

# 2018/19 Financial Performance

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Trust Board paper L1

## Executive Summary

### Context

The Trust originally planned for an income and expenditure deficit of £29.9m in 2018/19 with a capital plan of £50.4m. The Trust Board approved a revision to the income and expenditure deficit of £21.2m in line with NHS Improvement's revised Control Total. If delivered, this revised Control Total would give the Trust access to provider sustainability funding (PSF) of £21.9m giving a reported surplus of £0.8m.

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

### Questions

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

#### **M8 Financial Performance**

The Trust has achieved a year to date deficit of £46.9m excluding PSF which is £27.1m adverse to Plan driven by the cessation of FM LLP and the crystallisation of the unmitigated Financial Recovery Board risk together with financial deterioration within the CMGs. Including PSF, the Trust has achieved a year to date deficit of £44.6m representing a £36.9m adverse position to plan due to non-recognition of PSF due to the impact of FM LLP from Quarter 2 reporting.

From Quarter 2, the financial position and forecast reflects the underlying impact due to the cessation of FM LLP which is valued at a full year adverse impact of £21.9m.

Underlying performance is adverse to Plan with over-performance within Emergency and Outpatients offset by under-performance in Elective Activity together with the marginal cost to deliver activity and pay cost pressures. The adverse position in

underlying performance is driven by the crystallisation of the unmitigated Financial Recovery Board risk together with financial deterioration within CMGs.

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, £20.9m has been delivered against a plan of £23.2m which is £2.3mA to Plan. The forecast outturn is £49.8m reflecting a gap of £1.7m with £7.9m driven by the cessation of FM LLP partially off-set through FRB actions classified as CIP.

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

As outlined on Page 17 of the report, the Month 7 submitted forecast of £51.8m, which is £30.6m adverse to Plan, represents the full year impact of FM LLP (£21.9m) together with a risk assessment of the underlying forecast (£8.7m). There remains a further risk of £3m-£10m which is intended to be addressed through increased pay controls to reduce the current run rate together with pro-active management of Risks and Opportunities to ensure the best financial outturn for the Trust with primary focus on CMG financial performance.

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

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

6. What risk mitigation strategies are in place for 2018/19?

Page 23 of the report provides information on the key risks and their mitigations, some of which have already been mentioned in this summary.

## Input Sought

**Note** the financial performance at Month 8.

# 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<sup>th</sup> February 2019**

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

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

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# Executive Summary

## Financial performance

### Statutory duties

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

### Financial Performance

- **Deficit of £47.0m, £27.1m adverse to Plan excluding Provider Sustainability Funds (PSF):** Over-performance within Emergency and Outpatients offset by under-performance in Elective Activity together with the marginal cost to deliver activity and pay cost pressures. The adverse position is driven by the crystallisation of the residual planning risk within the Financial Recovery Board (FRB) and the impact of FM LLP.
- **Including PSF: Deficit of £44.6m, £36.9mA to plan:** with the additional adverse position driven by non-recognition of any PSF.
- **In Month deficit of £1.9m in line with the re-submitted forecast as at month 7.**
- **Patient Care Income, £5.1mF to Plan :** Includes Agenda for Change funding together with over-performance within Emergency and Outpatients partially offset by under performance in Day Case and Elective Inpatients.
- **Operating Costs, £35.6mA to Plan:** with pay £14.0mA to Plan including Agenda for Change together with underlying overspend within the CMGs in all staff groups. Non-pay overspend of £21.5m driven by additional cost to deliver activity together with cost pressures within the CMGs and the, financial impact of FM LLP £14.7m offset by implementation of FRB actions.
- **CIP £2.3mA to Plan** driven by crystallisation of CIP non-delivery in relation to FM LLP.
- **Forecast:** Net deficit of £51.8m , £30.6mA to Plan driven by FM LLP and a risk assessment of the underlying forecast. Remaining risk of £3m-£10m is being managed by the FRB through pay controls combined with other mitigating actions.

## Cash

- Closing cash position at November of £10.8m including Trust Group Holdings (TGH)
- TGH cash balance was £2.2m
- Funded YTD operating deficit and movement in working capital by securing £23.2m of external financing (£18.5m received on 12 November 2018)

## Capital

- **November:** Total capital expenditure of £12.6m, £8.8mF to Plan driven by most capital projects being underspent predominantly Interim ICU Projects.

# November 2018: Key Facts



Patient  
Income  
£5.1mF

Other  
Income  
£0.9mF



Substantive  
pay  
£14.3mA

Agency  
£0.2mF



Non pay  
£21.5mA

Non-  
Operating  
Costs  
£2.4mF



EBITDA  
£29.5mA

CIP  
£2.3mA



Liquidity  
Indicators

Capital  
£8.8mF

## 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 £46.9m Excluding PSF

|  | Nov-18 |     |        |         |        | YTD  |        |       |   |
|--|--------|-----|--------|---------|--------|------|--------|-------|---|
|  | Plan   | FOT | Actual | Vs Plan | Vs FOT | Plan | Actual | F/(A) | % |

|                                    |         |         |         |         |        |           |           |         |        |
|------------------------------------|---------|---------|---------|---------|--------|-----------|-----------|---------|--------|
| Day Case                           | 9,664   | 9,566   | 9,467   | (197)   | (99)   | 73,224    | 70,986    | (2,238) | (3%)   |
| Elective Inpatient                 | 1,844   | 1,869   | 1,809   | (35)    | (60)   | 14,764    | 13,940    | (824)   | (6%)   |
| Emergency / Non-elective Inpatient | 9,917   | 9,503   | 10,116  | 200     | 613    | 79,503    | 79,182    | (321)   | (0%)   |
| Emergency Department               | 19,586  | 19,784  | 21,932  | 2,346   | 2,148  | 159,293   | 164,161   | 4,868   | 3%     |
| Outpatient Procedures              | 84,456  | 87,127  | 87,118  | 2,662   | (10)   | 649,507   | 663,443   | 13,936  | 2%     |
| Critical Care Services             | 4,800   | 4,745   | 4,956   | 156     | 211    | 38,495    | 38,074    | (421)   | (1%)   |
| Renal Dialysis and Transplant      | 14,699  | 2,472   | 14,985  | 286     | 12,513 | 118,801   | 118,942   | 141     | 0%     |
| Other Activity                     | 745,682 | 741,754 | 744,127 | (1,555) | 2,373  | 5,697,593 | 5,769,675 | 72,082  | 1%     |
| WTE Total                          | 14,418  | 14,213  | 14,367  | 51      | 155    | 14,418    | 14,367    | 51      | 0%     |
| WTE Agency                         | 70      | 195     | 244     | (174)   | 49     | 70        | 244       | (174)   | (249%) |

|  | Nov-18        |              |                 |                  |                 | YTD           |                 |                |   |
|--|---------------|--------------|-----------------|------------------|-----------------|---------------|-----------------|----------------|---|
|  | Plan<br>£'000 | FOT<br>£'000 | Actual<br>£'000 | Vs Plan<br>£'000 | Vs FOT<br>£'000 | Plan<br>£'000 | Actual<br>£'000 | F/(A)<br>£'000 | % |

|                                    |                 |                 |                 |                |                |                  |                  |                 |               |
|------------------------------------|-----------------|-----------------|-----------------|----------------|----------------|------------------|------------------|-----------------|---------------|
| Patient Care Income                | 72,510          | 72,734          | 72,199          | (311)          | (535)          | 562,514          | 567,660          | 5,147           | 1%            |
| Non Patient Care Income            | 613             | 579             | 453             | (160)          | (126)          | 4,857            | 3,625            | (1,233)         | (25%)         |
| Other Operating Income             | 10,210          | 10,220          | 10,557          | 346            | 336            | 81,255           | 83,404           | 2,150           | 3%            |
| <b>Total Income</b>                | <b>83,333</b>   | <b>83,534</b>   | <b>83,209</b>   | <b>(124)</b>   | <b>(325)</b>   | <b>648,626</b>   | <b>654,689</b>   | <b>6,063</b>    | <b>1%</b>     |
| Pay Costs                          | (49,298)        | (50,473)        | (51,662)        | (2,364)        | (1,189)        | (398,290)        | (412,552)        | (14,261)        | (4%)          |
| Pay Costs: Agency                  | (1,482)         | (1,543)         | (1,339)         | 143            | 204            | (12,956)         | (12,742)         | 213             | 2%            |
| Non Pay                            | (27,622)        | (30,407)        | (31,354)        | (3,732)        | (947)          | (231,202)        | (252,707)        | (21,505)        | (9%)          |
| <b>Total Operating Costs</b>       | <b>(78,402)</b> | <b>(82,423)</b> | <b>(84,355)</b> | <b>(5,954)</b> | <b>(1,932)</b> | <b>(642,448)</b> | <b>(678,001)</b> | <b>(35,553)</b> | <b>(6%)</b>   |
| <b>EBITDA</b>                      | <b>4,931</b>    | <b>1,110</b>    | <b>(1,147)</b>  | <b>(6,078)</b> | <b>(2,257)</b> | <b>6,178</b>     | <b>(23,311)</b>  | <b>(29,489)</b> | <b>(477%)</b> |
| <b>Non Operating Costs</b>         | <b>(3,260)</b>  | <b>(3,223)</b>  | <b>(787)</b>    | <b>2,473</b>   | <b>2,436</b>   | <b>(26,032)</b>  | <b>(23,681)</b>  | <b>2,352</b>    | <b>9%</b>     |
| <b>Retained deficit</b>            | <b>1,671</b>    | <b>(2,113)</b>  | <b>(1,934)</b>  | <b>(3,605)</b> | <b>179</b>     | <b>(19,854)</b>  | <b>(46,992)</b>  | <b>(27,138)</b> | <b>(137%)</b> |
| Adjustments for Donated Assets     | 16              | 31              | 41              | 25             | 10             | 129              | 128              | (1)             | 1%            |
| <b>Net Deficit</b>                 | <b>1,687</b>    | <b>(2,082)</b>  | <b>(1,893)</b>  | <b>(3,580)</b> | <b>189</b>     | <b>(19,725)</b>  | <b>(46,864)</b>  | <b>(27,139)</b> | <b>(138%)</b> |
| Provider Sustainability Fund (PSF) | 2,195           | 0               | 0               | (2,195)        | 0              | 12,071           | 2,304            | (9,767)         | 81%           |
| <b>Net Deficit Including PSF</b>   | <b>3,882</b>    | <b>(2,082)</b>  | <b>(1,893)</b>  | <b>(5,775)</b> | <b>189</b>     | <b>(7,654)</b>   | <b>(44,560)</b>  | <b>(36,906)</b> | <b>(482%)</b> |

|                     |       |         |         |         |         |         |         |         |
|---------------------|-------|---------|---------|---------|---------|---------|---------|---------|
| Agency: Total Pay   | 3.01% | 3.06%   | 2.59%   | 0.41%   | 0.47%   | 3.25%   | 3.09%   | 0.16%   |
| EBITDA: Income      | 5.92% | 1.33%   | (1.38%) | (7.30%) | (2.71%) | 0.95%   | (3.56%) | (4.51%) |
| Net Deficit: Income | 2.02% | (2.49%) | (2.28%) | (4.30%) | 0.22%   | (3.04%) | (7.16%) | (4.12%) |

## 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: £567.7m, £5.1mF** including £5.2mA in relation to drugs and devices excluded from tariff with the offset in non-pay and £7.1mF funding in relation to Agenda For Change. Underlying over-performance of £3.2m predominantly within Emergency and Outpatients supporting CIP delivery. This over-performance is currently absorbing under-delivery of Elective Activity particularly within MSS and W&C.
- **Other Income: £87.0m, £0.9mF** driven by release of income provisions in line with FRB Plan offset by Trust Med Pharmacy which is offset in non-pay.

- **Pay Costs: £425.2m, £14.0mA** which includes £7.2mA in relation to Agenda For Change and £2.4mA driven by non-delivery of planned pay CIP. Underlying overspend in all staff groups and CMGs.

Whilst agency pay remains under the Agency expenditure ceiling, pay remains an area of concern to ensure appropriate control and optimum use of financial resources to support the Trust's financial commitments.

- **Non-Pay: £252.7m, £21.5mA** including £5.2mF relating to drugs and devices excluded from tariff. The financial impact of the cessation of FM LLP £14.7mA is a significant part of the over spend. Underlying overspend is predominantly driven by the marginal cost to deliver additional activity, under-delivery of CIP and general cost pressures.

