

2017/18 Financial Performance

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Trust Board paper K1

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 30th November 2017?

The Trust has achieved a year to date deficit of £24.2m which is in line with our plan to this point. Although there is significant risk in the remaining months particularly associated with the delivery of CIP and plan plus additional Finance and Technical actions. The CIP and FIT profiles are illustrated on pages 13 and 14 of the report and the corresponding impact of the savings on pay and non-pay run rates is on page 15.

2. What is our performance against the agency ceiling?

Agency expenditure is within 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, the Month 7 unmitigated forecast indicates a risk of £18.7m to the Planned I&E deficit of £26.7m. Following revised Control Totals and Corporate mitigating actions, the forecast was brought back in line with Plan which needs prompt execution and on-going monitoring to ensure delivery of the

Trust's financial commitment. As noted above and very explicitly in the main report, there are risks to delivery of the target.

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, £22.1m of the total £44.2m has been delivered. This is £1.7m adverse to plan due to the crystallisation of un-identified CIP. Of the £44.2m this year, £6.4m is still unidentified representing a risk to the programme and the overall delivery of the I&E plan. Escalation meetings will continue with the CMGs concerned.

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

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

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

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

Page 25 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 8.

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: **1st February 2018 TB**

6.Executive Summaries should not exceed 2 pages. [**My paper does/does not comply**]

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

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Executive Summary

Financial performance

Statutory duties

- Delivering the planned deficit: on track
- Achieving the External Funding Limit: Achieved
- Achieving the Capital Resource Limit: Achieved

Financial Performance

- **Deficit of £24.2m, in line with Plan:** Reporting in line with Plan representing over-performance on Patient Care Income offset by the additional cost to deliver the additional activity. Over-spend in Medical workforce and emerging cost pressures are currently being mitigated by release of Central reserves and acceleration of mitigating actions.
- **Patient Care Income, £2.6mF to Plan:** Over-performance driven by Emergency/Non-elective, National Screening Programmes, Audiology and ECMO offset by under delivery across other points of delivery, predominantly ED, Day Case and Elective Inpatients.
- **Operating Costs, £5.6mA to Plan:** with pay £6.5mA to Plan including £1.8m release of reserves with underlying overspend in all staff groups. Non-pay underspend of £0.9m with £6.8mF from release of reserves and accelerated FIT actions with underlying overspend to deliver additional activity and non-delivery of CIP.
- **CIP, £1.7mA to Plan** representing crystallisation of unidentified CIP.
- **Finance Improvement and Technical:** currently over-delivering actions due to acceleration of release of deferred income.
- **Forecast Outturn:** in line with Plan with the un-mitigated forecast being £18.7mA to Plan representing a risk to achieving the full year planned deficit. Month 8 performance and forecast outturn is in line with the revised control totals which needs to continue in order to deliver the plan deficit of £26.7m. The residual risk is mitigated through additional FIT actions to be delivered. The spectrum of risk is outlined on page 24.

Cash

- **Closing cash balance at November of £3.0m**, which is higher than Plan due to normal monthly timing differences.
- Trust Med Pharmacy cash balance was £1.1m.
- Funded YTD net deficit of £20.6m by drawing down £24.7m of our Interim Revolving Working Capital Facility (IRWC) and revenue support loan.

Capital

- **November:** Total capital expenditure of £18.3m, £2mF to Plan
 - Year to date spend driven by:
 - Re-configuration projects
 - Emergency Floor
 - Managed Equipment Service Finance Leases
 - Estates, backlog maintenance
- Underspend predominantly related to reconfiguration schemes due to delays in spend together with under-spend within Estates.

November 2017: Key Facts



Key

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

Financial Performance: YTD Deficit of £24.2m, in line with Plan

	Nov-17			YTD				
	Plan	Actual	Vs Plan	Plan	Actual	F/(A)	%	
Value Drivers	Day Case	9,476	9,565	89	72,242	70,840	(1,402)	(2%)
	Elective Inpatient	1,951	1,852	(99)	14,828	14,655	(173)	(1%)
	Emergency / Non-elective Inpatient	9,786	9,989	204	76,353	78,591	2,239	3%
	Emergency Department	20,174	18,693	(1,481)	164,561	160,123	(4,438)	(3%)
	Outpatient Procedures	84,682	86,670	1,988	649,243	640,401	(8,842)	(1%)
	Critical Care Services	4,750	4,760	10	37,354	38,406	1,052	3%
	Renal Dialysis and Transplant	14,328	14,523	195	116,062	116,911	849	1%
	Other Activity	787,705	694,049	(93,657)	6,061,135	5,468,540	(592,595)	(10%)
	WTE Total	13,862	15,025	(1,163)	13,862	15,025	(1,163)	(8%)
	WTE Agency	329	341	(12)	350	341	9	3%

	Nov-17			YTD				
	Plan	Actual	Vs Plan	Plan	Actual	F/(A)	%	
	£'000	£'000	£'000	£'000	£'000	£'000	%	
I&E £'000	Patient Care Income	69,124	69,272	148	539,841	542,407	2,566	0%
	Non Patient Care Income	533	813	280	4,260	4,865	605	14%
	Other Operating Income	10,579	10,718	139	84,628	85,569	941	1%
	Total Income	80,236	80,803	567	628,729	632,841	4,112	1%
	Pay Costs	(45,861)	(47,934)	(2,073)	(376,237)	(383,122)	(6,885)	(2%)
	Pay Costs: Agency	(1,649)	(1,708)	(59)	(14,423)	(14,061)	362	3%
	Non Pay	(28,712)	(28,120)	592	(234,077)	(233,176)	901	0%
	Total Operating Costs	(76,222)	(77,763)	(1,541)	(624,737)	(630,359)	(5,622)	(1%)
	EBITDA	4,014	3,040	(974)	3,992	2,482	(1,510)	38%
	Non Operating Costs	(3,538)	(2,526)	1,012	(28,299)	(26,432)	1,867	7%
	Retained deficit	476	514	38	(24,307)	(23,950)	357	1%
	Adjustments for Donated Assets	5	(1)	(6)	40	(281)	(321)	803%
Net Deficit	481	513	32	(24,267)	(24,232)	35	0%	

	Nov-17			YTD			
	Plan	Actual	Vs Plan	Plan	Actual	F/(A)	%
Ratios	Agency: Total Pay	3.60%	3.56%	3.83%	3.67%		
	EBITDA: Income	5.00%	3.76%	0.63%	0.39%		
	Net Deficit: Income	0.60%	0.63%	(3.86%)	(3.83%)		

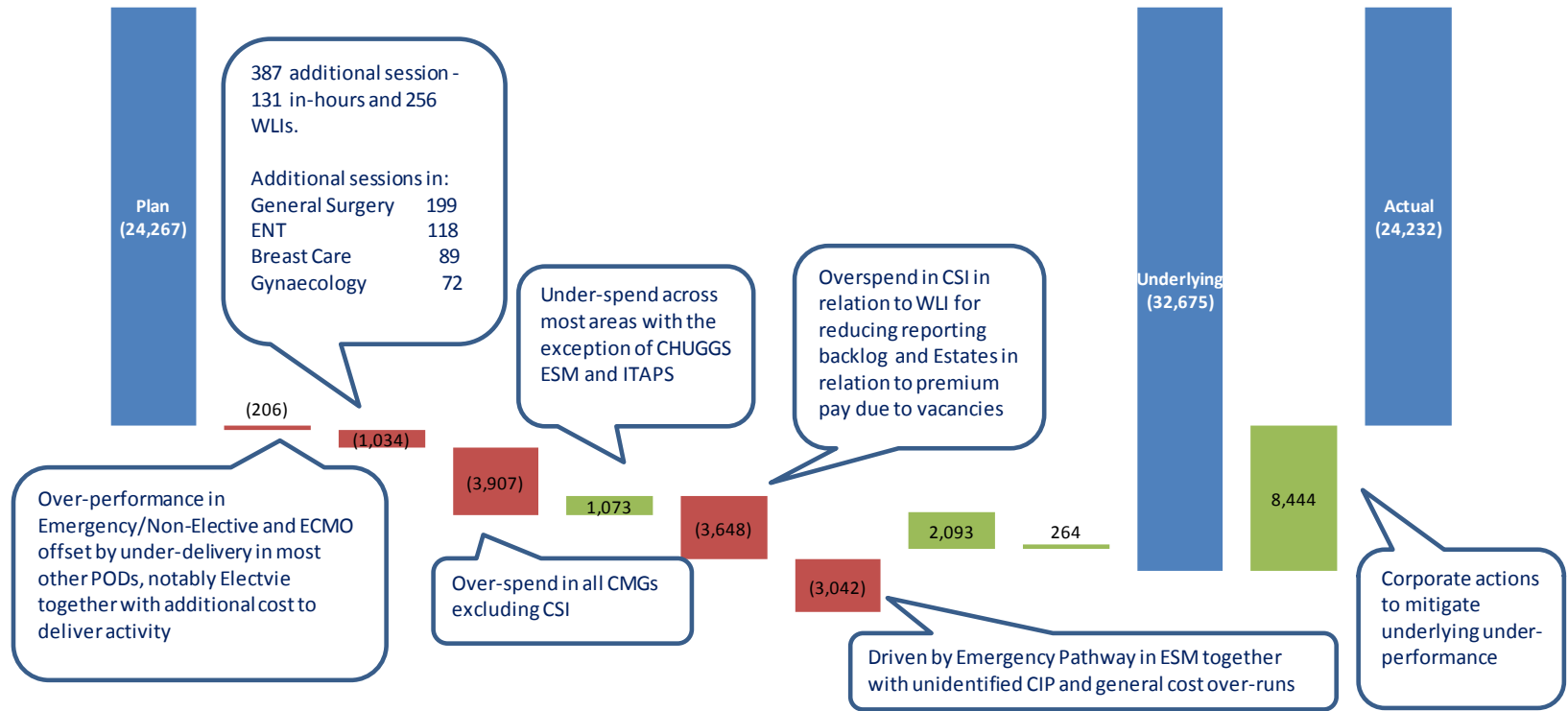
Key

- 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: £542.4m, £2.6mF** including £0.3mA in relation to drugs and devices excluded from tariff with the offset in non-pay and £0.8mA in relation to the central income provisions. Underlying over-performance of £3.7m predominantly within Emergency/Non-elective, Outpatients, National Screening Programme and ECMO offset by underperformance in Elective and ED.
- **Non Patient Care Income & Other Income: £90.4m, £1.5mF** driven by £0.6mF in relation to dividends together with acceleration of deferred income release and additional income from donated assets relating to Thomson Travel Charities and Royal Voluntary Service. Donated assets income is offset from our financial performance through donated assets adjustment.
- **Pay Costs: £383.1m, £6.9mA** which includes £1.8mF utilisation of central reserves. Underlying overspend of £8.7m driven by Medical across all CMGS with the exception of CSI and Other Clinical/non-Clinical predominantly in CSI and Estates due to premium pay. Of particular concern is medical pay spend and premium spend in E&F.
- **Agency: £14.1m, £0.4mF to Plan.**
- **Non-Pay: £233.2m, £0.9mF** including £6.8mF relating to Central Provisions together with £0.3mF in relation to drugs and devices excluded from tariff. Underlying overspend of £6.2m 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 £2.5m, £1.5mA.**
- **Non-Operating Costs: £26.4m, £1.9mF** to Plan including £2.7mF acceleration of additional Financial Improvement Technical actions offset by higher interest costs.

