

2017/18 Financial Performance

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Executive Summary

Paper M1

Context

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

Questions

1. What is our financial performance for the period ending 31st December 2017?

Winter Funding

On 15th December 2017, the Trust received notification from NHS Improvement of Winter funding being made available to support Emergency pressures. The funding is in two tranches:

- Tranche 1 - £2,243k: This money is to be used to fund existing costs and represents a required improvement to the Trust's deficit from £26.7m to £24.5m
- Tranche 2 - £1,096k: This is to fund specific initiatives to help improve Emergency performance and is contingent upon ED achieving 90% performance over Q4

M9 Financial Performance

Excluding Tranche 1, the Trust has achieved a year to date deficit of £26.3m which is in line with our plan to this point. However, we have experienced higher than expected elective cancellations which will have a more significant impact on January (M10).

Excluding Winter pressures, there is significant risk in the remaining months associated with the delivery of CIP and plan plus additional Finance and Technical

actions to deliver Plan. The CIP and FIT profiles are illustrated on pages 13 and 14 of the report and the corresponding impact of the savings on pay and non-pay run rates is on page 15.

2. What is our performance against the agency ceiling?

Agency expenditure is 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 startpoint as a relatively low use of agency compared to our acute peer group.

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

As outlined on page 17 of the report and in line with previous months, the Month 9 unmitigated forecast indicates a risk of £18.7m to the Planned I&E deficit of £24.m including the Winter Funding Tranche 1.

In addition, Winter operational pressures and elective cancellations are driving lower elective activity in December and January through increased cancellations and lower bookings. This is compounded through additional costs over and above Winter funding to support the Emergency pathway with downstream risk on achieving ED performance and the potential claw back of Tranche 2 Winter funding. Current estimates show a net pressure of £6m-£10m over and above the underlying risk described above. The Trust is liaising closely with NHS Improvement in the process of validating the financial impact. This will be reported to both Finance & Investment Committee and Trust Board as part of the period 10 reporting.

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

The Trust's Cost Improvement Programme target has increased from £33m to £44.2m with the inclusion of £3.5m for supplementary CIP and £7.6m from financial improvement and technical schemes being re-aligned as CIP. To date, £24.7m of the total £44.2m has been delivered. This is £2.6m adverse to plan due to the crystallisation of un-identified CIP. Of the £44.2m this year, £5.2m is still unidentified representing a risk to the programme and the overall delivery of the I&E plan. Escalation meetings will continue with the CMGs concerned.

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

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

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

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

Page 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 9.

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: **1st March 2018**

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

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

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Executive Summary

Financial performance

Statutory duties

- Delivering the planned deficit: on track with risk from Winter operational pressures
- Achieving the External Funding Limit: Achieved
- Achieving the Capital Resource Limit: Achieved

Financial Performance

- **Excluding Winter Funding Tranche 1, Deficit of £26.3m, in line with Plan:** Reporting in line with Plan representing over-performance on Non-Elective/Emergency, Audiology and National Screening offset by additional cost to deliver activity. Underlying over-spend in Medical workforce and cost pressures are mitigated by release of Central reserves and acceleration of technical actions. In month performance been impacted by a reduction in activity due to Emergency pressures and elective cancellations .
- **Including Winter Funding Tranche 1, Deficit of £25.7m, £0.6m favourable** representing the flow through of the Winter monies.
- **Patient Care Income, £0.9mF to Plan:** Over-performance driven by Emergency/Non-elective, National Screening and Audiology offset by under delivery across other points of delivery, predominantly ED, Day Case and Elective Inpatients.
- **Operating Costs, £7mA to Plan:** with pay £9mA to Plan including £2m release of reserves with underlying overspend in all staff groups. Non-pay underspend of £2m with £9.8mF from release of reserves and accelerated FIT actions with underlying overspend to deliver additional activity , support the Emergency pathway and non-delivery of CIP.
- **CIP, £2.6mA to Plan** representing crystallisation of unidentified CIP.
- **Finance Improvement and Technical:** in line with Plan.
- **Forecast Outturn:** in line with Plan adjusted for Winter Funding Tranche 1 being a revised deficit of £24.5m. Forecast Winter operational pressures drive an additional £6m-£10m risk with the spectrum of risk outlined on page 23.

Cash

- **Closing cash balance at December of £3.9m**, which is higher than Plan due to normal monthly timing differences.
- Trust Med Pharmacy cash balance was £1.2m.
- Funded YTD net deficit by drawing down £26.7m of our Interim Revolving Working Capital Facility (IRWC) and revenue support loan.
- **Forecast:** a further £9m working capital support has been received in January.

Capital

- **December:** Total capital expenditure of £18.2m, £4.7mF to Plan
 - Year to date spend driven by:
 - Re-configuration projects
 - Emergency Floor
 - Managed Equipment Service Finance Leases
 - Estates, backlog maintenance
 - Underspend predominantly related to reconfiguration schemes due to delays in spend together with under-spend within Estates.

December 2017: Key Facts



Key

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

Financial Performance: YTD Deficit of £26.3m, in line with Plan

| | Dec-17 | | | YTD | | | |
|------------------------------------|---------|---------|----------|-----------|-----------|-----------|-------|
| | Plan | Actual | Vs Plan | Plan | Actual | F/(A) | % |
| Day Case | 8,245 | 7,767 | (478) | 80,487 | 78,607 | (1,880) | (2%) |
| Elective Inpatient | 1,692 | 1,660 | (32) | 16,520 | 16,315 | (205) | (1%) |
| Emergency / Non-elective Inpatient | 10,128 | 9,949 | (179) | 86,480 | 88,540 | 2,060 | 2% |
| Emergency Department | 20,776 | 20,301 | (475) | 185,337 | 180,424 | (4,913) | (3%) |
| Outpatient Procedures | 73,700 | 67,785 | (5,915) | 722,943 | 708,185 | (14,757) | (2%) |
| Critical Care Services | 4,879 | 4,600 | (280) | 42,233 | 43,005 | 772 | 2% |
| Renal Dialysis and Transplant | 14,870 | 15,389 | 519 | 130,931 | 132,300 | 1,369 | 1% |
| Other Activity | 682,304 | 607,051 | (75,253) | 6,743,439 | 6,075,591 | (667,848) | (10%) |
| WTE Total | 13,902 | 13,788 | 115 | 13,902 | 13,788 | 115 | 1% |
| WTE Agency | 290 | 206 | 84 | 217 | 206 | 11 | 5% |

| | Dec-17 | | | YTD | | | |
|---|-----------------|-----------------|------------------|------------------|------------------|----------------|--------------|
| | Plan £'000 | Actual £'000 | Vs Plan £'000 | Plan £'000 | Actual £'000 | F/(A) £'000 | % |
| Patient Care Income | 65,365 | 63,712 | (1,653) | 605,206 | 606,119 | 913 | 0% |
| Non Patient Care Income | 533 | 562 | 29 | 4,793 | 5,426 | 633 | 13% |
| Other Operating Income | 10,578 | 10,271 | (307) | 95,206 | 95,840 | 634 | 1% |
| Total Income | 76,476 | 74,544 | (1,932) | 705,205 | 707,385 | 2,180 | 0% |
| Pay Costs | (45,668) | (48,590) | (2,922) | (421,905) | (431,712) | (9,807) | (2%) |
| Pay Costs: Agency | (1,609) | (1,141) | 468 | (16,032) | (15,202) | 830 | 5% |
| Non Pay | (27,694) | (26,587) | 1,107 | (261,771) | (259,763) | 2,008 | 1% |
| Total Operating Costs | (74,971) | (76,318) | (1,347) | (699,708) | (706,677) | (6,969) | (1%) |
| EBITDA | 1,505 | (1,774) | (3,279) | 5,497 | 708 | (4,789) | (87%) |
| Non Operating Costs | (3,548) | (283) | 3,265 | (31,847) | (26,715) | 5,132 | 16% |
| Retained deficit | (2,043) | (2,057) | (14) | (26,350) | (26,007) | 343 | 1% |
| Adjustments for Donated Assets | 5 | 19 | 14 | 45 | (262) | (307) | (683%) |
| Net Deficit Excluding Winter Funding | (2,038) | (2,038) | 0 | (26,305) | (26,269) | 36 | 0% |
| Winter Funding - Tranche 1 | 0 | 561 | 561 | | 561 | 561 | 0% |
| Net Deficit Including Winter Funding | (2,038) | (1,477) | 561 | (26,305) | (25,709) | 596 | 2% |

| | Plan | Actual | | Plan | Actual | | |
|---------------------|---------|---------|--|---------|---------|--|--|
| Agency: Total Pay | 3.52% | 2.35% | | 3.80% | 3.52% | | |
| EBITDA: Income | 1.97% | (2.38%) | | 0.78% | 0.10% | | |
| Net Deficit: Income | (2.66%) | (1.98%) | | (3.73%) | (3.63%) | | |

