

# 2017/18 Financial Performance

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## Executive Summary

## Paper M1

### Context

The Trust is planning for an income and expenditure deficit of £26.7m in 2017/18 with a capital plan of £54.4m. Delivery of the financial plan in 2017/18 is essential in order to maintain our position as an organisation with good financial control; effectively a pre-requisite to access the extremely limited national capital resource for reconfiguration.

### Questions

1. What is our financial performance for the period ending 30<sup>th</sup> September 2017?

The Trust has achieved a year to date deficit of £25.8m which is in line with our plan to this point. Although there is significant risk in quarters 2-4 particularly associated with CIP delivery as the profile of savings increases through the year. This CIP profile is illustrated on page 13 of the report and the corresponding impact of the savings on pay and non-pay run rates is on page 15.

2. What is our performance against the agency ceiling?

Agency expenditure is within the required level (as per the NHSI agency cap for UHL). The cap essentially mandates a 30% reduction on 2015/16 agency spend. This is very positive news especially given our startpoint as a relatively low use of agency compared to our acute peer group.

3. What is our forecast I&E position for 2017/18?

As outlined on page 17 of the report, the Month 6 unmitigated forecast indicates a risk of £20m to the Planned I&E deficit of £26.7m. Following mitigating actions and assumptions the forecast was brought back in line with Plan which needs prompt execution and on-going monitoring to ensure delivery of the Trust's financial commitment. As noted above and very explicitly in the main report, there are risks to delivery of the target.

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

The Trust Cost Improvement Programme target has increased from £33m to £44.2m with the inclusion of £3.5m for supplementary CIP and £7.6m from financial improvement and technical schemes being re-aligned as CIP. To date, £16.4m of the total £44.2m has been delivered. This is in line with plan at this stage, noting the points made regarding the profiling of CIP in answer to 1. above. Of the £44.2m this year, £4.98m is still unidentified representing a risk to the programme and the overall delivery of the I&E plan. Escalation meetings will continue with the CMGs concerned.

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

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

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

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

Page 24 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 6.

# For Reference

Edit as appropriate:

1.The following objectives were considered when preparing this report:

Safe, high quality, patient centred healthcare	[ <del>Yes</del> / <del>No</del> / <del>Not applicable</del> ]
Effective, integrated emergency care	[ <del>Yes</del> / <del>No</del> / <del>Not applicable</del> ]
Consistently meeting national access standards	[ <del>Yes</del> / <del>No</del> / <del>Not applicable</del> ]
Integrated care in partnership with others	[ <del>Yes</del> / <del>No</del> / <del>Not applicable</del> ]
Enhanced delivery in research, innovation & ed'	[ <del>Yes</del> / <del>No</del> / <del>Not applicable</del> ]
A caring, professional, engaged workforce	[ <del>Yes</del> / <del>No</del> / <del>Not applicable</del> ]
Clinically sustainable services with excellent facilities	[ <del>Yes</del> / <del>No</del> / <del>Not applicable</del> ]
Financially sustainable NHS organisation	[ <del>Yes</del> / <del>No</del> / <del>Not applicable</del> ]
Enabled by excellent IM&T	[ <del>Yes</del> / <del>No</del> / <del>Not applicable</del> ]

2.This matter relates to the following governance initiatives:

Organisational Risk Register	[ <del>Yes</del> / <del>No</del> / <del>Not applicable</del> ]
Board Assurance Framework	[ <del>Yes</del> / <del>No</del> / <del>Not applicable</del> ]

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: 7 December 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**]

# Contents

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**Executive Summary** [Page 2](#)

**I&E: Overall Position**

- September 2017: Key Facts [Page 3](#)
- Financial Performance [Page 4](#)
- I&E Bridge [Page 5](#)

**Patient Income**

- NHS Patient Income [Page 6](#)
- Activity & Income: Performance versus Contract [Page 7](#)
- Patient Income Run Rates [Page 8](#)
- Patient Income Run Rates: Point of Delivery [Page 9](#)

**Pay Costs**

- Pay Costs [Page 10](#)
- Pay Cost Run Rates [Page 11](#)

**I&E: Other**

- Non-Pay [Page 12](#)
- CIP [Page 13](#)
- Financial Improvement and Technical [Page 14](#)
- I&E Run Rates [Page 15](#)
- YTD Performance by CMGs and Corporate Directorates [Page 16](#)

**Forecast Outturn** [Page 17](#)

**Assets & Liabilities**

- September 2017: Statement of Financial Position [Page 18](#)
- Cash [Page 19](#)
- Liquidity [Page 20](#)
- Better Payments Practice Code [Page 21](#)
- Capital [Page 22](#)

**Finance and use of resources metrics** [Page 23](#)

**Risks & Mitigation** [Page 24](#)

# Executive Summary

## Financial performance

### Statutory duties

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

### Financial Performance

- **Deficit of £25.8m, in line with Plan:** Reporting in line with Plan representing over-performance on Patient Care Income offset by the additional cost to deliver the additional activity. Over-spend in Medical workforce and emerging cost pressures are currently being mitigated by release of Central reserves.
- **Patient Care Income, £3.5mF to Plan:** Underlying over-performance within Emergency/Non-elective and ECMO offsetting under-delivery in all other points of delivery. All point of delivery are below run rate in month.
- **Operating Costs, £3.9mA to Plan:** with pay £4mA to Plan with underlying overspend in all staff groups. Non-pay underspend of £87k partly by release of central provisions but offset by the marginal cost of over-delivering patient activity.
- **CIP in line with Plan**
- **Finance Improvement and Technical:** currently over-delivering actions due to depreciation.
- **Forecast Outturn:** in line with Plan with the un-mitigated forecast being £20mA to Plan. This represents a risk to achieving the full year planned deficit with mitigation embedded across each CMG and Corporate area, this review is to be concluded by the end of October and needs prompt execution and ongoing monitoring to ensure delivery of the Trust planned deficit. The spectrum of risk is outlined on page 24.

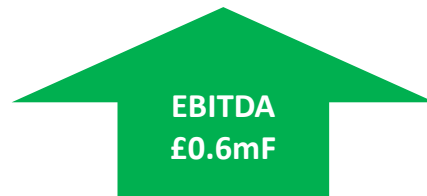
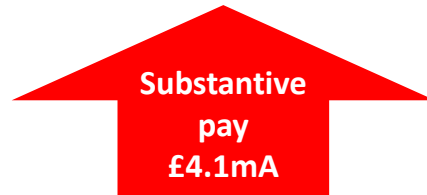
## Cash

- **Closing cash balance at September of £2m**, which is higher than Plan due to normal monthly timing differences.
- Trust Med Pharmacy cash balance was £0.9m.
- Funded YTD net deficit by drawing down £15.98m of the Interim Revolving Working Capital Facility (IRWC).

## Capital

- **September:** Total capital expenditure of £13.0m, £1.3mF to Plan
  - Year to date spend driven by:
    - Re-configuration projects
    - Emergency Floor
    - Managed Equipment Service Finance Leases
    - Estates, backlog maintenance
  - Underspend predominantly related to phasing of the Emergency Floor with a total spend year to date of £5.1m with a further commitment of £5.2m.

# September 2017: Key Facts



**Key**

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

# Financial Performance: YTD Deficit of £25.8m, in line with Plan

	Sep-17			YTD				
	Plan	Actual	Vs Plan	Plan	Actual	F/(A)	%	
Value Drivers	Day Case	9,052	8,673	(379)	53,273	52,087	(1,186)	(2%)
	Elective Inpatient	1,882	1,808	(74)	10,889	10,903	14	0%
	Emergency / Non-elective Inpatient	9,518	10,123	606	56,614	58,522	1,909	3%
	Emergency Department	20,565	20,681	116	123,526	120,084	(3,442)	(3%)
	Outpatient Procedures	81,779	79,024	(2,755)	478,335	469,160	(9,175)	(2%)
	Critical Care Services	4,741	4,207	(534)	27,873	28,041	167	1%
	Renal Dialysis and Transplant	14,304	14,528	224	86,920	87,691	771	1%
	Other Activity	753,739	679,987	(73,752)	4,484,820	4,105,667	(379,153)	(8%)
	WTE Total	13,858	13,375	484	13,847	13,375	472	3%
	WTE Agency	263	259	4	262	259	3	1%
I&E £'000	Sep-17			YTD				
	Plan	Actual	Vs Plan	Plan	Actual	F/(A)	%	
	£'000	£'000	£'000	£'000	£'000	£'000	%	
	Patient Care Income	67,197	66,816	(381)	400,715	404,192	3,477	1%
	Non Patient Care Income	532	652	120	3,195	3,463	268	8%
	Other Operating Income	10,579	11,002	423	63,471	64,208	737	1%
	<b>Total Income</b>	<b>78,308</b>	<b>78,470</b>	<b>162</b>	<b>467,381</b>	<b>471,864</b>	<b>4,483</b>	<b>1%</b>
	Pay Costs	(46,896)	(47,924)	(1,028)	(284,320)	(288,460)	(4,140)	(1%)
	Pay Costs: Agency	(1,734)	(1,709)	25	(11,083)	(10,944)	139	1%
	Non Pay	(28,981)	(27,762)	1,219	(176,550)	(176,463)	87	0%
	<b>Total Operating Costs</b>	<b>(77,611)</b>	<b>(77,395)</b>	<b>216</b>	<b>(471,953)</b>	<b>(475,867)</b>	<b>(3,914)</b>	<b>(1%)</b>
	<b>EBITDA</b>	<b>697</b>	<b>1,075</b>	<b>378</b>	<b>(4,572)</b>	<b>(4,003)</b>	<b>569</b>	<b>(12%)</b>
	<b>Non Operating Costs</b>	<b>(3,548)</b>	<b>(3,544)</b>	<b>4</b>	<b>(21,227)</b>	<b>(21,480)</b>	<b>(253)</b>	<b>(1%)</b>
<b>Retained deficit</b>	<b>(2,851)</b>	<b>(2,470)</b>	<b>381</b>	<b>(25,799)</b>	<b>(25,483)</b>	<b>316</b>	<b>1%</b>	
Adjustments for Donated Assets	5	(376)	(381)	30	(283)	(313)	1044%	
<b>Net Deficit</b>	<b>(2,846)</b>	<b>(2,846)</b>	<b>0</b>	<b>(25,769)</b>	<b>(25,767)</b>	<b>2</b>	<b>0%</b>	
Ratios	Agency: Total Pay	3.70%	3.57%	3.90%	3.79%			
	EBITDA: Income	0.89%	1.37%	(0.98%)	(0.85%)			
	Net Deficit: Income	(3.63%)	(3.63%)	(5.51%)	(5.46%)			

## 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: £404.2m, £3.5mF** including £84kA in relation to drugs and devices excluded from tariff with the offset in non-pay and £0.8mF in relation to central income provisions. Underlying over-performance of £2.7m predominantly within Emergency/Non-elective, national screening programme and ECMO partially offset by underperformance in Elective and ED.
- **Non Patient Care Income & Other Income: £68m, £1mF** with additional income from donated assets relating to Thomson Travel Charities and Royal Voluntary Service. Donated assets income is offset from our financial performance through donated assets adjustment.

