795	(5,616)	(5%)
	Transport	253	335	(83)	(33%)	3,062	3,451	(389)	(13%)
	Recharges	235	287	(52)	(22%)	2,396	3,470	(1,074)	(45%)
	Misc & General Supplies	2,877	13,687	(10,811)	(376%)	35,668	34,836	831	2%
External Providers	Healthcare	814	1,008	(194)	(24%)	10,409	10,644	(235)	(2%)
	Non Healthcare	1,191	1,240	(49)	(4%)	14,369	14,628	(259)	(2%)
Overheads	Establishment, Premises & Plant	3,699	3,471	227	6%	46,385	44,516	1,869	4%
	Consultancy	49	177	(128)	(260%)	586	983	(397)	(68%)
	Clinical Negligence	2,283	2,283	0	0%	27,398	27,398	0	0%
Total: Non Pay	28,671	40,305	(11,634)	(41%)	346,998	355,557	(8,559)	(2%)	

- **Direct Costs: £257.4m, £9.5mA to Plan** including £0.8mA relating to drugs and devices excluded from tariff .

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

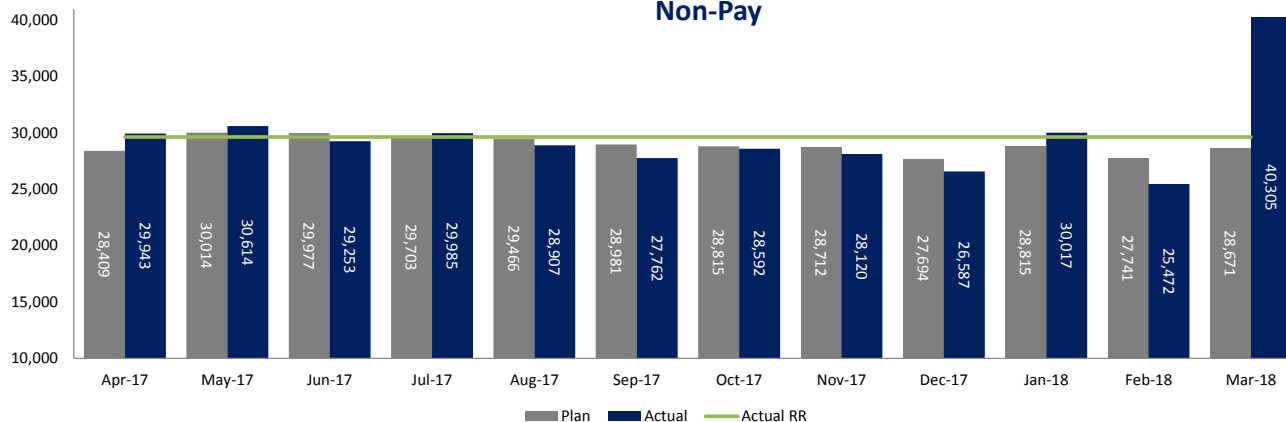
- **External Providers: YTD cost of £25.3m** which is £0.5mA to Plan.

- **Overheads: YTD expenditure of £72.9m, £1.5mF to Plan** predominantly within Estates.

- During March 18, there has been a £12.5m re-alignment between Non-Pay and Other Income in relation to implementation of the estates strategy.

