

2016/17 Financial Performance

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Executive Summary

Context

The Trust is planning for a deficit of £8.3m in 2016/17 with a capital plan of £82.0m

Questions

1. What is our financial performance for the period ended 31st July 2016?
2. What is our performance against the planned agency ceiling guidance?

Conclusion

1. The Trust has achieved a year to date deficit of £8.6m, consistent with the planned deficit of £8.6m
2. Agency expenditure year to date is £8.5m compared to planned expenditure of £7.9m representing £0.7m adverse to plan

Input Sought

Note the financial performance at Month 4

For Reference

Edit as appropriate:

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

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

2.This matter relates to the following governance initiatives:

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

3.Related Patient and Public Involvement actions taken, or to be taken: **Considered but not applicable**

4.Results of any Equality Impact Assessment, relating to this matter: **Considered but not applicable**

5.Scheduled date for the next paper on this topic: **06/10/16**

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: on track
- Achieving the External Funding Limit: on track
- Achieving the Capital Resource Limit: on track

Financial Performance

- **Deficit of £8.6m, on plan:** Bottom line performance slightly ahead of plan driven by over delivery of Patient Care Income offset by the cost to deliver higher levels of activity including additional theatre sessions and use of the Independent Sector.
- **Patient Care Income, £3.5mF to plan:** Whilst year to date over-performance in Non-Elective this has reduced compared to previous months driven by obstetrics. This is offset by under-performance in Elective and Day Case (particularly orthopaedics and cardiology) presenting an on-going risk to performance standards.
- **Operating Costs, £2.1mA to Plan:** with overspend on pay £0.3m, £0.7m of which is driven by agency and a £1.8mA variance on non pay which represents an on-going risk.
- **CIP, £1.1mF to Plan:** included in Plan was CIP delivery through non-pay reductions where efficiency has been delivered through income.
- **Forecast Outturn, £8.3m in line with Plan:** bottom up outturn is £10mA including continued over-performance of activity to absorb cost pressures. Mechanisms are being implemented to support areas of the business not forecasting financial plan delivery. This leaves limited capacity for additional investments including Winter or further funding requirements in relation to business cases approved.

Cash

- **Cash balance of £6.7m, £3.7m higher than target** stipulated by Interim Capital Support Loan: net deficit funded by drawing down Interim Revolving Working Capital Facility and improvement in working capital enabling interest payments and capital expenditure.
- **Liquidity:** Opening cash deficit due to 2015/16 actions to achieve £3m cash balance. The impact of the lack of certainty on utilisation of working capital facility, STF and Capital drawdowns means the Trust is unable to pay creditors within Better Payments Practice Code (BPPC) standards.

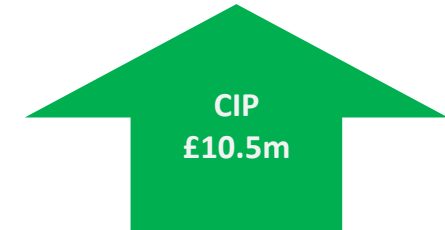
Capital

- **July:** Total capital expenditure of £18.9m
- **Annual Plan:**
 - **Capital Plan:** total capital expenditure of £82m.
 - **External funding:** The external borrowing required to execute this plan is £46.4m of which £21.7m is secured for the Emergency Floor development and £16.0m is required for reconfiguration schemes including Vascular and ICU business cases plus £8.7m CRL for EPR.

Key

- F refers to a Favourable variance to plan
- A refers to an Adverse variance to plan

July 2016: Year to Date - Key Facts



- Key**
- EBITDA refers to Earnings Before Interest, Taxes, Depreciation and Amortisation
 - Colour indicates status of variance on planned position (Green is Favourable, Amber is In Line and Red is Adverse)
 - Number relates to value in month

Financial Performance: YTD Deficit £8.6m in line with Plan

	Jul-16				YTD				
	Plan	Actual	F / (A)		Plan	Actual	F / (A)		
				%				%	
Value Drivers	Day Case	8,535	8,487	(48)	(0.6%)	34,072	34,055	(17)	(0.0%)
	Elective Inpatient	1,869	1,753	(116)	(6.2%)	7,290	7,027	(263)	(3.6%)
	Emergency / Non-elective Inpatient	8,927	8,696	(231)	(2.6%)	35,205	36,269	1,064	3.0%
	Emergency Department	21,753	24,140	2,387	11.0%	85,607	95,229	9,622	11.2%
	Outpatient Procedures	74,442	72,274	(2,168)	(2.9%)	297,033	302,232	5,199	1.8%
	Critical Care Services	4,779	5,022	243	5.1%	18,428	18,598	170	0.9%
	Renal Dialysis & Transplant	15,035	14,490	(545)	(3.6%)	58,654	58,184	(470)	(0.8%)
	Other	692,355	708,184	15,829	2.3%	2,766,957	2,971,135	204,177	7.4%
	WTE Substantive	13,400	12,534	(867)	(6.5%)	12,991	12,269	(722)	(5.6%)
	WTE Agency	327	353	26	8.0%	305	330	25	8.3%

	Jul-16				YTD			
	Plan	Actual	F / (A)		Plan	Actual	F / (A)	
	£'000	£'000	£'000	%	£'000	£'000	£'000	%
Patient Care Income	63,929	63,061	(868)	(1.4%)	252,609	255,135	2,526	1.0%
Non Patient Care Income	11,922	11,347	(575)	(4.8%)	45,517	44,771	(747)	(1.6%)
Total Income	75,850	74,407	(1,443)	(1.9%)	298,127	299,905	1,779	0.6%
Pay Costs	(45,677)	(44,933)	744	1.6%	(178,406)	(178,037)	368	0.2%
Pay Costs: Agency	(1,848)	(2,110)	(261)	(14.1%)	(7,885)	(8,581)	(695)	(8.8%)
Non-Pay	(27,367)	(26,545)	821	3.0%	(114,158)	(115,930)	(1,772)	(1.6%)
Total Operating Costs	(74,892)	(73,588)	1,304	(1.7%)	(300,449)	(302,548)	(2,099)	0.7%
EBITDA	959	819	(139)	14.5%	(2,322)	(2,642)	(320)	(13.8%)
Non-Operating Costs	(3,491)	(3,365)	127	3.6%	(14,142)	(13,923)	219	1.5%
Retained deficit	(2,533)	(2,546)	(13)	(0.5%)	(16,464)	(16,565)	(101)	(0.6%)
Adjustments for donated assets	22	46	23	(104.5%)	14	145	131	(950.7%)
Net Deficit excluding STF	(2,510)	(2,500)	10	0.4%	(16,450)	(16,420)	30	0.2%
Sustainability & Transformation Funding	1,950	1,950	0	0.0%	7,800	7,800	0	0.0%
Net Deficit including STF	(560)	(550)	10	1.9%	(8,650)	(8,620)	30	0.3%

	Jul-16				YTD			
	Plan	Actual	F / (A)		Plan	Actual	F / (A)	
				%				%
Agency: Total Pay	3.9%	4.5%		(0.6%)	4.2%	4.6%		(0.4%)
EBITDA: Income	1.3%	1.1%		0.2%	(0.8%)	(0.9%)		0.1%
Net Deficit: Income	(0.7%)	(0.7%)		0.0%	(2.9%)	(2.9%)		(0.0%)

