

2018/19 Financial Performance

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Trust Board paper K1

Executive Summary

Context

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 October 2018?

M7 Financial Performance

The Trust has achieved a year to date deficit of £45.0m excluding PSF which is £23.6m adverse to Plan driven by the cessation of FM LLP (£14m) and the crystallisation of the unmitigated Financial Recovery Board risk (£6.6m). Including PSF, the Trust has achieved a year to date deficit of £42.7m representing a £31.1m adverse position to plan due to non-recognition of PSF due to the impact of FM LLP from Quarter 2 reporting.

From Month 7, the financial position and forecast now includes the underlying impact of the cessation of FM LLP which is valued at a full year adverse impact of £21.9m.

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 pay cost pressures. The adverse position in

underlying performance is driven by the crystallisation of the unmitigated Financial Recovery Board risk of £6.6m.

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, £17.1m has been delivered against a plan of £18.7m which is £1.6m adverse to Plan. The forecast outturn is £44m reflecting a gap of £7.5m with £7.9m driven by the cessation of FM LLP.

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

As outlined on Page 17 of the report, the Month 7 submitted forecast of £51.8m, which is £30.6m adverse to Plan, represents the full year impact of FM LLP (£21.9m) together with a risk assessment of the underlying forecast (£8.7m). There remains a further risk of £3m-£10m which is intended to be addressed through increased pay controls to reduce the current run rate.

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 has chaired a specific Executive Board meeting (Star Chamber) to consider any such pressures which potentially cannot be avoided. This ensures 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.

Input Sought

Note the financial performance at Month 7.

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: **10th January 2019**

6.Executive Summaries should not exceed 1 page. [**My paper does/does not comply**]

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

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Executive Summary

Financial performance

Statutory duties

- Delivering the planned deficit: Off track YTD and Forecast
- Achieving the External Funding Limit: On track
- Achieving the Capital Resource Limit: On track

Financial Performance

- **Deficit of £45.0m, £23.6m adverse to Plan excluding Provider Sustainability Funds (PSF):** Over-performance within Emergency and Outpatients offset by under-performance in Elective Activity together with the marginal cost to deliver activity and pay cost pressures. The adverse position is driven by the crystallisation of the unmitigated risk within the Financial Recovery Board (FRB) and the impact of FM LLP.
- **Including PSF: Deficit of £42.7m, £31.1mA to plan:** with the additional adverse position driven by non-recognition of any PSF.
- **In Month deficit of £2.7m in line with the re-submitted forecast as at quarter two.**
- **Patient Care Income, £5.5mF 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, £29.6mA to Plan:** with pay £11.8mA to Plan including Agenda for Change together with underlying overspend within the CMGs. Non-pay overspend of £17.8m driven by additional cost to deliver activity together with cost pressures within the CMGs, financial impact of FM LLP £14.0m offset by implementation of FRB actions.
- **CIP £1.6mA to Plan** driven by crystallisation of CIP non-delivery in relation to FM LLP.
- **Forecast:** Net deficit of £51.8m , £30.6mA to Plan driven by FM LLP and a risk assessment of the underlying forecast. Remaining risk of £3m-£10m is being managed through pay controls combined with other mitigating actions.

Cash

- Closing cash position at October of £7.0m including Trust Group Holdings (TGH)
- TGH cash balance was £2.1m
- Funded YTD operating deficit and movement in working capital by securing £23.2m of external financing (£18.5m received on 12 November 2018)

Capital

- **October:** Total capital expenditure of £10.0m, £8.4mF to Plan driven by most capital projects being underspent at this point in the financial year.

October 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 £45.0m Excluding PSF

| | Oct-18 | | | | | YTD | | |
|------------------------------------|---------|---------|---------|---------|--------|-----------|-----------|---------|
| | Plan | FOT | Actual | Vs Plan | Vs FOT | Plan | Actual | F/(A) |
| | | | | | | | | |
| Day Case | 9,651 | 9,590 | 9,303 | (348) | (287) | 63,560 | 61,519 | (2,041) |
| Elective Inpatient | 1,949 | 1,930 | 1,837 | (112) | (93) | 12,920 | 12,131 | (789) |
| Emergency / Non-elective Inpatient | 10,241 | 9,705 | 10,027 | (214) | 321 | 69,587 | 69,066 | (520) |
| Emergency Department | 20,238 | 20,483 | 21,531 | 1,293 | 1,048 | 139,708 | 142,229 | 2,521 |
| Outpatient Procedures | 85,851 | 87,440 | 89,578 | 3,727 | 2,138 | 565,051 | 576,326 | 11,275 |
| Critical Care Services | 4,957 | 5,054 | 4,790 | (167) | (263) | 33,695 | 33,118 | (577) |
| Renal Dialysis and Transplant | 15,166 | 15,166 | 15,553 | 387 | 387 | 104,101 | 103,957 | (144) |
| Other Activity | 771,400 | 765,120 | 775,814 | 4,414 | 10,694 | 4,951,911 | 5,025,548 | 73,638 |
| WTE Total | 14,389 | 14,159 | 14,688 | (299) | 528 | 14,389 | 14,688 | (299) |
| WTE Agency | 74 | 198 | 254 | (180) | 55 | 74 | 254 | (180) |

| | Oct-18 | | | | | YTD | | |
|------------------------------------|-----------------|-----------------|-----------------|----------------|--------------|------------------|------------------|-----------------|
| | Plan | FOT | Actual | Vs Plan | Vs FOT | Plan | Actual | F/(A) |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Patient Care Income | 74,393 | 74,242 | 74,150 | (243) | (92) | 490,004 | 495,462 | 5,458 |
| Non Patient Care Income | 626 | 609 | 473 | (153) | (136) | 4,245 | 3,172 | (1,073) |
| Other Operating Income | 10,248 | 10,182 | 10,487 | 239 | 305 | 71,044 | 72,848 | 1,803 |
| Total Income | 85,267 | 85,033 | 85,110 | (157) | 77 | 565,293 | 571,481 | 6,188 |
| Pay Costs | (49,213) | (51,315) | (51,690) | (2,477) | (376) | (348,992) | (360,889) | (11,897) |
| Pay Costs: Agency | (1,513) | (1,626) | (1,905) | (392) | (279) | (11,474) | (11,403) | 70 |
| Non Pay | (27,800) | (31,589) | (30,933) | (3,133) | 657 | (203,580) | (221,353) | (17,772) |
| Total Operating Costs | (78,526) | (84,530) | (84,528) | (6,001) | 2 | (564,046) | (593,645) | (29,599) |
| EBITDA | 6,741 | 503 | 582 | (6,158) | 79 | 1,247 | (22,165) | (23,411) |
| Non Operating Costs | (3,257) | (3,217) | (3,320) | (63) | (103) | (22,772) | (22,893) | (121) |
| Retained deficit | 3,484 | (2,714) | (2,738) | (6,222) | (24) | (21,525) | (45,058) | (23,532) |
| Adjustments for Donated Assets | 16 | 31 | 55 | 39 | 24 | 113 | 87 | (26) |
| Net Deficit | 3,500 | (2,683) | (2,683) | (6,183) | 0 | (21,412) | (44,971) | (23,558) |
| Provider Sustainability Fund (PSF) | 2,195 | 0 | 0 | (2,195) | 0 | 9,876 | 2,304 | (7,572) |
| Net Deficit Including PSF | 5,695 | (2,683) | (2,683) | (8,378) | 0 | (11,536) | (42,667) | (31,130) |

| | Plan | FOT | Actual | | | Plan | Actual | |
|---------------------|-------|---------|---------|--|--|---------|---------|--|
| Agency: Total Pay | 3.07% | 3.17% | 3.68% | | | 3.29% | 3.16% | |
| EBITDA: Income | 7.91% | 0.59% | 0.68% | | | 0.22% | (3.88%) | |
| Net Deficit: Income | 4.10% | (3.16%) | (3.15%) | | | (3.79%) | (7.87%) | |

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: £495.4m, £5.5mF** including £5.0mA in relation to drugs and devices excluded from tariff with the offset in non-pay and £6.2mF funding in relation to Agenda For Change. Underlying over-performance of £4.3m 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.
- **Other Income: £76.0m, £0.7mF** driven by release of income provisions in line with FRB Plan offset by Trust Med Pharmacy which is offset in non-pay.

- **Pay Costs: £360.9m, £11.9mA** which includes £6.3mA in relation to Agenda For Change and £1.8mA driven by non-delivery of planned pay CIP. Underlying overspend in all staff groups and CMGs.

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.

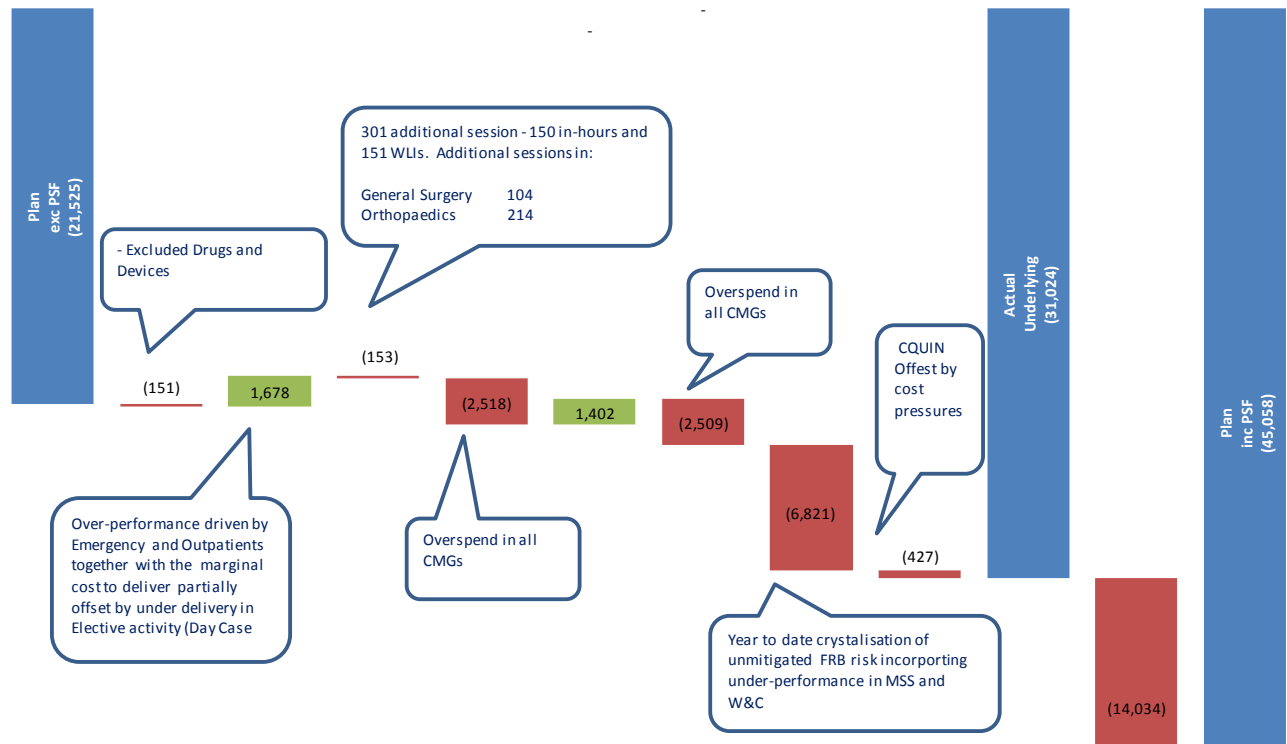
- **Non-Pay: £221.3m, £17.8mA** including £5.0mF relating to drugs and devices excluded from tariff. The financial impact of the cessation of FM LLP £14.0mA is a significant part of the over spend. Underlying overspend is predominantly driven by the marginal cost to deliver additional activity, under-delivery 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 £22.2m, £23.4mA Plan.**
- **Non-Operating Costs: £22.9m, £0.1Am.**
- **Provider Sustainability Fund (PSF): £2.3m, £7.6mA** – recognition of quarter one only due to the financial pressures from cessation of FM LLP and non delivery of the A&E 4 hour target of 90%.
- **Forecast** : Performance is in line with M6 submitted forecast with a full year outturn of £51.8 (deficit).

