

2018/19 Financial Performance

Author: Tarun Basra

Sponsor: Paul Traynor

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 fund (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 May 2018?

M2 Financial Performance

The Trust has achieved a year to date deficit of £17.1m which is in line to Plan.

Underlying performance is in line with Plan with over-performance in Emergency, Non-Elective and Outpatient activity offset with overspends in both pay (across all staff groups) and non-pay driven by high marginal cost to deliver additional activity.

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, £3.1m has been delivered against a plan of £2.4m representing a £0.7m favourable position to plan.

4. 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.

Input Sought

Note the financial performance at Month 2.

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: **2nd August 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**]

Contents

Executive Summary	<u>Page 2</u>
I&E: Overall Position	
• May 2018: Key Facts	<u>Page 3</u>
• Financial Performance	<u>Page 4</u>
• I&E Bridge	<u>Page 5</u>
Patient Income	
• NHS Patient Income	<u>Page 6</u>
• Activity & Income: Performance versus Contract	<u>Page 7</u>
• Patient Income Run Rates	<u>Page 8</u>
• Patient Income Run Rates: Point of Delivery	<u>Page 9</u>
Pay Costs	
• Pay Costs	<u>Page 10</u>
• Pay Cost Run Rates	<u>Page 11</u>
I&E: Other	
• Non-Pay	<u>Page 12</u>
• CIP	<u>Page 13</u>
• Financial Improvement and Technical	<u>Page 14</u>
• I&E Run Rates	<u>Page 15</u>
Assets & Liabilities	
• May 2018: Statement of Financial Position	<u>Page 16</u>
• Cash	<u>Page 17</u>
• Liquidity	<u>Page 18</u>
• Better Payments Practice Code	<u>Page 19</u>
• Capital	<u>Slide 20</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 £17.1m, in line with Plan:** Underlying performance is in line with Plan with over-performance in Patient Activity absorbing marginal cost to deliver.
- **Patient Care Income, £2.1mF to Plan :** Over-performance is predominantly within Emergency and Outpatients with Inpatients in line with Plan.
- **Operating Costs, £1.8mA to Plan:** with pay £0.1mA to Plan with underlying overspend within the CMGs of £1.1m predominantly in Medical and Nursing. Non-pay overspend of £1.7m driven by additional cost to deliver activity together with cost pressures within the CMGs.
- **CIP £0.7mF to Plan**
- **Finance Improvement and Technical in line to Plan**
- **Forecast:** at this stage of the year the full year forecast is consistent with Plan.
- **2018/19 Plan:** following the resubmission of the 2018/19 Annual Operating Plan, as of month three the Finance Report will be updated monitor performance against the revised deficit of £21.1m.

Cash

- Closing cash balance at May of £6.2m including Trust Med Pharmacy.
- Trust Med Pharmacy cash balance was £0.8m.
- Cash funding to support the operating deficit is in line with plan.

Capital

- **May:** Total capital expenditure of £3.0m, £0.2mA to Plan driven by IM&T, offset by underspend on Emergency Floor.
- The overspend in Month 2 does not represent a risk to achieving the CRL.

May 2018: Key Facts



Patient Income
£2.1mF

Other Income
£0.4mA



Substantive pay
£0.1mA

Agency
£0.1mF



Non-Pay
£1.7mA

Non Operating Costs
In line



EBITDA
In line

CIP
£0.7mF



Liquidity Indicators

Capital
£0.2mA

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 £17.1m, in line with Plan

Value Drivers	May-18			YTD			
	Plan	Actual	Vs Plan	Plan	Actual	F/(A)	%
Day Case	9,201	9,112	(89)	17,869	17,346	(523)	(3%)
Elective Inpatient	1,784	1,788	4	3,369	3,351	(18)	(1%)
Emergency / Non-elective Inpatient	10,024	10,620	596	19,692	20,503	811	4%
Emergency Department	20,238	20,617	379	39,823	40,017	194	0%
Outpatient Procedures	80,851	83,694	2,843	157,988	160,454	2,465	2%
Critical Care Services	4,801	4,550	(251)	9,505	9,295	(210)	(2%)
Renal Dialysis and Transplant	15,027	15,168	141	29,536	29,439	(97)	(0%)
Other Activity	707,375	797,407	90,032	1,381,059	1,440,069	59,010	4%
WTE Total	14,253	14,165	89	14,253	14,165	89	1%
WTE Agency	176	173	3	177	173	4	2%

I&E £'000	May-18			YTD			
	Plan	Actual	Vs Plan	Plan	Actual	F/(A)	%
	£'000	£'000	£'000	£'000	£'000	£'000	%
Patient Care Income	69,222	70,644	1,422	134,901	136,978	2,077	2%
Non Patient Care Income	594	272	(322)	1,178	809	(369)	(31%)
Other Operating Income	10,108	9,724	(383)	20,125	20,143	18	0%
Total Income	79,924	80,640	716	156,204	157,930	1,726	1%
Pay Costs	(51,228)	(51,308)	(79)	(102,281)	(102,430)	(148)	(0%)
Pay Costs: Agency	(1,809)	(1,774)	35	(3,681)	(3,606)	74	2%
Non Pay	(30,950)	(31,811)	(861)	(60,899)	(62,583)	(1,684)	(3%)
Total Operating Costs	(83,987)	(84,892)	(905)	(166,861)	(168,619)	(1,758)	(1%)
EBITDA	(4,063)	(4,252)	(189)	(10,657)	(10,689)	(32)	0%
Non Operating Costs	(3,254)	(3,075)	179	(6,495)	(6,488)	7	0%
Retained deficit	(7,317)	(7,327)	(10)	(17,152)	(17,177)	(25)	(0%)
Adjustments for Donated Assets	16	41	25	32	84	52	163%
Net Deficit	(7,301)	(7,286)	15	(17,120)	(17,093)	27	0%

Ratios	Plan	Actual		Plan	Actual		
Agency: Total Pay	3.53%	3.46%		3.60%	3.52%		
EBITDA: Income	(5.08%)	(5.27%)		(6.82%)	(6.77%)		
Net Deficit: Income	(9.13%)	(9.04%)		(10.96%)	(10.82%)		

- **NHS Patient Care Income: £137m, £2.1mF** including £0.8mA in relation to drugs and devices excluded from tariff with the offset in non-pay. Underlying over-performance of £3.0m predominantly within Emergency and Outpatients with Elective procedures delivered in line with Plan.
- **Non Patient Care Income & Other Income: £20.9m, £0.3mA** driven by Trust Med Pharmacy (TMP) with the offset in non-pay.
- **Pay Costs: £106m in line with Plan** with overspend in Medical and Nursing in all CMGs offset by underspend in non-clinical pay costs.

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: £62.6m, £1.7mA** including £0.8mF relating to drugs and devices excluded from tariff and £0.3mF in relation to TMP income. Underlying overspend is predominantly driven by additional cost to deliver additional activity.

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

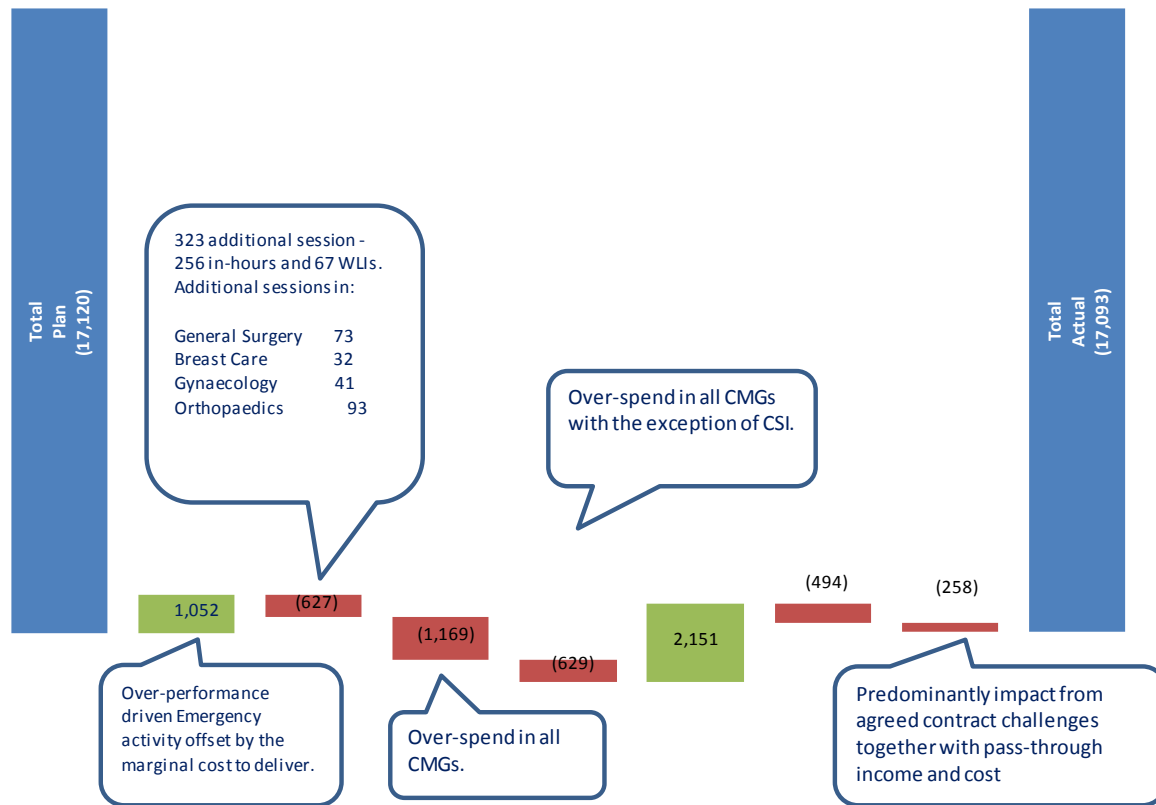
- **EBITDA: deficit of £10.7m, in line with Plan.**
- **Non-Operating Costs: £6.5m, in line with Plan.**