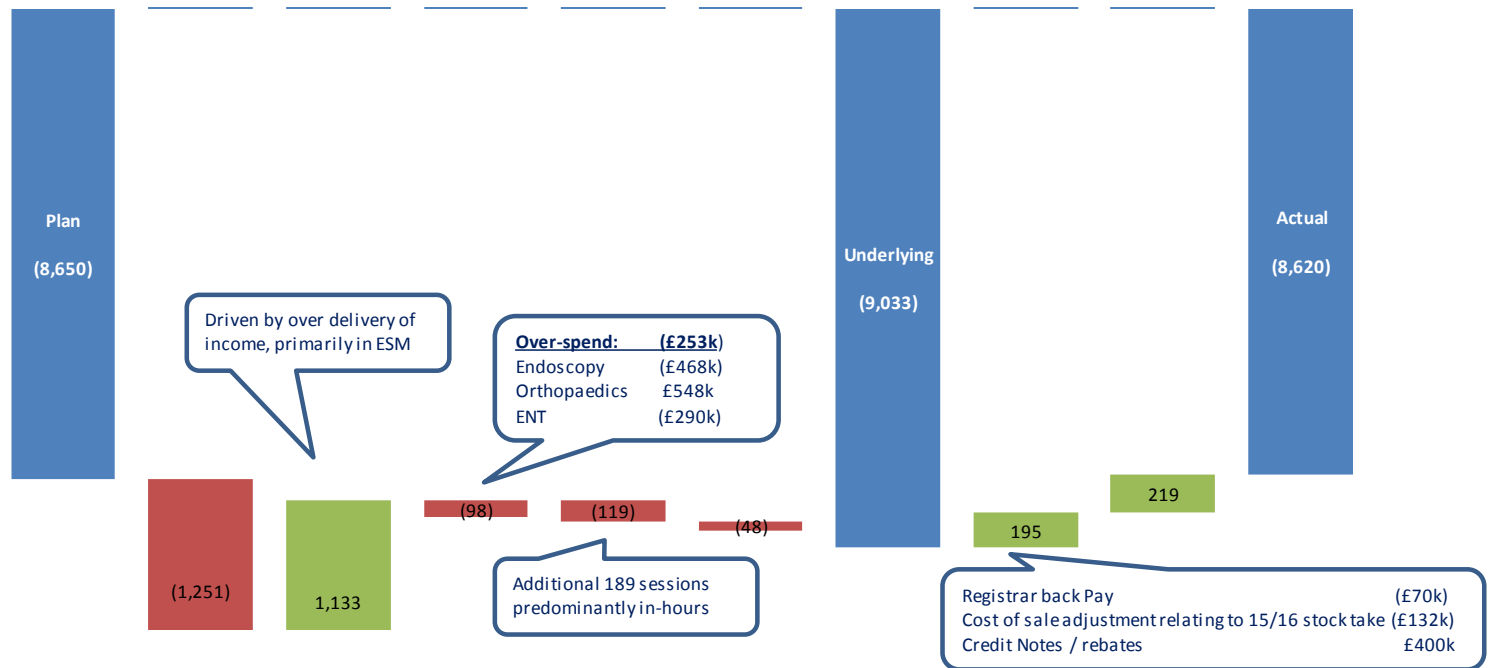
Key

- 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: £255.1m, £2.5mF** with over-performance in Non-elective, ECMO and Outpatients offset by Elective activity particularly MSS. In addition, it includes under-performance relating to drugs and devices excluded from tariff and continued over delivery of income where CIP was planned in non pay and is delivered through income.
- **Non Patient Care Income: £45.8m, £0.8mA** driven by Private Patient income and Donated Assets.
- **Pay Costs: £178m, £0.4mF** unplanned expenditure in all CMGs with the exception of CSI and MSS offset by planned release of contingency.
- **Agency: £8.6m, £0.7mA** unplanned expenditure predominantly in ESM across medical and nursing together with CSI relating sonographers. This maintains run-rate risk to achieving the ceiling of £20.6m. The prescribed ceiling profile from NHSI increases the agency reduction challenge as the year progresses.
- **Non-Pay: £115.9m, £1.8mA** including under-spend relating to drugs and devices excluded from tariff . This leaves an underlying overspend of £2.7m driven by clinical supplies, use of independent sector together with bloods/pathology. In addition, there is continued non pay CIP shortfall where efficiency improvement is delivered through income over delivery.
- **EBITDA: deficit of £2.6m, £0.3mA**
- **Non-Operating Costs: £13.9m, £0.2mF**
- **Sustainability and Transformation Funding: £7.8m** has been recognised in July in relation to STF target delivery.

I&E Bridge: July 2016, in line with Plan

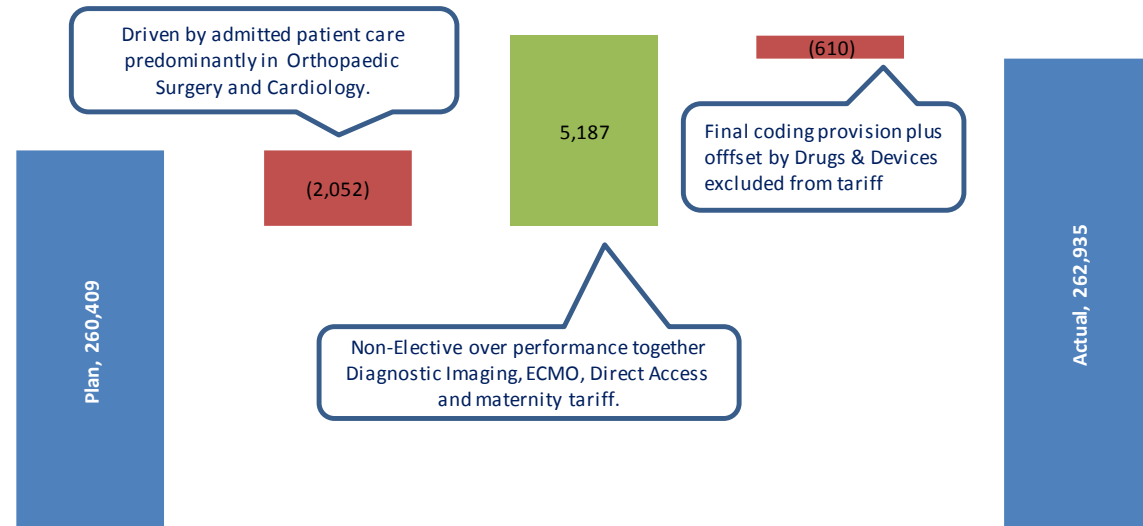
Combined with CIP delivery, underlying performance is in line with plan driven by over delivery of Patient Care Income offset by the cost to deliver higher levels of activity including additional theatre sessions and use of the Independent Sector.



£(000)	Plan	Underlying	CIP Delivery	Independent Sector	Theatre Sessions	Other	Underlying	Non-recurrent Items	Non-Operating Costs	Actual	Var F/(A)
NHS PCI	260,409	1,195	1,176	155			262,935			262,935	2,526
Other Income	45,350	(374)	(142)			(153)	44,681	54		44,734	(616)
Pay	(178,406)	305	148		(126)	105	(177,973)	(64)		(178,037)	369
Pay: Agency	(7,885)	(726)				15	(8,596)	15		(8,581)	(696)
Non Pay	(114,158)	(1,651)	(49)	(253)	7	(15)	(116,120)	190		(115,930)	(1,772)
Non-Operating Costs	(13,960)						(13,960)		219	(13,741)	219
Net Deficit	(8,650)	(1,251)	1,133	(98)	(119)	(48)	(9,033)	195	219	(8,620)	30

NHS Patient Income: YTD £262.9m, £2.5mF to Plan

Non elective, ED and ECMO over-performance offset by underperformance in Elective and Day Case presenting an on-going risk to performance standards. Adverse rate continues to be driven by the specialty mix in admitted patient care.



£(m)	Plan	Rate	Volume	Other	Actual	Var F / (A)
Day Case	19,785	(396)	(10)	0	19,379	(406)
Elective Inpatient	24,310	(767)	(851)	0	22,692	(1,618)
Emergency / Non-elective Inpatient	62,398	(447)	1,872	0	63,823	1,425
Marginal Rate Emergency Threshold	(1,492)	0	0	(370)	(1,862)	(370)
Emergency Department	8,204	(201)	900	0	8,903	699
Outpatient	37,535	(75)	656	0	38,115	581
Drugs and Devices excluded from Tariff	31,194	0	0	(900)	30,294	(900)
Critical Care Services	18,008	(309)	163	0	17,862	(145)
Renal Dialysis and Transplant	9,263	(234)	(72)	0	8,956	(307)
CQUIN	5,266	0	0	(161)	5,105	(161)
Other Activity	33,905	377	2,530	0	36,812	2,907
Other Financial Values	12,033	0	0	822	12,855	822
Total	260,409	(2,052)	5,187	(610)	262,935	2,526

Activity & Income: Performance versus Contract

Activity	Point of delivery	City	East	West	Specialised Services	Other	Alliance	Total
	Day Case		336	478	636	(51)	(26)	(1,390)
Elective Inpatient		(49)	(54)	(48)	(97)	(16)		(263)
Emergency / Non-elective Inpatient		348	806	209	(91)	(208)		1,064
Marginal Rate Emergency Threshold (MRET)		-	-	-	-	-		0
Emergency Department		6,259	2,230	1,268		(136)		9,622
Outpatient		3,458	3,691	1,597	(54)	(1,356)	(2,138)	5,199
Excluded Drugs and Devices		-	-	-	-	-		0
Critical Care Services		322	(254)	389	(165)	(121)		170
Renal Dialysis and Transplant		-	-	-	(372)	(99)		(470)
CQUIN		-	-	-	-	-		0
Other Activity		81,440	80,784	39,145	1,908	(1,511)	2,411	204,177
Other Financial Values		194	34	(100)	(23)	2,820	516	3,442

Financial	Point of delivery	City (£000)	East (£000)	West (£000)	Specialised Services (£000)	Other (£000)	Alliance (£000)	Total (£000)
	Day Case		78	60	159	33	(140)	(597)
Elective Inpatient		(163)	(249)	(304)	(734)	(169)	-	(1,618)
Emergency / Non-elective Inpatient		500	1,401	133	(259)	(350)	-	1,425
Marginal Rate Emergency Threshold (MRET)		(81)	(239)	(21)	-	(29)	-	(370)
Emergency Department		431	198	107	-	(37)	-	699
Outpatient		441	573	313	24	(532)	(238)	581
Excluded Drugs and Devices		(212)	(305)	31	(740)	325	-	(900)
Critical Care Services		153	(405)	333	(254)	27	-	(145)
Renal Dialysis and Transplant		-	-	-	(275)	(32)	-	(307)
CQUIN		(22)	(8)	(21)	(87)	(23)	-	(161)
Other Activity		396	298	354	2,515	(716)	60	2,907
Other Financial Values		(25)	32	(25)	(225)	1,013	53	822
Grand Total		1,496	1,357	1,059	(1)	(663)	(722)	2,526

• CCG Contracts:

- **Non-elective:** over-performance where the majority of QIPP schemes are included in the plans and is reflective of the demands upon the emergency pathway.
- **Elective:** under-performance predominantly relates to Orthopaedic surgery being behind plan.
- **Other Activity:** over-performance driven by Direct Access Pathology, Diagnostic Imaging and the Maternity Pathway Payment.

