

# 2018/19 Financial Performance

Author: Tarun Basra

Sponsor: Paul Traynor

Trust Board paper K1

## Executive Summary

### Context

- 1.1 The Trust originally planned for an income and expenditure deficit of £29.9m in 2018/19 with a capital plan of £50.4m. The Trust Board approved a revision to the income and expenditure deficit of £21.2m in line with NHS Improvement's revised Control Total. If delivered, this revised Control Total would give the Trust access to Provider Sustainability Funding (PSF) of £21.9m giving a reported surplus of £0.7m.

Delivery of the financial plan in 2018/19 is essential in order to maintain our position as an organisation with good financial control; effectively a pre-requisite to access the extremely limited national capital resource for reconfiguration.

### Questions

1. What is our financial performance for the period ending 30<sup>th</sup> June 2018?

#### **M3 Financial Performance**

The Trust has achieved a year to date deficit of £22.3m excluding PSF which is in line with the plan. Including PSF, the Trust has achieved a year to date deficit of £20.0m representing a £0.9m adverse position to plan due to failing the Q1 4 hour A&E performance target of 90% resulting in a 30% PSF reduction.

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

2. What is our performance against the agency ceiling?

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

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

The Trust's Cost Improvement Programme target is £51.5m. To date, £4.9m has been delivered against a plan of £3.8m representing a £1.0m favourable position to plan.

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

In setting budgets appropriately and in accordance with 2017/18 spend levels, the Trust has little additional (reserve) funding to allocate to CMGs to fund any further cost pressures this year. To ensure that this does not impact negatively on the quality of our services, the Chief Executive is chairing a specific Executive Board meeting (Star Chamber) as necessary to consider any such pressures which potentially cannot be avoided. This will ensure that we have senior oversight and transparency regarding such decisions in 2018/19.

## Input Sought

**Note** the financial performance at Month 3.

# 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> / <b>Not applicable</b> ]
Consistently meeting national access standards	[ <del>Yes</del> / <del>No</del> / <b>Not applicable</b> ]
Integrated care in partnership with others	[ <del>Yes</del> / <del>No</del> / <b>Not applicable</b> ]
Enhanced delivery in research, innovation & ed'	[ <del>Yes</del> / <del>No</del> / <b>Not applicable</b> ]
A caring, professional, engaged workforce	[ <del>Yes</del> / <del>No</del> / <b>Not applicable</b> ]
Clinically sustainable services with excellent facilities	[ <del>Yes</del> / <del>No</del> / <b>Not applicable</b> ]
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> / <b>Not applicable</b> ]

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: **6<sup>th</sup> September 2018**

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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<b>Executive Summary</b>	<a href="#">Page 2</a>
<b>I&amp;E: Overall Position</b>	
• June 2018: Key Facts	<a href="#">Page 3</a>
• Financial Performance	<a href="#">Page 4</a>
• I&E Bridge	<a href="#">Page 5</a>
<b>Patient Income</b>	
• NHS Patient Income	<a href="#">Page 6</a>
• Activity & Income: Performance versus Contract	<a href="#">Page 7</a>
• Patient Income Run Rates	<a href="#">Page 8</a>
• Patient Income Run Rates: Point of Delivery	<a href="#">Page 9</a>
<b>Pay Costs</b>	
• Pay Costs	<a href="#">Page 10</a>
• Pay Cost Run Rates	<a href="#">Page 11</a>
<b>I&amp;E: Other</b>	
• Non-Pay	<a href="#">Page 12</a>
• CIP	<a href="#">Page 13</a>
• Financial Improvement and Technical	<a href="#">Page 14</a>
• I&E Run Rates	<a href="#">Page 15</a>
• June Performance by CMG and Directorates	<a href="#">Page 16</a>
<b>Forecast Outturn</b>	<a href="#">Page 17</a>
<b>Assets &amp; Liabilities</b>	
• June 2018: Statement of Financial Position	<a href="#">Page 18</a>
• Cash	<a href="#">Page 19</a>
• Liquidity	<a href="#">Page 20</a>
• Better Payments Practice Code	<a href="#">Page 21</a>
• Capital	<a href="#">Slide 22</a>
<b>Risks &amp; Mitigation</b>	<a href="#">Page 23</a>
<b>Financial Recovery Plan</b>	<a href="#">Page 24</a>

# 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 £22.3m, in line with Plan excluding Provider Sustainability Funds (PSF):** Underlying performance is in line with Plan with over-performance in Patient Activity absorbing marginal cost to deliver.
- **Including PSF: Deficit of £20.0m, £0.9mA to plan:** Q1 A&E 4 hour performance of 87.2% compared to a target of 90% resulting in a 30% reduction to plan.
- **Patient Care Income, £3.4mF to Plan :** Over-performance is predominantly within Emergency and Outpatients offset by under performance in Day Case and Elective Inpatients.
- **Operating Costs, £2.6mA to Plan:** with pay £0.9mA to Plan with underlying overspend within the CMGs of £2.8m predominantly in Medical and Nursing. Non-pay overspend of £1.8m driven by additional cost to deliver activity together with cost pressures within the CMGs.
- **CIP £1.0mF to Plan.**
- **Finance Improvement and Technical in line with Plan.**
- **Forecast:** Net deficit of £21.2m in line with Plan. This excludes the Provider Sustainability Fund (PSF).
- **Including PSF:** Net deficit of £1.6m which is £2.3mA to plan. This recognises non delivery of the 90% A&E 4 hour performance target for Q1 and Q2 resulting in a 30% reduction of the available PSF.

## Cash

- Closing cash balance at June of £4.3m including Trust Med Pharmacy.
- Trust Med Pharmacy cash balance was £1.9m.
- Cash funding to support the operating deficit is in line with plan.

## Capital

- **June:** Total capital expenditure of £3.5m, £0.8mF to Plan driven by IM&T, offset by underspend on Emergency Floor and Estates and Facilities.

# June 2018: Key Facts



**Patient Income**  
£3.4mF

**Other Income**  
£0.7mA



**Substantive pay**  
£1.1mA

**Agency**  
£0.2mF



**Non-Pay**  
£1.8mA

**Non Operating Costs**  
In line



**EBITDA**  
In line

**CIP**  
£1.0mF



**Liquidity Indicators**

**Capital**  
£0.8mF

**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 £22.3m Excluding PSF

	Jun-18			YTD				
	Plan	Actual	Vs Plan	Plan	Actual	F/(A)	%	
Value Drivers	Day Case	9,306	8,718	(588)	27,174	26,064	(1,110)	(4%)
	Elective Inpatient	1,952	1,740	(212)	5,321	5,091	(230)	(4%)
	Emergency / Non-elective Inpatient	9,905	9,766	(139)	29,597	30,269	672	2%
	Emergency Department	19,585	20,162	577	59,409	60,179	770	1%
	Outpatient Procedures	81,011	83,504	2,493	238,999	243,958	4,959	2%
	Critical Care Services	4,715	4,802	87	14,219	14,097	(122)	(1%)
	Renal Dialysis and Transplant	14,560	14,648	88	44,096	44,087	(9)	(0%)
	Other Activity	706,745	738,022	31,277	2,087,804	2,182,850	95,046	5%
	WTE Total	14,278	13,883	395	14,278	13,883	395	3%
	WTE Agency	312	287	25	299	287	12	4%

	Jun-18			YTD				
	Plan	Actual	Vs Plan	Plan	Actual	F/(A)	%	
	£'000	£'000	£'000	£'000	£'000	£'000	%	
I&E £'000	Patient Care Income	69,352	70,635	1,283	204,252	207,612	3,360	2%
	Non Patient Care Income	605	601	(3)	1,783	1,410	(373)	(21%)
	Other Operating Income	10,114	9,743	(371)	30,239	29,886	(352)	(1%)
	<b>Total Income</b>	<b>80,070</b>	<b>80,979</b>	<b>909</b>	<b>236,274</b>	<b>238,909</b>	<b>2,635</b>	<b>1%</b>
	Pay Costs	(49,676)	(50,614)	(938)	(151,957)	(153,044)	(1,086)	(1%)
	Pay Costs: Agency	(1,650)	(1,517)	133	(5,331)	(5,124)	207	4%
	Non Pay	(30,767)	(30,841)	(74)	(91,666)	(93,424)	(1,758)	(2%)
	<b>Total Operating Costs</b>	<b>(82,093)</b>	<b>(82,972)</b>	<b>(879)</b>	<b>(248,954)</b>	<b>(251,591)</b>	<b>(2,637)</b>	<b>(1%)</b>
	<b>EBITDA</b>	<b>(2,023)</b>	<b>(1,993)</b>	<b>30</b>	<b>(12,680)</b>	<b>(12,682)</b>	<b>(2)</b>	<b>0%</b>
	<b>Non Operating Costs</b>	<b>(3,287)</b>	<b>(3,260)</b>	<b>27</b>	<b>(9,782)</b>	<b>(9,748)</b>	<b>34</b>	<b>0%</b>
	<b>Retained deficit</b>	<b>(5,310)</b>	<b>(5,253)</b>	<b>57</b>	<b>(22,462)</b>	<b>(22,430)</b>	<b>32</b>	<b>0%</b>
	Adjustments for Donated Assets	16	41	25	48	123	75	(156%)
	<b>Net Deficit</b>	<b>(5,294)</b>	<b>(5,212)</b>	<b>82</b>	<b>(22,414)</b>	<b>(22,307)</b>	<b>107</b>	<b>0%</b>
	Provider Sustainability Fund (PSF)	3,292	2,304	(988)	3,292	2,304	(988)	30%
<b>Net Deficit Including PSF</b>	<b>(2,002)</b>	<b>(2,908)</b>	<b>(906)</b>	<b>(19,122)</b>	<b>(20,003)</b>	<b>(881)</b>	<b>(5%)</b>	

	Jun-18			YTD			
	Plan	Actual	Vs Plan	Plan	Actual	F/(A)	%
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: £208m, £3.4mF** including £1.1mA in relation to drugs and devices excluded from tariff with the offset in non-pay. Underlying over-performance of £4.5m predominantly within Emergency and Outpatients
- **Non Patient Care Income & Other Income: £31.3m, £0.7mA** driven by Trust Med Pharmacy (TMP) with the offset in non-pay.
- **Pay Costs: £153m, £1.1mA** with overspend in Medical and Nursing in all CMGs offset by underspend in non-clinical pay costs.

Agency pay remains under the Agency expenditure ceiling.

Pay remains an area of concern to ensure appropriate control and optimum use of financial resources to support the Trusts' financial commitments.