FY Cost	£'000
Plan	346,998
Actuals	355,557

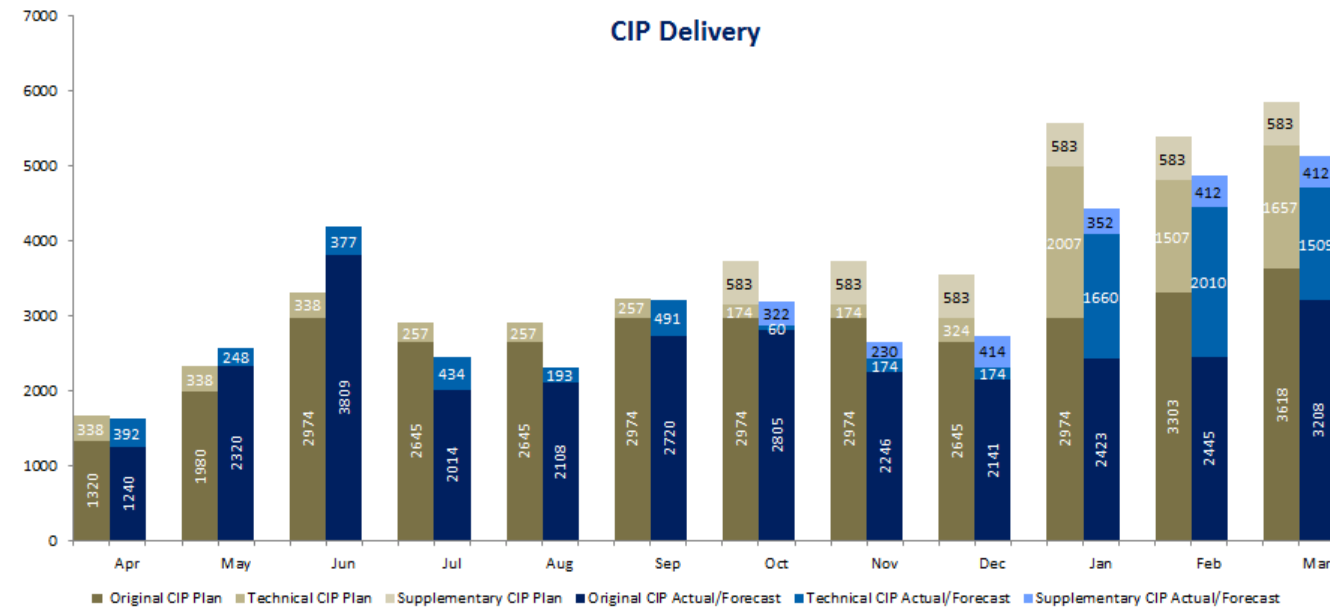
Non-Pay



CIP: YTD £39.3m, £4.8mA to Plan

	Mar-18				YTD				FY Plan £'000
	Plan £'000	Actual £'000	F / (A) £'000	%	Plan £'000	Actual £'000	F / (A) £'000	%	
CHUGGS	355	380	26	7%	3,763	3,852	89	2%	3,763
CSI	487	440	(47)	(10%)	3,923	4,103	180	5%	3,923
ESM	573	323	(250)	(44%)	5,477	4,749	(727)	(13%)	5,477
ITAPS	422	269	(153)	(36%)	4,124	2,549	(1,576)	(38%)	4,124
MSS	408	478	69	17%	3,635	3,636	1	0%	3,635
RRCV	475	506	30	6%	5,061	5,084	23	0%	5,061
Womens & Childrens	707	204	(504)	(71%)	5,165	2,302	(2,863)	(55%)	5,165
Total: CMG	3,428	2,599	(828)	(24%)	31,148	26,276	(4,872)	(16%)	31,149
Facilities	589	815	226	38%	3,380	3,380	0	0%	3,380
Corporate Total	1,841	1,715	(126)	(7%)	9,624	9,686	61	1%	9,624
Total CIP	5,857	5,129	(728)	(12%)	44,152	39,341	(4,811)	(11%)	44,153

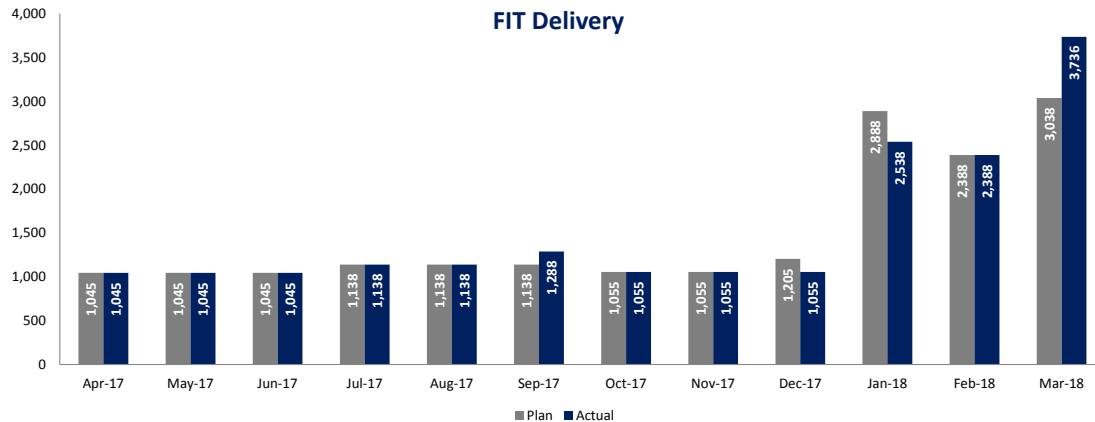
- In order to fund the additional costs in relation to Demand and Capacity and approved investments, there was an additional requirement of £3.5m supplementary CIP in relation to in-year pay bill and workforce reductions. This delivered £2.1m savings driving a £1.4m shortfall.
- The full year plan of £44.2m incorporates the supplementary CIP together with £7.6m alignment of technical items to CIP.