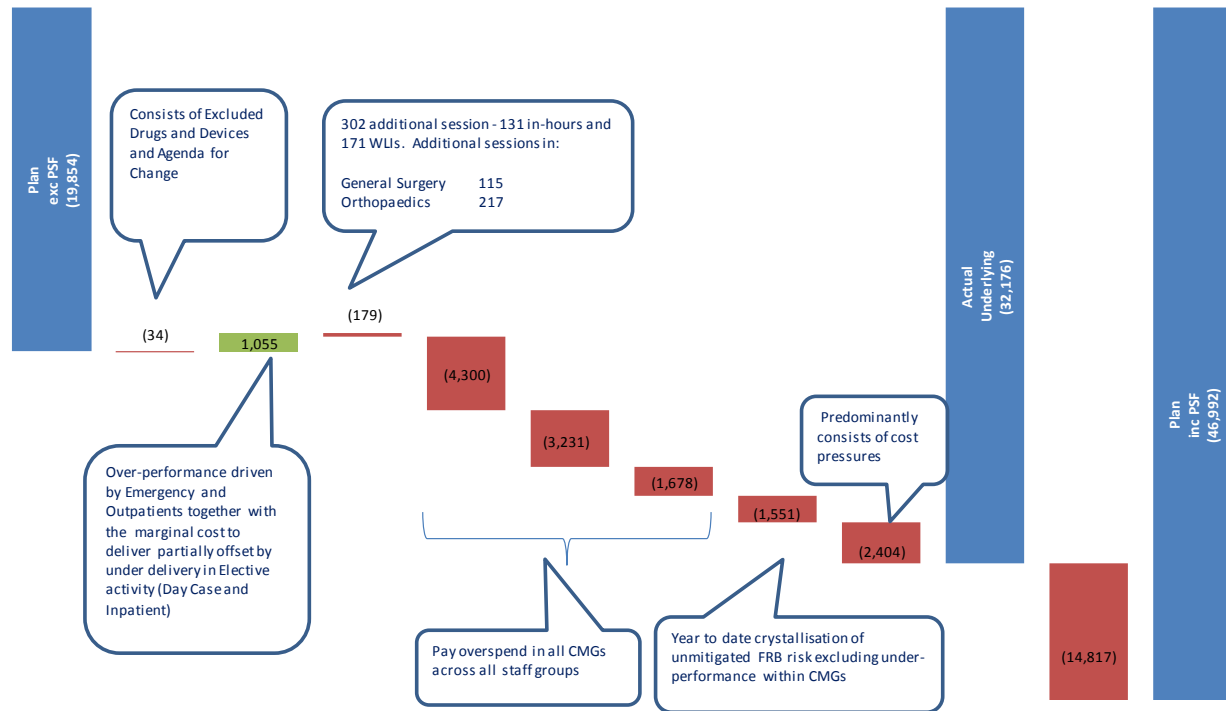
Non-pay needs to be continuously controlled in order to maximise the opportunity from over-delivery of activity.

- **EBITDA: deficit of £23.3m, £29.5mA Plan.**
- **Non-Operating Costs: £23.7m, £2.4Fm** driven by depreciation due to pro-active management of asset base as part of the Trusts financial recovery.
- **Provider Sustainability Fund (PSF): £2.3m, £9.7mA** – recognition of quarter one only.
- **Forecast** : Performance is in line with M6 submitted forecast with a full year outturn of £51.8 (deficit).



# I&E Bridge: £27.1mA to plan driven by performance risk and FM LLP

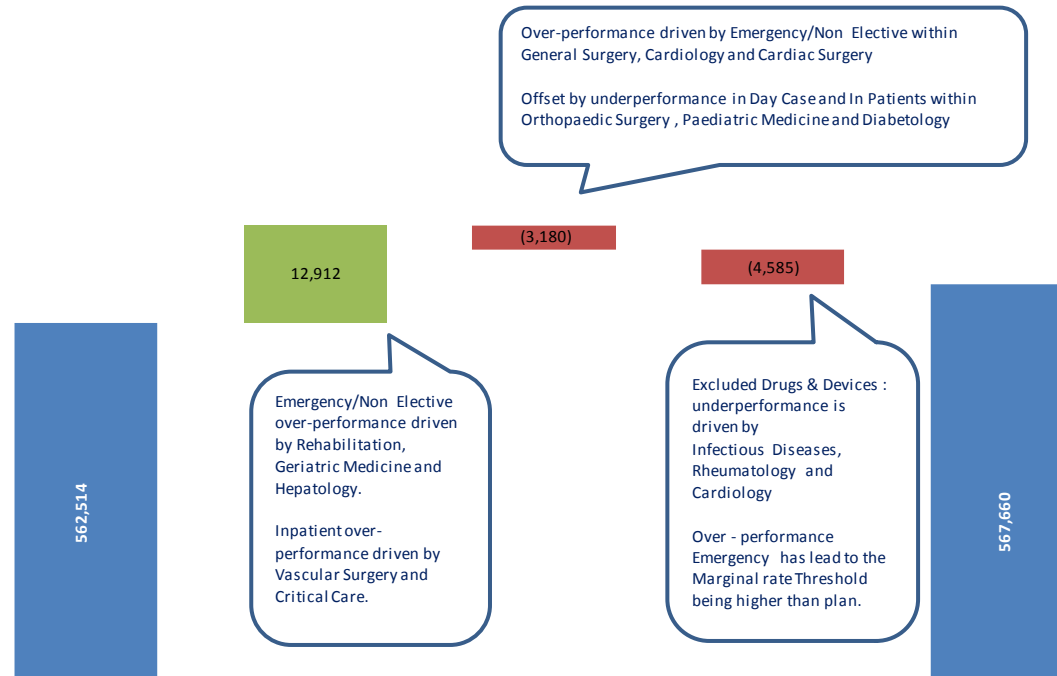
Over-performance within Emergency and Outpatients offset by under-performance in Elective Activity together with the marginal cost to deliver activity and pay cost pressures. The adverse position is driven by deterioration within CMGs together with the crystallisation of the unmitigated risk within the Financial Recovery Board (FRB) and the impact of FM LLP in line with the submitted forecast as at Month 7.



| £(000)              | Plan exc PSF    | Pass Through | Activity     | Theatres     | Medical Pay    | Nursing Pay    | Other Pay      | FRB            | Other          | Actual Underlying | FM LLP          | Plan exc PSF    | Var F/(A)       |
|---------------------|-----------------|--------------|--------------|--------------|----------------|----------------|----------------|----------------|----------------|-------------------|-----------------|-----------------|-----------------|
| NHS PCI             | 562,514         | 1,929        | 6,835        |              |                |                |                | (3,963)        | 346            | 567,660           |                 | 567,660         | 5,147           |
| Other Income        | 86,112          | (1,179)      | 235          |              |                |                |                | 1,861          |                | 87,029            |                 | 87,029          | 917             |
| Pay                 | (398,290)       | (7,126)      |              | (314)        | (3,223)        | (4,683)        | (1,515)        | 2,599          |                | (412,552)         |                 | (412,552)       | (14,261)        |
| Pay: Agency         | (12,956)        |              |              |              | (1,076)        | 1,452          | (163)          |                |                | (12,742)          |                 | (12,742)        | 213             |
| Non Pay             | (231,202)       | 6,342        | (6,015)      | 134          |                |                |                | (4,561)        | (2,754)        | (238,056)         | (14,651)        | (252,707)       | (21,505)        |
| Non-Operating Costs | (26,032)        |              |              |              |                |                |                | 2,513          | 4              | (23,515)          | (166)           | (23,681)        | 2,351           |
| <b>Net Deficit</b>  | <b>(19,854)</b> | <b>(34)</b>  | <b>1,055</b> | <b>(179)</b> | <b>(4,300)</b> | <b>(3,231)</b> | <b>(1,678)</b> | <b>(1,551)</b> | <b>(2,404)</b> | <b>(32,176)</b>   | <b>(14,817)</b> | <b>(46,992)</b> | <b>(27,138)</b> |

# NHS Patient Income: November £567.7m, £5.1mF to Plan

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



| £(m)                                   | Plan           | Rate          | Volume         | Other          | Actual         | Var F / (A)  |
|--|----------------|---------------|----------------|----------------|----------------|--------------|
| Day Case                               | 41,886         | 646           | (1,300)        | 0              | 41,233         | (653)        |
| Elective Inpatient                     | 54,772         | 2,135         | (3,174)        | 0              | 53,733         | (1,039)      |
| Emergency / Non-elective Inpatient     | 149,175        | 8,827         | (637)          | 0              | 157,365        | 8,190        |
| Marginal Rate Emergency Threshold      | (4,643)        | 0             | 0              | (1,271)        | (5,914)        | (1,271)      |
| Emergency Department                   | 21,493         | (214)         | 650            | 0              | 21,929         | 436          |
| Outpatient                             | 76,558         | 1,041         | 1,665          | 0              | 79,265         | 2,706        |
| Drugs and Devices excluded from Tariff | 71,583         | 0             | 0              | (5,175)        | 66,408         | (5,175)      |
| Critical Care Services                 | 36,079         | 991           | (406)          | 0              | 36,665         | 585          |
| Renal Dialysis and Transplant          | 18,880         | (516)         | 22             | 0              | 18,386         | (494)        |
| CQUIN                                  | 11,418         | 0             | 0              | 643            | 12,061         | 643          |
| Other Activity                         | 72,320         | 0             | 0              | 869            | 73,189         | 869          |
| Other Financial Values                 | 12,991         | 0             | 0              | 350            | 13,340         | 350          |
| <b>Total</b>                           | <b>562,514</b> | <b>12,912</b> | <b>(3,180)</b> | <b>(4,585)</b> | <b>567,660</b> | <b>5,147</b> |