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

I&E Bridge: In line with Plan

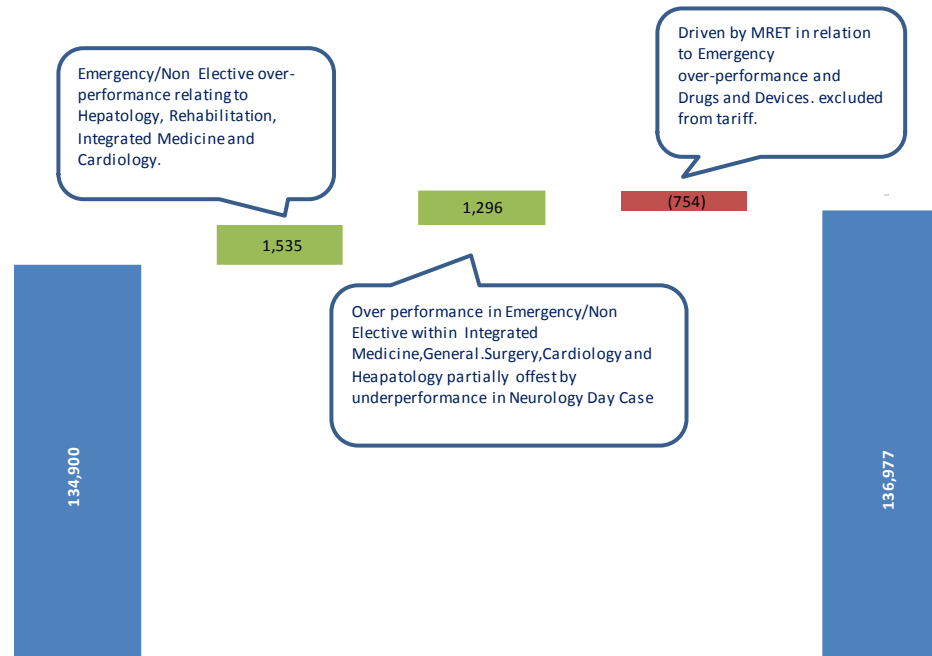
Underlying performance is in line with Plan with over-performance within Emergency and Outpatients with Inpatients in line with plan. This over performance is offset by the marginal cost to deliver activity together with cost pressures.



£(000)	Plan	Activity	Theatres	Medical Pay	Nursing Pay	Other Pay	Cost Pressures	Other	Actual	Var F/(A)
NHS PCI	134,901	3,160						(1,083)	136,978	2,077
Other Income	21,253							(299)	20,954	(299)
Pay	(102,281)		(428)	(320)	(1,486)	2,085		0	(102,430)	(148)
Pay: Agency	(3,681)			(849)	857	66		0	(3,606)	74
Non Pay	(60,899)	(2,108)	(199)				(494)	1,118	(62,583)	(1,684)
Non-Operating Costs	(6,413)							7	(6,406)	7
Net Deficit	(17,120)	1,052	(627)	(1,169)	(629)	2,151	(494)	(258)	(17,093)	27

NHS Patient Income: May £136.9m, £2.1mF to Plan

Over-performance predominantly driven by Emergency/Non-elective within Cardiology, Integrated Medicine, Rehabilitation and Hepatology and Outpatients.



£(m)	Plan	Rate	Volume	Other	Actual	Var F / (A)
Day Case	9,949	81	(293)	0	9,737	(212)
Elective Inpatient	12,078	228	(65)	0	12,241	163
Emergency / Non-elective Inpatient	36,988	756	1,554	0	39,299	2,311
Marginal Rate Emergency Threshold	(1,023)	0	0	(735)	(1,757)	(735)
Emergency Department	5,373	(173)	25	0	5,226	(147)
Outpatient	18,606	258	294	0	19,159	553
Drugs and Devices excluded from Tariff	17,344	0	0	(845)	16,500	(845)
Critical Care Services	8,910	382	(205)	0	9,087	177
Renal Dialysis and Transplant	4,664	3	(15)	0	4,652	(12)
CQUIN	2,740	0	0	96	2,836	96
Other Activity	17,850	0	0	256	18,106	256
Other Financial Values	1,420	0	0	473	1,893	473
Total	134,900	1,535	1,296	(754)	136,977	2,077

Activity & Income: Performance versus Contract

Activity	Case Mix							Total	%
		City	East	West	Specialised	Other	Alliance		
	Day Case	(331)	35	(144)	242	(203)	(121)	(523)	(3%)
	Elective Inpatient	(14)	(4)	(56)	23	34		(18)	(1%)
	Emergency / Non-elective Inpatient	301	91	274	132	14		811	4%
	Marginal Rate Emergency Threshold (MRET)	0	0	0	0	0		0	0%
	Emergency Department	(9)	19	281		(97)		194	0%
	Outpatient	811	922	1,577	470	(944)	(370)	2,465	2%
	Excluded Drugs and Devices					0	0	0	0%
	Critical Care Services	293	(173)	96	(407)	(19)		(210)	(2%)
	Renal Dialysis and Transplant	0	0	0	(96)	(2)		(97)	(0%)
	CQUIN	0	0	0	0	0	0	0	0%
	Other Activity	1,397	49,790	14,639	(276)	(5,849)	(517)	59,184	4%
	Other Financial Values	327	423	392	101	626	149	2,017	0%

Financial	Case Mix							Total (£000)	%
		City (£000)	East (£000)	West (£000)	Specialised (£000)	Other (£000)	Alliance (£000)		
	Day Case	(164)	91	66	194	(268)	(131)	(212)	(2%)
	Elective Inpatient	119	93	(152)	(126)	229	0	163	1%
	Emergency / Non-elective Inpatient	774	154	894	399	89	0	2,311	6%
	Marginal Rate Emergency Threshold (MRET)	(217)	(145)	(251)	0	(121)	0	(735)	(72%)
	Emergency Department	(37)	(23)	17	0	(104)	0	(147)	(3%)
	Outpatient	214	175	277	29	(97)	(45)	553	3%
	Excluded Drugs and Devices	(145)	(147)	(88)	(241)	(225)	0	(845)	(5%)
	Critical Care Services	484	(164)	37	(269)	89	0	177	2%
	Renal Dialysis and Transplant	0	0	0	(12)	(0)	0	(12)	(0%)
	CQUIN	37	13	26	21	3	(5)	96	3%
	Other Activity	(25)	263	103	15	(67)	(34)	256	1%
	Other Financial Values	190	179	186	(173)	112	(18)	474	33%
	Grand Total	1,232	488	1,115	(163)	(360)	(233)	2,078	2%

