

2018/19 Financial Performance

Author: Lisa Gale

Sponsor: Paul Traynor

Trust Board paper N1

Executive Summary

Context

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

Delivery of the financial plan in 2018/19 is essential in order to maintain our position as an organisation with good financial control; effectively a pre-requisite to access the extremely limited national capital resource for reconfiguration.

Questions

1. What is our financial performance for the period ending 31st August 2018?

M5 Financial Performance

The Trust has achieved a year to date deficit of £23.8m excluding PSF which is in line to plan. Including PSF, the Trust has achieved a year to date deficit of £21.5m representing a £3.9m adverse position to plan due to non-recognition of PSF due to the anticipated impact of FM LLP from Quarter 2 reporting.

With the exception of PSF, the financial position and forecast excludes any underlying impact due to the cessation of FM LLP. This is pending agreement with NHSI in time for Quarter 2 reporting.

Underlying performance is adverse to Plan with over-performance within Emergency and Outpatients offset by under-performance in Elective Activity together with the marginal cost to deliver activity and cost pressures. The adverse position has been mitigated through the release of contingency predicated on delivery of the financial recovery 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 start point as a relatively low use of agency compared to our acute peer group.

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

The Trust's Cost Improvement Programme target is £51.5m. To date, £11.2m has been delivered against a plan of £10.8m which is better than plan.

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

As outlined on Page 17 of the report, the Month 5 unmitigated forecast indicates a risk of £12m in line with the residual risk being managed through the Financial Recovery Board (FRB).

Mitigating actions to bring the forecast back in line with Plan is predicated on the FRB continuing to explore, evaluate and maximise all opportunities.

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

In setting budgets appropriately and in accordance with 2017/18 spend levels, the Trust has little additional (reserve) funding to allocate to CMGs to fund any further cost pressures this year. To ensure that this does not impact negatively on the quality of our services, the Chief Executive 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 2018/19.

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

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

7. MSS Planning Correction?

During Month 1, MSS identified a planning risk where 2018/19 growth assumptions for Ophthalmology, Orthodontics, Sports Medicine and Plastic Surgery were higher than the service expected. The CMG and Corporate Services has undertaken a validation confirm and challenge exercise and have corrected the planning risk from Month 5, which materialised to be a £1.3m correction.

Input Sought

Note the financial performance at Month 5.

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 November 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	
• August 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 Recovery Board	<u>Page 14</u>
• I&E Run Rates	<u>Page 15</u>
• August Performance by CMG and Directorates	<u>Page 16</u>
Forecast Outturn	<u>Page 17</u>
Assets & Liabilities	
• August 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>Slide 22</u>
Risks & Mitigation	<u>Page 23</u>

Executive Summary

Financial performance

Statutory duties

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

Financial Performance

- **Deficit of £23.8m, in line with Plan excluding Provider Sustainability Funds (PSF):** Underlying performance is in line with Plan with over-performance in Patient Activity absorbing marginal cost to deliver.
- **Including PSF: Deficit of £21.5m, £3.9mA to plan:** driven by non-recognition of any PSF from quarter two due to the financial impact of FM LLP anticipated in quarter two driving an adverse position to Plan.
- **FM LLP:** with the exception of non-receipt of PSF, the financial position and forecast excludes any underlying impact due to the cessation of FM LLP. This is pending agreement with NHSI in time for quarter two reporting.
- **Patient Care Income, £7.1mF to Plan :** Includes Agenda for Change funding together with over-performance within Emergency and Outpatients partially offset by under performance in Day Case and Elective Inpatients.
- **Operating Costs, £7.8mA to Plan:** with pay £7.7mA to Plan including Agenda for Change together with underlying overspend within the CMGs. Non-pay overspend of £0.1m driven by additional cost to deliver activity together with cost pressures within the CMGs offset by implementation of FRB actions.
- **CIP £0.4m favourable to Plan.**
- **Forecast:** Net deficit of £21.2m in line with Plan (excluding PSF). The unmitigated forecast indicates a risk of £12m which is being managed by the Financial Recovery Board (FRB).
- **Including PSF:** Net deficit of £18.9m which is £19.6mA to plan due to non-receipt of PSF due to the financial impact in relation to cessation of FM LLP.

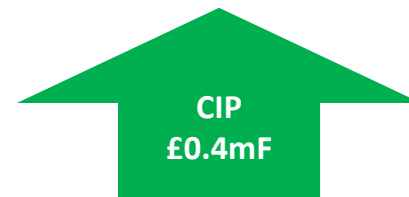
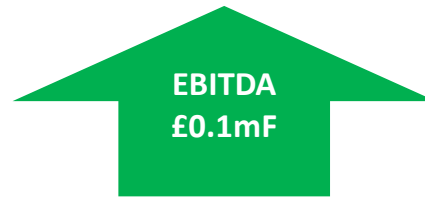
Cash

- Closing cash balance at August of £7.4m including Trust Med Pharmacy.
- Trust Group Holdings (TGH) cash balance was £1.845m.
- Cash funding to support the operating deficit is in line with plan.

Capital

- **August:** Total capital expenditure of £6.9m, £3.2mF to Plan driven by most capital projects being underspent at this point in the financial year.

August 2018: Key Facts



Key

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

Financial Performance: YTD Deficit of £23.8m Excluding PSF

	Aug-18			YTD				
	Plan	Actual	Vs Plan	Plan	Actual	F/(A)	%	
Value Drivers	Day Case	8,830	8,980	149	44,954	43,578	(1,376)	(3%)
	Elective Inpatient	1,760	1,782	22	9,035	8,620	(415)	(5%)
	Emergency / Non-elective Inpatient	9,957	9,753	(203)	49,390	49,731	340	1%
	Emergency Department	20,238	19,732	(506)	99,884	100,481	597	1%
	Outpatient Procedures	79,150	81,319	2,169	400,693	405,799	5,106	1%
	Critical Care Services	4,900	4,891	(9)	24,085	23,886	(198)	(1%)
	Renal Dialysis and Transplant	15,110	15,278	168	74,289	74,156	(133)	(0%)
	Other Activity	722,485	695,414	(27,072)	3,501,714	3,600,350	98,636	3%
	WTE Total	14,276	15,438	(1,161)	14,276	15,438	(1,161)	(8%)
	WTE Agency	267	221	46	231	221	10	4%

	Aug-18			YTD				
	Plan £'000	Actual £'000	Vs Plan £'000	Plan £'000	Actual £'000	F/(A) £'000	%	
I&E £'000	Patient Care Income	70,707	73,774	3,066	345,763	352,885	7,121	2%
	Non Patient Care Income	622	376	(247)	3,022	2,358	(664)	(22%)
	Other Operating Income	10,223	10,801	578	50,643	52,150	1,506	3%
	Total Income	81,553	84,950	3,397	399,429	407,393	7,964	2%
	Pay Costs	(49,432)	(54,652)	(5,220)	(250,399)	(258,523)	(8,124)	(3%)
	Pay Costs: Agency	(1,552)	(1,284)	268	(8,453)	(8,079)	373	4%
	Non Pay	(28,382)	(26,909)	1,473	(148,246)	(148,351)	(105)	(0%)
	Total Operating Costs	(79,366)	(82,844)	(3,478)	(407,098)	(414,953)	(7,855)	(2%)
	EBITDA	2,187	2,106	(81)	(7,669)	(7,561)	108	(1%)
	Non Operating Costs	(3,245)	(3,282)	(37)	(16,265)	(16,273)	(8)	(0%)
	Retained deficit	(1,058)	(1,176)	(118)	(23,934)	(23,834)	100	0%
	Adjustments for Donated Assets	16	38	22	80	(8)	(88)	110%
	Net Deficit	(1,042)	(1,138)	(96)	(23,854)	(23,842)	12	0%
	Provider Sustainability Fund (PSF)	1,463	0	(1,463)	6,218	2,304	(3,914)	63%
Net Deficit Including PSF	421	(1,138)	(1,559)	(17,636)	(21,538)	(3,902)	(22%)	

Ratios	Aug-18		YTD	
	Plan	Actual	Plan	Actual
Agency: Total Pay	3.14%	2.35%	3.38%	3.13%
EBITDA: Income	2.68%	2.48%	(1.92%)	(1.86%)
Net Deficit: Income	(1.28%)	(1.34%)	(5.97%)	(5.85%)

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: £352.9m, £7.1mF** including £3.1mA in relation to drugs and devices excluded from tariff with the offset in non-pay and £4.3mF funding in relation to Agenda For Change. Underlying over-performance of £5.9m predominantly within Emergency and Outpatients supporting CIP delivery. This over-performance is currently absorbing under-delivery of Elective Activity particularly within MSS and W&C which needs to be fully understood and mitigated.

- **Other Income: £54.5m, £0.8mF** driven by release of income provisions in line with FRB Plan offset by Trust Med Pharmacy with the offset in non-pay.

- **Pay Costs: £258.5m, £8.1mA** which includes £4.3mA in relation to Agenda For Change and £0.8mA driven by non-delivery of planned pay CIP. Underlying overspend in across in all staff groups.