# Activity & Income: Performance versus Contract

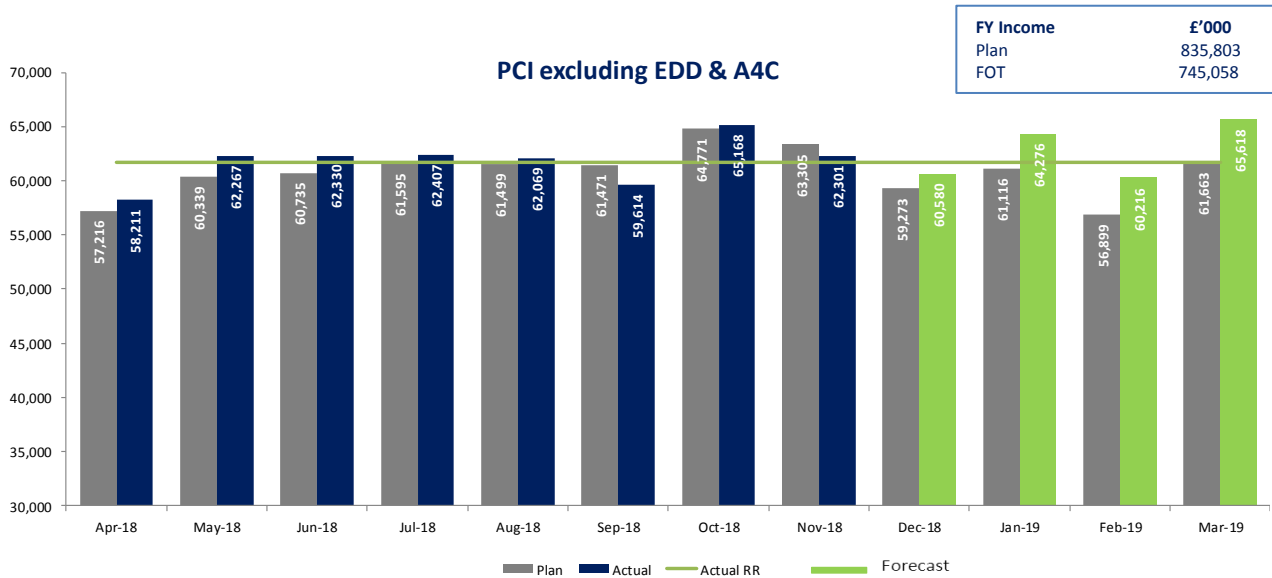
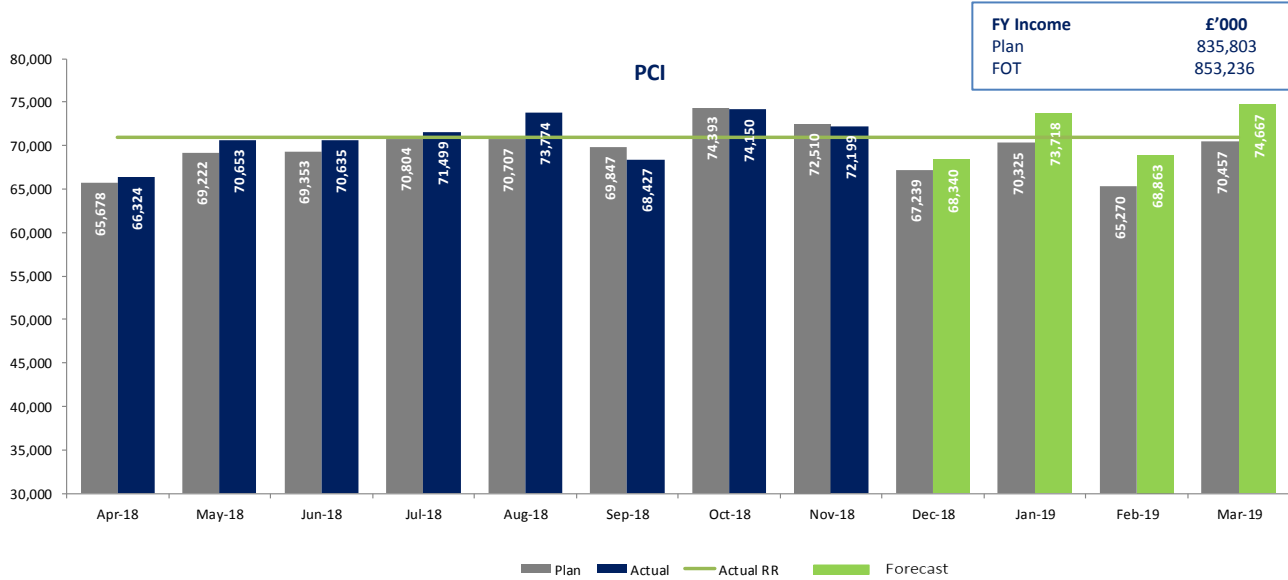
| Activity               | Case Mix                                 | City    | East  | West  | Specialise<br>d | Other   | Alliance      | Total          | %           |
|------------------------|--|---------|-------|-------|-----------------|---------|---------------|----------------|-------------|
|                        | Day Case                                 | (1,088) | 240   | (424) | 175             | (694)   | (447)         | <b>(2,238)</b> | <b>(3%)</b> |
|                        | Elective Inpatient                       | (350)   | (161) | (203) | (209)           | 100     |               | <b>(824)</b>   | <b>(6%)</b> |
|                        | Emergency / Non-elective Inpatient       | (346)   | 47    | 315   | 133             | (470)   |               | <b>(321)</b>   | <b>(0%)</b> |
|                        | Marginal Rate Emergency Threshold (MRET) | 0       | 0     | 0     | 0               | 0       |               | <b>0</b>       | <b>0%</b>   |
|                        | Emergency Department                     | 1,536   | 1,173 | 2,111 |                 | 48      |               | <b>4,868</b>   | <b>3%</b>   |
|                        | Outpatient                               | 3,062   | 3,408 | 6,649 | 7,606           | (4,195) | (2,594)       | <b>13,936</b>  | <b>2%</b>   |
|                        | Excluded Drugs and Devices               |         |       |       |                 | 0       | 0             | <b>0</b>       | <b>0%</b>   |
|                        | Critical Care Services                   | (316)   | 23    | 326   | (546)           | 92      |               | <b>(421)</b>   | <b>(1%)</b> |
|                        | Renal Dialysis and Transplant            | 0       | 0     | 0     | 146             | (5)     |               | <b>141</b>     | <b>0%</b>   |
|                        | CQUIN                                    | 0       | 0     | 0     | 0               | 0       | 0             | <b>0</b>       | <b>0%</b>   |
| Other Activity         | 43,259                                   | 30,396  | 3,002 | 2,447 | (6,232)         | (790)   | <b>72,082</b> | <b>1%</b>      |             |
| Other Financial Values | 2,064                                    | 2,702   | 2,114 | 193   | (591)           | 1,288   | <b>7,769</b>  | <b>0%</b>      |             |

| Financial              | Case Mix                                 | City<br>(£000) | East<br>(£000) | West<br>(£000) | Specialise<br>d | Other<br>(£000) | Alliance<br>(£000) | Total<br>(£000) | %            |
|------------------------|--|----------------|----------------|----------------|-----------------|-----------------|--------------------|-----------------|--------------|
|                        | Day Case                                 | (512)          | 65             | 86             | 473             | (511)           | (256)              | <b>(653)</b>    | <b>(2%)</b>  |
|                        | Elective Inpatient                       | (276)          | (7)            | (504)          | (801)           | 549             | 0                  | <b>(1,039)</b>  | <b>(2%)</b>  |
|                        | Emergency / Non-elective Inpatient       | 1,535          | 1,675          | 3,198          | 1,251           | 532             | 0                  | <b>8,190</b>    | <b>5%</b>    |
|                        | Marginal Rate Emergency Threshold (MRET) | (629)          | 21             | (387)          | 0               | (276)           | 0                  | <b>(1,271)</b>  | <b>(27%)</b> |
|                        | Emergency Department                     | 172            | 139            | 200            | 0               | (74)            | 0                  | <b>436</b>      | <b>2%</b>    |
|                        | Outpatient                               | 673            | 521            | 909            | 818             | 4               | (218)              | <b>2,706</b>    | <b>4%</b>    |
|                        | Excluded Drugs and Devices               | (557)          | (713)          | (608)          | (2,908)         | (368)           | (20)               | <b>(5,175)</b>  | <b>(7%)</b>  |
|                        | Critical Care Services                   | (162)          | 13             | 389            | 12              | 334             | 0                  | <b>585</b>      | <b>2%</b>    |
|                        | Renal Dialysis and Transplant            | 0              | 0              | 0              | (516)           | 22              | 0                  | <b>(494)</b>    | <b>(3%)</b>  |
|                        | CQUIN                                    | (76)           | (21)           | 21             | 114             | 619             | (14)               | <b>643</b>      | <b>6%</b>    |
| Other Activity         | (208)                                    | (215)          | (159)          | 1,256          | 213             | (18)            | <b>869</b>         | <b>1%</b>       |              |
| Other Financial Values | 756                                      | 152            | 423            | (54)           | (776)           | (152)           | <b>350</b>         | <b>3%</b>       |              |
| <b>Grand Total</b>     | <b>716</b>                               | <b>1,628</b>   | <b>3,569</b>   | <b>(355)</b>   | <b>266</b>      | <b>(678)</b>    | <b>5,147</b>       | <b>1%</b>       |              |

## Contracts:

- **Day Case & Elective Inpatient:** Day case under-performance in the main is within Orthopaedic Surgery. Elective Inpatient underperformance is predominantly in Paediatric Cardiothoracic Surgery partially offset by Cardiac and Orthopaedic Surgery.
  - **Emergency / Non Elective:** Over performance across a wide range of specialties with Geriatric Medicine, Hepatology and Rehabilitation. Offset by underperformance in Diabetology, Gastroenterology and Paediatric Medicine.
  - **Outpatients:** The majority of the over-performance is within follow-up appointments. There are a range of Specialties which are over performing including Integrated Medicine, and Dermatology.
  - **Excluded Drugs and Devices:** The underperformance is driven by Infectious Diseases, Rheumatology and Cardiology.
  - **Alliance:** Driven by underperformance in Day Case within Orthopaedic Surgery and Urology partially offset by over-performance in Podiatric Surgery.
- The CCG contracts are significantly over performing and there are a number of contract challenges relating to admission coding. Meetings are ongoing to resolve the issue.
- Other includes Agenda for Change income of £7.1m offset by crystallisation of residual planning risk

# Patient Income Run Rates



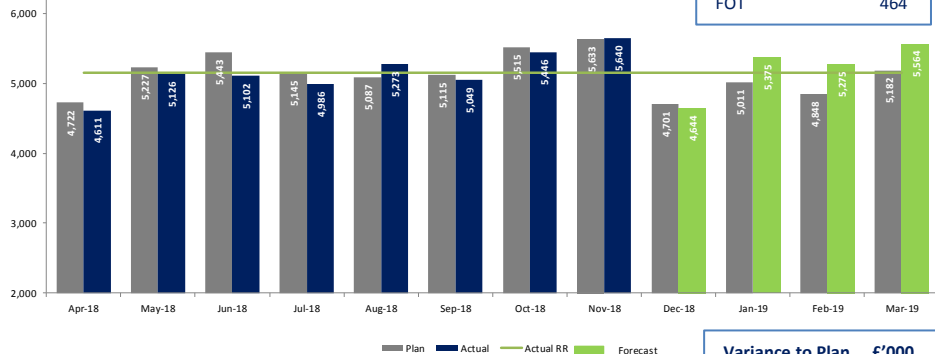
## Year to Date

- Year to date over-performance of £5.1m which includes £5.2mA in relation to drugs and devices excluded from tariff and £7.1mF in relation to Agenda for Change funding.
- Over-performance predominantly driven by Emergency/Non-elective within Integrated Medicine, Rehabilitation and Outpatients.
- The forecast includes additional income in relation to the revised winter timetable and efficiencies in theatres and Outpatients.