I&E Bridge: £23.5mA driven by performance risk and FM LLP

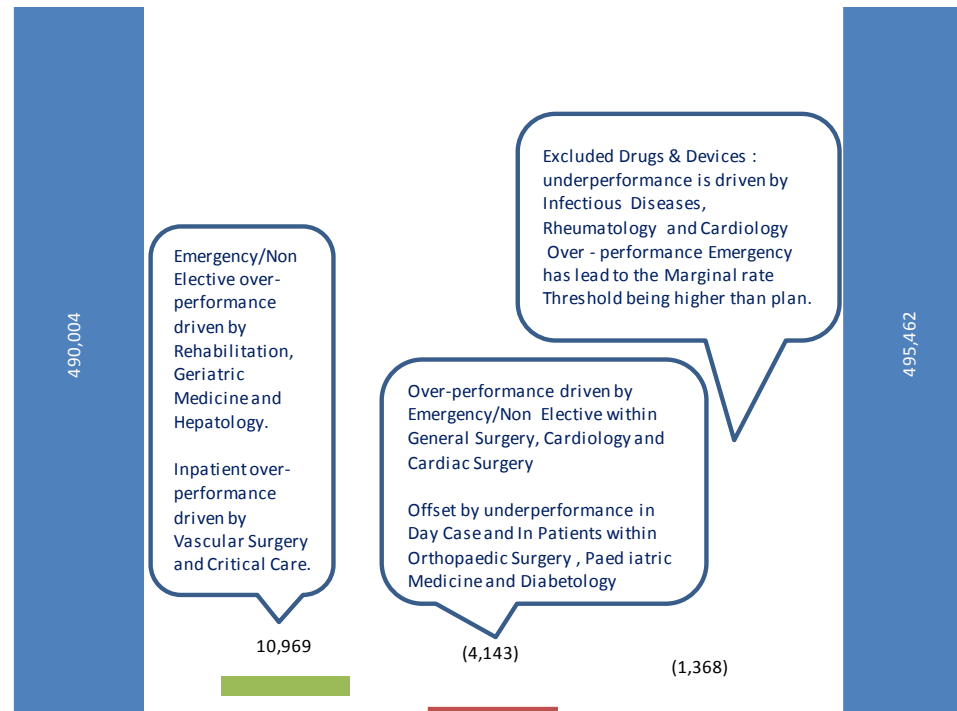
Over-performance within Emergency and Outpatients offset by under-performance in Elective Activity together with the marginal cost to deliver activity and pay cost pressures. The adverse position is driven by the crystallisation of the unmitigated risk within the Financial Recovery Board (FRB) and the impact of FM LLP in line with the submitted forecast as at quarter two.



| £(000) | Plan exc PSF | Pass Through | Activity | Theatres | Medical Pay | Nursing Pay | Other Pay | FRB | Other | Actual Underlying | FM LLP | Plan exc PSF | Var F/(A) |
|---------------------|-----------------|--------------|--------------|--------------|----------------|--------------|----------------|----------------|--------------|-------------------|-----------------|-----------------|-----------------|
| NHS PCI | 490,004 | 1,209 | 5,760 | | | | | (2,122) | 611 | 495,462 | | 495,462 | 5,458 |
| Other Income | 75,289 | (1,047) | (714) | | | | | 2,466 | 25 | 76,019 | | 76,019 | 730 |
| Pay | (348,992) | (6,345) | | (280) | (1,497) | 157 | (2,179) | (1,754) | | (360,889) | | (360,889) | (11,897) |
| Pay: Agency | (11,474) | | | | (1,022) | 1,245 | (331) | 177 | | (11,403) | | (11,403) | 70 |
| Non Pay | (203,580) | 6,033 | (3,368) | 127 | | | | (5,367) | (1,246) | (207,402) | (13,951) | (221,353) | (17,772) |
| Non-Operating Costs | (22,772) | | | | | | | (222) | 183 | (22,810) | (83) | (22,893) | (121) |
| Net Deficit | (21,525) | (151) | 1,678 | (153) | (2,518) | 1,402 | (2,509) | (6,821) | (427) | (31,024) | (14,034) | (45,058) | (23,532) |

NHS Patient Income: October £495.5m, £5.5mF to Plan

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



| £(m) | Plan | Rate | Volume | Other | Actual | Var F / (A) |
|--|----------------|---------------|----------------|----------------|----------------|--------------|
| Day Case | 36,253 | 521 | (1,181) | 0 | 35,593 | (660) |
| Elective Inpatient | 47,649 | 2,003 | (3,031) | 0 | 46,621 | (1,028) |
| Emergency / Non-elective Inpatient | 130,925 | 7,124 | (1,033) | 0 | 137,017 | 6,092 |
| Marginal Rate Emergency Threshold | (4,066) | 0 | 0 | (839) | (4,905) | (839) |
| Emergency Department | 18,851 | (166) | 337 | 0 | 19,022 | 172 |
| Outpatient | 66,620 | 881 | 1,347 | 0 | 68,847 | 2,228 |
| Drugs and Devices excluded from Tariff | 62,378 | 0 | 0 | (4,997) | 57,381 | (4,997) |
| Critical Care Services | 31,600 | 1,109 | (560) | 0 | 32,148 | 549 |
| Renal Dialysis and Transplant | 16,534 | (504) | (22) | 0 | 16,008 | (526) |
| CQUIN | 9,949 | 0 | 0 | 619 | 10,568 | 619 |
| Other Activity | 63,147 | 0 | 0 | 938 | 64,085 | 938 |
| Other Financial Values | 10,164 | 0 | 0 | 2,910 | 13,074 | 2,910 |
| Total | 490,004 | 10,969 | (4,143) | (1,368) | 495,462 | 5,458 |

Activity & Income: Performance versus Contract

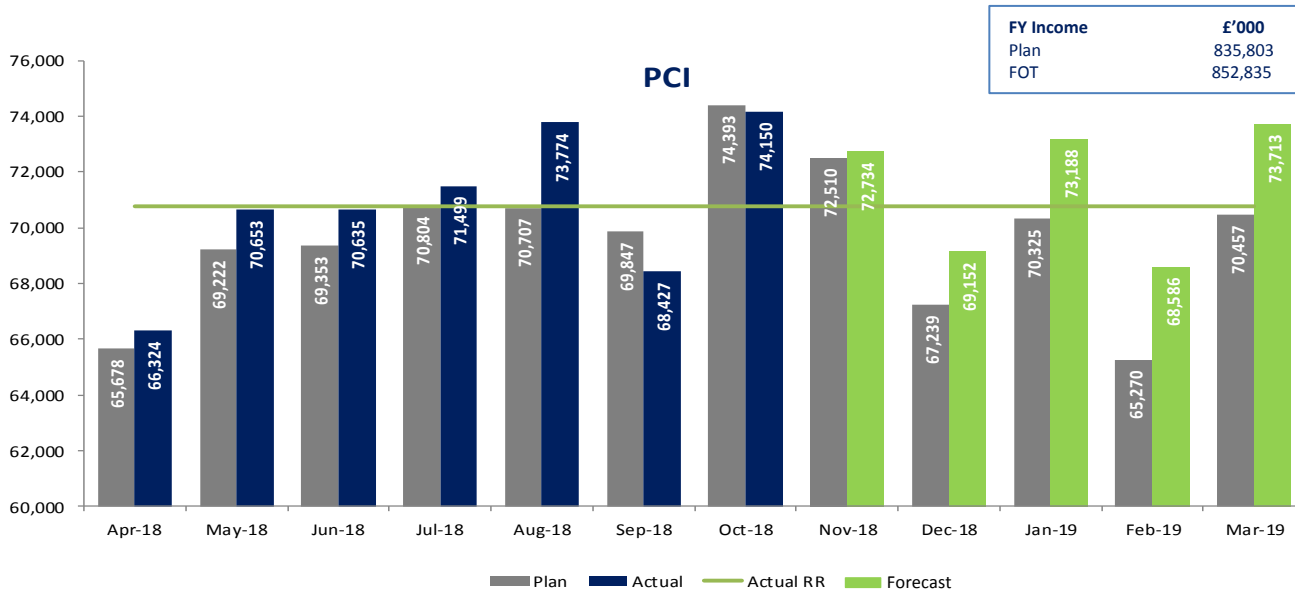
| Activity | Case Mix | City | East | West | Specialised | Other | Alliance | Total | % |
|------------------------|--|--------|-------|---------|-------------|---------|----------|---------|------|
| | Day Case | (939) | 188 | (507) | 233 | (545) | (471) | (2,041) | (3%) |
| | Elective Inpatient | (302) | (177) | (177) | (140) | 8 | | (789) | (6%) |
| | Emergency / Non-elective Inpatient | (418) | (51) | 359 | 66 | (476) | | (520) | (1%) |
| | Marginal Rate Emergency Threshold (MRET) | 0 | 0 | 0 | 0 | 0 | | 0 | 0% |
| | Emergency Department | 421 | 822 | 1,408 | | (129) | | 2,521 | 2% |
| | Outpatient | 2,512 | 3,231 | 6,122 | 5,273 | (3,419) | (2,445) | 11,275 | 2% |
| | Excluded Drugs and Devices | | | | | 0 | 0 | 0 | 0% |
| | Critical Care Services | (248) | 56 | 234 | (909) | 289 | | (577) | (2%) |
| | Renal Dialysis and Transplant | 0 | 0 | 0 | (140) | (4) | | (144) | (0%) |
| CQUIN | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0% | |
| Other Activity | 48,083 | 21,367 | 5,423 | (1,793) | 1,251 | (693) | 73,638 | 1% | |
| Other Financial Values | 1,667 | 2,384 | 1,862 | 190 | 1,260 | 1,288 | 8,651 | 0% | |