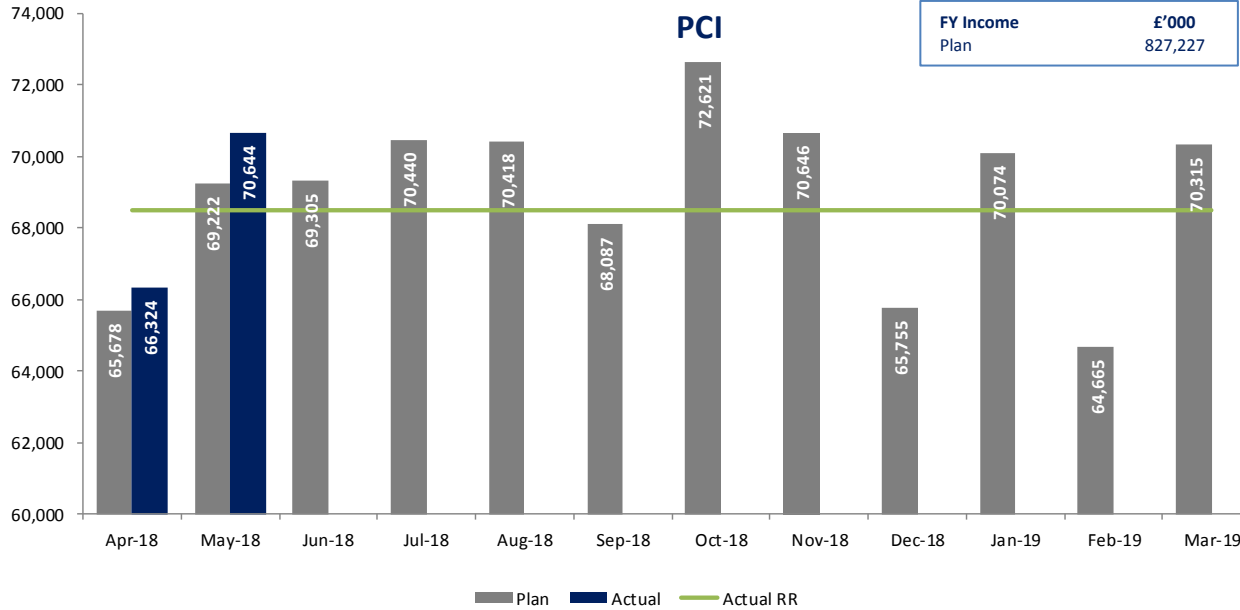
Contracts:

- **LLR contracts:** £2.8m over-performance by primarily Emergency admissions and outpatients
- **Specialised Services: in line with Plan**

Point of Delivery:

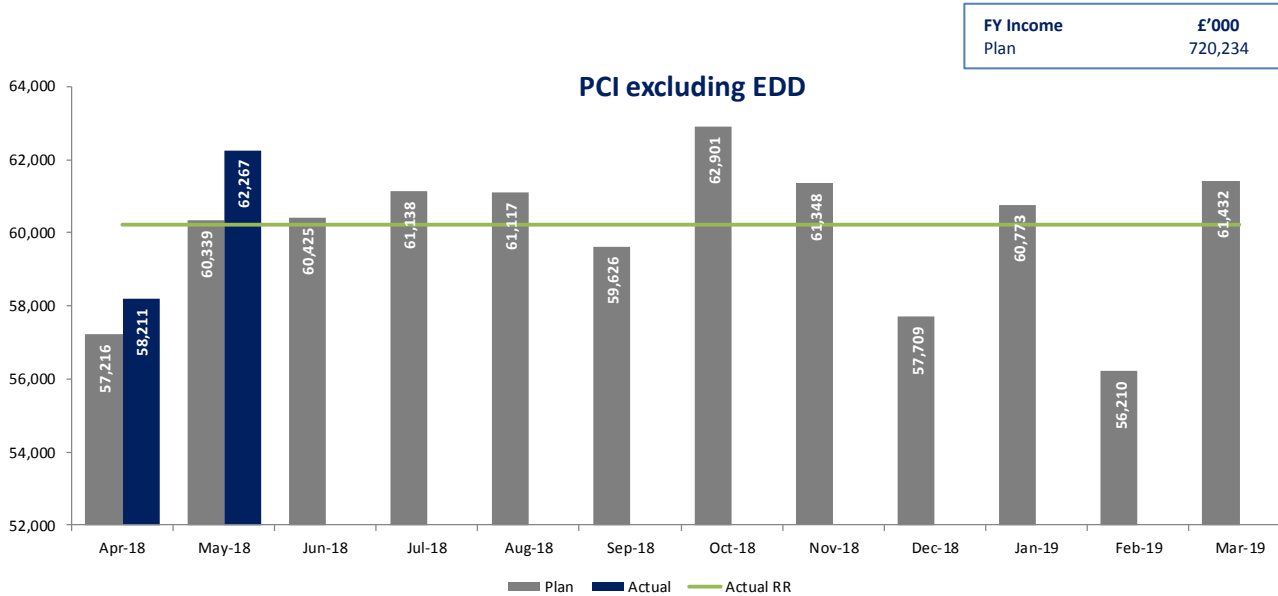
- **Day Case & Elective Inpatient:** Majority of the under-performance is occurring within Paediatric Cardiothoracic Surgery and General Surgery. However some of the under-performance is being offset with over-performance within Orthopaedic Surgery, Podiatric Surgery and Spinal Surgery.
- **Emergency / Non Elective:** Over performance across a wide range of specialties with Integrated Medicine, Cardiology, Rehabilitation and Hepatology having the most of the over-performance. Offset by underperformance in Gastroenterology and Geriatric Medicine.
- **Outpatients:** The majority of the over-performance is occurring within Follow-up appointments. There are a range of Specialties which are over performing with Integrated Medicine, Haematology and Dermatology over-performing the most.
- **Excluded Drugs and Devices:** Under-performance within Rheumatology, Infectious Diseases and New Hep C therapies offset partially offset by over performance in Clinical Oncology, and Gastroenterology.
- **Alliance:** Driven by Day Case within Orthopaedic Surgery and Ophthalmology and Outpatients within Dermatology and Orthopaedic Surgery.