• Specialised Services:

- **Elective:** under-performance in Cardiothoracic surgery activity.
- **Drugs and devices excluded from tariff** underperformance in cardiology implantable defibrillators.
- **Other Activity:** over-performance relates to ECMO which is favourable to plan.
- **Other:**
 - **Drugs and devices excluded from tariff** performance is due to increased income on new Hepatitis C therapies which are funded outside of the main CCG contract
 - **Other Financial Values:** includes provision for final coding in line with normal practice and an offset to compensate for the Alliance underperformance against contract plan.

Pay Costs: YTD £186.7m, £0.3mA to Plan

	Jul-16						YTD						
	£'000			WTE			£'000			WTE			
	Plan	Actual	F / (A)	Plan	Actual	F / (A)	Plan	Actual	F / (A)	Plan	Actual	F / (A)	
Agency	Medical	663	801	(138)	26	66	(39)	2,674	3,521	(847)	28	76	(49)
	Nursing & Midwifery	879	860	18	226	221	5	3,986	3,592	394	205	184	20
	Other Clinical	217	320	(103)	67	49	17	869	1,167	(298)	71	58	13
	Non Clinical	89	128	(39)	8	17	(9)	357	301	56	2	12	(10)
	Total: Agency	1,848	2,110	(261)	327	353	(26)	7,885	8,581	(696)	305	330	(25)
Other Non-contracted	Medical	0	1,183	(1,183)	0	0	0	0	4,283	(4,283)	0	0	0
	Nursing & Midwifery	0	1,155	(1,155)	0	310	(310)	0	4,829	(4,829)	0	431	(431)
	Other Clinical	0	146	(146)	0	30	(30)	0	608	(608)	0	30	(30)
	Non Clinical	0	251	(251)	0	118	(118)	0	1,070	(1,070)	0	116	(116)
	Total: Other Non-Contractual	0	2,734	(2,734)	0	458	(458)	0	10,790	(10,790)	0	577	(577)
Total Premium	Medical	663	1,984	(1,320)	26	66	(39)	2,674	7,804	(5,130)	28	76	(49)
	Nursing & Midwifery	879	2,015	(1,136)	226	530	(305)	3,986	8,421	(4,435)	205	615	(410)
	Other Clinical	217	467	(249)	67	80	(13)	869	1,775	(906)	71	88	(17)
	Non Clinical	89	379	(290)	8	136	(127)	357	1,371	(1,014)	2	128	(126)
	Total: Premium	1,848	4,844	(2,996)	327	812	(485)	7,885	19,371	(11,485)	305	907	(602)
Substantive	Medical	14,087	13,132	955	1,805	1,663	142	56,211	52,697	3,515	1,806	1,663	143
	Nursing & Midwifery	17,010	15,330	1,680	5,778	4,945	833	65,648	61,308	4,340	5,757	4,934	823
	Other Clinical	5,868	4,675	1,192	1,934	1,789	145	23,370	21,583	1,787	1,909	1,785	124
	Non Clinical	8,712	9,061	(349)	3,884	3,679	205	33,176	31,660	1,516	3,519	3,309	210
	Total: Substantive	45,677	42,198	3,479	13,400	12,075	1,325	178,405	167,248	11,157	12,991	11,692	1,299
Total	Medical	14,750	15,115	(365)	1,831	1,729	102	58,885	60,501	(1,615)	1,833	1,739	94
	Nursing & Midwifery	17,889	17,345	544	6,004	5,475	528	69,634	69,729	(95)	5,962	5,550	412
	Other Clinical	6,085	5,142	943	2,001	1,869	132	24,239	23,358	881	1,979	1,873	107
	Non Clinical	8,801	9,440	(639)	3,892	3,814	78	33,533	33,031	502	3,521	3,437	84
	Total: Pay	47,525	47,042	483	13,728	12,887	840	186,290	186,618	(328)	13,296	12,599	696

Agency Pay

- Year to date cost of £8.6m, £0.7mA to Plan.
- Overspend driven by Medical and Other Clinical maintaining an adverse run rate driven by sonographer expenditure.

Other Non-contracted Pay

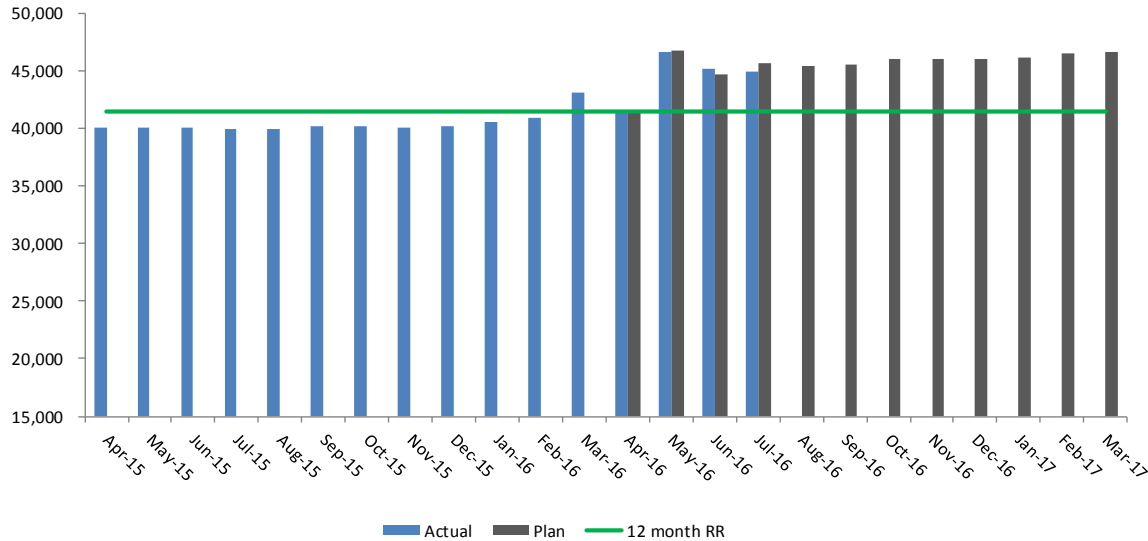
- Year to date expenditure of £10.8m. Whilst this is adverse to plan, this is offset in Substantive as the Plan assumes a fully established position. See below.

Substantive Pay

- Combined with other non-contracted, expenditure of £178m, £0.4m favourable to Plan.
- Included in this is £0.9mF release in contingency reserves with material adverse variances across most CMGs representing an on-going risk which needs monitoring.

Pay Costs: Run Rates, Agency spend driving risk

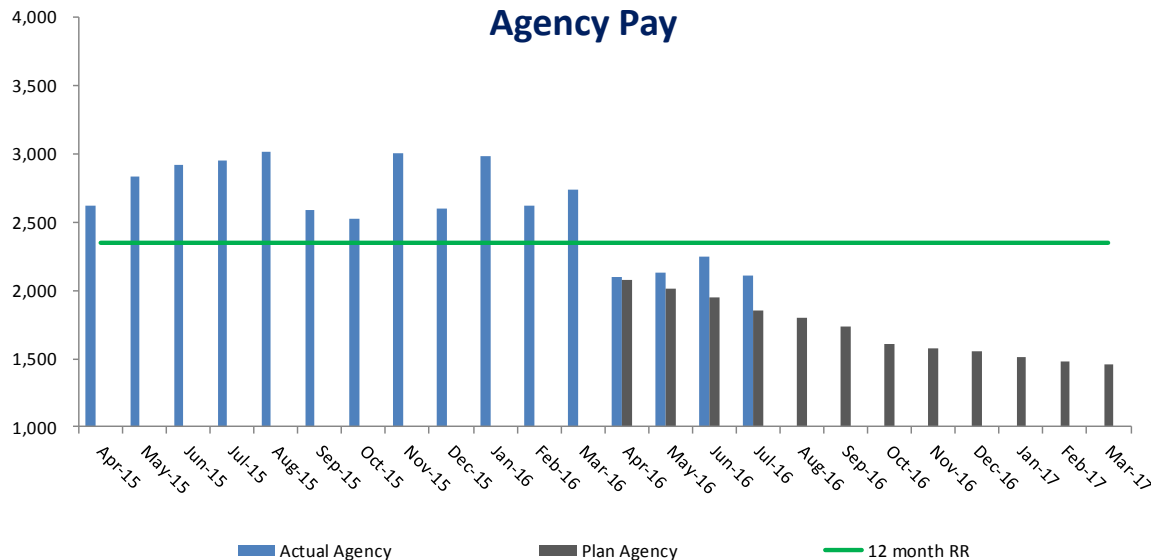
Total Pay excluding Agency Pay



Total Pay excluding Agency Pay

- Year to date cost of £178m, £0.4mF to Plan.
- Plan and Actuals reflect an increase in pay from May due to the impact of:
 - E&F services integration which is in process of being fully understood; and
 - Budget assumes a fully established WTE compared to actuals reflecting vacancies with Premium Pay helping to bridge the gap.

