

# 2019/20 Financial Performance

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Trust Board paper H2

## Purpose of Report:

This paper is for:	Description	Select (X)
Decision	To formally receive a report and approve its recommendations OR a particular course of action	
Discussion	To discuss, in depth, a report noting its implications without formally approving a recommendation or action	X
Assurance	To assure the Board that systems and processes are in place, or to advise a gap along with treatment plan	
Noting	For noting without the need for discussion	

## Previous Consideration:

Meeting	Date	Please clarify the purpose of the paper to that meeting using the categories above
CMG Board (specify which CMG)		
Executive Board		
Trust Board Committee		
Trust Board		

## Executive Summary

### Context:

The 2019/20 Financial Plan requires delivery of a £48.7m deficit which excludes central funding in relation to Provider Sustainability Funding (PSF), Financial Recovery Funding (FRF) and MRET funding of £38m. The planned deficit including this central funding is £10.7m and is aligned to the NHSE/I Control Total.

Delivery of the 2019/20 financial control total is essential in order to maintain the Trust's position as an organisation with good financial control supporting financial improvement and sustainability.

### Questions:

1. What is the financial performance for the period ending 30<sup>th</sup> September 2019?

The Trust has achieved a year to date deficit of £30.2m excluding PSF, FRF and MRET which is in line with Plan. Including PSF/FRF/MRET, the Trust has achieved a year to date deficit of £15.8m in line with Plan.

Underlying performance is in line with Plan with over-performance in Emergency and Elective activity offset by the marginal cost to deliver the additional activity. Performance risks in various CMGs with ITAPS and W&C in Special Measures and CHUGGS, CSI and MSS CMGs and Estates & Facilities having Corporate Finance oversight outside of the formal monthly Performance Review meetings in order to track financial performance and recovery.

**2. What is the performance against the agency ceiling?**

Agency expenditure is currently on track to achieve the agency cap set by NHSE/I (£18.8m same level as 2018/19).

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

The Trust's Cost Improvement Programme target is £26.6m. As at Month 6, the Trust has delivered efficiencies of £11.3m which is £0.1mA to Plan.

**4. What is the financial forecast for the full year?**

As part of Month 6 reporting to NHSE/I, the Trust has submitted a forecast of £10.7m (deficit) in line with Plan.

**5. What are key risks to delivery of the planned deficit?**

As outlined on Page 21 of the Financial Performance Report, the key risks are summarised as:

- Delivery of the CMG Control Totals which includes £26.6m efficiencies
- Identification of actions to close the Planning gap of £7.8m
- Commissioner affordability and the requirement for the Trust to be paid for all completed activity
- Shortage of Capital Funding and achieving CRL

## Input Sought:

Note the financial performance at Month 6.

## For Reference:

This report relates to the following UHL quality and supporting priorities:

### 1. Quality priorities

Safe, surgery and procedures	Not applicable
Safely and timely discharge	Not applicable
Improved Cancer pathways	Not applicable
Streamlined emergency care	Not applicable
Better care pathways	Not applicable
Ward accreditation	Not applicable

### 2. Supporting priorities:

People strategy implementation	Not applicable
Estate investment and reconfiguration	Not applicable
e-Hospital	Not applicable
More embedded research	Not applicable
Better corporate services	Not applicable
Quality strategy development	Not applicable

### 3. Equality Impact Assessment and Patient and Public Involvement considerations:

- What was the outcome of your Equality Impact Assessment (EIA)? **Not applicable**
- Briefly describe the Patient and Public Involvement (PPI) activities undertaken in relation to this report, or confirm that none were required. **None required**
- How did the outcome of the EIA influence your Patient and Public Involvement ? **Not applicable**
- If an EIA was not carried out, what was the rationale for this decision? **Not applicable**

### 4. Risk and Assurance

#### Risk Reference:

Does this paper reference a risk event?	Select (X)	Risk Description:
<b>Strategic:</b> Does this link to a <i>Principal Risk</i> on the BAF?	<b>X</b>	Principal Risk 9 - Failure to meet the financial control total including through improved productivity
<b>Organisational:</b> Does this link to an <i>Operational/Corporate Risk</i> on Datix Register		
<b>New Risk</b> identified in paper: What <i>type</i> and <i>description</i> ?		
<b>None</b>		

5. Scheduled date for the **next paper** on this topic:

5<sup>th</sup> December 2019

6. Executive Summaries should not exceed **5 sides**

[My paper ~~does~~/does not comply]

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# Executive Summary

## Financial performance

### Statutory duties

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

### Financial Performance

- **Deficit of £30.2m excluding Provider Sustainability Funds (PSF), Financial Recovery Fund (FRF), and Marginal Rate Emergency Tariff (MRET), in line with Plan:** Performance in line with Plan with over-performance in Emergency activity offset by marginal cost to deliver additional activity and cost pressures supporting the Emergency Pathway. The year-to-date position includes release of £2.6m cost contingency in line with Plan.
- **Including PSF/FRF/MRET: Deficit of £15.8m, in line with plan**
- **Patient Care Income, £10.5mF to Plan :** Underlying over-delivery of £6.7m excluding drugs and devices excluded from tariff and funding of the Medical Pay Award. Over-performance in Emergency , Day Case and Outpatients partially offset by underperformance in Elective Inpatient, Critical Care and ECMO. Emergency over-performance of £7.3m before applying the blended rate adjustment of £3.5m.
- **Operating Costs, £9.7mA to Plan:** Pay £1.0mF to Plan including release of Central contingency and the medical pay award . Underlying non-pay overspend of £8.0m excluding drugs and devices excluded from tariff. Overspend is driven by marginal cost to deliver activity together with cost pressures mitigated by activity over-performance.
- **CMG Financial Performance:** Performance risks in various CMGS with ITAPS and W&C in Special Measures and CHUGGS, CSI, MSS and Estates having Corporate Finance oversight outside of the formal monthly PRMs in order to track financial performance and recovery.
- **CIP £11.3m delivered, £0.1mA Plan**

## Cash

- Closing cash position at September of £5.0m, including Trust Group Holdings (TGH) of £2.7m. This is higher than forecast due to the timing of month end cash receipts from Commissioners.
- TGH cash balance was £2.7m.
- Funded year to date operating deficit of £15.8m and movement in working capital by securing £26.8m of external financing.

## Capital

- **September:** Total capital expenditure of £11.5m, £18.7mF to Plan.

Underspend due to phasing of ICU together with uncertainties of capital funding through Emergency Capital loans and an alternative solution for Endoscopy Decontamination. Therefore, all budget holders are working within a reduce capital budget until funding is confirmed. Following confirmation of £10m Emergency Capital Loans, Capital Spend will incurred in line with the required parameters

# September 2019: Key Facts



**Patient Income**  
£10.5mF

**Substantive Pay**  
£0.3mF

**Non Pay**  
£10.7mA

**EBITDA**  
£0.5mF

**Liquidity Indicators**

**Other Income**  
£0.3mA

**Agency**  
£0.7mF

**Non-Op Costs**  
£0.4mA

**CIP**  
£0.1mA

**Capital**  
£18.7mF

**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 £15.8m

	Sep-19				YTD			
	Plan	Actual	Vs Plan	%	Plan	Actual	F/(A)	%
Day Case	9,074	8,868	(206)	(2%)	52,122	54,433	2,311	4%
Elective Inpatient	1,811	1,598	(213)	(12%)	10,459	10,118	(341)	(3%)
Emergency / Non-elective Inpatient	9,760	9,891	131	1%	58,836	59,766	930	2%
Emergency Department	21,032	21,790	758	4%	126,511	130,317	3,806	3%
Outpatients	85,044	84,680	(363)	(0%)	499,951	503,170	3,219	1%
Critical Care Services	4,606	4,928	322	7%	28,803	29,199	396	1%
Renal Dialysis and Transplant	15,157	15,441	284	2%	92,129	94,305	2,176	2%
Other Activity	695,917	698,425	2,508	0%	4,175,690	4,343,241	167,551	4%
WTE Total	14,868	14,628	240	2%	14,868	14,628	240	2%
WTE Agency	205	217	(13)	(6%)	205	217	(13)	(6%)

	Sep-19				YTD			
	Plan £'000	Actual £'000	Vs Plan £'000	%	Plan £'000	Actual £'000	F/(A) £'000	%
Patient Care Income	74,492	76,704	2,212	3%	442,917	453,433	10,516	2%
Non Patient Care Income	374	444	69	19%	2,542	2,560	18	1%
Other Operating Income	10,228	9,885	(343)	(3%)	61,171	60,888	(284)	(0%)
<b>Total Income</b>	<b>85,094</b>	<b>87,032</b>	<b>1,938</b>	<b>2%</b>	<b>506,630</b>	<b>516,881</b>	<b>10,251</b>	<b>2%</b>
Pay Costs	(54,478)	(56,387)	(1,909)	4%	(328,576)	(328,302)	273	0%
Pay Costs: Agency	(1,545)	(1,346)	199	(13%)	(9,576)	(8,872)	705	7%
Non Pay	(29,444)	(29,757)	(314)	1%	(180,126)	(190,820)	(10,694)	(6%)
<b>Total Operating Costs</b>	<b>(85,467)</b>	<b>(87,491)</b>	<b>(2,024)</b>	<b>2%</b>	<b>(518,278)</b>	<b>(527,994)</b>	<b>(9,716)</b>	<b>(2%)</b>
<b>EBITDA</b>	<b>(373)</b>	<b>(458)</b>	<b>(86)</b>	<b>23%</b>	<b>(11,648)</b>	<b>(11,113)</b>	<b>535</b>	<b>(5%)</b>
<b>Non Operating Costs</b>	<b>(3,149)</b>	<b>(3,077)</b>	<b>73</b>	<b>(2%)</b>	<b>(18,680)</b>	<b>(19,129)</b>	<b>(449)</b>	<b>(2%)</b>
<b>Retained deficit</b>	<b>(3,522)</b>	<b>(3,535)</b>	<b>(13)</b>	<b>(0%)</b>	<b>(30,328)</b>	<b>(30,242)</b>	<b>86</b>	<b>0%</b>
Adjustments for Donated Assets	19	41	21	(110%)	116	40	(76)	66%
<b>Net Deficit</b>	<b>(3,503)</b>	<b>(3,494)</b>	<b>8</b>	<b>0%</b>	<b>(30,212)</b>	<b>(30,202)</b>	<b>10</b>	<b>0%</b>
PSF/FRF/MRET	2,652	2,652	0	0%	14,352	14,352	0	0%
<b>Net Deficit Including PSF/FRF/MRET</b>	<b>(851)</b>	<b>(842)</b>	<b>8</b>	<b>1%</b>	<b>(15,860)</b>	<b>(15,850)</b>	<b>10</b>	<b>0%</b>

	Plan	Actual	Vs Plan	%	Plan	Actual	F/(A)	%
Agency: Total Pay	2.84%	2.39%	0.45%	(16%)	2.91%	2.70%	0.21%	
EBITDA: Income	(0.44%)	(0.53%)	(0.09%)	(20%)	(2.30%)	(2.15%)	0.15%	
Net Deficit: Income	(4.12%)	(4.02%)	0.10%	2%	(5.96%)	(5.84%)	0.12%	

## 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: £453.4m, £10.5mF** including £2.2mF in relation to drugs and devices excluded from tariff with the offset in non-pay. Underlying over-delivery of £8.3m with over-performance in Emergency, Day Case and Outpatients activity partially offset by under-performance in Elective Inpatients, Critical Care and ECMO together with the emergency blended payment adjustment.
- **Other Income: £63.4m, £0.3mA to plan**
- **Total Pay Costs: £337.2m, £1.0mF** including £2.1mF from release of contingency in line with Plan. Underlying underspend with most CMGs either in line or below plan with the exception of ESM (Nursing), CHUGGS (Nursing) and ITAPS who have a combined overspend of £3.5mA.