| Financial | Case Mix | City (£000) | East (£000) | West (£000) | Specialised (£000) | Other (£000) | Alliance (£000) | Total (£000) | % |
|------------------------|--|----------------|----------------|----------------|-----------------------|-----------------|--------------------|-----------------|-------|
| | Day Case | (512) | 65 | 86 | 473 | (518) | (256) | (660) | (2%) |
| | Elective Inpatient | (276) | (7) | (504) | (801) | 560 | 0 | (1,028) | (2%) |
| | Emergency / Non-elective Inpatient | 1,535 | 1,675 | 3,198 | 1,251 | (1,567) | 0 | 6,092 | 5% |
| | Marginal Rate Emergency Threshold (MRET) | (629) | 21 | (387) | 0 | 156 | 0 | (839) | (21%) |
| | Emergency Department | 172 | 139 | 200 | 0 | (339) | 0 | 172 | 1% |
| | Outpatient | 673 | 521 | 909 | 818 | (474) | (218) | 2,228 | 3% |
| | Excluded Drugs and Devices | (557) | (713) | (608) | (2,898) | (200) | (20) | (4,997) | (8%) |
| | Critical Care Services | (162) | 13 | 389 | 12 | 297 | 0 | 549 | 2% |
| | Renal Dialysis and Transplant | 0 | 0 | 0 | (516) | (10) | 0 | (526) | (3%) |
| CQUIN | (76) | (21) | 21 | 114 | 595 | (14) | 619 | 6% | |
| Other Activity | (208) | (215) | (159) | 1,256 | 282 | (18) | 938 | 1% | |
| Other Financial Values | 756 | 152 | 423 | (44) | 1,795 | (152) | 2,930 | 29% | |
| Grand Total | 716 | 1,628 | 3,569 | (335) | 577 | (678) | 5,478 | 1% | |

Contracts:

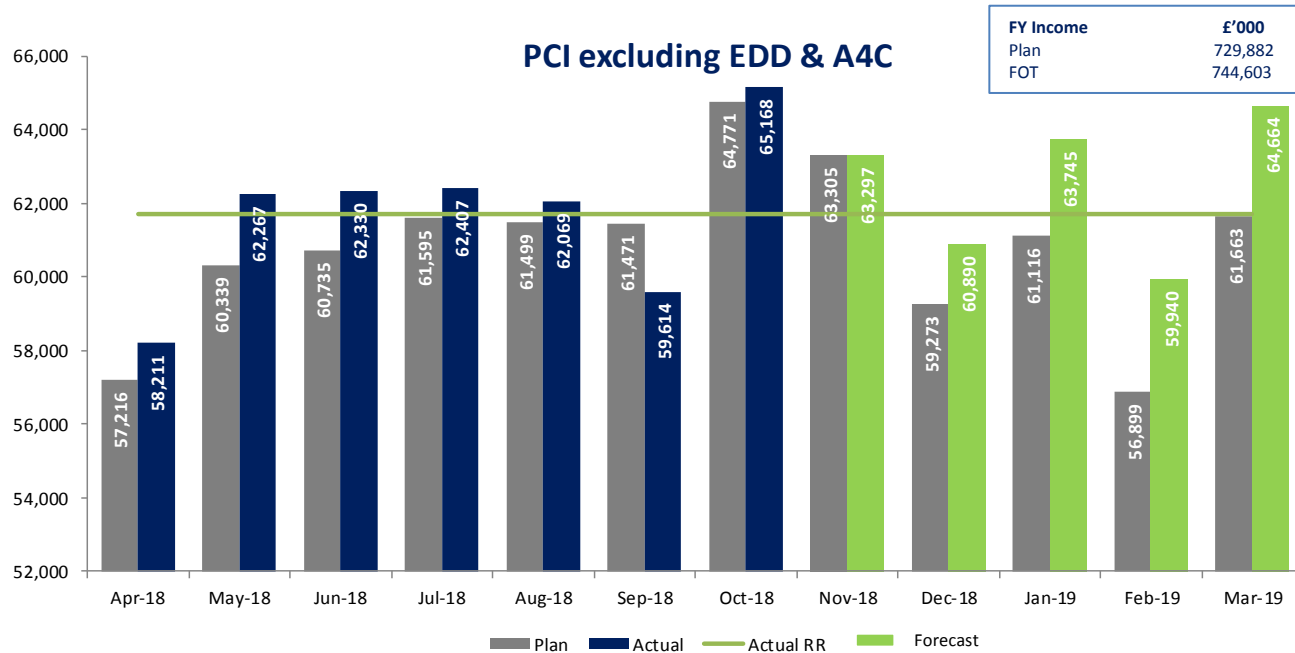
- Day Case & Elective Inpatient:** Day case under-performance in the main is within Orthopaedic Surgery. Elective Inpatient underperformance is predominantly in Paediatric Cardiothoracic Surgery partially offset by Cardiac and Orthopaedic Surgery.
 - Emergency / Non Elective:** Over performance across a wide range of specialties with Geriatric Medicine, Hepatology and Rehabilitation. Offset by underperformance in Diabetology, Gastroenterology and Paediatric Medicine.
 - 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, and Paediatric Cardiology.
 - Excluded Drugs and Devices:** The underperformance is driven by Infectious Diseases, Rheumatology and Cardiology.
 - 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 £6.2m

Patient Income Run Rates

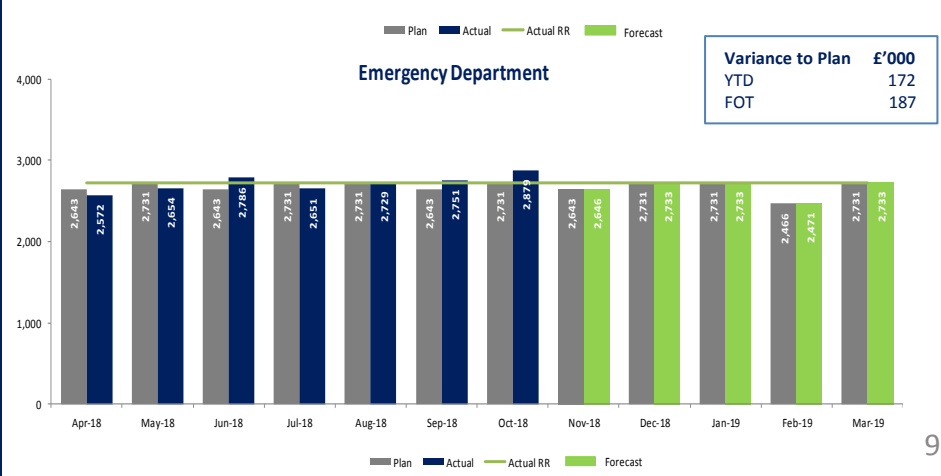
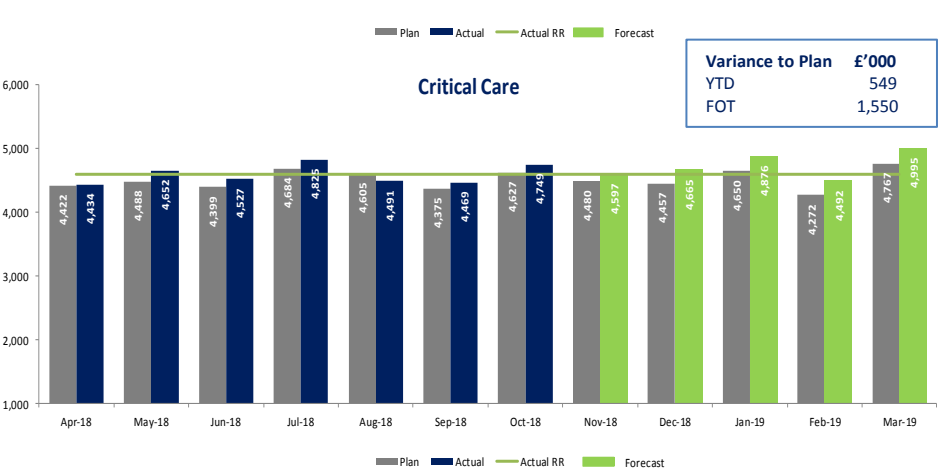
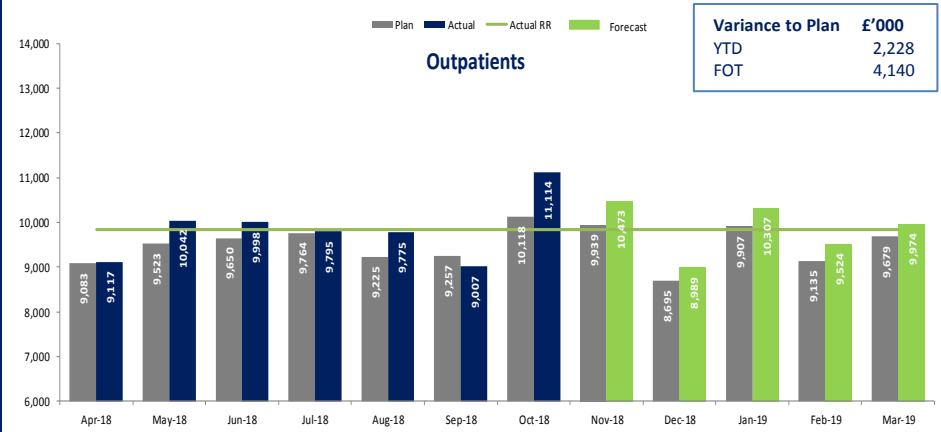
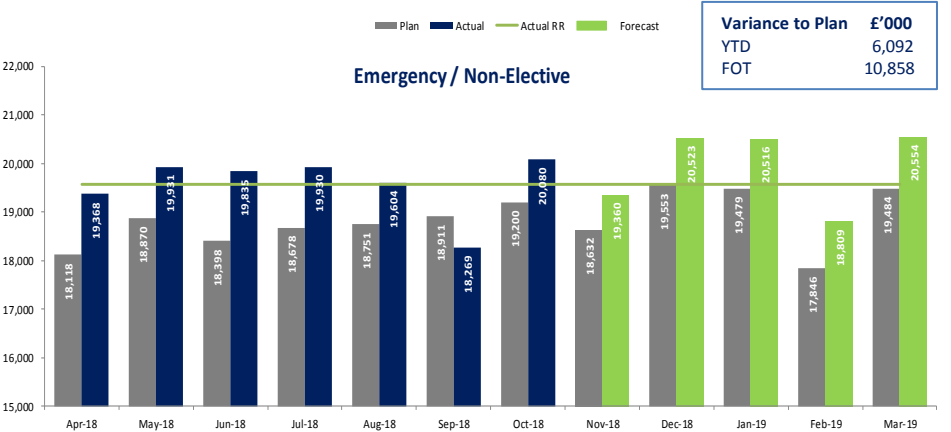
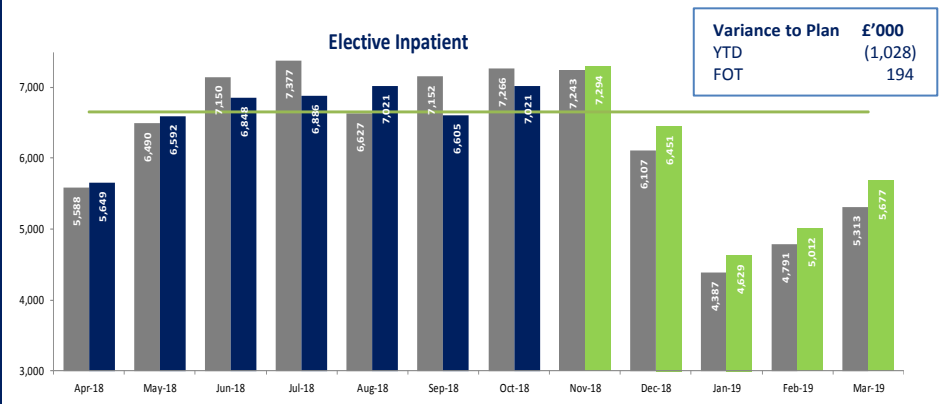
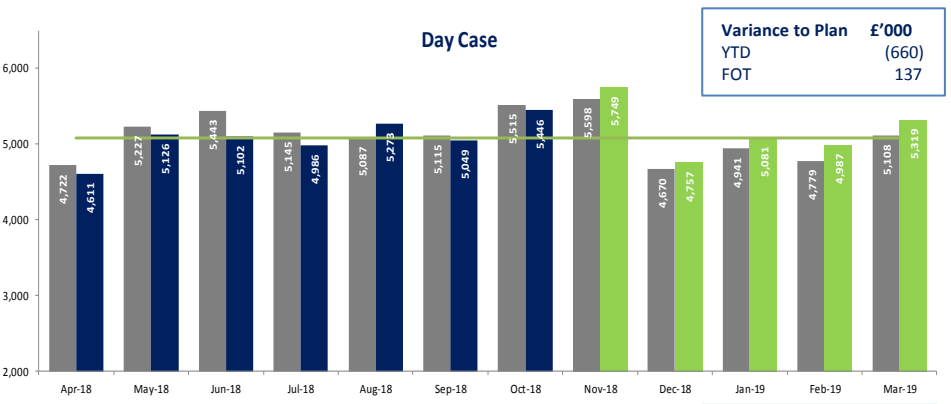