I&E Bridge: in line with Plan

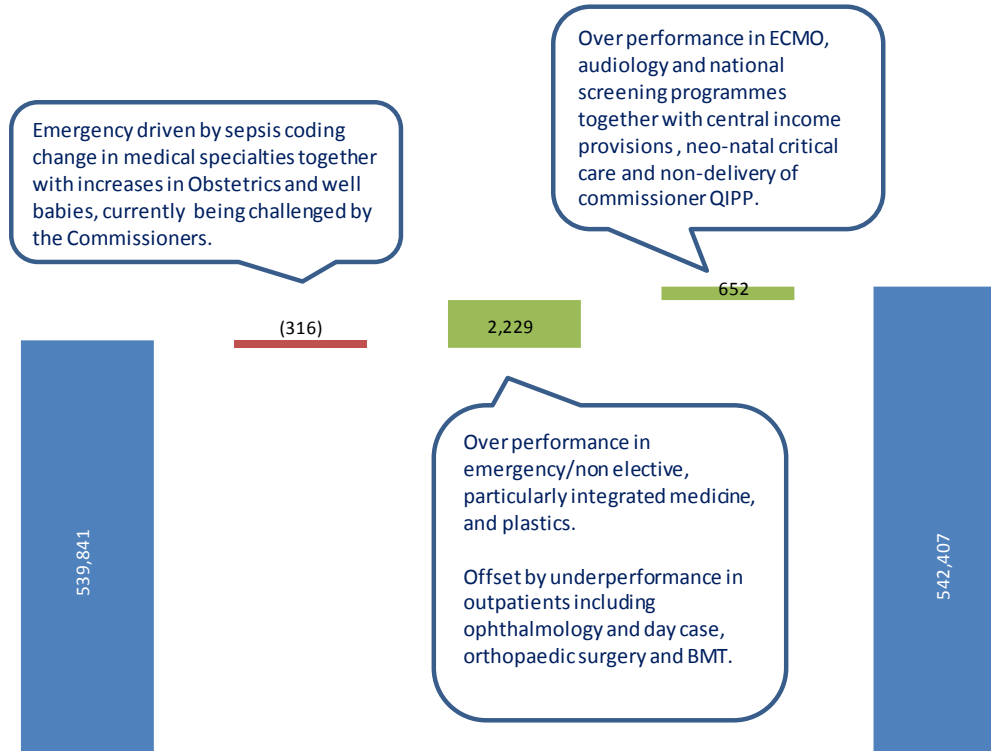
Reporting in line with Plan representing over-performance on Non-Elective/Emergency and ECMO income offset by the additional cost to deliver the additional activity. Under-lying over-spend in Medical workforce and cost pressures are currently being mitigated by release of Central reserves and acceleration of mitigating actions



£(000)	Plan	Activity	Theatres	Medical Pay	Nursing Pay	Other Pay	Cost Pressures	Reserves	Other	Underlying	Non-recurrent Items	Actual	Var F/(A)
NHS PCI	539,841	3,139							(490)	542,490	(83)	542,407	2,566
Other Income	88,558								433	88,991	838	89,829	1,271
Pay	(376,237)		(863)	(3,556)	708	(3,997)		235		(383,709)	587	(383,122)	(6,885)
Pay: Agency	(14,423)			(352)	365	349				(14,061)		(14,061)	362
Non Pay	(234,077)	(3,345)	(171)				(3,042)	1,858	1,584	(237,194)	4,018	(233,176)	901
Non-Operating Costs	(27,929)								(1,263)	(29,192)	3,083	(26,109)	1,820
Net Deficit	(24,267)	(206)	(1,034)	(3,907)	1,073	(3,648)	(3,042)	2,093	264	(32,675)	8,444	(24,232)	35

NHS Patient Income: November £542.4m, £2.6mF to Plan

Over-performance driven by Emergency/Non-elective, National Screening Programmes, Audiology and ECMO offset by under delivery across other points of delivery, predominantly ED, Day Case and Elective Inpatients.



£(m)	Plan	Rate	Volume	Other	Actual	Var F / (A)
Day Case	41,613	(499)	(798)	0	40,317	(1,297)
Elective Inpatient	55,071	(825)	(633)	0	53,612	(1,459)
Emergency / Non-elective Inpatient	140,088	1,287	4,146	0	145,520	5,432
Marginal Rate Emergency Threshold	(4,316)	0	0	(219)	(4,535)	(219)
Emergency Department	20,797	(219)	(555)	0	20,023	(774)
Outpatient	75,970	1,153	(1,050)	0	76,073	102
Drugs and Devices excluded from Tariff	67,043	0	0	(280)	66,763	(280)
Critical Care Services	35,900	(813)	988	0	36,074	175
Renal Dialysis and Transplant	18,454	(398)	132	0	18,188	(266)
CQUIN	10,840	0	0	(996)	9,843	(996)
Other Activity	70,353	0	0	451	70,805	451
Other Financial Values	8,027	0	0	1,696	9,723	1,696
Total	539,841	(316)	2,229	652	542,407	2,566

Activity & Income: Performance versus Contract

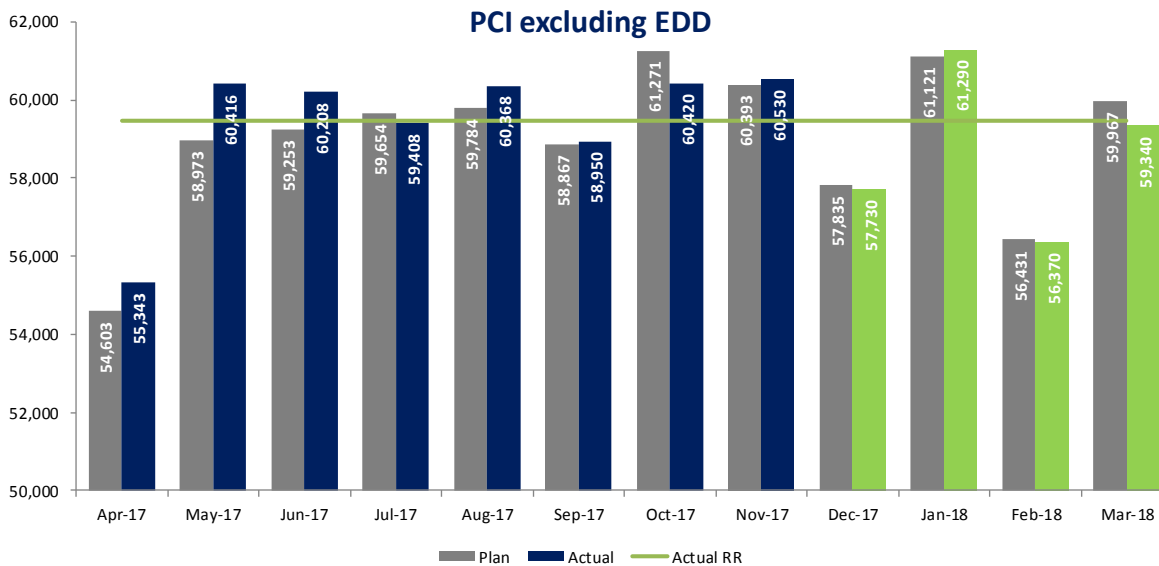
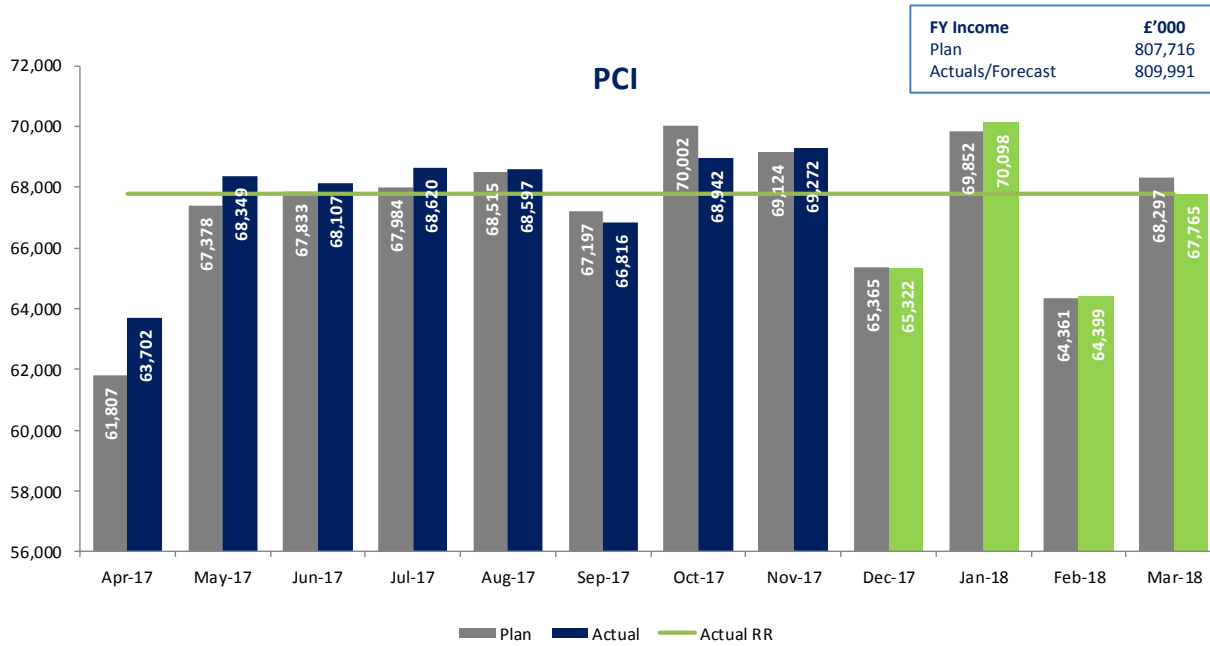
Activity	Case Mix	City	East	West	Specialised	Other	Alliance	Total	%
	Day Case	(63)	(1,006)	(338)	1,079	(188)	(887)	(1,402)	(2%)
	Elective Inpatient	71	(14)	(22)	(29)	(178)		(173)	(1%)
	Emergency / Non-elective Inpatient	262	600	706	898	(227)		2,239	3%
	Marginal Rate Emergency Threshold (MRET)	0	0	0	0	0		0	0%
	Emergency Department	265	2,668	1,707		(9,078)		(4,438)	(3%)
	Outpatient	6,072	8,314	5,438	14,873	(40,423)	(3,117)	(8,842)	(1%)
	Excluded Drugs and Devices					0	0	0	0%
	Critical Care Services	(52)	118	(444)	1,101	329		1,052	3%
	Renal Dialysis and Transplant	0	0	0	(448)	1,298		849	1%
CQUIN	0	0	0	0	0	0	0	0%	
Other Activity	(206,466)	(242,606)	(135,601)	11,253	(13,897)	(5,279)	(592,595)	(10%)	
Other Financial Values	656	636	1,178	36	(3,024)	(625)	(1,142)	0%	