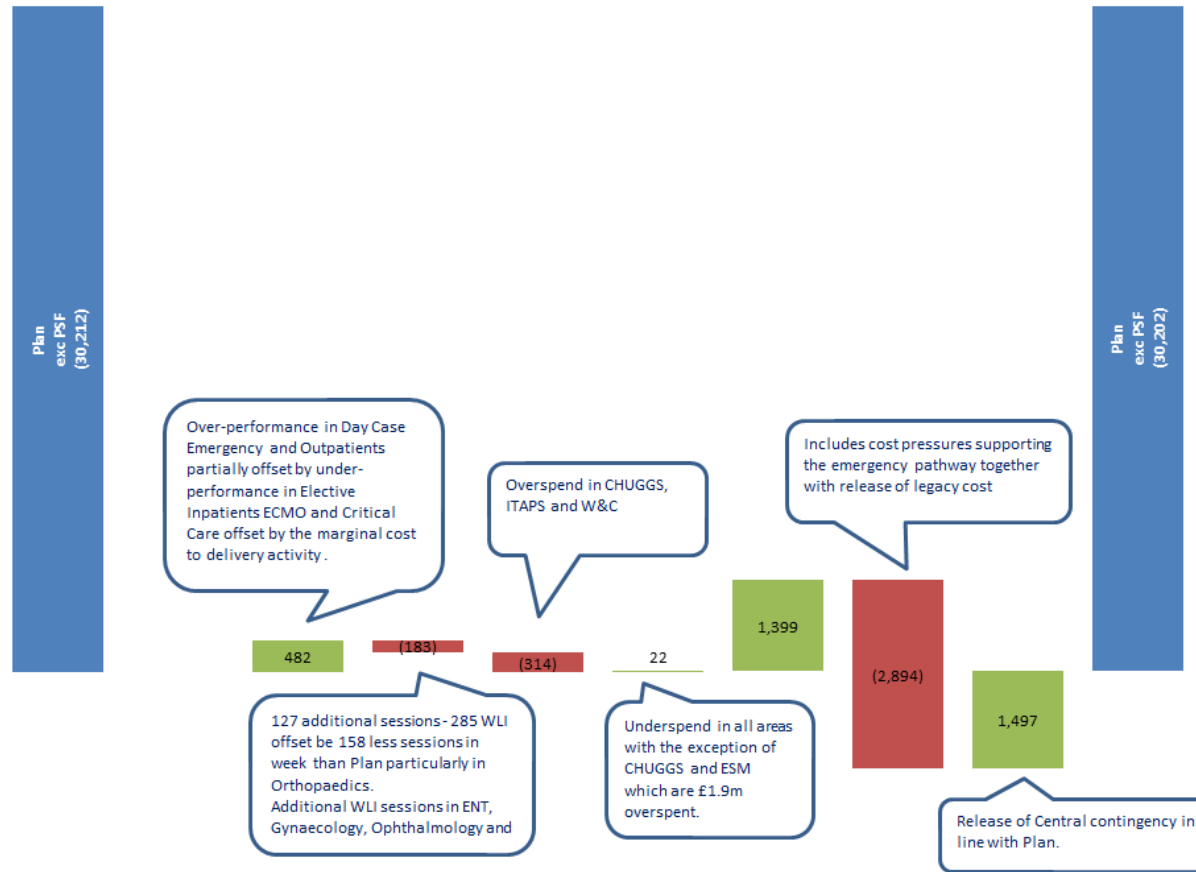
Agency spend remains below the NHSI agency ceiling.

Pay remains an area of focus in 2019/20 to ensure appropriate control and optimum use of financial resources to support the Trust's financial commitments in line with funded Establishment.

- **Non-Pay: £191.0m, £10.6mA** including £2.2mA relating drugs and devices excluded from tariff and £0.5mF release of central contingency. Underlying overspend of £8.0m which is driven by marginal cost to deliver the additional activity together with additional capacity and additional Patient Transport costs to support the Emergency Pathway, along with under-delivery of planned non-pay CIP which has been delivered elsewhere.
- **EBITDA: deficit of £11.1m, £0.5mF**
- **Non-Operating Costs: £19.1m, £0.4mA** due to depreciation being adverse to plan.
- **Provider Sustainability Fund, Financial Recovery Fund, Marginal Rate Emergency Tariff (PSF,FRF,MRET), in line with plan.**

# I&E Bridge: in line with plan

Underlying performance in line with Plan with over-performance in Emergency activity offset by marginal cost to deliver additional activity and cost pressures supporting the Emergency Pathway. The year-to-date position includes release of £2.6m cost contingency in line with Plan.

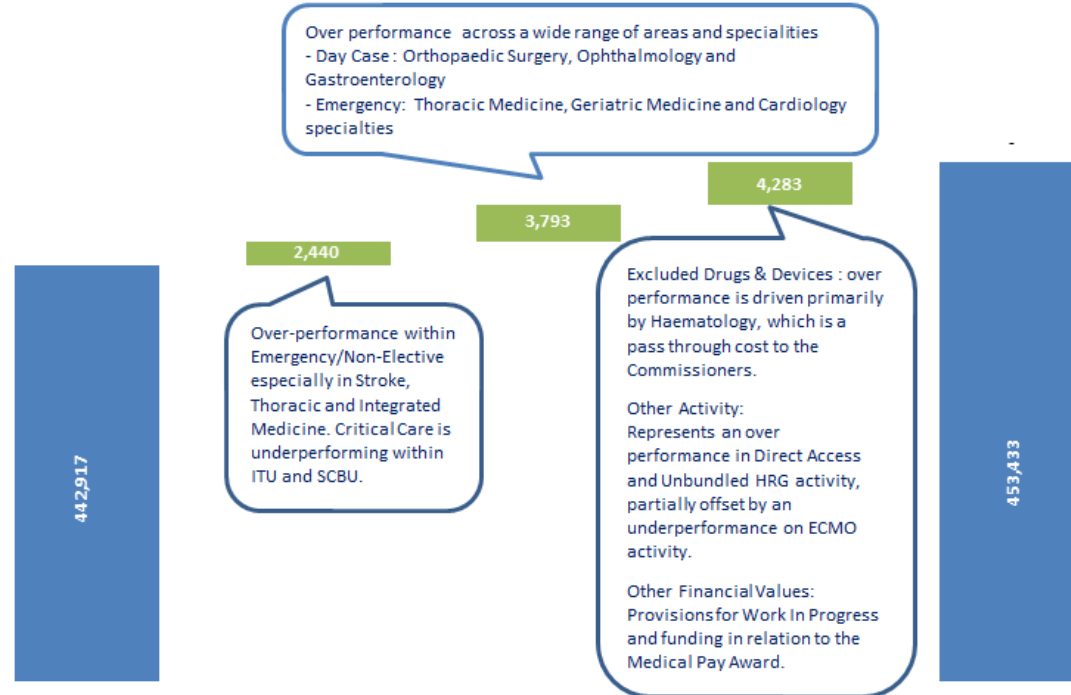


£(000)	Plan exc PSF	Pass Through	Activity	Theatres	Medical Pay	Nursing Pay	Other Pay	Cost Pressures	Other	Plan exc PSF	Var F/(A)
NHS PCI	442,917	3,847	6,569						100	453,433	10,516
Other Income	63,582	(105)	(160)						(32)	63,286	(297)
Pay	(328,576)	(1,683)		(369)	(512)	(446)	1,361		1,923	(328,302)	273
Pay: Agency	(9,576)				199	468	39			(8,872)	705
Non Pay	(180,126)	(2,058)	(5,927)	186				(2,894)		(190,820)	(10,694)
Non-Operating Costs	(18,433)								(494)	(18,928)	(494)
<b>Net Deficit</b>	<b>(30,212)</b>	<b>0</b>	<b>482</b>	<b>(183)</b>	<b>(314)</b>	<b>22</b>	<b>1,399</b>	<b>(2,894)</b>	<b>1,497</b>	<b>(30,202)</b>	<b>10</b>



# NHS Patient Income: September £453.4m, £10.5mF to Plan

Over-performance in Day Case, Emergency and Outpatients partially offset by the blended rate adjustment together with underperformance in Critical Care, ECMO and Elective Inpatients within Cardiac Surgery, Orthopaedic Surgery and Hepatobiliary & Pancreatic Surgery. Whilst Month 6 shows the same trend as previous months, there was a lower level of Emergency over-performance and higher level of Elective under-performance due to cancellations.