Patient Income Run Rates

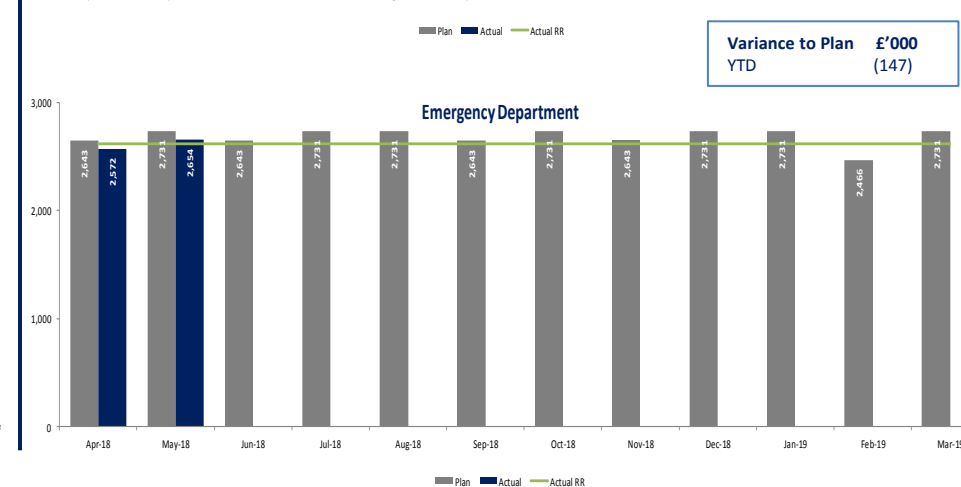
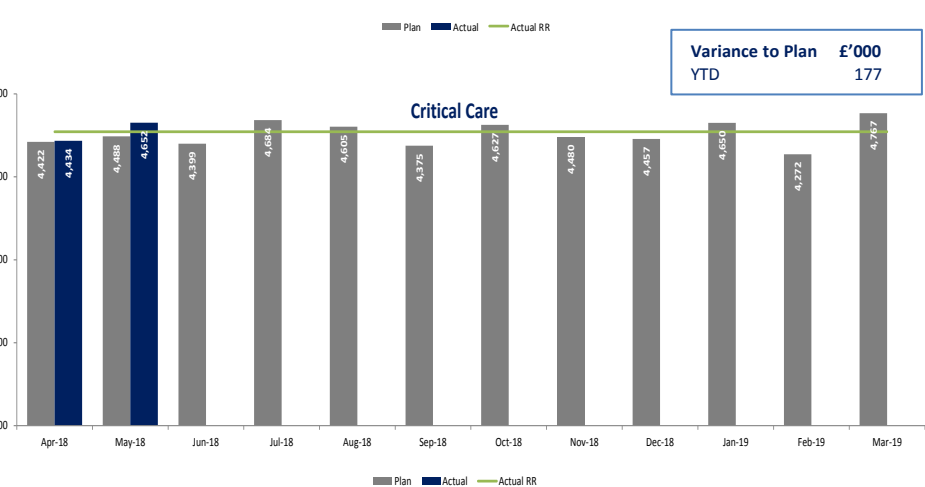
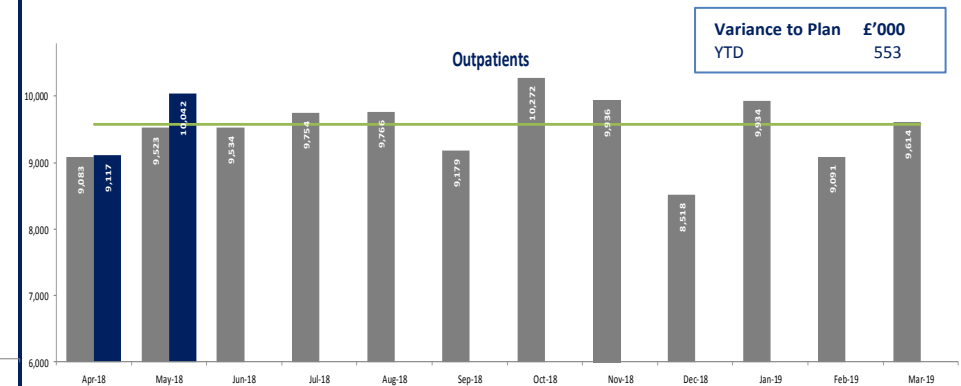
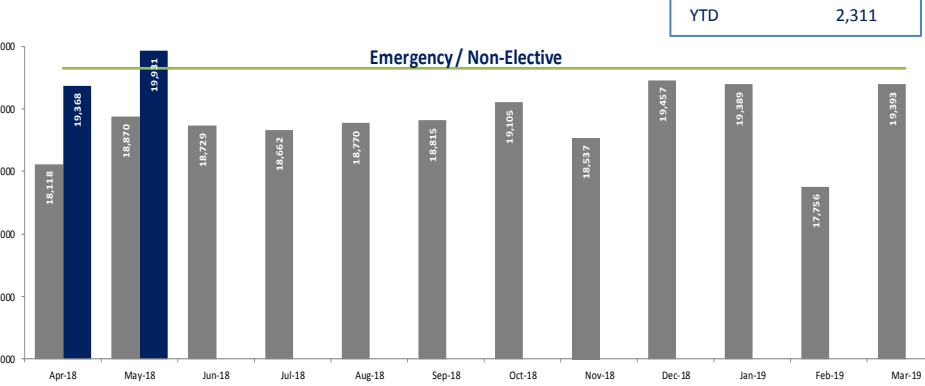
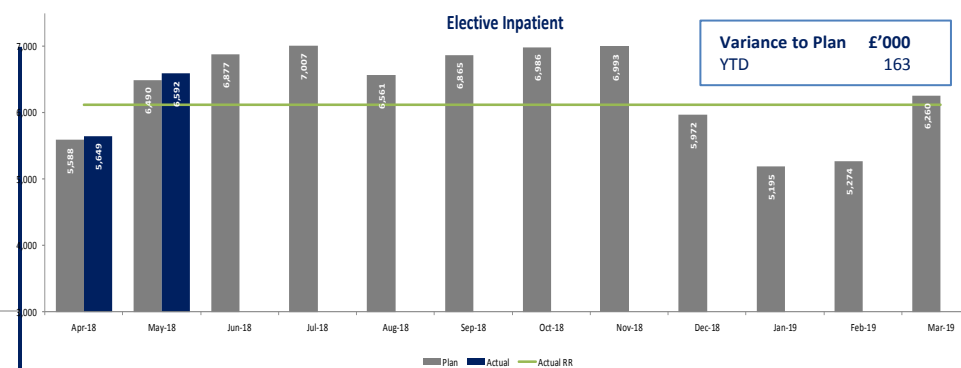
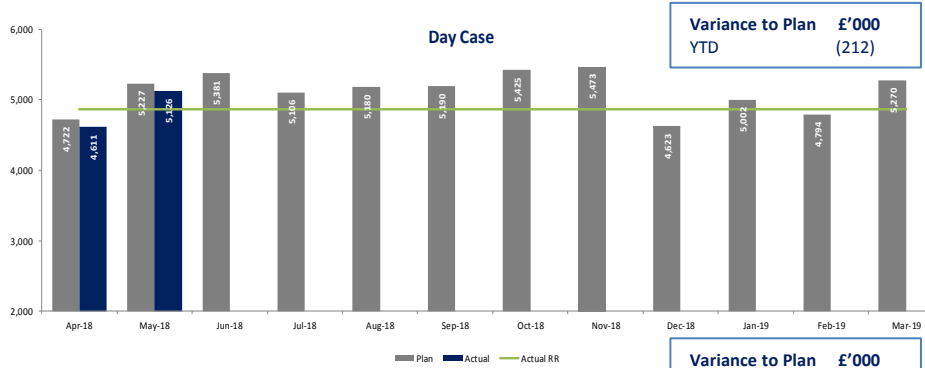


Year to Date

- Year to date over-performance of £2.1m which includes £0.8mA in relation to drugs and devices excluded from tariff.
- Over-performance predominantly driven by Emergency and Outpatients within a wide range of specialties including Cardiology, Geriatric Medicine and General Surgery.



Patient Income Run Rates: Point of Delivery



Pay: YTD £106.0m, £0.1mA to Plan

	May-18						YTD						
	£'000			WTE			£'000			WTE			
	Plan	Actual	F/(A)	Plan	Actual	F/(A)	Plan	Actual	F/(A)	Plan	Actual	F/(A)	
Agency	Medical	624	1,031	(407)	3	47	(44)	1,300	2,148	(849)	3	47	(44)
	Nursing & Midwifery	919	445	475	11	97	(86)	1,844	987	857	11	97	(86)
	Other Clinical	211	255	(44)	35	18	17	427	380	47	35	18	17
	Non Clinical	55	44	11	15	11	4	110	91	19	15	11	4
Total: Agency	1,809	1,774	35	64	173	(109)	3,681	3,606	74	64	173	(109)	
Other Non-contracted	Medical	0	1,403	(1,403)	0	6	(6)	0	2,877	(2,877)	0	6	(6)
	Nursing & Midwifery	0	1,677	(1,677)	0	491	(491)	0	3,484	(3,484)	0	491	(491)
	Other Clinical	0	332	(332)	0	69	(69)	0	680	(680)	0	69	(69)
	Non Clinical	0	516	(516)	0	271	(271)	0	1,107	(1,107)	0	271	(271)
Total: Other Non-contracted	0	3,928	(3,928)	0	835	(835)	0	8,147	(8,147)	0	835	(835)	
Total Non-contracted	Medical	624	2,434	(1,810)	3	53	(50)	1,300	5,025	(3,726)	3	53	(50)
	Nursing & Midwifery	919	2,121	(1,202)	11	587	(577)	1,844	4,471	(2,627)	11	587	(577)
	Other Clinical	211	587	(376)	35	87	(52)	427	1,060	(633)	35	87	(52)
	Non Clinical	55	560	(505)	15	282	(266)	110	1,198	(1,087)	15	282	(266)
Total: Non-contracted	1,809	5,702	(3,894)	64	1,008	(945)	3,681	11,754	(8,073)	64	1,008	(945)	
Substantive	Medical	15,658	14,744	913	1,882	1,818	64	31,375	29,062	2,313	1,882	1,818	64
	Nursing & Midwifery	17,317	16,488	829	5,898	5,432	467	34,217	32,289	1,927	5,898	5,432	467
	Other Clinical	8,090	6,641	1,449	2,286	2,110	177	16,389	13,298	3,091	2,286	2,110	177
	Non Clinical	10,164	9,506	657	4,123	3,969	153	20,300	19,633	667	4,123	3,969	153
Total: Substantive	51,228	47,379	3,849	14,190	13,329	861	102,281	94,283	7,999	14,190	13,329	861	
Total	Medical	16,281	17,178	(897)	1,886	1,871	14	32,674	34,087	(1,412)	1,886	1,871	14
	Nursing & Midwifery	18,236	18,609	(373)	5,909	6,019	(110)	36,060	36,760	(700)	5,909	6,019	(110)
	Other Clinical	8,301	7,228	1,073	2,321	2,196	125	16,817	14,359	2,458	2,321	2,196	125
	Non Clinical	10,219	10,067	152	4,138	4,251	(113)	20,411	20,831	(420)	4,138	4,251	(113)
TOTAL: Pay	53,037	53,081	(44)	14,253	14,338	(84)	105,962	106,036	(74)	14,253	14,338	(84)	

Agency Pay

- Year to date cost of £3.6m, in line with Plan. Medical overspend offset by nursing underspend predominantly within ESM.

Other Non-contracted Pay

- Other non-contracted pay consists of overtime, bank, WLIs and internal locums.
- Year to date expenditure of £8.2m 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.