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

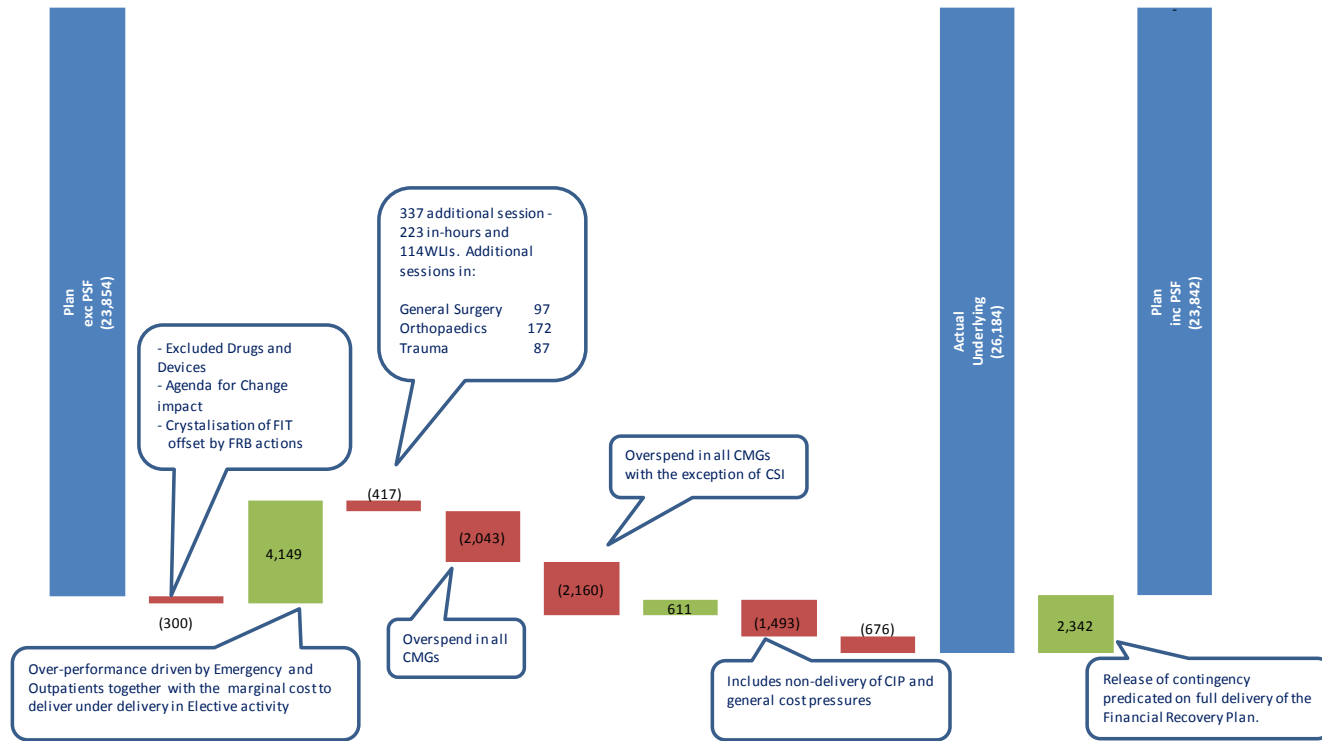
- **Non-Pay: £148.3m, £0.1mA** including £3.1mF relating to drugs and devices excluded from tariff and £2.6mA in relation to crystallisation of planning risks offset by £3.4m execution of actions in line with Financial Recovery Plan. Underlying overspend is predominantly driven by the marginal cost to deliver additional activity, under-delivery of CIP and general cost pressures.

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

- **EBITDA: deficit of £7.6m, £0.1mF Plan.**
- **Non-Operating Costs: £16.2m, in line with Plan.**
- **Provider Sustainability Fund (PSF): £2.3m, £3.9mA** – recognition of quarter one only due to the anticipated financial pressures from cessation of FM LLP and non delivery of the A&E 4 hour target of 90%.

I&E Bridge: In line with Plan with performance risk

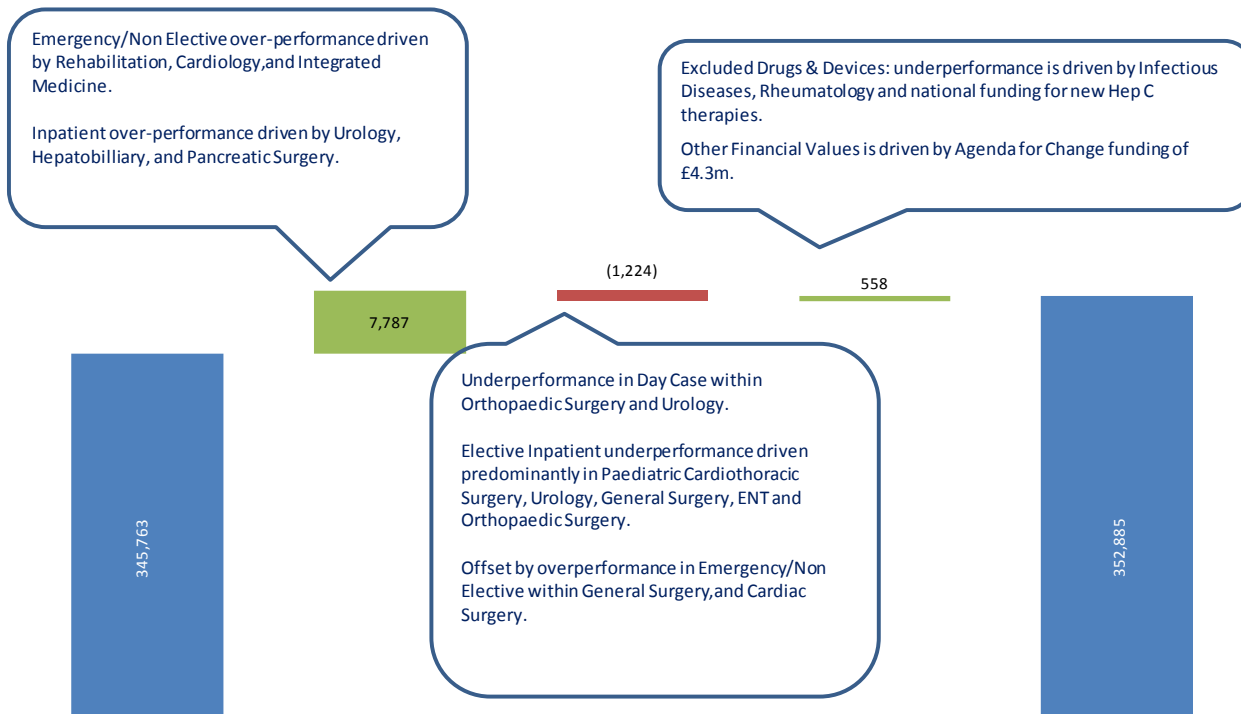
Underlying performance is adverse to Plan (excluding PSF) with over-performance within Emergency and Outpatients offset by under-performance in Elective Activity together with the marginal cost to deliver activity and cost pressures. The adverse position is in line with the Financial Recovery Plan which has been mitigated through the release of contingency.



£(000)	Plan exc PSF	Pass Through	Activity	Theatres	Medical Pay	Nursing Pay	Other Pay	Cost Pressures	Other	Actual Underlying	Non-recurrent Items	Plan exc PSF	Var F/(A)
NHS PCI	345,763	1,199	6,023						(100)	352,884		352,884	7,121
Other Income	53,541	75	471						71	54,158	138	54,296	755
Pay	(250,399)	(3,787)		(372)	(1,675)	(3,346)	1,056			(258,523)		(258,523)	(8,124)
Pay: Agency	(8,453)				(368)	1,186	(445)			(8,080)		(8,080)	373
Non Pay	(148,246)	1,575	(2,345)	(46)				(1,493)		(150,554)	2,204	(148,351)	(105)
Non-Operating Costs	(16,060)	638							(646)	(16,068)		(16,068)	(8)
Net Deficit	(23,854)	(300)	4,149	(417)	(2,043)	(2,160)	611	(1,493)	(676)	(26,184)	2,342	(23,842)	12

NHS Patient Income: August £352.9m, £7.1mF to Plan

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



£(m)	Plan	Rate	Volume	Other	Actual	Var F / (A)
Day Case	25,624	267	(792)	0	25,098	(525)
Elective Inpatient	33,231	1,352	(1,588)	0	32,995	(236)
Emergency / Non-elective Inpatient	92,815	5,178	675	0	98,668	5,853
Marginal Rate Emergency Threshold	(2,890)	0	0	(940)	(3,831)	(940)
Emergency Department	13,477	(164)	80	0	13,392	(85)
Outpatient	47,245	869	613	0	48,727	1,482
Drugs and Devices excluded from Tariff	44,378	0	0	(3,080)	41,298	(3,080)
Critical Care Services	22,598	522	(190)	0	22,930	332
Renal Dialysis and Transplant	11,756	(237)	(21)	0	11,498	(258)
CQUIN	7,078	0	0	167	7,245	167
Other Activity	45,086	0	0	919	46,004	919
Other Financial Values	5,366	0	0	3,492	8,858	3,492
Total	345,763	7,787	(1,224)	558	352,885	7,121

Activity & Income: Performance versus Contract

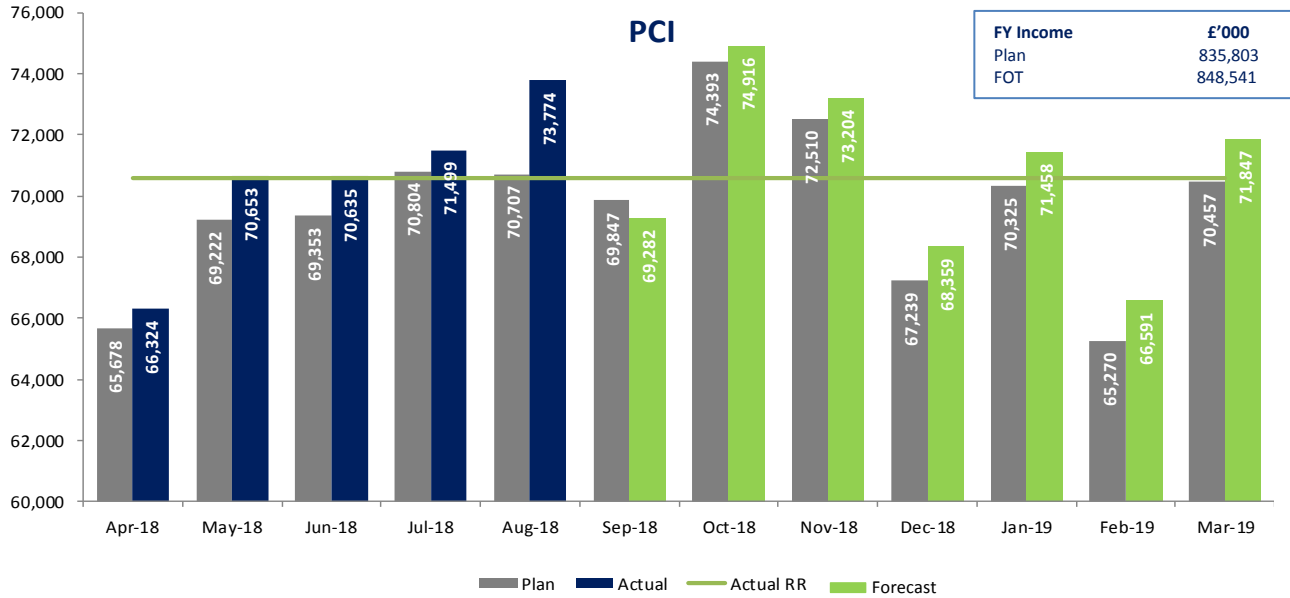
Activity	Case Mix	City	East	West	Specialised	Other	Alliance	Total	%
	Day Case	(724)	148	(378)	364	(400)	(385)	(1,376)	(3%)
Elective Inpatient	(152)	(103)	(140)	(27)	7		(415)	(5%)	
Emergency / Non-elective Inpatient	73	38	412	139	(321)		340	1%	
Marginal Rate Emergency Threshold (MRET)	0	0	0	0	0		0	0%	
Emergency Department	360	71	622		(457)		597	1%	
Outpatient	1,004	1,794	3,569	1,986	(1,394)	(1,853)	5,106	1%	
Excluded Drugs and Devices	1,898	2,457	2,248	(6,468)	(135)	0	0	0%	
Critical Care Services	(121)	145	173	(392)	(3)		(198)	(1%)	
Renal Dialysis and Transplant	0	0	0	(129)	(4)		(133)	(0%)	
CQUIN	0	0	0	0	0	0	0	0%	
Other Activity	57,260	24,377	20,768	1,381	(5,022)	(129)	98,636	3%	
Other Financial Values	1,178	1,684	1,370	241	(453)	(54)	3,966	0%	

