

2016/17 Financial Performance

Author: Lisa Gale

Sponsor: Paul Traynor

Trust Board paper R

Executive Summary

Context

The Trust is planning for an income and expenditure deficit of £8.3m in 2016/17 with a capital plan of £82.0m. The headline deficit of £8.3m represents a £31.7m deficit which is supported by £23.4m of Sustainability and Transformation Funding (STF). Delivery of the financial plan in 2016/17 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 end 31st January 2017?
2. What is our performance against the agency ceiling?
3. What is our forecast financial performance for 2016/17?

Conclusion

1. Against our plan, our financial performance has worsened in January but is in line with our revised forecast as part of the Month 9 revised year end forecast.
2. Excluding STF, we have recorded a year to date deficit of £35.5m, £8.2m adverse to plan. When STF is included, we have recorded a year to date deficit of £24.1m, £16.3m adverse to plan that includes £8.1m non-recognition of STF based on financial performance at Q3 being adverse to Plan and non-delivery of Q2 Cancer target.

3. Agency expenditure year to date is £20.9m compared to planned expenditure of £17.7m representing a £3.2m adverse variance to plan.
4. Excluding STF, we are forecasting to deliver a deficit of £38.6m, £6.9m to Plan. When STF is included, we are forecasting to deliver a deficit of £27.2m including £11.4m of STF. However, the Trust must take all necessary action to further minimise this variance and still have the ambition to deliver to Plan.

Input Sought

Note the financial performance at Month 10.

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: **06/04/2017**

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 and forecast of £6.9mA to Plan (excluding STF)
- Achieving the External Funding Limit: on track
- Achieving the Capital Resource Limit: on track

Financial Performance

- **Deficit of £24.1m, £16.3mA to Plan including £8.1mA relating to STF:** Underlying performance excluding STF is £8.2mA to plan with over-delivery of Patient Care Income offset by the cost to deliver higher levels of activity. Operationally January was a difficult month with emergency activity pressures resulting in a significant number of cancelled elective operations. Non-recurrent benefits and non-operating costs are helping to close the gap and support the Trust financial position.
- **Patient Care Income, £4.2mF to Plan:** Non elective, ED and ECMO over-performance is offset by under-performance in Elective and Day Case presenting an on-going risk. The main drivers of under-delivery in Day Case is Orthopaedic Surgery and General Surgery, Orthopaedic Surgery is also driving the under-performance in Elective. The year to date position is supported by £0.9m relating to utilisation of central PCI provisions.
- **Operating Costs, £11.2mA to Plan:** with £6.8m pay overspend, £3.2m of which is driven by agency and a £4.3mA variance on non pay including underspend in E&F together with advanced utilisation of central reserves.
- **CIP £0.1mF to Plan:** efficiency improvement is being delivered by additional income despite being planned as non-pay reductions.
- **Forecast Outturn Deficit of £27.2m, £18.9mA to Plan including £12mA relating to STF :** underlying forecast excluding STF is £6.9mA which includes £17mF from mitigating actions which need prompt execution and careful monitoring to ensure delivery of the Trust forecast deficit.

Cash

- **Cash balance of £2.8m, £1.8m higher than the target** stipulated by Interim Capital Support Loan due to late receipt of income from West Leicestershire CCG.

Net deficit funded by drawing down Interim Revolving Working Capital Facility which includes the timing difference on the receipt of STF funds. Working capital is being used to fund capital expenditure.

- **Liquidity:** Opening cash deficit due to 2015/16 actions to achieve £3m cash balance. The impact of the lack of certainty on utilisation of working capital facility, STF and Capital drawdowns means the Trust is unable to pay creditors within Better Payments Practice Code (BPPC) standards.

Capital

- **January:** Total capital expenditure of £51.3m with full year forecast of £63.3m.
- **Annual Plan:**
 - **Capital Plan:** total capital expenditure of £82m.
 - **External funding:** The external borrowing required to execute this plan is £46.4m of which £21.7m is secured for the Emergency Floor development and £16.0m is required for reconfiguration schemes including Vascular and ICU business cases plus £8.7m CRL for EPR.
- The Trust has been successful in securing National funding of £1.9m for a replacement linear accelerator.

January 2017: Year to Date - Key Facts



Patient Income
£645.4m

Other Income
£110.8m



Substantive pay
£456.5m

Agency
£20.9m



Non-pay
£282.9m

Non-Operating Costs
£31.8m



EBITDA
£4.1m
negative

CIP
£28.6m



Liquidity Indicators

Capital Spend
£51.3m

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 value in month

Financial Performance: YTD Deficit of £24.1m, £16.3mA to Plan excluding STF £8.2mA to Plan

Value Drivers	Jan-17				YTD			
	Plan	Actual	F/(A)		Plan	Actual	F/(A)	
				%				%
Day Case	8,526	8,726	200	2%	86,065	85,707	(358)	(0%)
Elective Inpatient	1,863	1,669	(194)	(10%)	18,651	17,436	(1,215)	(7%)
Emergency / Non-elective Inpatient	9,127	9,087	(40)	(0%)	88,977	90,124	1,146	1%
Emergency Department	21,750	23,465	1,714	8%	214,707	239,972	25,265	12%
Outpatient Procedures	74,893	81,634	6,741	9%	750,467	778,365	27,898	4%
Critical Care Services	4,946	4,831	(115)	(2%)	47,543	46,607	(936)	(2%)
Renal Dialysis and Transplant	15,284	14,343	(941)	(6%)	148,769	145,126	(3,643)	(2%)
Other Activity	692,145	644,367	(47,777)	(7%)	6,979,562	7,119,332	139,770	2%
WTE Total	13,451	13,226	225	2%	13,303	13,032	271	2%
WTE Agency	245	345	(100)	(41%)	276	325	(50)	(18%)

I&E £'000	Jan-17				YTD			
	Plan	Actual	F/(A)		Plan	Actual	F/(A)	
	£'000	£'000	£'000	%	£'000	£'000	£'000	%
Patient Care Income	64,993	65,582	589	1%	641,195	645,395	4,200	1%
Non Patient Care Income	569	673	105	18%	5,658	5,414	(244)	(4%)
Other Operating Income	11,306	10,894	(411)	(4%)	110,249	105,435	(4,814)	(4%)
Total Income	76,867	77,149	282	0%	757,103	756,244	(859)	0%
Pay Costs	(45,888)	(46,911)	(1,023)	(2%)	(452,853)	(456,497)	(3,644)	(1%)
Pay Costs: Agency	(1,521)	(2,141)	(621)	(41%)	(17,724)	(20,915)	(3,191)	(18%)
Non Pay	(27,231)	(27,856)	(626)	(2%)	(278,606)	(282,931)	(4,325)	(2%)
Total Operating Costs	(74,639)	(76,909)	(2,269)	(3%)	(749,183)	(760,344)	(11,161)	(1%)
EBITDA	2,228	241	(1,987)	(89%)	7,919	(4,100)	(12,019)	(152%)
Non Operating Costs	(3,496)	(3,391)	105	3%	(35,138)	(31,804)	3,334	9%
Retained deficit	(1,267)	(3,150)	(1,883)	(149%)	(27,219)	(35,904)	(8,685)	(32%)
Adjustments for Donated Assets	(103)	68	171		(50)	406	456	
Net Deficit Excluding STF	(1,370)	(3,082)	(1,712)	(125%)	(27,269)	(35,498)	(8,229)	(30%)
Sustainability & Transformation Funding	1,950	0	(1,950)	(100%)	19,500	11,407	(8,093)	42%
Net Deficit Including STF	580	(3,082)	(3,662)	631%	(7,769)	(24,091)	(16,322)	(210%)

Ratios	Jan-17	YTD
Agency: Total Pay	3.31%	4.56%
EBITDA: Income	2.90%	0.31%
Net Deficit: Income	(1.78%)	(3.99%)

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: £645.4m, £4.2mF** including £0.9mF advanced use of contingency and central coding provision. Underlying performance £2.3mF with over-performance in Non-elective, ECMO, Outpatients and Direct Access offsetting under-performance in Elective activity particularly in MSS & RRCV and Critical Care.

• **Non Patient Care Income & Other Income: £110.8m, £5.1mA** with £4.7mA in Estates and Facilities (E&F) driven income/non-pay budget misalignment due to the complexity of the service integration. Underlying adverse position due to £0.8m shortfall in Private Patient income partially offset by other income which in isolation are immaterial.

• **Pay Costs: £456.5m, £3.6mA** with £8.0m unplanned expenditure across all CMGs and E&F with the exception of CSI and MSS. This over-spend is offset by £4.1mF planned use of contingency together with £0.4mF advanced use of Central reserves.

• **Agency: £20.9m, £3.2mA** overspend predominantly in ESM across both medical and nursing.

• **Non-Pay: £282.9m, £4.3A** including £4.7mF use of reserves, advanced use of contingency together and Central non-recurrent actions. Underlying over-spend of £8.3m with £5.7mF in E&F from budget misalignment. Whilst there is continued non pay CIP shortfall delivered through income, non-pay is demonstrating an upward trend representing a risk to financial commitments and needs tightened controls.