# Patient Income Run Rates: Point of Delivery

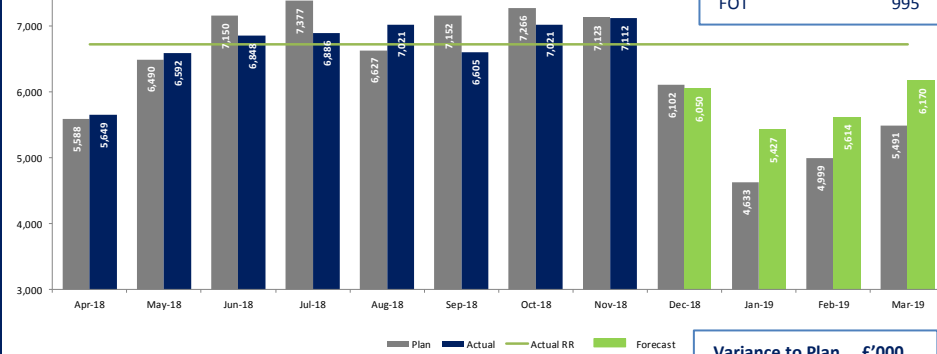
## Day Case

Variance to Plan £'000  
YTD (653)  
FOT 464



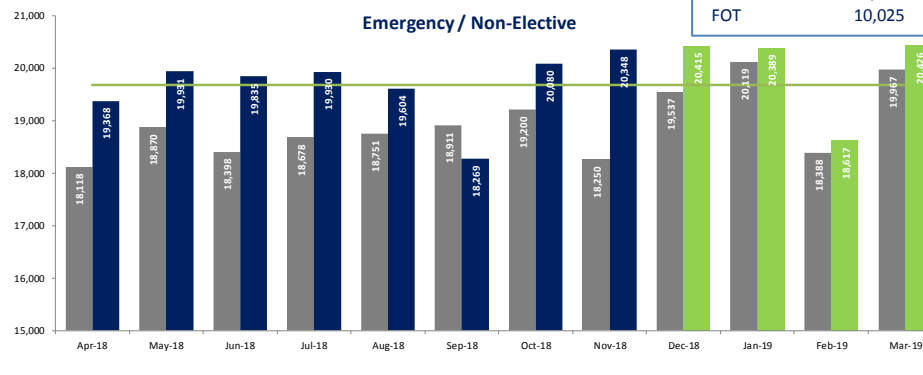
## Elective Inpatient

Variance to Plan £'000  
YTD (1,039)  
FOT 995



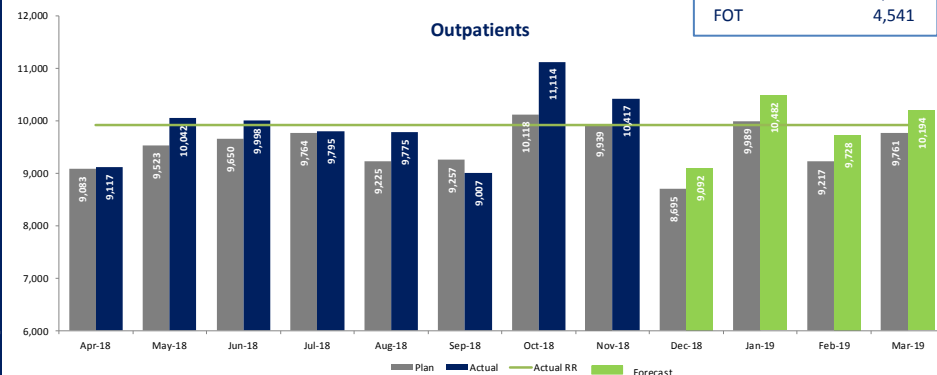
## Emergency / Non-Elective

Variance to Plan £'000  
YTD 8,190  
FOT 10,025



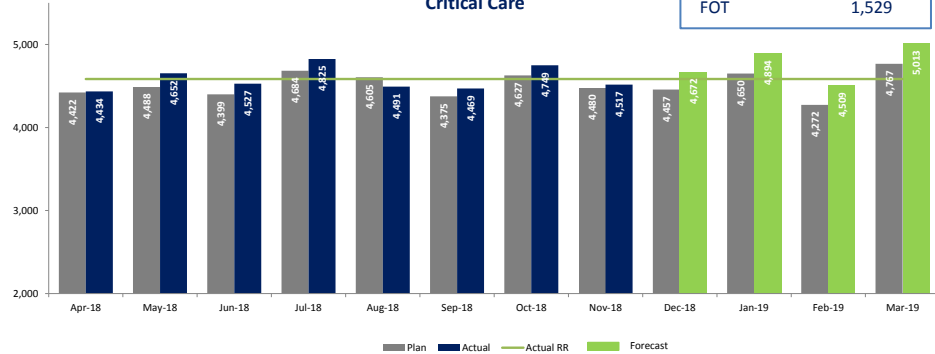
## Outpatients

Variance to Plan £'000  
YTD 2,706  
FOT 4,541



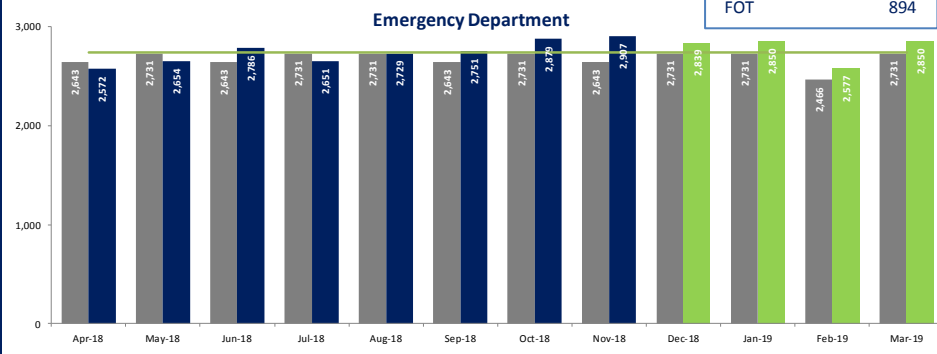
## Critical Care

Variance to Plan £'000  
YTD 585  
FOT 1,529



## Emergency Department

Variance to Plan £'000  
YTD 436  
FOT 894



# Pay: YTD £425.3m, £14.1mA to Plan

|                      | Nov-18                             |               |               |                |               |               | YTD            |                |                |                 |               |               |                 |
|----------------------|------------------------------------|---------------|---------------|----------------|---------------|---------------|----------------|----------------|----------------|-----------------|---------------|---------------|-----------------|
|                      | £'000                              |               | F/(A)         | WTE            |               | F/(A)         | £'000          |                | F/(A)          | WTE             |               | F/(A)         |                 |
|                      | Plan                               | Actual        |               | Plan           | Actual        |               | Plan           | Actual         |                | Plan            | Actual        |               |                 |
| Agency               | Medical                            | 373           | 316           | 56             | 3             | 61            | (58)           | 3,694          | 5,210          | (1,517)         | 3             | 61            | (58)            |
|                      | Nursing & Midwifery                | 878           | 847           | 31             | 23            | 164           | (142)          | 7,237          | 5,785          | 1,452           | 23            | 164           | (142)           |
|                      | Other Clinical                     | 179           | 169           | 10             | 29            | 19            | 11             | 1,592          | 1,481          | 110             | 29            | 19            | 11              |
|                      | Non Clinical                       | 52            | 6             | 46             | 15            | 0             | 15             | 433            | 266            | 167             | 15            | 0             | 15              |
|                      | <b>Total: Agency</b>               | <b>1,482</b>  | <b>1,339</b>  | <b>143</b>     | <b>70</b>     | <b>244</b>    | <b>(174)</b>   | <b>12,956</b>  | <b>12,742</b>  | <b>213</b>      | <b>70</b>     | <b>244</b>    | <b>(174)</b>    |
| Other Non-contracted | Medical                            | 0             | 1,662         | (1,662)        | 0             | 7             | (7)            | 0              | 12,945         | (12,945)        | 0             | 7             | (7)             |
|                      | Nursing & Midwifery                | 0             | 1,668         | (1,668)        | 0             | 519           | (519)          | 0              | 13,850         | (13,850)        | 0             | 519           | (519)           |
|                      | Other Clinical                     | 0             | 352           | (352)          | 0             | 70            | (70)           | 0              | 2,702          | (2,702)         | 0             | 70            | (70)            |
|                      | Non Clinical                       | 0             | 601           | (601)          | 0             | 284           | (284)          | 0              | 4,647          | (4,647)         | 0             | 284           | (284)           |
|                      | <b>Total: Other Non-contracted</b> | <b>0</b>      | <b>4,283</b>  | <b>(4,283)</b> | <b>0</b>      | <b>879</b>    | <b>(879)</b>   | <b>0</b>       | <b>34,145</b>  | <b>(34,145)</b> | <b>0</b>      | <b>879</b>    | <b>(879)</b>    |
| Total Non-contracted | Medical                            | 373           | 1,979         | (1,606)        | 3             | 68            | (65)           | 3,694          | 18,155         | (14,462)        | 3             | 68            | (65)            |
|                      | Nursing & Midwifery                | 878           | 2,516         | (1,638)        | 23            | 683           | (660)          | 7,237          | 19,635         | (12,398)        | 23            | 683           | (660)           |
|                      | Other Clinical                     | 179           | 521           | (342)          | 29            | 89            | (59)           | 1,592          | 4,183          | (2,592)         | 29            | 89            | (59)            |
|                      | Non Clinical                       | 52            | 607           | (554)          | 15            | 284           | (269)          | 433            | 4,914          | (4,480)         | 15            | 284           | (269)           |
|                      | <b>Total: Non-contracted</b>       | <b>1,482</b>  | <b>5,622</b>  | <b>(4,140)</b> | <b>70</b>     | <b>1,124</b>  | <b>(1,054)</b> | <b>12,956</b>  | <b>46,888</b>  | <b>(33,932)</b> | <b>70</b>     | <b>1,124</b>  | <b>(1,054)</b>  |
| Substantive          | Medical                            | 15,672        | 14,480        | 1,192          | 1,957         | 1,900         | 57             | 126,180        | 116,608        | 9,572           | 1,957         | 1,900         | 57              |
|                      | Nursing & Midwifery                | 17,467        | 16,479        | 988            | 5,984         | 5,218         | 766            | 136,960        | 131,224        | 5,736           | 5,984         | 5,218         | 766             |
|                      | Other Clinical                     | 7,047         | 6,517         | 530            | 2,190         | 1,976         | 214            | 57,345         | 51,422         | 5,923           | 2,190         | 1,976         | 214             |
|                      | Non Clinical                       | 9,112         | 9,903         | (792)          | 4,287         | 4,394         | (107)          | 77,805         | 79,152         | (1,347)         | 4,287         | 4,394         | (107)           |
|                      | <b>Total: Substantive</b>          | <b>49,298</b> | <b>47,380</b> | <b>1,918</b>   | <b>14,418</b> | <b>13,488</b> | <b>930</b>     | <b>398,290</b> | <b>378,407</b> | <b>19,884</b>   | <b>0</b>      | <b>13,488</b> | <b>(13,488)</b> |
| Total                | Medical                            | 16,045        | 16,459        | (414)          | 1,960         | 1,968         | (8)            | 129,874        | 134,763        | (4,889)         | 1,960         | 1,968         | (1,965)         |
|                      | Nursing & Midwifery                | 18,345        | 18,994        | (649)          | 6,007         | 5,901         | 106            | 144,197        | 150,860        | (6,663)         | 6,007         | 5,901         | (5,878)         |
|                      | Other Clinical                     | 7,226         | 7,038         | 188            | 2,219         | 2,064         | 155            | 58,936         | 55,605         | 3,331           | 2,219         | 2,064         | (2,035)         |
|                      | Non Clinical                       | 9,164         | 10,510        | (1,346)        | 4,302         | 4,678         | (377)          | 78,239         | 84,066         | (5,827)         | 4,302         | 4,678         | (4,664)         |
|                      | <b>TOTAL: Pay</b>                  | <b>50,780</b> | <b>53,001</b> | <b>(2,221)</b> | <b>14,488</b> | <b>14,612</b> | <b>(124)</b>   | <b>411,246</b> | <b>425,294</b> | <b>(14,048)</b> | <b>14,488</b> | <b>14,612</b> | <b>(124)</b>    |

## Agency Pay

- Year to date cost of £12.7m, £0.2mF to Plan, driven by ESM in Nursing.

## Other Non-contracted Pay

- Other non-contracted pay consists of overtime, bank, WLLs and internal locums.
- Year to date expenditure of £34.1m 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.

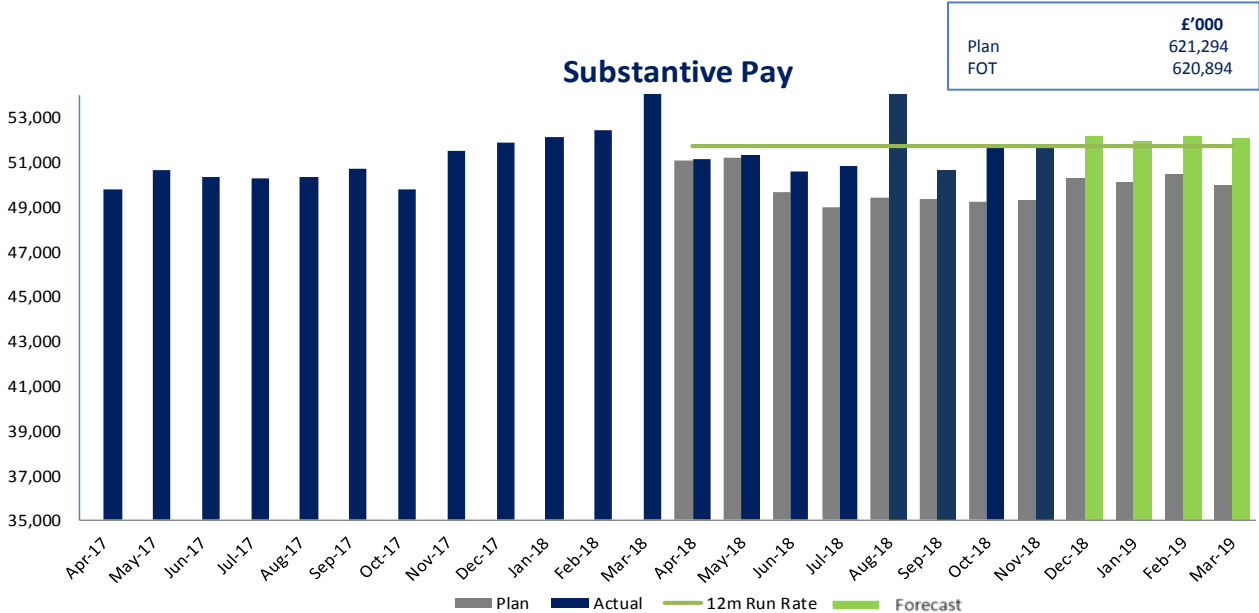
## Substantive Pay

- Combined with other non-contracted, expenditure of £412.6m, £14.3mA to Plan which includes £7.1mA in relation to Agenda For Change and £2.5mF in relation to execution of FRB actions.
- Underlying overspend of £9.8m including non-delivery of planned pay CIP of £2.4m . Underlying overspend in all staff groups.
- In response to a perceived lack of control of pay costs, enhanced pay controls have been put in place together with a pay envelope provided to each CMG and Corporate Directorate to support financial recovery.