Year to Date

- Year to date over-performance of £5.5m which includes £5.0mA in relation to drugs and devices excluded from tariff and £6.2mF in relation to Agenda for Change funding.
- Over-performance predominantly driven by Emergency/Non-elective within Integrated Medicine, Rehabilitation and Outpatients.
- The forecast includes additional income in relation to the revised winter timetable and efficiencies in theatres and Outpatients.



Patient Income Run Rates: Point of Delivery



Pay: YTD £372.3m, £11.8mA to Plan

| | Oct-18 | | | | | | YTD | | | | | | |
|----------------------|------------------------------------|---------------|---------------|----------------|---------------|---------------|----------------|----------------|----------------|-----------------|---------------|---------------|----------------|
| | £'000 | | | WTE | | | £'000 | | | WTE | | | |
| | Plan | Actual | F/(A) | Plan | Actual | F/(A) | Plan | Actual | F/(A) | Plan | Actual | F/(A) | |
| Agency | Medical | 378 | 641 | (263) | 3 | 33 | (30) | 3,321 | 4,894 | (1,573) | 3 | 33 | (30) |
| | Nursing & Midwifery | 889 | 1,050 | (161) | 24 | 192 | (169) | 6,359 | 4,937 | 1,422 | 24 | 192 | (169) |
| | Other Clinical | 193 | 222 | (29) | 32 | 28 | 4 | 1,413 | 1,312 | 101 | 32 | 28 | 4 |
| | Non Clinical | 52 | (9) | 61 | 15 | 0 | 15 | 381 | 260 | 121 | 15 | 0 | 15 |
| | Total: Agency | 1,513 | 1,905 | (392) | 74 | 254 | (180) | 11,474 | 11,403 | 70 | 74 | 254 | (180) |
| Other Non-contracted | Medical | 0 | 1,736 | (1,736) | 0 | 7 | (7) | 0 | 11,283 | (11,283) | 0 | 7 | (7) |
| | Nursing & Midwifery | 0 | 1,627 | (1,627) | 0 | 505 | (505) | 0 | 12,182 | (12,182) | 0 | 505 | (505) |
| | Other Clinical | 0 | 328 | (328) | 0 | 67 | (67) | 0 | 2,350 | (2,350) | 0 | 67 | (67) |
| | Non Clinical | 0 | 585 | (585) | 0 | 283 | (283) | 0 | 4,047 | (4,047) | 0 | 283 | (283) |
| | Total: Other Non-contracted | 0 | 4,275 | (4,275) | 0 | 862 | (862) | 0 | 29,862 | (29,862) | 0 | 862 | (862) |
| Total Non-contracted | Medical | 378 | 2,377 | (1,998) | 3 | 40 | (37) | 3,321 | 16,177 | (12,856) | 3 | 40 | (37) |
| | Nursing & Midwifery | 889 | 2,676 | (1,787) | 24 | 697 | (674) | 6,359 | 17,120 | (10,761) | 24 | 697 | (674) |
| | Other Clinical | 193 | 550 | (357) | 32 | 95 | (63) | 1,413 | 3,663 | (2,250) | 32 | 95 | (63) |
| | Non Clinical | 52 | 576 | (524) | 15 | 283 | (268) | 381 | 4,307 | (3,926) | 15 | 283 | (268) |
| | Total: Non-contracted | 1,513 | 6,180 | (4,667) | 74 | 1,115 | (1,041) | 11,474 | 41,266 | (29,792) | 74 | 1,115 | (1,041) |
| Substantive | Medical | 15,917 | 14,931 | 986 | 1,962 | 1,917 | 45 | 110,508 | 102,128 | 8,380 | 1,962 | 1,917 | 45 |
| | Nursing & Midwifery | 17,094 | 16,366 | 728 | 4,302 | 4,173 | 130 | 119,493 | 114,746 | 4,747 | 4,302 | 4,173 | 130 |
| | Other Clinical | 6,671 | 5,954 | 718 | 5,932 | 5,684 | 248 | 50,297 | 44,904 | 5,393 | 5,932 | 5,684 | 248 |
| | Non Clinical | 9,530 | 10,164 | (633) | 2,193 | 1,800 | 393 | 68,694 | 69,249 | (555) | 2,193 | 1,800 | 393 |
| | Total: Substantive | 49,213 | 47,415 | 1,798 | 14,389 | 13,573 | 816 | 348,992 | 331,027 | 17,965 | 14,389 | 13,573 | 816 |
| Total | Medical | 16,296 | 17,308 | (1,012) | 1,965 | 1,956 | 8 | 113,829 | 118,305 | (4,476) | 1,965 | 1,956 | 8 |
| | Nursing & Midwifery | 17,983 | 19,043 | (1,060) | 4,326 | 4,870 | (544) | 125,852 | 131,865 | (6,013) | 4,326 | 4,870 | (544) |
| | Other Clinical | 6,865 | 6,504 | 360 | 5,964 | 5,779 | 185 | 51,710 | 48,567 | 3,143 | 5,964 | 5,779 | 185 |
| | Non Clinical | 9,583 | 10,740 | (1,157) | 2,208 | 2,082 | 125 | 69,075 | 73,556 | (4,481) | 2,208 | 2,082 | 125 |
| | TOTAL: Pay | 50,726 | 53,595 | (2,869) | 14,462 | 14,688 | (225) | 360,466 | 372,293 | (11,827) | 14,462 | 14,688 | (225) |

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 £11.4m, £0.1mF to Plan, driven by ESM in Nursing

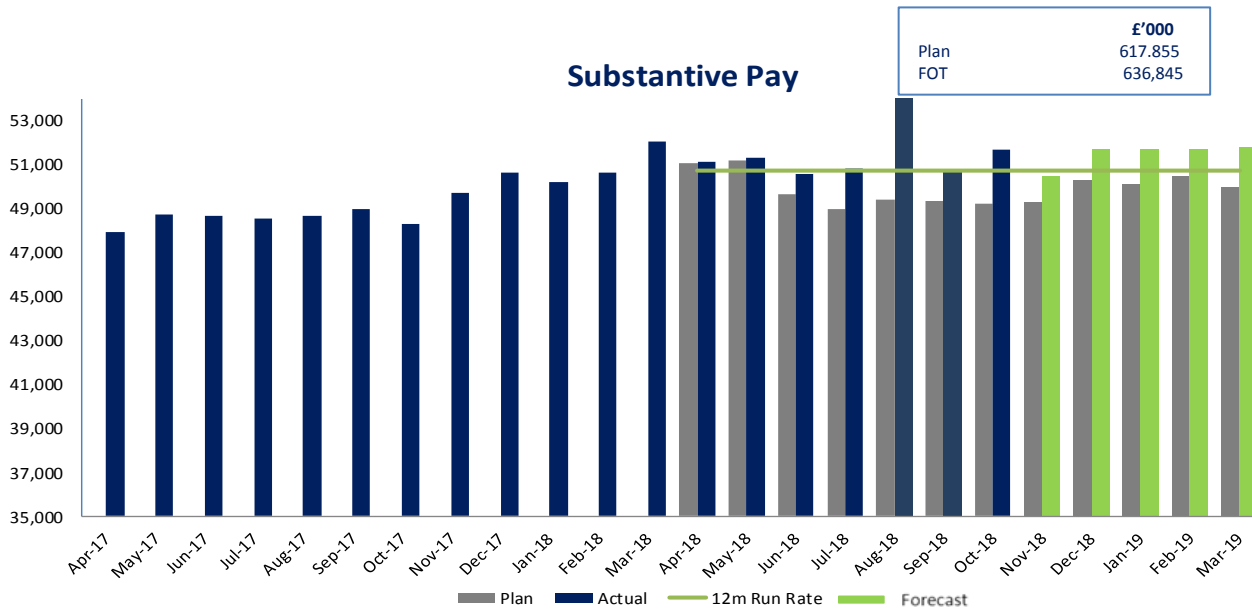
Other Non-contracted Pay

- Other non-contracted pay consists of overtime, bank, WLLs and internal locums.
- Year to date expenditure of £29.9m 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