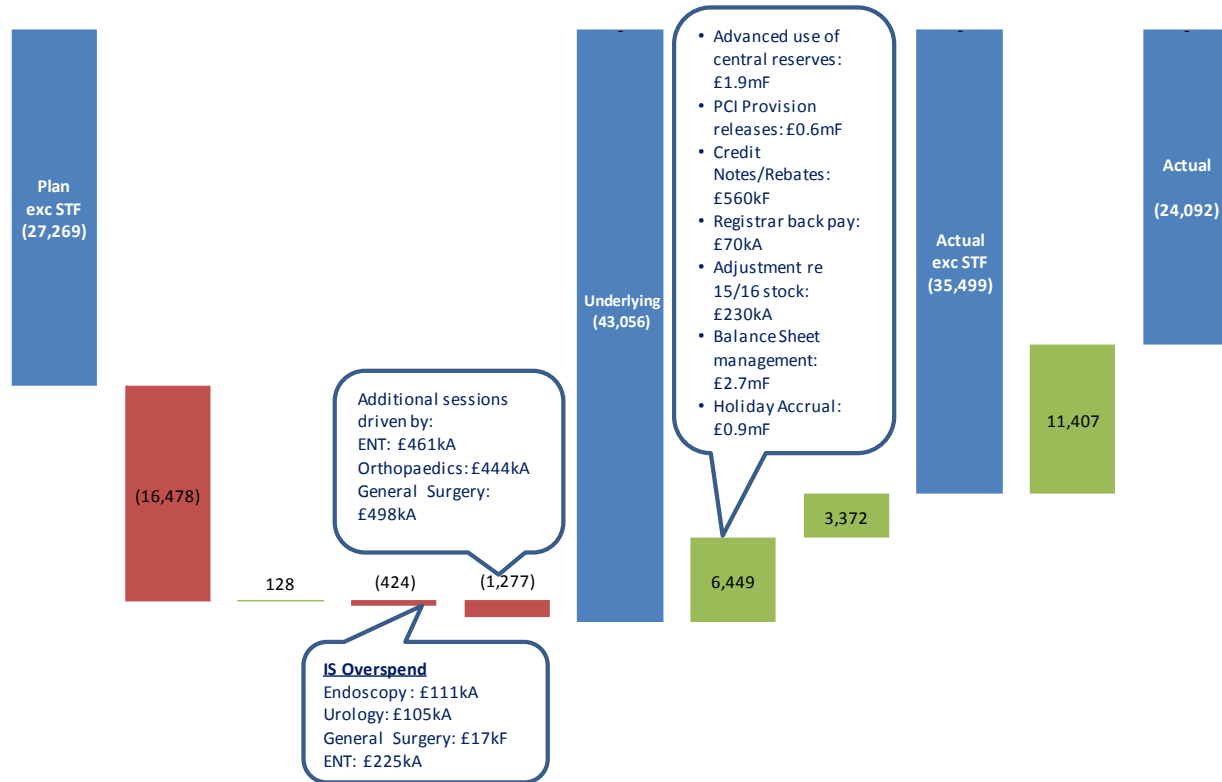
• **EBITDA: deficit of £4.1m, £12.0mA**

• **Non-Operating Costs: £31.8m, £3.3mF** from depreciation and dividend alignment.

• **Sustainability and Transformation Funding: £11.4m, £8.1mA** as Q3 is adverse to Plan together with non-delivery of Q2 Cancer Target— see page 13.

I&E Bridge: £8.2mA to Plan excluding STF

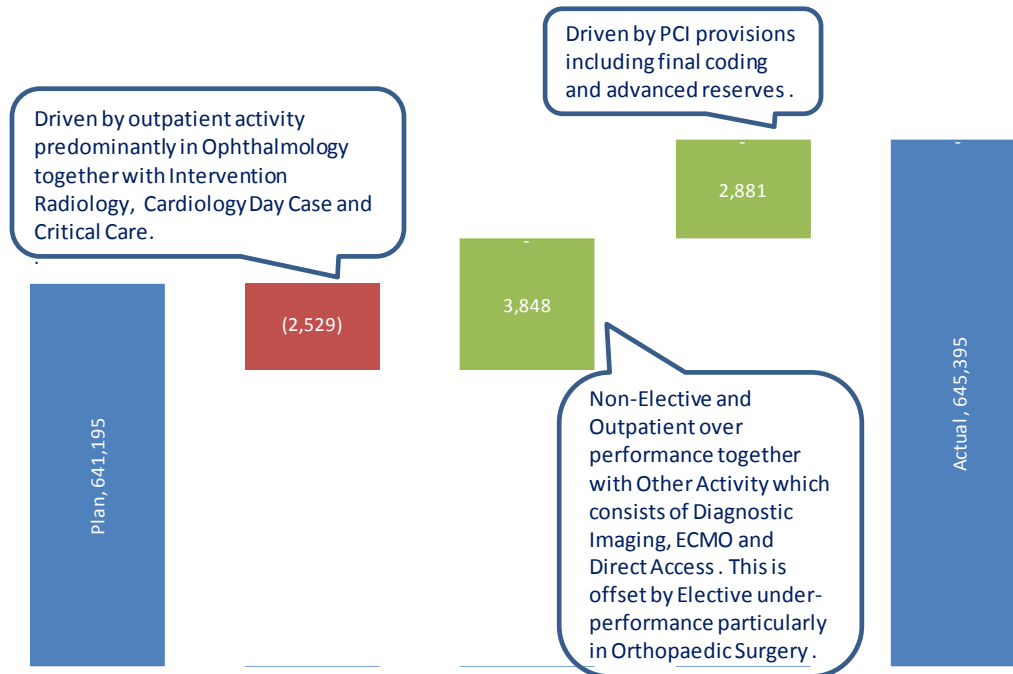
Underlying performance is adverse to plan with over delivery of Patient Care Income offset by the cost to deliver higher levels of activity including additional Ward capacity to support Winter pressures, theatre sessions and the use of the Independent Sector. Operationally January was a difficult month with emergency activity pressures resulting in a significant number of cancelled elective operations. Non-recurrent benefits and non-operating costs are helping to close the gap and support the Trust financial position.



£(000)	Plan exc STF	Underlying	CIP Delivery	Independent Sector	Theatre Sessions	Underlying	Non-recurrent Items	Non-Operating Costs	Actual exc STF	STF	Actual	Var F/(A) exc STF
NHS PCI	641,195	(456)	3,200	820	0	644,759	636	0	645,395	11,407	656,802	4,200
Other Income	115,405	(4,210)	(462)	0	0	110,734	66	0	110,800		110,800	(4,605)
Pay	(452,853)	(3,647)	275	0	(692)	(456,918)	421	0	(456,497)		(456,497)	(3,644)
Pay: Agency	(17,724)	(3,281)	0	0	0	(21,005)	90	0	(20,915)		(20,915)	(3,191)
Non Pay	(278,606)	(4,848)	(2,885)	(1,243)	(585)	(288,166)	5,236	0	(282,931)		(282,931)	(4,325)
Non-Operating Costs	(34,686)	(36)	0	0	0	(34,722)		3,372	(31,350)		(31,350)	3,336
Net Deficit	(27,269)	(16,478)	128	(424)	(1,277)	(45,320)	6,449	3,372	(35,499)	11,407	(24,092)	(8,229)

NHS Patient Income: YTD £645.4m, £4.2mF to Plan

Non elective, ED and ECMO over-performance is offset by under-performance in Elective and Day Case presenting an on-going risk. The main drivers of under-delivery in Day Case is Orthopaedic Surgery and General Surgery, Orthopaedic Surgery is also driving the under-performance in Elective.



£(m)	Plan	Rate	Volume	Other	Actual	Var F / (A)
Day Case	50,012	(850)	(204)	0	48,957	(1,055)
Elective Inpatient	62,231	256	(4,071)	0	58,416	(3,815)
Emergency / Non-elective Inpatient	157,979	726	2,045	0	160,750	2,771
Marginal Rate Emergency Threshold	(3,741)	0	0	(1,292)	(5,033)	(1,292)
Emergency Department	20,578	(657)	2,344	0	22,265	1,687
Outpatient	94,796	(1,548)	3,466	0	96,714	1,918
Drugs and Devices excluded from Tariff	78,728	0	0	1,050	79,778	1,050
Critical Care Services	46,605	(1,491)	(888)	0	44,226	(2,379)
Renal Dialysis and Transplant	23,601	8	(578)	0	23,031	(570)
CQUIN	13,165	0	0	362	13,527	362
Other Activity	85,583	1,027	1,734	0	88,345	2,761
Other Financial Values	11,658	0	0	2,761	14,419	2,761
Total	641,195	(2,529)	3,848	2,881	645,395	4,200

Activity & Income: Performance versus Contract

Activity	Case Mix	City	East	West	Specialised	Other	Alliance	Total
	Day Case	603	632	1,665	(38)	(198)	(3,022)	(358)
	Elective Inpatient	(246)	(307)	(225)	(237)	(199)		(1,215)
	Emergency / Non-elective Inpatient	263	1,216	629	(276)	(685)		1,146
	Marginal Rate Emergency Threshold (MRET)	0	0	0	0	0		0
	Emergency Department	12,918	3,241	3,290		5,816		25,265
	Outpatient	13,754	12,157	8,498	(241)	(3,231)	(3,040)	27,898
	Excluded Drugs and Devices	0	0	0	0	0	0	0
	Critical Care Services	97	(1,108)	1,122	223	(1,270)		(936)
	Renal Dialysis and Transplant	0	0	0	(3,380)	(263)		(3,643)
CQUIN	0	0	0	0	0	0	0	
Other Activity	32,041	79,663	26,489	4,875	(4,897)	1,599	139,770	
Other Financial Values	1,330	397	105	(53)	3,074	(235)	4,618	

Financial	Case Mix	City (£000)	East (£000)	West (£000)	Specialised (£000)	Other (£000)	Alliance (£000)	Total (£000)
	Day Case	179	79	333	259	(519)	(1,385)	(1,055)
	Elective Inpatient	(940)	(797)	(459)	(981)	(638)	0	(3,815)
	Emergency / Non-elective Inpatient	1,447	2,021	732	(323)	(1,107)	0	2,771
	Marginal Rate Emergency Threshold (MRET)	(362)	(536)	(296)	0	(97)	0	(1,292)
	Emergency Department	846	371	256	0	215	0	1,687
	Outpatient	1,062	1,270	747	(146)	(656)	(358)	1,918
	Excluded Drugs and Devices	(246)	(630)	379	1,004	427	116	1,050
	Critical Care Services	(273)	(1,368)	959	(625)	(1,072)	0	(2,379)
	Renal Dialysis and Transplant	0	0	0	(485)	(85)	0	(570)
	CQUIN	155	113	138	(324)	313	(33)	362
	Other Activity	381	726	626	2,180	(1,167)	16	2,761
	Other Financial Values	161	134	55	172	2,271	(32)	2,761
Grand Total	2,409	1,381	3,471	731	(2,114)	(1,677)	4,200	

• CCG Contracts:

- **Non-elective / Emergency:** over-performance where the majority of QIPP schemes are included in the plans and is reflective of the demands upon the emergency pathway.
- **Elective:** under-performance predominantly relates to Orthopaedic surgery, net of spinal activity, being behind plan.
- **Outpatient:** over-performance mainly within Trauma and Dermatology.
- **Critical Care:** under-performance of ITU activity.
- **Other Activity:** over-performance driven by Direct Access Pathology and Diagnostic Imaging.
- **Specialised Services:**
 - **Elective:** under-performance in Thoracic and Cardiac Surgery activity.
 - **Other Activity:** over-performance relates to ECMO which is favourable to plan.
- **Other:**
 - **Drugs and devices excluded from tariff** performance is due to increased income on new Hepatitis C therapies which are funded outside of the main Specialised contract
 - **Other Financial Values:** includes £0.4m provision for final coding plus £0.7m advanced use of central contingency.