Financial	Case Mix	City	East	West	Specialised	Other	Alliance	Total	%
		(£000)	(£000)	(£000)	(£000)	(£000)	(£000)	(£000)	
Day Case	(395)	37	(7)	446	(375)	(231)	(525)	(2%)	
Elective Inpatient	(13)	37	(337)	(311)	388	0	(236)	(1%)	
Emergency / Non-elective Inpatient	1,600	1,287	2,485	1,512	(1,031)	0	5,853	6%	
Marginal Rate Emergency Threshold (MRET)	(304)	(258)	(425)	0	47	0	(940)	(33%)	
Emergency Department	99	13	92	0	(289)	0	(85)	(1%)	
Outpatient	505	393	665	336	(210)	(208)	1,482	3%	
Excluded Drugs and Devices	(326)	(517)	(310)	(1,824)	(93)	(10)	(3,080)	(7%)	
Critical Care Services	3	144	230	12	(57)	0	332	1%	
Renal Dialysis and Transplant	0	0	0	(253)	(5)	0	(258)	(2%)	
CQUIN	(104)	(60)	(33)	85	286	(6)	167	2%	
Other Activity	(261)	(68)	33	1,072	141	3	919	2%	
Other Financial Values	599	233	273	(74)	2,680	(217)	3,492	65%	
Grand Total	1,403	1,240	2,666	1,001	1,481	(670)	7,121	2%	

Contracts:

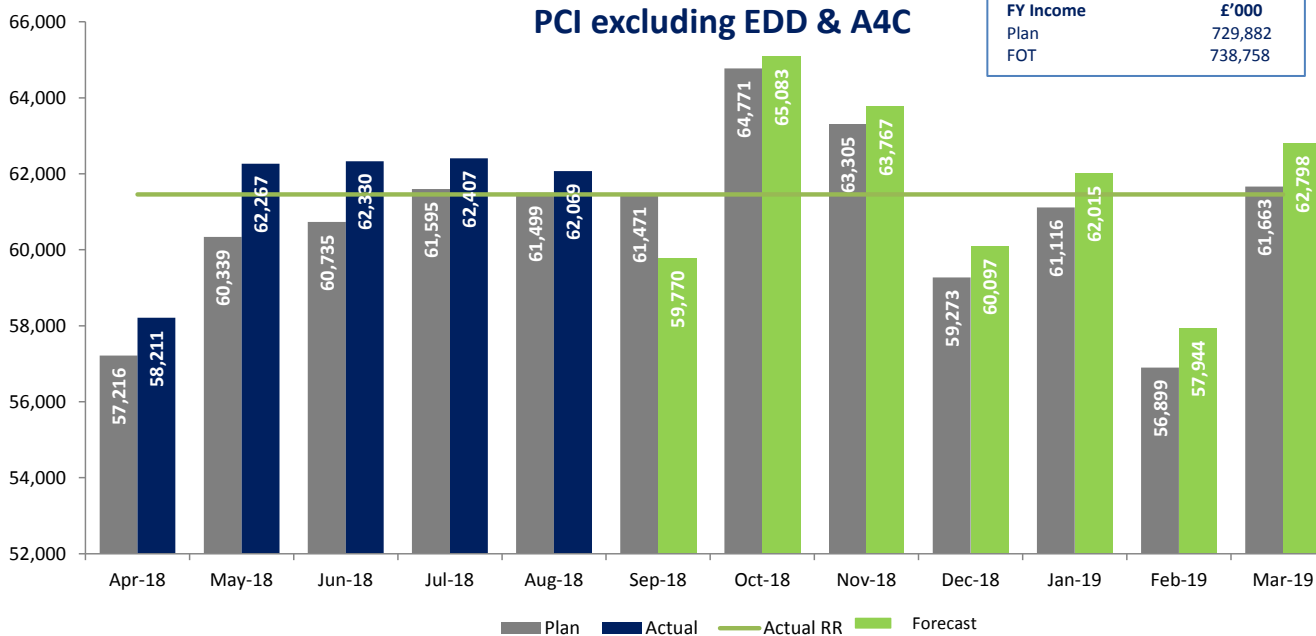
- Day Case & Elective Inpatient:** Day case under-performance in the main is within Orthopaedic Surgery. Elective Inpatient underperformance is predominantly in Paediatric Cardiothoracic Surgery, General Surgery and Orthopaedic Surgery.
 - Emergency / Non Elective:** Over performance across a wide range of specialties with Integrated Medicine, Cardiology and Rehabilitation. Offset by underperformance in Diabetology and Gastroenterology.
 - Outpatients:** The majority of the over-performance is within follow-up appointments. There are a range of Specialties which are over performing including Integrated Medicine, Dermatology and A&E.
 - Excluded Drugs and Devices:** The underperformance is driven by Infectious Diseases, Rheumatology and national funding for new Hep C therapies.
 - Alliance:** Driven by underperformance in Day Case within Orthopaedic Surgery and Urology partially offset by over-performance in Podiatric Surgery.
- The CCG contracts are significantly over performing and there are a number of contract challenges relating to admission coding. Meetings are ongoing to resolve the issue.
- Other includes Agenda for Change income of £4.3m