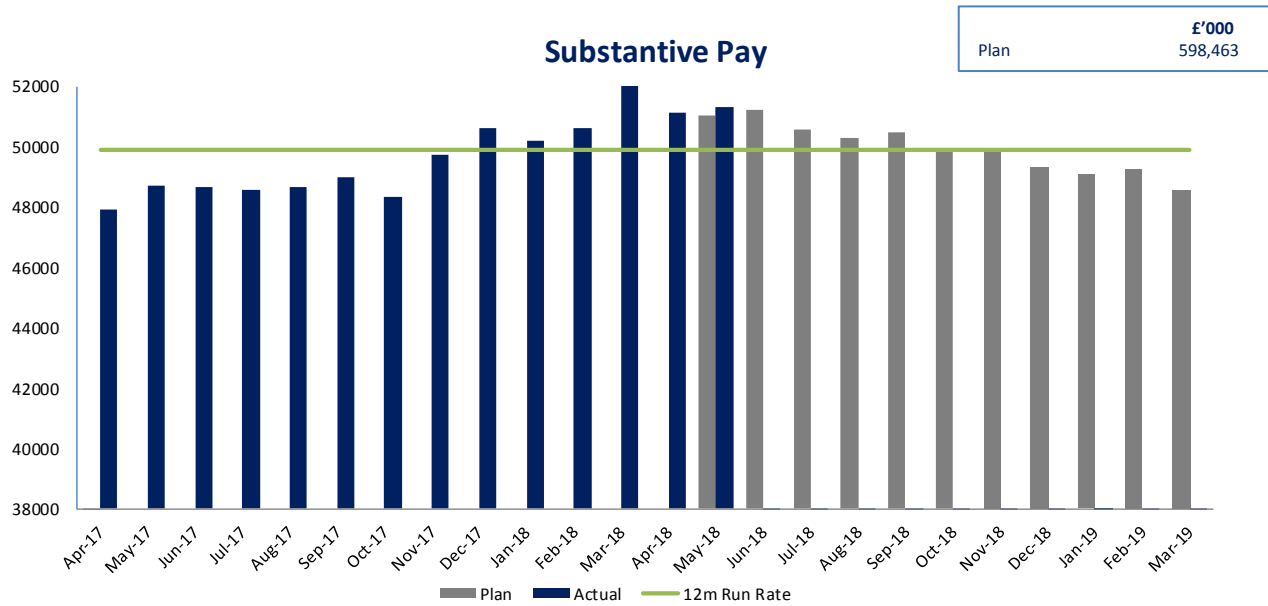
Substantive Pay

- Combined with other non-contracted, expenditure of £102.4m, £0.1mA to Plan including £2.4m overspend in the CMGs driven by:
 - Medical: £0.8mA across most CMGs;
 - Nursing: £1.7mA across most CMGs;
- 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

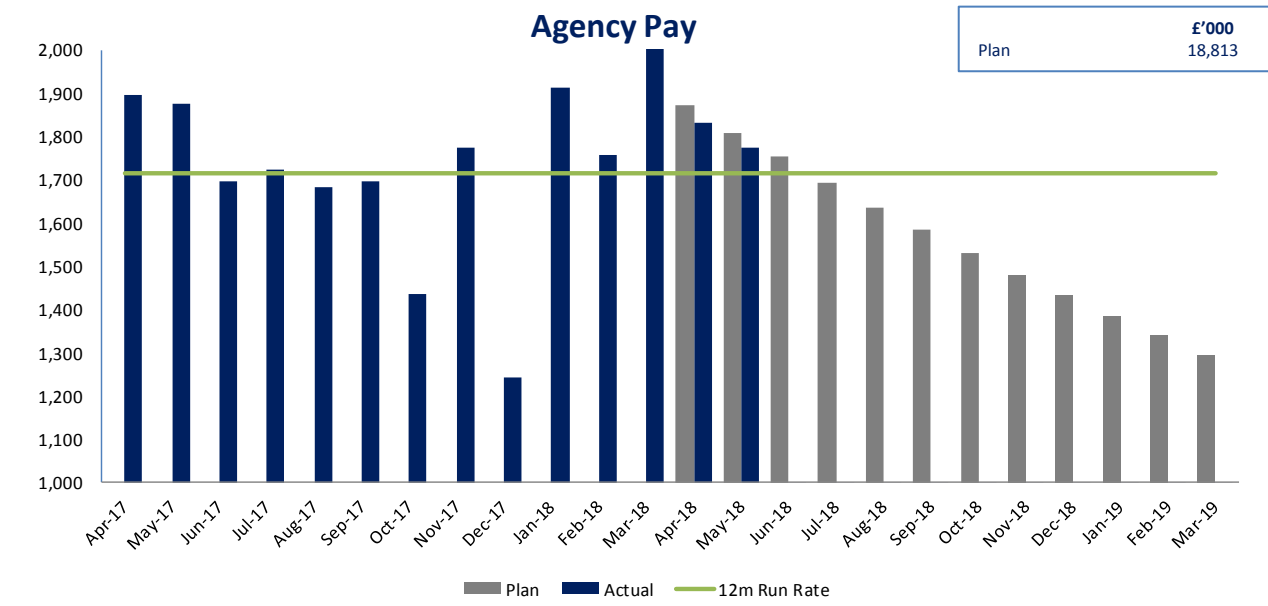


Total Pay excluding Agency Pay

- 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.

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 £62.6m, £1.7mA to Plan

	May-18				YTD				
	Plan £'000	Actual £'000	F / (A) £'000	%	Plan £'000	Actual £'000	F / (A) £'000	%	
Direct	Blood Products	130	158	(29)	(22%)	255	277	(22)	(9%)
	Drugs	9,494	8,401	1,093	12%	18,469	17,012	1,457	8%
	Clinical Supplies & Services	9,131	10,012	(881)	(10%)	17,733	18,854	(1,120)	(6%)
	Transport	321	305	16	5%	630	681	(51)	(8%)
	Recharges	197	371	(175)	(89%)	391	717	(326)	(84%)
	Misc & General Supplies	3,031	3,403	(372)	(12%)	6,107	7,633	(1,526)	(25%)
External Providers	Healthcare	916	838	79	9%	1,840	1,725	116	6%
	Non Healthcare	1,223	1,275	(52)	(4%)	2,446	2,579	(133)	(5%)
Overheads	Establishment, Premises & Plant	3,805	4,314	(509)	(13%)	7,621	7,712	(91)	(1%)
	Consultancy	42	73	(31)	(74%)	85	71	13	16%
	Clinical Negligence	2,661	2,661	(0)	(0%)	5,321	5,321	(0)	(0%)
Total: Non Pay	30,950	31,811	(861)	(3%)	60,899	62,583	(1,684)	(3%)	

- Direct Costs: £45.2m, £1.6mA to Plan** including £0.8mF in relation to drugs and devices excluded from tariff.

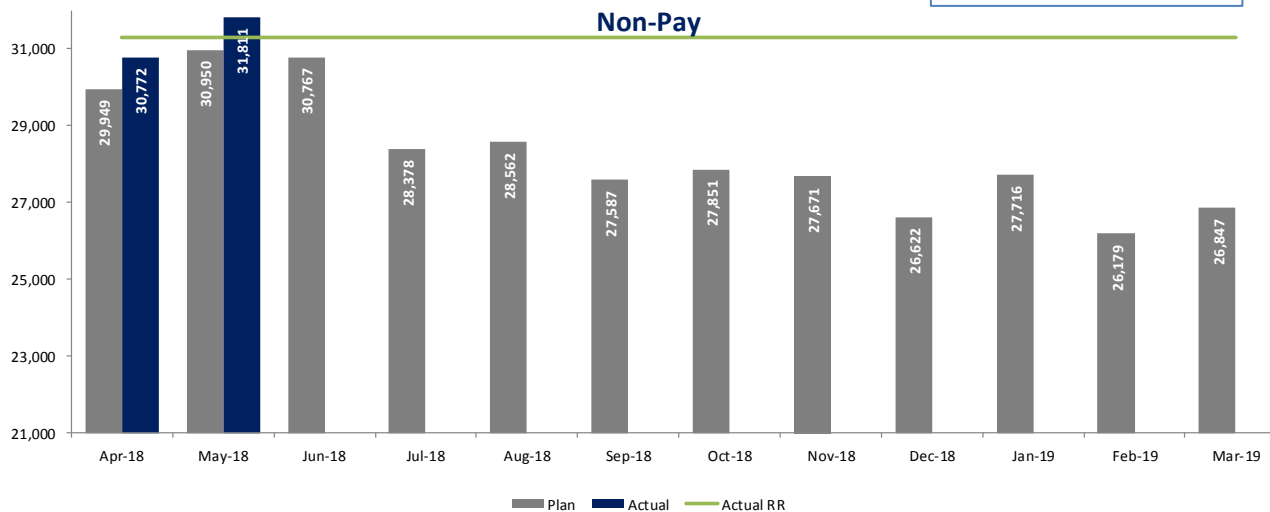
Underlying overspend driven by additional cost to deliver activity together with cost pressures within the CMGs.