Pay: YTD £477.4m, £6.8mA to Plan

	Jan-17						YTD						
	£'000			WTE			£'000			WTE			
	Plan	Actual	F/(A)	Plan	Actual	F/(A)	Plan	Actual	F/(A)	Plan	Actual	F/(A)	
Agency	Medical	670	911	(241)	26	85	(58)	6,682	7,976	(1,295)	27	75	(48)
	Nursing & Midwifery	544	881	(336)	0	179	(179)	7,964	9,443	(1,479)	0	184	(184)
	Other Clinical	217	220	(3)	67	34	33	2,171	2,595	(423)	68	43	26
	Non Clinical	89	130	(41)	0	47	(47)	907	901	6	0	24	(24)
Total: Agency	1,521	2,141	(621)	93	345	(251)	17,724	20,915	(3,191)	95	325	(230)	
Other Non-contracted	Medical		1,154	(1,154)		(0)	0		11,741	(11,741)		(0)	0
	Nursing & Midwifery		1,262	(1,262)		243	(243)		11,301	(11,301)		299	(299)
	Other Clinical		221	(221)		40	(40)		2,163	(2,163)		46	(46)
	Non Clinical		500	(500)		176	(176)		4,306	(4,306)		141	(141)
Total: Other Non-contracted	0	3,138	(3,138)	0	459	(459)	0	29,511	(29,511)	0	486	(486)	
Total Non-contracted	Medical	670	2,065	(1,395)	26	85	(58)	6,682	19,717	(13,036)	27	75	(48)
	Nursing & Midwifery	544	2,143	(1,599)	0	422	(422)	7,964	20,744	(12,780)	0	483	(483)
	Other Clinical	217	442	(224)	67	74	(7)	2,171	4,758	(2,586)	68	88	(20)
	Non Clinical	89	630	(541)	0	222	(222)	907	5,207	(4,300)	0	165	(165)
Total: Non-contracted	1,521	5,279	(3,759)	93	803	(710)	17,724	50,426	(32,702)	95	811	(716)	
Substantive	Medical	14,212	13,994	217	1,807	1,759	48	141,223	136,276	4,947	1,806	1,710	97
	Nursing & Midwifery	17,144	15,341	1,803	5,791	5,148	643	167,673	154,200	13,473	5,775	5,051	723
	Other Clinical	5,912	5,768	145	1,929	1,825	104	58,804	54,429	4,376	1,921	1,801	120
	Non Clinical	8,620	8,670	(50)	3,830	3,690	140	85,153	82,083	3,070	3,706	3,658	48
Total: Substantive	45,888	43,773	2,115	13,358	12,423	935	452,853	426,987	25,866	13,208	12,220	987	
Total	Medical	14,881	16,059	(1,178)	1,833	1,844	(10)	147,905	155,993	(8,088)	1,833	1,784	49
	Nursing & Midwifery	17,689	17,484	204	5,792	5,570	221	175,637	174,944	693	5,775	5,535	240
	Other Clinical	6,129	6,209	(80)	1,996	1,900	96	60,976	59,186	1,789	1,990	1,889	100
	Non Clinical	8,709	9,300	(591)	3,830	3,912	(83)	86,060	87,290	(1,230)	3,706	3,823	(117)
TOTAL: Pay	47,409	49,052	(1,644)	13,451	13,226	225	470,578	477,413	(6,835)	13,303	13,032	271	

Agency Pay

- Year to date cost of £20.9m, £3.2mA to Plan.
- Overspend driven by ESM on Medical staff and Nursing.

Other Non-contracted Pay

- Year to date expenditure of £29.5m with Medical and Nursing driving 78% of spend. Whilst this is adverse to plan, this is offset in Substantive Pay as the Plan assumes a fully established position. See below.

Substantive Pay

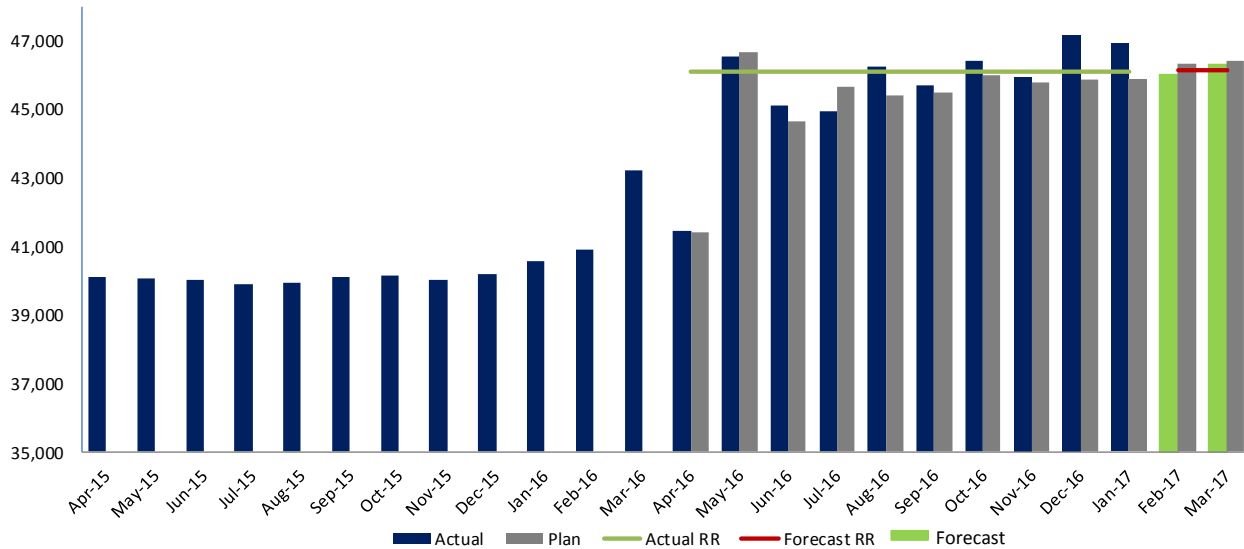
- Combined with other non-contracted, expenditure of £456.5m, £3.6mA.
- Medical Pay: Non agency costs are £6.8mA (£11.7mA non-contracted offset by £4.9mF substantive) with overspend in every CMG particularly in CSI, ITAPS and RRCV. Combined with £1.3mA in Agency, Medical has a total overspend of £8.1m.
- Central reserves: Pay position includes £4.1mF release of central contingency in line with plan together with £0.4mF advanced use of reserves. Underlying pay costs are £11.3mA driven by £8.1m overspend in Medical.

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

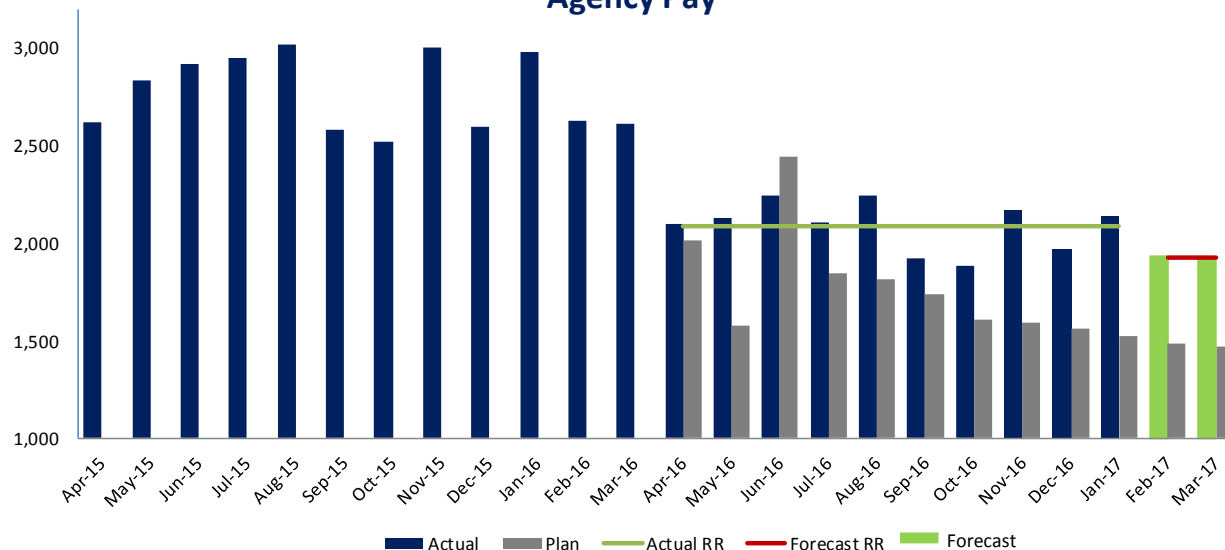
Total Pay Excluding Agency Pay



Total Pay excluding Agency Pay

- Year to date cost of £456.5m, £3.6mA to Plan. The average pay bill for months 11-12 is forecast to be in line with January 2017.
- Plan and Actuals reflect an increase in pay from May due to the impact of E&F services integration where costs were previously reflected within non-pay.
- There is uncertainty and therefore risk relating to pay associated with staffing winter capacity, this has been forecast but there may be variation in the split between substantive and agency costs.