Patient Income Run Rates

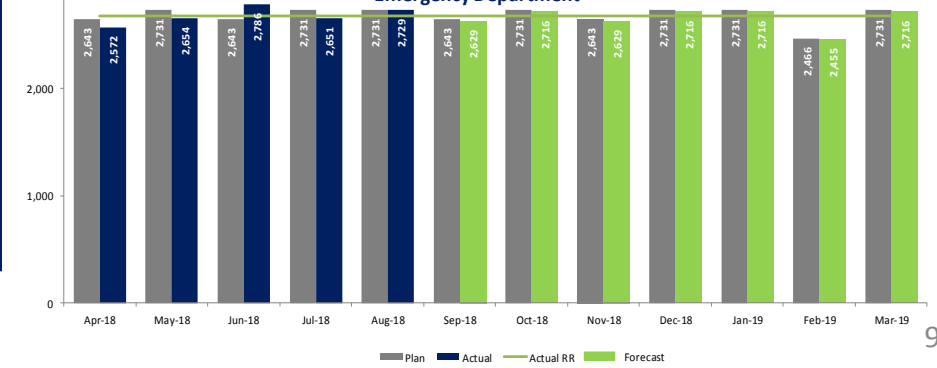
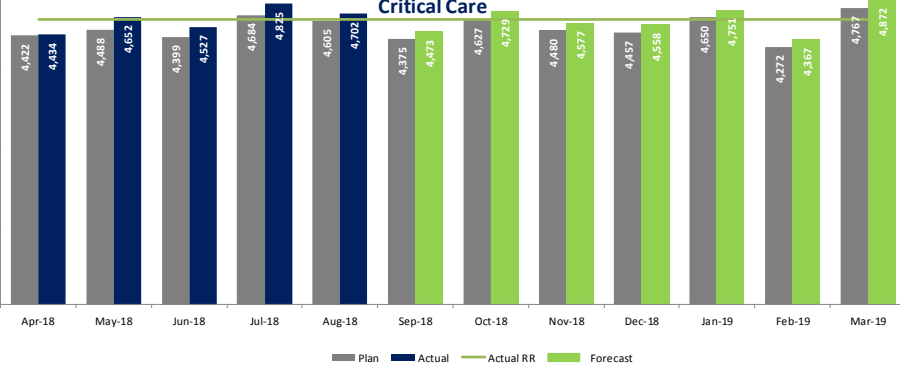
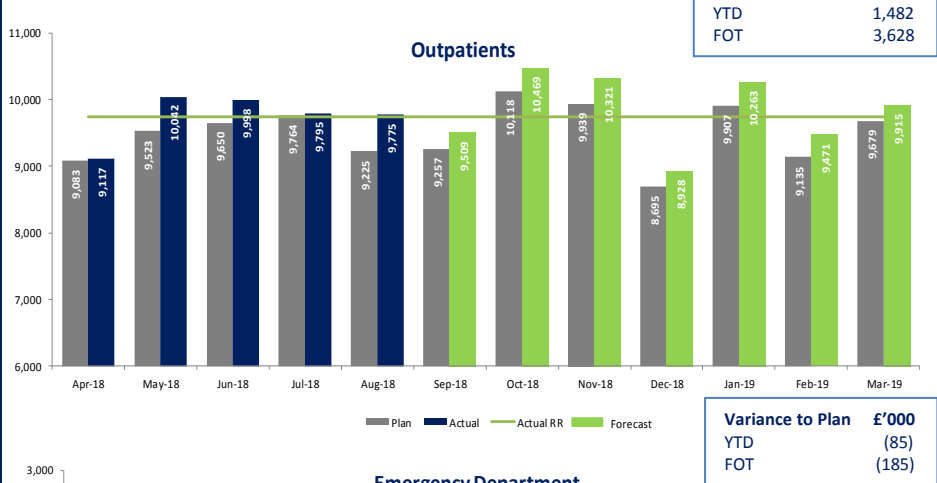
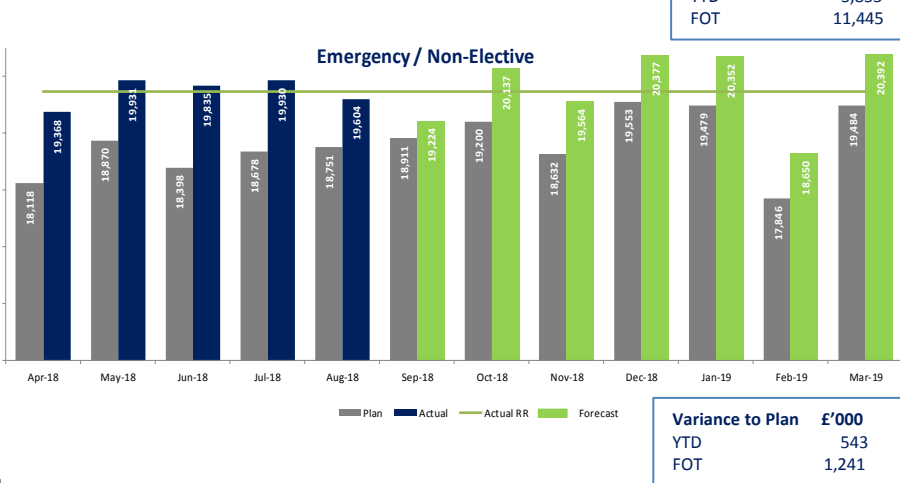
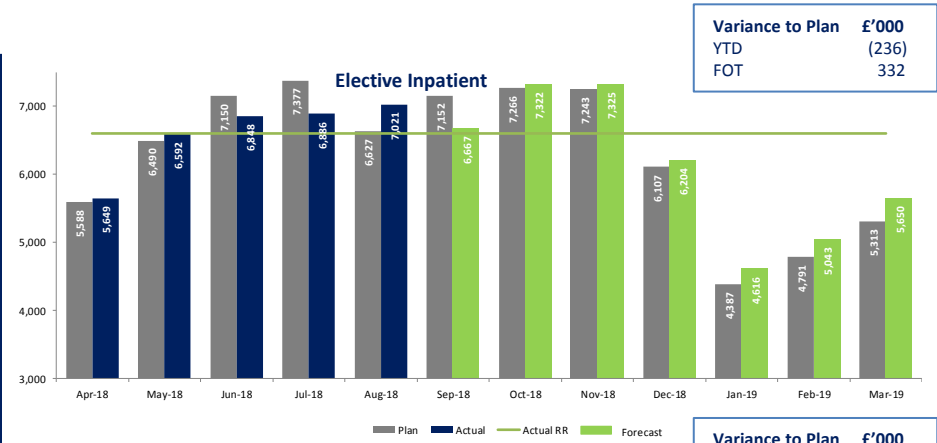
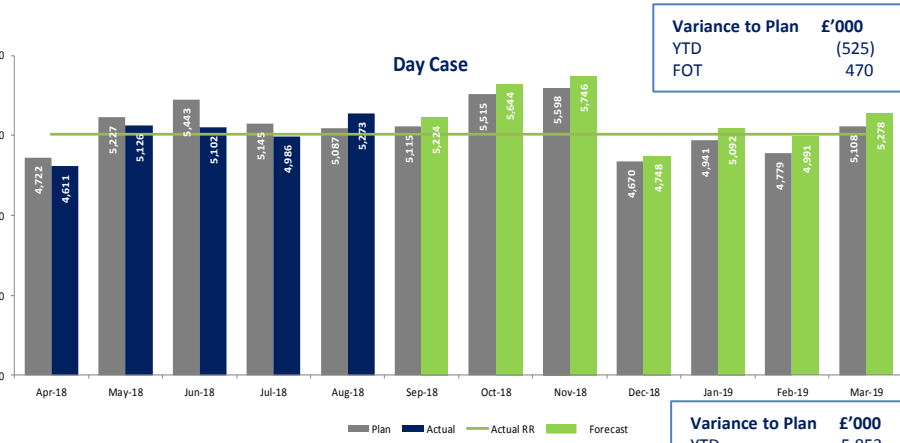


Year to Date

- Year to date over-performance of £7.1m which includes £3.1mA in relation to drugs and devices excluded from tariff and £4.3mF in relation to Agenda for Change funding.
- Over-performance predominantly driven by Emergency/Non-elective within Cardiology, Integrated Medicine, Rehabilitation and Outpatients.



Patient Income Run Rates: Point of Delivery



Pay: YTD £266.7m, £7.7mA to Plan

	Aug-18						YTD						
	£'000			WTE			£'000			WTE			
	Plan	Actual	F/(A)	Plan	Actual	F/(A)	Plan	Actual	F/(A)	Plan	Actual	F/(A)	
Agency	Medical	383	458	(75)	3	31	(28)	2,550	3,485	(936)	3	31	(28)
	Nursing & Midwifery	904	653	252	23	164	(141)	4,576	3,390	1,186	23	164	(141)
	Other Clinical	210	122	88	35	11	24	1,051	975	76	35	11	24
	Non Clinical	54	51	3	15	15	(0)	276	228	47	15	15	(0)
	Total: Agency	1,552	1,284	268	76	221	(145)	8,453	8,079	373	76	221	(145)
Other Non-contracted	Medical	0	1,621	(1,621)	0	1	(1)	0	7,854	(7,854)	0	1	(1)
	Nursing & Midwifery	0	1,660	(1,660)	0	489	(489)	0	8,781	(8,781)	0	489	(489)
	Other Clinical	0	349	(349)	0	67	(67)	0	1,711	(1,711)	0	67	(67)
	Non Clinical	0	703	(703)	0	289	(289)	0	2,964	(2,964)	0	289	(289)
	Total: Other Non-contracted	0	4,334	(4,334)	0	846	(846)	0	21,311	(21,311)	0	846	(846)
Total Non-contracted	Medical	383	2,080	(1,696)	3	32	(29)	2,550	11,339	(8,790)	3	32	(29)
	Nursing & Midwifery	904	2,313	(1,409)	23	653	(631)	4,576	12,171	(7,595)	23	653	(631)
	Other Clinical	210	472	(261)	35	77	(42)	1,051	2,687	(1,636)	35	77	(42)
	Non Clinical	54	754	(700)	15	304	(289)	276	3,193	(2,917)	15	304	(289)
	Total: Non-contracted	1,552	5,618	(4,066)	76	1,067	(991)	8,453	29,390	(20,937)	76	1,067	(991)
Substantive	Medical	15,827	14,756	1,071	1,889	1,830	59	78,802	72,641	6,162	1,889	1,830	59
	Nursing & Midwifery	17,161	17,599	(438)	5,872	6,024	(152)	85,326	82,084	3,243	5,872	6,024	(152)
	Other Clinical	7,755	6,556	1,199	2,307	2,203	104	39,685	32,944	6,740	2,307	2,203	104
	Non Clinical	8,690	11,407	(2,717)	4,132	4,535	(402)	46,586	49,544	(2,958)	4,132	4,535	(402)
	Total: Substantive	49,432	50,318	(886)	14,201	14,591	(390)	250,399	237,213	13,186	14,201	14,591	(390)
Total	Medical	16,210	16,835	(626)	1,892	1,862	30	81,352	83,980	(2,628)	1,892	1,862	30
	Nursing & Midwifery	18,065	19,911	(1,847)	5,895	6,677	(782)	89,902	94,255	(4,352)	5,895	6,677	(782)
	Other Clinical	7,966	7,028	938	2,342	2,280	62	40,736	35,631	5,105	2,342	2,280	62
	Non Clinical	8,744	12,161	(3,417)	4,147	4,839	(692)	46,861	52,736	(5,875)	4,147	4,839	(692)
	TOTAL: Pay	50,984	55,936	(4,952)	14,276	15,658	(1,382)	258,852	266,603	(7,751)	14,276	15,658	(1,382)

Agency Pay

- Year to date cost of £8.1m, £0.4mF to Plan, driven by ESM in Nursing

Other Non-contracted Pay

- Other non-contracted pay consists of overtime, bank, WLIs and internal locums.
- Year to date expenditure of £21.3m with Medical and Nursing driving 79% of spend. Whilst premium pay shows an overspend this needs to be taken into account with Substantive Pay as budgets are held at Established levels.

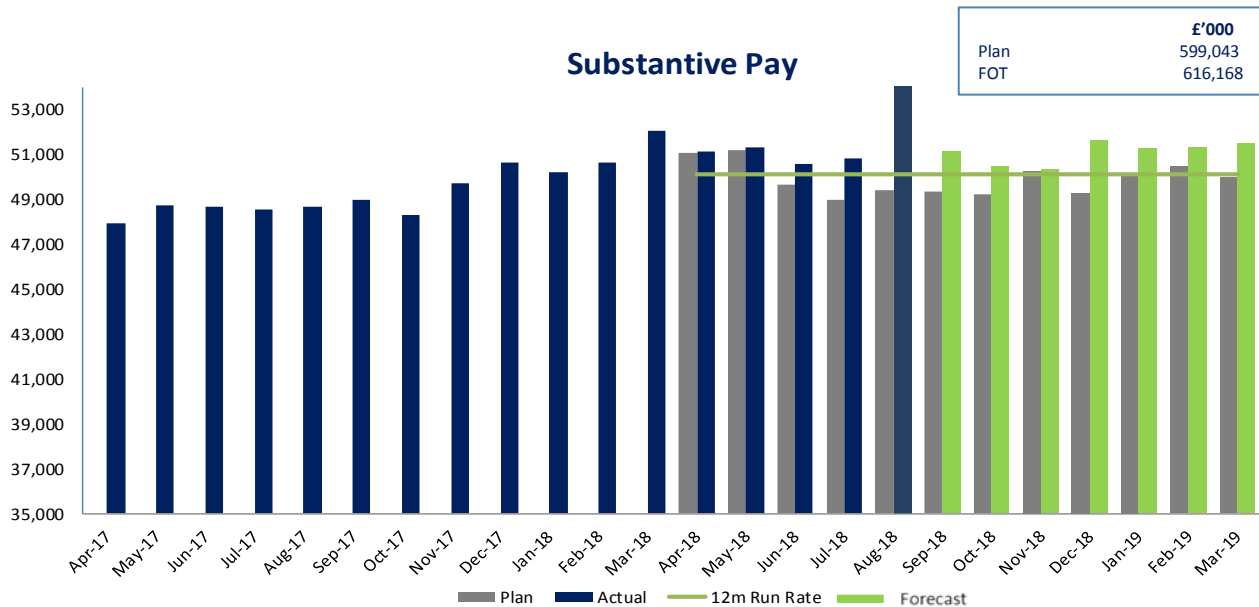
Substantive Pay

- Combined with other non-contracted, expenditure of £258.5m, £8.1mA to Plan which includes £4.3mA in relation to Agenda For Change and £0.8mF in relation to execution of FRB actions. Underlying overspend of £3.0m including non-delivery of planned pay CIP of £0.8m. Underlying overspend in all staff groups.
- Lack of control of pay costs is a key risk with the plan requiring a reduction in the 2017/18 exit run rate representing delivery of CIP and underlying reduction in WTEs.