Agency Pay

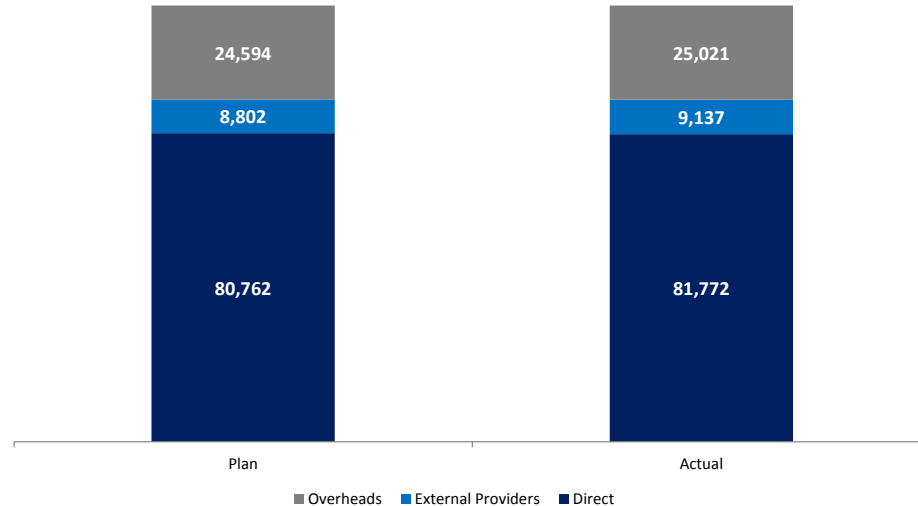


Agency Pay

- Year to date cost of £8.6m , £0.7mA to Plan.
- Phasing of agency spend is in line with that prescribed by NHSI, the recent is therefore a significant concern
- Whilst 2016/17 expenditure is lower than both the 12 month run-rate and prior year cost the current run-rate is still in excess of that required to achieve planned annual ceiling of £20.6m.
- Current run-rate suggests annual cost of £25.8m, representing a £5.2m risk (excluding the impact of Winter).

Non-Pay: YTD £115.9, £1.8mA to Plan

	Jul-16			YTD			
	Plan	Actual	F / (A)	Plan	Actual	F / (A)	
	£'000	£'000	£'000	£'000	£'000	£'000	
Direct	Blood Products	96	57	39	386	346	40
	Drugs	7,839	7,507	332	31,505	32,268	(763)
	Clinical Supplies & Services	8,428	8,071	357	34,273	34,463	(191)
	Transport	185	449	(264)	741	954	(213)
	Recharges	104	476	(372)	413	749	(336)
	Misc & General Supplies	3,069	2,146	923	13,444	12,992	452
External Providers	Healthcare	798	652	146	3,193	3,464	(270)
	Non Healthcare	1,269	1,167	102	5,609	5,673	(64)
Overheads	Establishment, Premises & Plant	3,346	3,920	(574)	15,692	15,928	(236)
	Consultancy	255	121	134	994	1,185	(191)
	Clinical Negligence	1,977	1,977	(0)	7,908	7,908	0
TOTAL: NON-PAY	27,367	26,545	821	114,158	115,930	(1,772)	



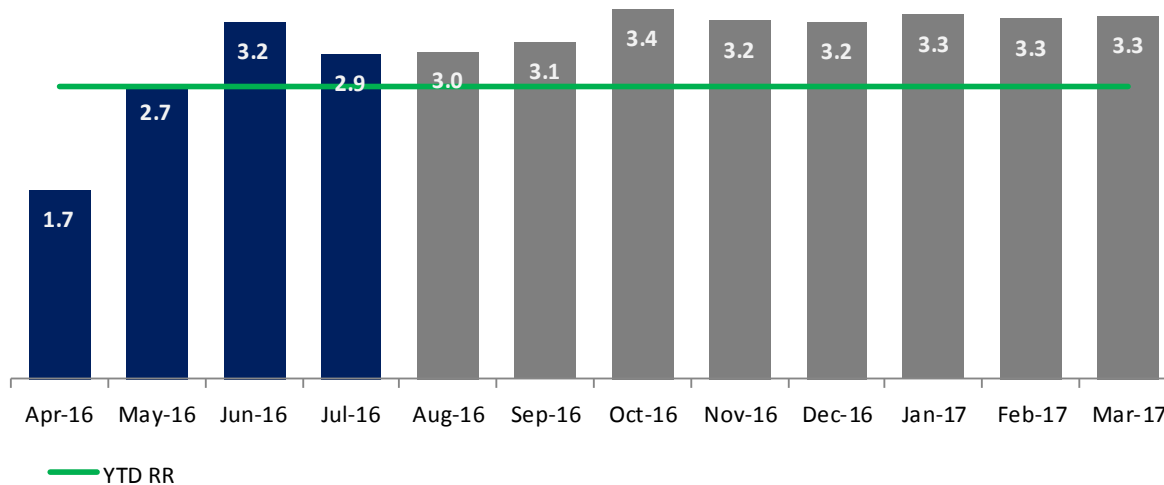
- **Direct Costs:** Total expenditure of £81.8m, £1.0mA including £0.9mF relating to drugs and devices excluded from tariff. Underlying overspend is driven by Drugs and recharges relating to bloods/pathology representing additional costs to deliver higher activity.
- **External Providers:** Cost of £9.1m, £0.3mA to plan due to continued use of the IS by MSS and CHUGGS.
- **Overheads:** Total expenditure of £25m, £0.4mA to plan predominantly by in month over-spend on Establishment, Premises and Plant.
- **CIP:** included in Plan was CIP delivery through non-pay where efficiency has been delivered through income. This drives £0.2mA variance in non-pay off-set in income predominantly within in ESM.

CIP: YTD £10.5, £1.1mF to Plan

	Jul-16				YTD				FY Plan £'000
	Plan £'000	Actual £'000	F / (A) £'000	%	Plan £'000	Actual £'000	F / (A) £'000	%	
CHUGGS	344	377	33	9.6%	1,094	1,165	71	6.4%	3,810
CSI	360	329	(31)	(8.7%)	1,147	1,124	(23)	(2.0%)	4,370
ESM	542	441	(101)	(18.6%)	1,640	2,221	580	35.4%	5,845
ITAPS	344	356	12	3.5%	758	907	149	19.6%	3,795
MSS	355	233	(122)	(34.5%)	1,024	950	(74)	(7.2%)	4,011
RRCV	463	465	2	0.5%	1,891	1,780	(111)	(5.9%)	5,814
Womens & Childrens	243	280	37	15.1%	606	670	64	10.5%	3,924
Total: CMG	2,651	2,481	(170)	(6.4%)	8,162	8,817	655	8.0%	31,569
Corporate Directorates	301	414	113	37.7%	1,185	1,457	272	22.9%	3,471
Corporate HD	0	48	48	-	0	205	205	-	
Total: CIP	2,952	2,944	(9)	(0.3%)	9,346	10,478	1,132	12.1%	35,040

- Within Income and Costs there is year to date delivery of £10.5m, a variance of £1.1mF.
- Under-delivery in RRCV and MSS combined is offset by over-delivery in other areas especially in ESM from Emergency activity.
- The specific CIP Paper provides further insight into the performance of CIP.