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

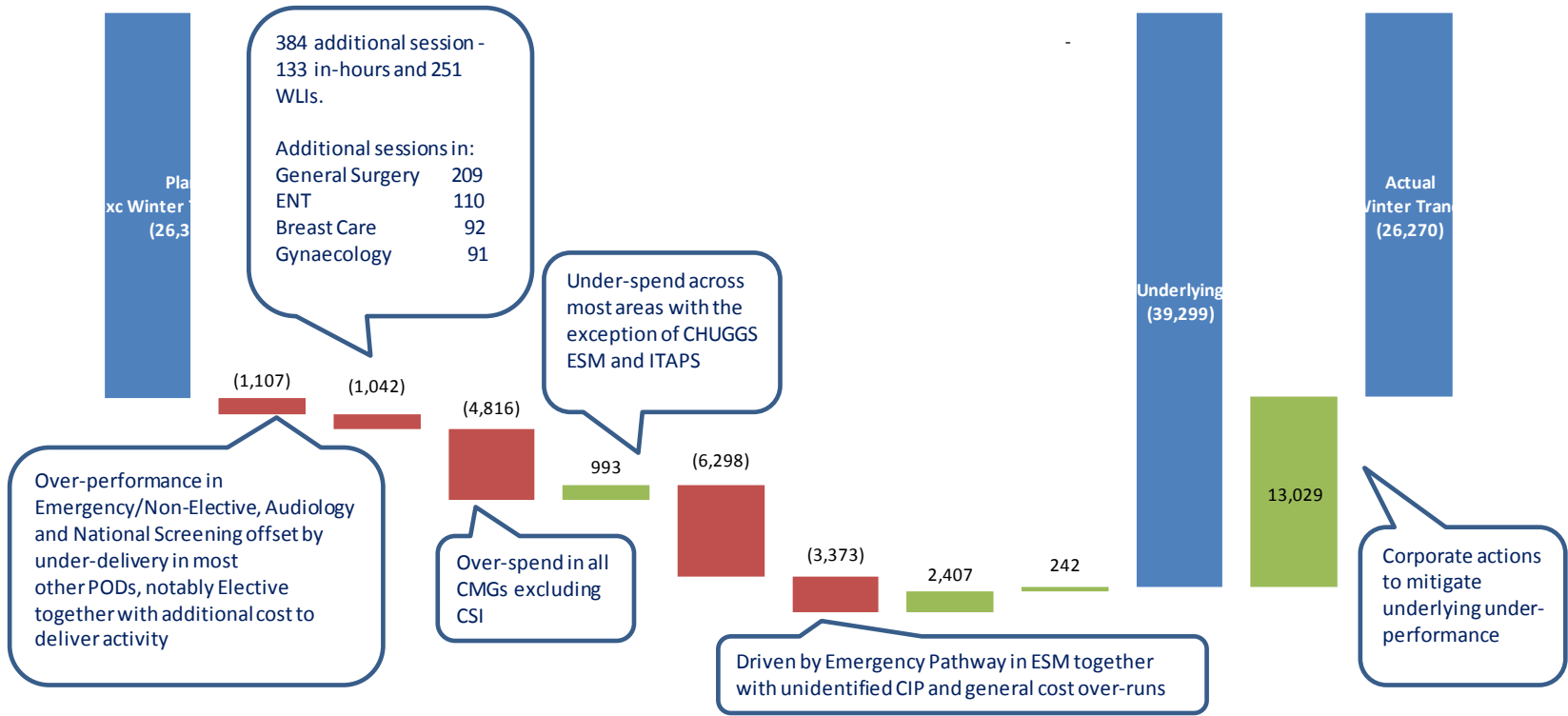
- **NHS Patient Care Income: £606.1m, £0.9mF** including £0.3mF in relation to drugs and devices excluded from tariff with the offset in non-pay and £1.5mA in relation to the central income provisions. Underlying over-performance of £2.2m predominantly within Emergency/Non-elective, National Screening Programme and ECMO offset by underperformance in Elective and ED.

December activity has been impacted by elective cancellations through lower Inpatient, Day Case and Outpatient procedures which has seen a reduction in run rate. This is partially offset by Emergency/Non-elective but not fully mitigated due to increased length of stay.

- **Non Patient Care Income & Other Income: £101.3m, £1.3mF** driven by £0.8mF in relation to dividends together with acceleration of deferred income release and additional income from donated assets.
- **Pay Costs: £431.7m, £9.8mA** which includes £2.0mF utilisation of central reserves. Underlying overspend of £11.8m across all staff groups with Medical being the biggest area of overspend at £5mA across all CMGS with the exception of CSI. Pay remains an area of concern to ensure appropriate control and optimum use of financial resources to support Winter operational pressures impacting the Emergency flow.
- **Agency: £15.2m, £0.8mF to Plan** driven by Nursing in ESM.
- **Non-Pay: £259.8m, £2mF** including £9.8mF relating to Central Provisions together with £0.3mA in relation to drugs and devices excluded from tariff. Underlying overspend of £7.4m is predominantly driven by additional cost to deliver activity together with costs in relation to patient transport, Non Weight Bearing pathway and unidentified CIP.
Non-pay remains a critical area of spend to ensure tight cost control underpinned by activity performance.
- **EBITDA: surplus of £0.7m, £4.8mA.**
- **Non-Operating Costs: £26.7m, £5.1mF** to Plan including £4.1mF acceleration of additional Financial Improvement Technical actions and £1.8mF depreciation benefit from extending useful lives offset by higher interest costs.

I&E Bridge: in line with Plan with Emergency pressures

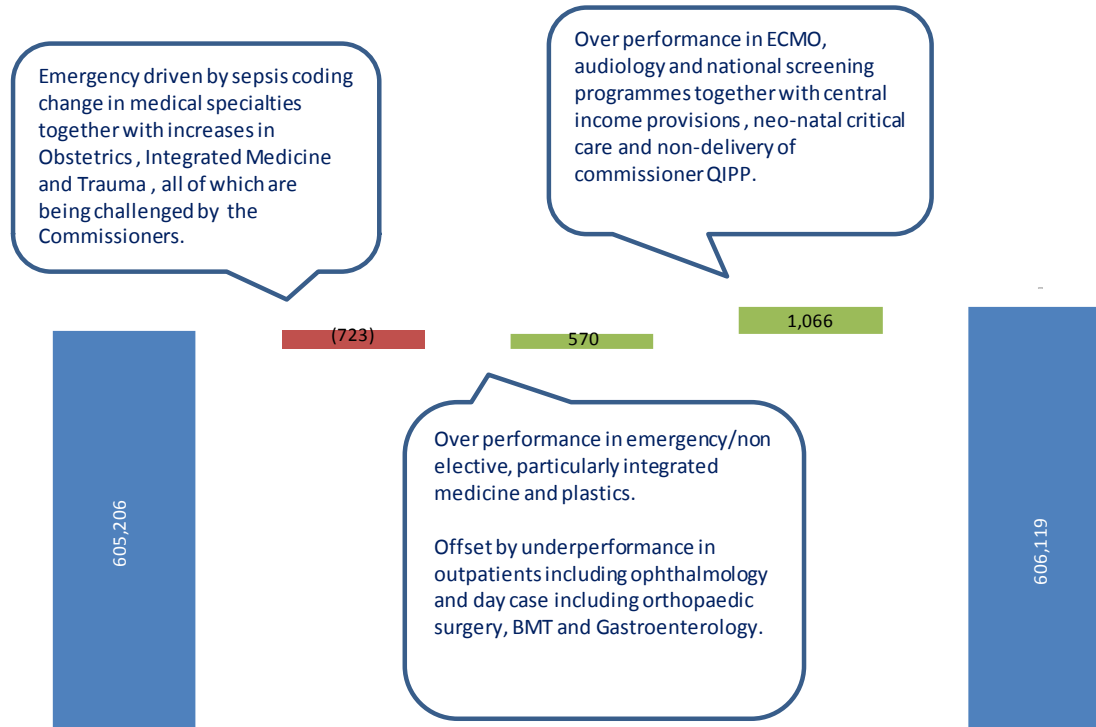
Over-performance on Non-Elective/Emergency, Audiology and National Screening offset by the additional cost to deliver the additional activity. Under-lying over-spend in Medical workforce and cost pressures are currently being mitigated by release of Central reserves and acceleration of mitigating actions. In month financial performance been impacted by a reduction on activity due to Emergency pressures and elective cancellations.



| £(000) | Plan exc Winter Tranche 1 | Activity | Theatres | Medical Pay | Nursing Pay | Other Pay | Cost Pressures | Reserves | Other | Underlying | Non-recurrent Items | Actual exc Winter Tranche 1 | Var F/(A) |
|---------------------|---------------------------|----------------|----------------|----------------|-------------|----------------|----------------|--------------|------------|-----------------|---------------------|-----------------------------|-----------|
| NHS PCI | 605,206 | 1,691 | | | | | | | (362) | 606,535 | (416) | 606,119 | 913 |
| Other Income | 99,628 | | | | | | | | 119 | 99,747 | 891 | 100,638 | 1,010 |
| Pay | (421,905) | | (886) | (4,611) | 324 | (6,663) | | 1,589 | | (432,153) | 441 | (431,712) | (9,807) |
| Pay: Agency | (16,032) | | | (205) | 669 | 365 | | | | (15,202) | | (15,202) | 830 |
| Non Pay | (261,771) | (2,798) | (155) | | | | (3,373) | 817 | 336 | (266,944) | 7,181 | (259,763) | 2,008 |
| Non-Operating Costs | (31,431) | | | | | | | | 149 | (31,281) | 4,932 | (26,350) | 5,081 |
| Net Deficit | (26,305) | (1,107) | (1,042) | (4,816) | 993 | (6,298) | (3,373) | 2,407 | 242 | (39,299) | 13,029 | (26,270) | 35 |

NHS Patient Income: December £606.1m, £0.9mF to Plan

Over-performance predominantly driven by Emergency/Non-elective, National Screening Programmes and Audiology offset by under delivery across other points of delivery, predominantly ED, Day Case and Elective Inpatients.



| £(m) | Plan exc Winter T1 | Rate | Volume | Other | Actual exc Winter T1 | Var F / (A) |
|--|--------------------|--------------|------------|--------------|----------------------|-------------|
| Day Case | 46,420 | (583) | (1,071) | 0 | 44,766 | (1,654) |
| Elective Inpatient | 61,428 | (1,260) | (745) | 0 | 59,423 | (2,005) |
| Emergency / Non-elective Inpatient | 158,686 | 1,656 | 3,819 | 0 | 164,162 | 5,475 |
| Marginal Rate Emergency Threshold | (4,864) | 0 | 0 | 271 | (4,593) | 271 |
| Emergency Department | 23,431 | (286) | (614) | 0 | 22,531 | (900) |
| Outpatient | 84,616 | 1,361 | (1,755) | 0 | 84,222 | (394) |
| Drugs and Devices excluded from Tariff | 74,573 | 0 | 0 | 347 | 74,920 | 347 |
| Critical Care Services | 40,654 | (1,107) | 723 | 0 | 40,270 | (384) |
| Renal Dialysis and Transplant | 20,819 | (504) | 212 | 0 | 20,527 | (292) |
| CQUIN | 12,194 | 0 | 0 | (1,178) | 11,016 | (1,178) |
| Other Activity | 78,785 | 0 | 0 | 41 | 78,826 | 41 |
| Other Financial Values | 8,464 | 0 | 0 | 1,585 | 10,049 | 1,585 |
| Total | 605,206 | (723) | 570 | 1,066 | 606,119 | 913 |