Note

Other non-contracted medical pay is not represented by a WTE value as it represents an aggregate of payments like Waiting List Initiatives (WLI), on call, acting down payments across different grades of medical workforce where individuals often already represent 1 WTE in a substantive, contracted, role.

Pay Run Rates

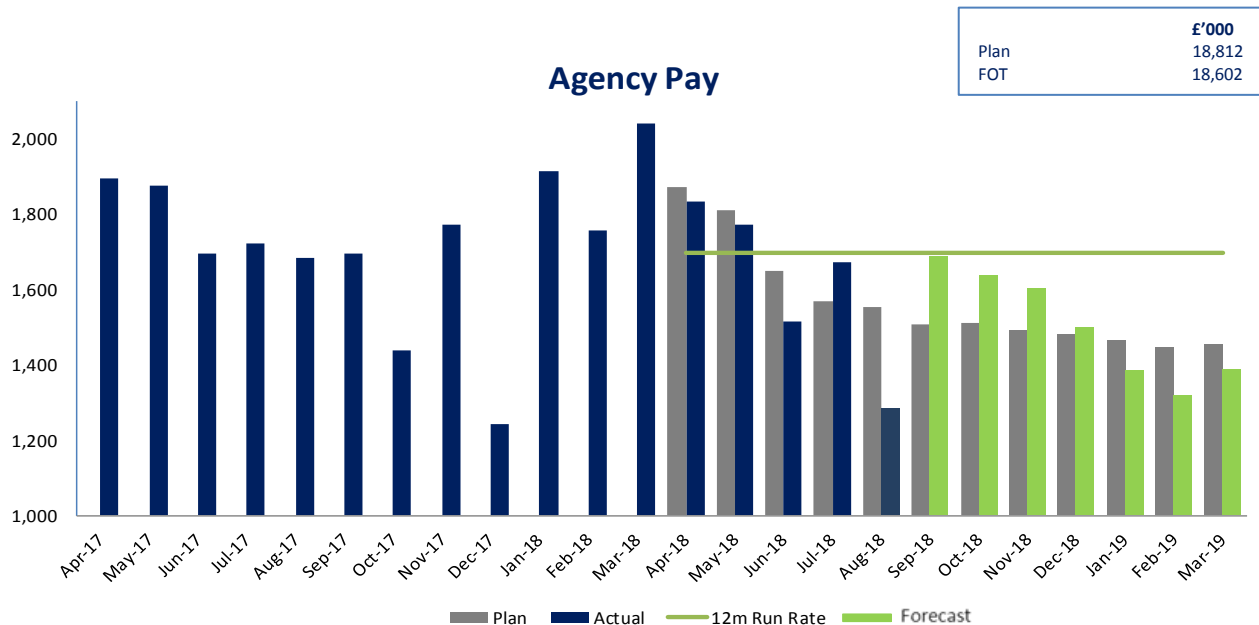


Total Pay excluding Agency Pay

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

Agency Pay

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



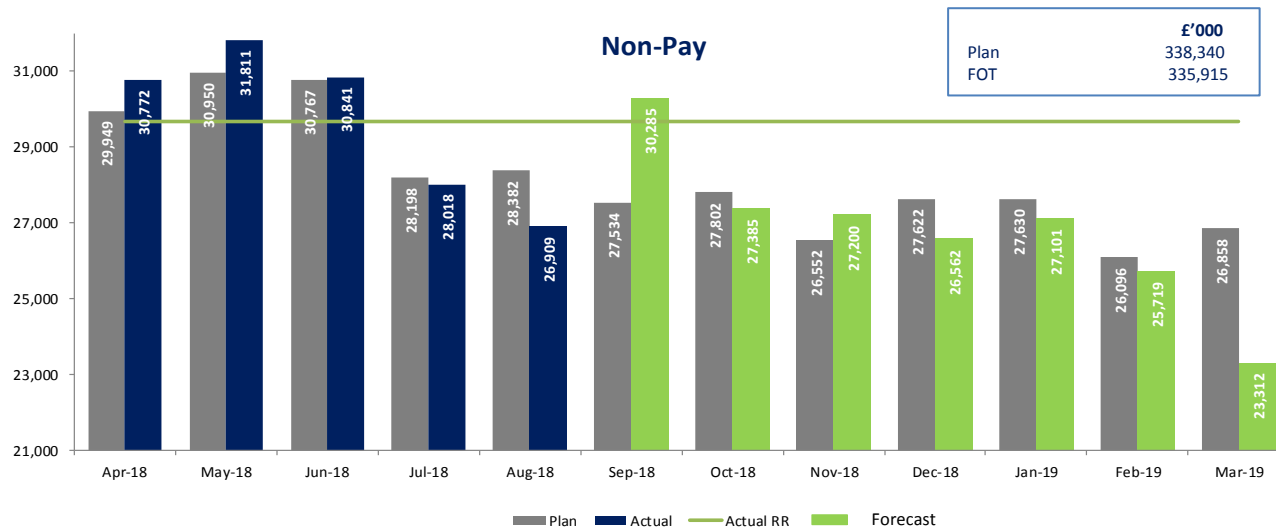
Non-Pay: YTD £148.4m, £0.1mA to Plan

	Aug-18				YTD				
	Plan	Actual	F / (A)		Plan	Actual	F / (A)		
	£'000	£'000	£'000	%	£'000	£'000	£'000	%	
Direct	Blood Products	135	(33)	168	125%	653	435	219	33%
	Drugs	9,744	8,657	1,088	11%	47,041	42,890	4,151	9%
	Clinical Supplies & Services	9,306	9,012	295	3%	45,345	46,991	(1,646)	(4%)
	Transport	317	375	(58)	(18%)	1,577	1,766	(189)	(12%)
	Recharges	513	660	(146)	(29%)	2,716	3,475	(759)	(28%)
	Misc & General Supplies	(384)	(704)	319	83%	6,809	8,137	(1,329)	(20%)
External Providers	Healthcare	897	874	23	3%	4,583	4,333	249	5%
	Non Healthcare	1,222	1,210	12	1%	6,110	6,283	(173)	(3%)
Overheads	Establishment, Premises & Plant	3,931	4,160	(229)	(6%)	19,901	20,543	(642)	(3%)
	Consultancy	40	38	2	5%	208	194	14	7%
	Clinical Negligence	2,661	2,661	-	0%	13,303	13,303	0	0%
Total: Non Pay	28,382	26,909	1,473	5%	148,246	148,351	(105)	(0%)	

- Direct Costs: £104.7m, £0.5mF to Plan** including £3.1mF in relation to drugs and devices excluded from tariff and £2.6mA in crystallisation of planning risks offset by £3.4m execution of actions in line with Financial Recovery Plan.

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

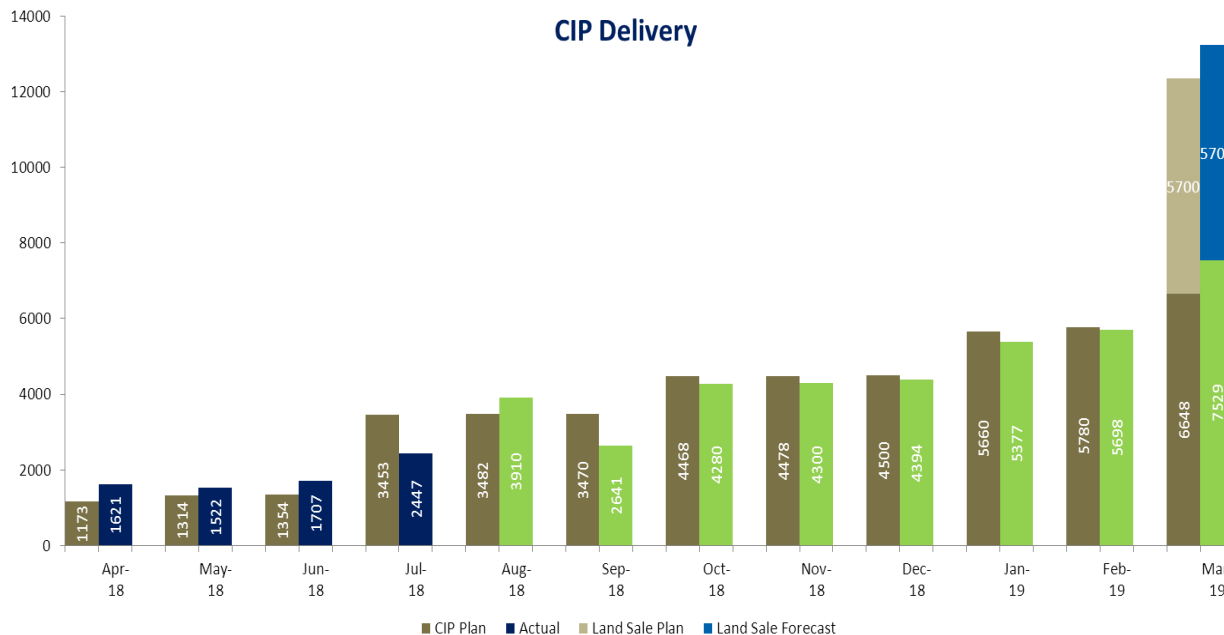
- External Providers: YTD cost of £10.7m** which in line with Plan.
- Overheads: YTD expenditure of £34.0m, £0.6mA to Plan** predominantly within Estates.
- Non-pay remains a critical area of spend to ensure tight cost control underpinned by activity performance.