Agency Pay



Agency Pay

- Year to date cost of £20.9m, £3.2mA to Plan with the RR forecast to reduce from £2.1m spend per month to £2.0m. The increase in November is driven by additional Ward capacity to support winter pressures.
- Phasing of agency plan is prescribed by NHSI.
- Whilst 2016/17 expenditure is lower than prior year it remains in excess of that required to achieve planned annual ceiling of £20.6m representing a risk of £4.2m.

Non-Pay: YTD £282.9m, £4.4mA to Plan

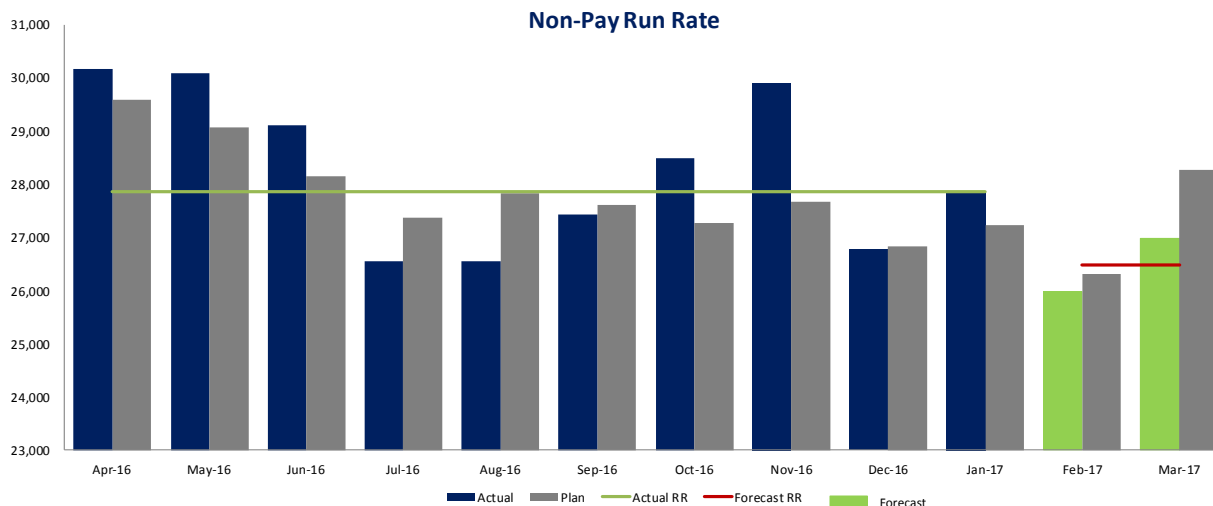
	Jan-17				YTD				
	Plan £'000	Actual £'000	F / (A) £'000	%	Plan £'000	Actual £'000	F / (A) £'000	%	
Direct	Blood Products	94	154	(59)	(63%)	943	1,140	(197)	(21%)
	Drugs	7,861	8,857	(996)	(13%)	79,164	84,366	(5,202)	(7%)
	Clinical Supplies & Services	8,233	7,560	673	8%	84,585	87,553	(2,968)	(4%)
	Transport	185	236	(51)	(27%)	1,854	2,386	(533)	(29%)
	Recharges	89	313	(225)	(253%)	1,074	2,527	(1,453)	(135%)
	Misc & General Supplies	3,252	3,385	(133)	(4%)	32,371	24,076	8,294	26%
External Providers	Healthcare	798	874	(76)	(10%)	7,991	9,838	(1,847)	(23%)
	Non Healthcare	1,265	1,289	(24)	(2%)	13,192	13,553	(360)	(3%)
Overheads	Establishment, Premises & Plant	3,328	2,896	432	13%	35,730	35,656	74	0%
	Consultancy	94	315	(221)	(235%)	1,879	2,065	(186)	(10%)
	Clinical Negligence	1,977	1,977	(0)	(0%)	19,771	19,771	-	0%
Total: Non Pay	27,178	27,856	(679)	(2%)	278,553	282,931	(4,378)	(2%)	

- Direct Costs: YTD £202m, £2.1mA to Plan**
YTD spend on Activity related costs (Blood, Drugs, Clinical Supplies and Recharges) of £175.6m, £9.8mA to Plan to over-deliver income of £4.2m.

Central Reserves: YTD expenditure includes £4.7mF use of contingency reserves and non-recurrent actions.

CIP: included in Plan was CIP delivery through non-pay where efficiency has been delivered through income.

- External Providers:** YTD cost of £23.4m, £2.2mA to Plan driven by continued use of the IS by MSS and CHUGGS.
- Overheads:** YTD expenditure of £57.5m, £0.1mA to Plan.
- Run Rate:** In order to achieve the full year outturn, the forecast run rates (RR) needs to improve which reflects the impact of central non-recurrent actions. The RR is required to improve from a YTD average of £27.9m spend per month to £26.5m spend per month compared to the recent upward trajectory.

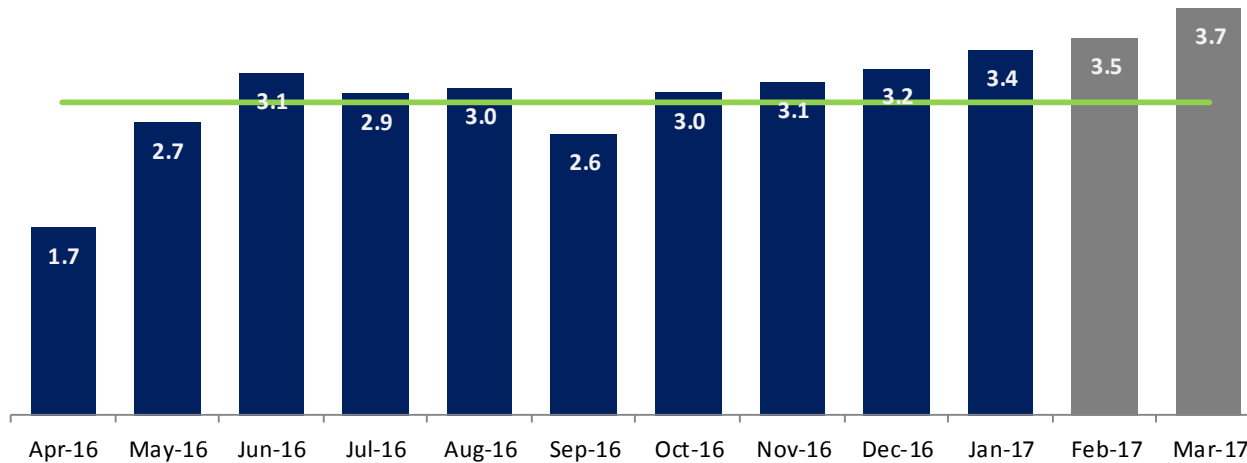


CIP: YTD £28.6m, £0.1mF to Plan

	Jan-17				YTD				FY Plan £'000
	Plan £'000	Actual £'000	F / (A) £'000	%	Plan £'000	Actual £'000	F / (A) £'000	%	
CHUGGS	357	344	(13)	(4%)	3,166	3,452	286	9%	3,810
CSI	405	367	(38)	(9%)	3,547	3,666	119	3%	4,370
ESM	519	448	(70)	(14%)	4,802	4,731	(71)	(1%)	5,845
ITAPS	390	385	(5)	(1%)	3,014	3,216	202	7%	3,794
MSS	385	521	136	35%	3,234	2,852	(382)	(12%)	4,011
RRCV	494	567	73	15%	4,825	4,613	(212)	(4%)	5,814
Womens & Childrens	469	327	(142)	(30%)	2,989	2,227	(763)	(26%)	3,928
Total: CMG	3,020	2,960	(60)	(2%)	25,578	24,757	(821)	(3%)	31,573
Facilities	8	133	125	1595%	815	1,681	867	106%	830
Corporate Total	273	258	(14)	(5%)	2,096	2,178	82	4%	2,641
Total CIP	3,300	3,351	51	2%	28,488	28,616	128	0%	35,044

- Within Income and Costs there is a year to date delivery of £28.6m, representing a variance of £0.1mF to Plan.
- Under-delivery in four CMGs – MSS, RRCV, W&C and ESM is offset by over-delivery in other areas including E&F driven by Utilities, together with over performance across other CMGs.
- The specific CIP Paper provides further insight into the performance of CIP.