Activity & Income: Performance versus Contract

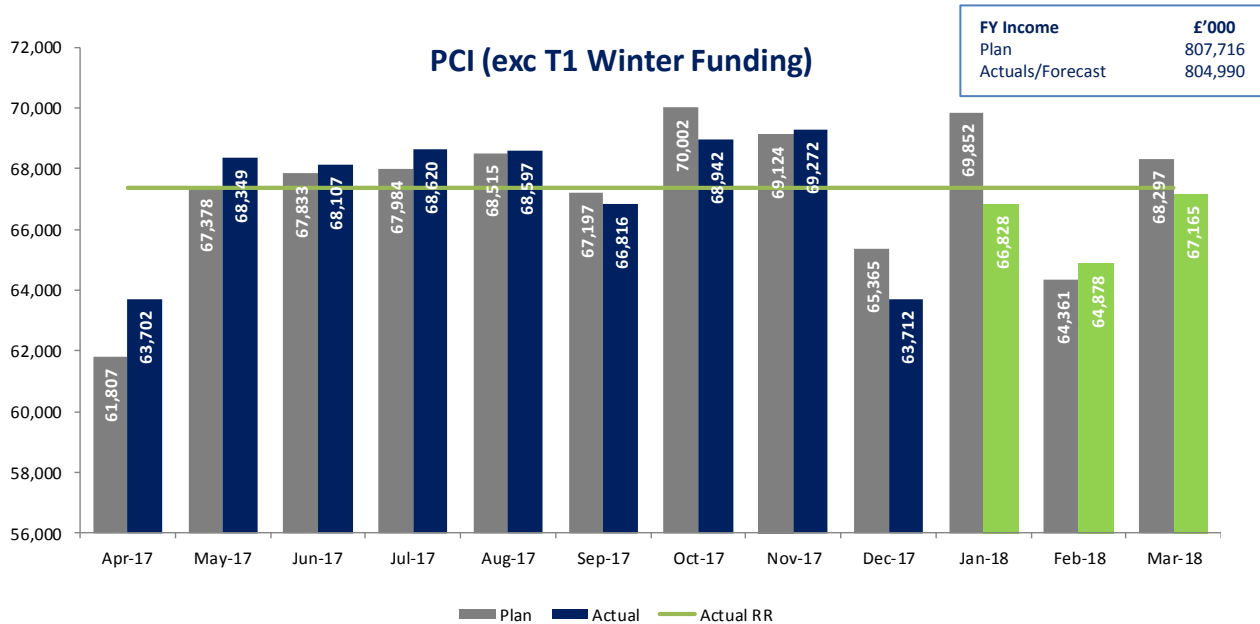
| Activity | Case Mix | City | East | West | Specialised | Other | Alliance | Total | % |
|------------------------|--|-----------|-----------|-------|-------------|----------|-----------|----------|------|
| | Day Case | (195) | (1,130) | (453) | 1,316 | (381) | (1,036) | (1,880) | (2%) |
| | Elective Inpatient | 74 | 15 | (13) | 44 | (325) | | (205) | (1%) |
| | Emergency / Non-elective Inpatient | 97 | 568 | 799 | 962 | (367) | | 2,060 | 2% |
| | Marginal Rate Emergency Threshold (MRET) | 0 | 0 | 0 | 0 | 0 | | 0 | 0% |
| | Emergency Department | 103 | 2,977 | 2,057 | | (10,050) | | (4,913) | (3%) |
| | Outpatient | 6,743 | 7,967 | 5,588 | 16,858 | (48,271) | (3,643) | (14,757) | (2%) |
| | Excluded Drugs and Devices | | | | | | | 0 | 0% |
| | Critical Care Services | (44) | (65) | (490) | 1,022 | 350 | | 772 | 2% |
| | Renal Dialysis and Transplant | 0 | 0 | 0 | (90) | 1,458 | | 1,369 | 1% |
| | CQUIN | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0% |
| Other Activity | (231,491) | (271,664) | (152,006) | 7,506 | (13,833) | (6,359) | (667,848) | (10%) | |
| Other Financial Values | 772 | 764 | 1,313 | 44 | (3,284) | (757) | (1,148) | 0% | |

| Financial | Case Mix | City (£000) | East (£000) | West (£000) | Specialised (£000) | Other (£000) | Alliance (£000) | Total (£000) | % |
|--------------------|--|--------------|--------------|--------------|--------------------|----------------|-----------------|--------------|-------|
| | Day Case | 361 | (201) | 229 | 439 | (1,773) | (708) | (1,654) | (4%) |
| | Elective Inpatient | (177) | (426) | (15) | (133) | (1,255) | 0 | (2,005) | (3%) |
| | Emergency / Non-elective Inpatient | 1,274 | 1,711 | 2,079 | 3,137 | (2,728) | 0 | 5,474 | 3% |
| | Marginal Rate Emergency Threshold (MRET) | 209 | 243 | 143 | 25 | (348) | 0 | 271 | 6% |
| | Emergency Department | 46 | 20 | 18 | 0 | (984) | 0 | (900) | (4%) |
| | Outpatient | 862 | 1,014 | 799 | 2,011 | (4,729) | (351) | (394) | (0%) |
| | Excluded Drugs and Devices | (361) | (151) | (126) | 2,574 | (1,600) | 11 | 347 | 0% |
| | Critical Care Services | (233) | (31) | (405) | (218) | 504 | 0 | (384) | (1%) |
| | Renal Dialysis and Transplant | 0 | 0 | 0 | (328) | 37 | 0 | (292) | (1%) |
| | CQUIN | 22 | 29 | 41 | 154 | (1,397) | (28) | (1,178) | (10%) |
| | Other Activity | 22 | 251 | 141 | 652 | (611) | (414) | 41 | 0% |
| | Other Financial Values | 1,592 | 1,172 | 1,288 | 573 | (2,633) | 28 | 2,021 | 19% |
| Grand Total | 3,619 | 3,633 | 4,190 | 8,885 | (17,518) | (1,462) | 1,348 | 0% | |

Contracts:

- Day Case & Elective Inpatient:**
 Underperformance in Orthopaedic Surgery, Gynaecology, BMT, Cardiac Surgery, Paediatric Cardiac Surgery and Neurology.
- Emergency / Non Elective:**
 Over performance across a wide range of specialties including Integrated Medicine, Trauma, Hepatobiliary & Cardiac Surgery, Obstetrics and Urology. Offset by underperformance in Stroke Medicine and Paediatric Cardiothoracic Surgery.
- Outpatients:**
 Underperformance is within Trauma, Diabetology and Ophthalmology partially offset by over performance within Outpatient procedures and the specialties Trauma, Dermatology and Ophthalmology.
- Excluded Drugs and Devices:**
 Over performance in Clinical Oncology drugs, TAVI and Neurology, offset by Cancer Drugs Fund, Ophthalmology drugs and Implantable Defibrillators.
- Other Financial Values:**
 Relates to the implementation of new Best Practice Tariff for COPD, Home Oxygen Service and molecular testing in oncology. Underperformance against unallocated commissioner QIPP schemes is also contributing significantly to this variance.
- The Alliance is also underperforming in all of the Point of Deliveries' and the majority of the specialties including Diagnostic Imaging, Orthopaedic Surgery, ENT, Integrated Medicine and General Surgery.

Patient Income Run Rates



Year to Date

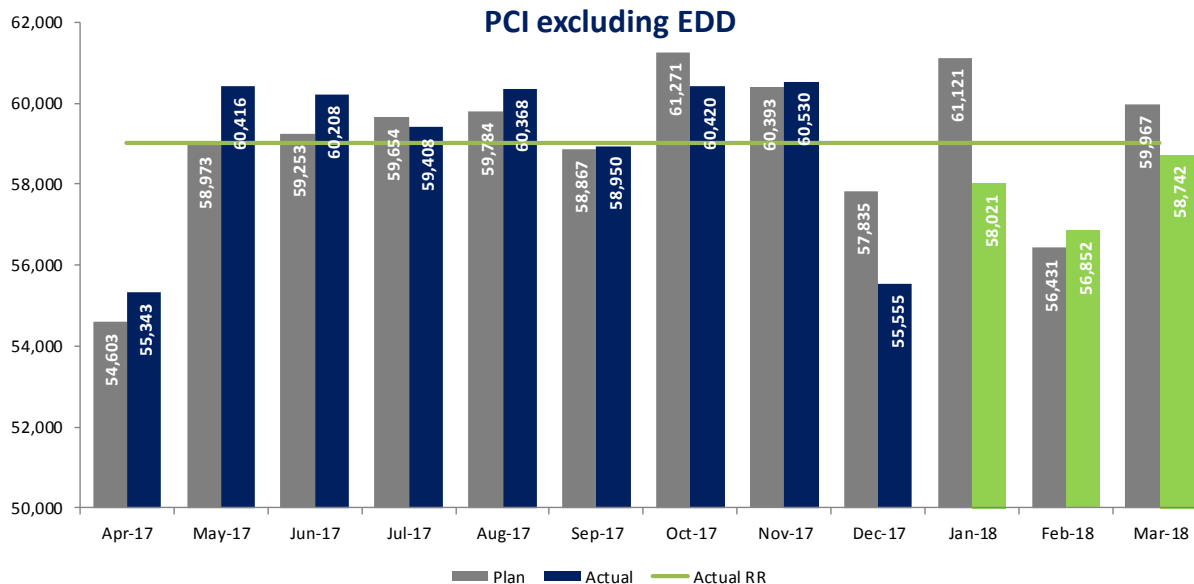
- Year to date over-performance of £0.9m which includes £0.3mF in relation to drugs and devices excluded from tariff together with £1.5mA in relation to Central income provisions.
- Underlying over-performance of £2.2m predominantly within Emergency/ Non-elective National Screening Programme and Audiology offset by under delivery predominantly in ED, Day Case and Elective Inpatients.
- December activity has been impacted by elective cancellations due to Emergency pressures partially offset by Emergency/Non-elective, Critical Care and ECMO.

Forecast

- January activity is further impacted by elective cancellations driving lower bookings and higher cancellations.

Alignment with LLR CCG forecast

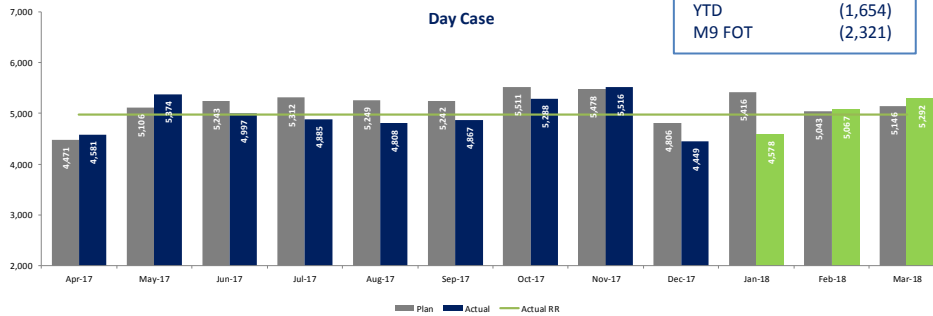
- At Month 9, UHL and LLR CCGs reconciled own forecasts in order to understand the level of risk within the system.
- This showed that UHL are forecasting £5.3m more income than LLR CCGs, with the differences driven by:
 - baseline forecast assumptions: £0.7m
 - activity over current trend levels: £4m; and
 - expected outcome of CCG contract challenges: £2m.
- The Trust is continuing to review the proposed additional QIPP schemes and any impact they will have on our financial position.