Finance Improvement and Technical (FIT)

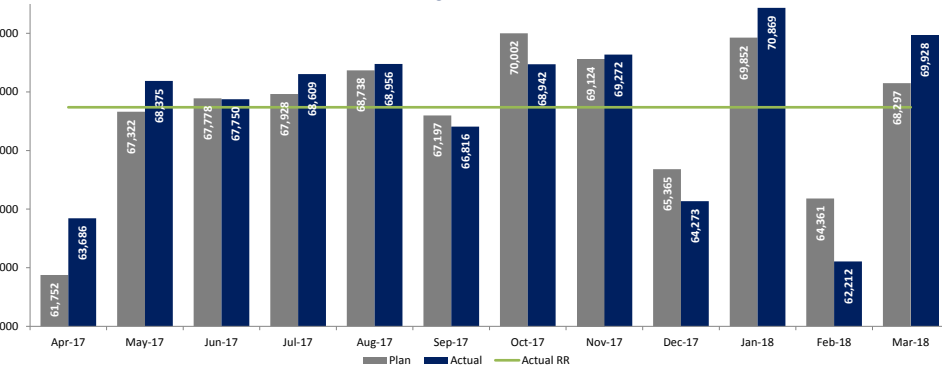
		Plan FY	YTD		
		£'000	Plan £'000	Actual £'000	Variance £'000
Strategic	HEEM: NR Funding	500	500	848	348
	Strategic review of subsidiary company: Depreciation & Dividend savings - CIP	4,000	4,000	4,000	0
	Total Value: Strategic	4,500	4,500	4,848	348
Statement of Financial Position Management	Accruals: apply policy of £10k de-minimus - CIP	500	500	500	0
	Deferred Income (inc Research): release - CIP	150	150	150	0
	Revenue to Capital transfer	1,000	1,000	1,000	(0)
	Duplicate invoices / VAT review - CIP	150	150	150	0
	Depreciation: extending lives and pausing charges for assets not in use - CIP	2,086	2,086	2,086	0
Total Value: Statement of Financial Position	3,886	3,886	3,886	(0)	
Contingency and Reserves	Investment Slippage - CIP	741	741	741	0
	Release of contingency to fund approved investments	5,972	5,972	5,972	0
	Junior Doctors: manage to best case of £2m	300	300	300	0
	Total Value: Contingency and Reserves	7,013	7,013	7,013	0
Technical	Defer NHSE settlement over 2 years	1,217	1,217	1,217	0
	QIPP EDD - 100% pass through	784	784	784	0
	CIP PCI Schemes alignment	780	780	780	0
	Total Value: Technical Actions	2,781	2,781	2,781	0
All Actions	CIP Related Actions	7,627	7,627	7,627	0
	Technical Actions	10,553	10,553	10,901	348
	Total Value: All Actions	18,180	18,180	18,528	348

- 2017/18 Plan identified £18.2m of Finance Improvement and Technical actions in order to help meet the planned deficit.
- Month 12 is £0.4mF to plan due to additional HEEM income received during March.
- £7.6m has now been re-aligned as CIP and £10.6m as Technical improvements.