- External Providers:** YTD cost of £4.3m which in line with Plan.

- Overheads:** YTD expenditure of £13.1m, £0.1mA to Plan predominantly within Estates.

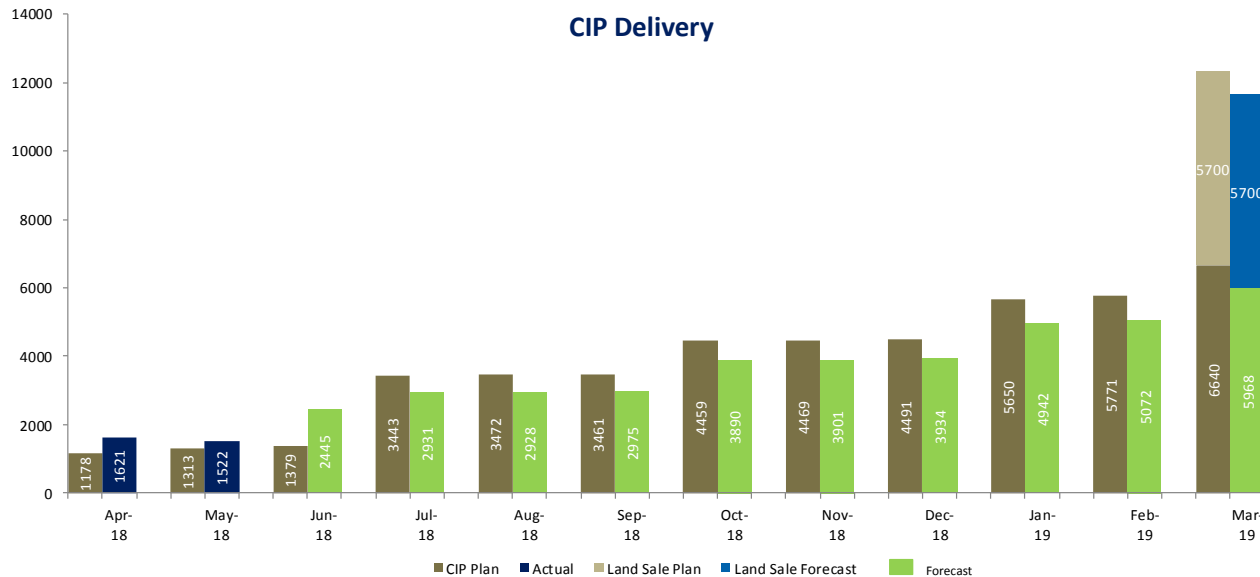
- Non-pay remains a critical area of spend to ensure tight cost control underpinned by activity performance.

Plan
£'000
339,079



CIP: YTD £3.1m, £0.7mF to Plan

	May-18				YTD				FY Plan £'000
	Plan £'000	Actual £'000	F / (A) £'000	%	Plan £'000	Actual £'000	F / (A) £'000	%	
CHUGGS	91	224	133	145%	182	322	140	77%	3,467
CSI	221	245	24	11%	425	454	29	7%	2,287
ESM	200	81	(119)	(59%)	399	731	332	83%	5,189
ITAPS	83	85	2	3%	150	146	(4)	(3%)	2,908
MSS	287	252	(35)	(12%)	491	430	(61)	(12%)	3,912
RRCV	311	435	124	40%	608	733	125	21%	5,253
Womens & Childrens	55	62	8	14%	108	116	8	7%	5,268
Total: CMG	1,248	1,385	137	11%	2,363	2,932	569	24%	28,283
Facilities & Estates	61	121	60	98%	122	189	66	54%	2,377
Corporate Total	3	16	13	525%	5	22	17	342%	1,394
Central	0	0	0	0%	0	0	0	0%	19,426
Total CIP	1,312	1,522	210	16%	2,491	3,143	652	26%	51,480



- Month 2 delivery favourable to plan driven by:

- CHUGGS driven by Patient Care Income in surgery and pay costs
- ESM over performance in Emergency;
- RRCV driven by Day Case Patient Care within Cardiology

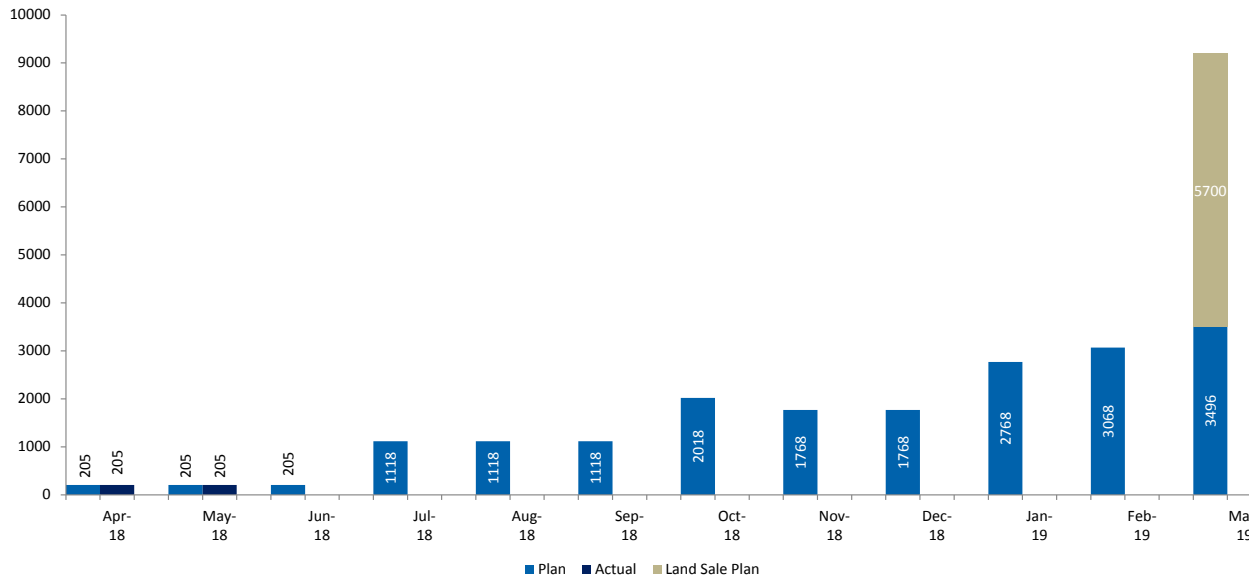
The Financial benefit of the schemes is being offset by cost pressures within the CMGs

- Theatres demand and capacity to be included in the revised plan from month 3.
- Quality Impact Assessment reviews with the chief nurse and medical director are set to be completed by 30th June for all schemes which are reported as delivering in quarter 1.
- The programme will have identified 100% of the plan by 30th June 2018.