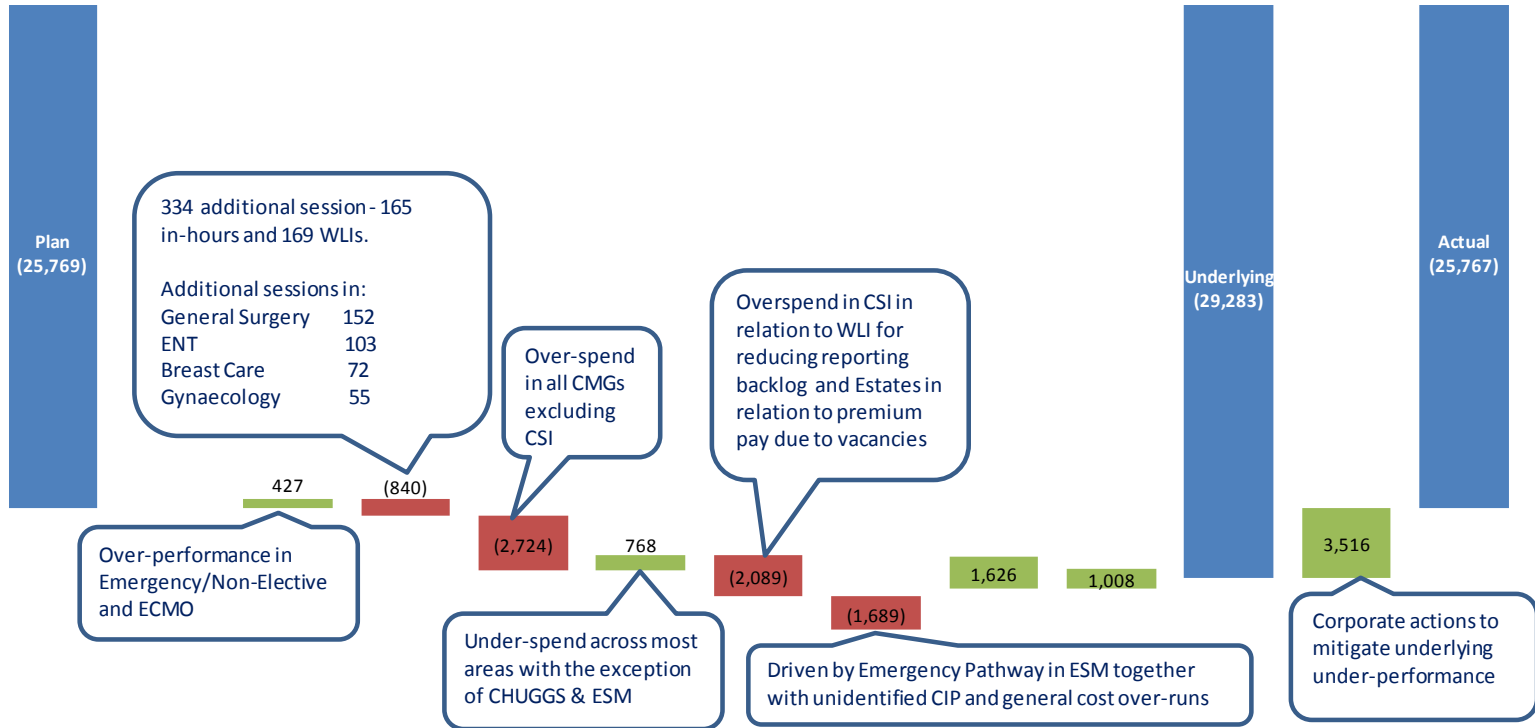
- **Pay Costs: £288.5m, £4.1mA** which includes £0.64mF release of reserves to fund additional investments and overspend. Underlying overspend of £4.74m driven by :
  - Medical: £2.7mA across all CMGS except CSI
  - Nursing: £0.1mA although overspends within CHUGGS, and ESM offsetting underspend across other CMGs
  - Other Clinical £1.3mA. In CSI driven by Pathology reporting backlog
  - Non clinical : £0.86mA predominantly within CSI and Estates.

Of particular concern is pay spend within ED, Nursing enhancements and premium spend in E&F.

- **Agency: £10.9m, in line with Plan.**
- **Non-Pay: £176.5m, £87kF** including £4.3mF relating to release of Central Provision reserves together with £84kF in relation to drugs and devices excluded from tariff. Underlying overspend of £4.1m is predominantly driven by additional cost to deliver activity together with costs in relation to patient transport, Non Weight Bearing pathway and unidentified CIP. Non-pay remains a critical area of spend to ensure tight cost control underpinned by activity performance.
- **EBITDA: deficit of £4m, £0.57mF.**
- **Non-Operating Costs: £21.5m, £0.3mA** to Plan in relation to interest costs.

# I&E Bridge: in line with Plan

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

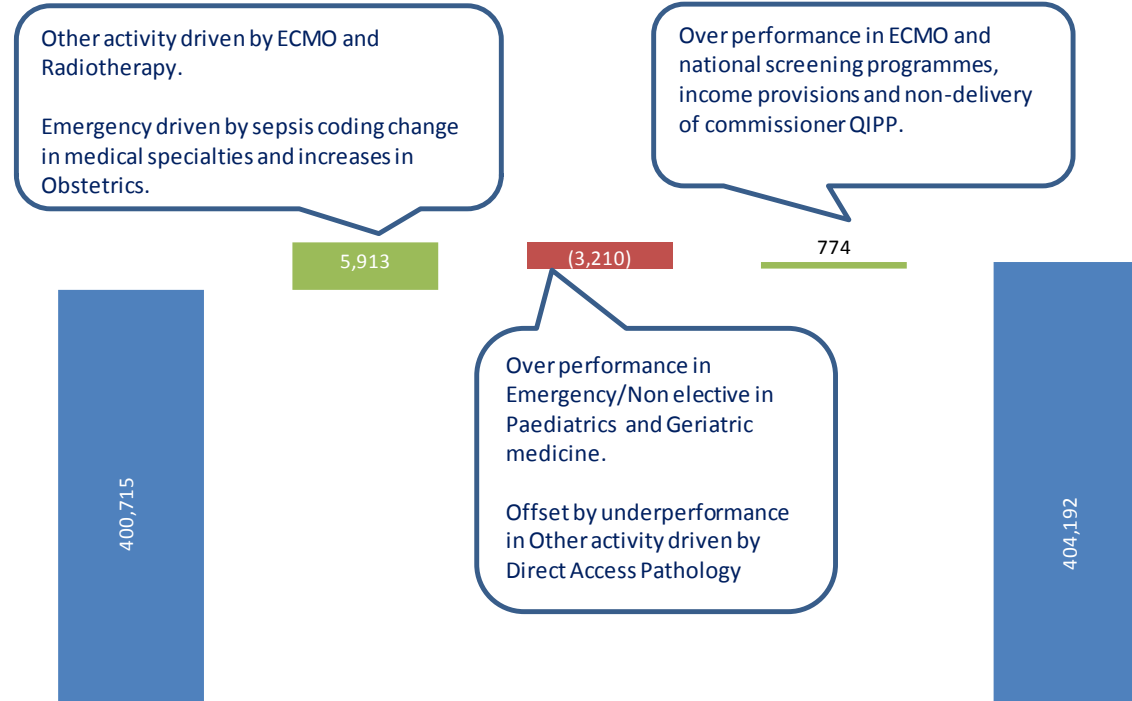


£(000)	Plan	EDD	Activity	Theatres	Medical Pay	Nursing Pay	Other Pay	Cost Pressures	Reserves	Other	Underlying	Non-recurrent Items	Actual	Var F/(A)
NHS PCI	400,715	(84)	3,172							32	403,835	357	404,192	3,477
Other Income	66,418		480							(350)	66,548	600	67,148	730
Pay	(284,320)			(707)	(2,427)	432	(2,189)		523		(288,689)	229	(288,460)	(4,140)
Pay: Agency	(11,083)				(297)	336	100				(10,944)		(10,944)	139
Non Pay	(176,550)	84	(3,225)	(133)				(1,689)	1,104	2,075	(178,335)	1,872	(176,463)	87
Non-Operating Costs	(20,949)									(749)	(21,698)	458	(21,240)	(291)
<b>Net Deficit</b>	<b>(25,769)</b>	<b>0</b>	<b>427</b>	<b>(840)</b>	<b>(2,724)</b>	<b>768</b>	<b>(2,089)</b>	<b>(1,689)</b>	<b>1,626</b>	<b>1,008</b>	<b>(29,283)</b>	<b>3,516</b>	<b>(25,767)</b>	<b>2</b>



# NHS Patient Income: September £404.2m, £3.5mF to Plan

Over-performance predominantly driven by Emergency/Non-elective, National Screening Programmes and ECMO offset by under delivery across other points of delivery, predominantly ED, day case and elective inpatients.



£(m)	Plan	Rate	Volume	Other	Actual	Var F / (A)
Day Case	30,624	(440)	(672)	0	29,513	(1,111)
Elective Inpatient	40,403	(823)	50	0	39,630	(773)
Emergency / Non-elective Inpatient	103,817	1,332	3,545	0	108,694	4,877
Marginal Rate Emergency Threshold	(3,237)	0	0	(199)	(3,436)	(199)
Emergency Department	15,599	25	(435)	0	15,189	(410)
Outpatient	55,962	892	(1,091)	0	55,764	(199)
Drugs and Devices excluded from Tariff	49,582	0	0	(84)	49,498	(84)
Critical Care Services	26,783	(44)	161	0	26,899	116
Renal Dialysis and Transplant	13,814	(358)	119	0	13,575	(239)
CQUIN	8,130	0	0	(548)	7,582	(548)
Other Activity	52,486	5,330	(4,888)	0	52,929	442
Other Financial Values	6,750	0	0	1,605	8,355	1,605
<b>Total</b>	<b>400,715</b>	<b>5,913</b>	<b>(3,210)</b>	<b>774</b>	<b>404,192</b>	<b>3,477</b>