### Note

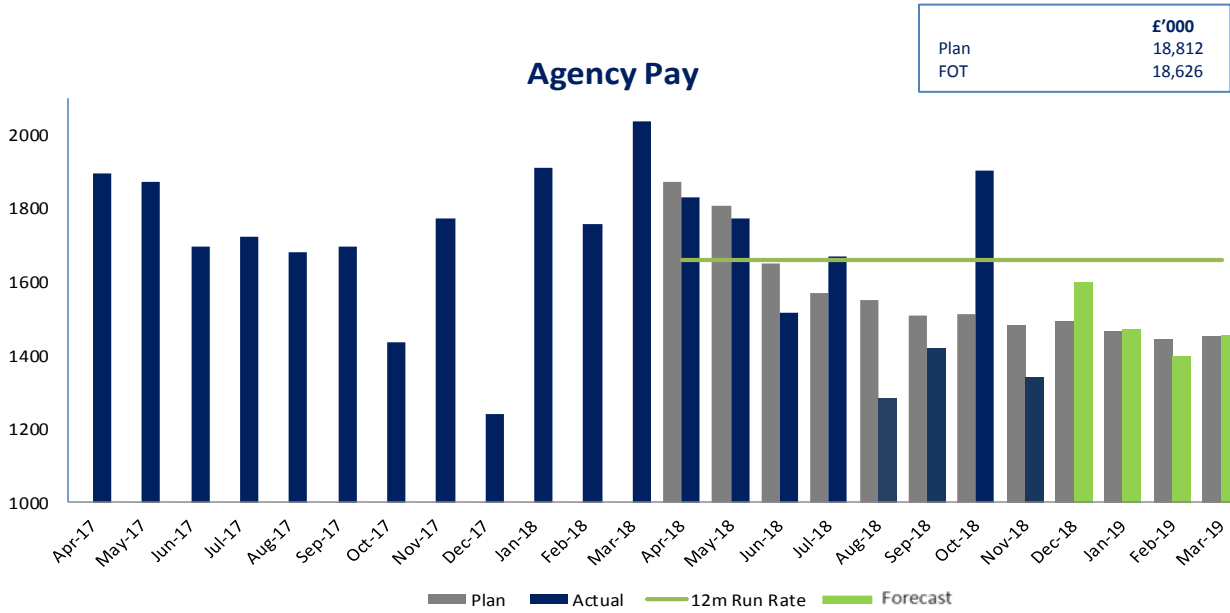
Other non-contracted medical pay is not represented by a WTE value as it represents an aggregate of payments like Waiting List Initiatives (WLI), on call, acting down payments across different grades of medical workforce where individuals often already represent 1 WTE in a substantive, contracted, role.

# Pay Run Rates



## Total Pay excluding Agency Pay

- This remains a key risk to the Financial Plan driven by use of premium pay in relation to supporting core capacity, emergency pathway together with staff enhancements in excess of Agenda for Change and NHSI rates together with unfunded cost pressures.
- The increase in August pay is driven by year to date catch-up in relation to Agenda for Change of £3.4m.
- The forecast pay includes additional capacity to support Winter pressures together with the anticipated benefit from the workforce controls.



## Agency Pay

- The planned trajectory is supported by specific actions identified and tracked through the Premium Pay group.
- The NHSI Agency Ceiling for 2018/19 is £18.8m.
- The increase in October is driven by nursing within ESM which is in line with forecast and CHUGGS which includes a year to date correction.

# Non-Pay: YTD £252.7m, £21.5mA to Plan

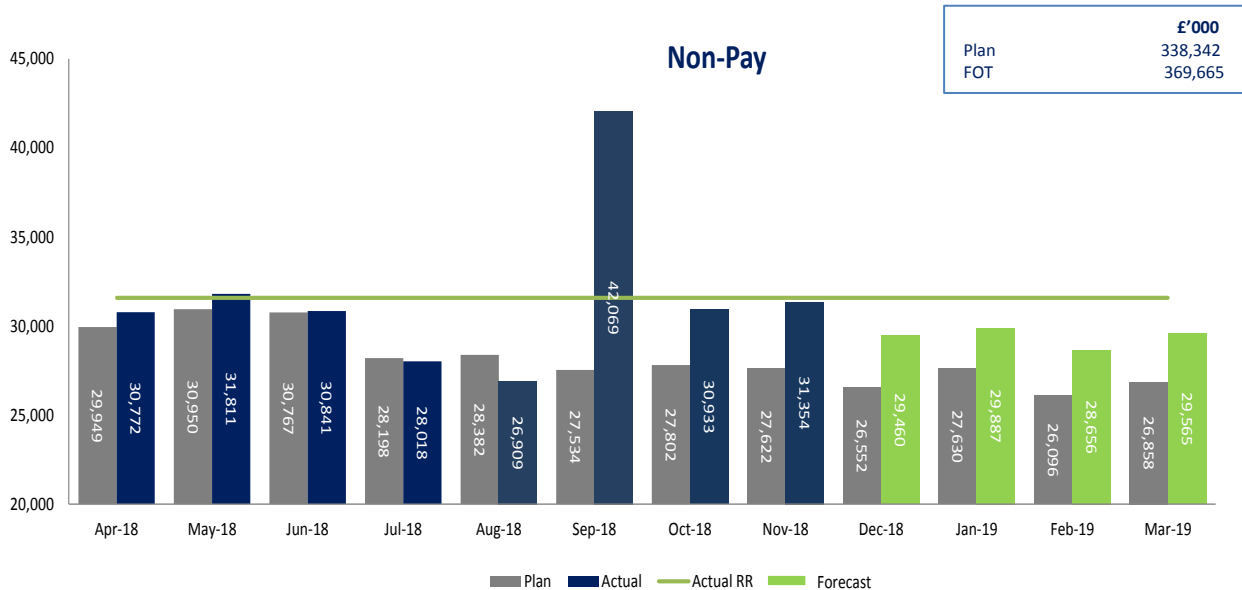
|                           | Nov-18                          |                 |                  |              | YTD            |                 |                  |             |        |
|---------------------------|---------------------------------|-----------------|------------------|--------------|----------------|-----------------|------------------|-------------|--------|
|                           | Plan<br>£'000                   | Actual<br>£'000 | F / (A)<br>£'000 | %            | Plan<br>£'000  | Actual<br>£'000 | F / (A)<br>£'000 | %           |        |
| <b>Direct</b>             | Blood Products                  | 135             | 204              | (70)         | (52%)          | 1,052           | 790              | 262         | 25%    |
|                           | Drugs                           | 9,596           | 9,096            | 500          | 5%             | 75,464          | 69,018           | 6,446       | 9%     |
|                           | Clinical Supplies & Services    | 9,234           | 10,423           | (1,189)      | (13%)          | 73,034          | 76,252           | (3,218)     | (4%)   |
|                           | Transport                       | 314             | 467              | (153)        | (49%)          | 2,521           | 3,099            | (578)       | (23%)  |
|                           | Recharges                       | 500             | 823              | (323)        | (64%)          | 4,339           | 5,267            | (928)       | (21%)  |
|                           | Misc & General Supplies         | (1,020)         | 1,528            | (2,547)      | 250%           | 4,095           | 26,277           | (22,181)    | (542%) |
| <b>External Providers</b> | Healthcare                      | 902             | 900              | 2            | 0%             | 7,305           | 7,145            | 160         | 2%     |
|                           | Non Healthcare                  | 1,222           | 1,257            | (35)         | (3%)           | 9,776           | 10,023           | (247)       | (3%)   |
| <b>Overheads</b>          | Establishment, Premises & Plant | 4,040           | 3,935            | 105          | 3%             | 32,007          | 33,225           | (1,218)     | (4%)   |
|                           | Consultancy                     | 38              | 60               | (22)         | (59%)          | 322             | 326              | (4)         | (1%)   |
|                           | Clinical Negligence             | 2,661           | 2,661            | -            | 0%             | 21,285          | 21,285           | (0)         | (0%)   |
| <b>Total: Non Pay</b>     | <b>27,622</b>                   | <b>31,354</b>   | <b>(3,732)</b>   | <b>(14%)</b> | <b>231,202</b> | <b>252,707</b>  | <b>(21,505)</b>  | <b>(9%)</b> |        |

- Direct Costs: £180.7m, £20.1mA to Plan** including £5.2mF in relation to drugs and devices excluded from tariff.

The financial impact from the cessation of FM LLP is driving a £14.7m of the over spend

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

- External Providers:** YTD cost of £17.2m which in line with Plan.
- Overheads:** YTD expenditure of £54.8m, £1.2mA to Plan predominantly within Estates.
- Non-pay remains a critical area of spend to ensure tight cost control underpinned by activity performance.