Financial	Case Mix	City (£000)	East (£000)	West (£000)	Specialised (£000)	Other (£000)	Alliance (£000)	Total (£000)	%
	Day Case	412	(158)	224	306	(1,464)	(618)	(1,297)	(3%)
	Elective Inpatient	(75)	(377)	49	(235)	(821)	0	(1,459)	(3%)
	Emergency / Non-elective Inpatient	1,348	1,662	1,755	3,040	(2,374)	0	5,432	4%
	Marginal Rate Emergency Threshold (MRET)	97	129	32	2	(480)	0	(219)	(5%)
	Emergency Department	26	11	51	0	(862)	0	(774)	(4%)
	Outpatient	848	1,023	750	1,746	(3,974)	(292)	102	0%
	Excluded Drugs and Devices	(398)	(244)	(219)	1,835	(1,276)	23	(280)	(0%)
	Critical Care Services	(168)	240	(333)	(274)	710	0	175	0%
	Renal Dialysis and Transplant	0	0	0	(299)	33	0	(266)	(1%)
	CQUIN	47	47	49	194	(1,305)	(28)	(996)	(9%)
	Other Activity	(30)	177	63	1,176	(573)	(361)	451	1%
	Other Financial Values	1,830	1,076	1,257	419	(2,918)	32	1,696	21%
Grand Total	3,936	3,587	3,679	7,911	(15,304)	(1,243)	2,566	0%	

Contracts:

- **Day Case & Elective Inpatient:**
Underperformance in BMT, Cardiac Surgery, Paediatric Cardiac Surgery, Neurology, Gynaecology and Orthopaedic Surgery
- **Emergency / Non Elective:**
Over performance across a wide range of specialties including Integrated Medicine, Trauma, Hepatobiliary, , Cardiac Surgery and Obstetrics . Offset by underperformance in Stroke Medicine and Paediatric Cardiothoracic Surgery.
- The Alliance is underperforming in the majority of specialties including Diagnostic Imaging, ENT, Integrated Medicine, General Surgery and Orthopaedic Surgery.
- **Excluded Drugs and Devices:**
Over performance in Clinical Oncology drugs and TAVI, offset by underperformance in Cancer Drugs Fund, Ophthalmology drugs and Implantable Defibrillators.
- **Other Activity:**
Includes over performance against the screening programmes contract, ECMO and ENT. Offset by under performance in Obstetrics and Neurology.
- **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.

Patient Income Run Rates



Year to Date

- Year to date over-performance of £2.6m which includes £0.3mA in relation to drugs and devices excluded from tariff together with £0.8mA in relation to Central income provisions.
- Underlying over-performance of £3.7m predominantly within Emergency/ Non-elective, Outpatients, National Screening Programme, Audiology and ECMO offset by under delivery predominantly in ED, Day Case and Elective Inpatients.

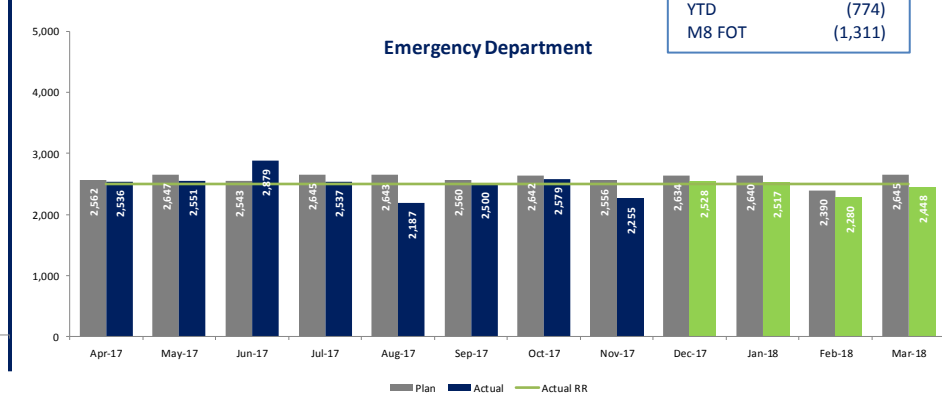
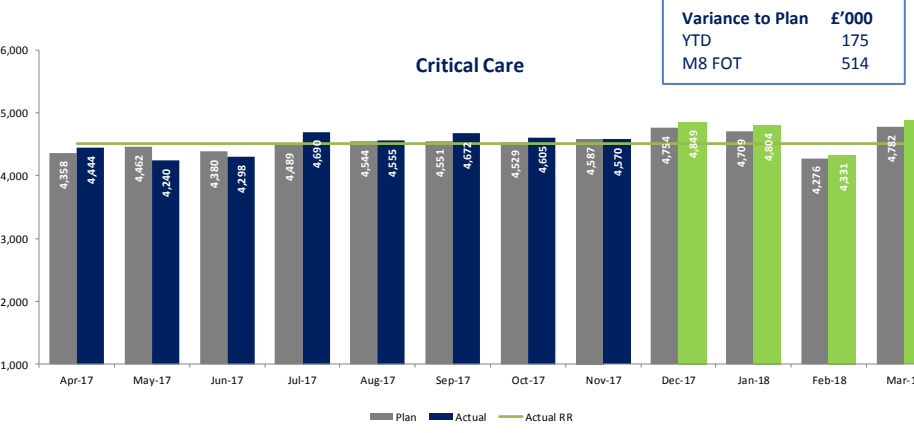
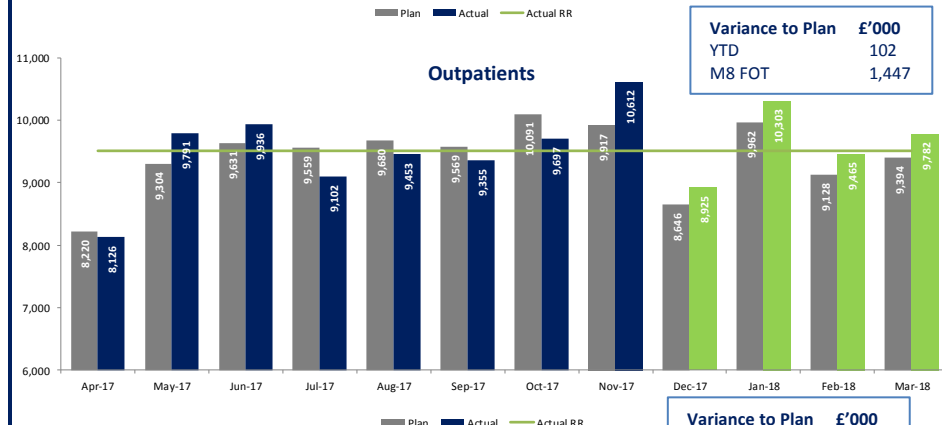
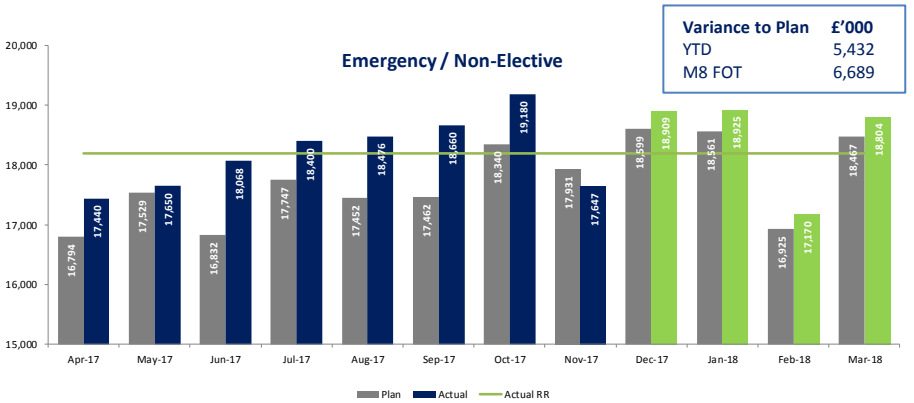
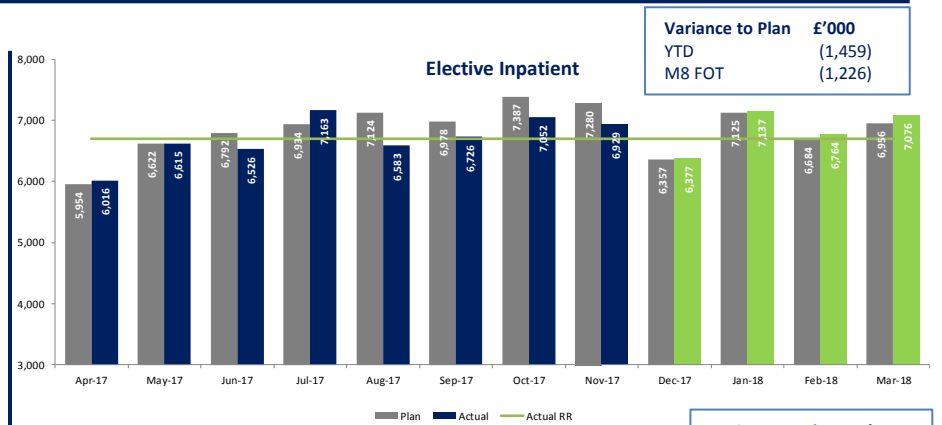
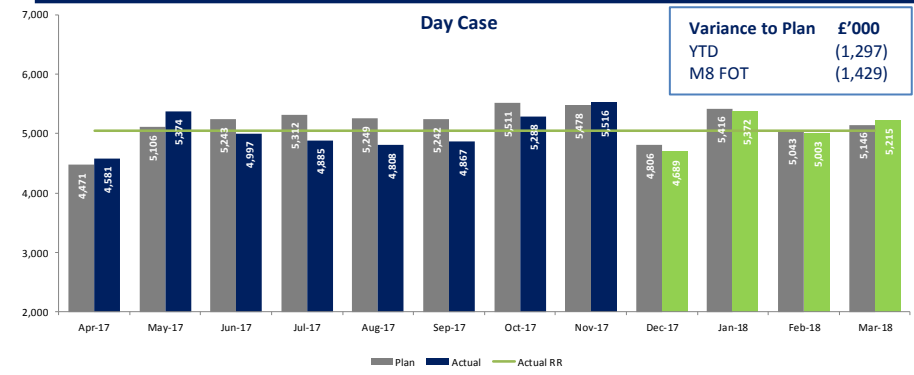
Forecast

- Underlying over-performance within Emergency and Non-elective together with under-performance in Elective is forecast to continue. This is offset through Central Provisions in relation to resolution of contract challenges, Sepsis Coding and 2016/17 Final settlement.