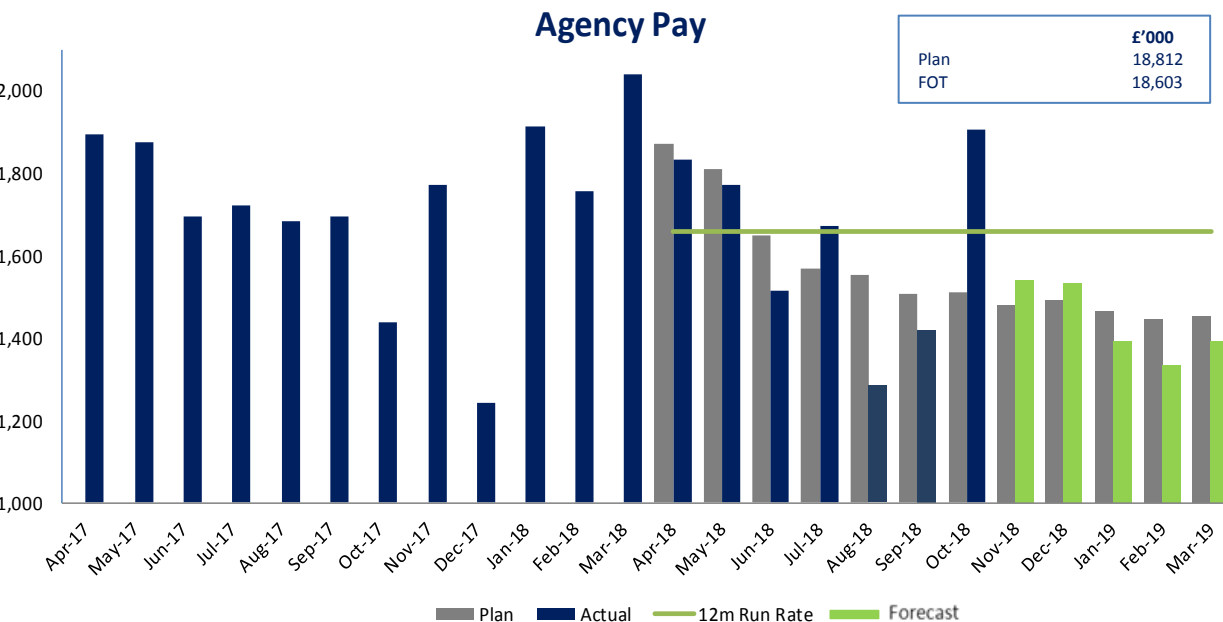
- Combined with other non-contracted, expenditure of £360.8m, £11.8mA to Plan which includes £6.3mA in relation to Agenda For Change and £1.6mF in relation to execution of FRB actions.
- Underlying overspend of £7.2m including non-delivery of planned pay CIP of £1.8m . Underlying overspend in all staff 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.**

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.
- The forecast pay includes additional capacity to support Winter pressures together with the anticipated benefit from the workforce controls.



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.
- The increase in October is driven by nursing within ESM which is in line with forecast and CHUGGS which includes a year to date correction.

Non-Pay: YTD £221.3m, £17.8mA to Plan

| | Oct-18 | | | | YTD | | | | |
|---------------------------|---------------------------------|-----------------|------------------|--------------|----------------|-----------------|------------------|-------------|--------|
| | Plan £'000 | Actual £'000 | F / (A) £'000 | % | Plan £'000 | Actual £'000 | F / (A) £'000 | % | |
| Direct | Blood Products | 139 | 136 | 4 | 3% | 918 | 586 | 332 | 36% |
| | Drugs | 9,999 | 8,536 | 1,463 | 15% | 65,868 | 59,921 | 5,947 | 9% |
| | Clinical Supplies & Services | 9,349 | 9,673 | (324) | (3%) | 63,800 | 65,829 | (2,029) | (3%) |
| | Transport | 318 | 474 | (156) | (49%) | 2,207 | 2,632 | (425) | (19%) |
| | Recharges | 479 | 611 | (133) | (28%) | 3,839 | 4,444 | (605) | (16%) |
| | Misc & General Supplies | (1,298) | 2,494 | (3,792) | (292%) | 5,115 | 24,749 | (19,634) | (384%) |
| External Providers | Healthcare | 910 | 938 | (28) | (3%) | 6,404 | 6,245 | 158 | 2% |
| | Non Healthcare | 1,222 | 1,169 | 53 | 4% | 8,554 | 8,766 | (212) | (2%) |
| Overheads | Establishment, Premises & Plant | 3,983 | 4,210 | (227) | (6%) | 27,967 | 29,290 | (1,323) | (5%) |
| | Consultancy | 38 | 30 | 8 | 20% | 284 | 266 | 18 | 6% |
| | Clinical Negligence | 2,661 | 2,661 | - | 0% | 18,625 | 18,625 | (0) | (0%) |
| Total: Non Pay | 27,800 | 30,933 | (3,133) | (11%) | 203,580 | 221,353 | (17,772) | (9%) | |

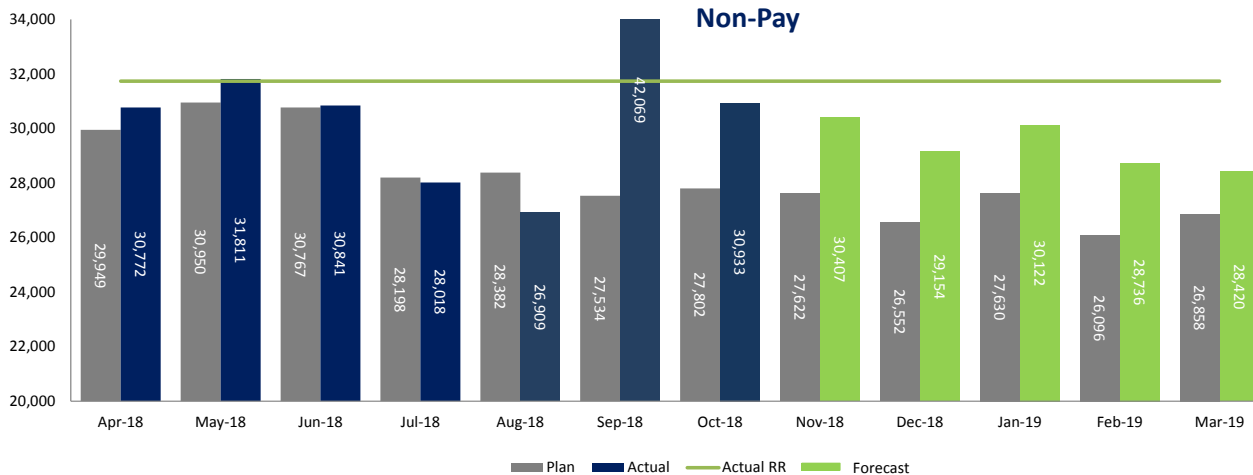
- Direct Costs: £158.2m, £16.4mA to Plan** including £5.0mF in relation to drugs and devices excluded from tariff.

The financial impact from the cessation of FM LLP is driving a £14m of the over spend

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

- External Providers: YTD cost of £15.0m** which in line with Plan.
- Overheads: YTD expenditure of £48.1m, £1.3mA to Plan** predominantly within Estates.
- Non-pay remains a critical area of spend to ensure tight cost control underpinned by activity performance.

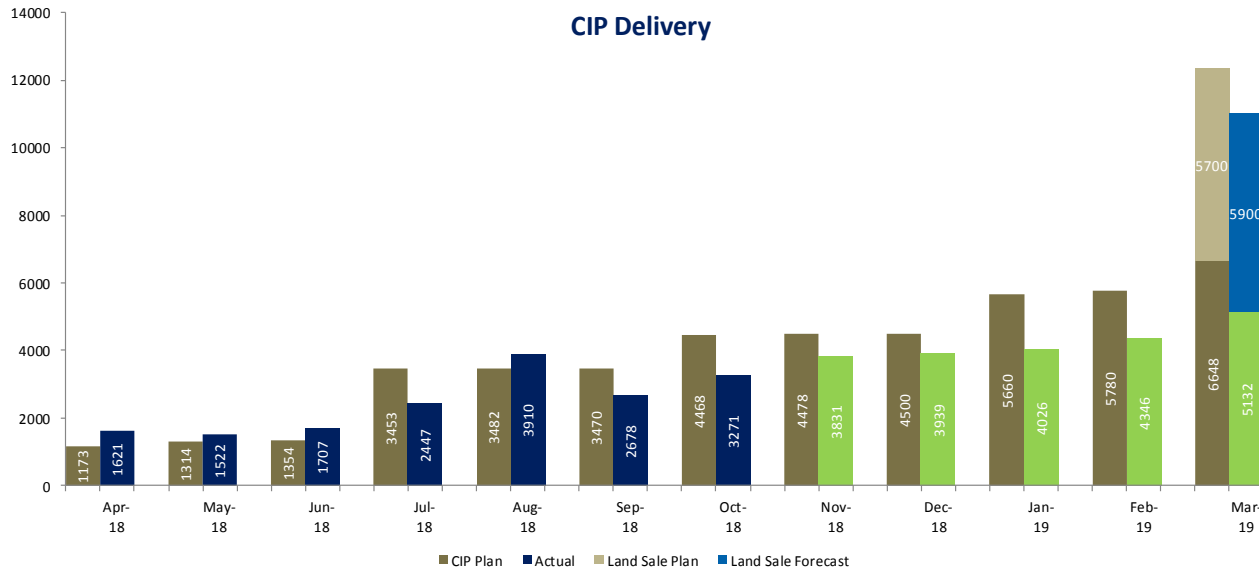
| | £'000 |
|------|---------|
| Plan | 338,298 |
| FOT | 368,191 |