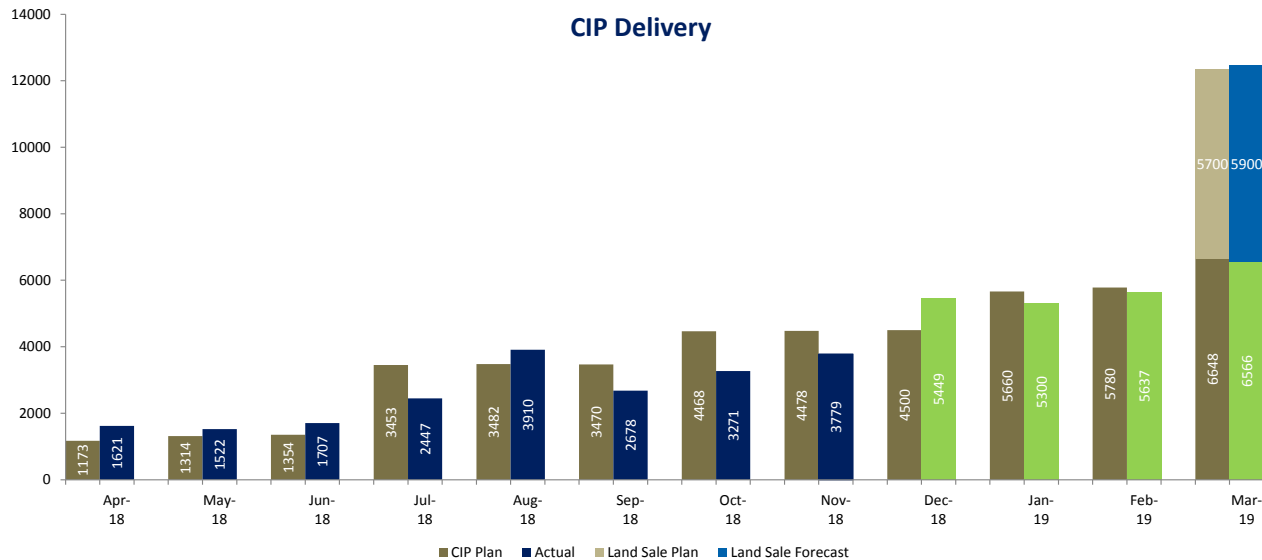




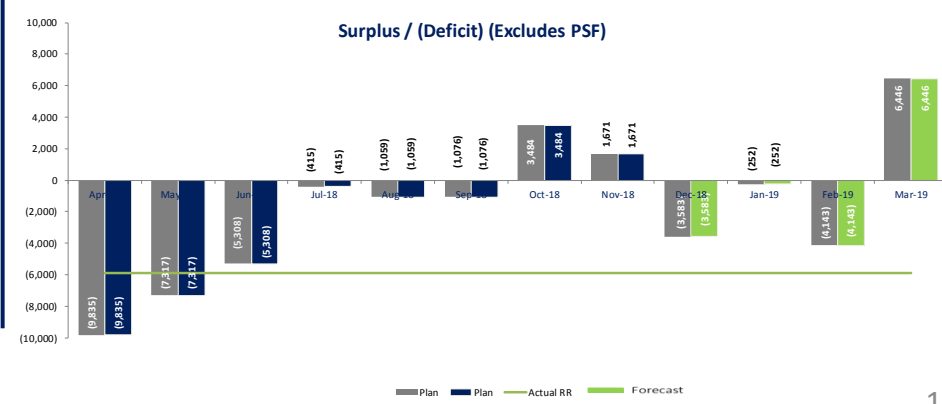
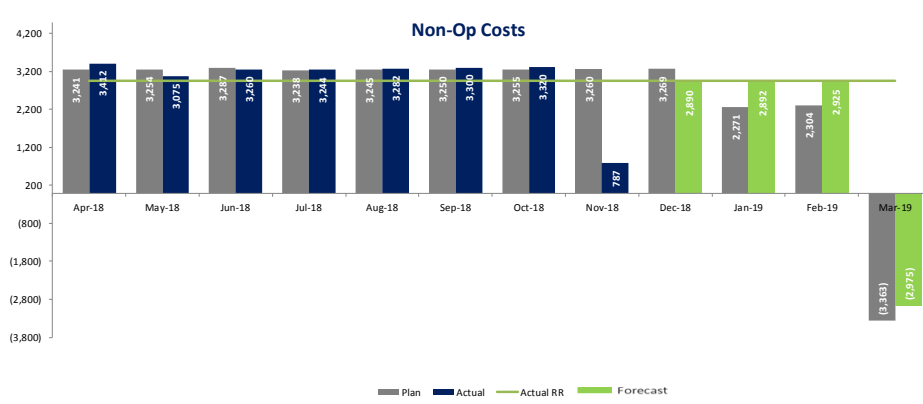
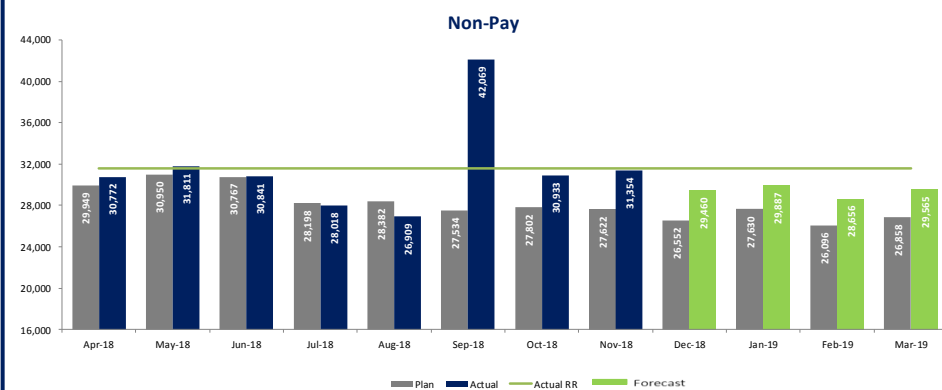
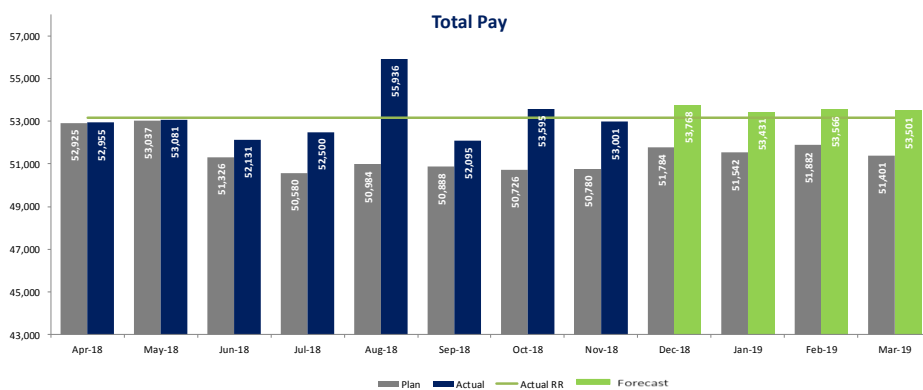
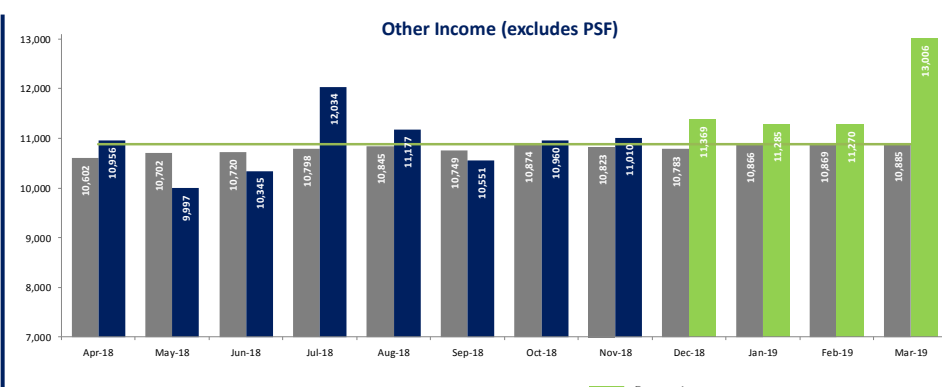
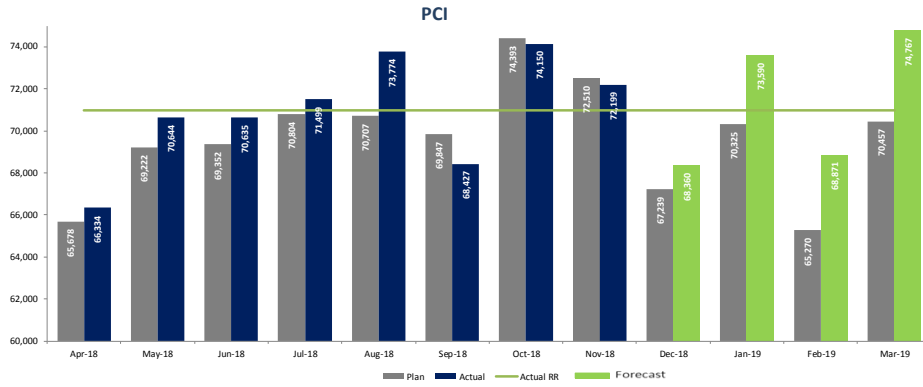
# CIP: YTD £20.9m, £2.3mA to Plan

|                    | Nov-18        |                 |                  |              | YTD           |                 |                  |              | FY Plan<br>£'000 |
|--------------------|---------------|-----------------|------------------|--------------|---------------|-----------------|------------------|--------------|------------------|
|                    | Plan<br>£'000 | Actual<br>£'000 | F / (A)<br>£'000 | %            | Plan<br>£'000 | Actual<br>£'000 | F / (A)<br>£'000 | %            |                  |
| CHUGGS             | 355           | 335             | (20)             | (6%)         | 2,046         | 2,107           | 62               | 3%           | 3,467            |
| CSI                | 189           | 253             | 64               | 34%          | 1,520         | 1,992           | 472              | 31%          | 2,287            |
| ESM                | 510           | 436             | (74)             | (14%)        | 3,148         | 3,517           | 368              | 12%          | 5,189            |
| ITAPS              | 298           | 298             | 0                | 0%           | 1,716         | 1,911           | 194              | 11%          | 2,908            |
| MSS                | 341           | 305             | (36)             | (10%)        | 2,501         | 2,192           | (309)            | (12%)        | 3,911            |
| RRCV               | 490           | 393             | (97)             | (20%)        | 3,278         | 3,182           | (96)             | (3%)         | 5,253            |
| Womens & Childrens | 628           | 354             | (274)            | (44%)        | 2,752         | 1,592           | (1,160)          | (42%)        | 5,268            |
| <b>Total: CMG</b>  | <b>2,811</b>  | <b>2,375</b>    | <b>(437)</b>     | <b>(16%)</b> | <b>16,961</b> | <b>16,492</b>   | <b>(470)</b>     | <b>(3%)</b>  | <b>28,284</b>    |
| Facilities         | 282           | 168             | (114)            | (40%)        | 1,248         | 786             | (462)            | (37%)        | 2,377            |
| Corporate Total    | 154           | 180             | 26               | 17%          | 778           | 616             | (161)            | (21%)        | 1,394            |
| Central            | 1,231         | 1,057           | (174)            | (14%)        | 4,203         | 3,041           | (1,162)          | (28%)        | 19,426           |
| <b>Total CIP</b>   | <b>4,478</b>  | <b>3,779</b>    | <b>(699)</b>     | <b>(16%)</b> | <b>23,191</b> | <b>20,936</b>   | <b>(2,255)</b>   | <b>(10%)</b> | <b>51,480</b>    |

- The CIP forecast outturn is £49.7m representing an unidentified gap of £1.8m driven by cessation of FM LLP offset by FRB actions. driving an under-deliver of £1.8m
- Achieving CIP is critical to delivering the 18/19 financial plan with key risks being unidentified or delivery slippage of CIP.
- Month 12 includes £5.9m for the sale of land.
- The specific CIP Paper provides further insight into the performance of CIP.



# I&E Run Rates



# November performance by CMG and Directorates: Plan

Underperformance within CHUGGS, MSS, RRCV, and W&C driven by under-delivery of activity, CIP and cost overspend with the adverse position in Central driven by the cessation of FM LLP. All underperforming CMGs are in weekly financial recovery meetings led by the CFO together with pro-active management of Risks and Mitigations through the Financial Recovery Board.

|                                     | Nov-18                         |                |                | YTD             |                 |                 | FOT             |                 |                 |                 |
|-------------------------------------|--------------------------------|----------------|----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|                                     | Plan                           | Actual         | Vs Plan        | Plan            | Actual          | Vs Plan         | Plan            | FOT             | F / (A)         |                 |
|                                     | £'000                          | £'000          | B/(W)<br>£'000 | £'000           | £'000           | B/(W)<br>£'000  | £'000           | £'000           | £'000           |                 |
| <b>CMGs</b>                         | CHUGGS                         | 4,098          | 3,237          | (862)           | 30,739          | 29,288          | (1,451)         | 45,492          | 43,743          | (1,749)         |
|                                     | CSI                            | (2,291)        | (2,290)        | 1               | (22,838)        | (22,834)        | 3               | (33,457)        | (33,457)        | (0)             |
|                                     | ESM                            | 1,015          | 1,690          | 675             | 9,441           | 10,412          | 970             | 12,999          | 14,498          | 1,500           |
|                                     | ITAPS                          | (3,739)        | (4,046)        | (307)           | (31,523)        | (31,819)        | (296)           | (46,074)        | (46,074)        | 0               |
|                                     | MSS                            | 3,220          | 2,673          | (546)           | 22,322          | 19,231          | (3,091)         | 28,819          | 25,537          | (3,282)         |
|                                     | RRCV                           | 4,022          | 3,553          | (469)           | 28,269          | 26,088          | (2,181)         | 42,235          | 38,875          | (3,360)         |
|                                     | W&C                            | 4,139          | 2,501          | (1,638)         | 30,220          | 24,462          | (5,758)         | 45,227          | 37,963          | (7,264)         |
|                                     | FACILITIES                     | (3,575)        | (3,573)        | 2               | (29,578)        | (29,575)        | 2               | (44,563)        | (44,564)        | (2)             |
|                                     | <b>TOTAL CMGs</b>              | <b>6,890</b>   | <b>3,746</b>   | <b>(3,144)</b>  | <b>37,053</b>   | <b>25,251</b>   | <b>(11,801)</b> | <b>50,677</b>   | <b>36,520</b>   | <b>(14,157)</b> |
| <b>Corporate Directorates</b>       | Communications & Ext Relations | (60)           | (59)           | 1               | (481)           | (476)           | 5               | (722)           | (722)           | (0)             |
|                                     | Corporate & Legal              | (261)          | (298)          | (38)            | (2,168)         | (2,201)         | (33)            | (3,211)         | (3,211)         | (0)             |
|                                     | Corporate Medical              | (1,820)        | (1,820)        | (0)             | (14,608)        | (14,670)        | (61)            | (21,854)        | (21,854)        | (0)             |
|                                     | Operations                     | (335)          | (231)          | 104             | (2,870)         | (2,690)         | 180             | (4,227)         | (4,226)         | 1               |
|                                     | Finance & Procurement          | (569)          | (586)          | (17)            | (4,862)         | (4,793)         | 69              | (7,140)         | (7,140)         | 1               |
|                                     | Nursing                        | (415)          | (436)          | (21)            | (3,919)         | (4,057)         | (138)           | (5,582)         | (5,783)         | (201)           |
|                                     | Human Resources                | (437)          | (470)          | (33)            | (3,655)         | (3,715)         | (60)            | (5,408)         | (5,408)         | 1               |
|                                     | IM&T                           | (1,007)        | (637)          | 370             | (8,137)         | (8,215)         | (78)            | (12,119)        | (12,119)        | (0)             |
|                                     | Strategic Development          | (41)           | (37)           | 3               | (426)           | (370)           | 56              | (590)           | (590)           | (0)             |
| <b>TOTAL CORPORATE DIRECTORATES</b> | <b>(4,944)</b>                 | <b>(4,574)</b> | <b>370</b>     | <b>(41,127)</b> | <b>(41,188)</b> | <b>(60)</b>     | <b>(60,852)</b> | <b>(61,053)</b> | <b>(201)</b>    |                 |
| <b>Trust</b>                        | Research                       | 0              | 5              | 5               | 0               | 26              | 26              | 0               | 20              | 20              |
|                                     | Trust Med Pharmacy             | 4              | 7              | 3               | 44              | 52              | 8               | 64              | 69              | 5               |
|                                     | Alliance                       | 130            | 155            | 25              | 31              | (405)           | (436)           | (0)             | (0)             | (0)             |
|                                     | Central                        | (408)          | (1,273)        | (865)           | (15,855)        | (30,729)        | (14,874)        | (11,274)        | (27,598)        | (16,324)        |
|                                     | Donated Assets Adjustment      | 16             | 41             | 25              | 129             | 128             | (1)             | 193             | 242             | 49              |
|                                     | <b>UHL Total Excluding PSF</b> | <b>1,687</b>   | <b>(1,893)</b> | <b>(3,580)</b>  | <b>(19,725)</b> | <b>(46,864)</b> | <b>(27,139)</b> | <b>(21,192)</b> | <b>(51,800)</b> | <b>(30,608)</b> |