CIP: YTD £11.2m, £0.4mF to Plan

	Aug-18				YTD				FY Plan £'000
	Plan £'000	Actual £'000	F / (A) £'000	%	Plan £'000	Actual £'000	F / (A) £'000	%	
CHUGGS	353	282	(71)	(20%)	980	1,098	118	12%	3,467
CSI	177	367	190	107%	959	1,260	301	31%	2,287
ESM	510	695	185	36%	1,619	2,147	529	33%	5,189
ITAPS	297	298	0	0%	823	1,017	194	24%	2,908
MSS	342	327	(15)	(4%)	1,488	1,278	(210)	(14%)	3,912
RRCV	460	460	0	0%	1,856	2,088	232	13%	5,253
Womens & Childrens	441	228	(212)	(48%)	1,055	639	(417)	(39%)	5,268
Total: CMG	2,580	2,657	77	3%	8,779	9,527	747	9%	28,283
Facilities	167	105	(61)	(37%)	517	445	(72)	(14%)	2,377
Corporate Total	154	108	(46)	(30%)	316	196	(120)	(38%)	1,394
Central	581	1,040	459	79%	1,161	1,040	(121)	(10%)	19,426
Total CIP	3,481	3,910	429	12%	10,774	11,208	434	4%	51,480

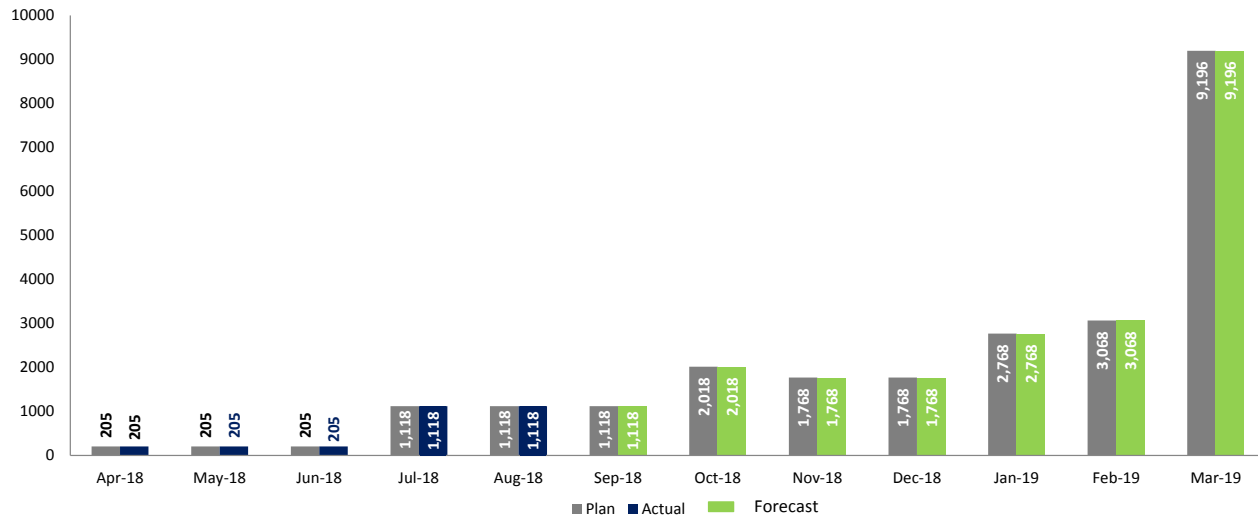
- The CIP forecast outturn is £51.1m representing an unidentified gap of £0.4m.
- Achieving CIP is critical to delivering the 18/19 financial plan with key risks being unidentified or delivery slippage of CIP.
- Month 12 includes £5.7m for the sale of land.
- The specific CIP Paper provides further insight into the performance of CIP.



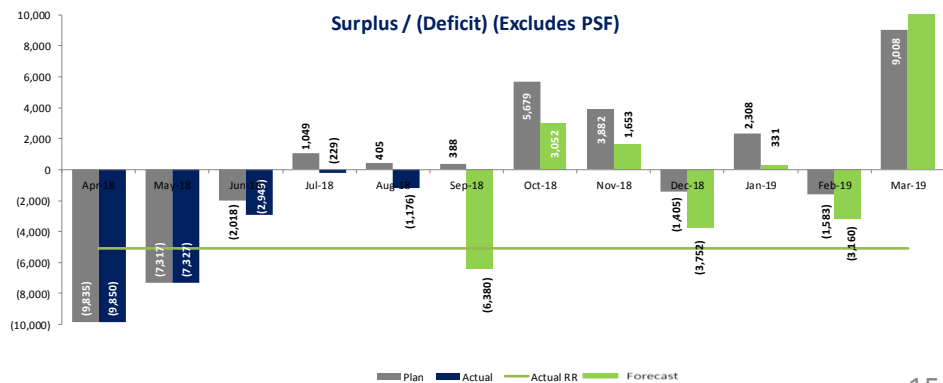
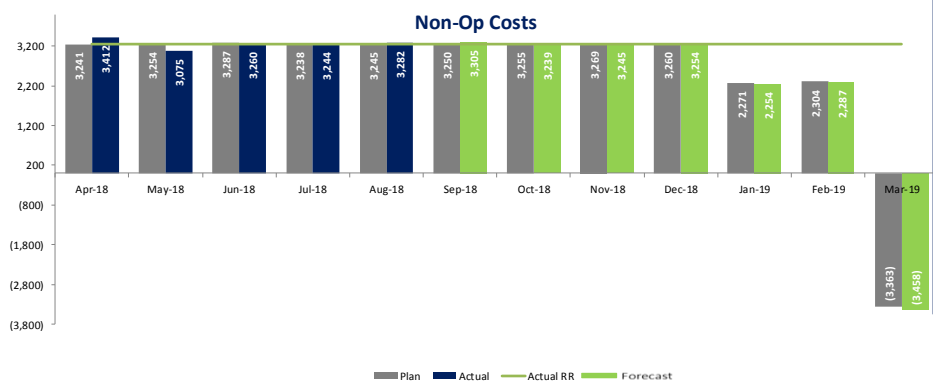
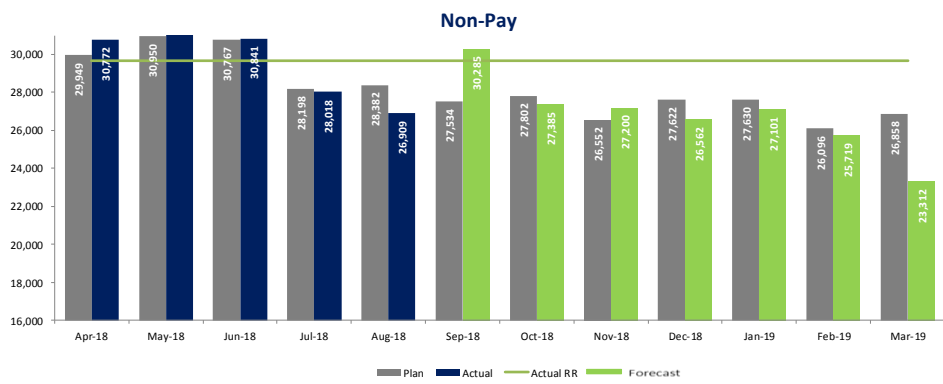
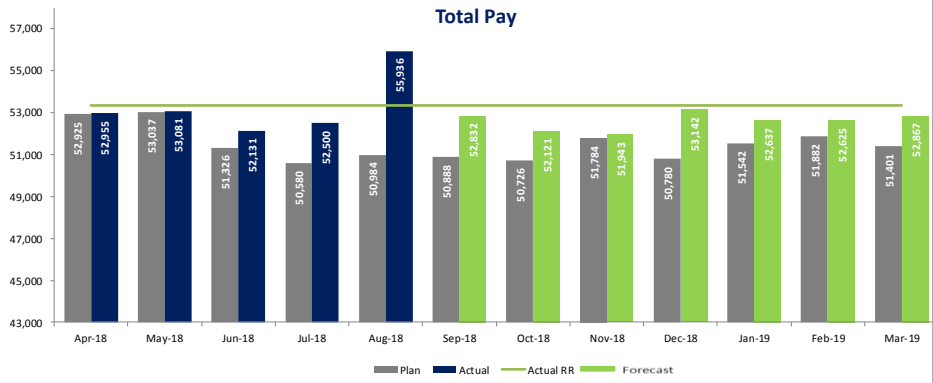
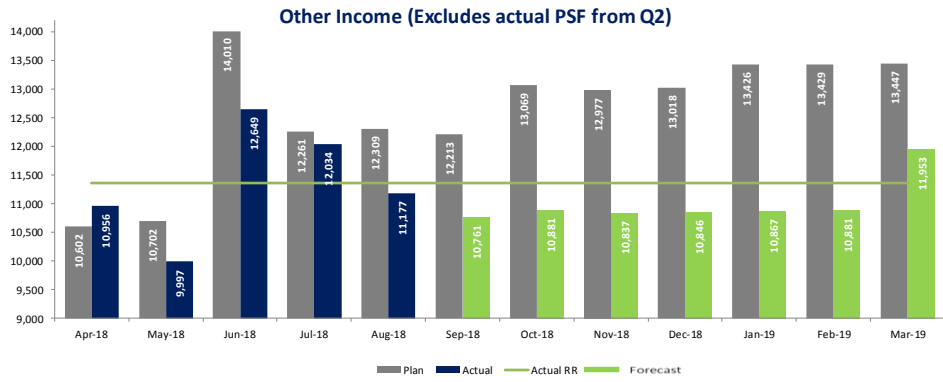
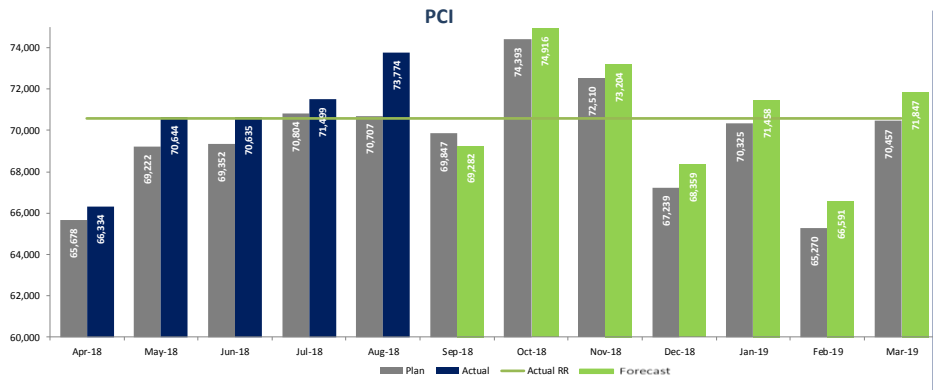
Finance Improvement and Technical (FIT)