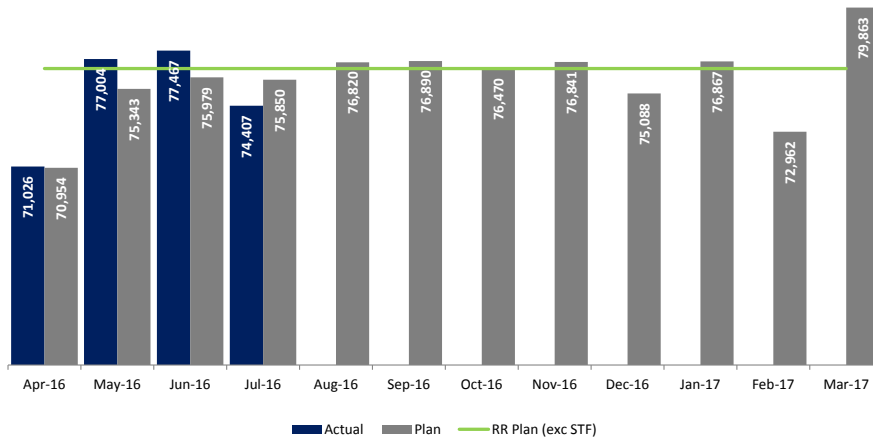
CIP Delivery



Run Rates

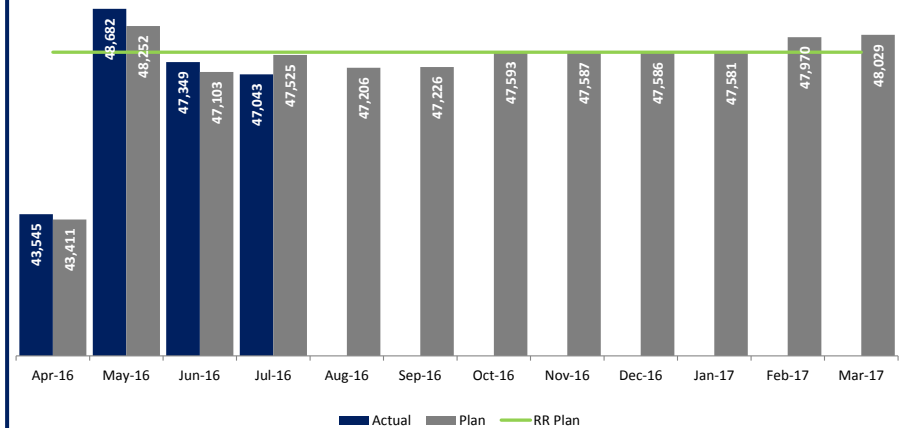
Income excluding STF

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



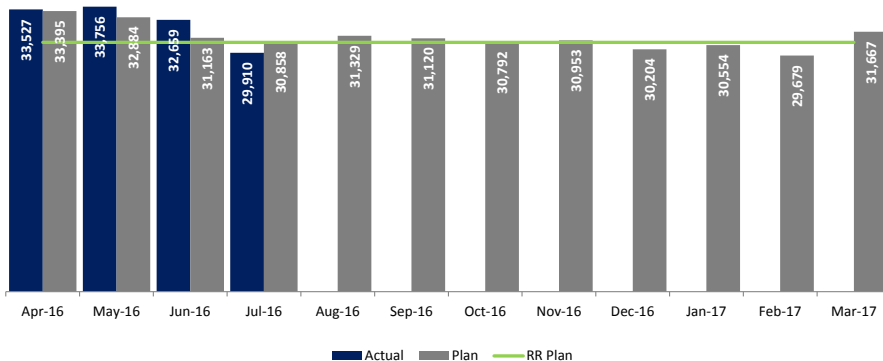
Pay

The step-change in May reflects the impact of E&F services integration. On-going stable cost base planned.



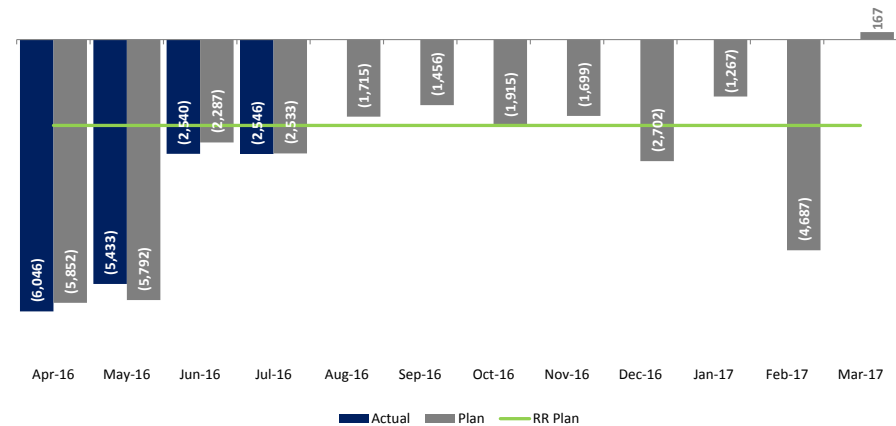
Non-Pay

High non-pay year to date due to over-performance in activity. Plan reflects an overall downward trend in non-pay which needs on-going control.



Net Deficit excluding STF

Cumulative deficit of £16.4m (£8.6m with STF) is not sustainable which needs on-going monitoring and tight financial discipline over costs and non-essential spend



STF: Financial & Operational Trajectories

Reported Sustainability and Transformation Fund (STF) performance measures have driven recognition of quarter 1 STF (£5.9m) due to Q1 financial performance being delivered and performance trajectories being agreed by quarter end. Year to date STF (£7.8m) at month 4 recognised based on forecast performance delivery. Full year forecast (£23.4m) remains in Trust trajectory.

	Quarter 1 ¹			Quarter 2			Quarter 3			Quarter 4		
	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
Financial performance (70%, £16.4m)												
YTD Trajectory (£k)	(5,823)	(11,561)	(8,090)	(8,650)								
YTD Actual (£k)	(6,003)	(11,368)	(8,070)	(8,620)								
ED: 4 hour turnaround (12.5%, £2.9m)												
Monthly Trajectory ²	78.0%	78.0%	79.0%	79.0%	80.0%	85.0%	85.0%	85.0%	85.0%	89.0%	89.0%	91.2%
Monthly Actual	81.2%	79.9%	80.6%	76.9%								
RTT: 18 Week Pathway (12.5%, £2.9m)												
Monthly Trajectory ³	92.0%	92.0%	92.0%	92.0%	92.0%	92.0%	92.0%	92.0%	92.0%	92.0%	92.0%	92.0%
Monthly Actual	92.7%	92.7%	92.4%	92.4%								
Cancer: 62 Day Pathway (5%, £1.2m)												
Monthly Trajectory ⁴	70.2%	74.0%	85.1%	85.1%	85.1%	85.1%	85.1%	85.1%	85.1%	85.1%	85.1%	85.1%
Monthly Actual	75.9%	74.9%	77.3%	TBC								
Diagnostics: 6 week wait (0%, £0.0m)												
Monthly Trajectory	0.98%	0.98%	0.98%	0.98%	0.98%	0.98%	0.98%	0.98%	0.98%	0.98%	0.98%	0.98%
Monthly Actual	0.7%	0.6%	0.7%	0.6%								

Notes

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

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

³ Trajectory submitted on a “best endeavours basis” April to June

⁴ Trajectory submitted on a “best endeavours basis” June to August

Forecast Outturn: In line with Plan with delivery risk

	FOT				
	Plan	Outturn	F / (A)		
Value Drivers	Day Case	103,500	105,685	2,185	2.1%
	Elective Inpatient	22,459	22,480	21	0.1%
	Emergency / Non-elective Inpatient	106,432	108,345	1,913	1.8%
	Emergency Department	256,108	282,227	26,119	10.2%
	Outpatient Procedures	901,976	928,377	26,400	2.9%
	Critical Care Services	56,989	57,863	874	1.5%
	Renal Dialysis & Transplant	178,494	176,460	(2,034)	(1.1%)
	Other	8,394,785	10,840,491	2,445,705	29.1%
	WTE Substantive	12,101	13,105	1,004	8.3%
	WTE Agency	93	252	158	170.1%

	FOT			
	Plan £'000	Outturn £'000	F / (A) £'000	%
Patient Care Income	770,569	781,903	11,334	1.5%
Non Patient Care Income	139,359	133,845	(5,514)	(4.0%)
Total Income	909,928	915,747	5,819	0.6%
Pay Costs	(546,449)	(549,494)	(3,045)	(0.6%)
Pay Costs: Agency	(20,620)	(23,046)	(2,426)	(11.8%)
Non-Pay	(332,443)	(334,017)	(1,574)	(0.5%)
Total Operating Costs	(899,512)	(906,556)	(7,044)	0.8%
EBITDA	10,416	9,191	(1,225)	11.8%
Non-Operating Costs	(42,155)	(40,930)	1,225	2.9%
Retained deficit	(31,739)	(31,739)	0	0.0%
Adjustments for donated assets	39	39	(0)	0.4%
Net Deficit excluding STF	(31,700)	(31,700)	(0)	(0.0%)
Sustainability & Transformation Funding	23,400	23,400	0	0.0%
Net Deficit including STF	(8,300)	(8,300)	(0)	(0.0%)