Alignment with LLR CCG forecast

- At Month 8, UHL and LLR CCGs reconciled own forecasts in order to understand the level of risk within the system.
- This showed that UHL are forecasting £7.1m more income than LLR CCGs, with the differences driven by:
 - baseline forecast assumptions: £0.1m
 - activity over current trend levels: £4.1m; and
 - expected outcome of CCG contract challenges: £2.9m.
- The Trust is continuing to review the proposed additional QIPP schemes and any impact they will have on our financial position.

Patient Income Run Rates: Point of Delivery



Pay: YTD £397.2m, £6.5mA to Plan

	Nov-17						YTD						
	£'000			WTE			£'000			WTE			
	Plan	Actual	F/(A)	Plan	Actual	F/(A)	Plan	Actual	F/(A)	Plan	Actual	F/(A)	
Agency	Medical	642	550	92	20	63	(43)	6,067	6,299	(232)	20	63	(43)
	Nursing & Midwifery	699	901	(203)	0	227	(227)	5,892	5,527	365	0	227	(227)
	Other Clinical	212	235	(23)	67	23	43	1,701	1,854	(153)	67	23	43
	Non Clinical	95	22	73	35	28	7	763	381	382	35	28	7
	Total: Agency	1,649	1,708	(59)	121	341	(220)	14,423	14,061	362	121	341	(220)
Other Non-contracted	Medical	0	1,456	(1,456)	0	1	(1)	0	10,928	(10,928)	0	1	(1)
	Nursing & Midwifery	0	1,668	(1,668)	0	502	(502)	0	12,718	(12,718)	0	502	(502)
	Other Clinical	0	316	(316)	0	61	(61)	0	2,575	(2,575)	0	61	(61)
	Non Clinical	0	547	(547)	0	272	(272)	0	4,505	(4,505)	0	272	(272)
	Total: Other Non-contracted	0	3,988	(3,988)	0	837	(837)	0	30,726	(30,726)	0	837	(837)
Total Non-contracted	Medical	642	2,006	(1,364)	20	64	(44)	6,067	17,227	(11,160)	20	64	(44)
	Nursing & Midwifery	699	2,570	(1,871)	0	729	(729)	5,892	18,244	(12,353)	0	729	(729)
	Other Clinical	212	551	(338)	67	84	(17)	1,701	4,429	(2,728)	67	84	(17)
	Non Clinical	95	569	(474)	35	300	(265)	763	4,886	(4,123)	35	300	(265)
	Total: Non-contracted	1,649	5,696	(4,047)	121	1,178	(1,056)	14,423	44,787	(30,364)	121	1,178	(1,056)
Substantive	Medical	15,221	13,985	1,236	1,832	1,827	5	120,533	113,646	6,887	1,832	1,827	5
	Nursing & Midwifery	17,254	16,326	929	5,735	5,875	(139)	136,145	123,105	13,040	5,735	5,875	(139)
	Other Clinical	6,297	6,536	(239)	2,159	2,373	(214)	51,484	50,721	763	2,159	2,373	(214)
	Non Clinical	7,089	7,099	(11)	4,015	4,115	(99)	68,076	64,925	3,151	4,015	4,115	(99)
	Total: Substantive	45,861	43,947	1,914	13,741	14,189	(447)	376,237	352,396	23,841	13,741	14,189	(447)
Total	Medical	15,863	15,991	(128)	1,852	1,891	(39)	126,600	130,873	(4,273)	1,852	1,891	(39)
	Nursing & Midwifery	17,953	18,896	(942)	5,736	6,604	(869)	142,036	141,349	687	5,736	6,604	(869)
	Other Clinical	6,509	7,087	(578)	2,225	2,457	(231)	53,184	55,150	(1,965)	2,225	2,457	(231)
	Non Clinical	7,184	7,669	(485)	4,050	4,415	(365)	68,839	69,811	(972)	4,050	4,415	(365)
	TOTAL: Pay	47,510	49,643	(2,133)	13,862	15,366	(1,504)	390,660	397,183	(6,523)	13,862	15,366	(1,504)

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 £14.1m, £0.4mF to Plan. Medical overspend of £0.2m in CHUGGS and ESM offset by nursing underspend of £0.4m within ESM and non-clinical within the Corporate Directorates.

Other Non-contracted Pay

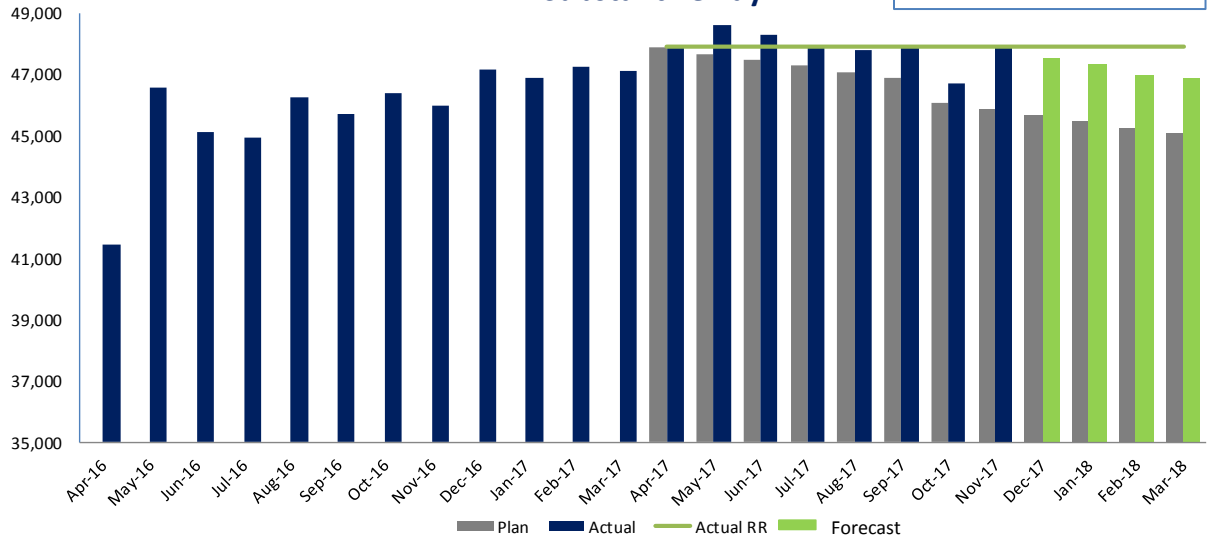
- Other non-contracted pay consists of overtime, bank, WLI's and internal locums.
- Year to date expenditure of £30.1m with Medical and Nursing driving 77% of spend. Whilst premium pay shows an overspend this needs to be taken into account with Substantive Pay as budgets are held at Established levels.

Substantive Pay

- Combined with other non-contracted, expenditure of £383.1m, £6.9mA to Plan.
- Pay position includes £1.8mF release of contingency to fund investments. Excluding this, the CMGs have an overspend of £8.7m driven by:
 - Medical: £4.1mA across most CMGs;
 - Other £4.6m driven by CSI to clear the backlog and W&C in relation to non-delivery of CIP.
- Lack of control of pay costs is a key risk to the delivery of the 2017/18 Financial Plan with specific concerns around on-going Medical spend, Nursing enhancements, and premium spend in E&F.**

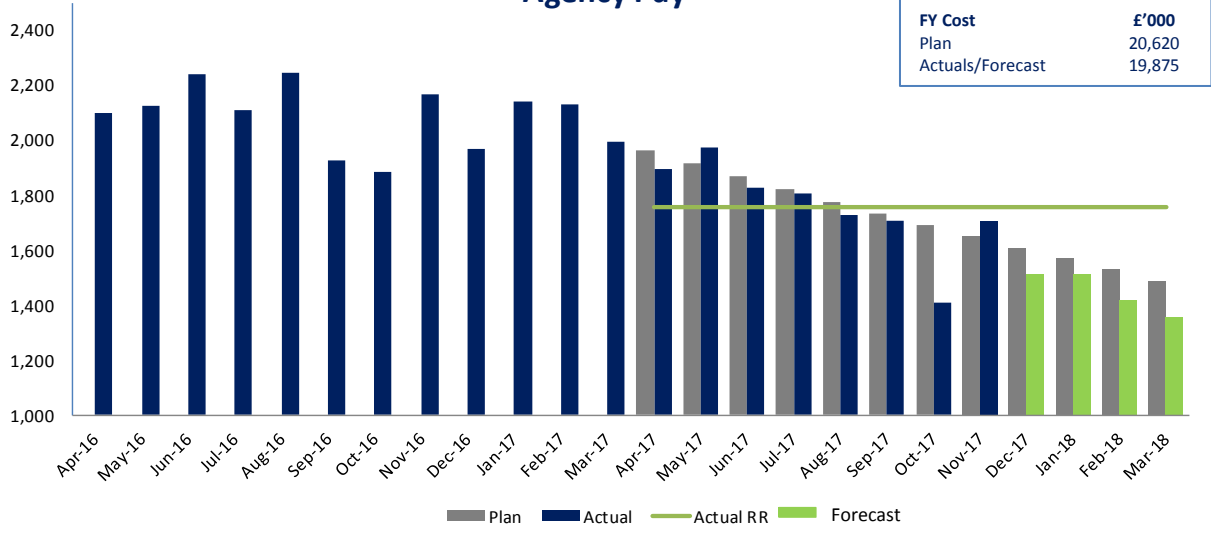
Pay Run Rates

Substantive Pay



FY Cost	£'000
Plan	557,728
Actuals/Forecast	571,845

Agency Pay



FY Cost	£'000
Plan	20,620
Actuals/Forecast	19,875

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 £47.9m needs to reduce by £0.8m to £47.1m in order to achieve Forecast. This includes the financial impact from the supplementary CIP from Month 7 onwards.
- This remains a key risk to the Financial Plan especially in relation to ED Floor, Nursing enhancements, Medical spend and premium spend within E&F.