Patient Income Run Rates: Point of Delivery

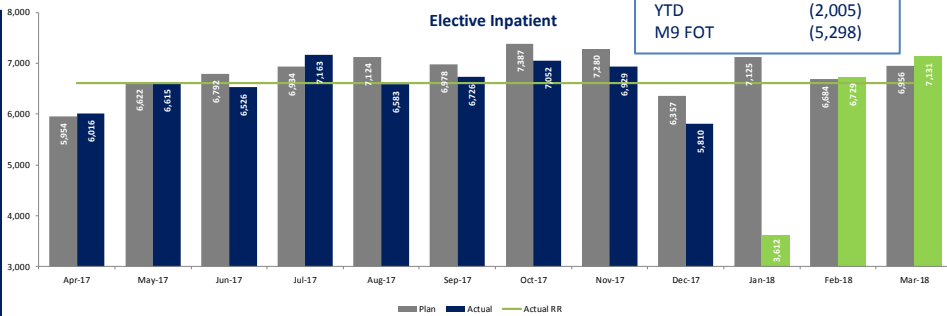
Day Case

Variance to Plan £'000
YTD (1,654)
M9 FOT (2,321)



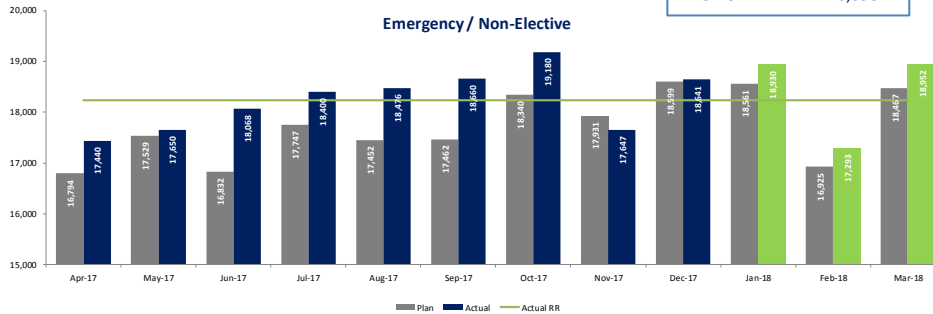
Elective Inpatient

Variance to Plan £'000
YTD (2,005)
M9 FOT (5,298)



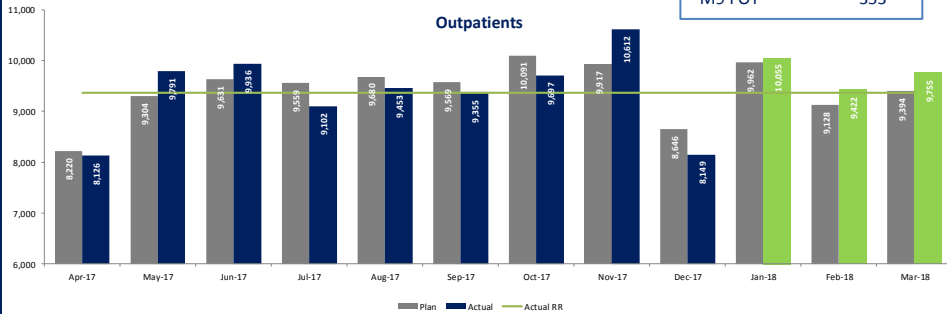
Emergency/ Non-Elective

Variance to Plan £'000
YTD 5,475
M9 FOT 6,698



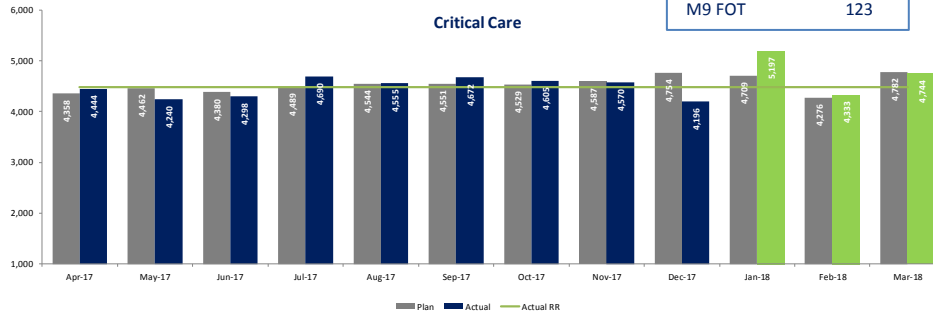
Outpatients

Variance to Plan £'000
YTD (394)
M9 FOT 353



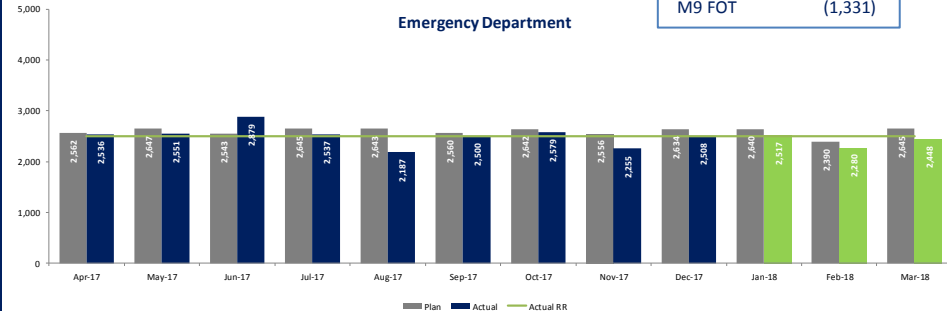
Critical Care

Variance to Plan £'000
YTD (384)
M9 FOT 123



Emergency Department

Variance to Plan £'000
YTD (900)
M9 FOT (1,331)



Pay: YTD £446.9m, £9.0mA to Plan

| | Dec-17 | | | | | | YTD | | | | | | |
|----------------------|------------------------------------|---------------|---------------|----------------|---------------|---------------|--------------|----------------|----------------|-----------------|---------------|---------------|--------------|
| | £'000 | | | WTE | | | £'000 | | | WTE | | | |
| | Plan | Actual | F/(A) | Plan | Actual | F/(A) | Plan | Actual | F/(A) | Plan | Actual | F/(A) | |
| Agency | Medical | 607 | 459 | 147 | 20 | 59 | (40) | 6,674 | 6,759 | (85) | 20 | 59 | (40) |
| | Nursing & Midwifery | 694 | 390 | 304 | 0 | 89 | (88) | 6,586 | 5,917 | 669 | 0 | 89 | (88) |
| | Other Clinical | 212 | 217 | (5) | 67 | 24 | 43 | 1,913 | 2,071 | (158) | 67 | 24 | 43 |
| | Non Clinical | 95 | 74 | 22 | 35 | 34 | 1 | 859 | 455 | 404 | 35 | 34 | 1 |
| | Total: Agency | 1,609 | 1,141 | 468 | 121 | 206 | (85) | 16,032 | 15,202 | 830 | 121 | 206 | (85) |
| Other Non-contracted | Medical | 0 | 1,302 | (1,302) | 0 | 4 | (4) | 0 | 12,230 | (12,230) | 0 | 4 | (4) |
| | Nursing & Midwifery | 0 | 1,660 | (1,660) | 0 | 492 | (492) | 0 | 14,378 | (14,378) | 0 | 492 | (492) |
| | Other Clinical | 0 | 296 | (296) | 0 | 62 | (62) | 0 | 2,871 | (2,871) | 0 | 62 | (62) |
| | Non Clinical | 0 | 545 | (545) | 0 | 286 | (286) | 0 | 5,050 | (5,050) | 0 | 286 | (286) |
| | Total: Other Non-contracted | 0 | 3,803 | (3,803) | 0 | 844 | (844) | 0 | 34,529 | (34,529) | 0 | 844 | (844) |
| Total Non-contracted | Medical | 607 | 1,762 | (1,155) | 20 | 63 | (43) | 6,674 | 18,989 | (12,315) | 20 | 63 | (43) |
| | Nursing & Midwifery | 694 | 2,051 | (1,356) | 0 | 581 | (581) | 6,586 | 20,295 | (13,709) | 0 | 581 | (581) |
| | Other Clinical | 212 | 513 | (301) | 67 | 86 | (20) | 1,913 | 4,942 | (3,029) | 67 | 86 | (20) |
| | Non Clinical | 95 | 618 | (523) | 35 | 320 | (285) | 859 | 5,505 | (4,646) | 35 | 320 | (285) |
| | Total: Non-contracted | 1,609 | 4,944 | (3,335) | 121 | 1,050 | (928) | 16,032 | 49,731 | (33,699) | 121 | 1,050 | (928) |
| Substantive | Medical | 15,264 | 15,041 | 222 | 1,836 | 1,909 | (73) | 135,796 | 128,687 | 7,109 | 1,836 | 1,909 | (73) |
| | Nursing & Midwifery | 17,220 | 15,945 | 1,275 | 5,758 | 5,040 | 718 | 153,365 | 139,050 | 14,315 | 5,758 | 5,040 | 718 |
| | Other Clinical | 6,402 | 6,556 | (154) | 2,168 | 2,118 | 49 | 57,886 | 57,276 | 609 | 2,168 | 2,118 | 49 |
| | Non Clinical | 6,782 | 7,245 | (463) | 4,020 | 3,877 | 143 | 74,858 | 72,170 | 2,689 | 4,020 | 3,877 | 143 |
| | Total: Substantive | 45,668 | 44,787 | 881 | 13,781 | 12,944 | 838 | 421,905 | 397,183 | 24,722 | 13,781 | 12,944 | 838 |
| Total | Medical | 15,871 | 16,803 | (932) | 1,855 | 1,972 | (116) | 142,470 | 147,676 | (5,205) | 1,855 | 1,972 | (116) |
| | Nursing & Midwifery | 17,915 | 17,996 | (81) | 5,758 | 5,621 | 137 | 159,951 | 159,345 | 606 | 5,758 | 5,621 | 137 |
| | Other Clinical | 6,614 | 7,069 | (455) | 2,234 | 2,205 | 30 | 59,799 | 62,219 | (2,420) | 2,234 | 2,205 | 30 |
| | Non Clinical | 6,878 | 7,863 | (986) | 4,054 | 4,196 | (142) | 75,717 | 77,675 | (1,958) | 4,054 | 4,196 | (142) |
| | TOTAL: Pay | 47,277 | 49,731 | (2,454) | 13,902 | 13,993 | (91) | 437,937 | 446,914 | (8,977) | 13,902 | 13,993 | (91) |

Note

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

Agency Pay

- Year to date cost of £15.2m, £0.8mF to Plan. Medical overspend of £0.9m in CHUGGS and ESM offset by nursing underspend of £1.1m within ESM and non-clinical within the Corporate Directorates.