		Plan			YTD		
		CIP	Non-CIP	Total	Plan	Actual	Variance
		£'000	£'000	£'000	£'000	£'000	£'000
Strategic	Estates Strategy: Run Savings	3,900		3,900	0	0	0
	Estates Strategy: Dividend and Depreciation benefit	4,000		4,000	0	0	0
	Estates Strategy: COGS		250	250	0	0	0
	Total Value: Strategic	7,900	250	8,150	0	0	0
Statement of Financial Position	Deferred Income (inc Research): release		150	150	0	0	0
	Revenue to Capital transfer		2,456	2,456	1,023	1,023	0
	Duplicate Invoices	150		150	0	0	0
	Total Value: Statement of Financial Position	150	2,606	2,756	1,023	1,023	0
Tactical	Additional FIT Actions (non-CIP)	5,676	2,268	7,944	1,826	1,826	0
	Profit from sale of Paddock	5,700		5,700	0	0	0
	Total Value: Tactical	11,376	2,268	13,644	1,826	1,826	0
All Actions	Strategic	7,900	250	8,150	0	0	0
	Statement of Financial Position	150	2,606	2,756	1,023	1,023	0
	Tactical	11,376	2,268	13,644	1,826	1,826	0
	Total Value: All Actions	19,426	5,124	24,550	2,849	2,849	0

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



I&E Run Rates



August performance by CMG and Directorates

Underperformance within MSS and W&C is driven by under-delivery of activity and CIP. W&C is in special measures and the under-performance in MSS is in the process of being validated with both CMGs required to identify potential mitigations. All other CMGs are performing in line with Plan with over-performance in Emergency Activity offset by marginal costs together with cost pressures.

	Aug-18				YTD				
	Plan £'000	Actual £'000	F / (A) £'000	%	Plan £'000	Actual £'000	F / (A) £'000	%	
CMGs	CHUGGS	3,839	3,839	0	0%	18,455	18,457	2	0%
	CSI	(2,638)	(2,638)	(0)	(0%)	(14,765)	(14,764)	1	0%
	ESM	1,306	1,391	85	6%	5,645	6,038	394	7%
	ITAPS	(3,879)	(3,879)	(0)	(0%)	(19,829)	(19,818)	11	0%
	MSS	2,158	2,159	1	0%	13,273	11,840	(1,433)	(11%)
	RRCV	3,511	3,511	0	0%	16,669	16,668	(0)	(0%)
	W&C	3,914	2,622	(1,292)	(33%)	17,765	15,917	(1,847)	(10%)
	FACILITIES	(3,651)	(3,648)	2	0%	(18,646)	(18,644)	2	0%
	TOTAL CMGs	4,561	3,355	(1,206)	(26%)	18,566	15,696	(2,870)	(15%)
Corporate Directorates	Communications & Ext Relations	(58)	(58)	0	0%	(297)	(289)	8	3%
	Corporate & Legal	(247)	(245)	1	0%	(1,328)	(1,323)	5	0%
	Corporate Medical	(1,809)	(1,817)	(8)	(0%)	(9,151)	(9,206)	(55)	(1%)
	Operations	(349)	(350)	(1)	(0%)	(1,840)	(1,764)	76	4%
	Finance & Procurement	(562)	(554)	8	1%	(3,129)	(3,051)	78	2%
	Nursing	(481)	(498)	(17)	(4%)	(2,488)	(2,540)	(52)	(2%)
	Human Resources	(429)	(429)	(0)	(0%)	(2,250)	(2,276)	(26)	(1%)
	IM&T	(1,012)	(1,102)	(90)	(9%)	(5,069)	(5,295)	(226)	(4%)
	Strategic Development	(53)	(53)	(0)	(0%)	(279)	(246)	33	12%
	TOTAL CORPORATE DIRECTORATES	(5,000)	(5,107)	(108)	2%	(25,830)	(25,990)	(160)	1%
Trust	Research	0	1	1	0%	0	11	11	0%
	Trust Med Pharmacy	6	4	(2)	26%	29	29	0	(0%)
	Alliance	(53)	(145)	(92)	(171%)	(122)	(577)	(455)	(372%)
	Central	(572)	716	1,287	225%	(16,578)	(13,004)	3,574	22%
	Donated Assets Adjustment	16	38	22	(135%)	80	(8)	(88)	110%
UHL Total Excluding PSF	(1,042)	(1,138)	(96)	(1)	(23,854)	(23,842)	12	(0%)	

Forecast Outturn: In line with Plan with delivery risk

	Outturn				
	Plan	Outturn	F / (A)		
Value Drivers	Day Case	107,741	106,257	(1,484)	(1%)
	Elective Inpatient	20,518	19,931	(586)	(3%)
	Emergency / Non-elective Inpatient	120,243	120,850	606	1%
	Emergency Department	238,286	239,897	1,611	1%
	Outpatient Procedures	967,308	981,750	14,442	1%
	Critical Care Services	57,743	57,829	85	0%
	Renal Dialysis & Transplant	178,367	178,234	(133)	(0%)
	Other	8,593,200	8,830,452	237,251	3%
	Outturn				
	Plan	Outturn	F / (A)		
	£'000	£'000	£'000	%	
I&E £'000	Patient Care Income	835,803	848,541	12,738	2%
	Non Patient Care Income	129,517	131,158	1,642	1%
	Total Income	965,320	979,699	14,379	1%
	Pay Costs	(599,043)	(616,168)	(17,124)	(3%)
	Pay Costs: Agency	(18,812)	(18,602)	210	1%
	Non-Pay	(338,340)	(335,915)	2,425	1%
	Total Operating Costs	(956,195)	(970,684)	(14,489)	(2%)
	EBITDA	9,125	9,015	(110)	(1%)
	Non-Operating Costs	(30,511)	(30,401)	110	0%
	Retained Deficit	(21,386)	(21,386)	0	0%
	Adjustments for Donated Assets	193	193	0	0%
	Net Deficit	(21,193)	(21,193)	0	0%
	Provider Sustainability Fund (PSF)	21,947	2,305	(19,642)	(89%)
	Net Deficit Including PSF	754	(18,889)	(19,642)	(2606%)
	Agency: Total Pay	3.04%	2.93%	(0.11%)	
	EBITDA: Income	0.95%	0.92%	(0.03%)	
Net Deficit: Income	(2.20%)	(2.16%)	0.03%		

Key

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

- **Overall:** Net deficit of £21.2m in line with Plan. This excludes the Provider Sustainability Fund (PSF).
- **FM LLP:** currently the forecast does not take into account the financial impact caused by the cessation of FM LLP. The financial impact of this decision is being validated with NHSI and will be reflected in quarter two reporting.
- **Including PSF:** Net deficit of £18.9m which is £19.6mA to plan. This recognises only quarter one delivery of PSF in relation to financial performance in line with Plan. Quarters 2-4 has not been forecast to be received due to the impact of FM LLP.
- **Underlying Forecast:** Unmitigated forecast indicates a full year risk of £12m driven by delivery risk surrounding:
 - £9m residual risk currently identified but not mitigated as part of the FRB Action Plan which includes £3m non-delivery of CIP in W&C;
 - £3m run rate risk emerging in MSS and W&C which is currently being validated along within identification of mitigating actions.
- **Mitigation:**
 - CMG and Corporate Directorates delivery of 18/19 Control Totals including recovery plans as required;
 - Identification and execution of the full value of CIP; and
 - Financial Recovery Board in place chaired by the CEO with full mitigation of the risks.

See Page 23 for more detail on Risks/Mitigations

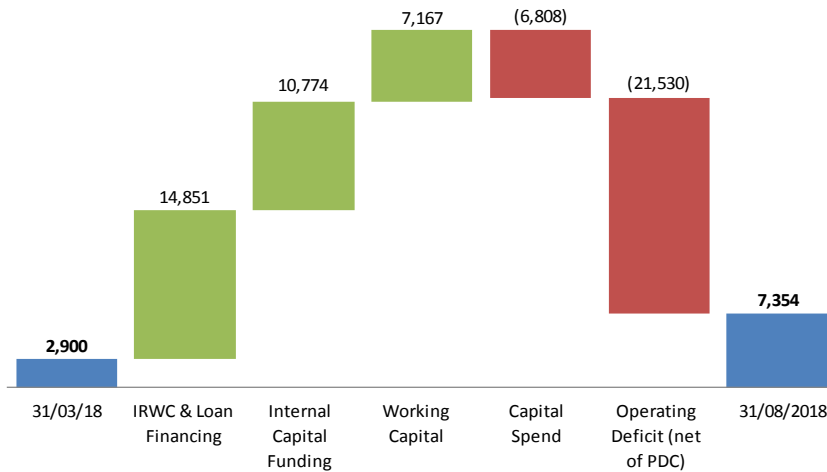
August 2018: Statement of Financial Position