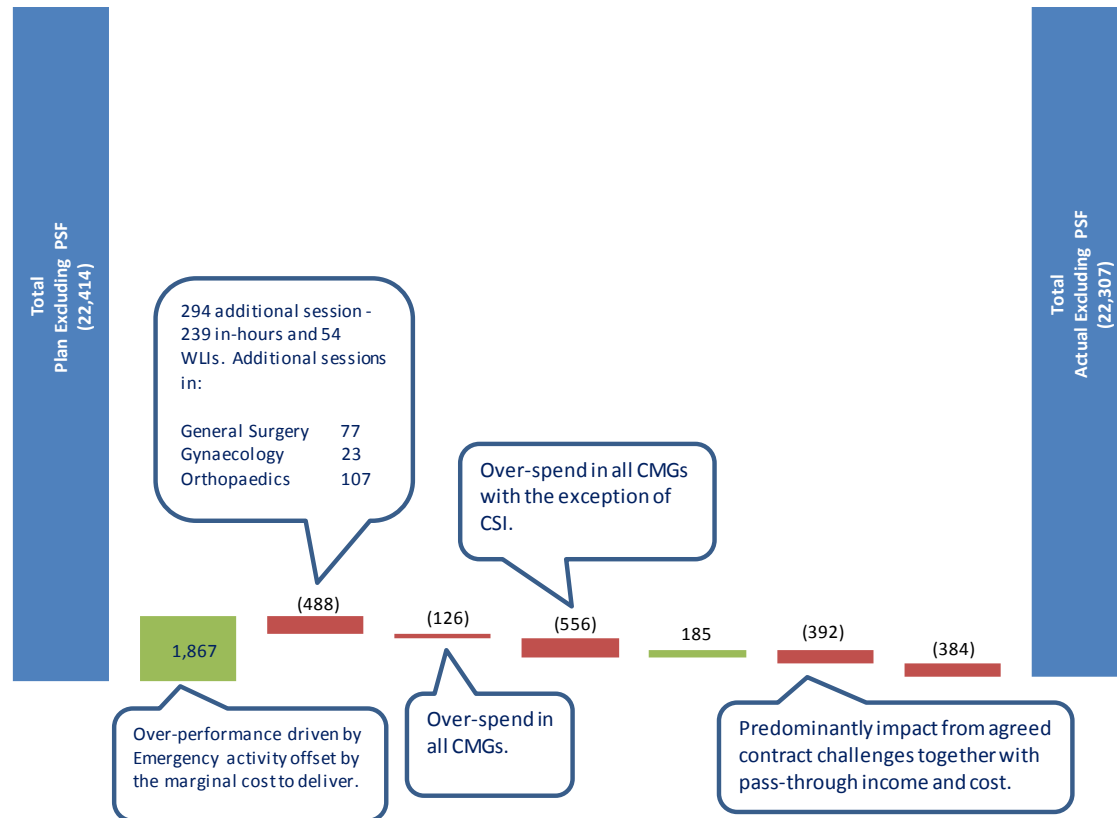
- **Non-Pay: £93.4m, £1.8mA** including £1.1mF relating to drugs and devices excluded from tariff and £0.6mF in relation to TMP income. Underlying overspend is predominantly driven by additional cost to deliver additional activity.

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

- **EBITDA: deficit of £12.7m, in line with Plan.**
- **Non-Operating Costs: £9.7m, in line with Plan.**
- **Provider Sustainability Fund (PSF): £2.3m, £1mA** – Q1 4 hour A&E performance of 87.2% compared to a target of 90% resulting in a 30% reduction to plan.

# I&E Bridge: In line with Plan

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

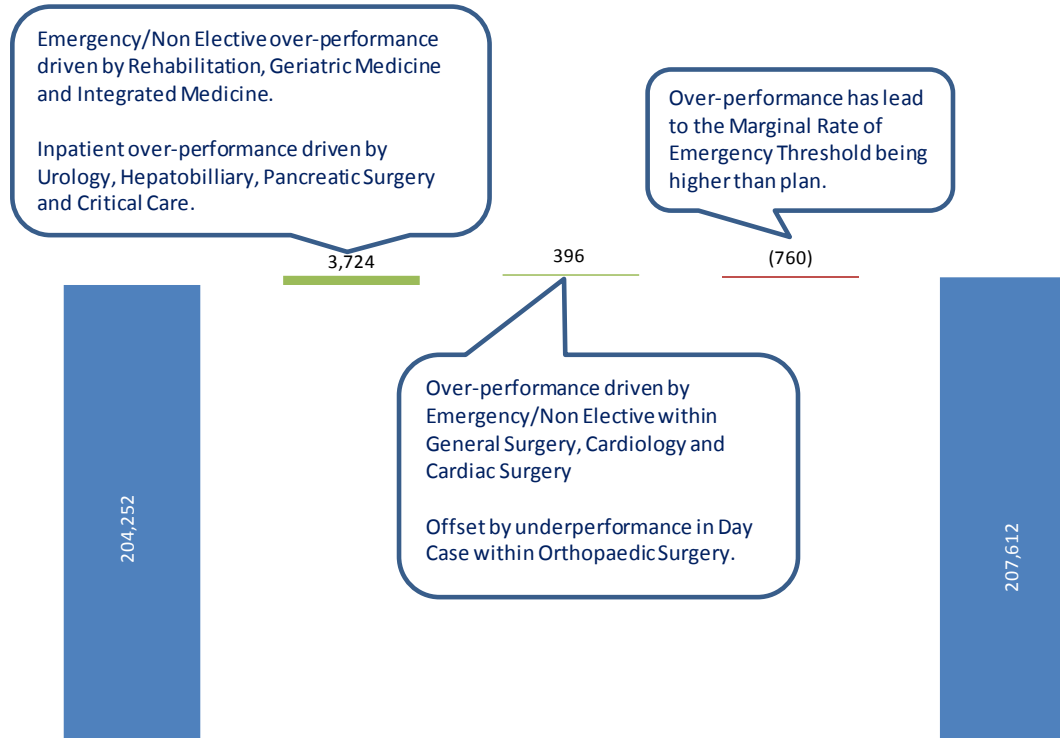


£(000)	Plan Excluding PSF	Activity	Theatres	Medical Pay	Nursing Pay	Other Pay	Cost Pressures	Other	Actual Excluding PSF	Var F/(A)
NHS PCI	204,252	4,121						(761)	207,612	3,360
Other Income	31,947							(650)	31,297	(650)
Pay	(151,957)		(382)	(172)	(624)	92		0	(153,044)	(1,086)
Pay: Agency	(5,331)			46	68	93		0	(5,124)	207
Non Pay	(91,666)	(2,254)	(106)				(392)	994	(93,424)	(1,758)
Non-Operating Costs	(9,659)							34	(9,625)	34
<b>Net Deficit</b>	<b>(22,414)</b>	<b>1,867</b>	<b>(488)</b>	<b>(126)</b>	<b>(556)</b>	<b>185</b>	<b>(392)</b>	<b>(384)</b>	<b>(22,307)</b>	<b>107</b>



# NHS Patient Income: June £207.6m, £3.4mF to Plan

Over-performance predominantly driven by Emergency/Non-elective within Cardiology, Integrated Medicine, Rehabilitation and Follow Up Outpatients, offset by an increase in the Marginal Rate of Emergency Threshold and under-performance in Elective Inpatients and Day Case.



£(m)	Plan	Rate	Volume	Other	Actual	Var F / (A)
Day Case	15,392	79	(632)	0	14,839	(553)
Elective Inpatient	19,228	722	(861)	0	19,089	(139)
Emergency / Non-elective Inpatient	55,386	2,435	1,313	0	59,134	3,748
Marginal Rate Emergency Threshold	(1,737)	0	0	(523)	(2,260)	(523)
Emergency Department	8,016	(107)	103	0	8,012	(4)
Outpatient	28,256	309	593	0	29,157	901
Drugs and Devices excluded from Tariff	25,962	0	0	(1,157)	24,804	(1,157)
Critical Care Services	13,309	422	(118)	0	13,613	304
Renal Dialysis and Transplant	6,971	(137)	(1)	0	6,832	(138)
CQUIN	4,140	0	0	194	4,334	194
Other Activity	26,816	0	0	568	27,384	568
Other Financial Values	2,515	0	0	159	2,674	159
<b>Total</b>	<b>204,252</b>	<b>3,724</b>	<b>396</b>	<b>(760)</b>	<b>207,612</b>	<b>3,360</b>

# Activity & Income: Performance versus Contract

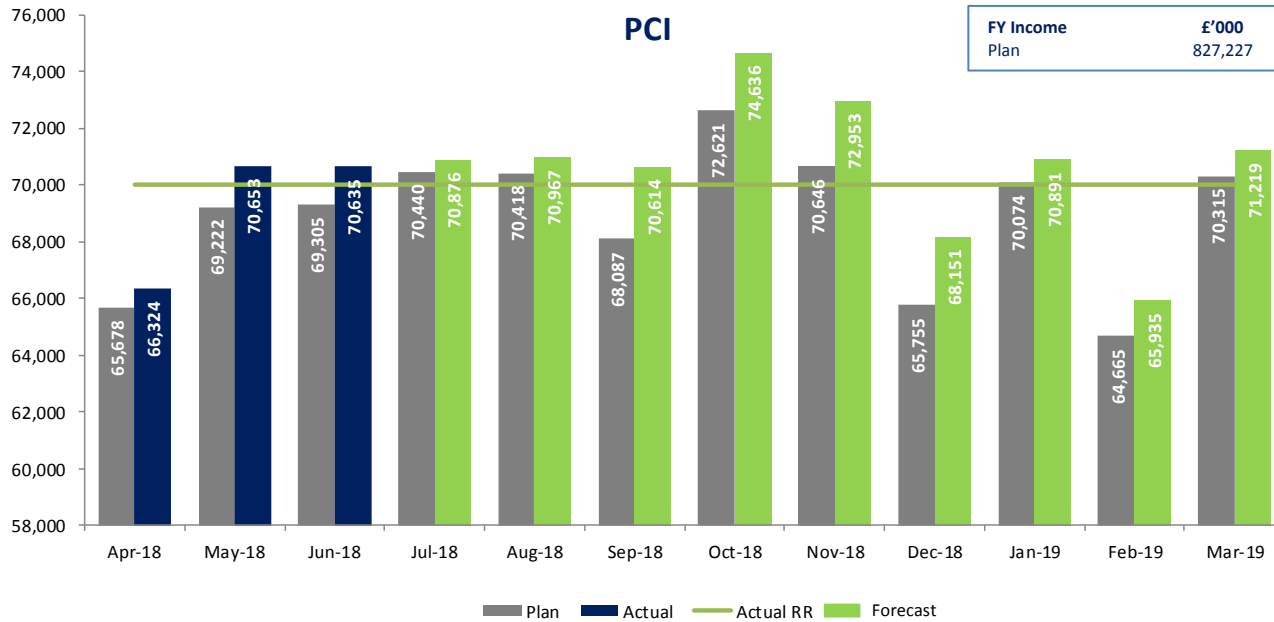
Activity	Case Mix	City	East	West	Specialised	Other	Alliance	Total	%
	Day Case	(492)	94	(337)	198	(316)	(258)	(1,110)	(2%)
	Elective Inpatient	(62)	(51)	(89)	(52)	23		(230)	0%
	Emergency / Non-elective Inpatient	277	(8)	305	169	(72)		672	3%
	Marginal Rate Emergency Threshold (MRET)	0	0	0	0	0		0	0%
	Emergency Department	338	6	531		(105)		770	(3%)
	Outpatient	1,528	1,716	2,525	1,206	(1,927)	(90)	4,959	(2%)
	Excluded Drugs and Devices						0	0	0%
	Critical Care Services	62	26	117	(509)	182		(122)	1%
	Renal Dialysis and Transplant	0	0	0	(7)	(2)		(9)	1%
CQUIN	0	0	0	0	0	0	0	0%	
Other Activity	38,962	23,694	32,163	1,490	(2,088)	825	95,046	(8%)	
Other Financial Values	669	861	823	137	777	(120)	3,147	0%	