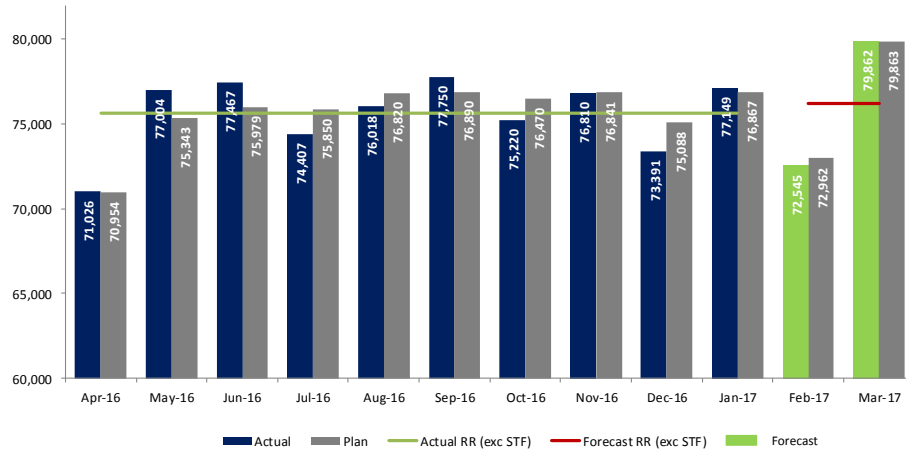
CIP Delivery



I&E Run Rates

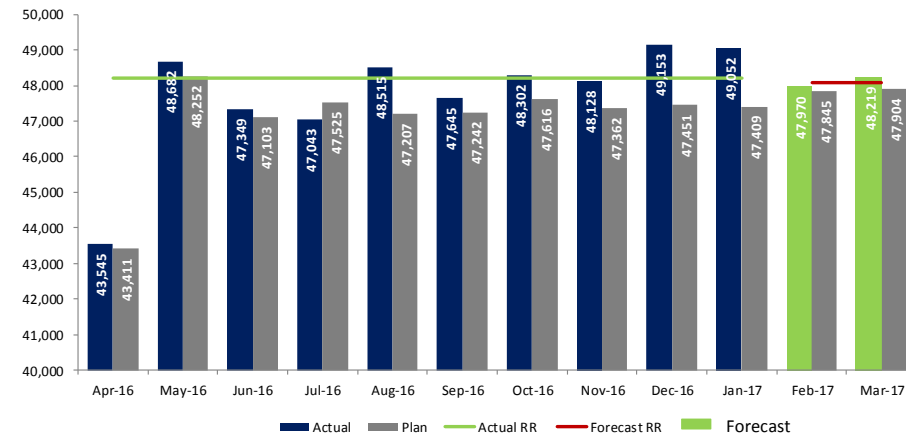
Income excluding STF

Underlying income fluctuates in line with working days and calendar days.



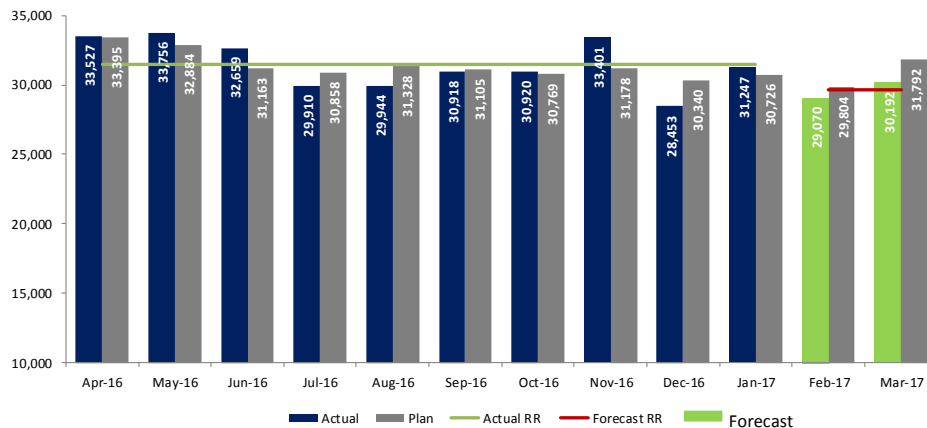
Pay

The step-change in May reflects the impact of E&F services integration. Forecast pay bill for months 11-12 is in line with Month 10 charge.



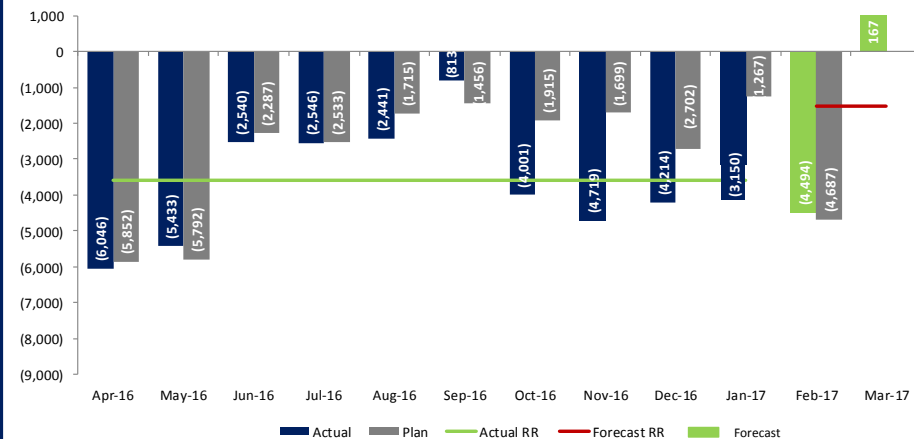
Non-Pay

High non-pay year to date partially driven by over-performance in activity. Forecast RR reduces by £1.8m per month representing the impact of the central mitigating actions.



Net Deficit excluding STF

Cumulative deficit of £35.5m (£24.1m with STF) is not sustainable. To deliver forecast deficit the RR is required to improve by £2.1m per month predominantly due to central actions.



STF: Financial & Operational Trajectories

Year to date position includes £11.4m of STF based on financial and operational performance delivery for Q1 and Q2. Performance for Q3 had deteriorated resulting in a YTD and forecast outturn which is adverse to Plan resulting in non-recognition of STF of £7.8m together with £0.3m unrecovered STF in relation to Q2 Cancer Target.

	Quarter 1 ¹			Quarter 2			Quarter 3			Quarter 4		
	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
Financial performance (70%, £16.4m)												
YTD Trajectory (£k)	(5,823)	(11,561)	(13,940)	(16,450)	(18,181)	(19,629)	(21,588)	(23,242)	(25,899)	(27,269)		
YTD Actual (£k)	(6,003)	(11,368)	(13,920)	(16,420)	(18,845)	(19,612)	(23,574)	(28,247)	(32,417)	(35,498)		
ED: 4 hour turnaround (12.5%, £2.9m)												
Monthly Trajectory ²	78.00%	78.00%	79.00%	79.00%	80.00%	85.00%	85.00%	85.00%	85.00%	89.00%	89.00%	91.20%
Monthly Actual	81.20%	79.90%	80.60%	76.90%	80.10%	79.80%	78.00%	77.60%	75.50%	78.00%		
RTT: 18 Week Pathway (12.5%, £2.9m)												
Monthly Trajectory ³	92.00%	92.00%	92.00%	92.00%	92.00%	92.00%	92.00%	92.00%	92.00%	92.00%	92.00%	92.00%
Monthly Actual	92.70%	92.70%	92.40%	92.40%	92.10%	91.70%	91.50%	92.20%	91.30%	90.90%		
Cancer: 62 Day Pathway (5%, £12m)												
Monthly Trajectory ⁴	70.20%	74.00%	85.10%	85.10%	85.10%	85.10%	85.10%	85.10%	85.10%	85.10%	85.10%	85.10%
Monthly Actual	75.90%	74.90%	77.30%	83.70%	78.40%	77.90%	73.94%	77.20%	79.50%			
Diagnostics: 6 week wait (0%, £0.0m)												
Monthly Trajectory	0.98%	0.98%	0.98%	0.98%	0.98%	0.98%	0.98%	0.98%	0.98%	0.98%	0.98%	0.98%
Monthly Actual	0.70%	0.60%	0.70%	0.60%	1.40%	1.50%	0.60%	0.60%	0.90%	0.88%		

Notes

¹ Quarter 1 operational trajectories were delivered (green) by virtue of agreeing a trajectory with NHSI, regardless of performance

² Trajectory submitted on a "best endeavours basis" for the full year

³ Trajectory submitted on a "best endeavours basis" April to June

⁴ Trajectory submitted on a "best endeavours basis" June to August

Forecast Outturn: Deficit of £27.2m, £18.9mA to Plan, £6.9mA to Plan excluding STF

Value Drivers	FOT			
	Plan	Outturn	F / (A)	
Day Case	103,500	103,011	(490)	(0.5%)
Elective Inpatient	22,459	21,086	(1,372)	(6.1%)
Emergency / Non-elective Inpatient	106,432	108,100	1,669	1.6%
Emergency Department	256,108	286,466	30,359	11.9%
Outpatient Procedures	901,976	938,487	36,511	4.0%
Critical Care Services	56,989	55,921	(1,068)	(1.9%)
Renal Dialysis & Transplant	178,494	173,382	(5,112)	(2.9%)
Other	8,394,540	8,617,886	223,347	2.7%

I&E £'000	FOT			
	Plan £'000	Outturn £'000	F / (A) £'000 %	
Patient Care Income	770,569	775,137	4,568	0.6%
Non Patient Care Income	139,359	133,514	(5,845)	(4.2%)
Total Income	909,928	908,651	(1,277)	(0.1%)
Pay Costs	(545,647)	(548,833)	(3,186)	(0.6%)
Pay Costs: Agency	(20,680)	(24,768)	(4,088)	(19.8%)
Non-Pay	(333,185)	(335,896)	(2,711)	(0.8%)
Total Operating Costs	(899,512)	(909,497)	(9,985)	(1.1%)
EBITDA	10,416	(846)	(11,262)	(108.1%)
Non-Operating Costs	(42,155)	(38,102)	4,053	9.6%
Retained Deficit	(31,739)	(38,948)	(7,209)	(22.7%)
Adjustments for Donated Assets	39	348	309	
Net Deficit Excluding STF	(31,700)	(38,600)	(6,900)	(21.8%)
Sustainability & Transformation Funding	23,400	11,407	(11,993)	(51.3%)
Net Deficit Including STF	(8,300)	(27,193)	(18,893)	(227.6%)

Ratios	Plan	Outturn	F / (A)
Agency: Total Pay	3.7%	4.3%	0.7%
EBITDA: Income	1.1%	(0.1%)	(1.2%)
Net Deficit: Income	(3.5%)	(4.2%)	(0.8%)

- **Overall: Net Deficit of £27.2m** including £12mA in relation to STF from non-delivery of the control total.