Other Non-contracted Pay

- Other non-contracted pay consists of overtime, bank, WLI's and internal locums.
- Year to date expenditure of £34.5m with Medical and Nursing driving 77% 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

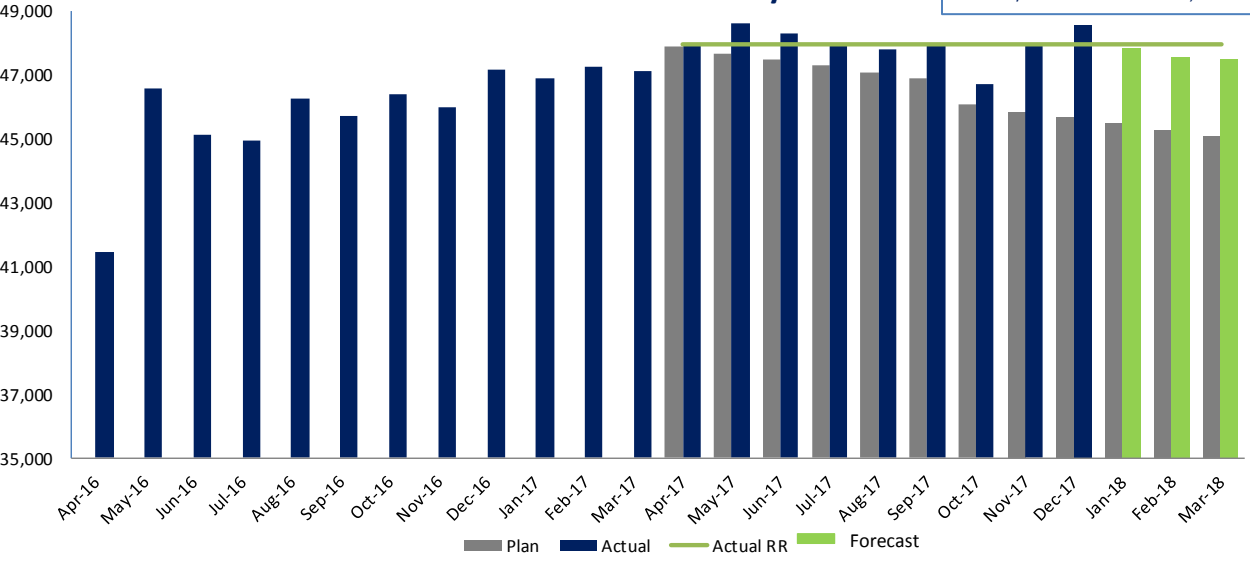
- Combined with other non-contracted, expenditure of £431.7m, £9.8mA to Plan.
- Pay position includes £2.0mF release of contingency to fund investments. Excluding this, the CMGs have an overspend of £11.8m driven by:
 - Medical: £5.1mA across most CMGs;
 - Other £4.7m driven by CSI to clear the backlog and W&C in relation to non-delivery of CIP.

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

Pay Run Rates

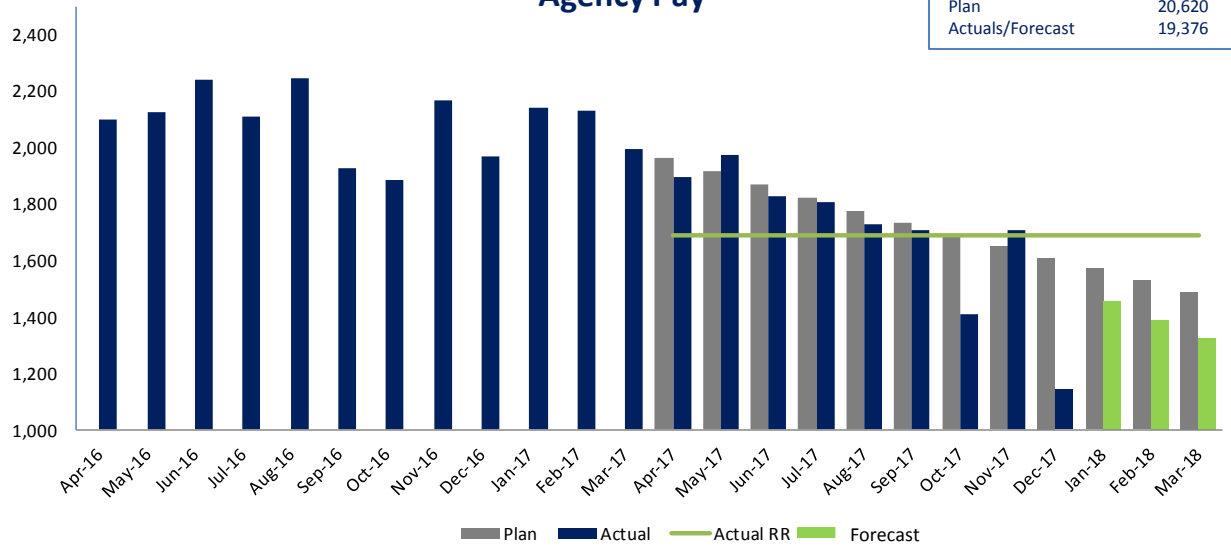
Substantive Pay

| | |
|------------------|--------------|
| FY Cost | £'000 |
| Plan | 557,728 |
| Actuals/Forecast | 574,639 |



Agency Pay

| | |
|------------------|--------------|
| FY Cost | £'000 |
| Plan | 20,620 |
| Actuals/Forecast | 19,376 |



Total Pay excluding Agency Pay

- Plan reflects a downward trajectory which requires full CIP delivery and tight discipline throughout the organisation to ensure this is delivered.
- Year to date run rate £48m needs to reduce by £0.4m to £47.6m in order to achieve Forecast. This includes the financial impact from the supplementary CIP from Month 7 onwards.
- This remains a key risk to the Financial Plan especially in relation to ED Floor, Nursing enhancements, Medical spend and premium spend within E&F which is compounded by operational Winter pressures.

Agency Pay

- The planned trajectory is supported by specific actions identified and tracked through the Premium Pay group.
- Year to date costs are favourable to Plan. This needs continued focus and control to ensure the planned reduction is achieved especially over the Winter period.

Non-Pay: YTD £259.8m, £2.0mF to Plan

| | Dec-17 | | | | YTD | | | | |
|---------------------------|---------------------------------|-----------------|------------------|-----------|----------------|-----------------|------------------|-----------|-------|
| | Plan £'000 | Actual £'000 | F / (A) £'000 | % | Plan £'000 | Actual £'000 | F / (A) £'000 | % | |
| Direct | Blood Products | 101 | 59 | 42 | 42% | 973 | 1,124 | (151) | (16%) |
| | Drugs | 7,801 | 8,575 | (773) | (10%) | 76,001 | 78,319 | (2,318) | (3%) |
| | Clinical Supplies & Services | 8,379 | 8,896 | (518) | (6%) | 78,224 | 82,732 | (4,508) | (6%) |
| | Transport | 252 | 280 | (28) | (11%) | 2,314 | 2,643 | (329) | (14%) |
| | Recharges | 353 | 234 | 119 | 34% | 1,834 | 2,581 | (746) | (41%) |
| | Misc & General Supplies | 2,498 | 163 | 2,335 | 93% | 27,405 | 18,653 | 8,752 | 32% |
| External Providers | Healthcare | 794 | 736 | 57 | 7% | 8,065 | 7,761 | 305 | 4% |
| | Non Healthcare | 1,196 | 1,262 | (67) | (6%) | 10,797 | 10,966 | (170) | (2%) |
| Overheads | Establishment, Premises & Plant | - | - | 14 | 0% | 35,169 | 33,696 | 1,473 | 4% |
| | Consultancy | 49 | 123 | (74) | (151%) | 440 | 738 | (298) | (68%) |
| | Clinical Negligence | 2,283 | 2,283 | 0 | 0% | 20,549 | 20,549 | (0) | (0%) |
| Total: Non Pay | 27,694 | 26,587 | 1,107 | 4% | 261,771 | 259,763 | 2,008 | 1% | |

- Direct Costs: £186.1m, £0.7mA to Plan** including £9.8mF release of central provisions and acceleration of mitigating actions and £0.3mA relating to drugs and devices excluded from tariff .

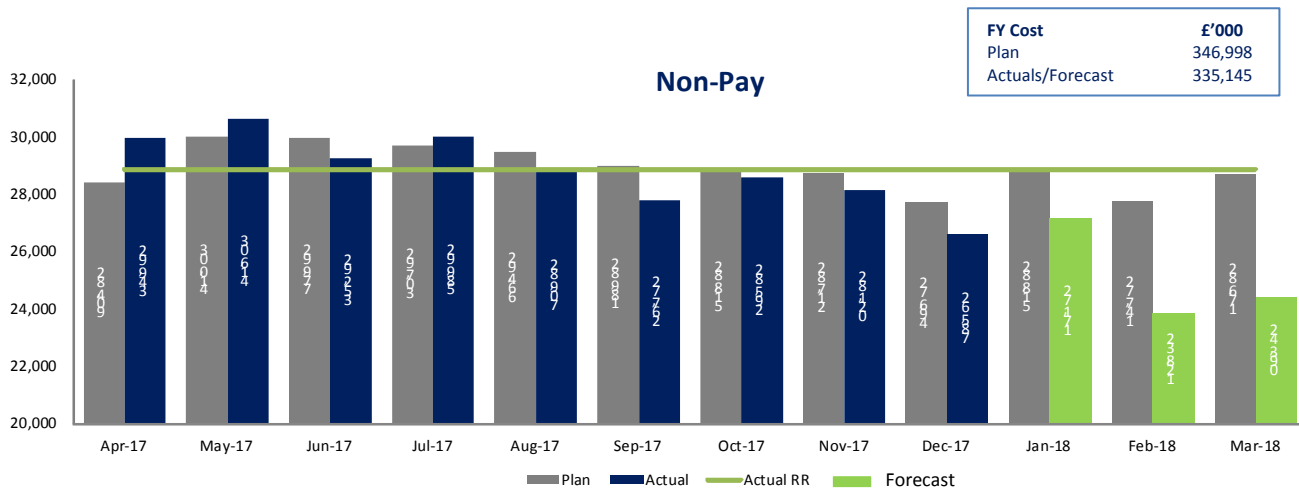
Underlying overspend of £10.5m predominantly relates to incremental cost to deliver additional activity together with CIP under-delivery and cost pressures connected to the emergency pathway.