Financial	Case Mix	City (£000)	East (£000)	West (£000)	Specialised (£000)	Other (£000)	Alliance (£000)	Total (£000)	%
	Day Case	(226)	83	(90)	192	(333)	(178)	(553)	(4%)
	Elective Inpatient	118	(42)	(311)	(221)	317	0	(139)	(1%)
	Emergency / Non-elective Inpatient	1,143	454	1,373	1,133	(355)	0	3,748	7%
	Marginal Rate Emergency Threshold (MRET)	357	461	640	85	(2,067)	0	(523)	(30%)
	Emergency Department	72	5	73	0	(154)	0	(4)	(0%)
	Outpatient	426	314	435	97	(349)	(22)	901	3%
	Excluded Drugs and Devices	(207)	(261)	(147)	(561)	19	(1)	(1,157)	(4%)
	Critical Care Services	272	(6)	138	(273)	173	0	304	2%
	Renal Dialysis and Transplant	0	0	0	(138)	(0)	0	(138)	(2%)
CQUIN	54	31	46	50	16	(2)	194	5%	
Other Activity	(207)	140	51	481	68	34	568	2%	
Other Financial Values	440	194	228	(43)	(515)	(145)	159	6%	
<b>Grand Total</b>	<b>2,241</b>	<b>1,372</b>	<b>2,438</b>	<b>804</b>	<b>(3,180)</b>	<b>(314)</b>	<b>3,360</b>	<b>2%</b>	

## Contracts:

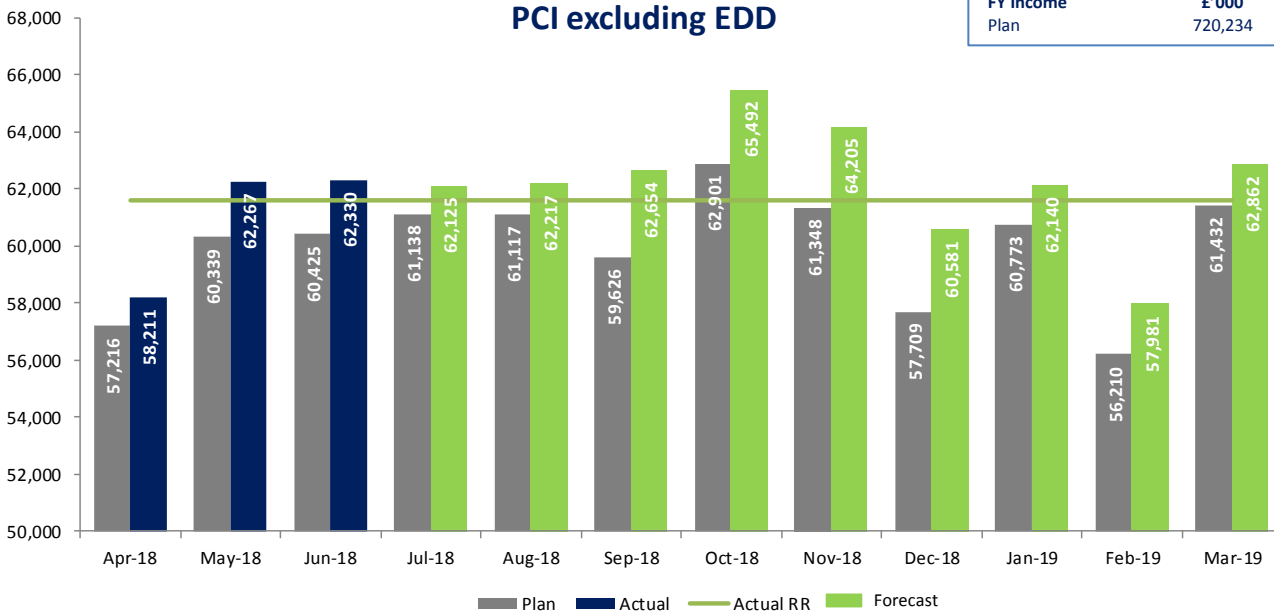
- Day Case & Elective Inpatient:** Majority of the under-performance is within Day Case. Some of this under-performance is offset by over-performance in Trauma, Podiatric Surgery and Spinal Surgery.
- Emergency / Non Elective:** Over performance across a wide range of specialties with Integrated Medicine, Cardiology and Rehabilitation. Offset by underperformance in Diabetology and Trauma.
- Outpatients:** The majority of the over-performance is within follow-up appointments. There are a range of Specialties which are over performing including Integrated Medicine, Dermatology and A&E.
- Excluded Drugs and Devices:** Over performance in Clinical Oncology and Gastroenterology, partially offset by underperformance in other areas.
- Alliance:** Driven by underperformance in Day Case within Orthopaedic Surgery and Urology partially offset by over-performance in Podiatric Surgery.

# Patient Income Run Rates

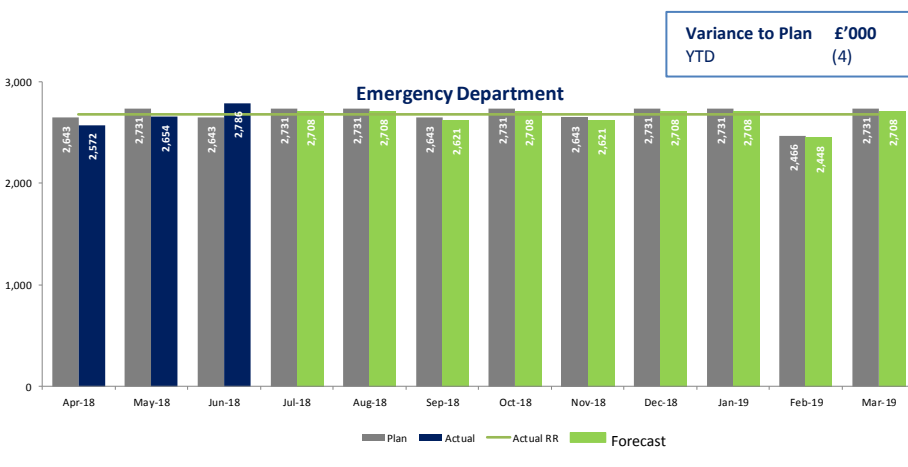
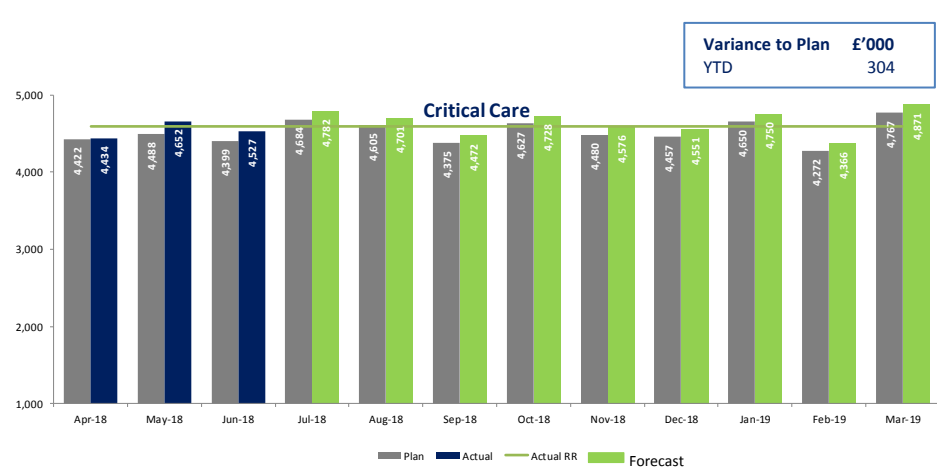
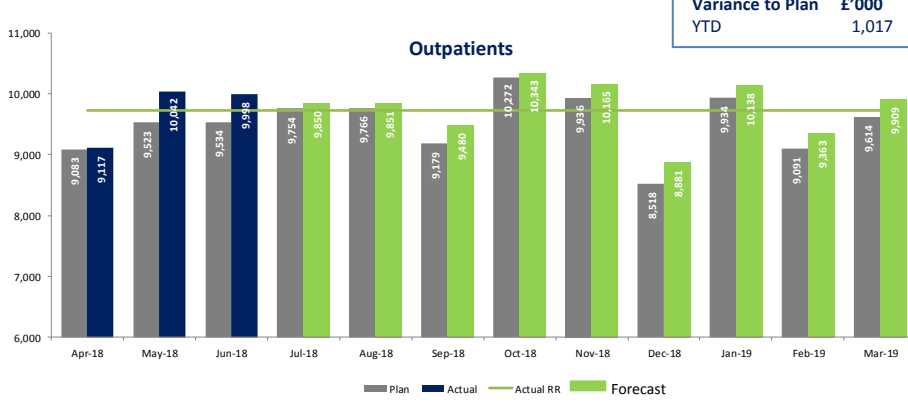
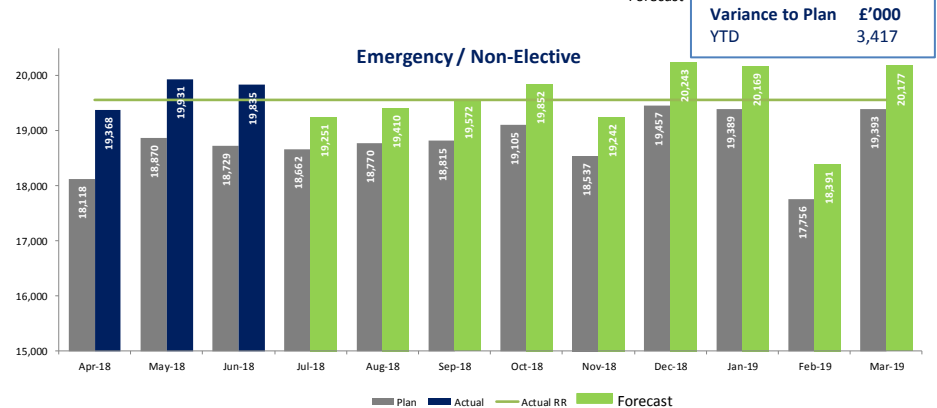
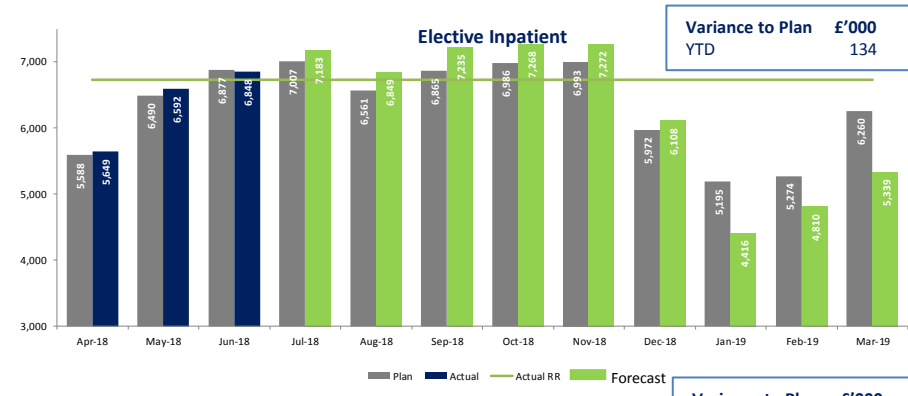
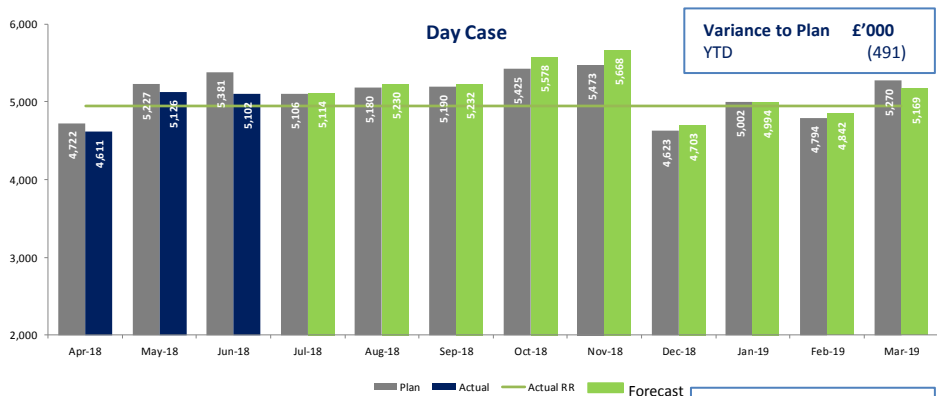