Excluding STF, the Trust is forecasting to deliver a deficit of £38.6m, £6.9mA to Plan which embeds bottom up forecasting driving £23.9mA position offset by £17mF in relation to central actions to mitigate the underlying deterioration.

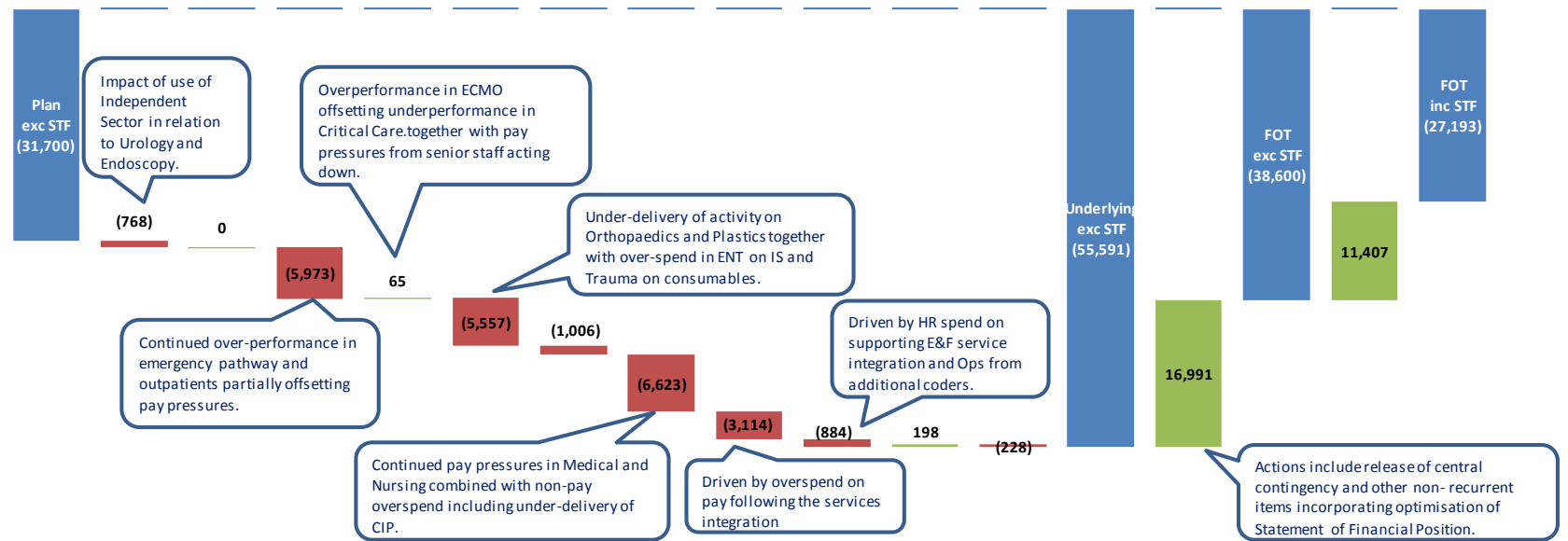
- **Detailed forecast:** Excluding STF, the Trust is forecast to have an unmitigated net deficit which is £21.4mA to Plan with under-delivery in most areas and material adverse performance in the following areas:
 - **ESM** driven by continued pay and non-pay pressures
 - **MSS** with under-delivery due to costly increased use of the Independent Sector and under-delivery of core activity
 - **W&C** continued cost pressures in excess of plan without offsetting income to support
 - **Estates & Facilities** due to overspend in pay from service integration
- **Mitigating actions:** Additional Executive level scrutiny is in place to improve ongoing financial control and accountability. In addition, mitigating actions of £17m have been identified which need executing in order to deliver the mitigated forecast outturn of £38.6m, £6.9mA to Plan. The actions include:
 - Managed slippage of 2016/17 approved investments
 - Release of remaining Central Contingency to absorb underlying cost pressures
 - Statement of Financial Position optimisation
- **Additional investments:** there is no headroom to fund additional investments this financial year.

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

Forecast Outturn Bridge: excluding STF, £6.9mA to Plan

Whilst the underlying Outturn is £21.4mA to Plan, this deterioration can be mitigated through central actions of £17m which are being pro-actively pursued. The impact of the mitigating actions reduce the outturn deficit to £38.6m, £6.9mA to Plan. Taking into account the impact of non-receipt of STF in Q3 and Q4, this drives a deficit of £27.2m, £18.9mA to Plan.



£(000)	Plan exc STF	CHUGGS	CSI	ESM	ITAPS	MSS	RRCV	W&C	Facilities	Corporate	R&I	Centre	Underlying exc STF	Mitigation	FOT exc STF	H1 STF	FOT inc STF	Var F/(A) exc STF
NHS PCI	770,569	5,750	1,617	3,686	(122)	(3,205)	(175)	(325)	0	40	(0)	(4,634)	773,201	1,350	774,551	11,407	785,958	3,982
Other Income	138,857	(249)	303	1,052	423	10	(297)	(2,037)	(5,907)	778	228	(545)	132,615	701	133,317		133,317	(5,540)
Pay	(545,647)	(386)	448	(2,214)	(1,058)	165	(1,244)	(2,243)	(3,385)	(833)	243	5,429	(550,724)	2,050	(548,674)		(548,674)	(3,027)
Pay: Agency	(20,680)	(23)	43	(3,404)	(1)	239	132	145	(285)	(59)	64	(1,098)	(24,927)		(24,927)		(24,927)	(4,247)
Non Pay	(333,185)	(5,860)	(2,411)	(5,094)	824	(2,766)	577	(2,163)	6,463	(810)	(338)	(768)	(345,530)	10,140	(335,390)		(335,390)	(2,205)
Non-Operating Costs	(41,614)											1,388	(40,226)	2,750	(37,476)		(37,476)	4,138
Net Deficit	(31,700)	(768)	0	(5,973)	65	(5,557)	(1,006)	(6,623)	(3,114)	(884)	198	(228)	(55,591)	16,991	(38,600)	11,407	(27,193)	(6,900)

January 2017: Statement of Financial Position

Statement of Financial Position

	Mar-16 £000's Actual	Jan-17 £000's Actual	Movement £000's Actual
Non Current Assets			
Property, plant and equipment	391,358	420,692	29,334
Intangible assets	10,452	9,463	(989)
Trade and other receivables	2,727	3,057	330
TOTAL NON CURRENT ASSETS	404,537	433,212	28,675
Current Assets			
Inventories	18,605	20,452	1,847
Trade and other receivables	45,106	52,019	6,913
Cash and cash equivalents	3,178	2,758	(420)
TOTAL CURRENT ASSETS	66,889	75,229	8,340
Current Liabilities			
Trade and other payables	(120,985)	(118,604)	2,381
Dividend payable	0	(2,888)	(2,888)
Borrowings / Finance Leases	(4,315)	(3,280)	1,035
Other Liabilities / Loan	(545)	(545)	0
Provisions for liabilities and charges	(633)	(459)	174
TOTAL CURRENT LIABILITIES	(126,478)	(125,776)	702
NET CURRENT ASSETS (LIABILITIES)	(59,589)	(50,547)	9,042
TOTAL ASSETS LESS CURRENT LIABILITIES	344,948	382,665	37,717
Non Current Liabilities			
Borrowings / Finance Leases	(3,930)	(8,242)	(4,312)
Other Liabilities / Loan	(55,010)	(113,070)	(58,060)
Provisions for liabilities and charges	(1,678)	(1,520)	158
TOTAL NON CURRENT LIABILITIES	(60,618)	(122,832)	(62,214)
TOTAL ASSETS EMPLOYED	284,330	259,833	(24,497)
Public dividend capital	329,856	329,856	0
Revaluation reserve	81,133	81,133	0
Retained earnings	(126,659)	(151,156)	(24,497)
TOTAL TAXPAYERS EQUITY	284,330	259,833	(24,497)

- **Total Assets Employed:** Movement of £24.5m representing year to date Trust deficit (before donated asset adjustment).
- **Non-Current Assets :** Increased by £28.7m reflecting spend on the emergency floor, vascular scheme and Robert Kilpatrick building.
- **Working capital:**
 - Stock growth in non pharmacy stock holding locations
 - Receivables have increased by 6.9m
 - Payables have decreased by £2.4m
- **Cash:** January balance of £2.8m is above the £1m cash balance to support working capital due to late cash received.
- **Dividend payable:** £2.9m represents four months' PDC dividend accrued with cash payment due in March.
- **Non-current liabilities:**
 - £40.3m revolving working capital facility
 - £18.0m emergency floor capital loan.
- **Liquidity Ratio:** We continue to be high risk in terms of our continuity of service risk rating relating to liquidity days and have achieved a score of 1, which is in line with our plan.

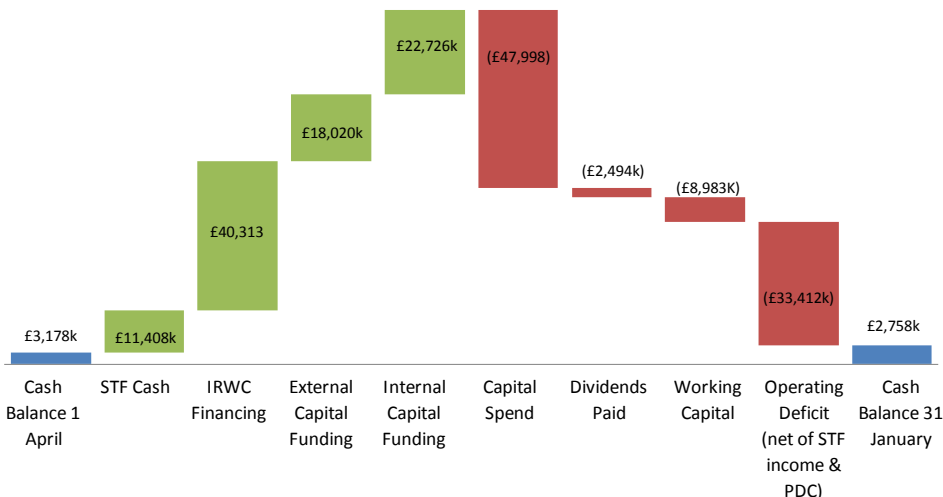
Score range from 1 (High Risk) to 4 (Low Risk).