	Mar-18 £000's Actual	Aug-18 £000's Actual	Movement £000's Actual
Non Current Assets			
Property, plant and equipment	427,610	423,589	(4,021)
Intangible assets	11,480	11,863	383
Trade and other receivables	2,904	2,942	38
TOTAL NON CURRENT ASSETS	441,994	438,394	(3,600)
Current Assets			
Inventories	23,829	23,795	(34)
Trade and other receivables	70,519	69,875	(644)
Cash and cash equivalents	2,900	7,354	4,454
TOTAL CURRENT ASSETS	97,248	101,024	3,776
Current Liabilities			
Trade and other payables	(112,706)	(118,232)	(5,526)
Dividend payable	0	(2,652)	(2,652)
Borrowings / Finance Leases	(4,518)	(4,518)	0
Other Liabilities / Loan	(36,260)	(36,260)	(0)
Provisions for liabilities and charges	(448)	(448)	0
TOTAL CURRENT LIABILITIES	(153,932)	(162,110)	(8,178)
NET CURRENT ASSETS (LIABILITIES)	(56,684)	(61,086)	(4,402)
TOTAL ASSETS LESS CURRENT LIABILITIES	385,310	377,308	(8,002)
Non Current Liabilities			
Borrowings / Finance Leases	(6,395)	(6,133)	262
Other Liabilities / Loan	(162,075)	(176,118)	(14,043)
Provisions for liabilities and charges	(1,465)	(1,265)	200
TOTAL NON CURRENT LIABILITIES	(169,935)	(183,515)	(13,580)
TOTAL ASSETS EMPLOYED	215,375	193,793	(21,582)
Public dividend capital	331,956	331,956	(0)
Revaluation reserve	98,349	98,349	(0)
Retained earnings	(214,930)	(236,512)	(21,582)
TOTAL TAXPAYERS EQUITY	215,375	193,793	(21,582)
Ratios			
Liquidity Ratio Days (Working Capital Balance / Annual Operating Expenses)	(31)	(30)	
Liquidity Ratio Metric	4	4	

- **Total Assets Employed:** Movement of £21.6m representing year to date Trust deficit .
- **Non-Current Assets :** Increased by £3.6m.
- **Working capital:**
 - Trade receivables have decreased by £0.6m
 - Trade payables have increased by £5.5m
- **Cash:** August balance of £7.4m is above the £1m target cash balance due to the timing of cash receipts, and includes TGH cash.
- **Non-current liabilities:**
 - Increase due to loan funding received in August.
- **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.

August 2018 Cash movement

Year to Date Cash Bridge £'000



Cash Bridge:

- Opening cash balance of £2.9m, in line with our plan.
- Funded YTD operating deficit (net of PDC) of £21.5m and movement in working capital by securing £14.9m of external financing.

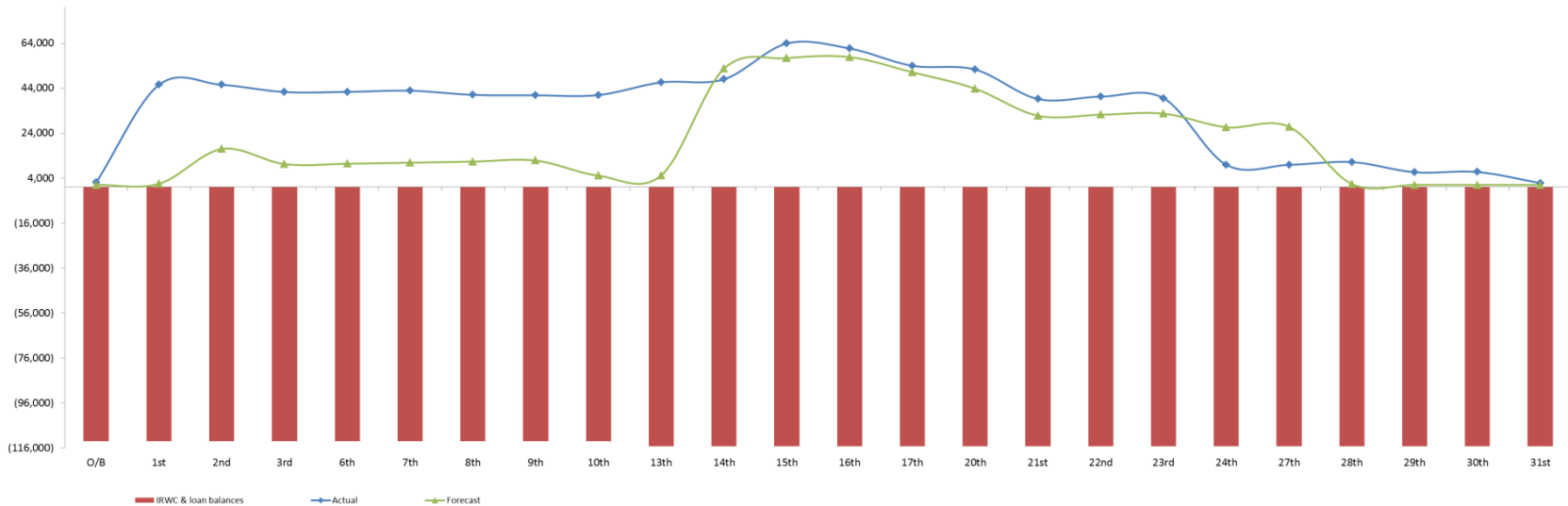
Full Year Forecast

- Forecast of £1m cash holding at the year end.

Daily Cash Balance

- In line with forecast the mid-month peak is driven by receipt of SLA income and reduction on 25th June due to the monthly payroll run.

Daily Cash Balance



Liquidity as at 31st August 2018

	Liquidity			Ageing				Total	
	Opening	YTD	Movement	0 - 30 Days	31 - 60 Days	61 - 90 Days	Over 90 Days	Over 90 Days	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	%	
Accounts Receivable	NHS receivables - revenue	36,268	21,061	15,207	13,052	(1,459)	5,070	4,398	21%
	Non-NHS receivables - revenue	23,444	29,684	(6,240)	20,759	1,270	423	7,232	24%
	Provision for the impairment of receivables	0	0	0	0				
	Non-NHS prepayments and accrued income	7,271	16,704	(9,433)	16,704				
	PDC dividend prepaid to DH	0	0	0	0				
	VAT	2,011	1,490	521	1,490				
	Other receivables	1,525	936	589	936				
	TOTAL	70,518	69,875	643	52,940	(189)	5,493	11,630	
Accounts Payable	NHS payables - revenue	(35,065)	(38,767)	3,702	(13,311)	(2,566)	(2,632)	(20,259)	52%
	NHS accruals and deferred income	0	0	0	0				
	Non-NHS payables - revenue	(33,650)	(32,456)	(1,194)	(18,722)	(6,215)	(3,364)	(4,155)	13%
	Non-NHS payables - capital	(4,307)	(527)	(3,779)	300	(431)	(299)	(97)	18%
	Non-NHS accruals and deferred income	(10,699)	(16,652)	5,953	(9,606)	(3,189)	(1,726)	(2,132)	13%
	Social security costs	(6,969)	(7,625)	655	(7,625)				
	Tax	(5,892)	(6,324)	431	(6,324)				
	Other	(12,649)	(12,845)	196	(12,845)				
TOTAL	(109,231)	(115,196)	5,965	(68,132)	(12,400)	(8,021)	(26,643)		
Total Liquidity	(38,713)	(45,321)	6,608						

Liquidity: movement of £6.6m from opening position due to:

- Accounts receivable: increase of £0.6m.
- Accounts payable: increase of £6.0m.

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

- NHS receivables: 21% representing £4.4m being over 90 days.
- Non-NHS receivables: 24% representing £7.2m being over 90 days with the largest component being Overseas Visitors at £2.9m. This balance consists of various items which in isolation are not material.
- NHS payables-revenue: £20.3m, representing 52% over 90 days; non-NHS payables 13% (£4.2m) over 90 days; non-NHS accruals and deferred income 13% (£2.1m) over 90 days.
- Further analysis of receivables is provided in the separate cash report.

YTD Better Payments Practice Code: Non-compliant

Better Payment Practice Code - Measure of Compliance	August YTD		Prior month YTD	
	Number	£000s	Number	£000s
All				
Total Invoices Paid in the Year	71,924	299,415	55,141	242,619
Total Invoices Paid Within Target	29,590	196,217	22,525	161,519
Percentage Invoices Paid Within Target (target 95%)	41%	66%	41%	67%
Non-NHS Payables				
Total Non-NHS Invoices Paid in the Year	69,343	244,030	53,395	196,431
Total Non-NHS Invoices Paid Within Target	29,140	162,117	22,183	130,505
Percentage of Non-NHS Invoices Paid Within Target	42%	66%	42%	66%
Local SME payables				
Total SME Invoices Paid in the Year	302	2,736	245	2,130
Total SME Invoices Paid Within Target	51	289	40	255
Percentage of Local SME Invoices Paid Within Target	17%	11%	16%	12%
NHS Payables				
Total NHS Invoices Paid in the Year	2,279	52,649	1,501	44,058
Total NHS Invoices Paid Within Target	399	33,811	302	30,759
Percentage of NHS Invoices Paid Within Target	18%	64%	20%	70%

- 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: August £6.9m spend, £3.2m under Plan

Scheme Name	YTD Plan £'000	YTD Actual £'000	F / (A) £'000
Interim ICU Projects	500	270	230
UHL Reconfiguration Programme	575	168	407
Donations	125	130	-5
Estates & Facilities	2,100	884	1,216
IM&T Schemes	1,000	601	399
MS Datacentre Licences	1,090	1,002	88
Medical Equipment Schemes	281	532	-251
Medical Equipment Schemes - CMG	185	0	185
EMCHC	350	70	280
Corporate / Other	284	172	112
Emergency Floor	1,308	1,001	307
Additional modular ward at GH and CDU	10	8	2
Subtotal	7,808	4,838	2,970
MES	1,464	1,250	214
Subtotal	9,272	6,088	3,184
Loan repayments	807	807	0
TOTAL CAPITAL EXPENDITURE	10,079	6,895	3,184

2018/19 Plan: Key Risks

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

Mitigation: this has been incorporated as part of the Trust's Financial Recovery Plan which includes the identification and monitoring of the delivery of the associated efficiencies and actions to deliver the required financial improvement.

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

Mitigation: the financial treatment and recognition of the risk will be confirmed with NHSI in time for quarter two reporting. Pending the finalisation of the revised forecast which takes this into account, neither the year to date or forecast outturn reflect the financial consequences.

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

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

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

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

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

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

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

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