# Activity & Income: Performance versus Contract

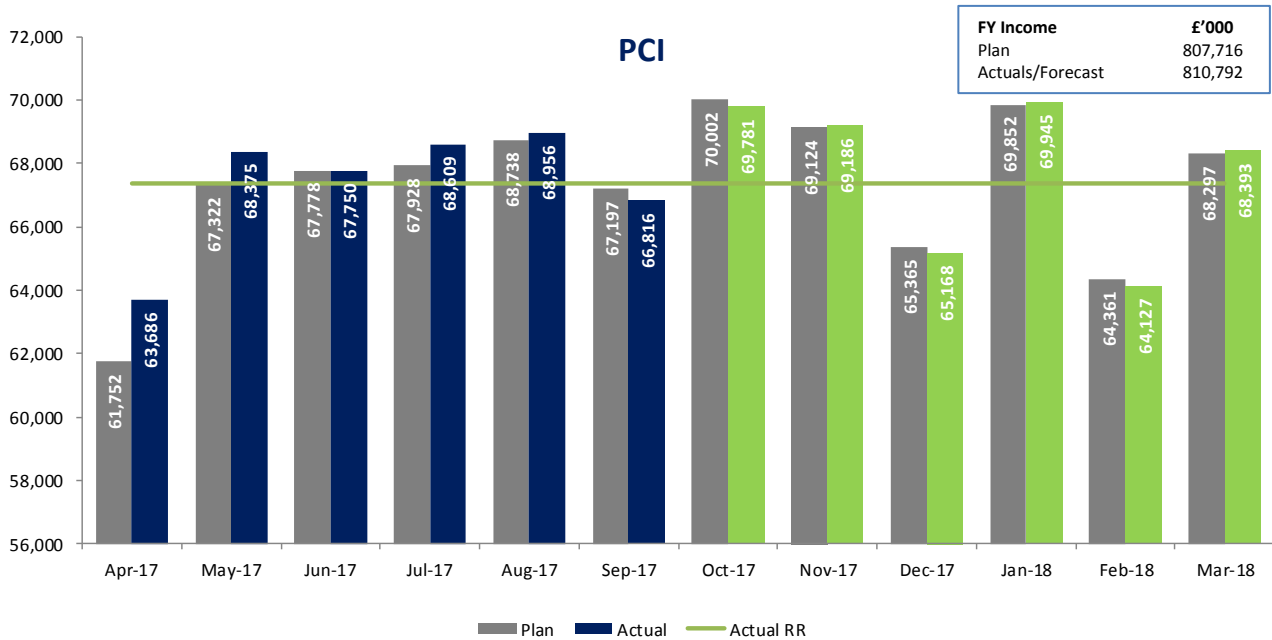
Activity	Case Mix	City	East	West	Specialised	Other	Alliance	Total	%
	Day Case	(0)	(105)	(8)	112	(127)	(1,057)	(1,186)	(2%)
	Elective Inpatient	(22)	(5)	2	13	26	0	14	0%
	Emergency / Non-elective Inpatient	25	417	490	977	0	0	1,909	3%
	Marginal Rate Emergency Threshold (MRET)	0	0	0	0	0	0	0	0%
	Emergency Department	(586)	(7,293)	(2,407)	0	6,845	0	(3,442)	(3%)
	Outpatient	(2,112)	(2,752)	(1,877)	(3,944)	4,971	(3,461)	(9,175)	(2%)
	Excluded Drugs and Devices	1,529	2,064	1,995	13,515	13	0	19,116	0%
	Critical Care Services	(292)	126	(360)	996	(302)	0	167	1%
	Renal Dialysis and Transplant	0	0	0	789	(17)	0	771	1%
CQUIN	0	0	0	0	0	0	0	0%	
Other Activity	(112,798)	(185,430)	(86,471)	13,106	(3,379)	(4,180)	(379,153)	(8%)	
Other Financial Values	515	501	848	28	(1,187)	(418)	287	0%	

Financial	Case Mix	City (£000)	East (£000)	West (£000)	Specialised (£000)	Other (£000)	Alliance (£000)	Total (£000)	%
	Day Case	(29)	(27)	(27)	(24)	(226)	(779)	(1,111)	(4%)
	Elective Inpatient	(75)	(83)	(75)	(75)	(464)	0	(773)	(2%)
	Emergency / Non-elective Inpatient	471	423	435	419	3,129	0	4,877	5%
	Marginal Rate Emergency Threshold (MRET)	(22)	(22)	(22)	(22)	(111)	0	(199)	(6%)
	Emergency Department	(14)	(14)	(14)	0	(367)	0	(410)	(3%)
	Outpatient	8	8	8	6	75	(305)	(199)	(0%)
	Excluded Drugs and Devices	(5)	(5)	(5)	(7)	(26)	(36)	(84)	(0%)
	Critical Care Services	8	8	8	11	82	0	116	0%
	Renal Dialysis and Transplant	(9)	(9)	(9)	(92)	(119)	0	(239)	(2%)
	CQUIN	(29)	(29)	(29)	(14)	(420)	(27)	(548)	(7%)
	Other Activity	64	61	62	72	480	(297)	442	1%
	Other Financial Values	293	269	285	158	570	30	1,605	24%
<b>Grand Total</b>	<b>660</b>	<b>579</b>	<b>616</b>	<b>432</b>	<b>2,603</b>	<b>(1,413)</b>	<b>3,477</b>	<b>1%</b>	

## Contracts:

- **Day Case & Elective Inpatient:**  
Underperformance in BMT, Neurology and Gastroenterology.
- **Emergency / Non Elective:**  
Over performance across a wide range of specialties including Integrated Medicine, Trauma, Hepatobiliary, Paediatric Medicine and Diabetology.
- **Outpatients:**  
Underperformance in Maxillofacial Surgery, Thoracic Medicine and Paediatric Cardiology.
- The Alliance is also underperforming in the majority of specialties including ENT, Integrated Medicine, Paediatric Medicine, General Surgery and Urology.
- **Excluded Drugs and Devices:**  
Over performance in chemotherapy drugs, homecare parenteral nutrition and TAVI.
- **Other Financial Values:**  
Relates to the implementation of new Best Practice Tariff for COPD, molecular testing in oncology and the recharge of the Non Weight Bearing Pathway.

# Patient Income Run Rates

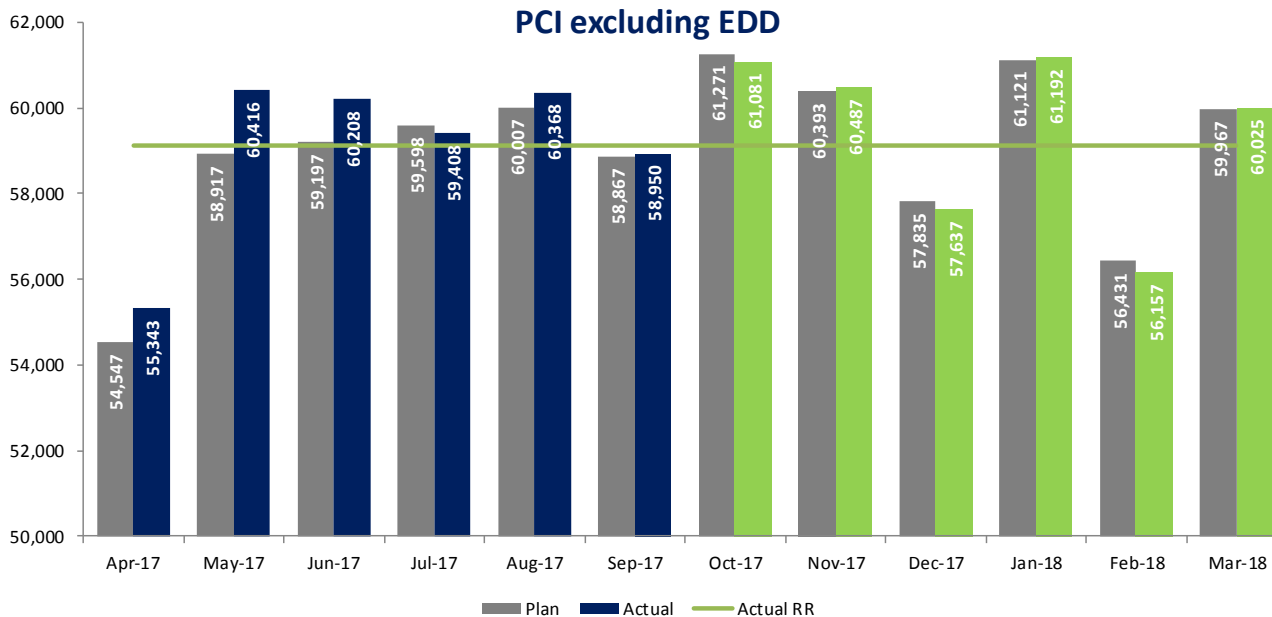


## Year to Date

- Year to date over-performance of £3.5m which includes £84kA in relation to drugs and devices excluded from tariff together with £0.8mF in relation to central income provisions.
- Underlying over-performance of £2.7m predominantly within Emergency/ Non-elective, national screening programme and ECMO partially offset by underperformance in Elective and ED.

## Forecast

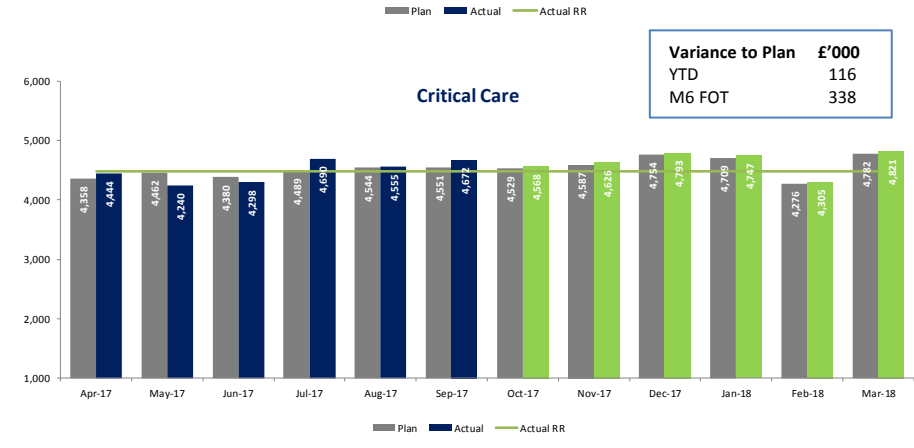
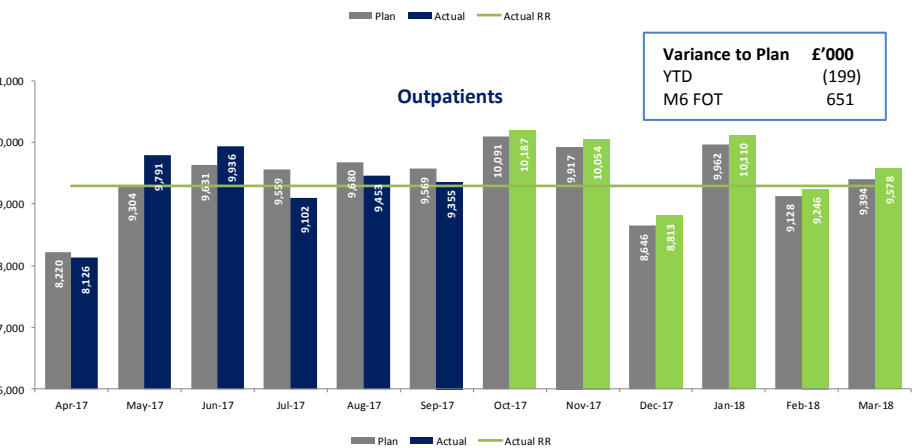
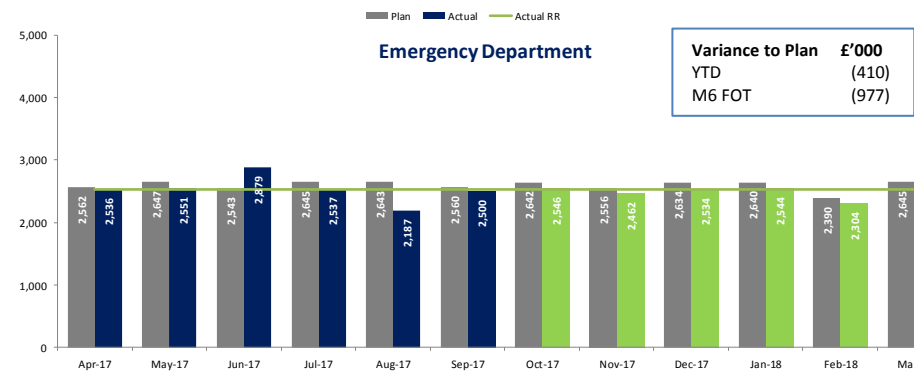
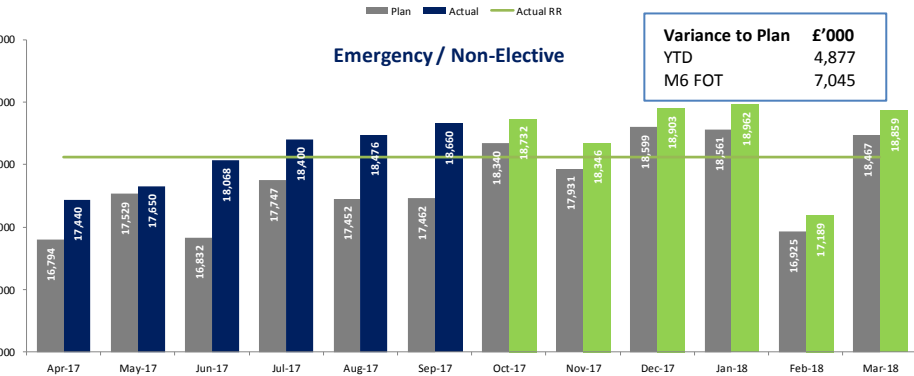
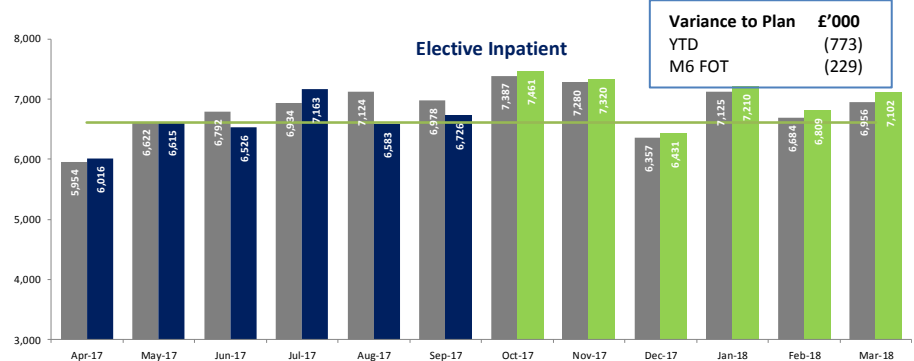
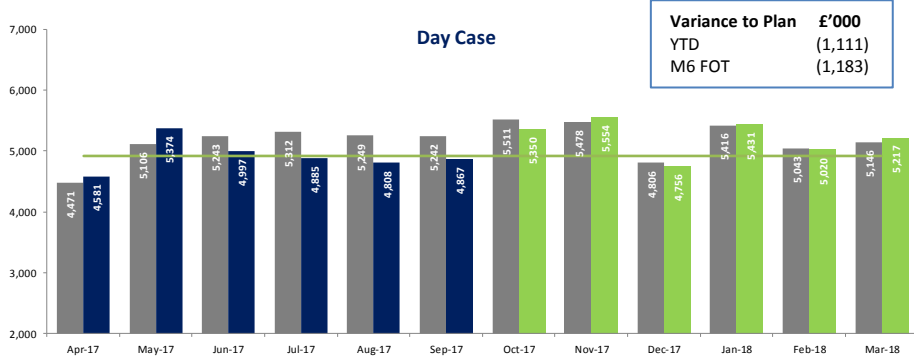
- Underlying over-performance is forecast to continue within Emergency and Non-elective. This is offset through Central Provisions in relation to resolution of contract challenges, Sepsis Coding and 2016/17 Final settlement.