£(m)	Plan	Rate	Volume	Other	Actual	Var F / (A)
Day Case	30,596	(530)	1,333	0	31,400	803
Elective Inpatient	42,931	(29)	(1,400)	0	41,501	(1,430)
Emergency / Non-elective Inpatient	131,134	3,674	2,130	0	136,938	5,804
Emergency Blended Payment Adjustment	-	0	0	(3,545)	(3,545)	(3,545)
Emergency Department	19,439	151	589	0	20,180	741
Outpatient	61,454	(122)	395	0	61,727	273
Drugs and Devices excluded from Tariff	48,123	0	0	2,163	50,286	2,163
Critical Care Services	29,184	(682)	392	0	28,894	(290)
Renal Dialysis and Transplant	15,019	(23)	354	0	15,351	331
CQUIN	4,953	0	0	185	5,138	185
Other Activity	57,125	0	0	1,273	58,398	1,273
Other Financial Values	2,958	0	0	4,207	7,165	4,207
<b>Total</b>	<b>442,917</b>	<b>2,440</b>	<b>3,793</b>	<b>4,283</b>	<b>453,433</b>	<b>10,516</b>

# Activity & Income: Performance versus Contract

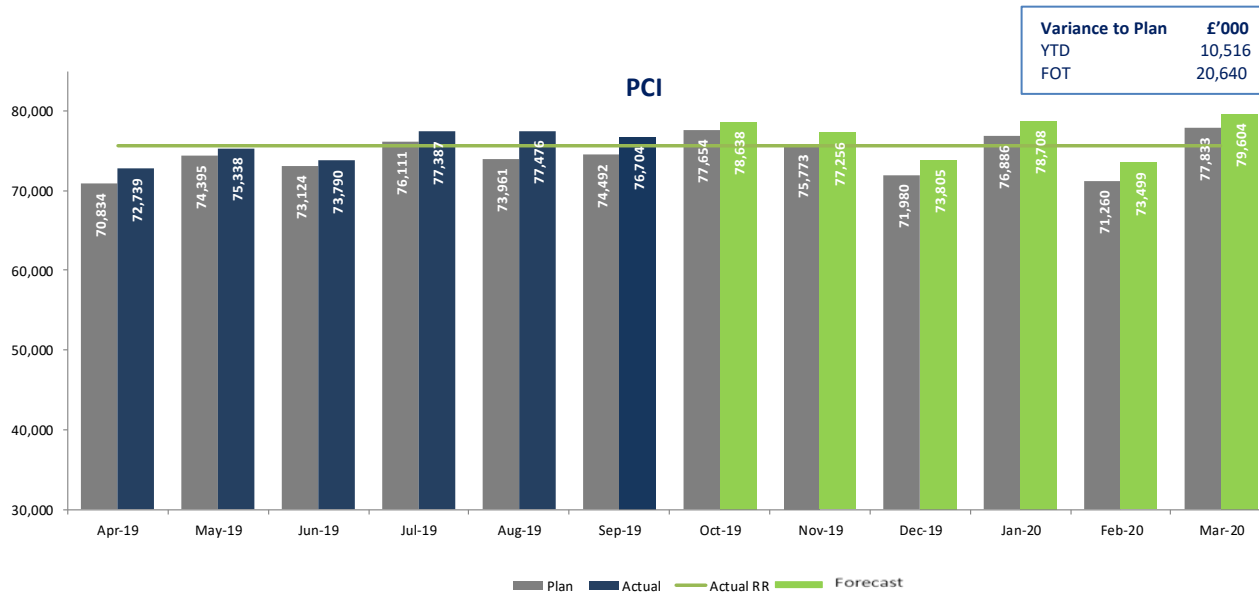
Activity	Case Mix	City	East	West	Specialised	Other	Alliance	Total	%
	Day Case	1,061	1,050	719	187	(439)	(266)	2,311	4%
	Elective Inpatient	(32)	(69)	(43)	9	(206)		(341)	(3%)
	Emergency / Non-elective Inpatient	659	(366)	478	118	41		930	2%
	Emergency Blended Payment Adjustment	0	0	0		0		0	0%
	Emergency Department	1,386	1,032	1,635		(247)		3,806	3%
	Outpatient	5,895	3,177	6,025	5,527	(14,732)	(2,673)	3,219	1%
	Excluded Drugs and Devices						-	0	0%
	Critical Care Services	145	(153)	417	56	(69)		396	1%
	Renal Dialysis and Transplant	0	0	0	2,164	12		2,176	2%
CQUIN	0	0	0	0	0	0	0	0%	
Other Activity	90,236	15,864	58,672	4,120	(3,237)	1,894	167,551	4%	
Other Financial Values	3,607	(1,111)	3,281	2,115	1,784	6,948	16,625	0%	

Financial	Case Mix	City (£000)	East (£000)	West (£000)	Specialised (£000)	Other (£000)	Alliance (£000)	Total (£000)	%
	Day Case	655	977	356	280	(1,090)	(374)	803	3%
	Elective Inpatient	(279)	(498)	(376)	723	(1,000)	0	(1,430)	(3%)
	Emergency / Non-elective Inpatient	410	2,944	3,739	(975)	(314)	0	5,804	4%
	Emergency Blended Payment Adjustment	(1,446)	(1,027)	(1,257)	0	185	0	(3,545)	-
	Emergency Department	385	243	327	0	(214)	0	741	4%
	Outpatient	633	358	758	639	(1,886)	(230)	273	0%
	Excluded Drugs and Devices	104	(11)	(31)	1,035	1,091	(25)	2,163	4%
	Critical Care Services	102	(80)	269	(432)	(148)	0	(290)	(1%)
	Renal Dialysis and Transplant	0	0	0	334	(3)	0	331	2%
CQUIN	45	38	50	(48)	99	(0)	185	4%	
Other Activity	824	656	775	(693)	(482)	194	1,273	2%	
Other Financial Values	(327)	822	647	2,535	499	31	4,207	142%	
<b>Grand Total</b>	<b>1,106</b>	<b>4,423</b>	<b>5,257</b>	<b>3,398</b>	<b>(3,263)</b>	<b>(405)</b>	<b>10,516</b>	<b>2%</b>	

## Contracts:

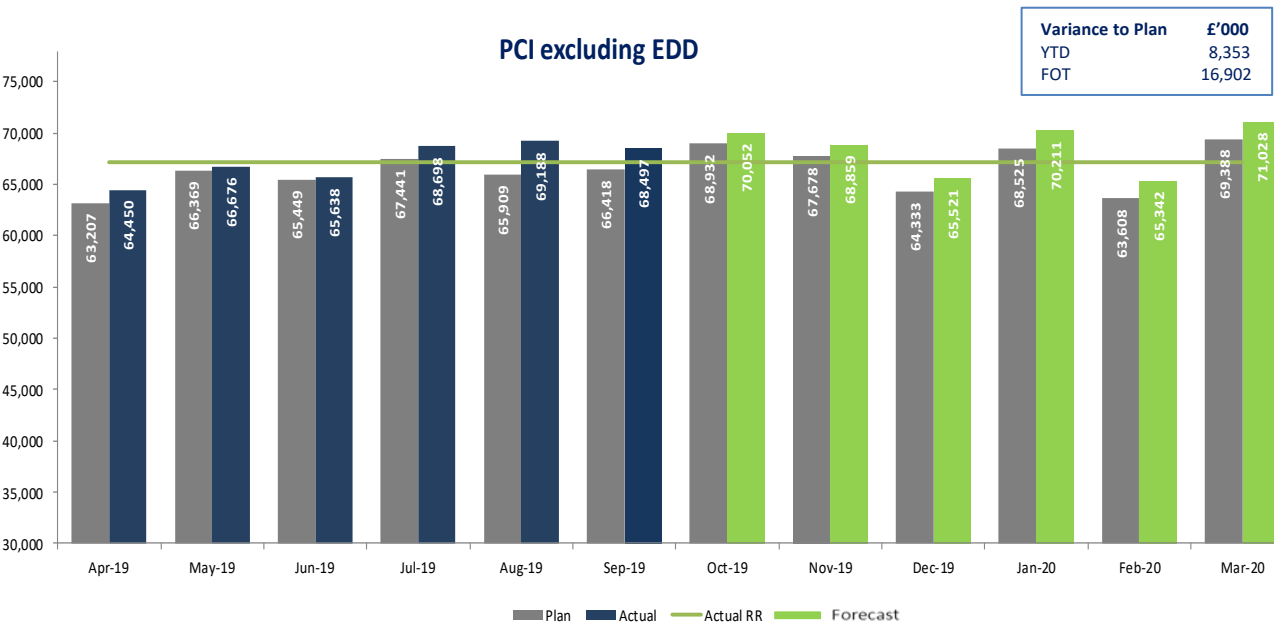
- **Day Case & Elective Inpatient:** Over performance occurring within Cardiology, Adult Congenital Cardiac Surgery and Thoracic Surgery, off-set by under performance within Cardiac Surgery and Hepatobiliary & Pancreatic Surgery and ENT.
- **Emergency / Non Elective:** Over performance across specialities including Stroke Medicine, Thoracic Medicine and Integrated Medicine offset by the Emergency Blended Payment Adjustment.
- **Outpatients:** Performance is fluctuating across a range of specialities. Non-delivery of QIPP schemes is supporting over-delivery in Outpatients..
- **Critical Care services:** Significant underperformance within ITU off-set by over performance within HDU & SCBU.
- **Other Activity:** Over performance in Obstetrics and Diagnostic imaging absorbing under-performance within Adult ECMO.
- The CCG contract is over performing by £10.8m and commissioners remain extremely concerned about this position. The Trust has received significant contract challenges in relation to increases in coded complexity for emergency admissions in particular which are being worked through with the CCGs in conjunction with consideration of a year end settlement.