Ratios	Agency: Total Pay		
	3.6%	4.0%	(0.4%)
	EBITDA: Income	1.1%	1.0%
Net Deficit: Income	(0.9%)	(0.9%)	(0.0%)

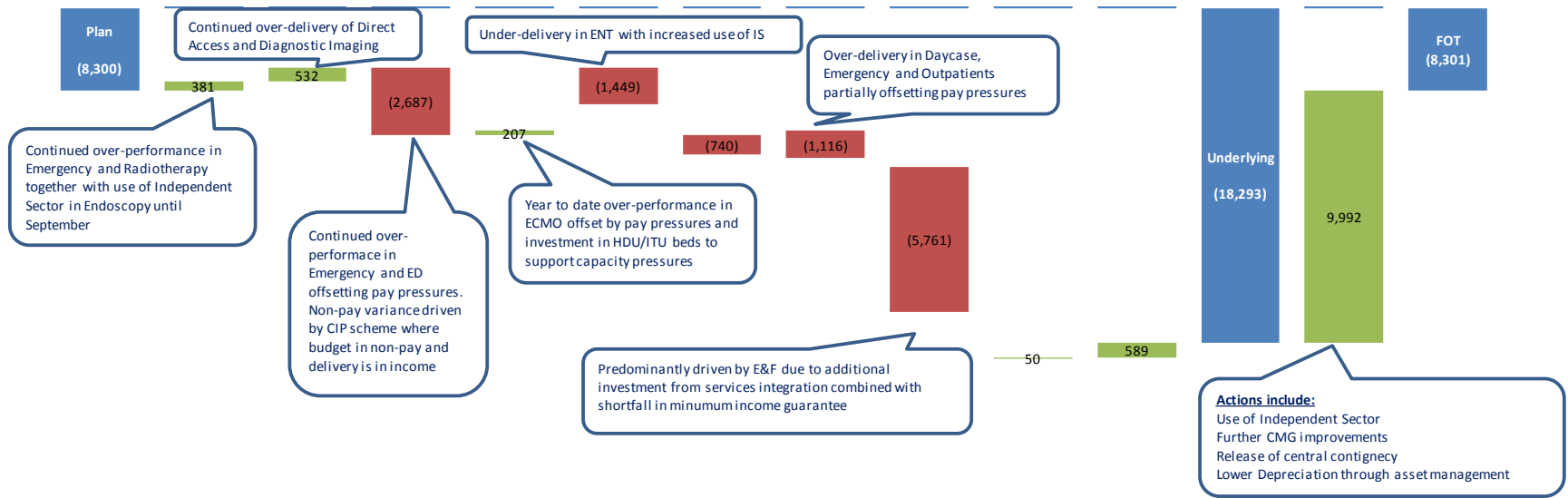
Key

- 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 £8.3m in line with Plan** which embeds bottom up forecasting assumptions which have led to focus on the following CMGs/Corporate areas:
 - **ESM** driven by continued pay and non-pay pressures
 - **MSS** with under-delivery forecast due to costly increased use of the Independent Sector
 - **RRCV** driven by continuation of year to date pay pressures combined with additional investment in ANPs and consultants
 - **W&C** continued pay expenditure in excess of plan without offsetting income to support it
 - **Estates & Facilities** due to rapid service integration resulting in income and pay pressures with deep-dive currently in progress
- **Bottom up forecast: Net deficit of £18.3m, £10mA to Plan** representing a delivery risk to the financial plan. Support to areas of the business not forecasting delivery is in place, interventions to close the gap include:
 - Review of use of Independent Sector and WLIs
 - Increased delivery of activity
 - Release of remaining Central Contingency to absorb underlying cost pressures
 - Lower depreciation through non-current asset management
- **Additional investments:** due to the above actions taken to deliver a forecast outturn in line with plan without any further improvement there is minimal headroom to fund additional investments including business cases and costs associated with winter.

Forecast Outturn: CMG and Directorates

Underlying Outturn is £10mA to Plan including continued over-performance of activity to absorb cost pressures and £5mA within E&F driven by income pressures. Additional actions to close the gap include use of Independent Sector particularly in ENT, further CMG improvement and release of central contingency in excess of 2016/17 approved investments. This position does not take into account funding for Winter or further funding requirements in relation to business cases approved.



Actions include:
 Use of Independent Sector
 Further CMG improvements
 Release of central contingency
 Lower Depreciation through asset management

£(000)	Plan	CHUGGS	CSI	ESM	ITAPS	MSS	RRCV	W&C	CORPORATE	R&I	Centre	Underlying	Intervention	FOT	Var F/(A)
NHS PCI	793,969	1,782	2,114	2,546	1,273	921	(827)	2,809	40	0	(2,095)	802,530	2,772	805,302	11,333
Other Income	139,359	(201)	(81)	730	140	(181)	(578)	(897)	(4,246)	(106)	(529)	133,410	435	133,845	(5,514)
Pay	(546,449)	(194)	573	(1,184)	(1,127)	(2)	(1,323)	(2,420)	(3,069)	150	2,446	(552,600)	3,106	(549,494)	(3,045)
Pay: Agency	(20,620)	9	25	(2,292)	50	641	141	137	(38)	15	(837)	(22,770)	(276)	(23,046)	(2,426)
Non Pay	(332,443)	(1,015)	(2,100)	(2,487)	(127)	(2,828)	1,848	(744)	1,552	(9)	1,402	(336,950)	2,933	(334,017)	(1,574)
Non-Operating Costs	(42,116)										202	(41,914)	1023	(40,891)	1,225
Net Deficit	(8,300)	381	532	(2,687)	207	(1,449)	(740)	(1,116)	(5,761)	50	589	(18,293)	9,992	(8,301)	(1)

July 2016: Statement of Financial Position

	Mar-16 £000's Actual	Jul-16 £000's Actual	Movement £000's Actual
Non Current Assets			
Property, plant and equipment	391,358	401,110	9,752
Intangible assets	10,452	9,630	(822)
Trade and other receivables	2,727	2,993	266
Total Non-Current Assets	404,537	413,733	9,196
Current Assets			
Inventories	18,605	20,077	1,472
Trade and other receivables	45,106	49,818	4,712
Cash and cash equivalents	3,178	6,703	3,525
Total Current Assets	66,889	76,598	9,709
Current Liabilities			
Trade and other payables	(120,985)	(122,866)	(1,881)
Dividend payable	0	(3,312)	(3,312)
Borrowings / Finance Leases	(4,315)	(3,280)	1,035
Other Liabilities / Loan	(545)	(545)	0
Provisions for liabilities and charges	(633)	(120)	513
Total Current Liabilities	(126,478)	(130,123)	(3,645)
Net Current Liabilities	(59,589)	(53,525)	6,064
Total Assets less Current Liabilities	344,948	360,208	15,260
Non Current Liabilities			
Borrowings / Finance Leases	(3,930)	(4,028)	(98)
Other Liabilities / Loan	(55,010)	(78,544)	(23,534)
Provisions for liabilities and charges	(1,678)	(2,071)	(393)
Total Non-Current Liabilities	(60,618)	(84,643)	(24,025)
Total Assets Employed	284,330	275,565	(8,765)
Public dividend capital	329,856	329,856	0
Revaluation reserve	81,133	81,133	0
Retained earnings	(126,659)	(135,424)	(8,765)
Total Tax Payers' Equity	284,330	275,565	(8,765)
Liquidity Ratio Days (Working Capital Balance / Annual Operating Expenses)	(33)	(29)	(31)
Liquidity Ratio Metric	1	1	1

- **Total Assets Employed:** Movement of £8.8m representing year to date Trust deficit.
- **Non-Current Assets :** Increased by £9.2m reflecting spend on the emergency floor, Vascular and Robert Kilpatrick building
- **Working capital:**
 - Stock growth in non pharmacy stock holding locations
 - Receivables have increased by £4.7m
 - Payables have increased by £1.9m
- **Cash:** June balance of £6.7m which is above the £3m minimum stipulated by the Interim Capital Support Loan.
- **Dividend payable:** £3.3m represents three months PDC dividend accrued with payments due in September and March.
- **Non-current liabilities:** Drawdown of £17.9m of Revolving Working Capital facility which currently has a repayment date of April 2020 and £5.6m for capital loan in relation to the emergency floor.
- **Liquidity Ratio:** We continue to be high risk in terms of our continuity of service risk rating relating to liquidity days and have achieved a score of 1, which is in line with our plan.