### Year to Date

- Year to date over-performance of £3.4m which includes £1.1mA in relation to drugs and devices excluded from tariff.
- Over-performance predominantly driven by Emergency/Non-elective within Cardiology, Integrated Medicine, Rehabilitation and Follow Up Outpatients.



# Patient Income Run Rates: Point of Delivery



# Pay: YTD £158.2m, £0.9mA to Plan

	Jun-18						YTD					
	£'000			WTE			£'000			WTE		
	Plan	Actual	F/(A)	Plan	Actual	F/(A)	Plan	Actual	F/(A)	Plan	Actual	F/(A)
<b>Agency</b>												
Medical	472	426	46	3	67	(64)	1,771	2,574	(803)	3	67	(64)
Nursing & Midwifery	919	851	68	11	196	(185)	2,763	1,838	925	11	196	(185)
Other Clinical	204	203	0	33	25	9	631	583	47	33	25	9
Non Clinical	56	37	18	15	0	15	166	128	38	15	0	15
<b>Total: Agency</b>	<b>1,650</b>	<b>1,517</b>	<b>133</b>	<b>62</b>	<b>287</b>	<b>(225)</b>	<b>5,331</b>	<b>5,124</b>	<b>207</b>	<b>62</b>	<b>287</b>	<b>(225)</b>
<b>Other Non-contracted</b>												
Medical	0	1,727	(1,727)	0	4	(4)	0	4,604	(4,604)	0	4	(4)
Nursing & Midwifery	0	1,973	(1,973)	0	590	(590)	0	5,457	(5,457)	0	590	(590)
Other Clinical	0	343	(343)	0	63	(63)	0	1,023	(1,023)	0	63	(63)
Non Clinical	0	586	(586)	0	308	(308)	0	1,693	(1,693)	0	308	(308)
<b>Total: Other Non-contracted</b>	<b>0</b>	<b>4,629</b>	<b>(4,629)</b>	<b>0</b>	<b>964</b>	<b>(964)</b>	<b>0</b>	<b>12,777</b>	<b>(12,777)</b>	<b>0</b>	<b>964</b>	<b>(964)</b>
<b>Total Non-contracted</b>												
Medical	472	2,153	(1,681)	3	70	(67)	1,771	7,178	(5,407)	3	70	(67)
Nursing & Midwifery	919	2,824	(1,905)	11	785	(775)	2,763	7,295	(4,532)	11	785	(775)
Other Clinical	204	546	(343)	33	88	(55)	631	1,606	(976)	33	88	(55)
Non Clinical	56	624	(568)	15	308	(293)	166	1,821	(1,655)	15	308	(293)
<b>Total: Non-contracted</b>	<b>1,650</b>	<b>6,147</b>	<b>(4,497)</b>	<b>62</b>	<b>1,251</b>	<b>(1,190)</b>	<b>5,331</b>	<b>17,900</b>	<b>(12,570)</b>	<b>62</b>	<b>1,251</b>	<b>(1,190)</b>
<b>Substantive</b>												
Medical	15,776	14,443	1,332	1,887	1,805	82	47,151	43,505	3,646	1,887	1,805	82
Nursing & Midwifery	16,997	15,808	1,189	5,905	5,276	629	51,213	48,097	3,116	5,905	5,276	629
Other Clinical	7,613	6,441	1,172	2,298	2,119	179	29,591	19,739	9,852	2,298	2,119	179
Non Clinical	9,290	9,293	(2)	4,126	3,718	408	24,003	28,926	(4,923)	4,126	3,718	408
<b>Total: Substantive</b>	<b>49,676</b>	<b>45,984</b>	<b>3,692</b>	<b>14,216</b>	<b>12,918</b>	<b>1,298</b>	<b>151,957</b>	<b>140,267</b>	<b>11,690</b>	<b>14,216</b>	<b>12,918</b>	<b>1,298</b>
<b>Total</b>												
Medical	16,248	16,596	(349)	1,890	1,875	14	48,922	50,683	(1,761)	1,890	1,875	14
Nursing & Midwifery	17,916	18,632	(716)	5,916	6,062	(146)	53,976	55,392	(1,416)	5,916	6,062	(146)
Other Clinical	7,817	6,987	830	2,331	2,207	124	30,222	21,346	8,876	2,331	2,207	124
Non Clinical	9,346	9,916	(570)	4,141	4,026	115	24,168	30,747	(6,579)	4,141	4,026	115
<b>TOTAL: Pay</b>	<b>51,326</b>	<b>52,131</b>	<b>(805)</b>	<b>14,278</b>	<b>14,170</b>	<b>108</b>	<b>157,288</b>	<b>158,167</b>	<b>(879)</b>	<b>14,278</b>	<b>14,170</b>	<b>108</b>

## Agency Pay

- Year to date cost of £5.1m, in line with Plan. Medical overspend offset by nursing underspend predominantly within ESM.

## Other Non-contracted Pay

- Other non-contracted pay consists of overtime, bank, WLIs and internal locums.
- Year to date expenditure of £12.8m with Medical and Nursing driving 79% of spend. Whilst premium pay shows an overspend this needs to be taken into account with Substantive Pay as budgets are held at Established levels.

## Substantive Pay

- Combined with other non-contracted, expenditure of £153.0m, £1.1mA to Plan including £3.4m overspend in the CMGs driven by:

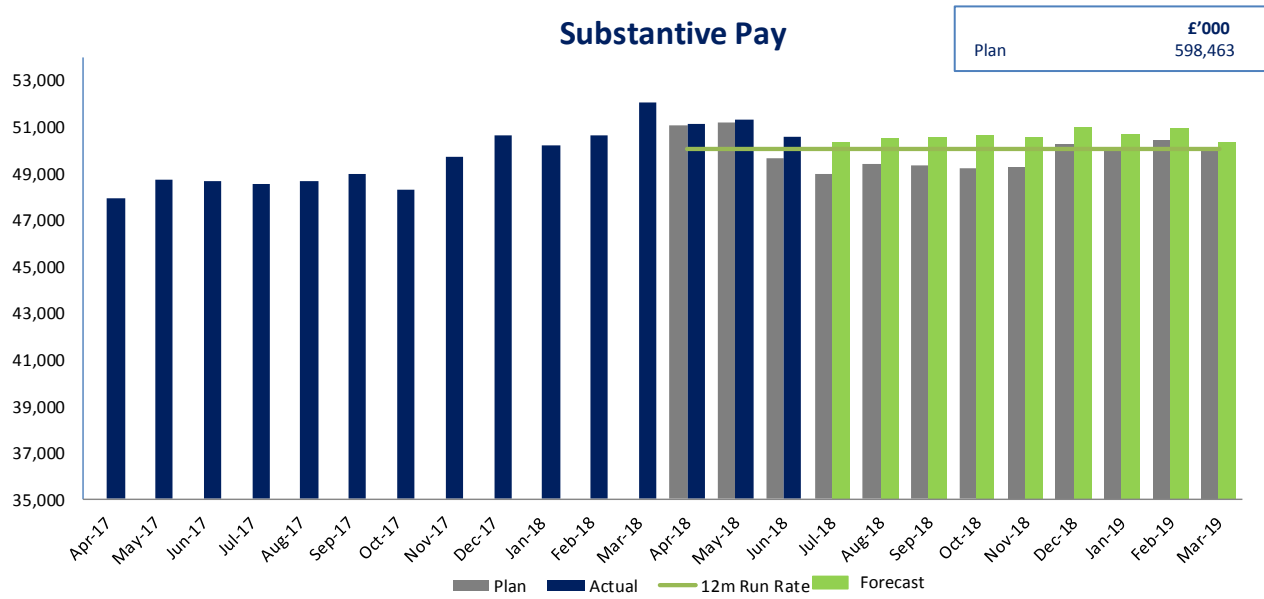
- Medical: £1.2mA across most CMGs;
- Nursing: £2.4mA across most CMGs;

- Lack of control of pay costs is a key risk with the plan requiring a reduction in the 2017/18 exit run rate representing delivery of CIP and underlying reduction in WTEs.

### Note

Other non-contracted medical pay is not represented by a WTE value as it represents an aggregate of payments like Waiting List Initiatives (WLI), on call, acting down payments across different grades of medical workforce where individuals often already represent 1 WTE in a substantive, contracted, role.