# Patient Income Run Rates

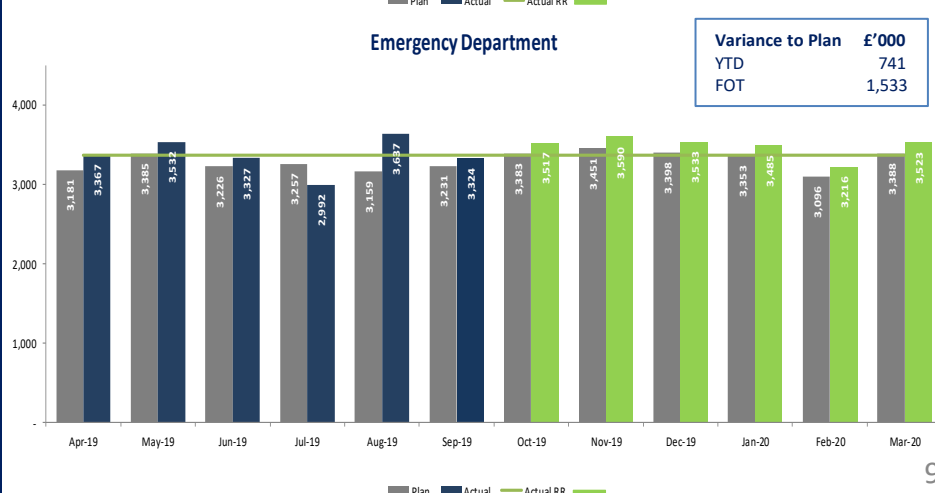
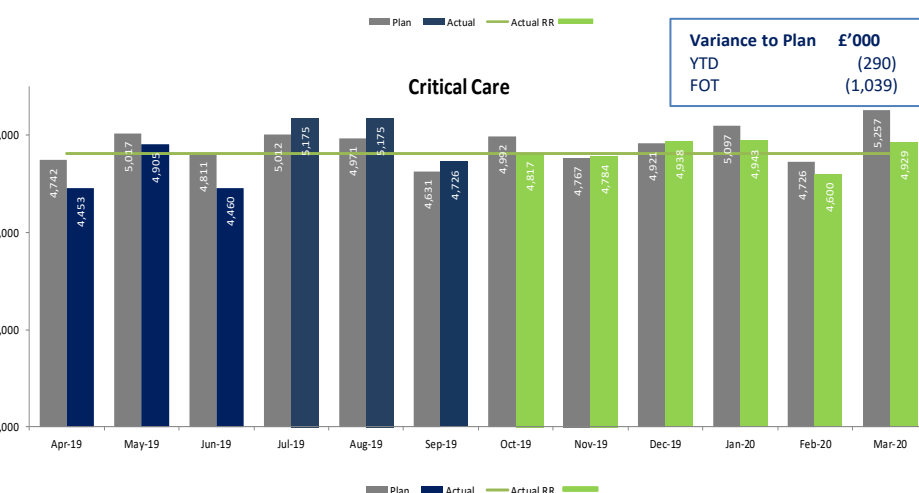
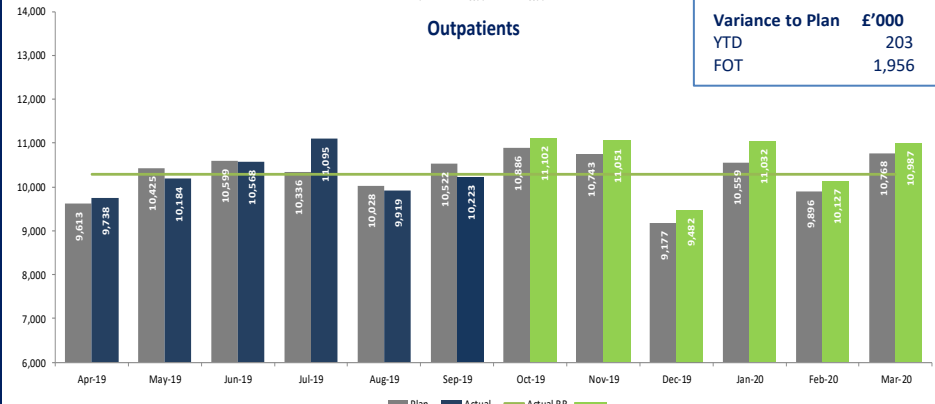
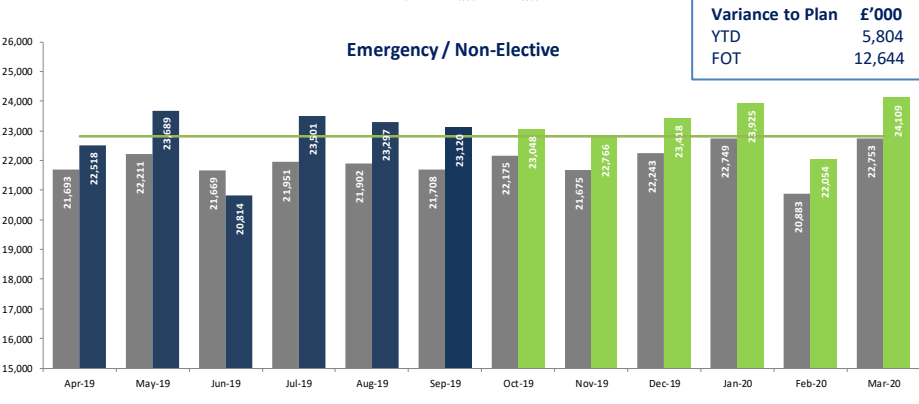
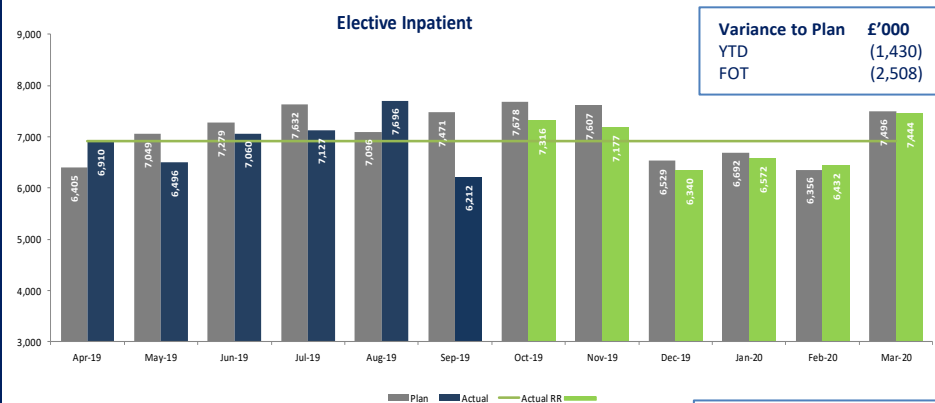
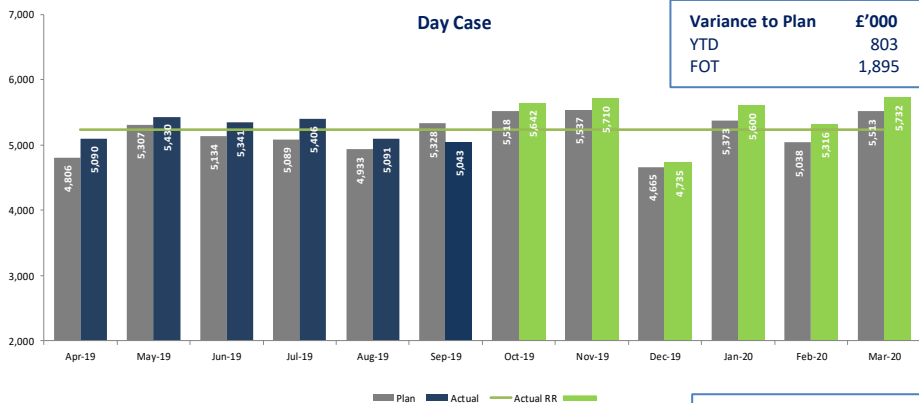


## Year to Date

- Year to date over-performance of £10.5m which includes £2.2mF in relation to drugs and devices excluded from tariff.
- Over-performance predominantly driven by Day Case, Emergency and Outpatients activity across most CMGs partially offset by under-performance in Elective Inpatients, Critical Care and ECMO.
- September PCI included year to date funding in relation to the Medical Pay Award which is offset in Pay.



# Patient Income Run Rates: Point of Delivery



# Pay: YTD £337.2m, £1.0mF to Plan

	Sep-19						YTD						
	£'000			WTE			£'000			WTE			
	Plan	Actual	F/(A)	Plan	Actual	F/(A)	Plan	Actual	F/(A)	Plan	Actual	F/(A)	
Agency	Medical	573	609	(36)	9	35	(26)	3,532	3,334	199	9	35	(26)
	Nursing & Midwifery	771	666	105	149	163	(14)	4,726	4,259	468	149	163	(14)
	Other Clinical	182	125	57	35	21	14	1,175	1,292	(117)	35	21	14
	Non Clinical	20	(53)	73	12	(1)	13	143	(13)	156	12	(1)	13
	<b>Total: Agency</b>	<b>1,545</b>	<b>1,346</b>	<b>199</b>	<b>205</b>	<b>217</b>	<b>(13)</b>	<b>9,576</b>	<b>8,872</b>	<b>705</b>	<b>205</b>	<b>217</b>	<b>(13)</b>
Other Non-contracted	Medical		1,544	(1,544)	0	2	(2)		9,411	(9,411)	0	2	(2)
	Nursing & Midwifery		1,615	(1,615)	0	524	(524)		10,229	(10,229)	0	524	(524)
	Other Clinical		338	(338)	0	70	(70)		2,040	(2,040)	0	70	(70)
	Non Clinical		569	(569)	0	244	(244)		3,396	(3,396)	0	244	(244)
	<b>Total: Other Non-contracted</b>	<b>0</b>	<b>4,066</b>	<b>(4,066)</b>	<b>0</b>	<b>840</b>	<b>(840)</b>		<b>0</b>	<b>25,076</b>	<b>(25,076)</b>	<b>0</b>	<b>840</b>
Total Non-contracted	Medical	573	2,153	(1,580)	9	37	(28)	3,532	12,744	(9,212)	9	37	(28)
	Nursing & Midwifery	771	2,281	(1,510)	149	687	(538)	4,726	14,488	(9,761)	149	687	(538)
	Other Clinical	182	464	(282)	35	91	(56)	1,175	3,333	(2,158)	35	91	(56)
	Non Clinical	20	515	(495)	12	243	(231)	143	3,383	(3,240)	12	243	(231)
	<b>Total: Non-contracted</b>	<b>1,545</b>	<b>5,413</b>	<b>(3,867)</b>	<b>205</b>	<b>1,057</b>	<b>(853)</b>		<b>9,576</b>	<b>33,948</b>	<b>(24,372)</b>	<b>205</b>	<b>1,057</b>
Substantive	Medical	16,731	17,500	(769)	2,051	1,974	77	100,836	93,708	7,127	2,051	1,974	77
	Nursing & Midwifery	19,059	17,564	1,495	6,055	5,642	413	115,236	105,735	9,502	6,055	5,642	413
	Other Clinical	8,185	7,160	1,025	2,320	2,025	295	49,268	42,185	7,082	2,320	2,025	295
	Non Clinical	10,503	10,096	406	4,442	4,146	296	63,236	61,611	1,625	4,442	4,146	296
	<b>Total: Substantive</b>	<b>54,478</b>	<b>52,321</b>	<b>2,157</b>	<b>14,868</b>	<b>13,788</b>	<b>1,080</b>		<b>328,576</b>	<b>303,239</b>	<b>25,337</b>	<b>14,868</b>	<b>13,788</b>
Total	Medical	17,304	19,653	(2,349)	2,060	2,011	49	104,368	106,453	(2,085)	2,060	2,011	49
	Nursing & Midwifery	19,830	19,845	(15)	6,204	6,329	(125)	119,963	120,222	(259)	6,204	6,329	(125)
	Other Clinical	8,367	7,624	743	2,354	2,116	239	50,443	45,518	4,925	2,354	2,116	239
	Non Clinical	10,522	10,611	(89)	4,454	4,389	65	63,379	64,994	(1,615)	4,454	4,389	65
	<b>TOTAL: Pay</b>	<b>56,023</b>	<b>57,733</b>	<b>(1,710)</b>	<b>15,073</b>	<b>14,845</b>	<b>228</b>		<b>338,152</b>	<b>337,187</b>	<b>965</b>	<b>15,073</b>	<b>14,845</b>

## Agency Pay

- Year to date cost of £8.9m, £0.7mF across most staff groups.