- External Providers: YTD cost of £18.7m** which is £0.1mF to Plan.

- Overheads: YTD expenditure of £55m, £1.2mF to Plan** predominantly within Estates.

Run Rates

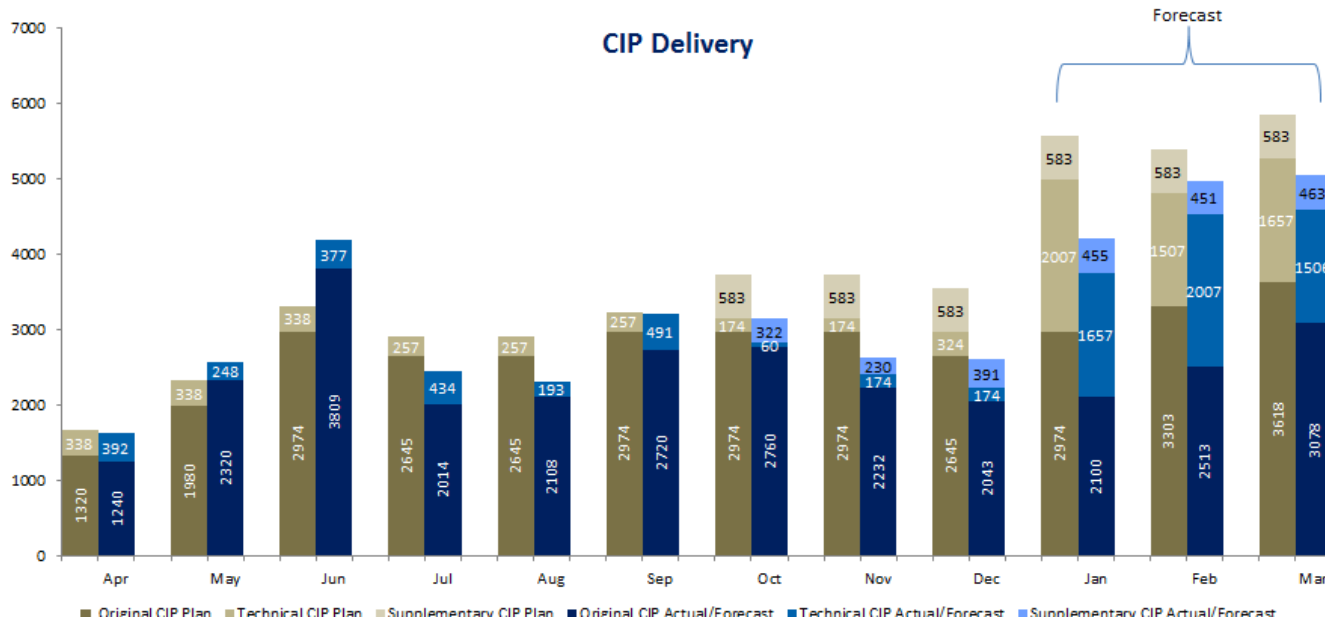
- Year to date run rate of £28.9m needs to reduce by £3.7m to deliver forecast.
- Non-pay control is essential to the delivery of the financial plan and to ensure essential spend is underpinned by performance relating to patient care activity.



CIP: YTD £24.7m, £2.6mA to Plan

| | Dec-17 | | | | YTD | | | | FY Plan £'000 |
|--------------------|---------------|-----------------|------------------|--------------|---------------|-----------------|------------------|--------------|------------------|
| | Plan £'000 | Actual £'000 | F / (A) £'000 | % | Plan £'000 | Actual £'000 | F / (A) £'000 | % | |
| CHUGGS | 356 | 316 | (41) | (11%) | 2,699 | 2,806 | 108 | 4% | 3,763 |
| CSI | 353 | 401 | 48 | 14% | 2,461 | 2,850 | 389 | 16% | 3,923 |
| ESM | 572 | 194 | (378) | (66%) | 3,758 | 3,490 | (268) | (7%) | 5,477 |
| ITAPS | 425 | 190 | (235) | (55%) | 2,856 | 1,675 | (1,181) | (41%) | 4,124 |
| MSS | 361 | 302 | (59) | (16%) | 2,431 | 2,465 | 33 | 1% | 3,635 |
| RRCV | 475 | 499 | 24 | 5% | 3,635 | 3,624 | (11) | (0%) | 5,061 |
| Womens & Childrens | 707 | 218 | (488) | (69%) | 3,044 | 1,722 | (1,322) | (43%) | 5,165 |
| Total: CMG | 3,249 | 2,120 | (1,129) | (35%) | 20,883 | 18,631 | (2,252) | (11%) | 31,149 |
| Facilities | 203 | 498 | 295 | 145% | 1,614 | 1,414 | (200) | (12%) | 3,380 |
| Corporate Total | 100 | (9) | (109) | (109%) | 4,841 | 4,687 | (154) | (3%) | 9,624 |
| Total CIP | 3,552 | 2,608 | (943) | (27%) | 27,338 | 24,732 | (2,606) | (10%) | 44,153 |

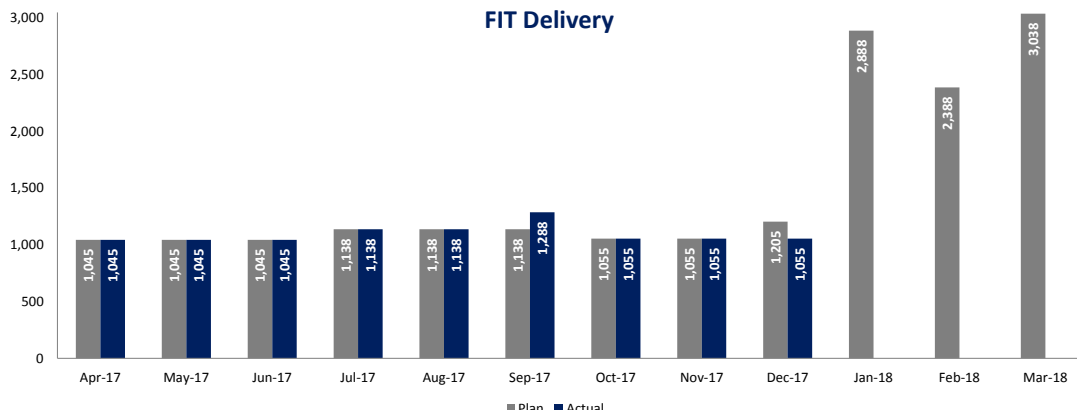
- The CIP forecast outturn is £39m representing an unidentified gap of £5.2m including £1.2m non-delivery of Supplementary CIP.
- In order to fund the additional costs in relation to Demand and Capacity and approved investments, there was an additional requirement of £3.5m supplementary CIP in relation to in-year pay bill and workforce reductions. At present this is forecast to deliver £2.3m savings driving a £1.2m shortfall.
- The under-performing areas of ITAPS, W&C and E&F have been in escalation meetings throughout the year in order to identify schemes to mitigate the gap. However, at present the gap is unlikely to be fully mitigated through recurrent schemes.
- Consideration should be given to badge the additional technical actions required to deliver the planned deficit as CIP to show full delivery through non-recurrent means.
- The full year plan of £44.2m incorporates the supplementary CIP together with £7.6m rebadging of technical items to CIP.