# Pay Run Rates

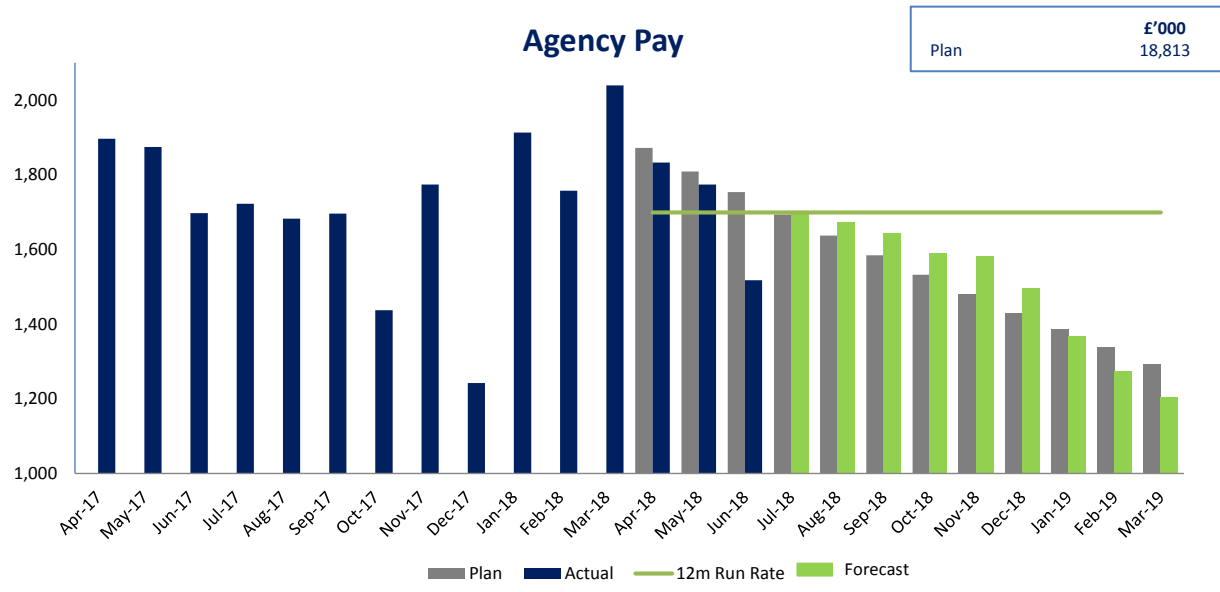


### Total Pay excluding Agency Pay

- This remains a key risk to the Financial Plan as we exit 2017/18 especially in relation to ED Floor, staff enhancements in excess of Agenda for Change and NHSI rates together with unfunded cost pressures.

### Agency Pay

- The planned trajectory is supported by specific actions identified and tracked through the Premium Pay group.
- The NHSI Agency Ceiling for 2018/19 is £18.8m.



# Non-Pay: YTD £93.4m, £1.8mA to Plan

	Jun-16				YTD				
	Plan	Actual	F / (A)	%	Plan	Actual	F / (A)	%	
	£'000	£'000	£'000	%	£'000	£'000	£'000	%	
<b>Direct</b>	Blood Products	130	109	21	16%	384	385	(1)	(0%)
	Drugs	9,213	8,677	536	6%	27,683	25,689	1,994	7%
	Clinical Supplies & Services	9,129	9,681	(552)	(6%)	26,863	28,535	(1,672)	(6%)
	Transport	314	342	(28)	(9%)	944	1,023	(79)	(8%)
	Recharges	162	365	(203)	(125%)	553	1,082	(529)	(96%)
	Misc & General Supplies	3,140	3,031	109	3%	9,247	10,664	(1,417)	(15%)
<b>External Providers</b>	Healthcare	940	877	63	7%	2,780	2,602	178	6%
	Non Healthcare	1,223	1,252	(30)	(2%)	3,669	3,832	(163)	(4%)
<b>Overheads</b>	Establishment, Premises & Plant	3,814	3,802	12	0%	11,434	11,514	(80)	(1%)
	Consultancy	42	44	(3)	(6%)	126	116	11	8%
	Clinical Negligence	2,661	2,661	0	0%	7,982	7,982	(0)	(0%)
<b>Total: Non Pay</b>	<b>30,767</b>	<b>30,841</b>	<b>(74)</b>	<b>(0%)</b>	<b>91,666</b>	<b>93,424</b>	<b>(1,758)</b>	<b>(2%)</b>	

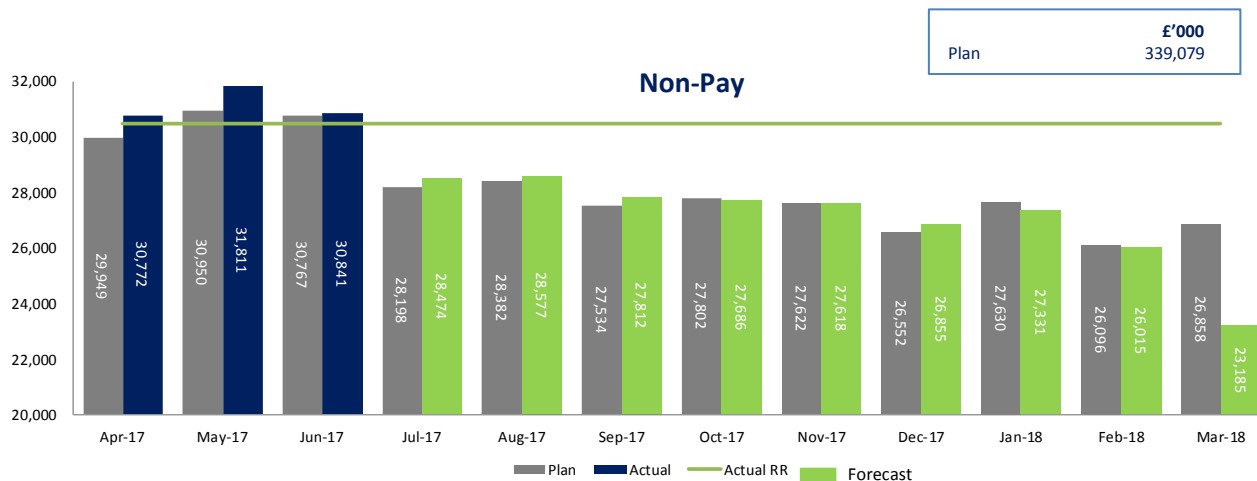
• **Direct Costs: £67.4m, £1.7mA to Plan** including £1.1mF in relation to drugs and devices excluded from tariff.

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

• **External Providers: YTD cost of £6.4m** which in line with Plan.

• **Overheads: YTD expenditure of £19.6m, £69kA to Plan** predominantly within Estates.

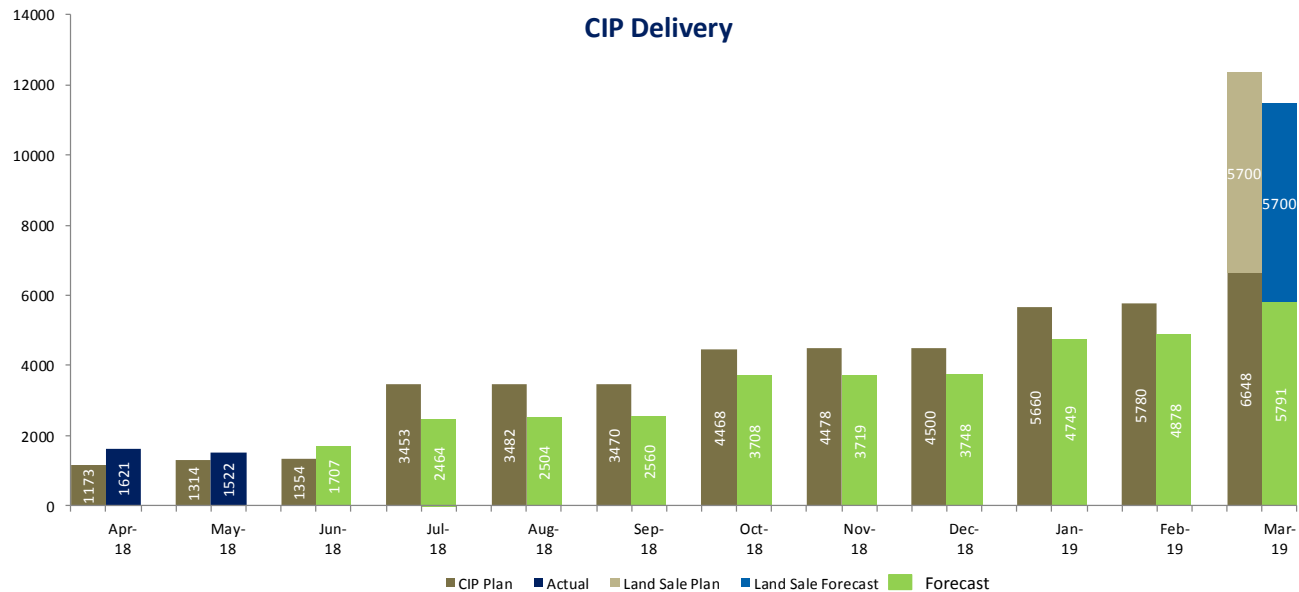
• Non-pay remains a critical area of spend to ensure tight cost control underpinned by activity performance.



# CIP: YTD £4.9m, £1.0mF to Plan

	Jun-18				YTD				FY Plan £'000
	Plan £'000	Actual £'000	F / (A) £'000	%	Plan £'000	Actual £'000	F / (A) £'000	%	
CHUGGS	92	249	156	169%	275	571	296	108%	3,467
CSI	179	198	19	11%	604	652	48	8%	2,287
ESM	200	213	13	6%	599	944	345	58%	5,189
ITAPS	84	75	(10)	(11%)	229	221	(8)	(4%)	2,908
MSS	335	244	(92)	(27%)	827	673	(154)	(19%)	3,912
RRCV	333	505	172	52%	941	1,237	297	32%	5,253
Womens & Childrens	66	129	63	96%	174	245	71	41%	5,268
<b>Total: CMG</b>	<b>1,290</b>	<b>1,612</b>	<b>322</b>	<b>25%</b>	<b>3,649</b>	<b>4,544</b>	<b>895</b>	<b>25%</b>	<b>28,283</b>
Facilities	61	72	11	18%	184	261	78	42%	2,377
Corporate Total	3	22	20	799%	8	45	37	494%	1,394
Central	0	0	0	0%	0	0	0	0%	19,426
<b>Total CIP</b>	<b>1,354</b>	<b>1,707</b>	<b>353</b>	<b>26%</b>	<b>3,840</b>	<b>4,850</b>	<b>1,010</b>	<b>26%</b>	<b>51,480</b>

- The CIP forecast outturn is £44.7m representing an unidentified gap of £6.8m.
- Achieving CIP is critical to delivering the 18/19 financial plan with key risks being unidentified or delivery slippage of CIP.
- Month 12 includes £5.7m for the sale of land.
- The specific CIP Paper provides further insight into the performance of CIP.