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 with a YTD correction in M7 driving the low charge. This needs continued focus and control to ensure the planned reduction is achieved especially as we enter the Winter period.

Non-Pay: YTD £233.2m, £0.9mF to Plan

	Nov-17				YTD				
	Plan £'000	Actual £'000	F / (A) £'000	%	Plan £'000	Actual £'000	F / (A) £'000	%	
Direct	Blood Products	112	256	(143)	(127%)	872	1,066	(193)	(22%)
	Drugs	8,743	8,137	606	7%	68,199	69,745	(1,546)	(2%)
	Clinical Supplies & Services	8,716	10,498	(1,782)	(20%)	69,841	73,837	(3,996)	(6%)
	Transport	250	213	37	15%	2,062	2,363	(301)	(15%)
	Recharges	170	290	(120)	(71%)	1,482	2,347	(865)	(58%)
	Misc & General Supplies	2,419	793	1,626	67%	24,912	18,488	6,424	26%
External Providers	Healthcare	782	711	71	9%	7,272	7,024	248	3%
	Non Healthcare	1,193	1,209	(16)	(1%)	9,601	9,704	(103)	(1%)
Overheads	Establishment, Premises & Plant	3,994	3,681	313	8%	31,180	29,721	1,459	5%
	Consultancy	49	50	(1)	(3%)	391	615	(224)	(57%)
	Clinical Negligence	2,283	2,283	0	0%	18,265	18,265	(0)	(0%)
Total: Non Pay	28,712	28,120	592	2%	234,077	233,176	901	0%	

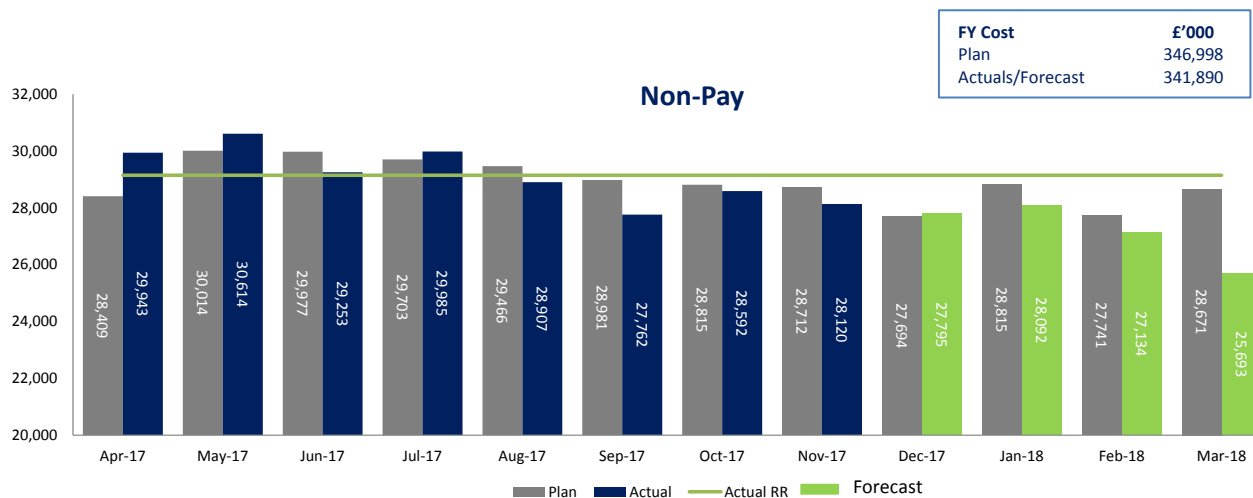
- Direct Costs: £167.8m, £0.5mA to Plan** including £6.8mF release of central provisions and acceleration of mitigating actions and £0.3mF relating to drugs and devices excluded from tariff.

Underlying overspend of £7.6m predominantly relates to incremental cost to deliver additional activity together with CIP under-delivery and cost pressures connected to the emergency pathway.

- External Providers:** YTD cost of £16.7m which is £0.1mF to Plan.
- Overheads:** YTD expenditure of £48.6m, £1.2mF to Plan predominantly within Estates.

Run Rates

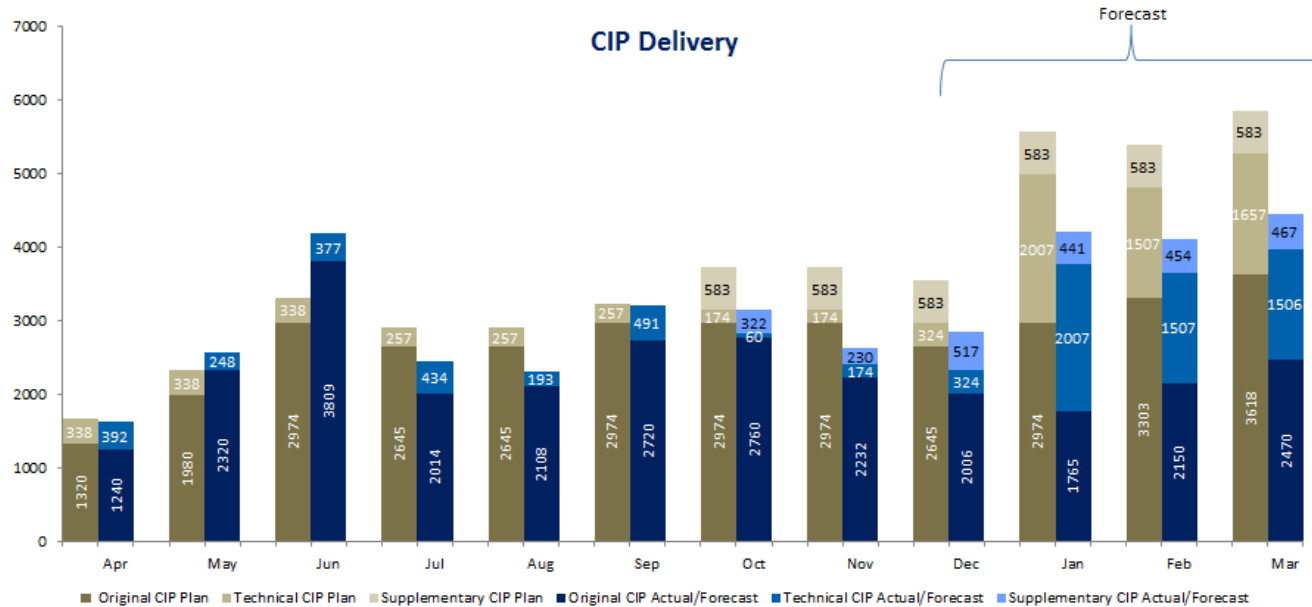
- Year to date run rate of £29.1m needs to reduce by £2m to deliver plan.
- Non-pay control is essential to the delivery of the financial plan and to ensure essential spend is underpinned by performance relating to patient care activity.



CIP: YTD £22.1m, £1.7mA to Plan

	Nov-17				YTD				FY Plan £'000
	Plan £'000	Actual £'000	F / (A) £'000	%	Plan £'000	Actual £'000	F / (A) £'000	%	
CHUGGS	359	347	(13)	(3%)	2,342	2,491	149	6%	3,763
CSI	348	397	49	14%	2,108	2,449	341	16%	3,923
ESM	559	337	(223)	(40%)	3,186	3,296	110	3%	5,477
ITAPS	427	192	(234)	(55%)	2,431	1,485	(946)	(39%)	4,124
MSS	351	324	(27)	(8%)	2,070	2,162	92	4%	3,635
RRCV	474	476	2	0%	3,160	3,125	(35)	(1%)	5,061
Womens & Childrens	701	213	(488)	(70%)	2,337	1,504	(834)	(36%)	5,165
Total: CMG	3,220	2,287	(934)	(29%)	17,634	16,511	(1,123)	(6%)	31,149
Facilities	203	115	(88)	(43%)	1,411	916	(495)	(35%)	3,380
Corporate Total	308	235	(73)	(24%)	4,741	4,696	(44)	(1%)	9,624
Total CIP	3,731	2,636	(1,095)	(29%)	23,786	22,124	(1,662)	(7%)	44,153

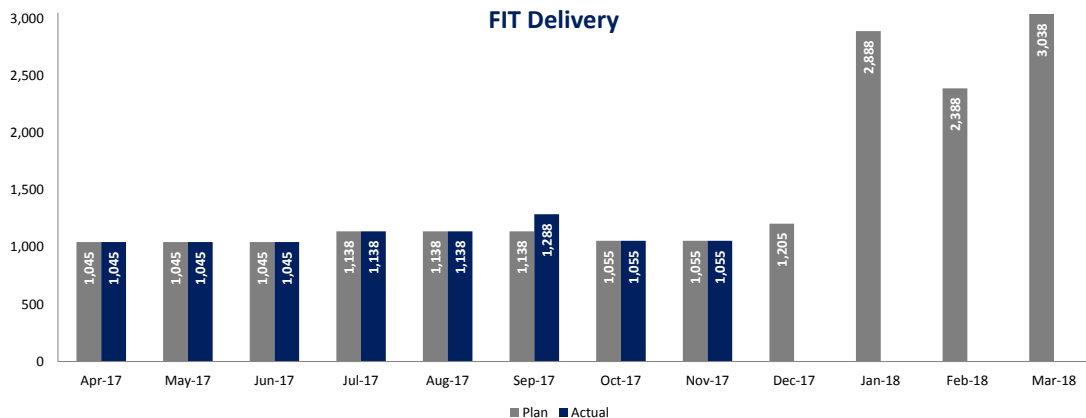
- The CIP forecast outturn is £37.7m representing an unidentified gap of £6.4m including £1.1m non-delivery of Supplementary CIP.
- In order to fund the additional costs in relation to Demand and Capacity and approved investments, there was an additional requirement of £3.5m supplementary CIP in relation to in-year pay bill and workforce reductions. At present this is forecast to deliver £2.4m savings driving a £1.1m shortfall.
- The under-performing areas of ITAPS, W&C and E&F have been in escalation meetings throughout the year in order to identify schemes to mitigate the gap. However, at present the gap is unlikely to be fully mitigated through recurrent schemes.
- Consideration should be given to badge the additional technical actions required to deliver the planned deficit as CIP to show full delivery through non-recurrent means.
- The full year plan of £44.2m incorporates the supplementary CIP together with £7.6m rebadging of technical items to CIP.