## Alignment with LLR CCG forecast

- At Month 5, UHL and LLR CCGs reconciled own forecasts in order to understand the level of risk within the system.
- This showed that UHL are forecasting £7.2m more income than LLR CCGs, with the differences driven by:
  - baseline forecast assumptions: £0.9m
  - activity over current trend levels: £3.7m; and
  - expected outcome of CCG contract challenges: £2.6m.
- The Trust is continuing to review the proposed additional QIPP schemes and any impact they will have on our financial position.

# Patient Income Run Rates: Point of Delivery



# Pay: YTD £299.4m, £4.0mA to Plan

	Sep-17						YTD						
	£'000			WTE			£'000			WTE			
	Plan	Actual	F/(A)	Plan	Actual	F/(A)	Plan	Actual	F/(A)	Plan	Actual	F/(A)	
Agency	Medical	722	447	274	20	61	(42)	4,745	5,042	(297)	20	61	(42)
	Nursing & Midwifery	705	923	(219)	0	143	(142)	4,490	4,154	336	0	143	(142)
	Other Clinical	212	258	(46)	67	25	42	1,276	1,429	(153)	67	25	42
	Non Clinical	95	81	15	35	31	4	572	320	253	35	31	4
	<b>Total: Agency</b>	<b>1,734</b>	<b>1,709</b>	<b>25</b>	<b>121</b>	<b>259</b>	<b>(138)</b>	<b>11,083</b>	<b>10,944</b>	<b>139</b>	<b>121</b>	<b>259</b>	<b>(138)</b>
Other Non-contracted	Medical		1,302	(1,302)		12	(12)		7,811	(7,811)		12	(12)
	Nursing & Midwifery		1,541	(1,541)		468	(468)		9,244	(9,244)		468	(468)
	Other Clinical		321	(321)		66	(66)		1,924	(1,924)		66	(66)
	Non Clinical		567	(567)		296	(296)		3,401	(3,401)		296	(296)
	<b>Total: Other Non-contracted</b>	<b>0</b>	<b>3,730</b>	<b>(3,730)</b>	<b>0</b>	<b>843</b>	<b>(843)</b>	<b>0</b>	<b>22,380</b>	<b>(22,380)</b>	<b>0</b>	<b>843</b>	<b>(843)</b>
Total Non-contracted	Medical	722	1,749	(1,028)	20	73	(54)	4,745	12,853	(8,108)	20	73	(54)
	Nursing & Midwifery	705	2,464	(1,759)	0	611	(611)	4,490	13,398	(8,908)	0	611	(611)
	Other Clinical	212	579	(366)	67	91	(24)	1,276	3,352	(2,076)	67	91	(24)
	Non Clinical	95	647	(552)	35	327	(292)	572	3,721	(3,148)	35	327	(292)
	<b>Total: Non-contracted</b>	<b>1,734</b>	<b>5,439</b>	<b>(3,705)</b>	<b>121</b>	<b>1,102</b>	<b>(981)</b>	<b>11,083</b>	<b>33,323</b>	<b>(22,240)</b>	<b>121</b>	<b>1,102</b>	<b>(981)</b>
Substantive	Medical	15,175	14,746	428	1,823	1,753	70	90,187	85,040	5,147	1,820	1,753	67
	Nursing & Midwifery	16,972	15,124	1,848	5,726	4,984	742	101,906	92,567	9,339	5,721	4,984	737
	Other Clinical	6,455	6,522	(67)	2,174	2,069	105	38,793	38,034	759	2,174	2,069	105
	Non Clinical	8,294	7,801	493	4,013	3,726	288	53,435	50,440	2,994	4,011	3,726	285
	<b>Total: Substantive</b>	<b>46,896</b>	<b>44,194</b>	<b>2,702</b>	<b>13,737</b>	<b>12,532</b>	<b>1,205</b>	<b>284,320</b>	<b>266,081</b>	<b>18,239</b>	<b>13,726</b>	<b>12,532</b>	<b>1,194</b>
Total	Medical	15,896	16,495	(599)	1,843	1,826	17	94,931	97,892	(2,961)	1,839	1,826	13
	Nursing & Midwifery	17,677	17,588	89	5,726	5,595	131	106,396	105,964	431	5,722	5,595	126
	Other Clinical	6,668	7,101	(433)	2,241	2,160	81	40,069	41,386	(1,317)	2,241	2,160	81
	Non Clinical	8,390	8,449	(59)	4,048	4,052	(5)	54,007	54,161	(154)	4,045	4,052	(7)
	<b>TOTAL: Pay</b>	<b>48,630</b>	<b>49,633</b>	<b>(1,003)</b>	<b>13,858</b>	<b>13,634</b>	<b>224</b>	<b>295,403</b>	<b>299,404</b>	<b>(4,001)</b>	<b>13,847</b>	<b>13,634</b>	<b>213</b>

## 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 £10.9m, in line with Plan. Medical overspend of £0.3m in CHUGGS, ESM and MSS offset by nursing underspend ESM.

## Other Non-contracted Pay

- Other non-contracted pay consists of overtime, bank, WLIs and internal locums.
- Year to date expenditure of £22.4m with Medical and Nursing driving 76% 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.

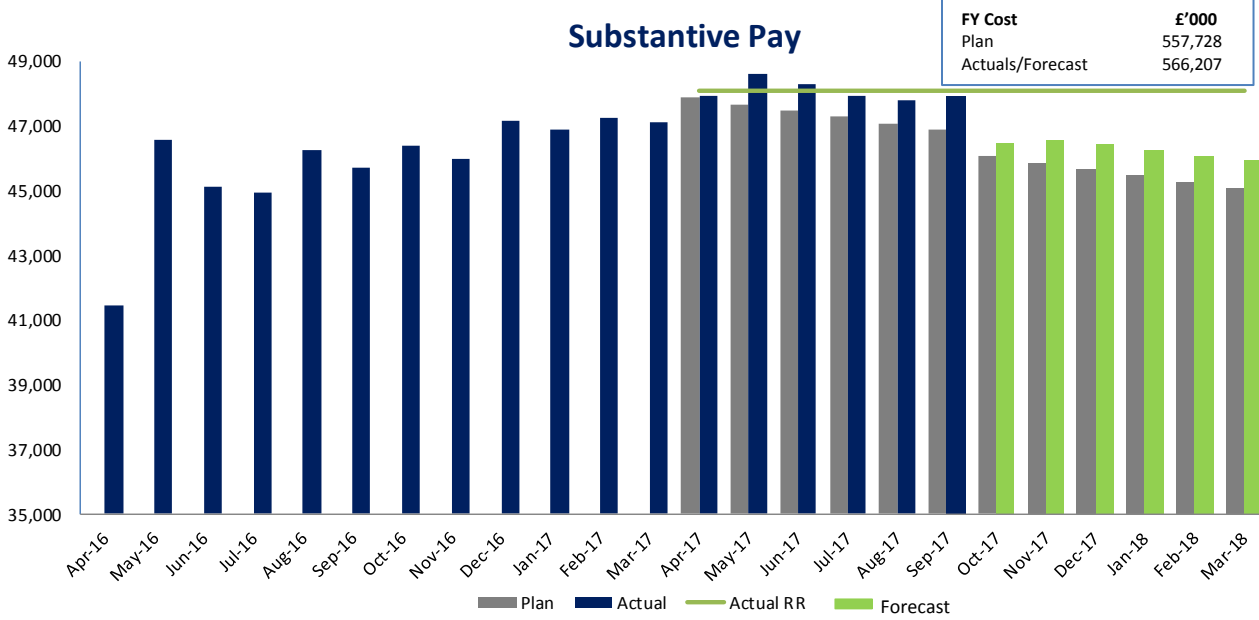
## Substantive Pay

- Combined with other non-contracted, expenditure of £288.5m, £4.1mA with Plan.
- Pay position includes £0.64mF in relation release of contingency to fund additional investments including Demand and Capacity requirements. Excluding this, the CMGs have an underlying overspend of £4.74m predominantly driven by:

- Nursing in CHUGGS, ESM and ITAPS;
- Medical across most CMGs ;and
- Non-clinical in CSI due to additional WLIs incurred to clear the reporting backlog