CIP: YTD £17.1m, £1.6mA to Plan

| | Oct-18 | | | | YTD | | | | FY Plan £'000 |
|--------------------|---------------|-----------------|------------------|--------------|---------------|-----------------|------------------|-------------|------------------|
| | Plan £'000 | Actual £'000 | F / (A) £'000 | % | Plan £'000 | Actual £'000 | F / (A) £'000 | % | |
| CHUGGS | 355 | 314 | (41) | (12%) | 1,691 | 1,773 | 82 | 5% | 3,467 |
| CSI | 195 | 223 | 29 | 15% | 1,330 | 1,738 | 408 | 31% | 2,287 |
| ESM | 510 | 423 | (87) | (17%) | 2,639 | 3,080 | 442 | 17% | 5,189 |
| ITAPS | 298 | 298 | 0 | 0% | 1,419 | 1,613 | 194 | 14% | 2,908 |
| MSS | 334 | 303 | (31) | (9%) | 2,160 | 1,886 | (274) | (13%) | 3,911 |
| RRCV | 482 | 361 | (121) | (25%) | 2,789 | 2,789 | 0 | 0% | 5,253 |
| Womens & Childrens | 628 | 396 | (232) | (37%) | 2,124 | 1,238 | (886) | (42%) | 5,268 |
| Total: CMG | 2,801 | 2,317 | (484) | (17%) | 14,150 | 14,117 | (33) | (0%) | 28,283 |
| Facilities | 282 | 122 | (160) | (57%) | 966 | 618 | (348) | (36%) | 2,377 |
| Corporate Total | 154 | 95 | (59) | (38%) | 624 | 437 | (187) | (30%) | 1,394 |
| Central | 1,231 | 736 | (494) | (40%) | 2,973 | 1,985 | (988) | (33%) | 19,426 |
| Total CIP | 4,468 | 3,271 | (1,197) | (27%) | 18,713 | 17,156 | (1,556) | (8%) | 51,480 |

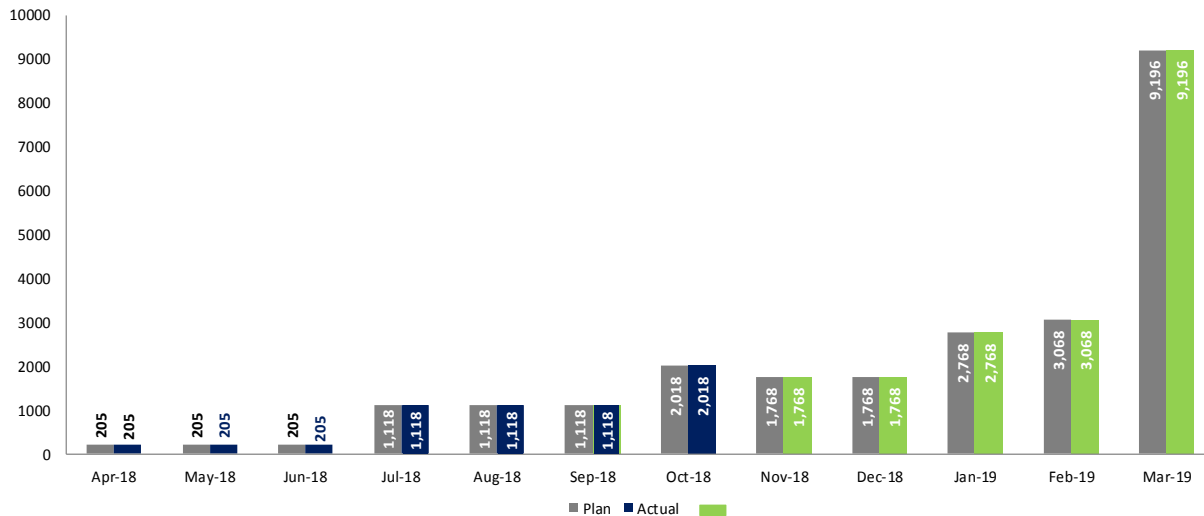
- The CIP forecast outturn is £44m representing an unidentified gap of £7.5m driven by cessation of FM LLP driving an under-deliver of £7.9m
- Achieving CIP is critical to delivering the 18/19 financial plan with key risks being unidentified or delivery slippage of CIP.
- Month 12 includes £5.9m for the sale of land.
- The specific CIP Paper provides further insight into the performance of CIP.



Finance Improvement and Technical (FIT)

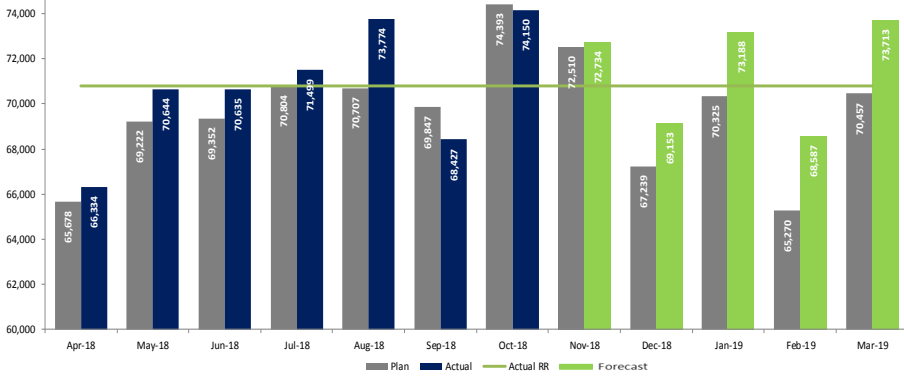
| | Plan | | | YTD | | | |
|--|---|---------------|--------------|---------------|--------------|--------------|----------|
| | CIP | Non-CIP | Total | Plan | Actual | Variance | |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | |
| Strategic | Estates Strategy: Run Savings | 3,900 | 3,900 | 650 | 650 | 0 | |
| | Estates Strategy: Dividend and Depreciation benefit | 4,000 | 4,000 | 0 | 0 | 0 | |
| | Estates Strategy: COGS | | 250 | 250 | 250 | 250 | 0 |
| | Total Value: Strategic | 7,900 | 250 | 8,150 | 900 | 900 | 0 |
| Statement of Financial Position | Deferred Income (inc Research): release | | 150 | 150 | 0 | 0 | 0 |
| | Revenue to Capital transfer | | 2,456 | 2,456 | 1,433 | 1,433 | 0 |
| | Duplicate Invoices | 150 | | 150 | 0 | 0 | 0 |
| | Total Value: Statement of Financial Position | 150 | 2,606 | 2,756 | 1,433 | 1,433 | 0 |
| Tactical | Additional FIT Actions (non-CIP) | 5,676 | 2,268 | 7,944 | 3,651 | 3,652 | 1 |
| | Profit from sale of Paddock | 5,700 | | 5,700 | 0 | 0 | 0 |
| | Total Value: Tactical | 11,376 | 2,268 | 13,644 | 3,651 | 3,652 | 1 |
| All Actions | Strategic | 7,900 | 250 | 8,150 | 900 | 900 | 0 |
| | Statement of Financial Position | 150 | 2,606 | 2,756 | 1,433 | 1,433 | 0 |
| | Tactical | 11,376 | 2,268 | 13,644 | 3,651 | 3,652 | 1 |
| | Total Value: All Actions | 19,426 | 5,124 | 24,550 | 5,984 | 5,985 | 1 |

- 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.