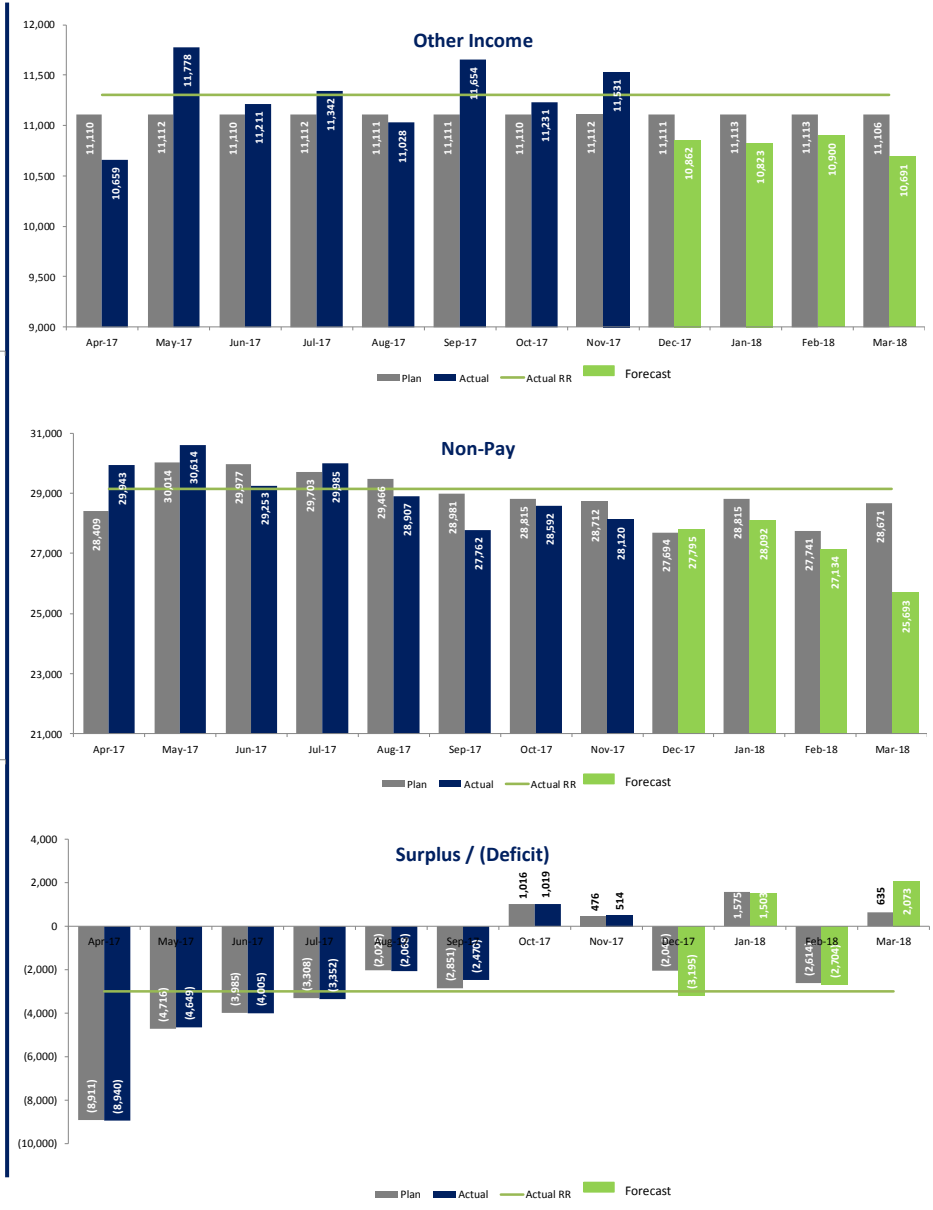
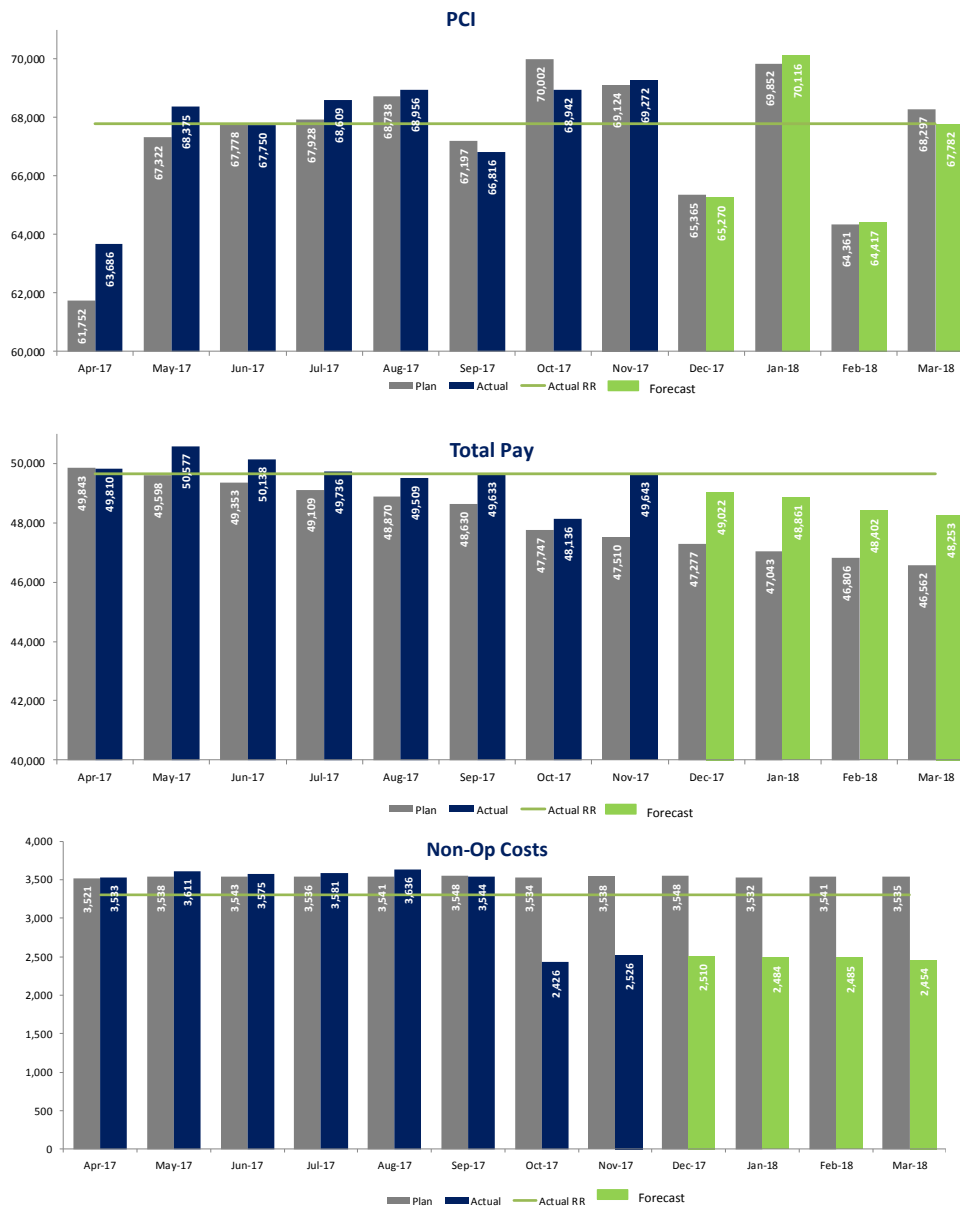
Finance Improvement and Technical (FIT)

		Plan FY	YTD		
		£'000	Plan £'000	Actual £'000	Variance £'000
Strategic	HEEM: NR Funding	500	0	0	0
	Strategic review of subsidiary company: Depreciation & Dividend savings - CIP	4,000	0	0	0
	Total Value: Strategic	4,500	0	0	0
Statement of Financial Position Management	Accruals: apply policy of £10k de-minimus - CIP	500	0	0	0
	Deferred Income (inc Research): release - CIP	150	0	150	150
	Revenue to Capital transfer	1,000	667	667	(0)
	Duplicate invoices / VAT review - CIP	150	0	0	0
	Depreciation: extending lives and pausing charges for assets not in use - CIP	2,086	1,391	1,391	0
Total Value: Statement of Financial Position	3,886	2,057	2,207	150	
Contingency and Reserves	Investment Slippage - CIP	741	741	741	0
	Release of contingency to fund approved investments	5,972	3,981	3,981	0
	Junior Doctors: manage to best case of £2m	300	200	200	0
	Total Value: Contingency and Reserves	7,013	4,923	4,923	0
Technical	Defer NHSE settlement over 2 years	1,217	811	811	0
	QIPP EDD - 100% pass through	784	436	436	0
	CIP PCI Schemes alignment	780	433	433	0
	Total Value: Technical Actions	2,781	1,680	1,680	0
All Actions	CIP Related Actions	7,627	2,132	2,282	150
	Technical Actions	10,553	6,528	6,528	(0)
	Total Value: All Actions	18,180	8,660	8,810	150

- 2017/18 Plan identified £18.2m of Finance Improvement and Technical actions in order to help meet the planned deficit.
- Month 8 is in line favourable to Plan.
- 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 potential opportunities available including asset sales.
- £7.6m has now been re-aligned as CIP and £10.6m as Technical improvements.