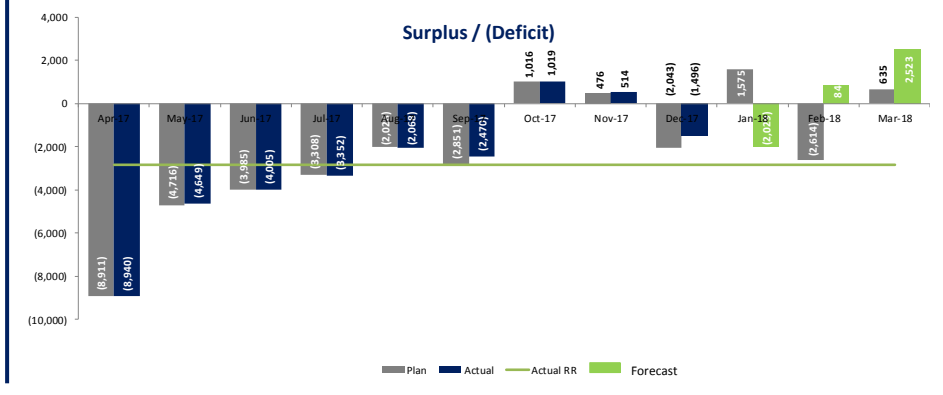
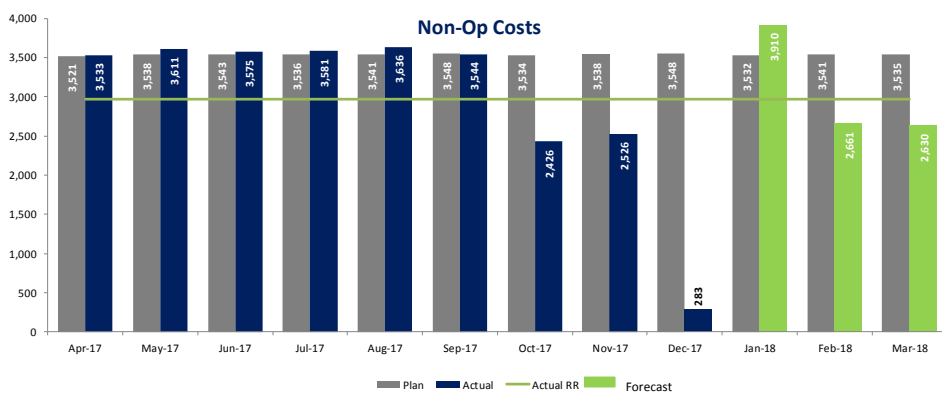
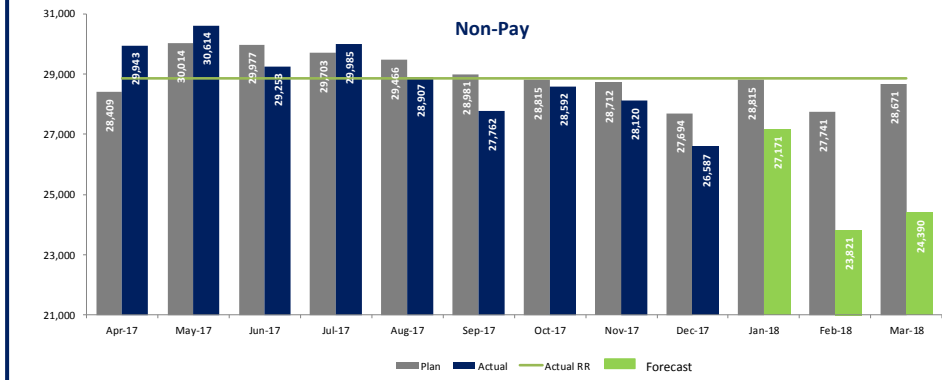
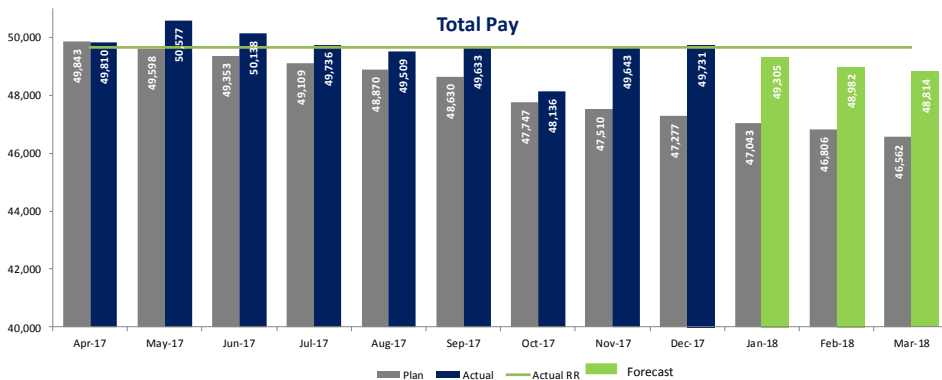
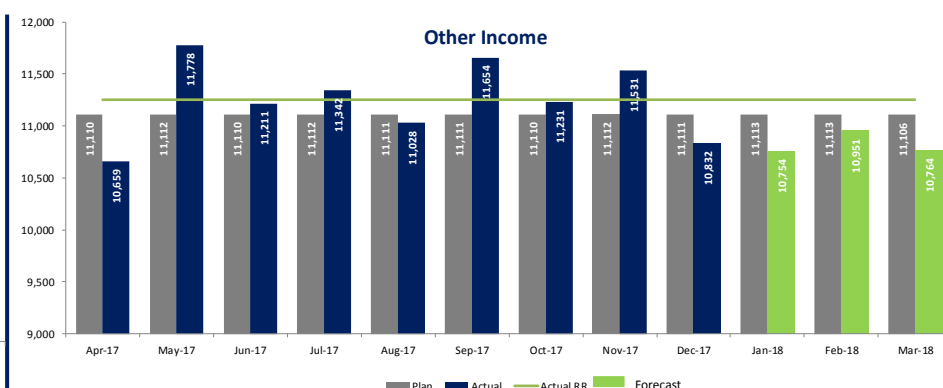
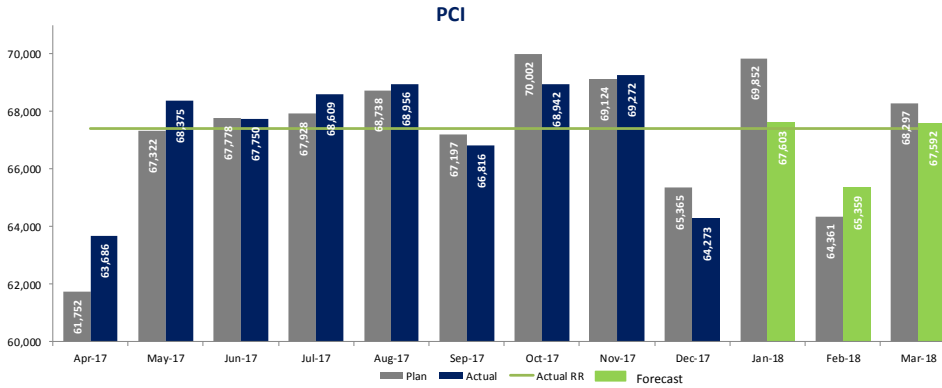
Finance Improvement and Technical (FIT)

| | | Plan FY £'000 | YTD Plan £'000 | YTD Actual £'000 | Variance £'000 |
|---|---|------------------|-------------------|---------------------|-------------------|
| Strategic | HEEM: NR Funding | 500 | 0 | 0 | 0 |
| | Strategic review of subsidiary company: Depreciation & Dividend savings - CIP | 4,000 | 0 | 0 | 0 |
| | Total Value: Strategic | 4,500 | 0 | 0 | 0 |
| Statement of Financial Position Management | Accruals: apply policy of £10k de-minimus - CIP | 500 | 0 | 0 | 0 |
| | Deferred Income (inc Research): release - CIP | 150 | 0 | 150 | 150 |
| | Revenue to Capital transfer | 1,000 | 750 | 750 | (0) |
| | Duplicate invoices / VAT review - CIP | 150 | 150 | 0 | (150) |
| | Depreciation: extending lives and pausing charges for assets not in use - CIP | 2,086 | 1,565 | 1,565 | 0 |
| Total Value: Statement of Financial Position | 3,886 | 2,465 | 2,465 | (0) | |
| Contingency and Reserves | Investment Slippage - CIP | 741 | 741 | 741 | 0 |
| | Release of contingency to fund approved investments | 5,972 | 4,479 | 4,479 | 0 |
| | Junior Doctors: manage to best case of £2m | 300 | 225 | 225 | 0 |
| Total Value: Contingency and Reserves | 7,013 | 5,445 | 5,445 | 0 | |
| Technical | Defer NHSE settlement over 2 years | 1,217 | 912 | 912 | 0 |
| | QIPP EDD - 100% pass through | 784 | 523 | 523 | 0 |
| | CIP PCI Schemes alignment | 780 | 520 | 520 | 0 |
| | Total Value: Technical Actions | 2,781 | 1,955 | 1,955 | 0 |
| All Actions | CIP Related Actions | 7,627 | 2,456 | 2,456 | 0 |
| | Technical Actions | 10,553 | 7,409 | 7,409 | (0) |
| | Total Value: All Actions | 18,180 | 9,865 | 9,865 | (0) |

- 2017/18 Plan identified £18.2m of Finance Improvement and Technical actions in order to help meet the planned deficit.
- Month 9 is £150k adverse to plan with the benefit of duplicated invoices and VAT review expected to be realised in January as compared to December.
- The FIT programme needs on-going monitoring to ensure the actions are executed and delivered in line with planning assumptions with additional actions required to help mitigate under-performance.
- A specific Finance Improvement and Technical work-stream has been set up to track deliverables, risk and mitigations.
- Key focus remains within non operating costs and the potential opportunities available including asset sales.
- £7.6m has now been re-aligned as CIP and £10.6m as Technical improvements.

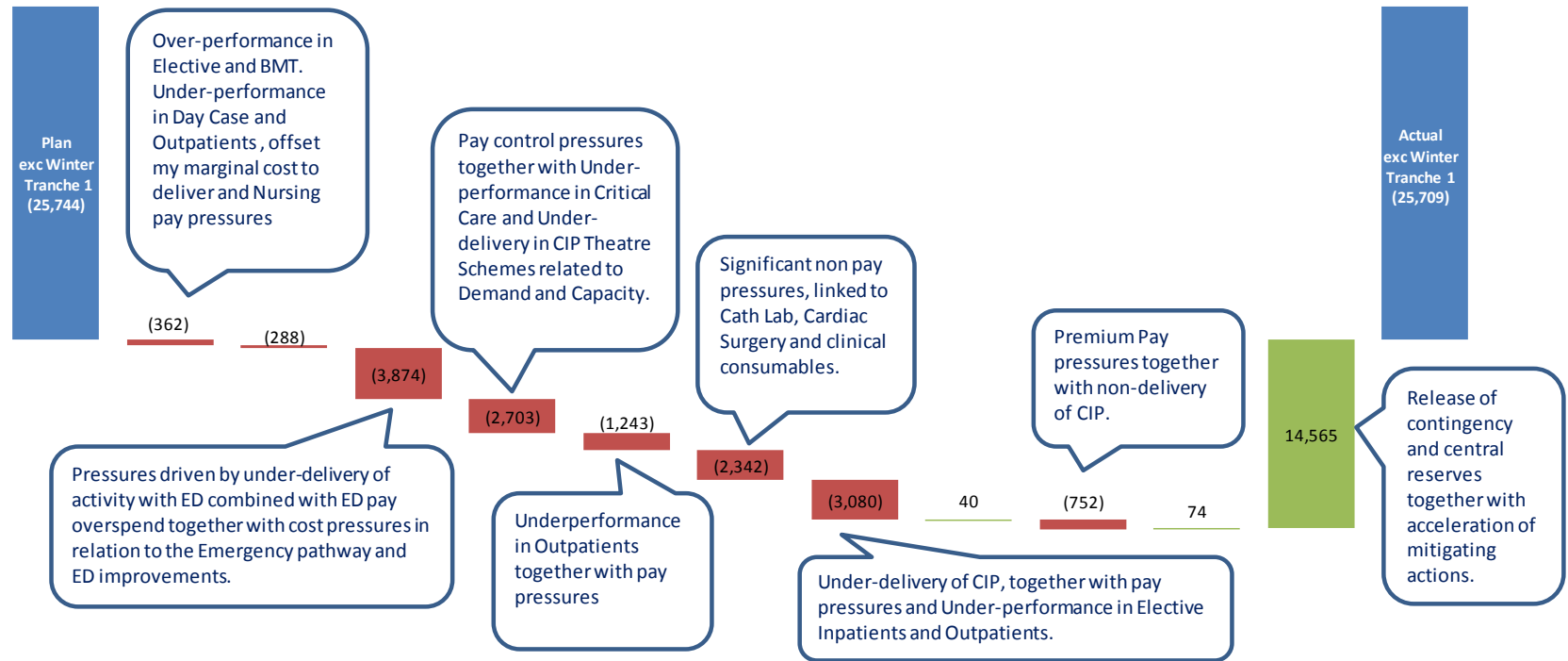


I&E Run Rates



December performance by CMG and Directorates

Underperformance with all CMGs driven by cost pressures and under-delivery of CIP partially offset by over-performance in patient activity and corporate actions to mitigate performance risk. Revised Control Totals have been set with all areas performing in line with the updated targets. However, underlying performance issues need to be addressed.