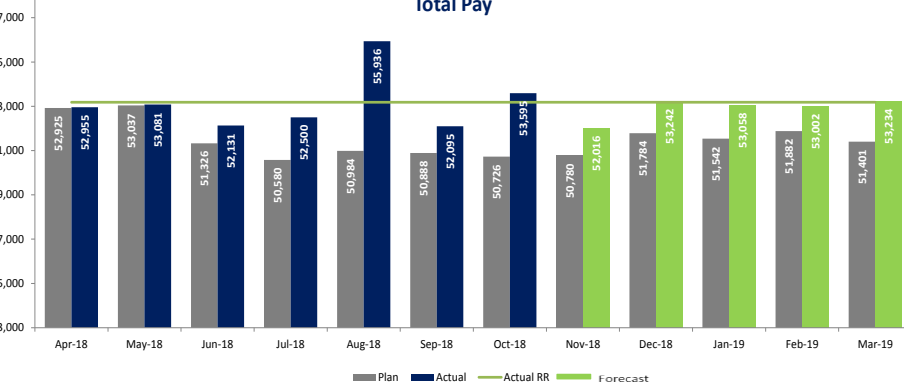


I&E Run Rates

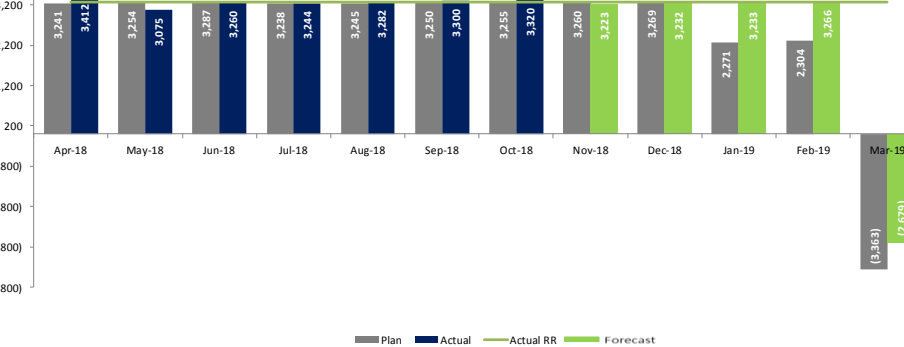
PCI



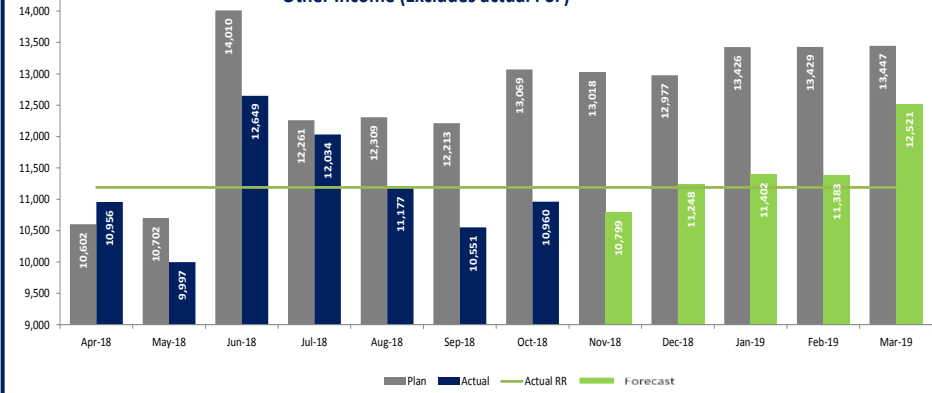
Total Pay



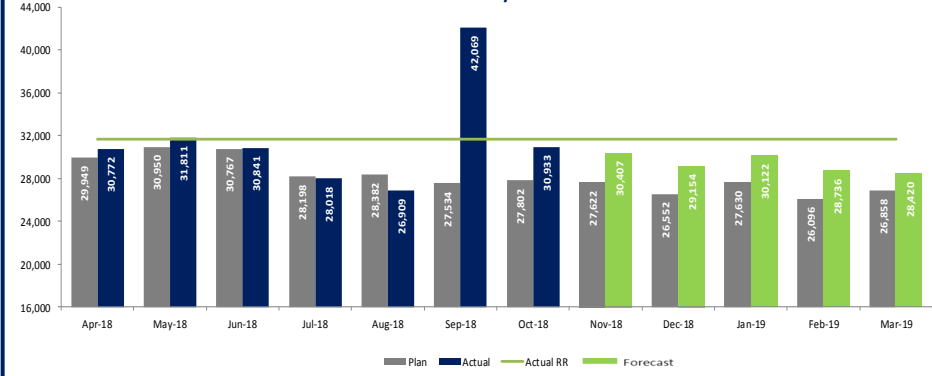
Non-Op Costs



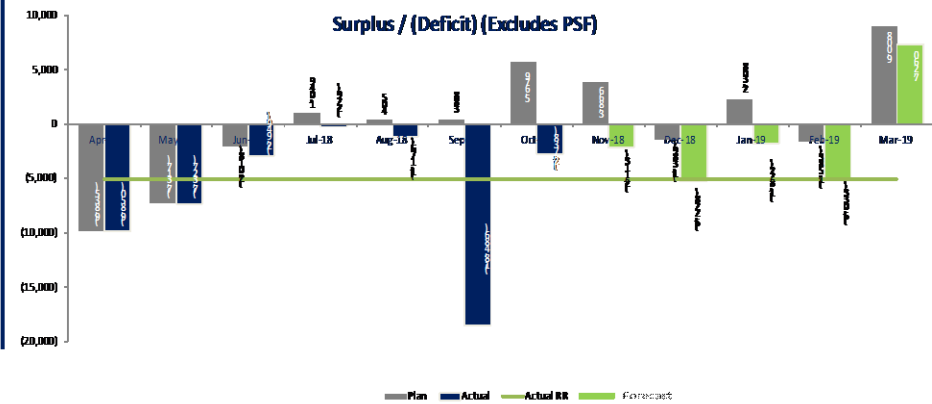
Other Income (Excludes actual PSF)



Non-Pay



Surplus / (Deficit) (Excludes PSF)



October performance by CMG and Directorates

Underperformance within MSS, RRCV, CHUGGS and W&C driven by under-delivery of activity, CIP and cost overspend with the adverse position in Central driven by the cessation of FM LLP. All underperforming CMGs are in weekly financial recovery meetings led by the CFO. All other CMGs are performing in line with Plan with over-performance in Emergency Activity offset by marginal costs together with cost pressures

| | Oct-18 | | | | | YTD | | | |
|-------------------------------------|--------------------------------|----------------|----------------|------------------|-----------------|-----------------|-----------------|------------------|----------|
| | Plan | FOT | Actual | Vs Plan B/(W) | Vs FOT B/(W) | Plan | Actual | Vs Plan B/(W) | |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | |
| CMGs | CHUGGS | 4,330 | 4,075 | 3,738 | (592) | 337 | 26,641 | 26,051 | (590) |
| | CSI | (2,276) | (2,341) | (2,276) | (0) | (65) | (20,547) | (20,544) | 3 |
| | ESM | 1,639 | 1,540 | 1,541 | (99) | (0) | 8,427 | 8,722 | 295 |
| | ITAPS | (4,029) | (4,031) | (4,029) | 0 | (2) | (27,785) | (27,774) | 11 |
| | MSS | 3,002 | 2,919 | 2,377 | (626) | 542 | 19,102 | 16,558 | (2,544) |
| | RRCV | 3,925 | 3,998 | 3,077 | (848) | 921 | 24,248 | 22,535 | (1,713) |
| | W&C | 4,649 | 3,303 | 3,303 | (1,346) | 0 | 26,080 | 21,960 | (4,120) |
| | FACILITIES | (3,548) | (3,517) | (3,548) | 0 | 31 | (26,003) | (26,003) | 0 |
| TOTAL CMGs | 7,692 | 5,947 | 4,182 | (3,510) | (0) | 30,163 | 21,506 | (8,657) | |
| Corporate Directorates | Communications & Ext Relations | (62) | (82) | (65) | (3) | (16) | (421) | (417) | 4 |
| | Corporate & Legal | (282) | (286) | (282) | (1) | (3) | (1,907) | (1,903) | 4 |
| | Corporate Medical | (1,819) | (1,834) | (1,819) | 0 | (15) | (12,788) | (12,849) | (61) |
| | Operations | (347) | (376) | (347) | 0 | (29) | (2,535) | (2,460) | 75 |
| | Finance & Procurement | (578) | (775) | (578) | 0 | (197) | (4,293) | (4,207) | 86 |
| | Nursing | (446) | (495) | (488) | (42) | (7) | (3,504) | (3,622) | (117) |
| | Human Resources | (458) | (463) | (458) | 0 | (5) | (3,218) | (3,245) | (27) |
| | IM&T | (1,015) | (1,293) | (1,144) | (129) | (149) | (7,131) | (7,579) | (448) |
| | Strategic Development | (53) | (60) | (39) | 15 | (21) | (385) | (332) | 53 |
| TOTAL CORPORATE DIRECTORATES | (5,060) | (5,663) | (5,220) | (160) | 0 | (36,183) | (36,614) | (430) | |
| Trust | Research | 0 | 0 | 7 | 7 | 0% | (0) | 20 | 20 |
| | Trust Med Pharmacy | 6 | 6 | 10 | 3 | (50%) | 40 | 45 | 5 |
| | Alliance | 79 | 94 | 65 | (14) | 18% | (99) | (560) | (462) |
| | Central | 767 | (3,098) | (1,780) | (2,547) | 332% | (15,447) | (29,456) | (14,009) |
| | Donated Assets Adjustment | 16 | 31 | 55 | 39 | (242%) | 113 | 87 | (26) |
| UHL Total Excluding PSF | 3,500 | (2,683) | (2,683) | (6,183) | 0 | (21,412) | (44,971) | (23,558) | |

Forecast Outturn: Deficit of £51.8m (excluding PSF)

| Value Drivers | Outturn | | | |
|------------------------------------|-----------|-----------|---------|------|
| | Plan | Outturn | F / (A) | |
| Day Case | 107,741 | 105,528 | (2,213) | (2%) |
| Elective Inpatient | 20,518 | 19,762 | (755) | (4%) |
| Emergency / Non-elective Inpatient | 120,243 | 117,235 | (3,008) | (3%) |
| Emergency Department | 238,286 | 241,801 | 3,515 | 1% |
| Outpatient Procedures | 967,308 | 987,624 | 20,316 | 2% |
| Critical Care Services | 57,743 | 57,540 | (203) | (0%) |
| Renal Dialysis & Transplant | 178,367 | 180,407 | 2,040 | 1% |
| Other | 8,487,390 | 8,648,027 | 160,636 | 2% |

| I&E £'000 | Outturn | | | |
|------------------------------------|------------------|--------------------|--------------------|----------------|
| | Plan £'000 | Outturn £'000 | F / (A) £'000 % | |
| Patient Care Income | 835,804 | 852,836 | 17,032 | 2% |
| Non Patient Care Income | 129,518 | 133,372 | 3,854 | 3% |
| Total Income | 965,321 | 986,208 | 20,887 | 2% |
| Pay Costs | (599,042) | (618,242) | (19,199) | (3%) |
| Pay Costs: Agency | (18,812) | (18,603) | 208 | 1% |
| Non-Pay | (338,298) | (368,191) | (29,893) | (9%) |
| Total Operating Costs | (956,152) | (1,005,036) | (48,884) | (5%) |
| EBITDA | 9,169 | (18,828) | (27,998) | (305%) |
| Non-Operating Costs | (30,554) | (33,168) | (2,613) | (9%) |
| Retained Deficit | (21,385) | (51,996) | (30,611) | (143%) |
| Adjustments for Donated Assets | 193 | 232 | 39 | (20%) |
| Net Deficit | (21,192) | (51,764) | (30,572) | (144%) |
| Provider Sustainability Fund (PSF) | 21,947 | 2,305 | (19,642) | (89%) |
| Net Deficit Including PSF | 755 | (49,459) | (50,214) | (6650%) |
| Agency: Total Pay | 3.04% | 2.92% | (0.12%) | |
| EBITDA: Income | 0.95% | (1.91%) | (2.86%) | |
| Net Deficit: Income | (2.20%) | (5.25%) | (3.05%) | |

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 £51.8m, £30.6mA to Plan driven by:
 - Financial impact from cessation of FM LLP: £21.9m; and
 - Risk assessment of underlying forecast: £8.7mA
- **Including PSF:** Net deficit of £49.5m which is £50.2mA to plan due to the crystallisation of the above risks together with £19.6m non-receipt of PSF.
- **Underlying Forecast:** Unmitigated forecast indicates an additional risk of £3m-£10m driven by delivery risk surrounding:
 - current FRB gap;
 - run rate risk predominantly within pay; and
 - financial performance risk within the CMGs.
- **Mitigation:**
 - CMG and Corporate Directorates delivery of 18/19 Control Totals including recovery plans as required;
 - CFO led weekly financial recovery meetings for underperforming CMGs Identification and execution of the full value of CIP; and
 - Financial Recovery Board in place chaired by the CEO with full execution of actions;
 - Pay Control Totals to be set at CMG/Directorate level supported by enhanced control mechanisms.

See Page 23 for more detail on Risks/Mitigations

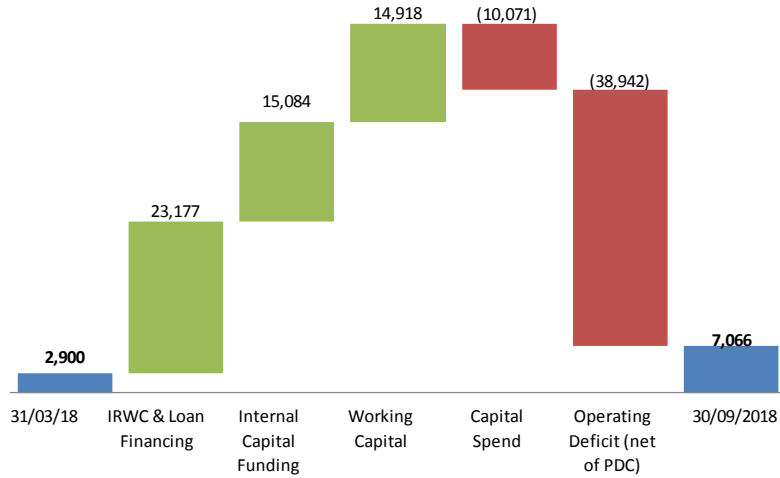
October 2018: Statement of Financial Position