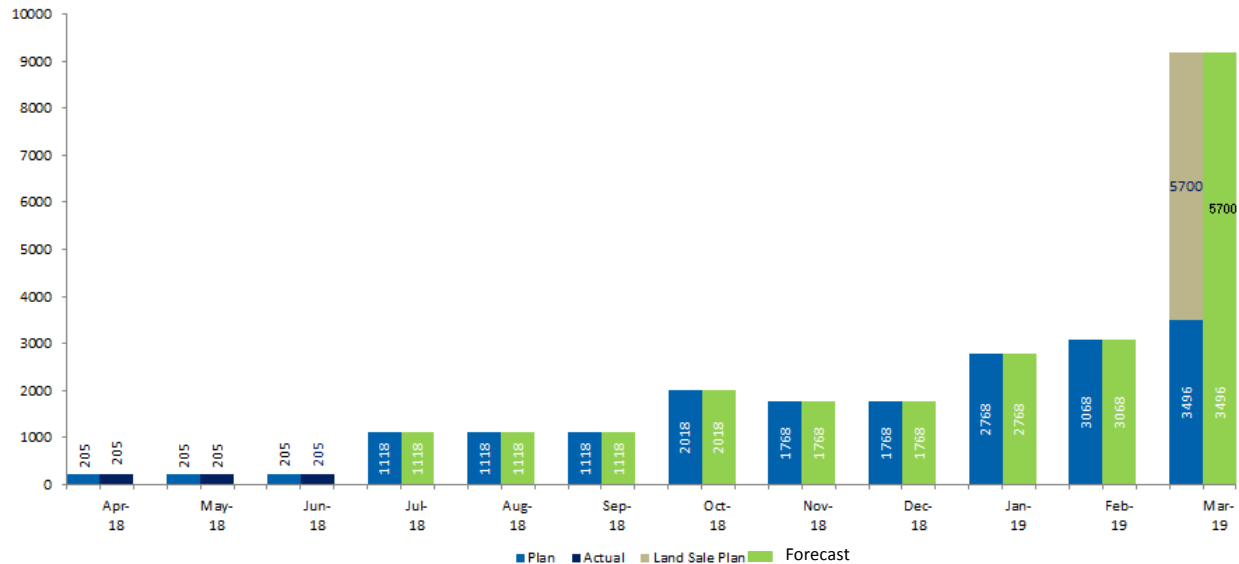




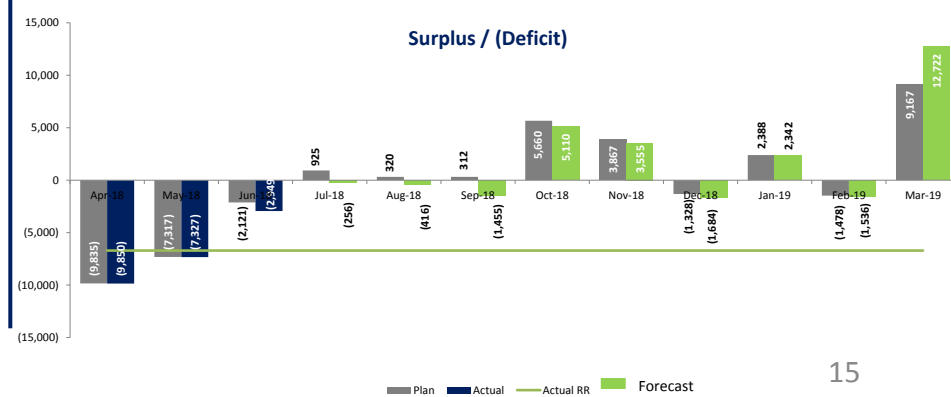
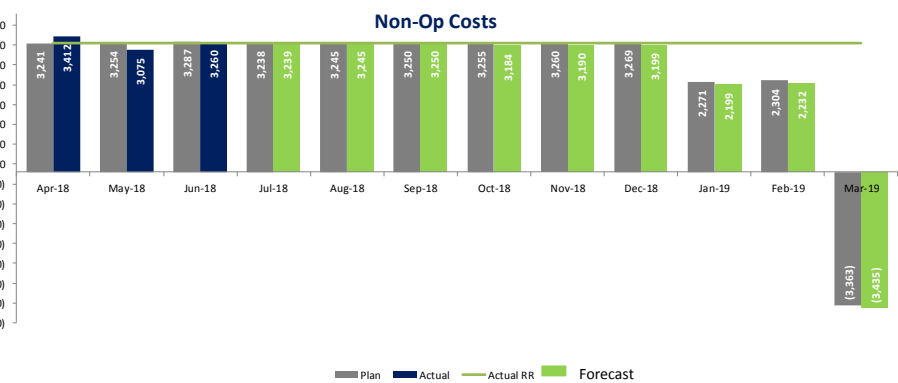
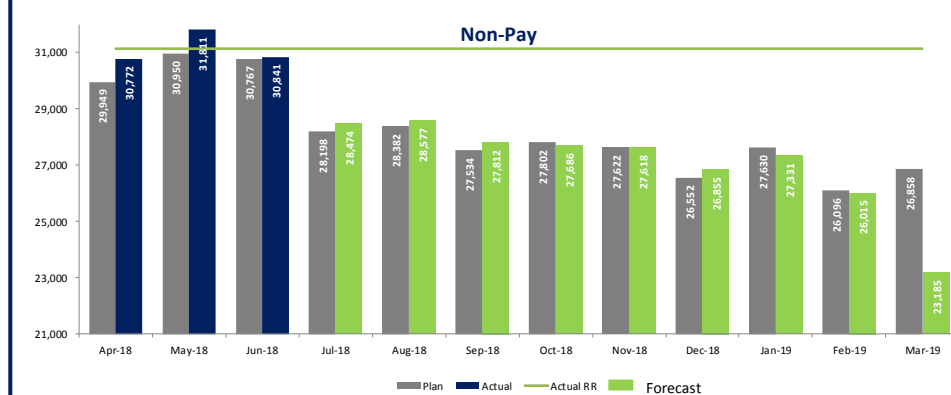
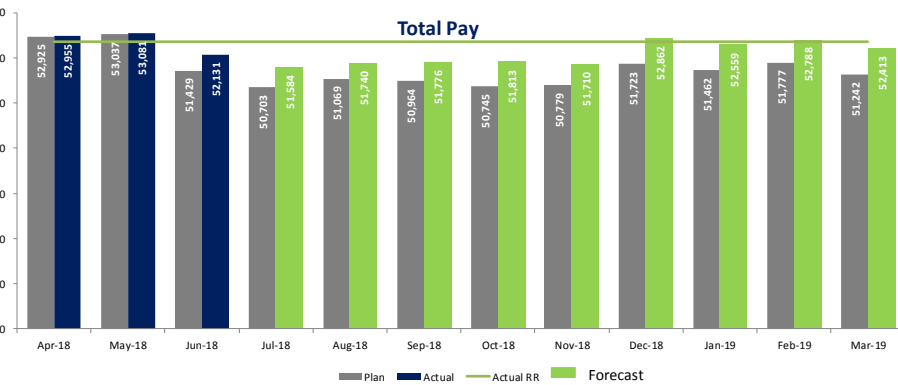
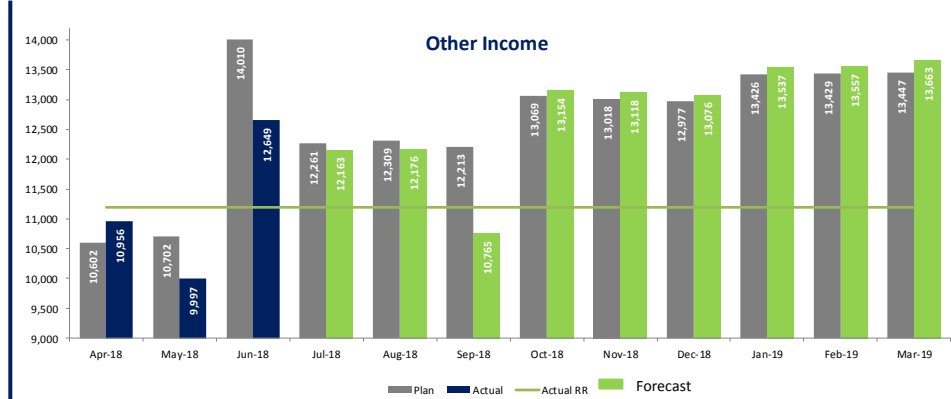
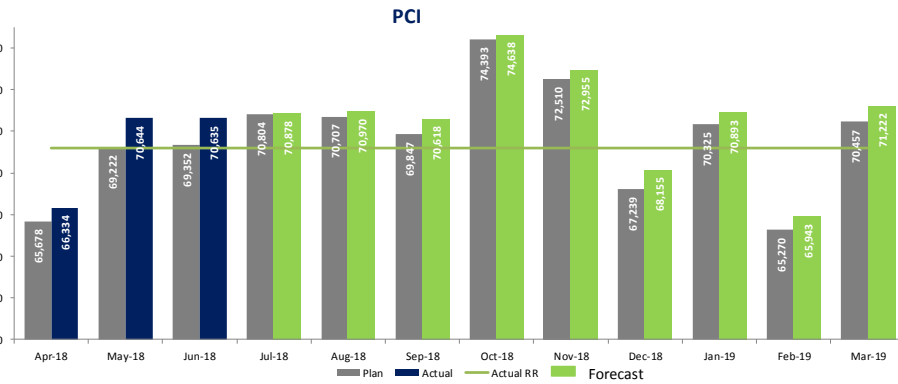
# Finance Improvement and Technical (FIT)

		Plan			YTD		
		CIP	Non-CIP	Total	Plan	Actual	Variance
		£'000	£'000	£'000	£'000	£'000	£'000
<b>Strategic</b>	Estates Strategy: Run Savings	3,900		3,900	0	0	0
	Estates Strategy: Dividend and Depreciation benefit	4,000		4,000	0	0	0
	Estates Strategy: COGS		250	250	0	0	0
	<b>Total Value: Strategic</b>	<b>7,900</b>	<b>250</b>	<b>8,150</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Statement of Financial Position</b>	Deferred Income (inc Research): release		150	150	0	0	0
	Revenue to Capital transfer		2,456	2,456	614	614	0
	Duplicate Invoices	150		150	0	0	0
	<b>Total Value: Statement of Financial Position</b>	<b>150</b>	<b>2,606</b>	<b>2,756</b>	<b>614</b>	<b>614</b>	<b>0</b>
<b>Tactical</b>	Additional FIT Actions (non-CIP)	5,676	2,268	7,944	0	0	0
	Profit from sale of Paddock	5,700		5,700	0	0	0
	<b>Total Value: Tactical</b>	<b>11,376</b>	<b>2,268</b>	<b>13,644</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>All Actions</b>	Strategic	7,900	250	8,150	0	0	0
	Statement of Financial Position	150	2,606	2,756	614	614	0
	Tactical	11,376	2,268	13,644	0	0	0
	<b>Total Value: All Actions</b>	<b>19,426</b>	<b>5,124</b>	<b>24,550</b>	<b>614</b>	<b>614</b>	<b>0</b>

- 2018/19 Plan identified £24.6m of Finance Improvement and Technical actions in order to help meet the planned deficit.
- Month 3 is in line to plan with the impact of actions predominantly planned to be delivered from October underpinned by launch of FM LLP and the sale of the Paddock.



# I&E Run Rates



# June performance by CMG and Directorates

Underperformance within MSS driven by under-delivery of activity. All other CMGs are performing in line with Plan with over-performance in Emergency Activity offset by additional costs to deliver the additional activity together with cost pressures.