Ratios

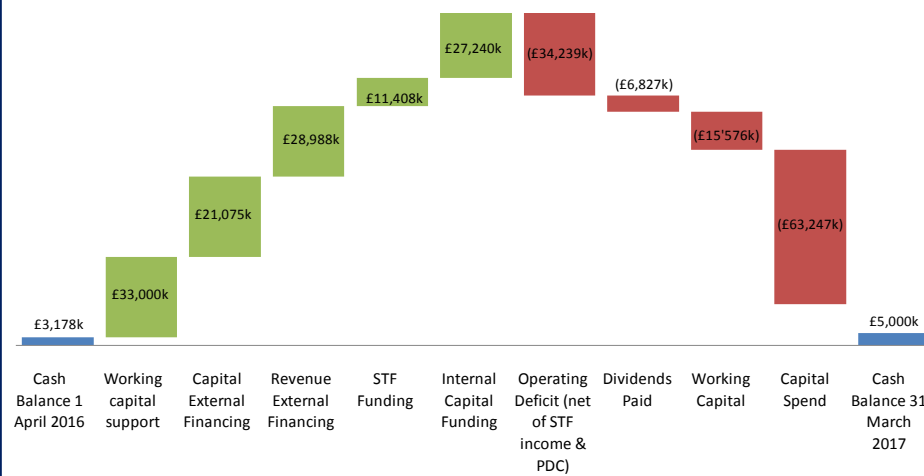
Liquidity Ratio Days (Working Capital Balance / Annual Operating Expenses)	(33)	(28)	(31)
Liquidity Ratio Metric	1	1	1

Cash

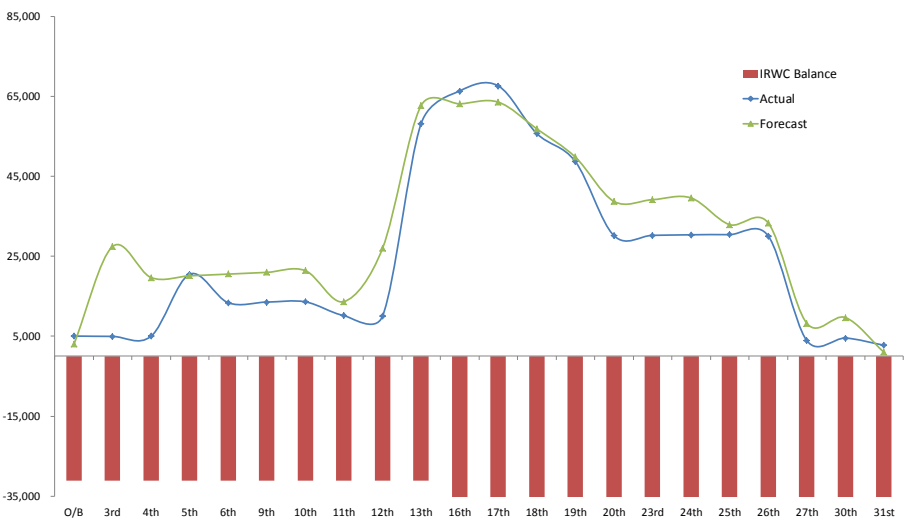
Year to Date Cash Bridge £'000



Cash Forecast £'000



Daily Cash Balance



Cash Bridge:

- Opening cash balance of £3.2m, in line with our plan.
- Funded YTD net deficit of £24.5m by drawing down £40.3m of our Interim Revolving Working Capital Facility (IRWC), which also provides cash in lieu of STF funding prior to its receipt.
- Improvement in working capital and internal capital funding enabled interest payment and capital expenditure of £51.3m.

Full Year Forecast

- Forecast of £5m cash holding at the year end compared to original plan of £3m. We will be permitted to reduce our minimum cash balance to £1m from £3m to support working capital. We will also be applying for £4m in order to provide funding for our pharmacy subsidiary in April. This will be held on the Trust's balance sheet 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 January is the monthly payroll run.

Liquidity

	Liquidity			Ageing				90 days %	
	Opening	YTD	Movement	0 - 30 Days	31 - 60 Days	61 - 90 Days	Over 90 days		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000		
Accounts Receivable	NHS receivables - revenue	25,351	25,206	145	18,158	2380	3064	1604	6%
	Non-NHS receivables - revenue	13,097	16,140	(3,043)	7,633	1223	1008	6276	39%
	Provision for the impairment of receivables	(764)	(1,285)	521	(1,285)				
	Non-NHS prepayments and accrued income	3,068	9,946	(6,878)	9,946				
	PDC dividend prepaid to DH	1,307	0	1,307	0				
	VAT	2,622	1,686	936	1,686				
	Other receivables	425	326	99	326				
	TOTAL	45,106	52,019	(6,913)	36,464	3,603	4,072	7,880	15%
Accounts Payable	NHS payables - revenue	(9,502)	(32,786)	23,284	(18,062)	(2,214)	(813)	(11,697)	36%
	NHS accruals and deferred income	(5,889)	0	(5,889)	0				
	Non-NHS payables - revenue	(43,305)	(40,889)	(2,416)	(23,280)	(9,381)	(6,498)	(1,730)	4%
	Non-NHS payables - capital	(14,052)	(3,589)	(10,463)	(1,860)	(1,316)	(372)	(41)	1%
	Non-NHS accruals and deferred income	(31,368)	(20,653)	(10,715)	(4,022)	(6,831)	(4,203)	(5,597)	27%
	Social security costs	(4,740)	(6,151)	1,411	(6,151)				
	Dividends payable	0	(2,888)	2,888	(2,888)				
	Accrued Interest on DH Loans	(126)	(1,236)	1,110	(1,236)				
	Tax	(5,054)	(5,369)	315	(5,369)				
	Other	(6,949)	(7,931)	982	(7,931)				
	TOTAL	(120,985)	(121,492)	507	(70,799)	(19,742)	(11,886)	(19,065)	16%
Total Liquidity	(75,879)	(69,473)	(6,406)						

Liquidity: movement of £6.4m from opening position due to:

- Accounts receivable: increased by £6.9m driven by increase in Non-NHS prepayments and accrued income.
- Accounts payable: increase of £0.5m with material movement in NHS payables offset by decrease in Non-NHS payables capital.

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

- NHS receivables: 6% representing £1.6m being over 90 days with Leicestershire Partnership NHS Trust at £0.5m; NHS Leicester CCG at £0.2m.
- Non-NHS receivables: 39% representing £6.2m being over 90 days with the largest component being Overseas Visitors at £2.7m (43%). The balance consists of various items which in isolation are not material.
- NHS payables-revenue: £11.7m, representing 36% in excess of 90 days with NHS Business Services Authority at £9.8m (84%).
- Further analysis of receivables is provided in the separate cash report.

Better Payments Practice Code: Non-compliant

Better Payment Practice Code - Measure of Compliance	January YTD		Prior month YTD	
	Number	£000s	Number	£000s
All				
Total Invoices Paid in the Year	129,285	629,088	112,538	564,453
Total Invoices Paid Within Target	22,841	414,592	20,015	377,051
Percentage Invoices Paid Within Target (target 95%)	18%	66%	18%	67%
Non-NHS Payables				
Total Non-NHS Invoices Paid in the Year	122,959	521,375	107,138	468,574
Total Non-NHS Invoices Paid Within Target	21,803	338,646	19,076	306,970
Percentage of Non-NHS Invoices Paid Within Target	18%	65%	18%	66%
Local SME payables				
Total SME Invoices Paid in the Year	2,605	10,504	2,518	9,599
Total SME Invoices Paid Within Target	637	2,059	624	1,992
Percentage of Local SME Invoices Paid Within Target	24%	20%	25%	21%
NHS Payables				
Total NHS Invoices Paid in the Year	3,721	97,209	2,882	86,280
Total NHS Invoices Paid Within Target	401	73,887	315	68,089
Percentage of NHS Invoices Paid Within Target	11%	76%	11%	79%

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

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

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

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

The likely performance for the year with additional financing is 31% by volume (currently 18%) and 68% by value (currently 66%).