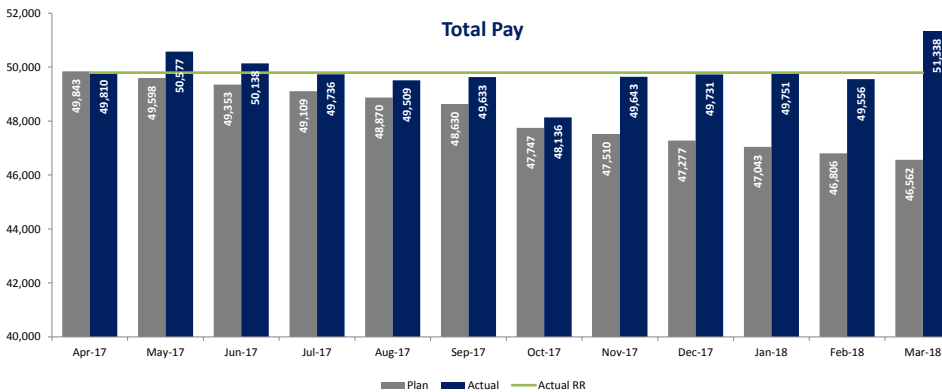


I&E Run Rates

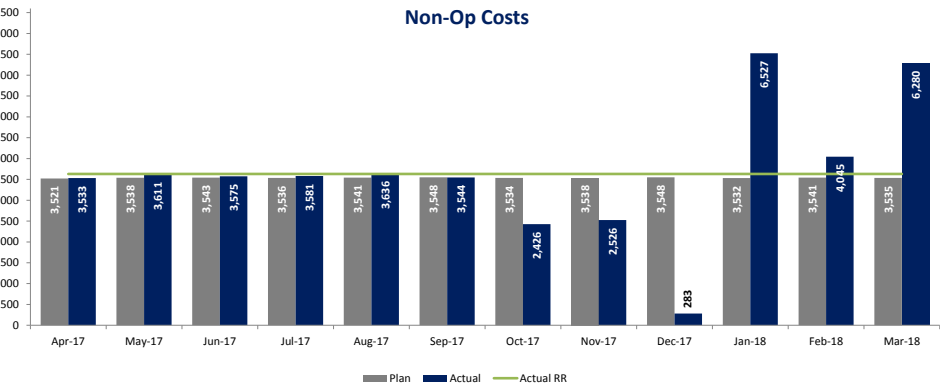
PCI



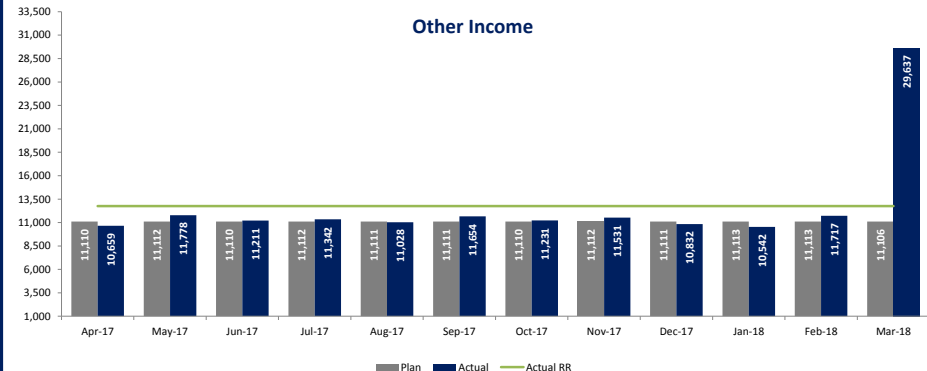
Total Pay



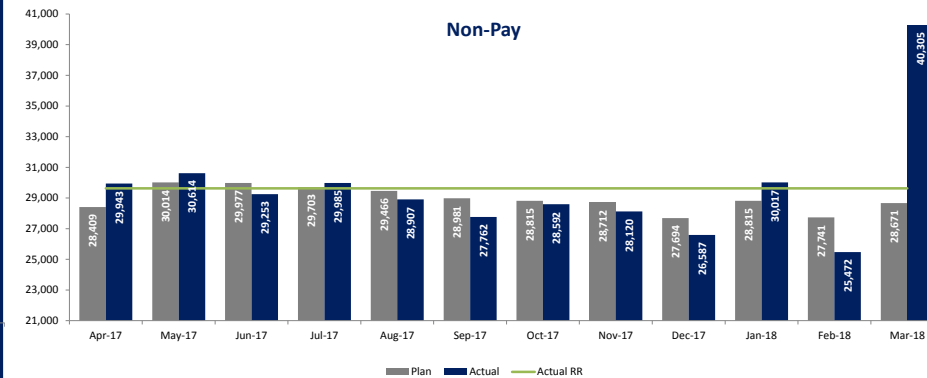
Non-Op Costs



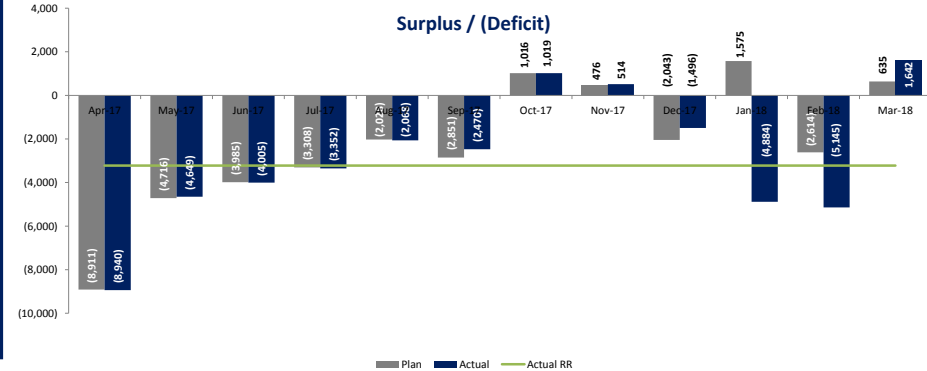
Other Income



Non-Pay

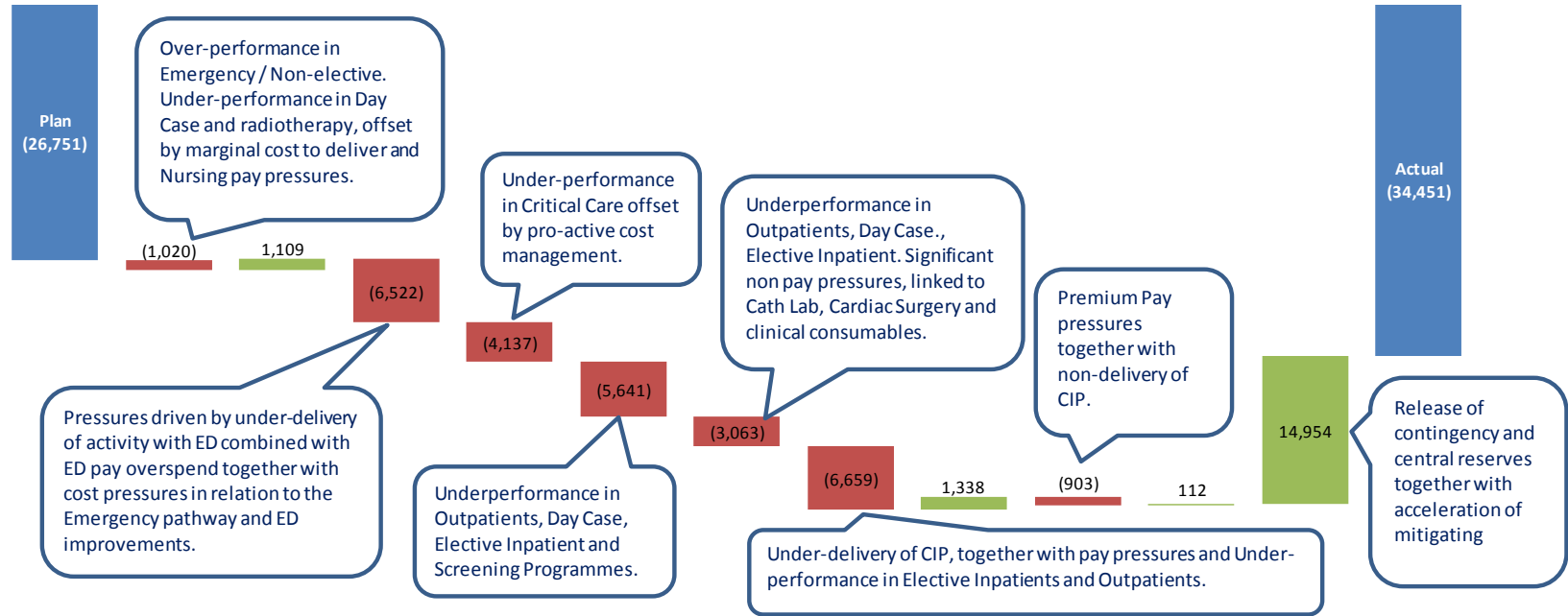


Surplus / (Deficit)



March 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.



£(000)	Plan	CHUGGS	CSI	ESM	ITAPS	MSS	RRCV	W&C	Corporate	Facilities	R&I	Centre	Actual	Var F/(A)
NHS PCI	807,716	3,265	1,028	2,375	(280)	(6,308)	2,605	(2,156)	377	0	0	(1,175)	807,446	(270)
Other Income	133,287	(97)	592	341	(22)	(72)	(55)	458	1,765	(293)	397	16,350	152,652	19,365
Pay	(557,728)	(3,163)	(4,684)	(3,664)	(2,703)	28	(1,330)	(4,011)	(841)	(663)	245	1,345	(577,169)	(19,441)
Pay: Agency	(20,620)	(930)	359	457	(401)	(96)	66	353	339	67	9	8	(20,390)	230
Non Pay	(346,998)	(94)	3,815	(6,031)	(750)	807	(4,345)	(1,303)	(307)	(13)	(539)	2,937	(352,822)	(5,824)
Non-Operating Costs	(42,408)				19		(5)		1			(4,018)	(46,411)	(4,003)
Net Deficit	(26,751)	(1,020)	1,109	(6,522)	(4,137)	(5,641)	(3,063)	(6,659)	1,334	(903)	112	15,446	(36,694)	(9,943)