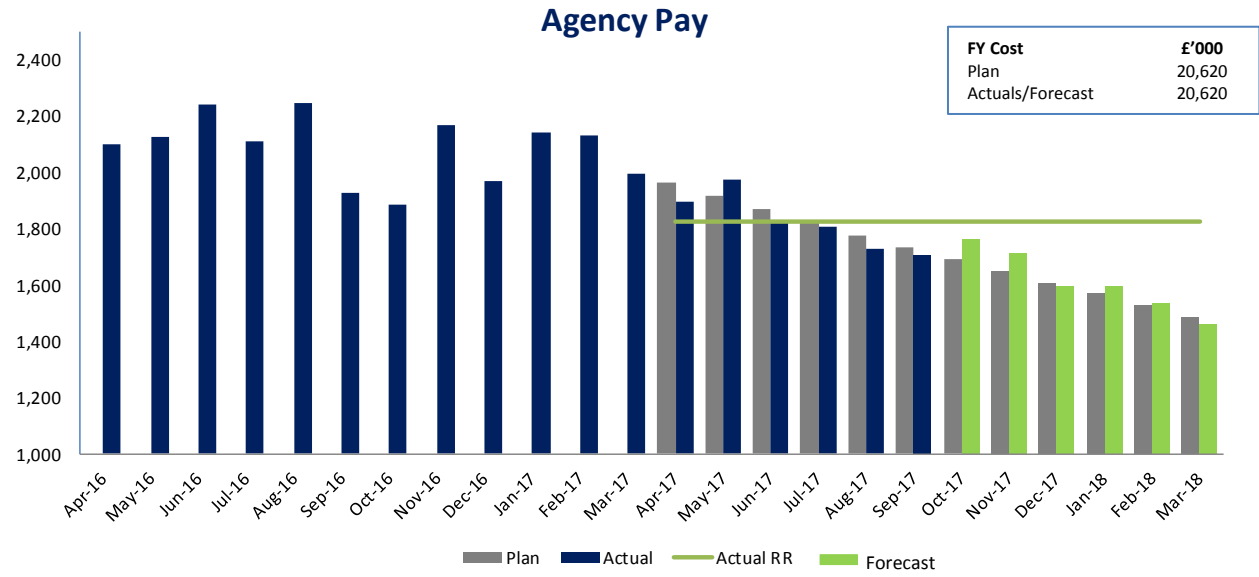
- Lack of control of pay costs is a key risk to the delivery of the 2017/18 Financial Plan with specific concerns around on-going Medical spend, Nursing enhancements, and premium spend in E&F.**

# Pay Run Rates



### Total Pay excluding Agency Pay

- Plan reflects a downward trajectory which requires full CIP delivery and tight discipline throughout the organisation to ensure this is delivered.
- Year to date run rate £48.1m needs to reduce by £1.4m to £46.7m in order to achieve Forecast. This includes the financial impact from the supplementary CIP of £3.5m from Month 7 onwards.
- This remains a key risk to the Financial Plan especially in relation to ED Floor, Nursing enhancements, Medical spend and premium spend within E&F.



### Agency Pay

- The planned trajectory is supported by specific actions identified and tracked through the Premium Pay group.
- Year to date costs are in line with Plan but this needs continued focus and control to ensure the planned reduction is achieved.
- Year to date run rate of £1.8m needs to reduce by £0.2m to £1.6m in order to achieve Forecast.

# Non-Pay: YTD £176.5m, £87kF to Plan

	Sep-17				YTD				
	Plan	Actual	F / (A)		Plan	Actual	F / (A)		
	£'000	£'000	£'000	%	£'000	£'000	£'000	%	
<b>Direct</b>	Blood Products	109	87	21	20%	648	698	(51)	(8%)
	Drugs	8,468	8,338	130	2%	50,676	52,107	(1,431)	(3%)
	Clinical Supplies & Services	8,671	8,917	(246)	(3%)	52,313	55,293	(2,981)	(6%)
	Transport	249	449	(200)	(80%)	1,559	1,862	(304)	(19%)
	Recharges	157	252	(95)	(60%)	1,198	1,664	(466)	(39%)
	Misc & General Supplies	3,120	1,987	1,132	36%	20,121	15,814	4,307	21%
<b>External Providers</b>	Healthcare	831	817	14	2%	5,636	5,451	184	3%
	Non Healthcare	1,192	1,269	(77)	(6%)	7,211	7,272	(61)	(1%)
<b>Overheads</b>	Establishment, Premises & Plant	-	-	-	-	-	-	-	-
	Consultancy	49	74	(26)	(52%)	293	491	(198)	(67%)
	Clinical Negligence	2,283	2,283	0	0%	13,699	13,699	0	0%
<b>Total: Non Pay</b>	<b>28,981</b>	<b>27,762</b>	<b>1,219</b>	<b>4%</b>	<b>176,550</b>	<b>176,463</b>	<b>87</b>	<b>0%</b>	

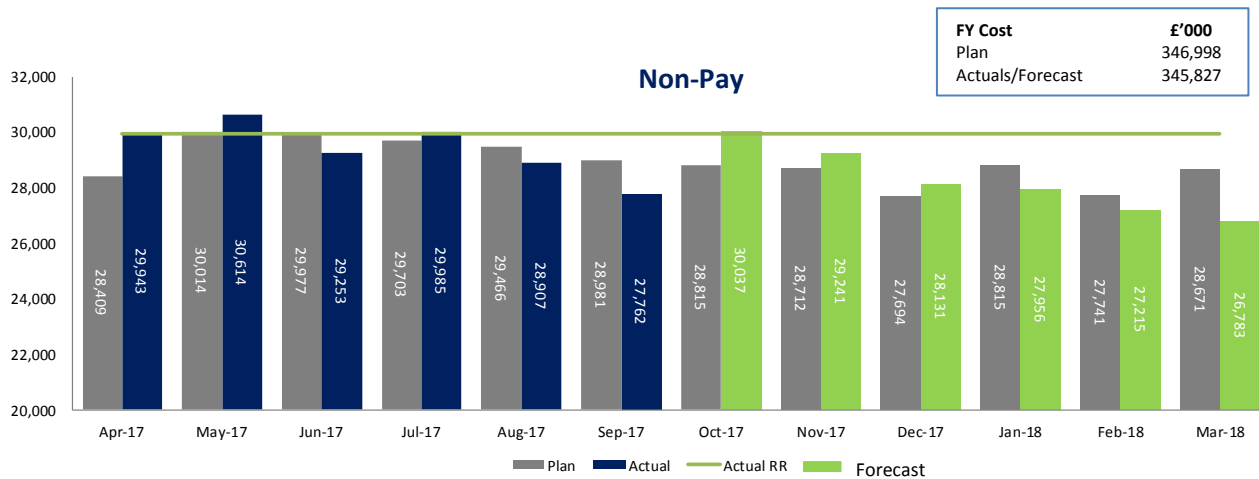
- Direct Costs: £127.4m, £0.9mA to Plan** including £4.3Fm release of central provisions and contingencies and £84kF relating to drugs and devices excluded from tariff .

Underlying overspend predominantly relates to incremental cost to deliver additional activity together with CIP under-delivery from M5 and cost pressures connected to the emergency pathway.

- External Providers:** YTD cost of £12.7m which is £124kF to Plan.
- Overheads:** YTD expenditure of £36.3m, £0.89mF to Plan

### Run Rates

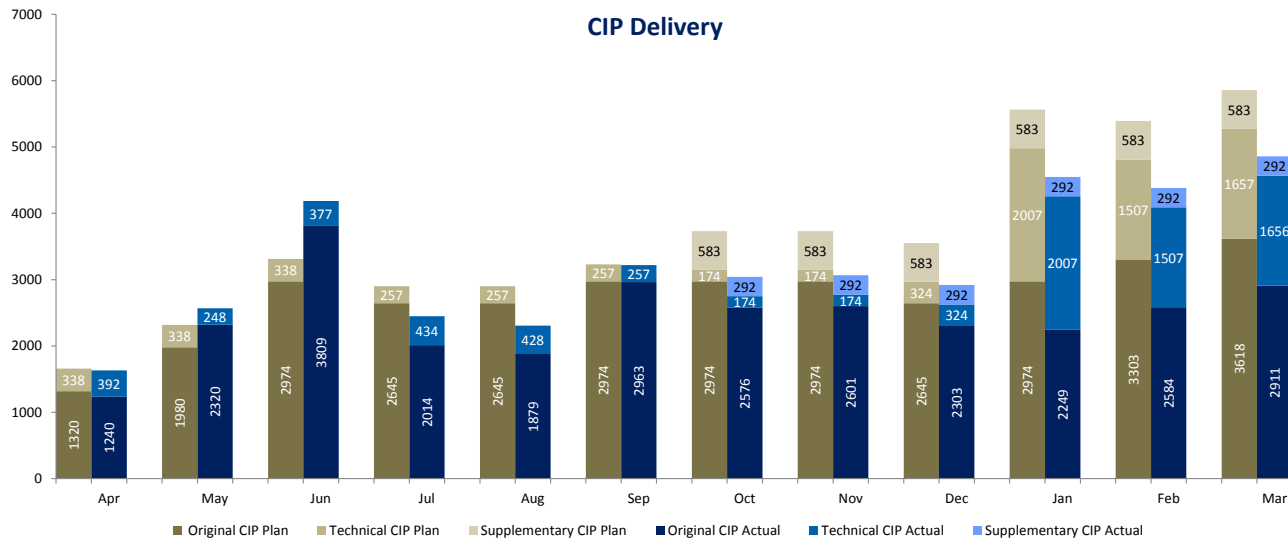
- Year to date run rate of £29.9m needs to reduce by £2m to deliver plan..
- Non-pay control is essential to the delivery of the financial plan and to ensure essential spend is underpinned by performance relating to patient care activity.



# CIP: YTD £16.4m, in line with Plan

	Sep-17				YTD				FY Plan £'000
	Plan £'000	Actual £'000	F / (A) £'000	%	Plan £'000	Actual £'000	F / (A) £'000	%	
CHUGGS	343	304	(40)	(12%)	1,625	1,756	131	8%	3,763
CSI	246	295	49	20%	1,404	1,630	226	16%	3,923
ESM	474	376	(97)	(21%)	2,068	2,063	(6)	(0%)	5,477
ITAPS	320	118	(201)	(63%)	1,582	1,006	(576)	(36%)	4,124
MSS	294	306	12	4%	1,366	1,527	161	12%	3,635
RRCV	387	392	5	1%	2,212	2,166	(46)	(2%)	5,061
Womens & Childrens	178	174	(4)	(2%)	935	1,050	115	12%	5,165
<b>Total: CMG</b>	<b>2,243</b>	<b>1,966</b>	<b>(277)</b>	<b>(12%)</b>	<b>11,192</b>	<b>11,198</b>	<b>6</b>	<b>0%</b>	<b>31,149</b>
Facilities	168	140	(28)	(17%)	1,006	746	(259)	(26%)	3,380
Corporate Total	820	1,114	294	36%	4,127	4,417	291	7%	9,624
<b>Total CIP</b>	<b>3,231</b>	<b>3,220</b>	<b>(11)</b>	<b>(0%)</b>	<b>16,324</b>	<b>16,361</b>	<b>37</b>	<b>0%</b>	<b>44,153</b>

- CIP delivery is slightly favourable to Plan driven by over-delivery of Income schemes.
- The CIP forecast outturn is £39.2m representing an unidentified gap of £4.98m.
- Achieving CIP is critical to delivering the financial plan with the key risks being:
  - Unidentified CIP – currently £4.98m
  - Identified schemes not yet been through the quality assurance process
- In order to fund the additional costs in relation to Demand and Capacity and approved investments, there is an additional requirement of £3.5m supplementary CIP in relation to in-year pay bill and workforce reductions.
- The full year plan of £44.1m incorporates the supplementary CIP together with £7.5m rebadging of technical items to CIP.