## Other Non-contracted Pay

- Other non-contracted pay consists of overtime, bank, WLIs and internal locums.
- Year to date expenditure of £25.1m with Medical and Nursing driving 78% of spend. Whilst premium pay shows an overspend this needs to be taken into account with Substantive Pay as budgets are held at Established levels.

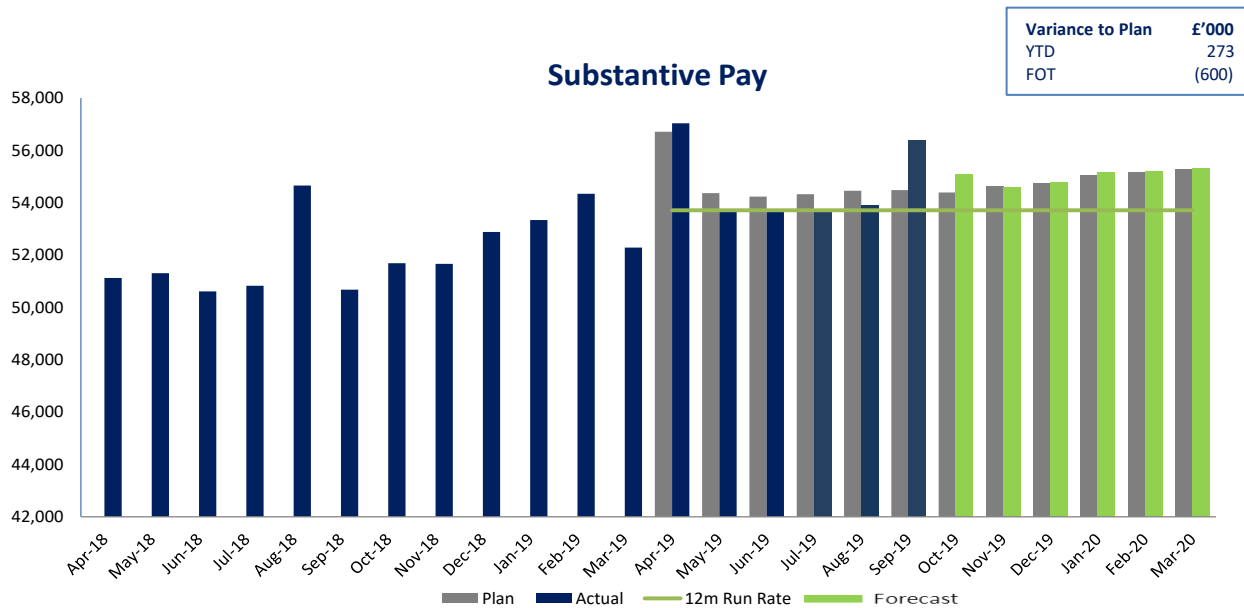
## Substantive Pay

- Combined with other non-contracted, expenditure of £328.3m, £0.3mF to Plan.
- Medical Pay overspend is predominantly driven by the Medical Pay Award with underlying overspend in Medical within CHUGGS, ITAPS and W&C.
- Other Clinical includes £2.1mF relating to release of central contingency in line with Plan.
- Most CMGs are either in line or below Plan with overspends in CHUGGS, ESM and ITAPS.
- The overspend in non-clinical is predominantly within CSI which is offset by underspend in Other Clinical also within CSI together with the release of central reserves.

### 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.

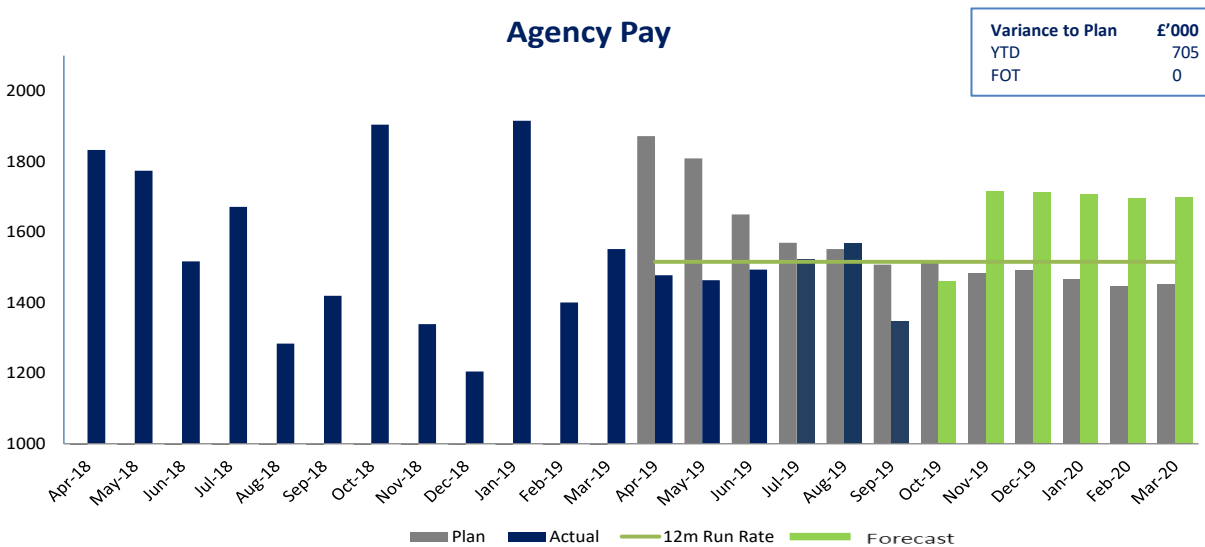
# Pay Run Rates



## Total Pay excluding Agency Pay

- Pay remains an area of focus in 2019/20 to ensure appropriate control and optimum use of financial resources to support the Trust's financial commitments in line with funded Establishment.
- Changes to run rates:
  - April 2019 was driven by new AFC rates including a one-off cash payment and payment of Clinical Excellence Awards;
  - September 2019 includes the year to date payment of the Medical Pay Award which is offset in income.

## Agency Pay



- The planned trajectory is supported by specific actions identified and tracked through the Premium Pay group.
- The NHSI Agency Ceiling for 2019/20 is £18.8m.

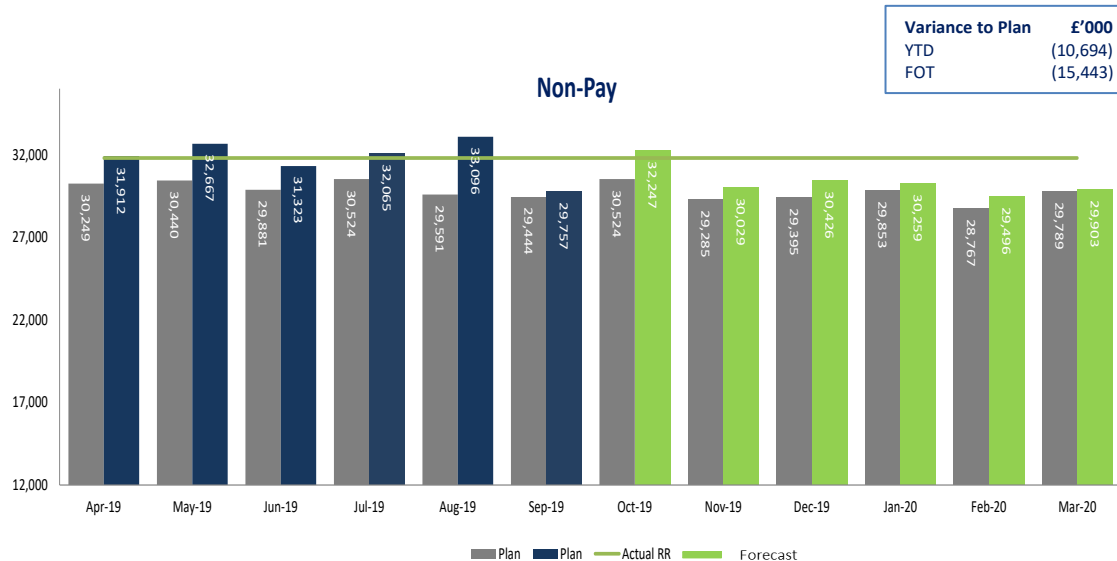
# Non-Pay: YTD £190.8m, £10.7mA to Plan

	Sep-19				YTD				
	Plan	Actual	F / (A)		Plan	Actual	F / (A)		
	£'000	£'000	£'000	%	£'000	£'000	£'000	%	
Direct	Blood Products	71	301	(229)	(322%)	427	1,101	(674)	(158%)
	Drugs	8,358	8,778	(420)	(5%)	50,376	52,598	(2,221)	(4%)
	Clinical Supplies & Services	9,467	8,723	743	8%	57,559	61,677	(4,118)	(7%)
	Transport	403	580	(177)	(44%)	2,436	3,249	(813)	(33%)
	Recharges	598	1,054	(456)	(76%)	3,747	4,200	(454)	(12%)
External Providers	Misc & General Supplies	1,391	840	551	40%	9,996	11,024	(1,028)	(10%)
	Healthcare	921	922	(1)	(0%)	5,577	5,208	369	7%
Overheads	Non Healthcare	1,253	1,267	(13)	(1%)	7,557	7,782	(225)	(3%)
	Establishment, Premises & Plant	4,350	4,662	(312)	(7%)	26,680	28,128	(1,448)	(5%)
	Consultancy	76	77	(1)	(1%)	447	528	(82)	(18%)
	Clinical Negligence	2,554	2,554	0	0%	15,324	15,324	0	0%
<b>Total: Non Pay</b>		<b>29,444</b>	<b>29,757</b>	<b>(314)</b>	<b>(1%)</b>	<b>180,126</b>	<b>190,820</b>	<b>(10,694)</b>	<b>(6%)</b>

- **Direct Costs: £133.8m, £9.3mA to Plan** including £2.2mA in relation to drugs and devices excluded from tariff.