# November performance by CMG and Directorates: Forecast

Underperformance within CHUGGS, MSS, RRCV, and W&C driven by under-delivery of activity, CIP and cost overspend offset by Central actions representing a realisation of previous opportunities. All underperforming CMGs are in weekly financial recovery meetings led by the CFO together with pro-active management of Risks and Mitigations through the Financial Recovery Board.

|                                     | Nov-18                         |                |                | YTD             |                 |                | FOT             |               |
|-------------------------------------|--------------------------------|----------------|----------------|-----------------|-----------------|----------------|-----------------|---------------|
|                                     | FOT                            | Actual         | Vs FOT         | FOT             | Actual          | Vs Plan        | M8 FOT          |               |
|                                     | £'000                          | £'000          | B/(W)<br>£'000 | £'000           | £'000           | B/(W)<br>£'000 | £'000           |               |
| CMGs                                | CHUGGS                         | 3,585          | 3,237          | (349)           | 29,636          | 29,288         | (349)           | 43,743        |
|                                     | CSI                            | (2,466)        | (2,290)        | 176             | (23,010)        | (22,834)       | 176             | (33,457)      |
|                                     | ESM                            | 1,260          | 1,690          | 429             | 9,982           | 10,412         | 429             | 14,498        |
|                                     | ITAPS                          | (3,827)        | (4,046)        | (218)           | (31,601)        | (31,819)       | (218)           | (46,074)      |
|                                     | MSS                            | 2,990          | 2,673          | (317)           | 19,547          | 19,231         | (317)           | 25,537        |
|                                     | RRCV                           | 4,133          | 3,553          | (580)           | 26,668          | 26,088         | (580)           | 38,875        |
|                                     | W&C                            | 2,852          | 2,501          | (350)           | 24,812          | 24,462         | (350)           | 37,963        |
|                                     | FACILITIES                     | (3,614)        | (3,573)        | 41              | (29,617)        | (29,575)       | 41              | (44,564)      |
|                                     | <b>TOTAL CMGs</b>              | <b>4,914</b>   | <b>3,746</b>   | <b>(1,168)</b>  | <b>26,419</b>   | <b>25,251</b>  | <b>(1,168)</b>  | <b>36,520</b> |
| Corporate Directorates              | Communications & Ext Relations | (62)           | (59)           | 3               | (478)           | (476)          | 3               | (722)         |
|                                     | Corporate & Legal              | (281)          | (298)          | (17)            | (2,184)         | (2,201)        | (17)            | (3,211)       |
|                                     | Corporate Medical              | (1,820)        | (1,820)        | 0               | (14,670)        | (14,670)       | 0               | (21,854)      |
|                                     | Operations                     | (359)          | (231)          | 128             | (2,818)         | (2,690)        | 128             | (4,226)       |
|                                     | Finance & Procurement          | (586)          | (586)          | 0               | (4,793)         | (4,793)        | 0               | (7,140)       |
|                                     | Nursing                        | (488)          | (436)          | 52              | (4,110)         | (4,057)        | 52              | (5,783)       |
|                                     | Human Resources                | (440)          | (470)          | (30)            | (3,685)         | (3,715)        | (30)            | (5,408)       |
|                                     | IM&T                           | (1,143)        | (637)          | 506             | (8,722)         | (8,215)        | 506             | (12,119)      |
|                                     | Strategic Development          | (63)           | (37)           | 25              | (395)           | (370)          | 25              | (590)         |
| <b>TOTAL CORPORATE DIRECTORATES</b> | <b>(5,241)</b>                 | <b>(4,574)</b> | <b>667</b>     | <b>(41,855)</b> | <b>(41,188)</b> | <b>667</b>     | <b>(61,053)</b> |               |
| Trust                               | Research                       | 0              | 5              | 5               | 20              | 26             | 5               | 20            |
|                                     | Trust Med Pharmacy             | 4              | 7              | 3               | 49              | 52             | 3               | 69            |
|                                     | Alliance                       | 199            | 155            | (44)            | (361)           | (405)          | (44)            | (0)           |
|                                     | Central                        | (1,989)        | (1,273)        | 716             | (31,444)        | (30,729)       | 716             | (27,598)      |
|                                     | Donated Assets Adjustment      | 31             | 41             | 10              | 118             | 128            | 10              | 242           |
| <b>UHL Total Excluding PSF</b>      | <b>(2,082)</b>                 | <b>(1,893)</b> | <b>189</b>     | <b>(47,053)</b> | <b>(46,864)</b> | <b>189</b>     | <b>(51,800)</b> |               |

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

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

| I&E<br>£'000                       | Plan             | Outturn            | F / (A)         |
|------------------------------------|------------------|--------------------|-----------------|
|                                    | £'000            | £'000              | £'000           |
| Patient Care Income                | 835,803          | 853,248            | 17,444          |
| Non Patient Care Income            | 129,517          | 133,959            | 4,442           |
| <b>Total Income</b>                | <b>965,320</b>   | <b>987,207</b>     | <b>21,887</b>   |
| Pay Costs                          | (599,043)        | (620,894)          | (21,850)        |
| Pay Costs: Agency                  | (18,812)         | (18,667)           | 145             |
| Non-Pay                            | (338,336)        | (370,274)          | (31,938)        |
| <b>Total Operating Costs</b>       | <b>(956,191)</b> | <b>(1,009,834)</b> | <b>(53,643)</b> |
| <b>EBITDA</b>                      | <b>9,129</b>     | <b>(22,628)</b>    | <b>(31,756)</b> |
| <b>Non-Operating Costs</b>         | <b>(30,514)</b>  | <b>(29,414)</b>    | <b>1,100</b>    |
| <b>Retained Deficit</b>            | <b>(21,385)</b>  | <b>(52,042)</b>    | <b>(30,656)</b> |
| Adjustments for Donated Assets     | 193              | 242                | 49              |
| <b>Net Deficit</b>                 | <b>(21,192)</b>  | <b>(51,800)</b>    | <b>(30,607)</b> |
| Provider Sustainability Fund (PSF) | 21,947           | 2,305              | (19,642)        |
| <b>Net Deficit Including PSF</b>   | <b>755</b>       | <b>(49,495)</b>    | <b>(50,250)</b> |
| Agency: Total Pay                  | 3.04%            | 2.92%              | (0.13%)         |
| EBITDA: Income                     | 0.95%            | (2.29%)            | (3.24%)         |
| Net Deficit: Income                | (2.20%)          | (5.25%)            | (3.05%)         |

## Key

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

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

See Page 23 for more detail on Risks/Mitigations

# November 2018: Statement of Financial Position

|  | Mar-18<br>£000's<br>Actual | Nov-18<br>£000's<br>Actual | Movement<br>£000's<br>Actual |
|--|----------------------------|----------------------------|------------------------------|
| <b>Non Current Assets</b>  |                            |                            |                              |
| Property, plant and equipment  | 427,610                    | 426,892                    | (718)                        |
| Intangible assets  | 11,480                     | 12,032                     | 552                          |
| Trade and other receivables  | 2,904                      | 2,820                      | (84)                         |
| <b>TOTAL NON CURRENT ASSETS</b>  | <b>441,994</b>             | <b>441,743</b>             | <b>(251)</b>                 |
| <b>Current Assets</b>  |                            |                            |                              |
| Inventories  | 23,829                     | 23,180                     | (649)                        |
| Trade and other receivables  | 70,519                     | 57,092                     | (13,427)                     |
| Cash and cash equivalents  | 2,900                      | 10,828                     | 7,928                        |
| <b>TOTAL CURRENT ASSETS</b>  | <b>97,248</b>              | <b>91,101</b>              | <b>(6,147)</b>               |
| <b>Current Liabilities</b>   |                            |                            |                              |
| Trade and other payables   | (112,706)                  | (113,878)                  | (1,172)                      |
| Dividend payable   | 0                          | (295)                      | (295)                        |
| 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>(155,399)</b>           | <b>(1,467)</b>               |
| <b>NET CURRENT ASSETS (LIABILITIES)</b>                                    | <b>(56,684)</b>            | <b>(64,299)</b>            | <b>(7,615)</b>               |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>                               | <b>385,310</b>             | <b>377,445</b>             | <b>(7,865)</b>               |
| <b>Non Current Liabilities</b>   |                            |                            |                              |
| Borrowings / Finance Leases  | (6,395)                    | (5,975)                    | 420                          |
| Other Liabilities / Loan   | (162,075)                  | (198,153)                  | (36,078)                     |
| Provisions for liabilities and charges                                     | (1,465)                    | (1,241)                    | 224                          |
| <b>TOTAL NON CURRENT LIABILITIES</b>                                       | <b>(169,935)</b>           | <b>(205,370)</b>           | <b>(35,435)</b>              |
| <b>TOTAL ASSETS EMPLOYED</b>   | <b>215,375</b>             | <b>172,075</b>             | <b>(43,300)</b>              |
| Public dividend capital  | 331,956                    | 331,956                    | (0)                          |
| Revaluation reserve  | 98,349                     | 98,349                     | (0)                          |
| Retained earnings  | (214,930)                  | (258,229)                  | (43,299)                     |
| <b>TOTAL TAXPAYERS EQUITY</b>  | <b>215,375</b>             | <b>172,075</b>             | <b>(43,300)</b>              |
| Liquidity Ratio Days (Working Capital Balance / Annual Operating Expenses) | (31)                       | (30)                       |                              |
| Liquidity Ratio Metric   | 4                          | 4                          |                              |

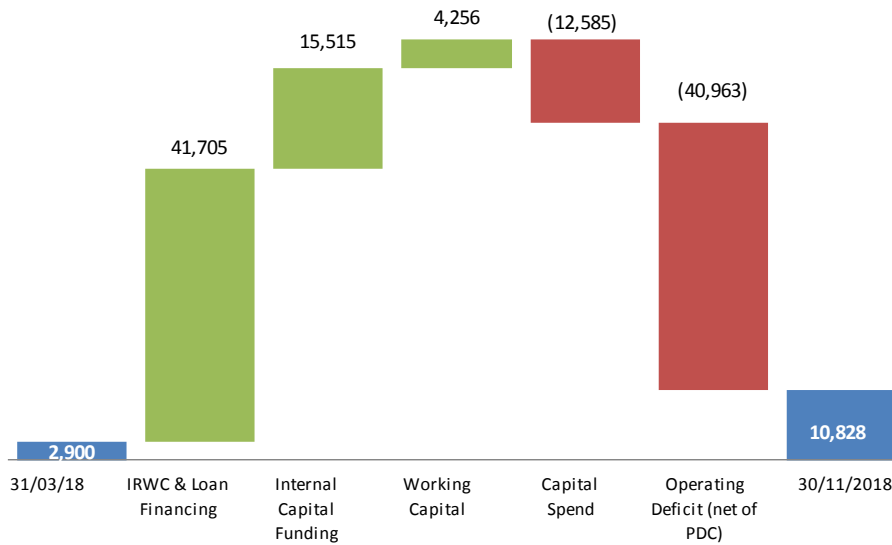
- Total Assets Employed: Movement of £43.3m representing year to date Trust deficit .
- Non-Current Assets : Decreased by £0.3m.
- Working capital:
  - Trade receivables have decreased by £13.4m
  - Trade payables have increased by £1.2m
- Cash: November balance of £10.8m is above the £1m target cash balance due to the timing of cash receipts, and includes TGH cash of £2.2m.
- Non-current liabilities:
  - Increase due to loan funding received .
  - Liquidity Ratio: We continue to be high risk in terms of our continuity of service risk rating relating to liquidity days and have achieved a score of 4 (high risk), which is in line with our plan.