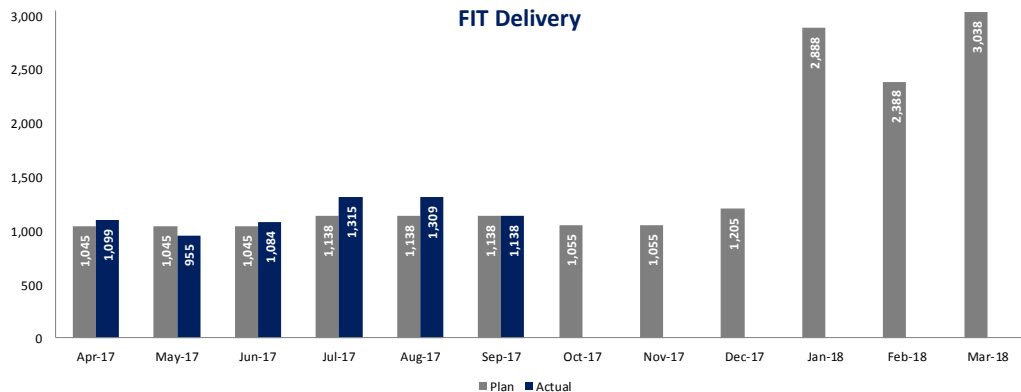




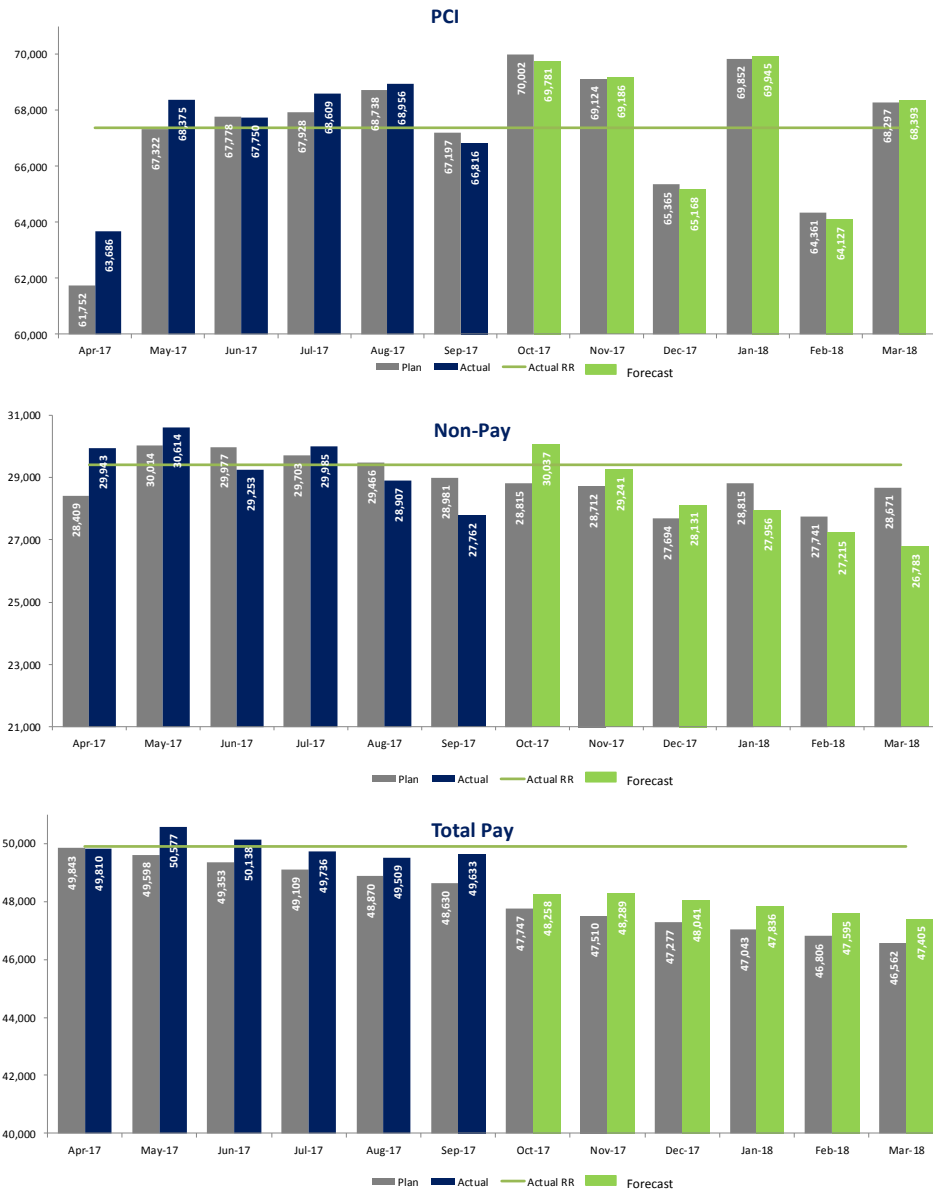
# Finance Improvement and Technical (FIT)

		Plan FY	YTD		
		£'000	Plan £'000	Actual £'000	Variance £'000
Strategic	HEEM: NR Funding	500	0	0	0
	Strategic review of subsidiary company: Depreciation & Dividend savings - CIP	4,000	0	0	0
	<b>Total Value: Strategic</b>	<b>4,500</b>	<b>0</b>	<b>0</b>	<b>0</b>
Statement of Financial Position Management	Accruals: apply policy of £10k de-minimus - CIP	500	0	0	0
	Deferred Income (inc Research): release - CIP	150	0	150	150
	Revenue to Capital transfer	1,000	500	500	(0)
	Duplicate invoices / VAT review - CIP	150	0	0	0
	Depreciation: extending lives and pausing charges for assets not in use - CIP	2,086	1,043	1,192	149
<b>Total Value: Statement of Financial Position</b>	<b>3,886</b>	<b>1,543</b>	<b>1,842</b>	<b>299</b>	
Contingency and Reserves	Investment Slippage - CIP	741	741	793	52
	Release of contingency to fund approved investments	5,972	2,986	2,986	0
	Junior Doctors: manage to best case of £2m	300	150	150	0
	<b>Total Value: Contingency and Reserves</b>	<b>7,013</b>	<b>3,877</b>	<b>3,929</b>	<b>52</b>
Technical	Defer NHSE settlement over 2 years	1,217	608	608	0
	QIPP EDD - 100% pass through	784	261	261	0
	CIP PCI Schemes alignment	780	260	260	0
	<b>Total Value: Technical Actions</b>	<b>2,781</b>	<b>1,130</b>	<b>1,130</b>	<b>0</b>
All Actions	CIP Related Actions	7,627	1,784	2,136	351
	Technical Actions	10,553	4,766	4,766	(0)
	<b>Total Value: All Actions</b>	<b>18,180</b>	<b>6,550</b>	<b>6,901</b>	<b>351</b>

- 2017/18 Plan identified £18.2m of Finance Improvement and Technical actions in order to help meet the planned deficit.
- Month 6 is in line favourable to Plan due to additional depreciation savings.
- The FIT programme needs on-going monitoring to ensure the actions are executed and delivered in line with planning assumptions with additional actions required to help mitigate under-performance.
- A specific Finance Improvement and Technical work-stream has been set up to track deliverables, risk and mitigations.
- Key focus remains within non operating costs and the potential opportunities available including asset sales.
- £7.6m has now been re-aligned as CIP and £10.6m as Technical improvements.

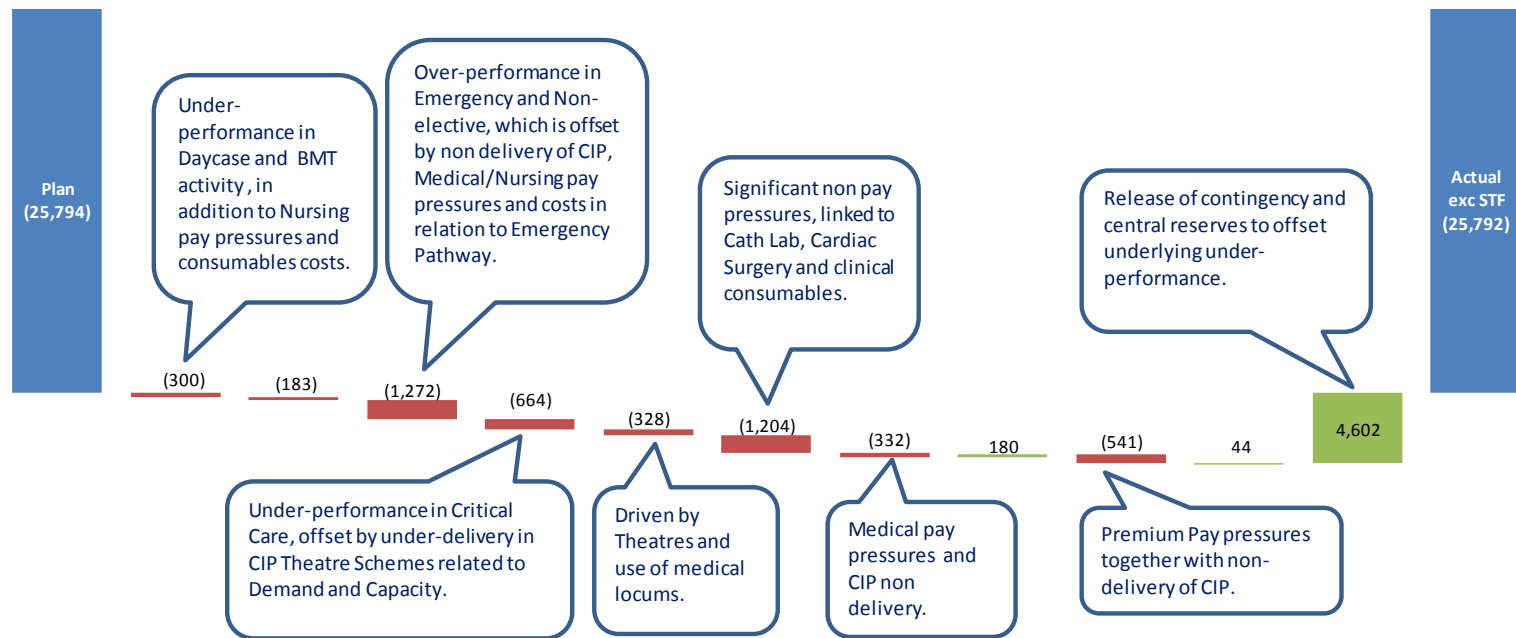


# I&E Run Rates



# September performance by CMG and Directorates

Significant underperformance with all CMGs. Formal recovery plans are required as part of monthly finance and performance meetings which require robustness and prompt execution in order to mitigate performance risk.