| | Mar-18 £000's Actual | Oct-18 £000's Actual | Movement £000's Actual |
|--|----------------------------|----------------------------|------------------------------|
| Non Current Assets | | | |
| Property, plant and equipment | 427,610 | 423,906 | (3,704) |
| Intangible assets | 11,480 | 11,151 | (329) |
| Trade and other receivables | 2,904 | 2,817 | (87) |
| TOTAL NON CURRENT ASSETS | 441,994 | 437,875 | (4,119) |
| Current Assets | | | |
| Inventories | 23,829 | 23,613 | (216) |
| Trade and other receivables | 70,519 | 56,237 | (14,282) |
| Cash and cash equivalents | 2,900 | 7,066 | 4,166 |
| TOTAL CURRENT ASSETS | 97,248 | 86,915 | (10,333) |
| Current Liabilities | | | |
| Trade and other payables | (112,706) | (123,047) | (10,341) |
| Dividend payable | 0 | (536) | (536) |
| 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) | (164,809) | (10,877) |
| NET CURRENT ASSETS (LIABILITIES) | (56,684) | (77,894) | (21,210) |
| TOTAL ASSETS LESS CURRENT LIABILITIES | 385,310 | 359,981 | (25,329) |
| Non Current Liabilities | | | |
| Borrowings / Finance Leases | (6,395) | (6,028) | 367 |
| Other Liabilities / Loan | (162,075) | (180,145) | (18,070) |
| Provisions for liabilities and charges | (1,465) | (1,241) | 224 |
| TOTAL NON CURRENT LIABILITIES | (169,935) | (187,414) | (17,479) |
| TOTAL ASSETS EMPLOYED | 215,375 | 172,567 | (42,808) |
| Public dividend capital | 331,956 | 331,956 | (0) |
| Revaluation reserve | 98,349 | 98,349 | (0) |
| Retained earnings | (214,930) | (257,738) | (42,808) |
| TOTAL TAXPAYERS EQUITY | 215,375 | 172,567 | (42,808) |
| Ratios | | | |
| Liquidity Ratio Days (Working Capital Balance / Annual Operating Expenses) | (31) | (35) | |
| Liquidity Ratio Metric | 4 | 4 | |

- Total Assets Employed: Movement of £42.8m representing year to date Trust deficit .
- Non-Current Assets : Increased by £4.1m.
- Working capital:
 - Trade receivables have decreased by £14.3m
 - Trade payables have increased by £10.3m
- Cash: October balance of £7m is above the £1m target cash balance due to the timing of cash receipts, and includes TGH cash of £2.1m.
- Non-current liabilities:
 - Increase due to loan funding received .
 - 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.

October 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 £38.9m and movement in working capital by securing £23.2m of external financing (18.5m received on 12 November 2018).

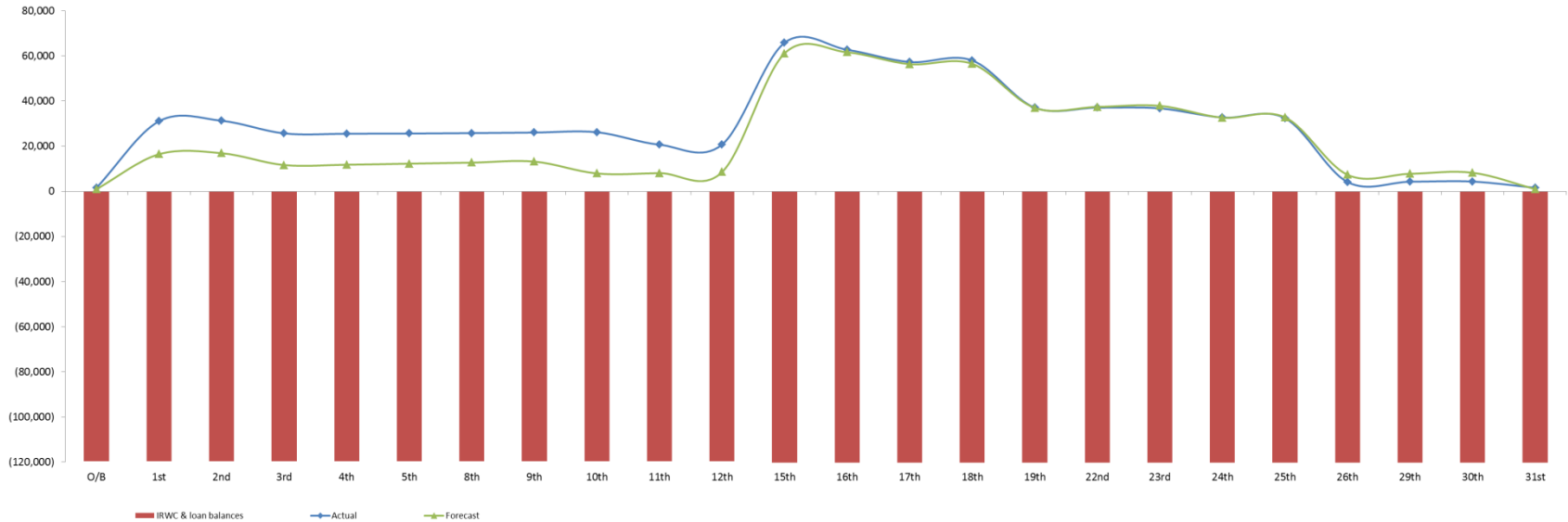
Full Year Forecast

- 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 due to the monthly payroll run.

Daily Cash Balance



Liquidity as at 31st October 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 | 23,607 | 12,661 | 13,954 | 3,878 | 875 | 4,900 | 21% |
| | Non-NHS receivables - revenue | 23,444 | 15,254 | 8,190 | 6,179 | 1,160 | 368 | 7,546 | 49% |
| | Provision for the impairment of receivables | 0 | 0 | 0 | 0 | | | | |
| | Non-NHS prepayments and accrued income | 7,271 | 15,602 | (8,331) | 15,602 | | | | |
| | PDC dividend prepaid to DH | 0 | 0 | 0 | 0 | | | | |
| | VAT | 2,011 | 1,105 | 906 | 1,105 | | | | |
| | Other receivables | 1,525 | 669 | 855 | 669 | | | | |
| TOTAL | 70,518 | 56,237 | 14,281 | 37,509 | 5,038 | 1,243 | 12,447 | | |
| Accounts Payable | NHS payables - revenue | (35,065) | (39,599) | 4,534 | (11,864) | (584) | (2,590) | (24,560) | 62% |
| | NHS accruals and deferred income | 0 | 0 | 0 | 0 | | | | |
| | Non-NHS payables - revenue | (33,650) | (39,678) | 6,028 | (19,729) | (9,974) | (4,853) | (5,121) | 13% |
| | Non-NHS payables - capital | (4,307) | (471) | (3,836) | 954 | (421) | (578) | (426) | 90% |
| | Non-NHS accruals and deferred income | (10,699) | (15,867) | 5,168 | (7,889) | (3,989) | (1,941) | (2,048) | 13% |
| | Social security costs | (6,969) | (7,112) | 143 | (7,112) | | | | |
| | Tax | (5,892) | (6,085) | 193 | (6,085) | | | | |
| | Other | (12,649) | (11,560) | (1,089) | (11,560) | | | | |
| TOTAL | (109,231) | (120,372) | 11,141 | (63,286) | (14,968) | (9,963) | (32,155) | | |
| Total Liquidity | (38,713) | (64,135) | 25,423 | | | | | | |

Liquidity: movement of £25.4m from opening position due to:

- Accounts receivable: decrease of £14.3m.
- Accounts payable: increase of £11.1m.

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

- NHS receivables: 21% representing £4.9m being over 90 days.
- Non-NHS receivables: 49% representing £7.5m being over 90 days with the largest component being Overseas Visitors at £3m. This balance consists of various items which in isolation are not material.
- NHS payables-revenue: £24.6m, representing 62% over 90 days; non-NHS payables 13% (£5.1m) over 90 days; non-NHS accruals and deferred income 13% (£2.0m) 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 | October YTD | | Prior month YTD | |
|--|-------------|------------|-----------------|------------|
| | Number | £000s | Number | £000s |
| All | | | | |
| Total Invoices Paid in the Year | 95,025 | 405,465 | 85,054 | 356,807 |
| Total Invoices Paid Within Target | 39,254 | 270,683 | 35,701 | 237,464 |
| Percentage Invoices Paid Within Target (target 95%) | 41% | 67% | 42% | 67% |
| Non-NHS Payables | | | | |
| Total Non-NHS Invoices Paid in the Year | 91,692 | 330,507 | 82,096 | 288,570 |
| Total Non-NHS Invoices Paid Within Target | 38,642 | 224,247 | 35,176 | 195,119 |
| Percentage of Non-NHS Invoices Paid Within Target | 42% | 68% | 43% | 68% |
| Local SME payables | | | | |
| Total SME Invoices Paid in the Year | 430 | 3,935 | 351 | 3,495 |
| Total SME Invoices Paid Within Target | 75 | 413 | 63 | 350 |
| Percentage of Local SME Invoices Paid Within Target | 17% | 10% | 18% | 10% |
| NHS Payables | | | | |
| Total NHS Invoices Paid in the Year | 2,903 | 71,023 | 2,607 | 64,742 |
| Total NHS Invoices Paid Within Target | 537 | 46,023 | 462 | 41,995 |
| Percentage of NHS Invoices Paid Within Target | 18% | 65% | 18% | 65% |

- 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: October £10.0m spend, £8.4m under plan

Significant underspend driven by ICU Projects, Estates, IM&T and Modular Ward. Underspend in Modular Ward reflects slippage with full year cost expected to be in line with Plan. Underspend on Interim ICU Projects is connected to the approval of the business case with capital spend likely to slip to 2019/20.

| Scheme Name | YTD Plan £'000 | YTD Actual £'000 | F / (A) £'000 |
|---------------------------------------|----------------------|------------------------|------------------|
| Interim ICU Projects | 5,500 | 348 | 5,152 |
| UHL Reconfiguration Programme | 734 | 413 | 320 |
| Donations | 175 | 201 | (26) |
| Estates & Facilities | 3,300 | 1,729 | 1,571 |
| IM&T Schemes | 2,060 | 1,299 | 761 |
| MS Datacentre Licences | 1,090 | 1,090 | - |
| Medical Equipment Schemes | 1,575 | 678 | 897 |
| Medical Equipment Schemes - CMG | 0 | - | 0 |
| EMCHC | 950 | 211 | 739 |
| Corporate / Other | 0 | 97 | (96) |
| Emergency Floor | 1,308 | 1,205 | 103 |
| Additional modular ward at GH and CDU | - | 835 | (835) |
| Subtotal | 16,692 | 8,105 | 8,588 |
| MES | 1,750 | 1,967 | (217) |
| TOTAL CAPITAL EXPENDITURE | 18,442 | 10,071 | 8,371 |

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. A residual risk remains and following a risk assessment at quarter two this has resulted in a revised forecast of £51.8m.

- **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 adverse financial impact has been reflected in quarter two forecast submission of £51.8m (deficit).

- **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 and Outpatient 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.