March 2018: Statement of Financial Position

Balance Sheet

	Mar-17 £000's Actual	Mar-18 £000's Actual	Movement £000's Actual
Non Current Assets			
Property, plant and equipment	398,261	427,610	29,349
Intangible assets	11,467	11,480	13
Trade and other receivables	2,669	2,602	(67)
TOTAL NON CURRENT ASSETS	412,397	441,692	29,295
Current Assets			
Inventories	19,975	23,829	3,854
Trade and other receivables	55,953	69,368	13,415
Cash and cash equivalents	1,238	2,900	1,662
TOTAL CURRENT ASSETS	77,166	96,097	18,931
Current Liabilities			
Trade and other payables	(110,675)	(107,784)	2,891
Dividend payable	0	0	0
Borrowings / Finance Leases	(4,474)	(40,701)	(36,227)
Other Liabilities / Loan	(1,838)	(3,469)	(1,631)
Provisions for liabilities and charges	(475)	(448)	27
TOTAL CURRENT LIABILITIES	(117,462)	(152,402)	(34,940)
NET CURRENT ASSETS (LIABILITIES)	(40,296)	(56,305)	(16,009)
TOTAL ASSETS LESS CURRENT LIABILITIES	372,101	385,387	13,286
Non Current Liabilities			
Borrowings / Finance Leases	(7,531)	(6,394)	1,137
Other Liabilities / Loan	(132,235)	(162,152)	(29,917)
Provisions for liabilities and charges	(1,562)	(1,465)	97
TOTAL NON CURRENT LIABILITIES	(141,328)	(170,011)	(28,683)
TOTAL ASSETS EMPLOYED	230,773	215,376	(15,397)
Public dividend capital	331,956	331,956	0
Revaluation reserve	77,427	98,349	20,922
Other reserves	0	0	0
Retained earnings	(178,610)	(214,929)	(36,319)
TOTAL TAXPAYERS EQUITY	230,773	215,376	(15,397)

- **Total Assets Employed:** Movement of £15.4m representing year to date Trust deficit and revaluation of our estate (before donated asset adjustment).
- **Non-Current Assets :** Increased by £29.2m reflecting revaluation of our estate and capital spend offset by depreciation charges.
- **Working capital:**
 - Stock growth in TMP stock holding and non pharmacy stock holding locations
 - Trade receivables have increased by £13.4m
 - Trade payables have decreased by £2.9m
- **Cash:** Year end balance of £2.9m is above the £1m target cash balance due to the timing of cash receipts, and includes TMP cash.
- **Non-current liabilities:**
 - £58.7m increase in revolving working capital facility and revenue support loans. A £34.1m loan has been reclassified as a current liability as it is payable in February 2019.
 - £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 reduced from (24) to (30).

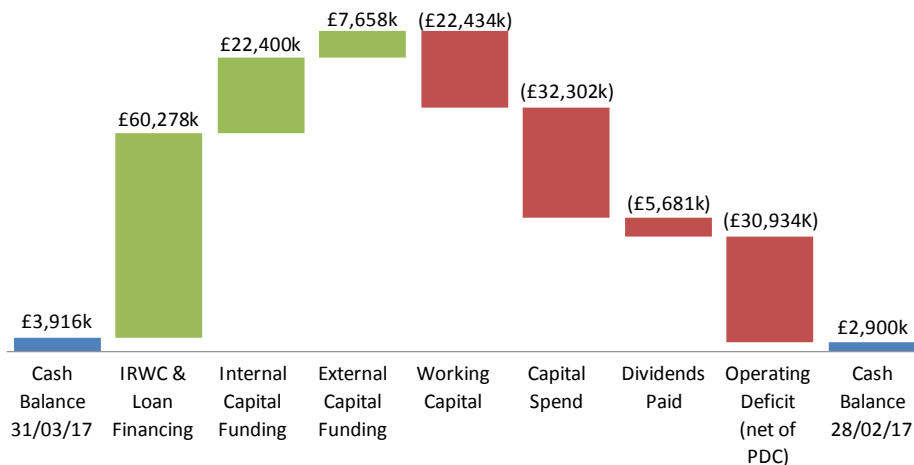
Statement of Financial Position

Ratios

Liquidity Ratio Days (Working Capital Balance / Annual Operating Expenses)	(24)	(30)
Liquidity Ratio Metric	4	4

Cash

Year to Date Cash Bridge £'000



Cash Bridge:

- Opening cash balance of £3.9m, in line with our plan.
- Funded YTD operating deficit (net of PDC) of £30.9m and movement in working capital by securing £60.3m of external financing.
- Improvement in working capital, capital loan, and internal capital funding enabled interest payment and capital expenditure of £32.3m