Underlying overspend of £7.1m which is driven by marginal cost to deliver the additional activity. In addition, there are additional cost pressures including additional Patient Transport which supports the Emergency Pathway and under-delivery of non-pay plan CIP which is delivered by CIP delivery in other schemes.

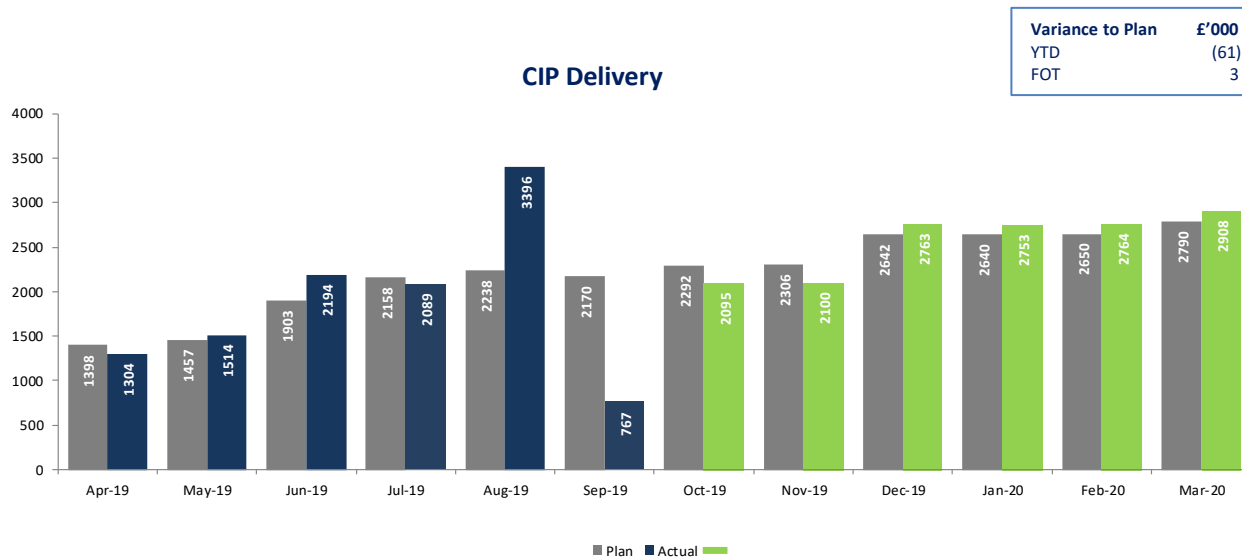
- **External Providers: YTD cost of £13m, £0.1mF to plan.**
- **Overheads: YTD expenditure of £44m, £1.5mA to Plan** due to the recognition of Microsoft Licences which were previously capitalised and amortised together with IT costs .



# CIP: YTD £11.3m, £0.1m adverse to Plan

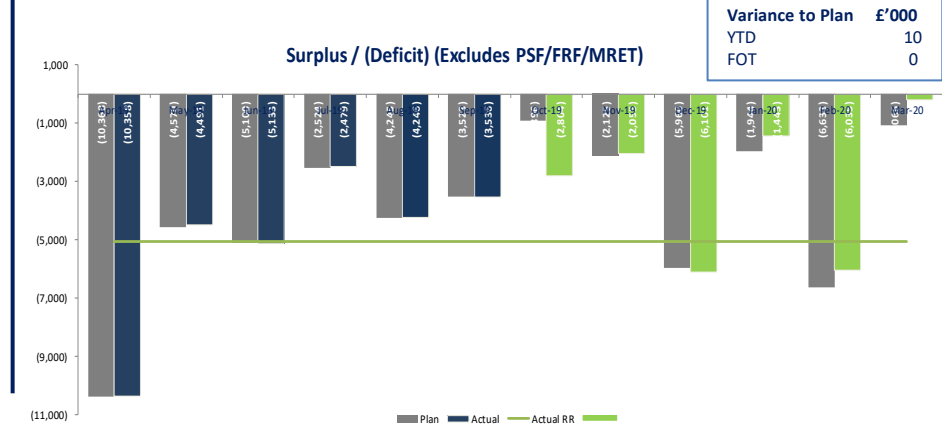
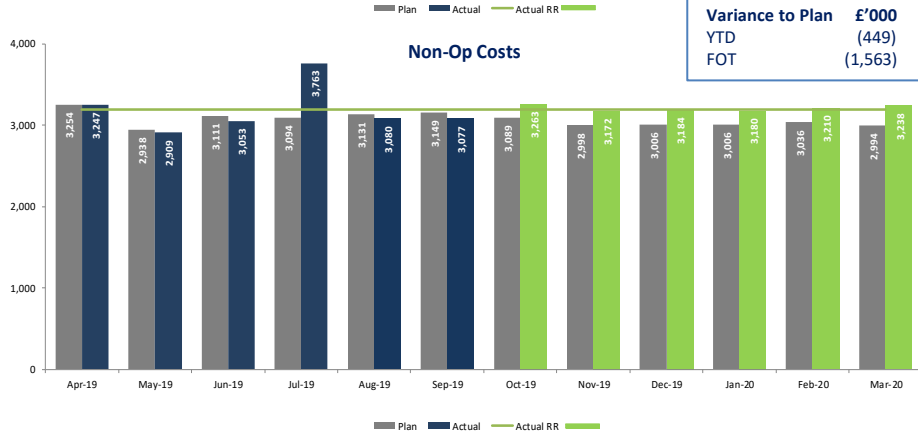
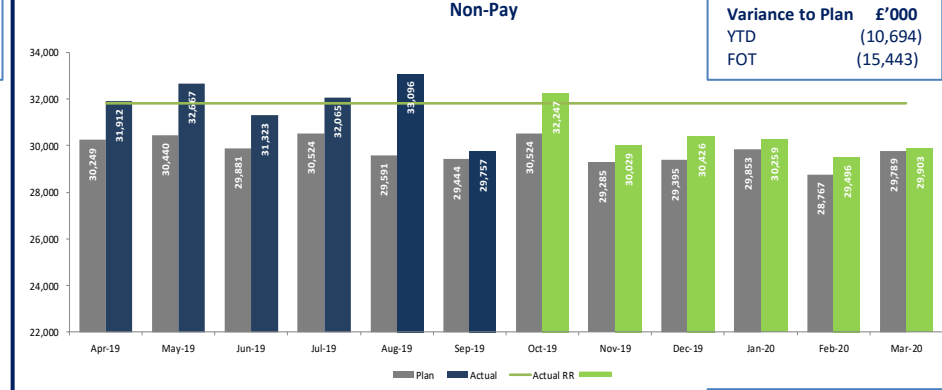
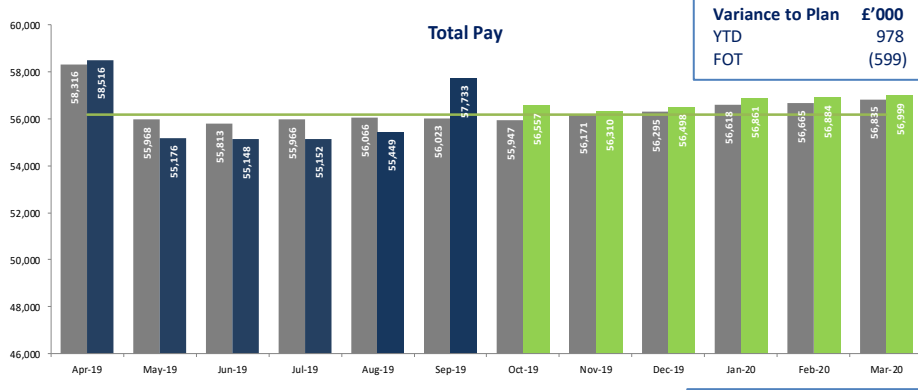
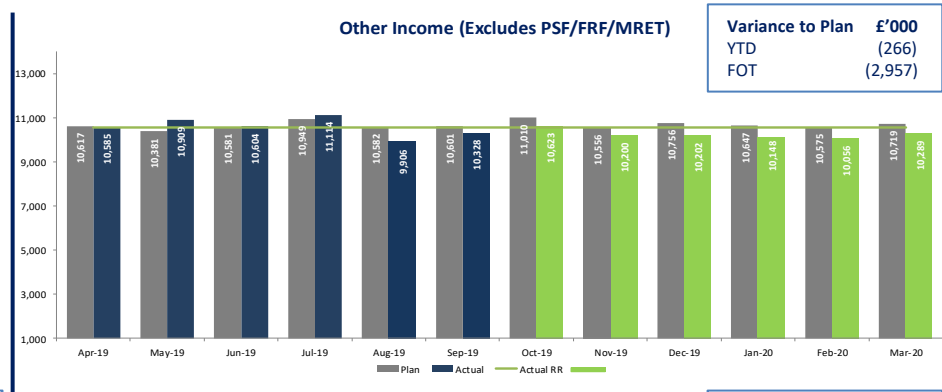
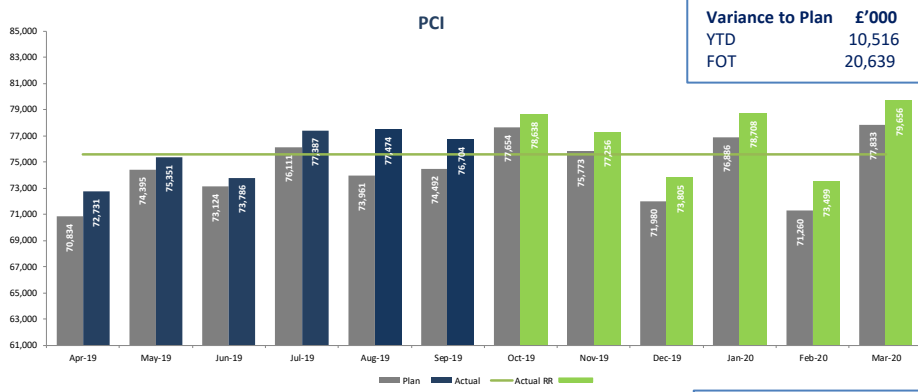
	Sep-19				YTD				FY Plan £'000
	Plan	Actual	F / (A)		Plan	Actual	F / (A)		
	£'000	£'000	£'000	%	£'000	£'000	£'000	%	
CHUGGS	397	433	36	9%	1,868	1,629	(240)	(13%)	4,245
CSI	178	255	77	43%	1,102	1,538	436	40%	2,058
ESM	370	(154)	(524)	(142%)	2,085	2,575	490	24%	4,294
ITAPS	141	150	9	6%	731	858	128	17%	1,564
MSS	362	293	(70)	(19%)	2,105	1,844	(261)	(12%)	4,330
RRCV	264	(359)	(623)	(236%)	1,249	1,459	209	17%	3,325
Womens & Childrens	159	6	(153)	(96%)	902	734	(168)	(19%)	3,405
<b>Total: CMG</b>	<b>1,871</b>	<b>624</b>	<b>(1,247)</b>	<b>(67%)</b>	<b>10,042</b>	<b>10,637</b>	<b>595</b>	<b>6%</b>	<b>23,220</b>
Corporate Total	25	26	1	5%	148	138	(10)	(7%)	540
Facilities	162	118	(44)	(27%)	794	489	(305)	(38%)	1,862
Central	114	0	(114)	(100%)	341	0	(341)	(100%)	1,023
<b>Total CIP</b>	<b>2,171</b>	<b>767</b>	<b>(1,404)</b>	<b>(65%)</b>	<b>11,324</b>	<b>11,264</b>	<b>(61)</b>	<b>(1%)</b>	<b>26,645</b>