Capital: £51.3m spend YTD with forecast of £63.3m

	Scheme Name	YTD Spend	YTD Committed	Annual Budget
Funded	Estates & Facilities			
	Estates & Facilities	2,398	1,738	5,758
	MES Installation Costs	502	105	1,347
	IFM Facilities Asset Purchase	1,548	0	1,376
	Paediatric Daycase / Dentistry	1,008	45	1,229
	Ward 9 & 7 Change of Use	121	10	150
	Robert Kilpatrick	2,200	0	2,200
	Sub-total: Estates & Facilities	7,777	1,899	12,060
	IM&T Schemes			
	IM&T Infrastructure	1,169	1,100	3,712
	Heartsuite System	26	91	272
	Electronic Blood Tracking System	185	64	696
	Renal Transplant Lab System	120	0	100
	Learning Mgt System	72	0	70
	EF EPR Plan B	150	195	500
	Sub-total: IM&T Schemes	1,722	1,450	5,350
	Medical Equipment Schemes			
	Medical Equipment Executive	2,364	242	4,500
	Linear Accelerator	2,597	412	3,300
	Sub-total: Medical Equipment	4,961	654	7,800
	Reconfiguration			
	Emergency Floor	17,245	1,791	21,700
	Vascular	7,214	1,357	8,908
	ICU	418	1	3,020
	EMCH Interim Solution	495	1	683
	Ward Capacity	0	0	4,400
	Infrastructure Costs	0	0	1,500
Business Case Development	624	251	2,128	
EPR Programme	(21)	0	8,690	
EF IM&T Equipment	(219)	538		
ED Floor: Phase II Enabling	12	5	0	
Sub-total: Reconfiguration	25,768	3,944	51,029	
Corporate / Other Schemes				
Diabetes Conversion of Ward 2	385	14	1,122	
Donations	77	1	300	
Paediatric & Genetic CRF	357	12	328	
Ophthalmology	44	78	0	
Sub-total: Corporate / Other	863	105	1,750	
MES Finance Lease Additions	6,371	0	2,774	
Hybrid Theatre Addition	1,200	0	1,200	
Sub-total: Finance Leases	7,571	0	3,974	
Total Secured Funding	48,661	8,052	81,963	
Unfunded	EDRM	671	0	0
	Other Expenditure	1,979	62	0
	TOTAL UNFUNDED EXPENDITURE	2,650	62	0
TOTAL CAPITAL EXPENDITURE	51,312	8,114	81,963	

Year to date:

- Total Capital expenditure of £51.3m
- Emergency Floor:** Total spend of £17.2m with a further commitment of £1.8m
- Vascular:** Spend of £7.2m and committed spend of a further £1.4m
- Estates and Facilities:** Spend of £7.8 with £1.9m further committed spend

Forecast outturn:

- Capital Plan:** Total expected capital expenditure of £63.3m funded by:
 - £30.2m depreciation;
 - £21.7m external borrowing for the Emergency Floor development;
 - £8.6m finance lease additions funded through revenue;
 - £1.9m PDC for the linear accelerator replacement;
 - £0.5m funding from Diabetes;
 - £0.3m donations.

Finance and use of resources metrics

In September 2016 NSHI published the final Single Oversight Framework. Within this there are a series of financial measures, below we have shown the Trust score against these measures based on NHSI definitions. Whilst each metric carries equal weighting if any metric scores a 4 the overall score cannot be any higher than 3.

	Metric	Definition	Actual	Score
Financial Sustainability	Capital Service Capacity	Degree to which generated income covers financial obligations <i>EBITDA + Interest receivable / Annual Debt Service (Interest Payable + Dividend + borrowings repaid)</i>	0	4
	Liquidity (days)	Days of operating costs held in cash or cash equivalent forms including wholly committed lines of credit available for drawdown <i>Working Capital Balance / Year to Date Operating Costs</i>	(30)	4
Financial efficiency	EBITDA margin	I&E Surplus or Deficit / Total Revenue	(3.07%)	4
Financial Controls	Distance from financial plan	Year to date actual I&E surplus/deficit in comparison to year to date planned I&E surplus/deficit <i>Difference between I&E Plan Margin and I&E Actual Margin</i>	(1.87%)	3
	Agency spend	Distance from agency ceiling <i>Year to date variance to Ceiling / Year to date Ceiling</i>	16.13%	2
Overall	Total (weighted) score	All five metrics are equally weighted to give an overall mean score however scoring a 4 on any measure results in a 3 overall at best		3

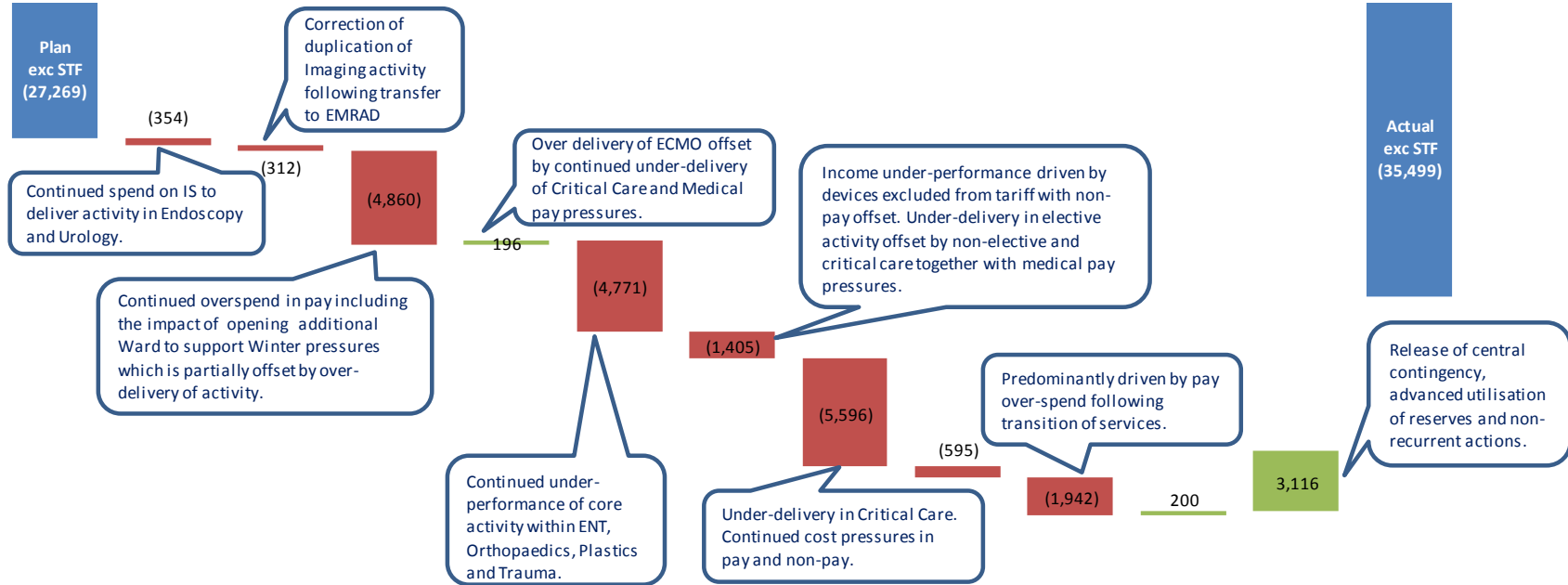
Risks & Mitigation

RISK	MITIGATION
<ul style="list-style-type: none"> • Cost Pressures: Current over-delivery of activity and use of central contingency is offsetting underlying pay and non-pay pressures. This had crystallised in Month 9 forecast which is £6.9mA to Plan including £17mF mitigating actions. 	<ul style="list-style-type: none"> • Additional Executive scrutiny to monitor financial performance and improve control. • Trust measures to tighten financial controls on non essential costs. • Central mitigating actions have been identified which are being actively pursued.
<ul style="list-style-type: none"> • Financial Recovery plans: continued under-performance and deterioration of CMGs and Corporate driving Trust level risk to deliver on planned deficit. 	<ul style="list-style-type: none"> • Trust-wide Financial Actions are in place and monitored through EPB.
<ul style="list-style-type: none"> • Contractual over performance: continued over-performance and associated financial pressures within local CCGs. 	<ul style="list-style-type: none"> • Close monitoring of contractual and financial performance at monthly Contract Performance Meeting. • Contractual mechanisms i.e. AQN have been followed.
<ul style="list-style-type: none"> • CIP: remains key to meeting income and expenditure commitments. Whilst currently in line with plan CIP delivery remains a key dependency. 	<ul style="list-style-type: none"> • An established PMO function and associated governance arrangements are in place. Full details of the 2016/17 programme are supplied within the separate CIP paper.
<ul style="list-style-type: none"> • Sustainability & Transformation Funding: inability to achieve financial control total (70%) and operational performance target trajectory (30%) 	<ul style="list-style-type: none"> • This had crystallised in Month 9 with non-recognition of Q3 and Q4 STF.
<ul style="list-style-type: none"> • Agency Pay: Current and forecast over spend against the £20.6m agency ceiling creates a risk of further escalation actions with NHSI. 	<ul style="list-style-type: none"> • The workforce work stream and premium pay sub-work stream are concentrating on delivery of savings through the monitoring and compliance of recruitment initiatives, workforce planning and the application of internal controls.
<ul style="list-style-type: none"> • Cash: planned deficit position means there is insufficient cash to support expenditure. 	<ul style="list-style-type: none"> • The Trust has access to an Interim Revolving Working Capital Support (temporary borrowing) to meet immediate cash requirements.
<ul style="list-style-type: none"> • Capital: Capital Plan requires further borrowing that is yet to be approved. 	<ul style="list-style-type: none"> • Alternative scenarios within the capital programme until additional borrowing is approved. This plan has been agreed at the Capital Management and Investment Committee.

Appendix

January YTD: CMG and Directorates

The YTD performance by CMG and Corporate Directorate is shown below.



£(000)	Plan exc STF	CHUGGS	CSI	ESM	ITAPS	MSS	RRCV	W&C	Corporate	Facilities	R&I	Centre	Actual exc STF	Var F/(A)
NHS PCI	641,195	4,851	1,173	2,904	49	(3,230)	(407)	(402)	87	0	(0)	(8,918)	645,395	4,200
Other Income	115,405	(237)	263	938	363	18	(338)	(1,583)	796	(4,655)	263	(433)	110,800	(4,605)
Pay	(452,853)	(234)	414	(1,770)	(1,017)	362	(1,044)	(1,988)	(554)	(2,793)	218	4,762	(456,497)	(3,644)
Pay: Agency	(17,724)	(55)	(125)	(2,866)	(60)	203	49	121	(45)	(221)	52	(244)	(20,915)	(3,191)
Non Pay	(278,606)	(4,679)	(2,037)	(4,066)	880	(2,124)	335	(1,744)	(861)	5,727	(333)	4,578	(282,931)	(4,325)
Non-Operating Costs	(34,686)				(19)			(17)				3,372	(31,350)	3,336
Net Deficit	(27,269)	(354)	(312)	(4,860)	196	(4,771)	(1,405)	(5,596)	(595)	(1,942)	200	3,116	(35,499)	(8,229)

YTD Performance: Deficit of £35.5m, £8.2mA to Plan