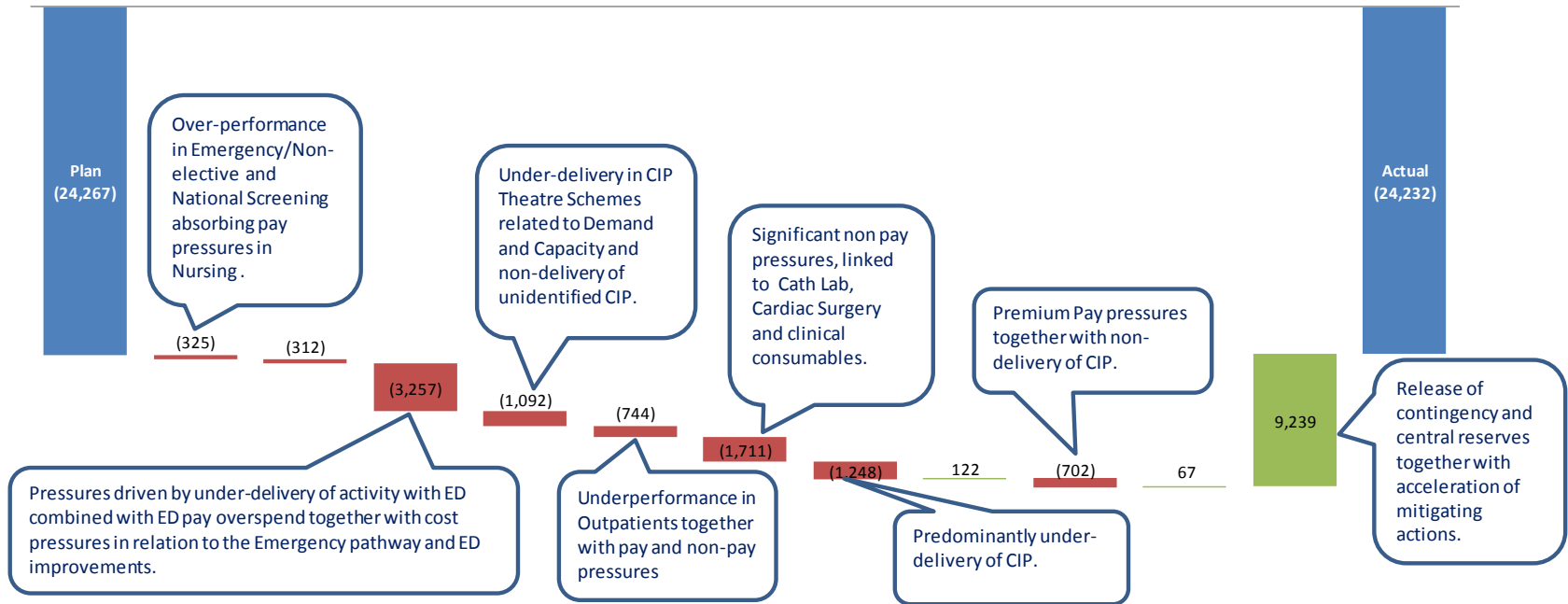


I&E Run Rates



November performance by CMG and Directorates

Underperformance with all CMGs driven by cost pressures and under-delivery of CIP partially offset by over-performance in patient activity and corporate actions to mitigate performance risk. Revised Control Totals have been set with all areas performing in line with the updated targets. However, underlying performance issues need to be addressed.



£(000)	Plan	CHUGGS	CSI	ESM	ITAPS	MSS	RRCV	W&C	Corporate	Facilities	R&I	Centre	Actual	Var F/(A)
NHS PCI	539,841	2,410	607	861	(115)	(344)	1,153	(99)	27	0	0	(1,934)	542,407	2,566
Other Income	88,558	(265)	276	48	(46)	(29)	(223)	164	360	(214)	136	1,064	89,829	1,271
Pay	(376,237)	(1,734)	(2,199)	(1,654)	(1,156)	(289)	(299)	(1,215)	(181)	(580)	278	2,144	(383,122)	(6,885)
Pay: Agency	(14,423)	(531)	89	326	(85)	(10)	219	115	190	30	6	14	(14,061)	362
Non Pay	(234,077)	(204)	914	(2,838)	301	(72)	(2,563)	(213)	(219)	62	(353)	6,086	(233,176)	901
Non-Operating Costs	(27,929)				8		1		(55)			1,866	(26,109)	1,820
Net Deficit	(24,267)	(325)	(312)	(3,257)	(1,092)	(744)	(1,711)	(1,248)	122	(702)	67	9,239	(24,232)	35

Month 8 Forecast: In line with Plan with underlying delivery risk

Value Drivers	Outturn			
	Plan	Outturn	F / (A)	
Day Case	107,471	106,358	(1,114)	(1%)
Elective Inpatient	22,096	21,899	(197)	(1%)
Emergency / Non-elective Inpatient	115,913	115,741	(172)	(0%)
Emergency Department	245,952	243,856	(2,096)	(1%)
Outpatient Procedures	966,229	967,439	1,210	0%
Critical Care Services	56,507	57,940	1,433	3%
Renal Dialysis & Transplant	174,056	175,033	977	1%
Other	9,004,614	8,196,180	(808,434)	(9%)

I&E £'000	Outturn			
	Plan	Outturn	F / (A)	
	£'000	£'000	£'000	%
Patient Care Income	807,716	809,991	2,275	0%
Non Patient Care Income	133,331	133,710	379	0%
Total Income	941,047	943,701	2,654	0%
Pay Costs	(557,728)	(571,845)	(14,117)	(3%)
Pay Costs: Agency	(20,620)	(19,875)	745	4%
Total Pay Costs	(578,348)	(591,720)	(13,372)	(2%)
Non-Pay	(346,998)	(341,890)	5,108	1%
Total Operating Costs	(925,346)	(933,610)	(8,264)	(1%)
EBITDA	15,701	10,091	(5,610)	(36%)
Non-Operating Costs	(42,455)	(36,365)	6,090	14%
Retained Deficit	(26,754)	(26,273)	480	0
Adjustments for Donated Assets	54	(427)	(480)	9
Net Deficit	(26,700)	(26,700)	0	0
Agency: Total Pay	3.57%	3.36%	(0.21%)	
EBITDA: Income	1.67%	1.07%	(0.60%)	
Net Deficit: Income	(2.84%)	(2.83%)	0.01%	

Key

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

- **Overall:** Net deficit of £26.7m in line with 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
- **CMG Control Totals:** Based on M6 forecasts combined with detailed reviews and alignment with CIP, M7 performance and prior year seasonality revised Control Totals have been issued to each CMG plus Estates.

Month 8 performance and forecast outturn is in line with the revised control totals which needs to continue in order to deliver the plan deficit of £26.7m.

- **Mitigation** of the above is dependent upon:
 - Delivery in line with revised Control Totals issued across CMGs/Corporate Directorates incorporating CIP performance
 - Identification and execution of additional Finance Improvement and Technical actions

See Page 24 for more detail on risks together with mitigation.

November 2017: Statement of Financial Position

Balance Sheet

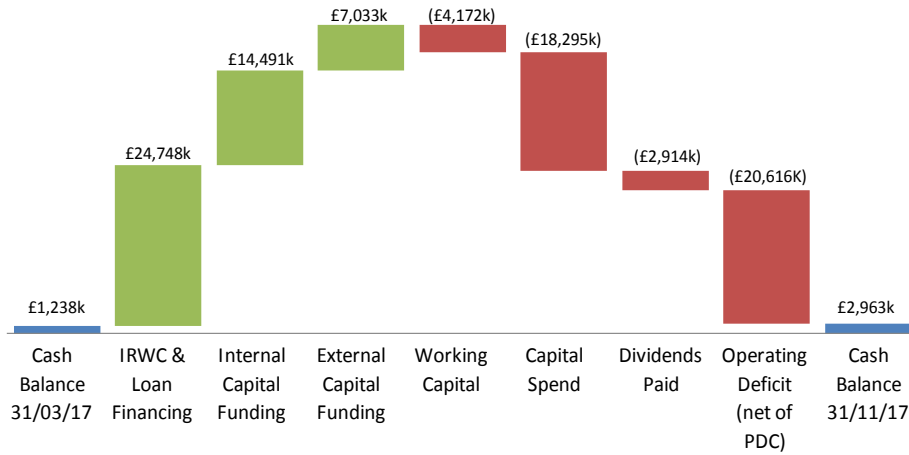
	Mar-17 £000's Actual	Nov-17 £000's Actual	Movement £000's Actual
Non Current Assets			
Property, plant and equipment	398,261	399,906	1,645
Intangible assets	11,467	9,912	(1,555)
Trade and other receivables	2,669	2,992	323
TOTAL NON CURRENT ASSETS	412,397	412,810	413
Current Assets			
Inventories	19,975	23,153	3,178
Trade and other receivables	55,953	66,464	10,511
Cash and cash equivalents	1,238	2,963	1,725
TOTAL CURRENT ASSETS	77,166	92,580	15,414
Current Liabilities			
Trade and other payables	(110,675)	(117,417)	(6,742)
Dividend payable	0	(1,990)	(1,990)
Borrowings / Finance Leases	(4,474)	(4,864)	(390)
Other Liabilities / Loan	(1,838)	(1,838)	0
Provisions for liabilities and charges	(475)	(362)	113
TOTAL CURRENT LIABILITIES	(117,462)	(126,471)	(9,009)
NET CURRENT ASSETS (LIABILITIES)	(40,296)	(33,891)	6,405
TOTAL ASSETS LESS CURRENT LIABILITIES	372,101	378,919	6,818
Non Current Liabilities			
Borrowings / Finance Leases	(7,531)	(7,952)	(421)
Other Liabilities / Loan	(132,235)	(162,689)	(30,454)
Provisions for liabilities and charges	(1,562)	(1,457)	105
TOTAL NON CURRENT LIABILITIES	(141,328)	(172,098)	(30,770)
TOTAL ASSETS EMPLOYED	230,773	206,821	(23,952)
Public dividend capital	331,956	331,956	0
Revaluation reserve	77,427	77,427	0
Retained earnings	(178,610)	(202,562)	(23,952)
TOTAL TAXPAYERS EQUITY	230,773	206,821	(23,952)

Liquidity Ratio Days (Working Capital Balance / Annual Operating Expenses)	(24)	(22)	
Liquidity Ratio Metric	4	4	

- **Total Assets Employed:** Movement of £24m representing year to date Trust deficit (before donated asset adjustment).
- **Non-Current Assets :** Reduced by £0.4 reflecting spend on the emergency floor offset by depreciation charges.
- **Working capital:**
 - Stock growth in TMP stock holding and non pharmacy stock holding locations
 - Receivables have increased by £10.5m
 - Payables have increased by £7.5m
- **Cash:** October balance of £3.0m is above the £1m cash balance to support working capital due to late receipt of cash .
- **Dividend payable:** £2.9m cash payment made in September, PDC accrued £2.0m representing the shortfall and accrual for October and November.
- **Non-current liabilities:**
 - £24.7m revolving working capital facility and revenue support loan.
 - £7m emergency floor capital loan, less £1.0m repayment of capital loan.
- **Liquidity Ratio:** We continue to be high risk in terms of our continuity of service risk rating relating to liquidity days and have achieved a score of 4 (high risk), which is in line with our plan.