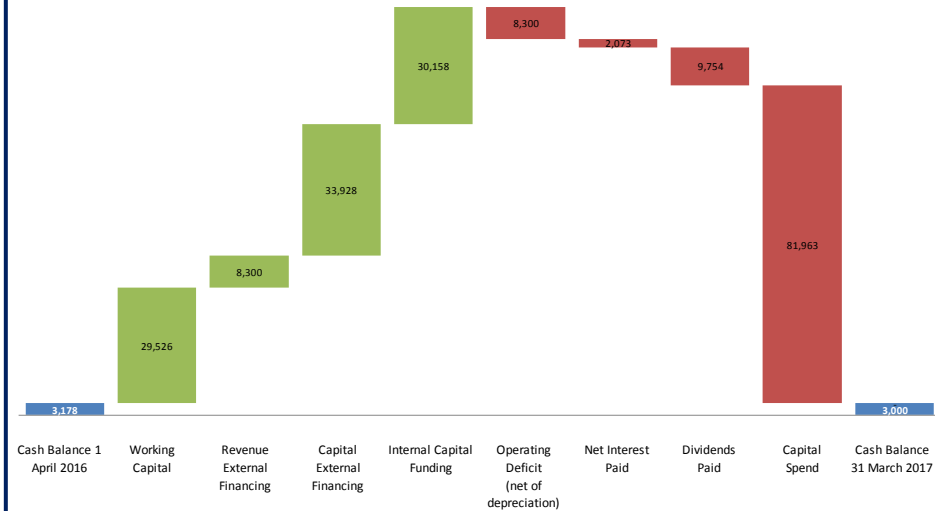
Score range from 1 (High Risk) to 4 (Low Risk).

Cash

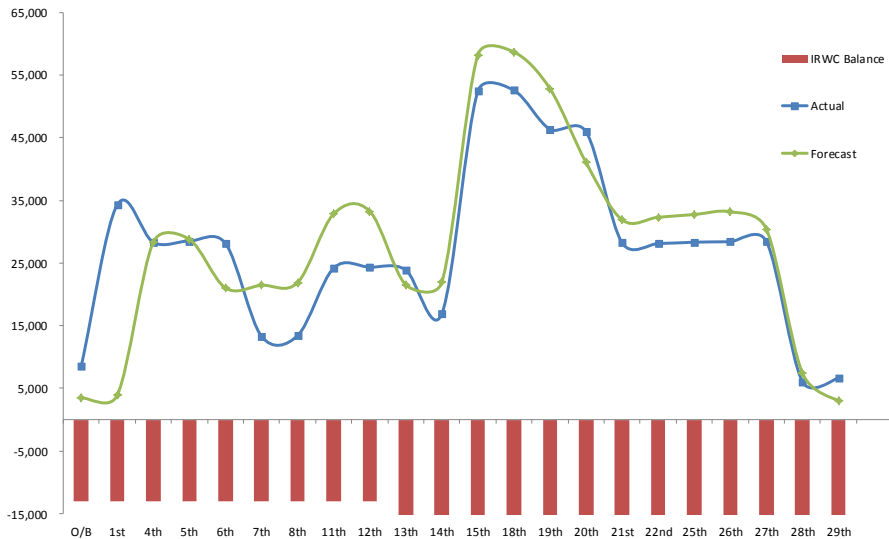
Year to Date Cash Bridge



Cash Forecast



Daily Cash Balance



Comments

Cash Bridge:

- Opening cash balance of £3.2m, in line with our plan.
- Funded YTD net deficit of £8.6m by drawing down £17.9m of our Interim Revolving Working Capital Facility (IRWC), which also covers the timing difference on the receipt of STF funding.
- Improvement in working capital and internal capital funding enabled interest payment and capital expenditure of £15.7m.

Full Year Forecast

- Forecast of £3m in line with Plan after funding of Trust deficit, Capital Expenditure, Dividends and interest.

Daily Cash Balance

- In line with forecast with mid-month peak driven by receipt of SLA income. Staff are paid on the last Thursday of each month reflected by the cash reduction on 28th July.

Liquidity

	Liquidity			Ageing				% over	
	Opening	YTD	Movement	0 - 30 Days	31 - 60 Days	61 - 90 Days	Over 90 days	90 days	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	%	
Accounts Receivable	NHS receivables - revenue	25,351	25,764	(413)	18,481	2,780	1,290	3,213	12%
	Non-NHS receivables - revenue	13,097	14,158	(1,061)	7,847	1,232	473	4,606	33%
	Provision for the impairment of receivables	(764)	(1,045)	281	(1,045)				0%
	Non-NHS prepayments and accrued income	3,068	7,717	(4,649)	7,717				0%
	PDC dividend prepaid to DH	1,307	1,307	0	1,307				0%
	VAT	2,622	1,697	925	1,697				0%
	Other receivables	425	221	204	221				0%
	TOTAL	45,106	49,818	(4,712)	36,224	4,012	1,763	7,819	16%
Accounts Payable	NHS payables - revenue	(9,502)	(18,798)	9,296	(16,943)	(380)	(918)	(557)	3%
	NHS accruals and deferred income	(5,889)	(5,871)	(18)	(5,871)				0%
	Non-NHS payables - revenue	(43,305)	(42,555)	(750)	(17,920)	(11,889)	(5,368)	(2,852)	7%
	Non-NHS payables - capital	(14,052)	(5,205)	(8,847)	(4,526)	(495)	(150)	(34)	1%
	Non-NHS accruals and deferred income	(31,368)	(30,593)	(775)	(30,593)				0%
	Social security costs	(4,740)	(6,041)	1,301	(6,041)				0%
	Dividends payable	0	(3,312)	3,312	(3,312)				0%
	Accrued Interest on DH Loans	(126)	(435)	309	(435)				0%
	Tax	(5,054)	(5,416)	362	(5,416)				0%
	Other	(6,949)	(7,953)	1,004	(7,953)				0%
TOTAL	(120,985)	(126,178)	5,193	(99,009)	(12,764)	(6,436)	(3,443)	3%	
Total Liquidity	(75,879)	(76,360)	481						

Liquidity: movement of £0.5m from opening position driven by:

- Accounts receivable : increased by £4.7m driven by increase of £4.6m in Non-NHS prepayments and accrued income.
- Accounts payable: increase of £5.2m with material movement in NHS payables and Dividends payable offset by reduction in NHS accruals and Non-NHS capital

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

- NHS receivables: 12% representing £3.2m being over 90 days with NHS East Leicestershire and Rutland CCG at £1.1m.
- Non- NHS receivables: 30% representing £4.6m being over 90 days with the largest component being Overseas Visitors at £1.8m (40%). The balance consists of various items which in isolation are not material.
- Non-NHS payables – revenue: £2.9m, representing 7% in excess of 90 days.

Better Payments Practice Code: Non-compliant

Better Payment Practice Code - Measure of Compliance	July YTD		Prior month YTD	
	Number	£000s	Number	£000s
All				
Total Invoices Paid in the Year	44,325	279,555	32,960	170,038
Total Invoices Paid Within Target	8,631	200,152	6,882	116,844
Percentage Invoices Paid Within Target (target 95%)	19%	72%	21%	69%
Non-NHS Payables				
Total Non-NHS Invoices Paid in the Year	40,847	229,236	29,983	138,379
Total Non-NHS Invoices Paid Within Target	7,953	162,189	6,244	93,989
Percentage of Non-NHS Invoices Paid Within Target	19%	71%	21%	68%
Local SME payables				
Total SME Invoices Paid in the Year	2,004	4,100	1,902	2,798
Total SME Invoices Paid Within Target	554	1,261	540	1,095
Percentage of Local SME Invoices Paid Within Target	28%	31%	28%	39%
NHS Payables				
Total NHS Invoices Paid in the Year	1,474	46,220	1,075	28,861
Total NHS Invoices Paid Within Target	124	36,702	98	21,760
Percentage of NHS Invoices Paid Within Target	8%	79%	9%	75%

- **Cash:** Year to date cash availability has been affected by lack of clarity surrounding:

- Utilisation of working capital facility restricted to in-month planned deficit;
- Timing of STF drawdowns; and
- Capital drawdown for pre-approved Emergency Floor.

- **BPPC performance:** As a result of cash constraints, the Trust does not have the financing available to pay all creditors as they fall due. Therefore the Trust is unable to achieve BPPC 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.

- **Actions:** the Cash Committee has been established to take forward actions previously described. A separate paper regarding the background to the cash position, the Cash Committee terms of reference and the prioritisation of supplier payments being considered by IFPIC 25/08/16.