- CIP delivered of £11.3m which is slightly adverse to Plan with under-delivery in CHUGGS, MSS, W&C and Estates partially offset by over-delivery elsewhere.
- The specific CIP Paper provides further insight into the performance of CIP.





# I&E Run Rates



# Performance by CMG and Directorates: Year to Date

Performance in line with Plan with income over-performance absorbing additional cost to deliver and other cost pressures plus release and re-phasing of reserves. Performance risks in various CMGS with ITAPS and W&C in Special Measures and CHUGGS, CSI, MSS and Estates having Corporate Finance oversight outside of the formal monthly PRMs in order to track financial performance and recovery.

	CHUGGS		
	Plan	YTD	Variance
	£'m	£'m	£'m
PCI	83.6	85.9	2.3
Other Income	4.0	3.8	(0.2)
<b>Total Income</b>	<b>87.6</b>	<b>89.7</b>	<b>2.2</b>
Total Pay	(30.7)	(31.9)	(1.1)
Total Non-Pay	(29.8)	(32.2)	(2.4)
<b>EBITDA</b>	<b>27.0</b>	<b>25.7</b>	<b>(1.4)</b>

	CSI		
	Plan	YTD	Variance
	£'m	£'m	£'m
PCI	21.2	22.9	1.7
Other Income	6.1	5.3	(0.8)
<b>Total Income</b>	<b>27.3</b>	<b>28.2</b>	<b>0.9</b>
Total Pay	(46.0)	(45.9)	0.1
Total Non-Pay	(1.0)	(2.0)	(0.9)
<b>EBITDA</b>	<b>(19.7)</b>	<b>(19.7)</b>	<b>(0.0)</b>

	ESM		
	Plan	YTD	Variance
	£'m	£'m	£'m
PCI	87.9	90.6	2.7
Other Income	5.2	5.3	0.1
<b>Total Income</b>	<b>93.1</b>	<b>95.9</b>	<b>2.8</b>
Total Pay	(53.9)	(56.0)	(2.2)
Total Non-Pay	(25.3)	(26.1)	(0.8)
<b>EBITDA</b>	<b>14.0</b>	<b>13.7</b>	<b>(0.2)</b>

	ITAPS		
	Plan	YTD	Variance
	£'m	£'m	£'m
PCI	18.8	17.0	(1.9)
Other Income	1.9	3.1	1.2
<b>Total Income</b>	<b>20.7</b>	<b>20.1</b>	<b>(0.7)</b>
Total Pay	(34.9)	(35.1)	(0.2)
Total Non-Pay	(10.1)	(11.1)	(1.0)
<b>EBITDA</b>	<b>(24.3)</b>	<b>(26.2)</b>	<b>(1.9)</b>

	MSS		
	Plan	YTD	Variance
	£'m	£'m	£'m
PCI	54.3	53.7	(0.6)
Other Income	3.2	2.8	(0.4)
<b>Total Income</b>	<b>57.5</b>	<b>56.5</b>	<b>(1.0)</b>
Total Pay	(28.8)	(28.5)	0.3
Total Non-Pay	(12.9)	(13.4)	(0.6)
<b>EBITDA</b>	<b>15.9</b>	<b>14.5</b>	<b>(1.3)</b>

	RRCV		
	Plan	YTD	Variance
	£'m	£'m	£'m
PCI	91.8	95.0	3.2
Other Income	4.1	3.8	(0.4)
<b>Total Income</b>	<b>95.9</b>	<b>98.7</b>	<b>2.8</b>
Total Pay	(41.9)	(41.3)	0.6
Total Non-Pay	(29.9)	(32.6)	(2.7)
<b>EBITDA</b>	<b>24.2</b>	<b>24.8</b>	<b>0.7</b>

	W&C		
	Plan	YTD	Variance
	£'m	£'m	£'m
PCI	81.0	79.9	(1.1)
Other Income	4.9	4.7	(0.2)
<b>Total Income</b>	<b>85.9</b>	<b>84.6</b>	<b>(1.3)</b>
Total Pay	(45.3)	(45.4)	(0.0)
Total Non-Pay	(18.7)	(18.8)	(0.1)
<b>EBITDA</b>	<b>21.9</b>	<b>20.4</b>	<b>(1.4)</b>

	ESTATES		
	Plan	YTD	Variance
	£'m	£'m	£'m
PCI	0.0	0.0	0.0
Other Income	11.2	11.2	(0.0)
<b>Total Income</b>	<b>11.2</b>	<b>11.2</b>	<b>(0.0)</b>
Total Pay	(19.0)	(19.1)	(0.1)
Total Non-Pay	(16.8)	(18.2)	(1.4)
<b>EBITDA</b>	<b>(24.6)</b>	<b>(26.1)</b>	<b>(1.4)</b>

	CORPORATE		
	Plan	YTD	Variance
	£'m	£'m	£'m
PCI	0.0	0.0	0.0
Other Income	3.4	3.5	0.1
<b>Total Income</b>	<b>3.4</b>	<b>3.5</b>	<b>0.1</b>
Total Pay	(18.1)	(17.3)	0.9
Total Non-Pay	(19.9)	(20.9)	(1.0)
<b>EBITDA</b>	<b>(34.7)</b>	<b>(34.7)</b>	<b>0.0</b>

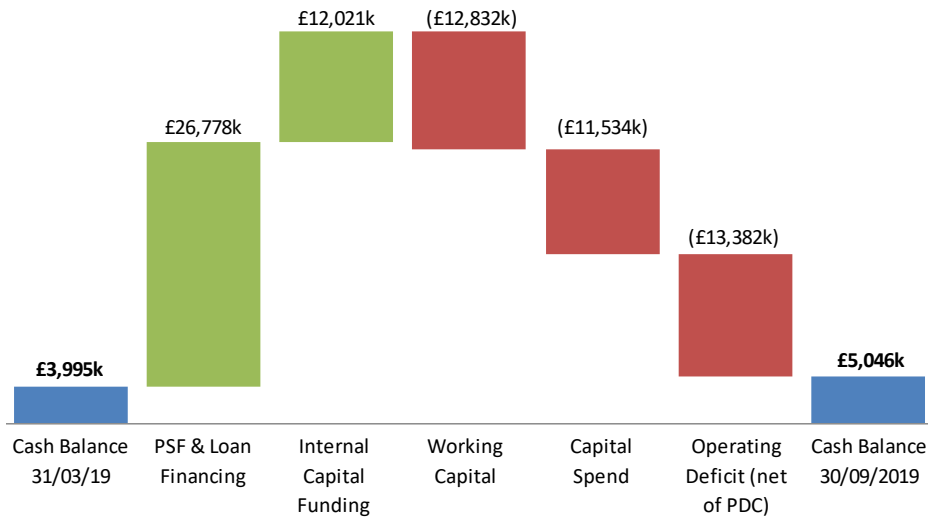
# September 2019: Statement of Financial Position

	Mar-19 £000's Actual	Sep-19 £000's Actual	Movement £000's Actual
<b>Non Current Assets</b>			
Property, plant and equipment	479,471	481,007	1,536
Intangible assets	8,889	7,923	(966)
Trade and other receivables	6,573	6,987	414
<b>TOTAL NON CURRENT ASSETS</b>	<b>494,933</b>	<b>495,917</b>	<b>984</b>
<b>Current Assets</b>			
Inventories	25,052	25,207	155
Trade and other receivables	67,696	66,635	(1,061)
Cash and cash equivalents	3,995	5,046	1,051
<b>TOTAL CURRENT ASSETS</b>	<b>96,743</b>	<b>96,888</b>	<b>145</b>
<b>Current Liabilities</b>			
Trade and other payables	(110,311)	(97,781)	12,530
Borrowings / Finance Leases	(53,133)	(42,214)	10,919
Other Liabilities	(7,566)	(11,855)	(4,289)
Provisions for liabilities and charges	(368)	(448)	(80)
<b>TOTAL CURRENT LIABILITIES</b>	<b>(171,378)</b>	<b>(152,298)</b>	<b>19,080</b>
<b>NET CURRENT ASSETS (LIABILITIES)</b>	<b>(74,635)</b>	<b>(55,410)</b>	<b>19,225</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>420,298</b>	<b>440,507</b>	<b>20,209</b>
<b>Non Current Liabilities</b>			
Borrowings / Finance Leases	(200,320)	(238,590)	(38,270)
Provisions for liabilities and charges	(1,584)	(1,024)	560
<b>TOTAL NON CURRENT LIABILITIES</b>	<b>(201,904)</b>	<b>(239,614)</b>	<b>(37,710)</b>
<b>TOTAL ASSETS EMPLOYED</b>	<b>218,394</b>	<b>200,893</b>	<b>(17,501)</b>
Public dividend capital	341,176	341,176	0
Revaluation reserve	142,351	140,698	(1,653)
Retained earnings	(265,133)	(280,981)	(15,848)
<b>TOTAL TAXPAYERS EQUITY</b>	<b>218,394</b>	<b>200,893</b>	<b>(17,501)</b>
<b>Ratios</b>			
Liquidity Ratio Days (Working Capital Balance / Annual Operating Expenses)	(32)	(28)	
Liquidity Ratio Metric	4	4	

- **Total Assets Employed:** Movement of £17.5m
- **Non-Current Assets:** Increased by £1.0m.
- **Working capital:**
  - Trade receivables have reduced by £1.1m
  - Trade payables have reduced by £12.5m
- **Cash:** September balance of £5.0m is above the £1m target cash balance due to the timing of cash receipts, and includes TMP cash of £2.7m.
- **Non-current liabilities:** Increase due to loan funding received.
- **Liquidity Ratio:** We continue to be high risk in terms of our continuity of service risk rating relating to liquidity days and have a score of 4 (high risk), which is in line with our plan.