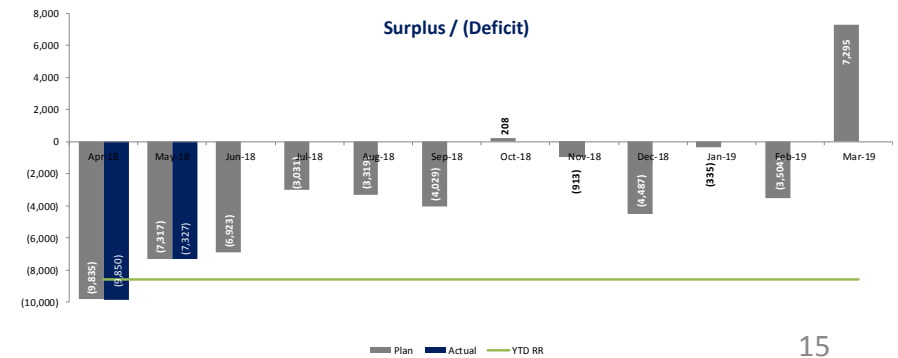
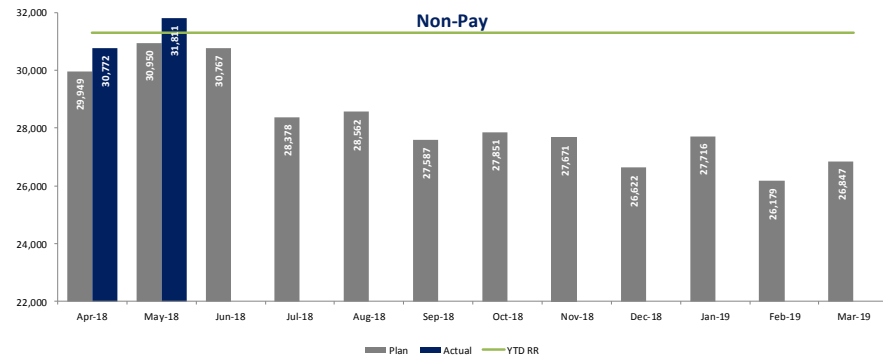
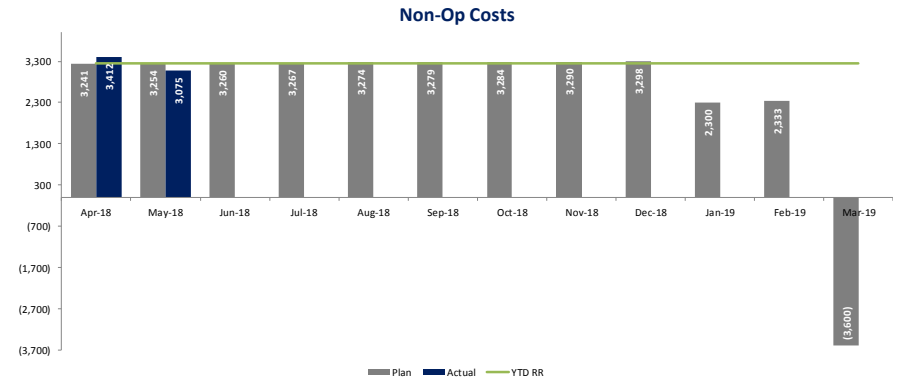
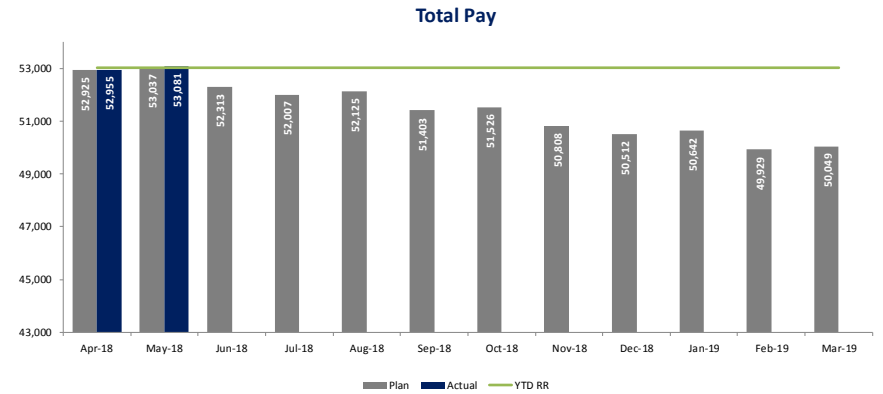
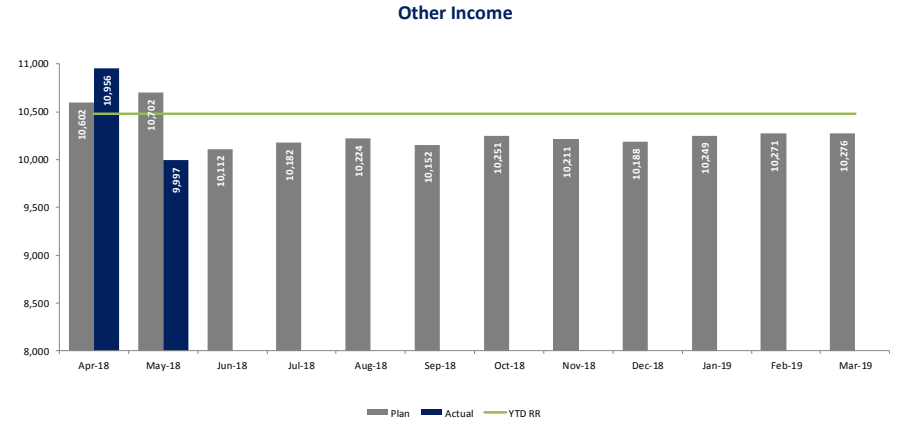
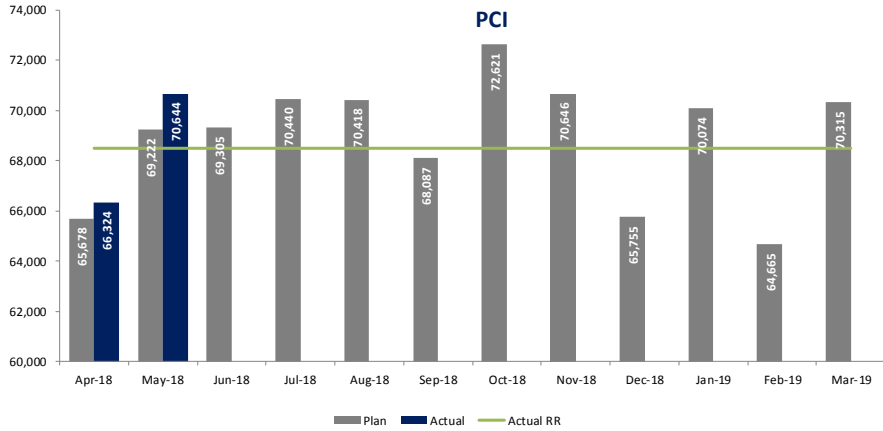
Finance Improvement and Technical (FIT)

	Plan			YTD			
	CIP £'000	Non-CIP £'000	Total £'000	Plan £'000	Actual £'000	Variance £'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: Capital Goods Scheme		250	250	0	0	0
	Total Value: Strategic	7,900	250	8,150	0	0	0
Statement of Financial Position	Deferred Income: release		150	150	0	0	0
	Revenue to Capital transfer		2,456	2,456	205	205	0
	Duplicate Invoices	150	150	150	0	0	0
	Total Value: Statement of Financial Position	150	2,606	2,756	205	205	0
Tactical	Additional FIT Actions (non-CIP)	5,676	2,268	7,944	0	0	0
	Profit from sale of Paddock	5,700	5,700	5,700	0	0	0
	Total Value: Tactical	11,376	2,268	13,644	0	0	0
All Actions	Strategic	7,900	250	8,150	0	0	0
	Statement of Financial Position	150	2,606	2,756	205	205	0
	Tactical	11,376	2,268	13,644	0	0	0
	Total Value: All Actions	19,426	5,124	24,550	205	205	0

- 2018/19 Plan identified £24.6m of Finance Improvement and Technical actions in order to help meet the planned deficit.
- Month 2 is in line to plan with the impact of actions predominantly planned to be delivered from October underpinned by launch of FM LLP and the sale of the Paddock.



I&E Run Rates



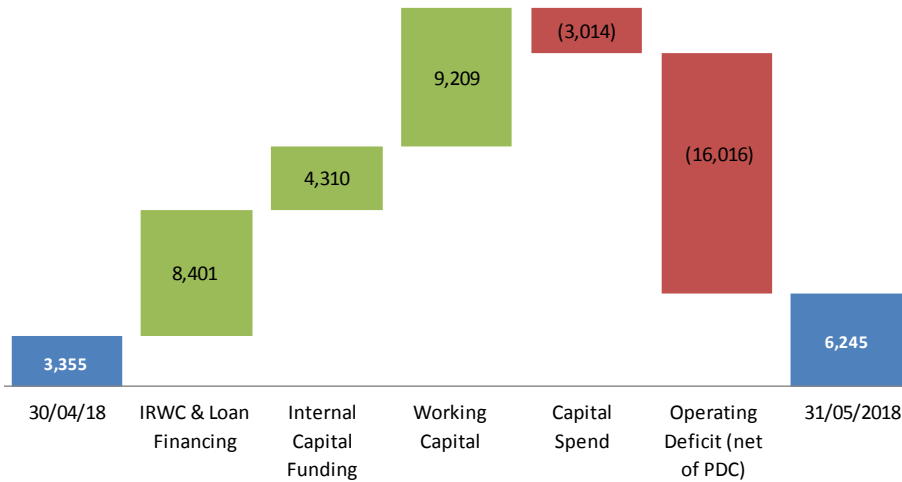
May 2018: Statement of Financial Position