£(000)	Plan	CHUGGS	CSI	ESM	ITAPS	MSS	RRCV	W&C	Corporate	Facilities	R&I	Centre	Actual exc STF	Var F/(A)
NHS PCI	400,715	1,919	323	1,528	(71)	218	526	1	20	0	0	(986)	404,192	3,477
Other Income	66,625	(233)	390	(128)	(79)	(29)	(269)	197	195	(275)	7	953	67,354	729
Pay	(284,320)	(1,139)	(1,611)	(903)	(699)	(197)	(25)	(169)	(106)	(474)	146	1,036	(288,460)	(4,140)
Pay: Agency	(11,083)	(354)	45	346	(11)	(164)	203	44	167	2	4	(142)	(10,944)	139
Non Pay	(176,550)	(493)	671	(2,115)	190	(157)	(1,639)	(404)	(57)	206	(114)	3,999	(176,463)	87
Non-Operating Costs	(21,181)				7		1		(40)			(259)	(21,471)	(291)
<b>Net Deficit</b>	<b>(25,794)</b>	<b>(300)</b>	<b>(183)</b>	<b>(1,272)</b>	<b>(664)</b>	<b>(328)</b>	<b>(1,204)</b>	<b>(332)</b>	<b>180</b>	<b>(541)</b>	<b>44</b>	<b>4,602</b>	<b>(25,792)</b>	<b>2</b>

# Month 6 Forecast: In line with Plan with delivery risk

	Outturn				
	Plan	Outturn	F / (A)		
Value Drivers	Day Case	107,471	106,658	(814)	(1%)
	Elective Inpatient	22,096	22,192	96	0%
	Emergency / Non-elective Inpatient	115,913	114,638	(1,275)	(1%)
	Emergency Department	245,952	234,596	(11,355)	(5%)
	Outpatient Procedures	966,229	965,081	(1,148)	(0%)
	Critical Care Services	56,507	56,728	222	0%
	Renal Dialysis & Transplant	174,056	174,988	931	1%
	Other	9,004,614	8,436,430	(568,184)	(6%)
	Outturn				
	Plan	Outturn	F / (A)		
I&E £'000	£'000	£'000	£'000	%	
	Patient Care Income	807,716	810,792	3,076	0%
	Non Patient Care Income	133,331	132,402	(929)	(1%)
	<b>Total Income</b>	<b>941,047</b>	<b>943,195</b>	<b>2,148</b>	<b>0%</b>
	Pay Costs	(557,728)	(566,207)	(8,479)	(2%)
	Pay Costs: Agency	(20,620)	(20,620)	(0)	0%
	Total Pay Costs	(578,348)	(586,827)	(8,479)	(1%)
	Non-Pay	(346,998)	(345,827)	1,171	0%
	<b>Total Operating Costs</b>	<b>(925,346)</b>	<b>(932,655)</b>	<b>(7,309)</b>	<b>(1%)</b>
	<b>EBITDA</b>	<b>15,701</b>	<b>10,540</b>	<b>(5,161)</b>	<b>(33%)</b>
	<b>Non-Operating Costs</b>	<b>(42,455)</b>	<b>(36,781)</b>	<b>5,674</b>	<b>13%</b>
	<b>Retained Deficit</b>	<b>(26,754)</b>	<b>(26,241)</b>	<b>513</b>	<b>0</b>
	Adjustments for Donated Assets	54	(459)	(513)	10
	<b>Net Deficit</b>	<b>(26,700)</b>	<b>(26,700)</b>	<b>0</b>	<b>0</b>
	Agency: Total Pay	3.57%	3.51%	(0.05%)	
	EBITDA: Income	1.67%	1.12%	(0.55%)	
Net Deficit: Income	(2.84%)	(2.83%)	0.01%		

- **Overall:** Net deficit of £26.7m in line with Plan.
- **Underlying Forecast:** Unmitigated forecast indicates a full year risk of £20m driven by delivery risk surrounding:
  - Additional income provisions and contract challenges
  - Unidentified CIP
  - Supplementary pay CIP
  - Cost pressures driven by Medical Pay, Emergency Pathway and activity related non-pay costs
- **Mitigation** of the above is dependent upon:
  - Full identification and delivery of CIP plus delivery of £3.5m Supplementary CIP through recurrent or non-recurrent means which may require some CMGs to do more
  - Under-performing CMGs and Corporate Directorates to develop robust recovery plans which are promptly executed and monitored to ensure full year performance in line with Plan
  - Identification and execution of additional Finance Improvement and Technical actions

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

## 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

# September 2017: Statement of Financial Position

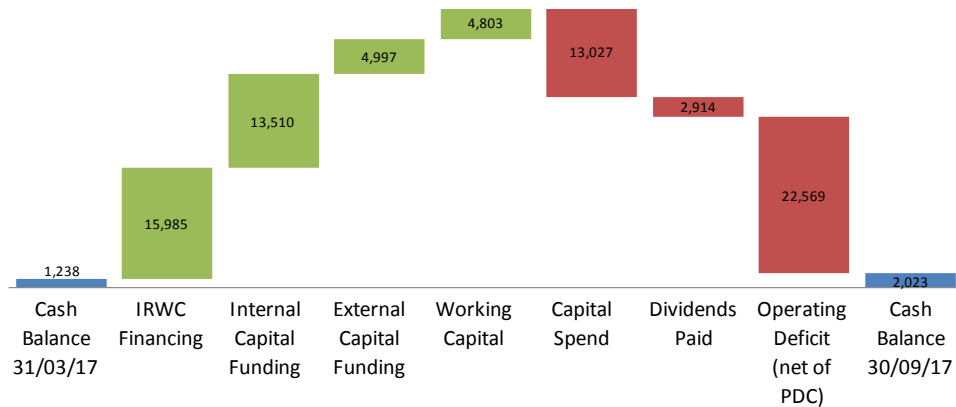
	Mar-17 £000's Actual	Sep-17 £000's Actual	Movement £000's Actual
<b>Non Current Assets</b>			
Property, plant and equipment	398,261	398,815	554
Intangible assets	11,467	10,452	(1,015)
Trade and other receivables	2,669	2,947	278
<b>TOTAL NON CURRENT ASSETS</b>	<b>412,397</b>	<b>412,214</b>	<b>(183)</b>
<b>Current Assets</b>			
Inventories	19,975	22,697	2,722
Trade and other receivables	55,953	59,087	3,134
Cash and cash equivalents	1,238	2,023	785
<b>TOTAL CURRENT ASSETS</b>	<b>77,166</b>	<b>83,807</b>	<b>6,641</b>
<b>Current Liabilities</b>			
Trade and other payables	(110,675)	(120,716)	(10,041)
Dividend payable	0	(764)	(764)
Borrowings / Finance Leases	(4,474)	(4,540)	(66)
Other Liabilities / Loan	(1,838)	(2,162)	(324)
Provisions for liabilities and charges	(475)	(362)	113
<b>TOTAL CURRENT LIABILITIES</b>	<b>(117,462)</b>	<b>(128,544)</b>	<b>(11,082)</b>
<b>NET CURRENT ASSETS (LIABILITIES)</b>	<b>(40,296)</b>	<b>(44,737)</b>	<b>(4,441)</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>372,101</b>	<b>367,477</b>	<b>(4,624)</b>
<b>Non Current Liabilities</b>			
Borrowings / Finance Leases	(7,531)	(7,791)	(260)
Other Liabilities / Loan	(132,235)	(152,893)	(20,658)
Provisions for liabilities and charges	(1,562)	(1,503)	59
<b>TOTAL NON CURRENT LIABILITIES</b>	<b>(141,328)</b>	<b>(162,187)</b>	<b>(20,859)</b>
<b>TOTAL ASSETS EMPLOYED</b>	<b>230,773</b>	<b>205,290</b>	<b>(25,483)</b>
Public dividend capital	331,956	331,956	0
Revaluation reserve	77,427	77,427	0
Retained earnings	(178,610)	(204,093)	(25,483)
<b>TOTAL TAXPAYERS EQUITY</b>	<b>230,773</b>	<b>205,290</b>	<b>(25,483)</b>
<b>Ratios</b>			
Liquidity Ratio Days (Working Capital Balance / Annual Operating Expenses)	(24)	(25)	
Liquidity Ratio Metric	1	1	

- **Total Assets Employed:** Movement of £25.5m representing year to date Trust deficit (before donated asset adjustment).
- **Non-Current Assets :** Reduced by £0.2 reflecting spend on the emergency floor offset by depreciation charges.
- **Working capital:**
  - Stock growth in TMP stock holding and non pharmacy stock holding locations
  - Receivables have increased by £3.1m
  - Payables have increased by £10.0m
- **Cash:** September balance of £2.0m is marginally above the £1m cash balance to support working capital due to late receipt of cash .
- **Dividend payable:** £2.9m cash payment made in September, PDC accrued £0.8m representing the shortfall.
- **Non-current liabilities:**
  - £16.0m revolving working capital facility and revenue support loan.
  - £5.0m emergency floor capital loan, less £1.0m repayment of capital loan.
- **Liquidity Ratio:** We continue to be high risk in terms of our continuity of service risk rating relating to liquidity days and have achieved a score of 1, which is in line with our plan.

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

# Cash

Year to Date Cash Bridge £'000



## Cash Bridge:

- Opening cash balance of £1.2m, in line with our plan.
- Funded YTD net deficit of £23.0m by drawing down £13.6m of our Interim Revolving Working Capital Facility (IRWC) and revenue support loan.
- Improvement in working capital and internal capital funding enabled interest payment and capital expenditure of £10.5m.

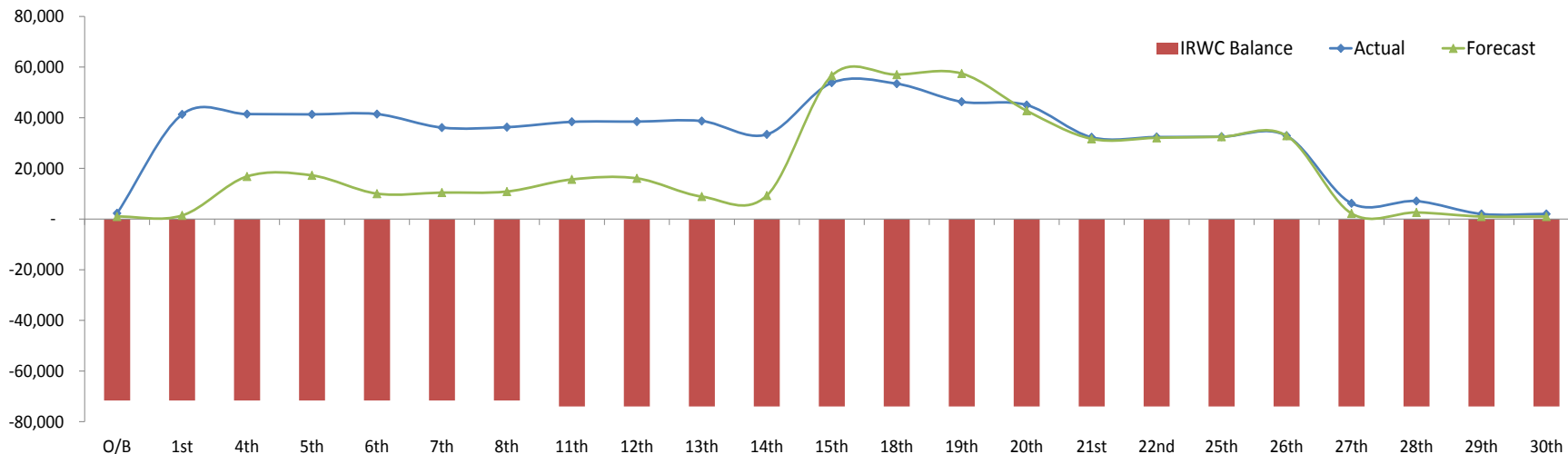
## Full Year Forecast

- Forecast of £1m cash holding at the year end with risks relating to the level of creditors due in relation to cash held by the Trust. This needs constant and on-going monitoring with the possibility of requesting additional funds.

## Daily Cash Balance

- In line with forecast the mid-month peak is driven by receipt of SLA income and reduction on 27<sup>th</sup> September is the monthly payroll run.