		Jun-18				YTD			
		Plan £'000	Actual £'000	F / (A) £'000	%	Plan £'000	Actual £'000	F / (A) £'000	%
CMGs	CHUGGS	3,299	3,301	2	0%	10,700	10,702	2	0%
	CSI	(3,005)	(3,005)	0	0%	(9,405)	(9,405)	0	0%
	ESM	856	856	(0)	(0%)	2,763	2,763	(0)	(0%)
	ITAPS	(4,183)	(4,182)	1	0%	(12,025)	(12,016)	9	0%
	MSS	3,267	2,348	(919)	(28%)	7,894	6,975	(919)	(12%)
	RRCV	3,055	3,055	0	0%	9,583	9,583	0	0%
	W&C	2,846	2,846	0	0%	9,973	9,973	(0)	(0%)
	FACILITIES	(3,855)	(3,854)	1	0%	(11,422)	(11,422)	0	0%
	<b>TOTAL CMGs</b>	<b>2,280</b>	<b>1,365</b>	<b>(915)</b>	<b>(40%)</b>	<b>8,060</b>	<b>7,152</b>	<b>(908)</b>	<b>(11%)</b>
Corporate Directorates	Communications & Ext Relations	(62)	(62)	(1)	(1%)	(180)	(169)	12	6%
	Corporate & Legal	(266)	(258)	8	3%	(816)	(817)	(1)	(0%)
	Corporate Medical	(1,845)	(1,873)	(28)	(2%)	(5,532)	(5,578)	(46)	(1%)
	Operations	(382)	(345)	37	10%	(1,142)	(1,063)	79	7%
	Finance & Procurement	(664)	(656)	7	1%	(2,006)	(1,958)	47	2%
	Nursing	(521)	(521)	0	0%	(1,548)	(1,532)	16	1%
	Human Resources	(467)	(474)	(7)	(1%)	(1,395)	(1,393)	2	0%
	IM&T	(1,028)	(1,049)	(21)	(2%)	(3,053)	(3,117)	(64)	(2%)
	Strategic Development	(56)	(52)	4	7%	(173)	(153)	20	12%
	<b>TOTAL CORPORATE DIRECTORATES</b>	<b>(5,291)</b>	<b>(5,291)</b>	<b>0</b>	<b>(0%)</b>	<b>(15,845)</b>	<b>(15,779)</b>	<b>66</b>	<b>(0%)</b>
Trust	Research	(0)	6	6	0%	(0)	6	6	0%
	Trust Medic Pharmacy	4	6	2	(66%)	17	18	2	(11%)
	Alliance	19	(95)	(114)	606%	(72)	(336)	(264)	(365%)
	Central	(2,305)	(1,203)	1,102	48%	(14,573)	(13,368)	1,205	8%
		<b>UHL Total Excluding PSF</b>	<b>(5,294)</b>	<b>(5,212)</b>	<b>82</b>	<b>2%</b>	<b>(22,414)</b>	<b>(22,307)</b>	<b>107</b>

# Forecast Outturn: In line with Plan with delivery risk

## Value Drivers

	Outturn			
	Plan	Outturn	F / (A)	
Day Case	107,901	106,328	(1,574)	(1%)
Elective Inpatient	20,720	20,345	(375)	(2%)
Emergency / Non-elective Inpatient	119,962	120,215	253	0%
Emergency Department	238,288	240,361	2,073	1%
Outpatient Procedures	971,647	983,180	11,533	1%
Critical Care Services	57,743	57,966	223	0%
Renal Dialysis & Transplant	178,367	178,358	(9)	(0%)
Other	8,487,401	8,760,749	273,348	3%

## I&E £'000

	Outturn			
	Plan £'000	Outturn £'000	F / (A) £'000	%
Patient Care Income	835,803	843,884	8,081	1%
Non Patient Care Income	129,517	129,167	(350)	(0%)
<b>Total Income</b>	<b>965,320</b>	<b>973,052</b>	<b>7,732</b>	<b>1%</b>
Pay Costs	(599,043)	(608,753)	(9,710)	(2%)
Pay Costs: Agency	(18,812)	(18,659)	153	1%
Total Pay Costs	(617,855)	(627,412)	(9,557)	(2%)
Non-Pay	(338,340)	(336,977)	1,363	0%
<b>Total Operating Costs</b>	<b>(956,195)</b>	<b>(964,389)</b>	<b>(8,194)</b>	<b>(1%)</b>
<b>EBITDA</b>	<b>9,125</b>	<b>8,663</b>	<b>(462)</b>	<b>(5%)</b>
<b>Non-Operating Costs</b>	<b>(30,511)</b>	<b>(30,049)</b>	<b>462</b>	<b>2%</b>
<b>Retained Deficit</b>	<b>(21,386)</b>	<b>(21,386)</b>	<b>(0)</b>	<b>(0%)</b>
Adjustments for Donated Assets	193	193	0	0%
<b>Net Deficit</b>	<b>(21,193)</b>	<b>(21,193)</b>	<b>(0)</b>	<b>(0%)</b>
Provider Sustainability Fund (PSF)	21,947	19,642	(2,305)	(11%)
<b>Net Deficit Including PSF</b>	<b>754</b>	<b>(1,551)</b>	<b>(2,305)</b>	<b>(306%)</b>
Agency: Total Pay	3.04%	2.97%	(0.07%)	
EBITDA: Income	0.95%	0.89%	(0.06%)	
Net Deficit: Income	(2.20%)	(2.18%)	0.02%	

### Key

- EBITDA refers to Earnings Before Interest, Taxes, Depreciation and Amortisation
- F refers to a Favourable variance to plan
- A refers to an Adverse variance to plan

- **Overall:** Net deficit of £21.2m in line with Plan. This excludes the Provider Sustainability Fund (PSF).
- **Including PSF:** Net deficit of £1.6m which is £2.3mA to plan. This recognises non delivery of the 4 hour A&E 90% target for Q1 and Q2 resulting in a 30% reduction of the available PSF.
- **Underlying Forecast:** Unmitigated forecast indicates a full year risk of £11.4m driven by delivery risk surrounding:
  - £6.8m Unidentified CIP risk
  - £3.45m Run Rate cost pressures
  - £1.1m IM&T VAT risk
- **Mitigation:**
  - CMG delivery of 18/19 Control Totals.
  - Identification and execution of fully delivering CIP.
  - Financial Recovery Board in place chaired by the CEO.

See Page 22 and 23 for more detail on Risks/Mitigations and Financial Recovery Board.

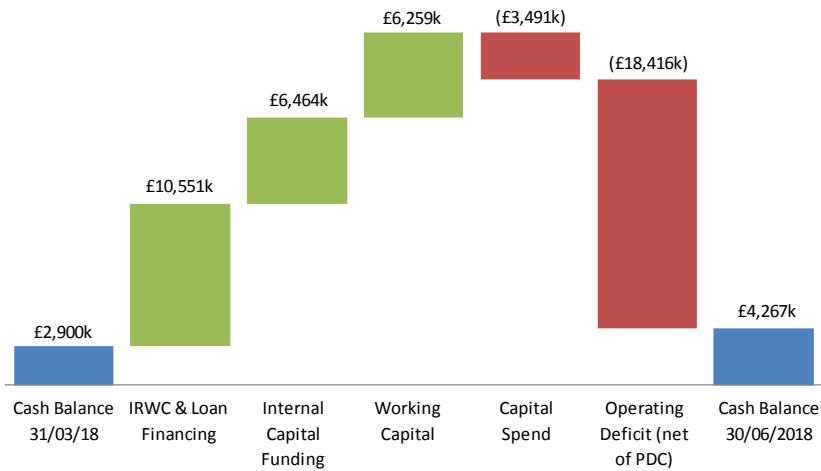
# June 2018: Statement of Financial Position

	Mar-18 £000's Actual	Jun-18 £000's Actual	Movement £000's Actual
<b>Non Current Assets</b>			
Property, plant and equipment	427,610	425,055	(2,555)
Intangible assets	11,480	11,953	473
Trade and other receivables	2,904	2,898	(6)
<b>TOTAL NON CURRENT ASSETS</b>	<b>441,994</b>	<b>439,907</b>	<b>(2,087)</b>
<b>Current Assets</b>			
Inventories	23,829	23,956	127
Trade and other receivables	70,519	71,999	1,480
Cash and cash equivalents	2,900	4,267	1,367
<b>TOTAL CURRENT ASSETS</b>	<b>97,248</b>	<b>100,222</b>	<b>2,974</b>
<b>Current Liabilities</b>			
Trade and other payables	(112,706)	(121,916)	(9,210)
Dividend payable	0	(1,594)	(1,594)
Borrowings / Finance Leases	(4,518)	(4,518)	0
Other Liabilities / Loan	(36,260)	(36,260)	(0)
Provisions for liabilities and charges	(448)	(448)	0
<b>TOTAL CURRENT LIABILITIES</b>	<b>(153,932)</b>	<b>(164,736)</b>	<b>(10,804)</b>
<b>NET CURRENT ASSETS (LIABILITIES)</b>	<b>(56,684)</b>	<b>(64,514)</b>	<b>(7,830)</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>385,310</b>	<b>375,393</b>	<b>(9,917)</b>
<b>Non Current Liabilities</b>			
Borrowings / Finance Leases	(6,395)	(6,238)	157
Other Liabilities / Loan	(162,075)	(172,625)	(10,550)
Provisions for liabilities and charges	(1,465)	(1,280)	185
<b>TOTAL NON CURRENT LIABILITIES</b>	<b>(169,935)</b>	<b>(180,143)</b>	<b>(10,208)</b>
<b>TOTAL ASSETS EMPLOYED</b>	<b>215,375</b>	<b>195,250</b>	<b>(20,125)</b>
Public dividend capital	331,956	331,956	(0)
Revaluation reserve	98,349	98,349	(0)
Retained earnings	(214,930)	(235,055)	(20,125)
<b>TOTAL TAXPAYERS EQUITY</b>	<b>215,375</b>	<b>195,250</b>	<b>(20,125)</b>
<b>Ratios</b>			
Liquidity Ratio Days (Working Capital Balance / Annual Operating Expenses)	(31)	(31)	
Liquidity Ratio Metric	4	4	

- **Total Assets Employed:** Movement of £20.1m representing year to date Trust deficit .
- **Non-Current Assets :** Increased by £2.1m.
- **Working capital:**
  - Trade receivables have increased by £1.5m
  - Trade payables have increased by £9.2m
- **Cash:** June balance of £4.3 is above the £1m target cash balance due to the timing of cash receipts, and includes TMP cash.
- **Non-current liabilities:**
  - Increase due to loan funding received in June.
- **Liquidity Ratio:** We continue to be high risk in terms of our continuity of service risk rating relating to liquidity days and have achieved a score of 4 (high risk), which is in line with our plan.

# June 2018 Cash movement

Year to Date Cash Bridge £'000



## Cash Bridge:

- Opening cash balance of £2.9m, in line with our plan.
- Funded YTD operating deficit (net of PDC) of £18m and movement in working capital by securing £10.6m of external financing.