	Mar-18 £000's Actual	May-18 £000's Actual	Movement £000's Actual
Property, plant and equipment	427,610	426,816	(794)
Intangible assets	11,480	11,069	(411)
Trade and other receivables	2,904	2,978	74
Total Non Current Assets	441,994	440,864	(1,130)
Inventories	23,829	23,700	(129)
Trade and other receivables	70,519	65,737	(4,782)
Other Financial assets	0	0	0
Cash and cash equivalents	2,900	6,245	3,345
Total Current Assets	97,248	95,682	(1,566)
Trade and other payables	(112,706)	(117,901)	(5,195)
Dividend payable	0	(1,065)	(1,065)
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)	(160,192)	(6,260)
Net Current Liabilities	(56,684)	(64,511)	(7,827)
Total Assets less Net Current Liabilities	385,310	376,353	(8,957)
Borrowings / Finance Leases	(6,395)	(6,396)	(1)
Other Liabilities / Loan	(162,075)	(170,475)	(8,400)
Provisions for liabilities and charges	(1,465)	(1,284)	181
Total Non Current Liabilities	(169,935)	(178,154)	(8,219)
Total Assets Employed	215,375	198,199	(17,176)
Public dividend capital	331,956	331,956	(0)
Revaluation reserve	98,349	98,349	(0)
Retained earnings	(214,930)	(232,106)	(17,176)
Total Taxpayers Equity	215,375	198,199	(17,176)

- **Total Assets Employed:** Movement of £17.2m representing year to date Trust deficit.
- **Non-Current Assets :** Increased by £1.1m.
- **Working capital:**
 - Trade receivables have increased by £4.8m
 - Trade payables have increased by £5.1m
- **Cash:** May balance of £6.2m is above the £1m target cash balance due to the timing of cash receipts, and includes TMP cash.
- **Non-current liabilities:**
 - Increase due to loan funding received in May.
- **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.

May 2018 Cash movement

Year to Date Cash Bridge £'000



Cash Bridge:

- Opening cash balance of £3.4m, in line with our plan.
- Funded YTD operating deficit (net of PDC) of £16m and movement in working capital by securing £3.1m of external financing.

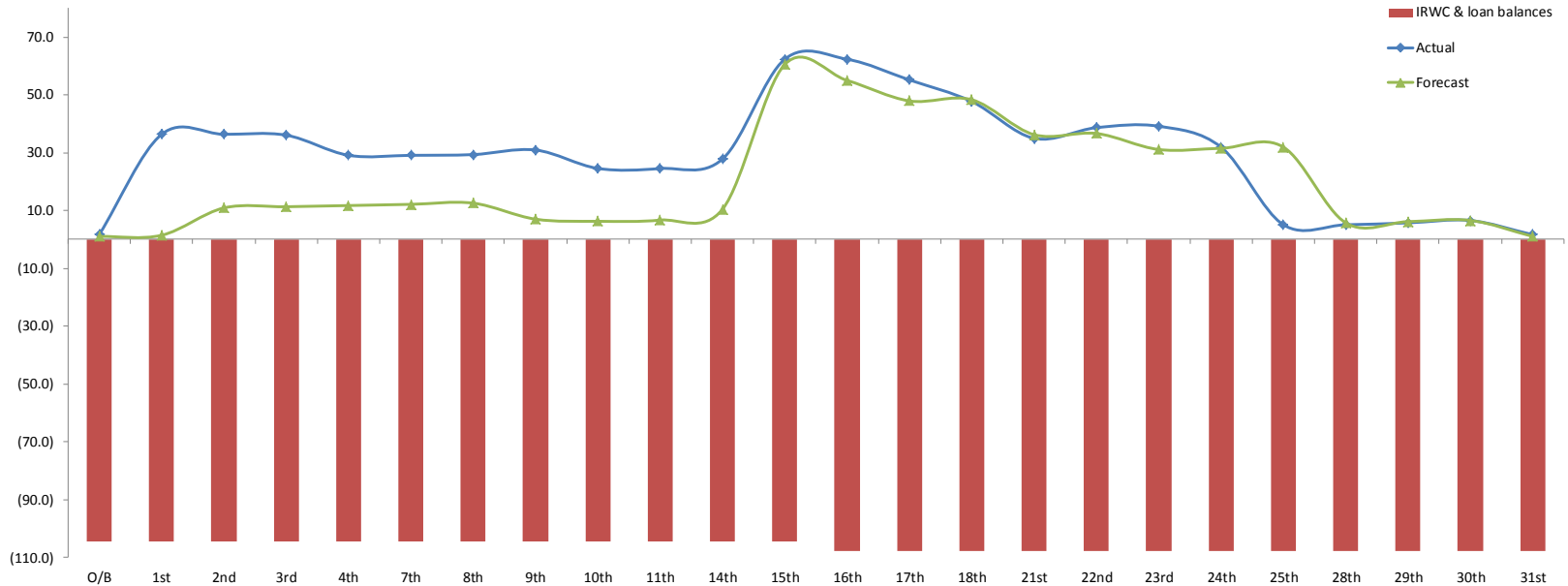
Full Year Forecast

- 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 May due to the monthly payroll run.

Daily Cash Balance



Liquidity

	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	20,966	15,302	7,421	2,590	1,052	9,903	47%
	Non-NHS receivables - revenue	23,444	28,787	(5,343)	20,708	1,026	1,212	5,841	20%
	Provision for the impairment of receivables	0	0	0	0				
	Non-NHS prepayments and accrued income	7,271	12,417	(5,146)	12,417				
	PDC dividend prepaid to DH	0	0	0	0				
	VAT	2,011	2,301	(290)	2,301				
	Other receivables	1,525	1,266	259	1,266				
	TOTAL	70,518	65,737	4,781	44,113	3,616	2,264	15,744	
Accounts Payable	NHS payables - revenue	(35,065)	(34,194)	(871)	(15,254)	(1,665)	(1,696)	(15,579)	46%
	NHS accruals and deferred income	0	0	0	0				
	Non-NHS payables - revenue	(33,650)	(34,796)	1,146	(21,790)	(7,670)	(3,608)	(1,728)	5%
	Non-NHS payables - capital	(4,307)	(856)	(3,451)	919	(1,090)	(648)	(37)	4%
	Non-NHS accruals and deferred income	(10,699)	(18,752)	8,053	(11,743)	(4,133)	(1,944)	(931)	5%
	Social security costs	(6,969)	(6,736)	(234)	(6,736)				
	Accrued Interest on DH Loans		0		0				
	Tax	(5,892)	(5,873)	(19)	(5,873)				
	Other	(12,649)	(11,965)	(683)	(11,965)				
	TOTAL	(109,231)	(113,172)	3,941	(72,442)	(14,558)	(7,896)	(18,275)	
Total Liquidity	(38,713)	(47,435)	8,722						

Liquidity: movement of £8.7m from opening position due to:

- Accounts receivable: decrease of £4.8m.
- Accounts payable: increase of £3.9m 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: 47% representing £9.9m being over 90 days.
- Non-NHS receivables: 20% representing £5.8m being over 90 days with the largest component being Overseas Visitors at £2.5m. This balance consists of various items which in isolation are not material.
- NHS payables-revenue: £15.6m, representing 46% over 90 days; non-NHS payables 5% (£1.7m) over 90 days; non-NHS accruals and deferred income 5% (£0.9m) 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	May YTD		Prior month YTD	
	Number	£000s	Number	£000s
All				
Total Invoices Paid in the Year	29,266	122,430	14,782	60,951
Total Invoices Paid Within Target	12,552	82,841	6,696	44,755
Percentage Invoices Paid Within Target (target 95%)	43%	68%	45%	73%
Non-NHS Payables				
Total Non-NHS Invoices Paid in the Year	28,057	99,835	14,411	49,792
Total Non-NHS Invoices Paid Within Target	12,324	69,742	6,579	36,799
Percentage of Non-NHS Invoices Paid Within Target	44%	70%	46%	74%
Local SME payables				
Total SME Invoices Paid in the Year	109	1,180	38	460
Total SME Invoices Paid Within Target	23	175	13	79
Percentage of Local SME Invoices Paid Within Target	21%	15%	34%	17%
NHS Payables				
Total NHS Invoices Paid in the Year	1,100	21,416	333	10,700
Total NHS Invoices Paid Within Target	205	12,924	104	7,877
Percentage of NHS Invoices Paid Within Target	19%	60%	31%	74%

- 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: May £3.0m spend, £0.2mA to Plan

Scheme Name	Annual	Year to Date - May 18		
	Budget	Plan	Actual	F / (A)
	£'000	£'000	£'000	£'000
Interim ICU Projects	27,392	200	69	131
UHL Reconfiguration Programme	1,425	230	76	154
Donations	300	50	0	50
Estates & Facilities	6,305	600	99	501
IM&T Schemes	6,160	350	1,554	(1,204)
Medical Equipment Schemes	2,591	111	43	68
Medical Equipment Schemes - CMG	1,625	50	42	8
EMCHC	2,992	50	8	42
Other	300	0	84	(84)
Emergency Floor	1,308	1,208	285	923
MES	0	0	754	(754)
Total Capital Expenditure	50,398	2,849	3,014	(165)