Daily Cash Balance



# Liquidity

	Liquidity			Ageing				Total	
	Opening	YTD	Movement	0 - 30 Days	31 - 60 Days	61 - 90 Days	Over 90 Days	Over 90 Days	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	%	
Accounts Receivable	NHS receivables - revenue	37,100	28,250	8,850	20,290	4,900	905	2,155	8%
	Non-NHS receivables - revenue	12,498	14,933	(2,435)	9,742	652	574	3,965	27%
	Provision for the impairment of receivables	(1,024)	0	(1,024)	0				
	Non-NHS prepayments and accrued income	4,797	13,528	(8,731)	13,528				
	PDC dividend prepaid to DH	764	0	764	0				
	VAT	1,195	1,844	(649)	1,844				
	Other receivables	623	532	91	532				
	<b>TOTAL</b>	<b>55,953</b>	<b>59,087</b>	<b>(3,134)</b>	<b>45,936</b>	<b>5,552</b>	<b>1,479</b>	<b>6,120</b>	<b>0</b>
Accounts Payable	NHS payables - revenue	(9,327)	(33,938)	24,611	(16,975)	(1,841)	(542)	(14,580)	43%
	NHS accruals and deferred income	(5,584)	0	(5,584)	0				
	Non-NHS payables - revenue	(49,480)	(38,190)	(11,290)	(19,114)	(11,669)	(5,869)	(1,538)	0
	Non-NHS payables - capital	(4,808)	(1,244)	(3,564)	(246)	(469)	(270)	(259)	0
	Non-NHS accruals and deferred income	(21,449)	(24,723)	3,274	(6,289)	(4,359)	(6,210)	(7,865)	0
	Social security costs	(6,439)	(6,504)	65	(6,504)				
	Accrued Interest on DH Loans	(123)	(350)	227	(350)				
	Tax	(5,584)	(5,620)	36	(5,620)				
	Other	(7,881)	(10,147)	2,266	(10,147)				
	<b>TOTAL</b>	<b>(110,675)</b>	<b>(120,716)</b>	<b>10,041</b>	<b>(65,245)</b>	<b>(18,338)</b>	<b>(12,891)</b>	<b>(24,242)</b>	<b>1</b>
<b>Total Liquidity</b>	<b>(54,722)</b>	<b>(61,629)</b>	<b>6,907</b>						

**Liquidity:** movement of £6.9m from opening position due to:

- Accounts receivable: increase of £3.1 driven by an increase in Non-NHS prepayments and accrued income.
- Accounts payable: increase of £10.0m with material movement in NHS payables.

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

- NHS receivables: 8% representing £2.2m being over 90 days with Leicestershire Partnership NHS at £0.8m.
- Non-NHS receivables: 27% representing £4.0m being over 90 days with the largest component being Overseas Visitors at £1.8m (45%). The balance consists of various items which in isolation are not material.
- NHS payables-revenue: £14.6m, representing 43% in excess of 90 days with NHS Business Services Authority at £13.0m (89%).
- Further analysis of receivables is provided in the separate cash report.

# Better Payments Practice Code: Non-compliant

Better Payment Practice Code - Measure of Compliance	Sept YTD		Prior month YTD	
	Number	£000s	Number	£000s
<b>All</b>				
Total Invoices Paid in the Year	75,646	329,193	63,696	280,573
Total Invoices Paid Within Target	21,890	216,214	19,055	185,004
<b>Percentage Invoices Paid Within Target (target 95%)</b>	<b>29%</b>	<b>66%</b>	<b>30%</b>	<b>66%</b>
<b>Non-NHS Payables</b>				
Total Non-NHS Invoices Paid in the Year	72,663	262,238	61,200	224,785
Total Non-NHS Invoices Paid Within Target	21,363	178,266	18,561	153,189
<b>Percentage of Non-NHS Invoices Paid Within Target</b>	<b>29%</b>	<b>68%</b>	<b>30%</b>	<b>68%</b>
<b>Local SME payables</b>				
Total SME Invoices Paid in the Year	423	4,632	391	4,154
Total SME Invoices Paid Within Target	140	839	131	803
<b>Percentage of Local SME Invoices Paid Within Target</b>	<b>33%</b>	<b>18%</b>	<b>34%</b>	<b>19%</b>
<b>NHS Payables</b>				
Total NHS Invoices Paid in the Year	2,560	62,323	2,105	51,634
Total NHS Invoices Paid Within Target	387	37,109	363	31,012
<b>Percentage of NHS Invoices Paid Within Target</b>	<b>15%</b>	<b>60%</b>	<b>17%</b>	<b>60%</b>

• **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 30%) and 68% by value (currently 66%).



# Capital: September £13.0m spend, £1.3mF to Plan

	Scheme Name	September-17			Annual Budget £'000	Commitments £'000
		Plan £'000	Actual £'000	F / (A) £'000		
Reconfiguration	Emergency Floor	6,173	5,079	1,094	7,033	5,239
	ICU Beds	0	0	0	4,200	0
	LRI Beds	0	0	0	3,330	0
	GH Beds	0	0	0	6,485	0
	Imaging: GH & LRI	0	0	0	4,291	0
	Treatment Centre	32	41	(9)	600	0
	ITU LRI	30	61	(31)	100	120
	Women's Service	31	36	(5)	849	0
	Children's Hospital	50	78	(28)	1,000	0
	Theatres LRI	36	29	7	381	0
	Beds Workstream & DCP	62	79	(17)	0	10
	Additional Beds - GH	30	0	30	0	0
	Additional Beds - LRI	60	12	48	0	0
	Diagnostics & Clinical Support Services	20	12	8	0	0
	LRI Wards (EMCHC)	60	-14	74	0	0
	Supporting Infrastructure	56		56	1,000	7
	Vascular	204	146	58	0	0
	ED Project IT Issues	150	194	(44)	0	0
	ED Access & Transport	90	41	49	0	3
	Other Reconfiguration	0	1	(1)	0	1
	<b>Sub-total: Reconfiguration</b>	<b>7,084</b>	<b>5,796</b>	<b>1,288</b>	<b>29,269</b>	<b>5,380</b>
Estates & Facilities	Estates & Facilities	1,548	1,815	(267)	8,520	745
	MES Installation Costs	362	196	166	1,500	245
	LGH Renal Water Treatment	300	1	299	0	518
	Other Estates & Facilities	0	(3)	3	480	0
		<b>Sub-total: Estates &amp; Facilities</b>	<b>2,210</b>	<b>2,010</b>	<b>200</b>	<b>10,500</b>
IM&T	IM&T Infrastructure	470	511	(41)	3,526	318
	EDRM	100	(6)	106	0	0
	Nervecentre	0		0	474	0
	Heartsuite System	163	28	135	100	0
	Electronic Blood Tracking System	120	27	93	0	0
	Learning Mgt System	21	(12)	33	18	0
	Other IM&T		(2)	2	0	74
		<b>Sub-total: IM&amp;T Schemes</b>	<b>874</b>	<b>545</b>	<b>329</b>	<b>4,118</b>
Medical Equipment	Medical Equipment Executive	200	725	(525)	4,371	34
	Radiotherapy CT Scanner	229		229	629	0
	CCU Monitoring	456	281	175	0	10
	Linear Accelerator	271	276	(5)	39	2
	Other Medical Equipment	0	0	0	0	0
	<b>Sub-total: Medical Equipment</b>	<b>1,156</b>	<b>1,282</b>	<b>(126)</b>	<b>5,039</b>	<b>46</b>
Finance Leases	Donations	400	523	(123)	300	0
	MES Finance Lease Additions	2,569	2,569	0	5,138	0
	Optimed	0	120	(120)	0	0
	Other Expenditure		183	(183)	0	33
		<b>Sub-total: Finance Leases</b>	<b>2,969</b>	<b>3,395</b>	<b>(426)</b>	<b>5,438</b>
	<b>TOTAL CAPITAL EXPENDITURE</b>	<b>14,293</b>	<b>13,027</b>	<b>1,266</b>	<b>54,364</b>	<b>7,359</b>

## Year to date:

- Total Capital expenditure of £13.0m driven by Emergency Floor, Estates and MES.
- Underspend predominantly related to Emergency Floor with a total spend year to date of £5.1m with a further commitment of £5.2m
- **Capital Plan:** Total expected capital expenditure of £54.4m funded by:
  - £31.5m depreciation;
  - £7.0m external borrowing for the Emergency Floor development;
  - £5.1m finance lease additions funded through revenue;
  - £0.3m donations.

# Finance and use of resources metrics

In September 2016 NHSI 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	Plan		Actual		Variance	
			Metric	Score	Metric	Score	Metric	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>	(0.76)	4	(0.54)	4	0.22	0
	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>	(26.82)	4	(26.13)	4	0.69	0
Financial efficiency	EBITDA margin	I&E Surplus or Deficit / Total Revenue	(5.89%)	4	(5.83%)	4	0.07%	0
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&amp;E Plan Margin and I&amp;E Actual Margin</i>	n/a	n/a	0.07%	1	n/a	1
	Agency spend	Distance from agency ceiling <i>Year to date variance to Ceiling / Year to date Ceiling</i>	5.60%	2	4.30%	2 *	1.30%	0
Overall	<b>Total (weighted) score</b>	<b>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</b>		<b>3</b>		<b>3</b>		<b>0</b>

\* Per NHSI return which tracks Agency to NHSI phasing of ceiling versus Plan. Compared to Plan, Agency spend is 1.2% favourable and would score 1

# Risks & Mitigation

Year to date under-performance within CMGs combined with unidentified CIP together with delivery of the supplementary CIP indicates an unmitigated I&E risk £20m. Robust recovery plans to mitigate the performance and CIP risk are required to ensure the Trust delivers on its financial commitment.

	Risk	Unmitigated £'000	Mitigated £'000	Action to mitigate
I&E	<b>CIP:</b> Non-delivery of unidentified CIP	(4,900)	-	Impacted CMGs are in the escalation process in line with governance arrangements
	<b>Supplementary CIP:</b> Delivery of supplementary pay CIP required to fund demand and capacity investment	(1,733)	-	Supplementary CIP has a specific programme and timelines for execution and monitoring
	<b>CMG/Corporate Directorates Financial Performance:</b> continued under-performance related to pay and non-	(11,767)	(3,000)	CMG's are required to develop recovery plans to address performance issues with appropriate support required at a
	<b>FIT actions:</b> delivery of planned actions and identification of additional schemes	500	3,000	Workstream in place to identify additional technical actions
	<b>Agency: Whilst currently in line with Plan,</b> reduction in agency expenditure of 17% is required to deliver the planned Agency ceiling	(2,000)	-	The workforce and premium pay sub-work streams are concentrating on delivery of savings through the monitoring and compliance of recruitment initiatives, workforce planning
	<b>Commissioner affordability:</b> increased contract challenges and misalignment with LLR forecast assumptions			The Trust must ensure that a more disciplined approach and responsiveness to contract challenges and contract queries is adopted. The governance structure around Contract Management Performance with CCGs will continue to be in place.
	<b>Total I&amp;E risk</b>	<b>(19,900)</b>	<b>0</b>	
Statement of Financial Position	<b>Cash:</b> planned deficit includes FIT actions which are non-cash and means there is insufficient cash to support expenditure			The Trust has access to an Interim Revolving Working Capital Support (temporary borrowing) to meet immediate cash requirements
	<b>Capital:</b> requires further borrowing that is yet to be approved.			The Trust is in the process of following Nationally defined process to access funding.