# September 2019: Cash movement

Year to Date Cash Bridge £'000



## Cash Bridge:

- Opening cash balance of £4m, in line with our plan.
- Funded YTD operating deficit (net of PDC) of £13.4m and movement in working capital by securing £26.8m of external financing.

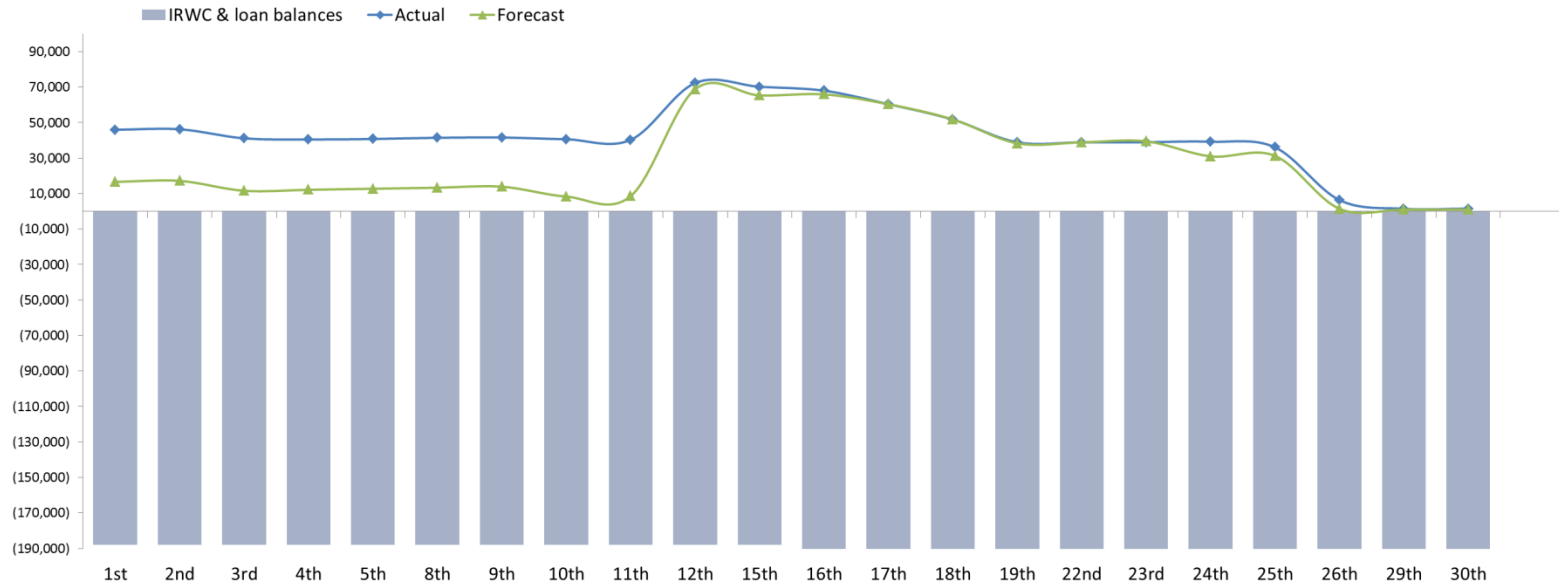
## Full Year Forecast

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

## Daily Cash Balance

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

Daily Cash Balance



# Liquidity: Movement of £12.2m

	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	%	
<b>Accounts Receivable</b>	NHS receivables - revenue	33,369	30,492	2,877	10,076	5,333	9,009	6,074	20%
	Non-NHS receivables - revenue	14,767	16,744	(1,977)	6,242	1,556	665	8,281	49%
	Provision for the impairment of receivables	(2,170)	(2,170)	0	(2,170)				
	Non-NHS prepayments and accrued income	9,308	17,664	(8,356)	17,664				
	VAT	1,782	3,069	(1,287)	3,069				
	Other receivables	674	836	(162)	836				
	<b>TOTAL</b>	<b>57,730</b>	<b>66,635</b>	<b>(8,905)</b>	<b>35,717</b>	<b>6,889</b>	<b>9,674</b>	<b>14,355</b>	
<b>Accounts Payable</b>	NHS payables - revenue	(31,530)	(33,247)	(1,717)	(2,046)	(299)	(904)	(29,998)	90%
	Non-NHS payables - revenue	(36,191)	(42,815)	(6,624)	(16,609)	(13,649)	(5,412)	(7,145)	17%
	Non-NHS payables - capital	(3,423)	(566)	2,857	(23)	(243)	(66)	(234)	41%
	Non-NHS accruals and deferred income	(14,550)	(4,434)	10,116	(4,434)				
	Social security costs	(7,298)	(7,552)	(254)	(7,552)				
	Tax	(6,121)	(6,394)	(273)	(6,394)				
	Other	(11,200)	(11,855)	(655)	(11,855)				
	Payments received on account	(2,585)	(2,775)	(190)	(2,775)				
<b>TOTAL</b>	<b>(112,899)</b>	<b>(109,638)</b>	<b>3,261</b>	<b>(51,688)</b>	<b>(14,191)</b>	<b>(6,382)</b>	<b>(37,377)</b>		
<b>Total Liquidity</b>	<b>(55,168)</b>	<b>(43,003)</b>	<b>(12,165)</b>						

**Liquidity:** movement of £12.2m from opening position due to:

- Accounts receivable: increase of £8.9m
- Accounts payable: reduction of £3.3m

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

- NHS receivables: 20% - £6.1m over 90 days.
- Non-NHS receivables: 49% - £8.3m over 90 days.
- NHS payables-revenue: 90% - £30.0m over 90 days
- Non-NHS payables: 17% - £7.1m over 90 days
- Further analysis of payables and receivables is provided in the separate cash report.

# YTD Better Payments Practice Code: Non-compliant

Better Payment Practice Code - Measure of Compliance	September YTD		Prior month YTD	
	Number	£000s	Number	£000s
<b>All</b>				
Total Invoices Paid in the Year	87,165	402,376	73,905	335,358
Total Invoices Paid Within Target	32,896	257,668	27,041	212,418
<b>Percentage Invoices Paid Within Target (target 95%)</b>	<b>38%</b>	<b>64%</b>	<b>37%</b>	<b>63%</b>
<b>Non-NHS Payables</b>				
Total Non-NHS Invoices Paid in the Year	84,240	331,749	71,812	279,320
Total Non-NHS Invoices Paid Within Target	32,184	207,189	26,665	170,957
<b>Percentage of Non-NHS Invoices Paid Within Target</b>	<b>38%</b>	<b>62%</b>	<b>37%</b>	<b>61%</b>
<b>Local SME payables</b>				
Total SME Invoices Paid in the Year	410	5,852	338	4,871
Total SME Invoices Paid Within Target	260	986	209	815
<b>Percentage of Local SME Invoices Paid Within Target</b>	<b>63%</b>	<b>17%</b>	<b>62%</b>	<b>17%</b>
<b>NHS Payables</b>				
Total NHS Invoices Paid in the Year	2,515	64,775	2,093	56,038
Total NHS Invoices Paid Within Target	452	49,494	376	41,461
<b>Percentage of NHS Invoices Paid Within Target</b>	<b>18%</b>	<b>76%</b>	<b>18%</b>	<b>74%</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.

# Capital: September £11.5m, £18.7mF to Plan

Underspend due to phasing of ICU together with uncertainties of capital funding through Emergency Capital loans and an alternative solution for Endoscopy Decontamination. Therefore, all budget holders are working within a reduce capital budget until funding is confirmed. Following confirmation of £10m Emergency Capital Loans, Capital Spend will incurred in line with the required parameters

Scheme Name	September 2019			
	Annual	YTD	YTD	YTD
	Budget	Plan	Actual	F / (A)
	£'000	£'000	£'000	£'000
ICU Pre-commitment	21,567	10,785	6,341	4,444
Endoscopy Decontamination	8,600	4,302	0	4,302
Business Cases & Reconfiguration Schemes	6,453	3,387	1,116	2,271
Estates & Facilities Schemes	8,429	4,212	1,262	2,950
IM&T Schemes	4,000	1,998	2,039	(41)
Medical Equipment Schemes	3,000	1,500	0	1,500
3T MRI Scanner / Linear Accelerator	3,700	2,350	0	2,350
Managed Equipment Service	3,349	1,674	428	1,246
Other	0	0	348	(348)
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>59,098</b>	<b>30,208</b>	<b>11,534</b>	<b>18,674</b>

# 2019/20 Financial Plan: Key Risks

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- **Risk:** Delivery of the CMG Control Totals which includes £26.6m efficiencies

**Mitigation:** continuation of Performance Management Framework together with any CMG/Directorate at risk to have regular meetings with Corporate to pro-actively manage the risk with associated Corporate Support. In addition, an established PMO function is in place to support the efficiency target together with planned investment in the Quality Strategy to drive increased sustainable, cash releasing efficiencies.

- **Risk:** System imbalance and Commissioner Affordability

**Mitigation:** The governance structure around Contract Management Performance with CCGs continues to be in place

- **Risk:** Identification and execution of actions to bridge the residual planning gap

**Mitigation:** Continuation of FRB continue with the objective to identify and ensure delivery of financial opportunities to close the gap

- **Risk:** delivery of planned activity and managing Emergency pressures

**Mitigation:** phasing of in line with capacity together with increased permanent and Winter bed capacity for December-March to manage emergency demands and help to protect planned level of elective procedures.

- **Risk:** Shortage of Capital Funding and achieving CRL

**Mitigation:** Application of Emergency Capital Loans in accordance with NHSI process together with proactive investigation of alternative funding options for Endoscopy Decontamination. In the meantime, all budget holders are working within a reduce capital budget until funding is confirmed.