Cash

Year to Date Cash Bridge £'000



Cash Bridge:

- Opening cash balance of £1.2m, in line with our plan.
- Funded YTD operating deficit of £20.6m by drawing down £24.7m of our Interim Working Capital Facility (IRWC).
- Improvement in working capital and internal capital funding enabled interest payment and capital expenditure of £18.3m

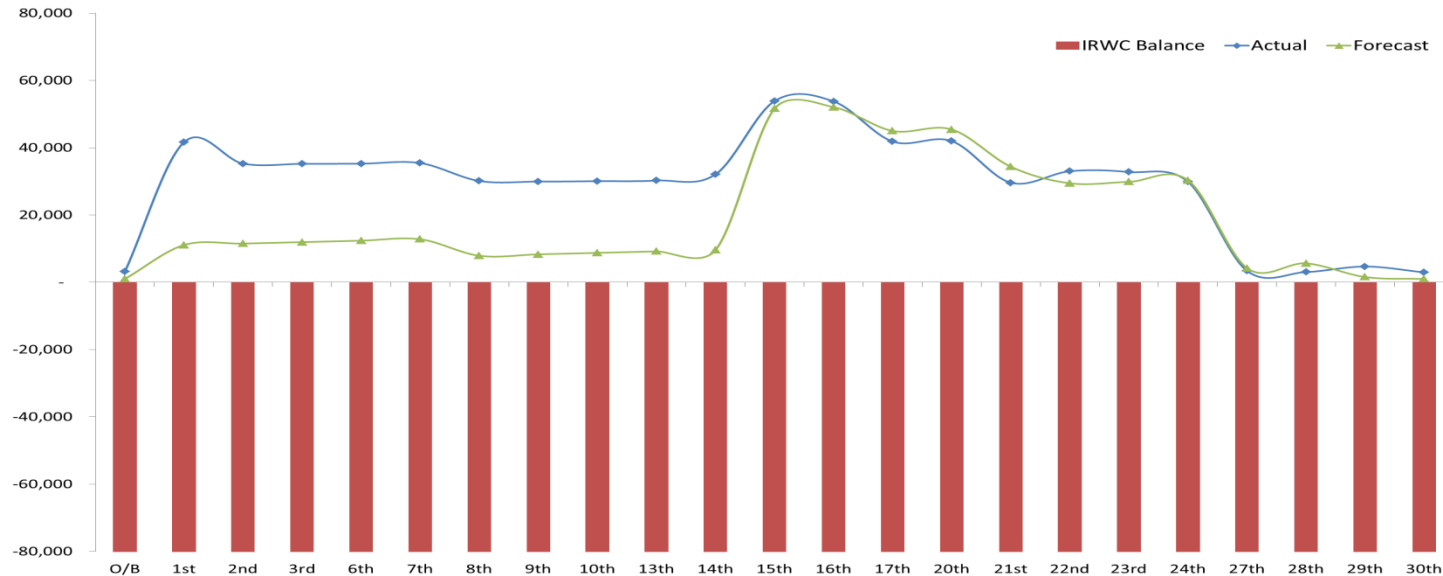
Full Year Forecast

- 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 October 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	34,257	2,843	22,656	1,307	3,868	6,426	19%
	Non-NHS receivables - revenue	12,498	17,503	(5,005)	9,195	1,159	2,658	4,491	26%
	Provision for the impairment of receivables	(1,024)		(1,024)	0				
	Non-NHS prepayments and accrued income	4,797	13,053	(8,256)	13,053				
	PDC dividend prepaid to DH	764	0	764	0				
	VAT	1,195	1,250	(55)	1,250				
	Other receivables	623	401	222	401				
TOTAL	55,953	66,464	(10,511)	46,555	2,466	6,526	10,917		
Accounts Payable	NHS payables - revenue	(9,327)	(33,200)	23,873	(13,250)	(4,332)	(2,511)	(13,107)	39%
	NHS accruals and deferred income	(5,584)	0	(5,584)	0				
	Non-NHS payables - revenue	(49,480)	(48,448)	(1,032)	(25,987)	(11,542)	(4,807)	(6,112)	13%
	Non-NHS payables - capital	(4,808)	(1,580)	(3,228)	609	(154)	(1,448)	(587)	37%
	Non-NHS accruals and deferred income	(21,449)	(13,184)	(8,265)	1,219	(5,533)	(2,476)	(6,394)	48%
	Social security costs	(6,439)	(6,501)	62	(6,501)				
	Accrued Interest on DH Loans	(123)	(599)	476	(599)				
	Tax	(5,584)	(5,692)	108	(5,692)				
	Other	(7,881)	(10,202)	2,321	(10,202)				
TOTAL	(110,675)	(119,406)	8,731	(60,403)	(21,561)	(11,242)	(26,200)		
Total Liquidity	(54,722)	(52,942)	(1,780)						

Liquidity: movement of £1.8m from opening position due to:

- Accounts receivable: increase of £10.5m driven by an increase in Non-NHS prepayments and accrued income, and non-NHS receivables.
- Accounts payable: increase of £8.7m with material movement in NHS payables.

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

- NHS receivables: 19% representing £6.4m being over 90 days.
- Non-NHS receivables: 26% representing £4.5m being over 90 days with the largest component being Overseas Visitors at £1.9m. This balance consists of various items which in isolation are not material.
- NHS payables-revenue: £13.1m, representing 39% in excess of 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	Nov YTD		Prior month YTD	
	Number	£000s	Number	£000s
All				
Total Invoices Paid in the Year	102,003	445,572	91,472	392,413
Total Invoices Paid Within Target	28,649	283,282	26,469	250,926
Percentage Invoices Paid Within Target (target 95%)	28%	64%	29%	64%
Non-NHS Payables				
Total Non-NHS Invoices Paid in the Year	97,937	352,483	87,797	311,214
Total Non-NHS Invoices Paid Within Target	28,003	232,429	25,883	206,733
Percentage of Non-NHS Invoices Paid Within Target	29%	66%	29%	66%
Local SME payables				
Total SME Invoices Paid in the Year	607	6,325	574	5,756
Total SME Invoices Paid Within Target	167	906	160	876
Percentage of Local SME Invoices Paid Within Target	28%	14%	28%	15%
NHS Payables				
Total NHS Invoices Paid in the Year	3,459	86,764	3,101	75,443
Total NHS Invoices Paid Within Target	479	49,947	426	43,317
Percentage of NHS Invoices Paid Within Target	14%	58%	14%	57%

- **BPPC performance:** As a result of cash constraints the Trust is unable to achieve the BPPC performance target of 95%.

The low volume compliance has been driven by the requirement to settle high value invoices, impacting our ability to pay the larger volume of small invoices within 30 days.

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

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

The likely performance for the year with additional financing is 32% by volume (currently 28%) and 69% by value (currently 64%).

Capital: November £18.3m spend, £2.0mF to Plan

	Scheme Name	November-17			Annual	
		Plan £'000	Actual £'000	F / (A) £'000	Budget £'000	Commitments £'000
Reconfiguration	Emergency Floor	8,129	7,364	765	7,033	3,310
	ICU Beds	0	0	0	4,200	0
	LRI Beds	0	0	0	3,330	0
	GH Beds	0	0	0	6,485	0
	Imaging: GH & LRI	0	0	0	4,291	0
	Treatment Centre	42	46	(4)	600	0
	ITU LRI	56	244	(188)	100	665
	Women's Service	41	39	2	849	0
	Children's Hospital	66	79	(13)	1,000	0
	Theatres LRI	48	30	18	381	0
	Beds Workstream & DCP	82	95	(13)	0	17
	Additional Beds - GH	80	1	79	0	36
	Additional Beds - LRI	110	12	98	0	0
	Diagnostics & Clinical Support Services	30	16	14	0	0
	LRI Wards (EMCHC)	160	(14)	174	0	0
	Supporting Infrastructure	84	0	84	1,000	7
	Vascular	204	152	52	0	4
	ED Project IT Issues	210	177	33	0	0
	ED Access & Transport	126	45	81	0	8
Other Reconfiguration	0	16	(16)	0	1	
	Sub-total: Reconfiguration	9,468	8,302	1,166	29,269	4,048
Estates & Facilities	Estates & Facilities					
	Estates & Facilities	2,548	2,224	324	8,520	1,164
	MES Installation Costs	498	203	295	1,500	239
	LGH Renal Water Treatment	500	54	446	0	471
	Other Estates & Facilities	40	(3)	43	480	48
	Sub-total: Estates & Facilities	3,586	2,478	1,108	10,500	1,923
IM&T	IM&T Schemes					
	IM&T Infrastructure	870	670	200	3,526	602
	EDRM	200	55	145	0	0
	Nervecentre	200	611	(411)	474	8
	Heartsuite System	163	28	135	100	0
	Electronic Blood Tracking System	180	36	144	0	0
	Learning Mgt System	21	(12)	33	18	0
	Other IM&T	0	50	(50)	0	74
	Sub-total: IM&T Schemes	1,634	1,437	197	4,118	684
Medical Equipment	Medical Equipment Schemes					
	Medical Equipment Executive	800	803	(3)	4,371	284
	Radiotherapy CT Scanner	0	0	0	629	0
	CCU Monitoring	456	290	166	0	2
	Linear Accelerator	271	285	(14)	39	2
	Other Medical Equipment	0	0	0	0	0
	Sub-total: Medical Equipment	1,527	1,378	149	5,039	289
Finance Leases	Corporate / Other Schemes					
	Donations	575	605	(30)	300	0
	MES Finance Lease Additions	3,425	3,425	0	5,138	0
	Optimed	0	180	(180)	0	0
	Other Expenditure	0	426	(426)	0	4
	Sub-total: Finance Leases	4,000	4,636	(636)	5,438	4
	TOTAL CAPITAL EXPENDITURE	20,215	18,231	1,984	54,364	6,947

Year to date:

- Total Capital expenditure of £18.3m driven by Emergency Floor, Estates and MES.
- Underspend predominantly related to reconfiguration schemes due to delays in spend together with under-spend within Estates.
- Capital Plan:** Total expected capital expenditure of £54.4m funded by:
 - £31.5m depreciation;
 - £7.0m external borrowing for the Emergency Floor development;
 - £5.1m finance lease additions funded through revenue;
 - £0.3m donations.

Risks & Mitigation

Year to date under-performance within CMGs combined with unidentified CIP together with delivery of the supplementary CIP indicates an unmitigated I&E risk £18.7m.

	Risk	Unmitigated £'000	Mitigated £'000	Action to mitigate
I&E	CIP: Non-delivery of unidentified CIP	(5,345)	(5,345)	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	(1,070)	(1,070)	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	(12,274)	(11,346)	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: delivery of planned actions and identification of additional schemes		5,000	Workstream in place to identify additional technical actions
	Profit on Sale of Assets: sale of the Paddock land to HCA		5,700	
	Estates Strategy for the delivery of estates and facilities services		7,061	
	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.