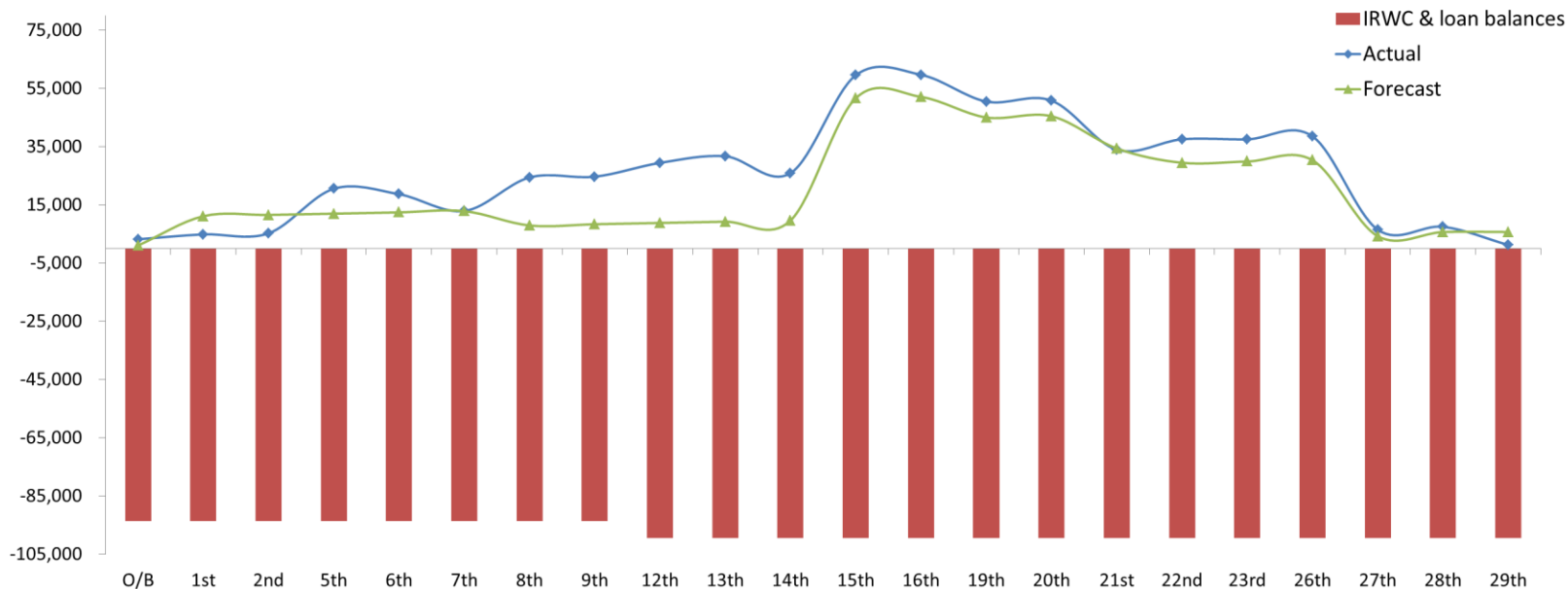
Year end cash position

- £2.9m 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 March 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	36,268	832	26,426	2,293	197	7,352	20%
	Non-NHS receivables - revenue	12,498	23,989	(11,491)	17,067	1,457	1,004	4,461	19%
	Provision for the impairment of receivables	(1,024)	0	(1,024)	0				
	Non-NHS prepayments and accrued income	4,797	7,271	(2,474)	7,271				
	PDC dividend prepaid to DH	764	0	764	0				
	VAT	1,195	2,011	(816)	2,011				
	Other receivables	623	1,525	(902)	1,525				
	TOTAL	55,953	71,064	(15,111)	54,300	3,750	1,201	11,813	
Accounts Payable	NHS payables - revenue	(9,327)	(22,205)	12,878	(2,109)	(2,999)	(258)	(16,839)	76%
	NHS accruals and deferred income	(5,584)	(12,859)	7,275	(12,859)				
	Non-NHS payables - revenue	(49,480)	(33,650)	(15,830)	(20,434)	(8,111)	(3,461)	(1,644)	5%
	Non-NHS payables - capital	(4,808)	(4,307)	(501)	(2,609)	(1,411)	(87)	(200)	5%
	Non-NHS accruals and deferred income	(21,449)	(10,699)	(10,750)	(3,997)	(1,257)	(602)	(4,843)	45%
	Social security costs	(6,439)	(6,969)	530	(6,969)				
	Tax	(5,584)	(5,892)	308	(5,892)				
	Other	(7,881)	(16,670)	8,789	(16,670)				
TOTAL	(110,552)	(113,251)	2,699	(71,539)	(13,778)	(4,408)	(23,526)		
Total Liquidity	(54,599)	(42,187)	(12,412)						