Statement of Financial Position

Ratios

# November 2018: Cash movement

Year to Date Cash Bridge £'000



## Cash Bridge:

- Opening cash balance of £2.9m, in line with plan.
- Funded YTD operating deficit (net of PDC) of £40.96m and movement in working capital by securing £41.7m of external financing.

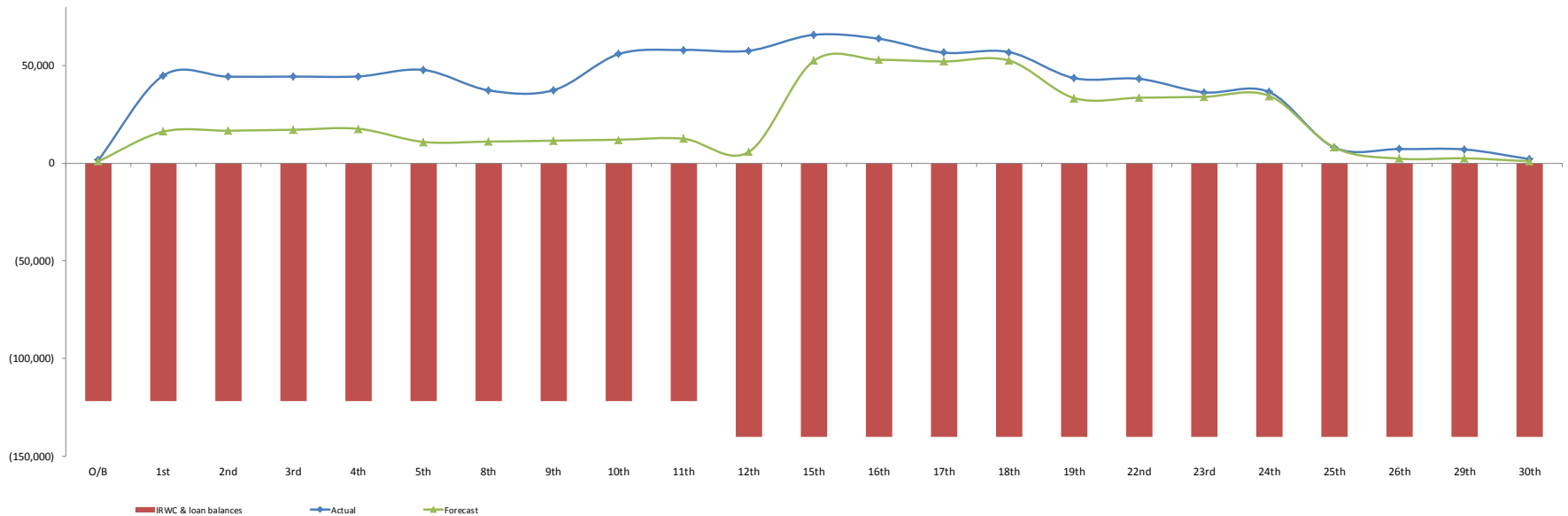
## Full Year Forecast

- 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 27<sup>th</sup> November due to 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                   | 36,268           | 24,647        | 11,621          | 15,853          | 1,076          | 4,205           | 3,512        | 14% |
|                        | Non-NHS receivables - revenue               | 23,444           | 16,554        | 6,890           | 8,561           | 882            | 778             | 6,333        | 38% |
|                        | Provision for the impairment of receivables | 0                | 0             | 0               | 0               |                |                 |              |     |
|                        | Non-NHS prepayments and accrued income      | 7,271            | 13,955        | (6,684)         | 13,955          |                |                 |              |     |
|                        | PDC dividend prepaid to DH                  | 0                | 0             | 0               | 0               |                |                 |              |     |
|                        | VAT   | 2,011            | 1,158         | 853             | 1,158           |                |                 |              |     |
|                        | Other receivables                           | 1,525            | 779           | 745             | 779             |                |                 |              |     |
|                        | <b>TOTAL</b>                                | <b>70,518</b>    | <b>57,092</b> | <b>13,426</b>   | <b>40,306</b>   | <b>1,958</b>   | <b>4,983</b>    | <b>9,846</b> |     |
| Accounts Payable       | NHS payables - revenue                      | (35,065)         | (35,532)      | 467             | (13,505)        | (1,814)        | (1,226)         | (18,986)     | 53% |
|                        | NHS accruals and deferred income            | 0                | 0             | 0               | 0               |                |                 |              |     |
|                        | Non-NHS payables - revenue                  | (33,650)         | (33,356)      | (295)           | (19,740)        | (6,543)        | (3,639)         | (3,433)      | 10% |
|                        | Non-NHS payables - capital                  | (4,307)          | (411)         | (3,896)         | 273             | (550)          | (77)            | (58)         | 14% |
|                        | Non-NHS accruals and deferred income        | (10,699)         | (15,321)      | 4,622           | (9,067)         | (3,005)        | (1,672)         | (1,577)      | 10% |
|                        | Social security costs                       | (6,969)          | (7,192)       | 223             | (7,192)         |                |                 |              |     |
|                        | Tax   | (5,892)          | (6,183)       | 291             | (6,183)         |                |                 |              |     |
|                        | Other                                       | (12,649)         | (12,984)      | 335             | (12,984)        |                |                 |              |     |
| <b>TOTAL</b>           | <b>(109,231)</b>                            | <b>(110,978)</b> | <b>1,747</b>  | <b>(68,397)</b> | <b>(11,913)</b> | <b>(6,614)</b> | <b>(24,054)</b> |              |     |
| <b>Total Liquidity</b> | <b>(38,713)</b>                             | <b>(53,886)</b>  | <b>15,173</b> |                 |                 |                |                 |              |     |

**Liquidity:** movement of £15.2m from opening position due to:

- Accounts receivable: decrease of £13.4m.
- Accounts payable: increase of £1.7m.

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

- NHS receivables: 14% representing £3.5m being over 90 days.
- Non-NHS receivables: 38% representing £6.3m being over 90 days with the largest component being Overseas Visitors at £3m. This balance consists of various items which in isolation are not material.
- NHS payables-revenue: £19m, representing 53% over 90 days; non-NHS payables 10% (£3.4m) over 90 days; non-NHS accruals and deferred income 10% (£1.6m) 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 -<br>Measure of Compliance    | November YTD |            | Prior month YTD |            |
|--|--------------|------------|-----------------|------------|
|  | Number       | £000s      | Number          | £000s      |
| <b>All</b>   |              |            |                 |            |
| Total Invoices Paid in the Year                            | 113,901      | 475,794    | 95,025          | 405,465    |
| Total Invoices Paid Within Target                          | 45,223       | 311,586    | 39,254          | 270,683    |
| <b>Percentage Invoices Paid Within Target (target 95%)</b> | <b>40%</b>   | <b>65%</b> | <b>41%</b>      | <b>67%</b> |
| <b>Non-NHS Payables</b>                                    |              |            |                 |            |
| Total Non-NHS Invoices Paid in the Year                    | 109,651      | 385,176    | 91,692          | 330,507    |
| Total Non-NHS Invoices Paid Within Target                  | 44,834       | 260,246    | 38,642          | 224,247    |
| <b>Percentage of Non-NHS Invoices Paid Within Target</b>   | <b>41%</b>   | <b>68%</b> | <b>42%</b>      | <b>68%</b> |
| <b>Local SME payables</b>                                  |              |            |                 |            |
| Total SME Invoices Paid in the Year                        | 522          | 4,601      | 430             | 3,935      |
| Total SME Invoices Paid Within Target                      | 88           | 423        | 75              | 413        |
| <b>Percentage of Local SME Invoices Paid Within Target</b> | <b>17%</b>   | <b>9%</b>  | <b>17%</b>      | <b>10%</b> |
| <b>NHS Payables</b>  |              |            |                 |            |
| Total NHS Invoices Paid in the Year                        | 3,728        | 86,017     | 2,903           | 71,023     |
| Total NHS Invoices Paid Within Target                      | 301          | 50,916     | 537             | 46,023     |
| <b>Percentage of NHS Invoices Paid Within Target</b>       | <b>8%</b>    | <b>59%</b> | <b>18%</b>      | <b>65%</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: November £12.6m spend, £8.8m under plan

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

| Scheme Name   | YTD           | YTD           | Variance     |
|---|---------------|---------------|--------------|
|   | Plan          | Actual        | F / (A)      |
|   | £'000         | £'000         | £'000        |
| Interim ICU Projects                                    | 6,144         | 371           | 5,773        |
| UHL Reconfiguration Programme                           | 841           | 504           | 337          |
| Donations   | 200           | 201           | (1)          |
| Estates & Facilities                                    | 3,900         | 2,043         | 1,857        |
| IM&T Schemes  | 2,658         | 1,415         | 1,243        |
| MS Datacentre Licences                                  | 1,091         | 1,091         | 0            |
| Medical Equipment Schemes                               | 1,953         | 1,069         | 884          |
| Medical Equipment Schemes - CMG                         | 0             | 0             | 0            |
| EMCHC, Gynae/SCBU Relocation, Supporting Infrastructure | 1,300         | 793           | 507          |
| Corporate / Other                                       | 0             | 154           | (154)        |
| Emergency Floor   | 1,308         | 1,206         | 102          |
| Additional modular ward at GH and CDU                   | 0             | 1,772         | (1,772)      |
| <b>Subtotal</b>   | <b>19,395</b> | <b>10,618</b> | <b>8,777</b> |
| MES   | 2,000         | 1,967         | 33           |
| <b>TOTAL CAPITAL EXPENDITURE</b>                        | <b>21,395</b> | <b>12,585</b> | <b>8,811</b> |

# 2018/19 Forecast: Key Risks

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- **Risk:** Clarity on and delivery of revised control totals by CMG's and Corporate Directorates. Due to the level of risk the Trust is managing through the Financial Recovery Board (FRB) there is no ability for further under-performance to be absorbed.

**Mitigation:** This is being managed through the performance management accountability framework which is being led by Chief Operating Officer which will include appropriate levels of incentives and sanctions. In addition, all CMG's will be provided with clarity on it's financial outturn required to be delivered in order to meet the Trust's financial recovery which will be supported by clear communication from the Executive and weekly escalation meetings for CMG's to monitor financial performance.

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

**Mitigation:** the Plan reflected phasing of activity for more to be delivered in Months 1-9 in addition to increased capacity for December-March to manage emergency demands and help to protect planned level of elective procedures. In addition a revised Winter Plan has been devised to deliver more elective procedures supported by additional theatre sessions and bed capacity together with engagement with Four Eyes Insight to improve Theatre and Outpatient utilisation.

- **Risk:** Delivery of pay control and associated financial benefit

**Mitigation:** Clarity and monthly tracking on expectations on the required pay envelope that each CMG / Directorate needs to operate within for the remainder of the financial. This is supported by enhanced pay controls including vacancy freeze on non-essential roles, CEO approval of new/amended posts and Executive approval of all recruitment.

- **Risk:** Commissioner affordability and increased contract challenges

**Mitigation:** The governance structure around Contract Management Performance with CCGs continues to be in place. As at Month 6 there has been an agreed settlement of escalated challenges with ongoing challenges being managed through the existing process.

- **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.