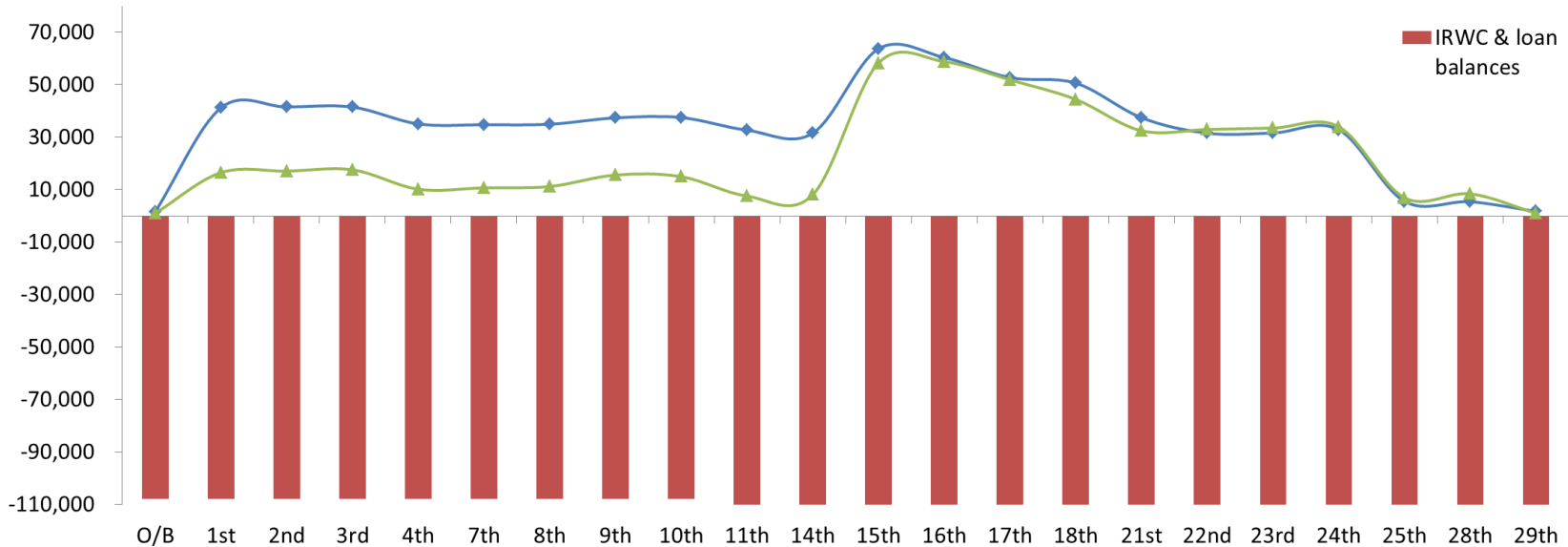
## Full Year Forecast

- 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 25<sup>th</sup> June due to the monthly payroll run.

Daily Cash Balance



# Liquidity as at June 2018

	Liquidity			Ageing				Total	
	Opening	YTD	Movement	0 - 30 Days	31 - 60 Days	61 - 90 Days	Over 90 Days	Over 90 Days	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	%	
Accounts Receivable	NHS receivables - revenue	36,268	28,310	7,958	13,492	2,976	2,242	9,600	34%
	Non-NHS receivables - revenue	23,444	28,690	(5,247)	20,239	992	746	6,713	23%
	Provision for the impairment of receivables	0	0	0	0				
	Non-NHS prepayments and accrued income	7,271	12,257	(4,986)	12,257				
	PDC dividend prepaid to DH	0	0	0	0				
	VAT	2,011	1,480	531	1,480				
	Other receivables	1,525	1,261	264	1,261				
<b>TOTAL</b>	<b>70,518</b>	<b>71,999</b>	<b>(1,481)</b>	<b>48,730</b>	<b>3,968</b>	<b>2,988</b>	<b>16,313</b>		
Accounts Payable	NHS payables - revenue	(35,065)	(35,229)	164	(12,496)	(2,082)	(1,828)	(18,823)	53%
	NHS accruals and deferred income	0	0	0	0				
	Non-NHS payables - revenue	(33,650)	(39,081)	5,431	(21,482)	(9,506)	(4,732)	(3,361)	9%
	Non-NHS payables - capital	(4,307)	(732)	(3,575)	350	(683)	(176)	(224)	31%
	Non-NHS accruals and deferred income	(10,699)	(16,518)	5,820	(9,080)	(4,018)	(2,000)	(1,421)	9%
	Social security costs	(6,969)	(6,764)	(206)	(6,764)				
	Tax	(5,892)	(5,943)	51	(5,943)				
	Other	(12,649)	(13,011)	363	(13,011)				
<b>TOTAL</b>	<b>(109,231)</b>	<b>(117,278)</b>	<b>8,048</b>	<b>(68,425)</b>	<b>(16,288)</b>	<b>(8,737)</b>	<b>(23,828)</b>		
<b>Total Liquidity</b>	<b>(38,713)</b>	<b>(45,279)</b>	<b>6,567</b>						

**Liquidity:** movement of £6.6m from opening position due to:

- Accounts receivable: increase of £1.5m.
- Accounts payable have increased by £8m.

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

- NHS receivables: 34% representing £9.6m being over 90 days.
- Non-NHS receivables: 23% representing £6.7m being over 90 days with the largest component being Overseas Visitors at £2.7m. This balance consists of various items which in isolation are not material.
- NHS payables-revenue: £18.8m, representing 53% over 90 days; non-NHS payables 9% (£3.4m) over 90 days; non-NHS accruals and deferred income 9% (£1.4m) over 90 days.
- Further analysis of receivables is provided in the separate cash report.

# YTD Better Payments Practice Code: Non-compliant

Better Payment Practice Code - Measure of Compliance	June YTD		Prior month YTD	
	Number	£000s	Number	£000s
<b>All</b>				
Total Invoices Paid in the Year	42,179	180,379	29,266	122,430
Total Invoices Paid Within Target	16,954	123,042	12,552	82,841
<b>Percentage Invoices Paid Within Target (target 95%)</b>	<b>40%</b>	<b>68%</b>	<b>43%</b>	<b>68%</b>
<b>Non-NHS Payables</b>				
Total Non-NHS Invoices Paid in the Year	40,722	144,802	28,057	99,835
Total Non-NHS Invoices Paid Within Target	16,660	99,204	12,324	69,742
<b>Percentage of Non-NHS Invoices Paid Within Target</b>	<b>41%</b>	<b>69%</b>	<b>44%</b>	<b>70%</b>
<b>Local SME payables</b>				
Total SME Invoices Paid in the Year	153	1,684	109	1,180
Total SME Invoices Paid Within Target	34	200	23	175
<b>Percentage of Local SME Invoices Paid Within Target</b>	<b>22%</b>	<b>12%</b>	<b>21%</b>	<b>15%</b>
<b>NHS Payables</b>				
Total NHS Invoices Paid in the Year	1,304	33,893	1,100	21,416
Total NHS Invoices Paid Within Target	260	23,638	205	12,924
<b>Percentage of NHS Invoices Paid Within Target</b>	<b>20%</b>	<b>70%</b>	<b>19%</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.



# Capital: June £3.5m spend, £0.8m under Plan

Scheme Name	Annual Budget £'000	Year to Date - June 18		
		Plan £'000	Actual £'000	F / (A) £'000
Interim ICU Projects	27,392	300	187	113
UHL Reconfiguration Programme	1,425	345	126	219
Donations	300	75	84	(9)
Estates & Facilities	6,305	1,100	297	803
IM&T Schemes	6,160	750	397	353
Medical Equipment Schemes - IBC's / Contingency	2,591	211	0	211
Medical Equipment Schemes - CMG	1,625	139	330	(191)
EMCHC	2,992	100	20	80
Other	300	0	10	(10)
MS Datacentre Licences	0	0	1,090	(1,090)
Emergency Floor	1,308	1,308	950	358
MES	0	0	0	0
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>50,398</b>	<b>4,328</b>	<b>3,491</b>	<b>837</b>

# 2018/19 Plan: Key Risks

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- **Risk:** Updated Control Total to deliver an Income and Expenditure deficit of £21.2m (excluding PSF) requires additional improvement of £8.7m, receipt of £21.9 Provider Sustainability Funding (PSF).

**Mitigation:** this will be incorporated as part of Trust's Financial Recovery Plan which incorporates the identification and monitoring of the delivery of the associated efficiencies and actions to deliver the required financial improvement.

- **Risk:** delivery of planned activity and mitigation of financial impact from Winter operational pressures and capacity.

**Mitigation:** phasing of activity for more to be delivered in Months 1-9 in addition to increased capacity for December-March to manage emergency demands and help to protect planned level of elective procedures.

- **Risk:** Full delivery of the CIP programme

**Mitigation:** An established PMO function and associated governance arrangements are in place to drive more rigor into the CIP process, giving pace, accountability and clearly defined targets, militating against the risk of underperformance

- **Risk:** Identification and delivery of additional actions with a benefit of £4.4m over and above the 2018/19 CIP programme of £51.5m.

**Mitigation:** a separate workstream is in place to identify, monitor and track delivery of these additional actions.

- **Risk:** sale of the Paddock at Glenfield generating profit on sale of asset and capital headroom to facilitate additional Revenue to Capital transfers.

**Mitigation:** this is being overseen by Finance and Investment Committee with regular updates outlining progress together with timelines and next steps. In addition this is a specific action on the Financial Recovery Board to ensure delivery in line with Plan.

- **FM LLP:** execution of FM LLP in line with the business case driving revenue benefits plus lower non-operating costs through application of MEA valuation methodology.

**Mitigation:** a separate workstream is in place to ensure the subsidiary company proceeds in line with the business case. In addition, this is a specific action on the Financial Recovery Board to ensure delivery in line with Plan.

# Financial Recovery Plan

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- The Financial Recovery Board (FRB) has been established to lead on the development, implementation and oversight of the Trust's Financial Recovery Plan (FRP) including the identification and monitoring of the delivery of the associated efficiencies and actions in order to deliver the required financial improvement.
- The FRB is chaired by the Chief Executive with members consisting of Executive Directors who will meet fortnightly with the responsibility to oversee and manage the performance of the FRP.
- The FRB will provide over-arching performance management of the Trust's FRP under the following key themes:
  1. **Planning assumptions** incorporating key core dependencies such mitigation of Winter pressures, execution of FM LLP and Sale of The Paddock;
  2. **Core CIP Programme** to ensure full delivery of £32m core CIP (excluding £19.5m classification of technical items);
  3. **Pay Control** – Rates to reduce average rates which are aligned with NHSI caps and Agenda for Change;
  4. **Pay Control** – Headcount;
  5. **Activity Optimisation** to ensure improved efficiency in the elective pathway
  6. **Cost Control and Non Patient Care Income Opportunities** to ensure containment of cost pressures and crystallisation of both cost and non PCI opportunities;
  7. **Technical Financial** to ensure full optimisation of potential benefits