Liquidity: movement of £12.4m from opening position due to:

- Accounts receivable: increase of £15m driven by an increase in Non-NHS prepayments and accrued income, and non-NHS receivables.
- Accounts payable: increase 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: 20% representing £7.4m being over 90 days.
- Non-NHS receivables: 19% representing £4.5m being over 90 days with the largest component being Overseas Visitors at £2.8m. This balance consists of various items which in isolation are not material.
- NHS payables-revenue: £16.8m, representing 76% over 90 days; non-NHS payables 5% (£1.6m) over 90 days; non-NHS accruals and deferred income 45% (£4.8m) 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	March YTD		Prior month YTD	
	Number	£000s	Number	£000s
All				
Total Invoices Paid in the Year	171,713	690,700	155,486	639,800
Total Invoices Paid Within Target	48,832	421,916	42,423	388,517
Percentage Invoices Paid Within Target (target 95%)	28%	61%	27%	61%
Non-NHS Payables				
Total Non-NHS Invoices Paid in the Year	166,500	566,455	149,862	513,870
Total Non-NHS Invoices Paid Within Target	48,025	356,760	41,515	323,539
Percentage of Non-NHS Invoices Paid Within Target	29%	63%	28%	63%
Local SME payables				
Total SME Invoices Paid in the Year	1,245	8,668	745	8,214
Total SME Invoices Paid Within Target	386	1,437	223	1,211
Percentage of Local SME Invoices Paid Within Target	31%	17%	30%	15%
NHS Payables				
Total NHS Invoices Paid in the Year	5,213	124,245	4,879	117,716
Total NHS Invoices Paid Within Target	807	65,156	685	63,767
Percentage of NHS Invoices Paid Within Target	15%	52%	14%	54%

- 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: March £33.3m spend, £0.3m under Plan

University Hospitals of Leicester NHS Trust Capital Expenditure Report for the Period 1st April 2017 to 31st March 2018

	Scheme Name	March 2018			Commitments £'000
		Plan £'000	Actual £'000	F / (A) £'000	
Reconfiguration	Emergency Floor	11,850	10,300	1,550	596
	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	64	73	(9)	0
	Interim ICU Scheme	108	1,283	(1,175)	489
	Women's Service	62	97	(35)	0
	Children's Hospital	100	82	18	0
	Theatres LRI	71	46	25	0
	Beds Workstream & DCP	533	241	292	7
	Diagnostics & Clinical Support Services	52	45	7	0
	LRI Wards (EMCHC)	500	165	335	133
	Supporting Infrastructure	150	91	59	76
	Vascular	204	156	48	1
	ED Project IT Issues	322	523	(201)	71
	ED Access & Transport	185	143	42	10
Other Reconfiguration	0	11	(11)	1	
	Sub-total: Reconfiguration	14,201	13,257	944	1,384
Estates & Facilities	Estates & Facilities	4,684	4,725	(41)	884
	MES Installation Costs	702	353	349	294
	LGH Renal Water Treatment	550	519	31	204
	Other Estates & Facilities	100	-12	112	33
		Sub-total: Estates & Facilities	6,036	5,585	451
IM&T	IM&T Infrastructure	2,062	2,135	(73)	1,344
	EDRM	350	45	305	0
	Nervecentre	474	500	(26)	0
	Heartsuite System	163	103	60	0
	Electronic Blood Tracking System	300	188	112	52
	Learning Mgt System	21	0	21	0
	Other IM&T		234	(234)	0
	Sub-total: IM&T Schemes	3,370	3,205	165	1,397
Medical Equipment	Medical Equipment Executive	2,556	2,483	73	82
	Radiotherapy CT Scanner	629	145	484	27
	CCU Monitoring	456	292	164	0
	Linear Accelerator	276	290	(14)	5
	Other Medical Equipment		0	0	0
		Sub-total: Medical Equipment	3,917	3,209	708
Finance Leases	Donations	950	977	(27)	0
	MES Finance Lease Additions	5,138	3,322	1,816	0
	Optimed		421	(421)	0
	Other Expenditure		3,294	(3,294)	103
		Sub-total: Finance Leases	6,088	8,014	(1,926)
	TOTAL CAPITAL EXPENDITURE	33,612	33,270	342	4,414

Full Year Expenditure:

- Total Capital expenditure of £33.3m driven by Emergency Floor, Estates, IM&T & Medical Equipment
- Variance against the available Capital Resource Limit (CRL) is £0m