Capital: £18.9m spend

	Scheme Name	YTD Spend	YTD Committed	Annual Budget
Funded	Estates & Facilities	408	1,140	3,776
	MES Installation Costs	47	358	1,000
	IFM Facilities Asset Purchase	1,376	0	1,376
	Paediatric Daycase / Dentistry	689	335	1,229
	Robert Kilpatrick	2,000	0	2,200
	Estates & Facilities	4,520	1,833	9,581
	IM&T Infrastructure	585	298	3,862
	Heartsuite System	0	0	272
	Electronic Blood Tracking System	57	117	696
	Renal Transplant Lab System	0	0	100
	Learning Mgt System	72	0	70
	IM&T Schemes	714	415	5,000
	Medical Equipment Executive	605	258	4,000
	Linear Accelerator	38	2,099	798
	Medical Equipment	643	2,357	4,798
	Emergency Floor	5,676	10,771	21,700
	Vascular	3,999	5,286	8,908
	ICU	338	62	379
	EMCH Interim Solution	236	191	549
	Business Case Development	259	33	615
	Reconfiguration	10,509	16,343	32,151
	Diabetes Conversion of Ward 2	61	364	1,122
	Donations	59	0	300
	Paediatric & Genetic CRF	0	0	328
	Corporate / Other	120	364	1,750
	MES Finance Lease Additions	925	0	2,774
Hybrid Theatre Addition	0	0	1,200	
Finance Leases	925	0	3,974	
Total Secured Funding	17,431	21,312	57,254	
Planned but not yet funded	Estates & Facilities	566	0	1,982
	MES Installation Costs	0	0	347
	Ward 9 & 7 Change of Use	0	0	150
	EF EPR Plan B	0	0	500
	Medical Equipment Executive	0	0	500
	Linear Accelerator	0	0	2,502
	Business Case Development	0	0	1,363
	ICU	0	0	2,641
	Ward Capacity	0	0	4,091
	Infrastructure Costs	0	0	1,943
	EPR Programme	67	174	8,690
	Planned Expenditure	633	174	24,709
	Unfunded	EDRM	107	0
Other Expenditure		706	742	0
TOTAL UNFUNDED EXPENDITURE		706	742	0
TOTAL CAPITAL EXPENDITURE	18,877	22,228	81,963	

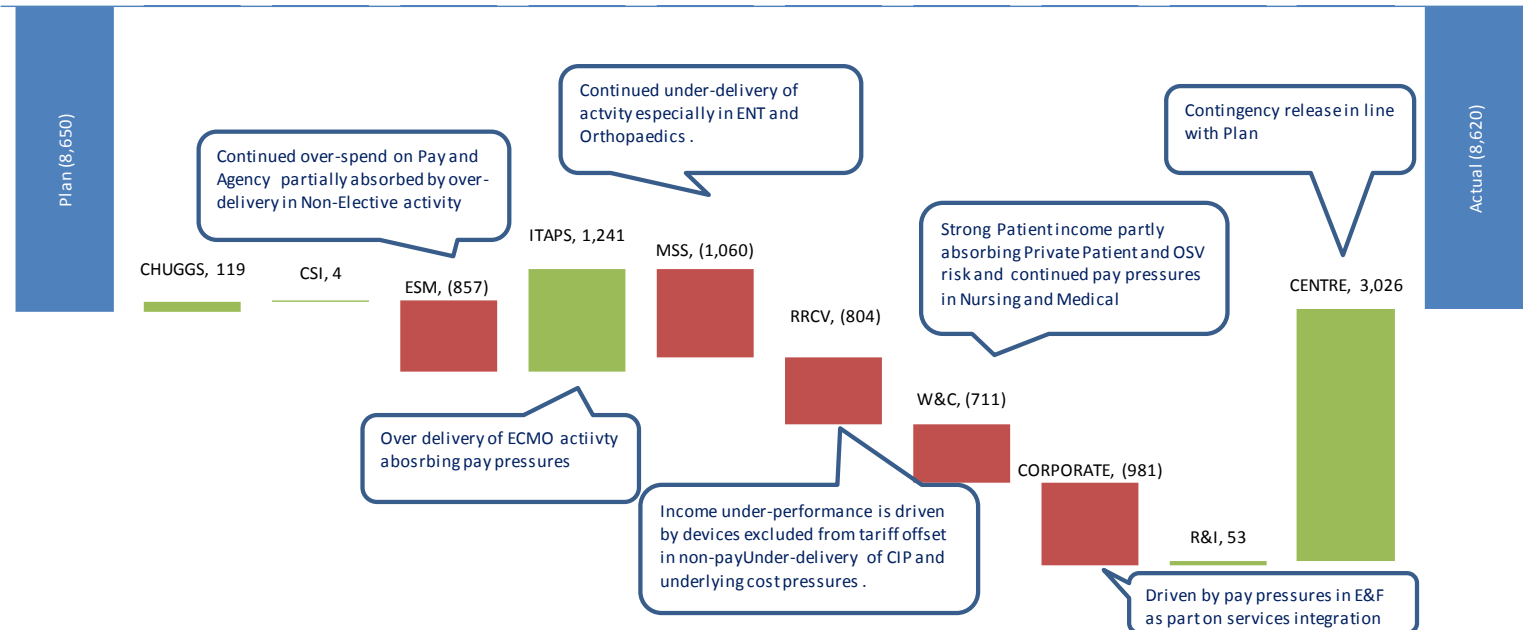
- **July:** Total capital expenditure of £18.9m
- **Key Projects:**
 - **Emergency Floor:** Total spend of £5.7m with a further commitment of £10.8m
 - **Vascular:** Spend of £4.0m and committed spend of a further £5.3m
 - **Robert Kilpatrick Building:** Spend of £2.0m with no further commitment
- **Annual Plan:**
 - **Capital Plan:** total capital expenditure of £82m.
 - **External funding:** The external borrowing requirement to execute this plan is £46.4m of which £21.7m is secured for the Emergency Floor development and £16.0m is required for reconfiguration schemes including Vascular and ICU business cases and £8.7m CRL is required for EPR.

Risks & Opportunities: Consistent with prior month

RISK	MITIGATION
<ul style="list-style-type: none"> CIP: remains key to meeting income and expenditure commitments. Whilst currently in line with plan CIP delivery remains a key dependency. 	<ul style="list-style-type: none"> An established PMO function and associated governance arrangements are in place. Full details of the 2016/17 programme are supplied within the separate CIP paper.
<ul style="list-style-type: none"> Non-elective activity: current over-performance continues putting at risk Elective activity and performance standards. 	<ul style="list-style-type: none"> CCG contract includes QIPP schemes to limit the level of activity and internally work continues to maintain separation of our elective and emergency pathways.
<ul style="list-style-type: none"> Independent Sector: higher levels of activity being commissioned directly by CCGs together with increased use as a result of Non-elective activity pressures. 	<ul style="list-style-type: none"> The Revenue Investment Committee has asked to review plans to use the Independent Sector during 2016/17.
<ul style="list-style-type: none"> Sustainability & Transformation Funding: inability to achieve financial control total (70%) and operational performance target trajectory (30%) 	<ul style="list-style-type: none"> Close monitoring of financial performance and operational performance targets through internal confirm and challenge meetings
<ul style="list-style-type: none"> Agency Pay: Current over spend presents potential risk to achieve £20.6m ceiling. 	<ul style="list-style-type: none"> The workforce work stream and premium pay sub-work stream are concentrating on delivery of savings through the monitoring and compliance of recruitment initiatives, workforce planning and the application of internal controls.
<ul style="list-style-type: none"> Cost Pressures: Current over-delivery of activity and release of central contingency is offsetting underlying pay and non-pay pressures. 	<ul style="list-style-type: none"> On-going tight financial discipline is required over costs and non-essential spend.
<ul style="list-style-type: none"> Cash: planned deficit position means there is insufficient cash to support expenditure. 	<ul style="list-style-type: none"> The Trust has access to an Interim Revolving Working Capital Support (temporary borrowing) to meet immediate cash requirements.
<ul style="list-style-type: none"> Capital: Capital Plan requires further borrowing that is yet to be approved. 	<ul style="list-style-type: none"> Alternative scenarios within the capital programme until additional borrowing is approved. This plan has been agreed at the Capital Management and Investment Committee.

Appendix

YTD: CMG and Directorates



£(000)	Plan	CHUGGS	CSI	ESM	ITAPS	MSS	RRCV	W&C	CORPORATE	R&I	CENTRE	Actual	Var F/(A)
NHS PCI	260,409	1,035	712	951	1,481	(1,221)	(729)	711	13	(0)	(427)	262,935	2,526
Other Income	45,350	(137)	(13)	272	139	(80)	(236)	(372)	0	(153)	(37)	44,734	(616)
Pay	(178,406)	(5)	524	(393)	(285)	581	(301)	(880)	(875)	205	1,797	(178,037)	368
Pay: Agency	(7,885)	(95)	(255)	(1,055)	(34)	(20)	(110)	138	1	15	718	(8,581)	(695)
Non Pay	(114,158)	(680)	(964)	(631)	(61)	(320)	572	(308)	(114)	(15)	757	(115,922)	(1,764)
Non-Operating Costs	(13,960)								(6)		217	(13,748)	212
Deficit	(8,650)	119	4	(857)	1,241	(1,060)	(804)	(711)	(981)	53	3,026	(8,620)	30