| £(000) | Plan exc Winter Tranche 1 | CHUGGS | CSI | ESM | ITAPS | MSS | RRCV | W&C | Corporate | Facilities | R&I | Centre | Actual exc Winter Tranche 1 | Var F/(A) |
|---------------------|---------------------------|--------------|--------------|----------------|----------------|----------------|----------------|----------------|-----------|--------------|-----------|---------------|-----------------------------|-----------|
| NHS PCI | 605,767 | 2,821 | 694 | 1,284 | (732) | (846) | 1,342 | (997) | 30 | 0 | 0 | (2,684) | 606,680 | 913 |
| Other Income | 99,628 | (325) | 195 | 32 | (65) | (53) | (230) | 228 | 366 | (222) | 74 | 1,011 | 100,638 | 1,011 |
| Pay | (421,905) | (2,086) | (2,717) | (2,099) | (1,867) | (350) | (472) | (1,975) | (113) | (633) | 302 | 2,203 | (431,712) | (9,807) |
| Pay: Agency | (16,032) | (585) | 78 | 712 | (79) | 42 | 229 | 150 | 224 | 43 | 7 | 9 | (15,202) | 830 |
| Non Pay | (261,771) | (186) | 1,463 | (3,803) | 31 | (37) | (3,211) | (486) | (412) | 60 | (309) | 8,898 | (259,763) | 2,008 |
| Non-Operating Costs | (31,431) | | | | 9 | | (0) | | (56) | | | 5,128 | (26,350) | 5,081 |
| Net Deficit | (25,744) | (362) | (288) | (3,874) | (2,703) | (1,243) | (2,342) | (3,080) | 40 | (752) | 74 | 14,565 | (25,709) | 35 |

Forecast: Emergency operational pressures drives financial risk

| Value Drivers | Outturn | | | |
|------------------------------------|-----------|-----------|-----------|------|
| | Plan | Outturn | F / (A) | |
| Day Case | 107,471 | 105,188 | (2,283) | (2%) |
| Elective Inpatient | 22,096 | 20,985 | (1,111) | (5%) |
| Emergency / Non-elective Inpatient | 115,913 | 118,464 | 2,551 | 2% |
| Emergency Department | 245,952 | 242,738 | (3,213) | (1%) |
| Outpatient Procedures | 966,229 | 956,397 | (9,832) | (1%) |
| Critical Care Services | 56,507 | 57,718 | 1,212 | 2% |
| Renal Dialysis & Transplant | 174,056 | 175,552 | 1,496 | 1% |
| Other | 9,004,614 | 8,169,098 | (835,516) | (9%) |

| I&E £'000 | Outturn | | | |
|---|------------------|------------------|------------------|--------------|
| | Plan £'000 | Outturn £'000 | F / (A) £'000 | % |
| Patient Care Income | 807,716 | 804,990 | (2,726) | (0%) |
| Non Patient Care Income | 133,331 | 133,735 | 404 | 0% |
| Total Income | 941,047 | 938,725 | (2,322) | 0% |
| Pay Costs | (557,728) | (574,639) | (16,911) | (3%) |
| Pay Costs: Agency | (20,620) | (19,376) | 1,244 | 6% |
| Total Pay Costs | (578,348) | (594,015) | (15,667) | (3%) |
| Total Operating Costs | (925,346) | (929,159) | (3,814) | 0% |
| EBITDA | 15,701 | 9,566 | (6,136) | (39%) |
| Non-Operating Costs | (42,455) | (35,915) | 6,540 | 15% |
| Retained Deficit | (26,754) | (26,349) | 405 | 0 |
| Adjustments for Donated Assets | 54 | (351) | (405) | 752% |
| Net Deficit Excluding Winter Funding | (26,700) | (26,700) | (0) | (0) |
| Winter Funding - Tranche 1 | 0 | 2,243 | 2,243 | - |
| Net Deficit Including Winter Funding | (26,700) | (24,457) | 2,243 | 0 |
| Agency: Total Pay | 3.57% | 3.26% | (0.30%) | |
| EBITDA: Income | 1.67% | 1.02% | (0.65%) | |
| Net Deficit: Income | (2.84%) | (2.84%) | (0.01%) | |

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

- **Winter Funding:** The Trust will receive Winter Funding in two tranches:
 - **Tranche 1 - £2,243k:** to fund existing costs and therefore represents a straight improvement to the Trust net deficit.
 - **Tranche 2 - £1,096k:** to fund additional Emergency costs contingent on achieving 90% ED target in Q4.
- **Overall:**
 - **Excluding Tranche 1 Winter Funding:** Net deficit of £26.7m in line with Plan with Winter Emergency pressures offset through a Central adjustment whilst being validated.
 - **Including Tranche 1 Winter Funding:** Net deficit of £24.5m representing a £2.2m improvement to Plan due to the flow through of central funding.
- **Underlying Forecast:** Unmitigated forecast indicates a full year risk of £18.7m driven by delivery risk surrounding:
 - Additional income provisions and contract challenges
 - Unidentified CIP and Supplementary pay CIP
 - Cost pressures driven by Medical Pay, Emergency Pathway and activity related non-pay costs
- **Winter Pressures:** Emergency operational pressures are driving lower elective activity in December and January through increased cancellations and lower bookings. This is compounded through additional costs over and above Winter funding to support the Emergency pathway with downstream risk on achieving ED performance and the potential claw back of Tranche 2 Winter funding. Current estimates show a net pressure of £6-£10m over and above the underlying risk described above.
- **Mitigation** of the above is dependent upon:
 - Delivery in line with revised Control Totals issued across CMGs/Corporate Directorates incorporating CIP performance
 - Identification and execution of additional FIT actions
 - Mitigation of Winter pressures

See Page 23 for more detail on risks together with mitigation.

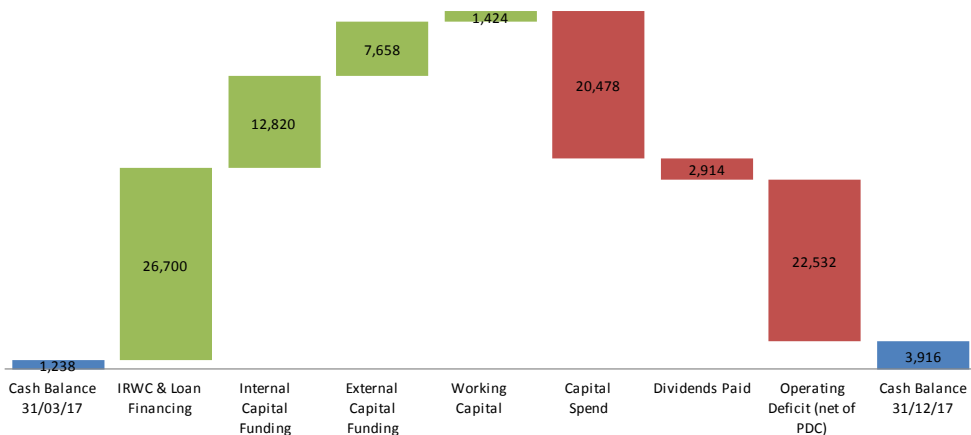
December 2017: Statement of Financial Position

| | Mar-17 £000's Actual | Dec-17 £000's Actual | Movement £000's Actual |
|--|----------------------------|----------------------------|------------------------------|
| Non Current Assets | | | |
| Property, plant and equipment | 398,261 | 399,337 | 1,076 |
| Intangible assets | 11,467 | 11,646 | 179 |
| Trade and other receivables | 2,669 | 2,985 | 316 |
| TOTAL NON CURRENT ASSETS | 412,397 | 413,968 | 1,571 |
| Current Assets | | | |
| Inventories | 19,975 | 23,489 | 3,514 |
| Trade and other receivables | 55,953 | 62,054 | 6,101 |
| Other Financial assets | 0 | 0 | 0 |
| Cash and cash equivalents | 1,238 | 3,916 | 2,678 |
| TOTAL CURRENT ASSETS | 77,166 | 89,459 | 12,293 |
| Current Liabilities | | | |
| Trade and other payables | (110,675) | (116,974) | (6,299) |
| Dividend payable | 0 | (1,839) | (1,839) |
| Borrowings / Finance Leases | (4,474) | (4,540) | (66) |
| Other Liabilities / Loan | (1,838) | (2,162) | (324) |
| Provisions for liabilities and charges | (475) | (362) | 113 |
| TOTAL CURRENT LIABILITIES | (117,462) | (125,877) | (8,415) |
| NET CURRENT ASSETS (LIABILITIES) | (40,296) | (36,418) | 3,878 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | 372,101 | 377,550 | 5,449 |
| Non Current Liabilities | | | |
| Trade and other payables | | | |
| Borrowings / Finance Leases | (7,531) | (5,520) | 2,011 |
| Other Liabilities / Loan | (132,235) | (165,266) | (33,031) |
| Provisions for liabilities and charges | (1,562) | (1,437) | 125 |
| TOTAL NON CURRENT LIABILITIES | (141,328) | (172,223) | (30,895) |
| TOTAL ASSETS EMPLOYED | 230,773 | 205,327 | (25,446) |
| Public dividend capital | 331,956 | 331,956 | 0 |
| Revaluation reserve | 77,427 | 77,427 | 0 |
| Retained earnings | (178,610) | (204,056) | (25,446) |
| TOTAL TAXPAYERS EQUITY | 230,773 | 205,327 | (25,446) |
| Ratios | | | |
| Liquidity Ratio Days (Working Capital Balance / Annual Operating Expenses) | (24) | (21) | |
| Liquidity Ratio Metric | 4 | 4 | |

- **Total Assets Employed:** Movement of £25.4m representing year to date Trust deficit (before donated asset adjustment).
- **Non-Current Assets :** Increased by £1.6m reflecting spend on capital offset by depreciation charges.
- **Working capital:**
 - Stock growth in TMP stock holding and non pharmacy stock holding locations
 - Trade Receivables have increased by £6.1m
 - Trade Payables have increased by £6.3m
- **Cash:** December balance of £3.9m is above the £1m cash balance to support working capital due to late receipt of cash .
- **Dividend payable:** £2.9m cash payment made in September, PDC accrued £1.8m representing the accrual for Q3.
- **Non-current liabilities:**
 - £25.3m increase in revolving working capital facility and revenue support loan.
 - £7.7m emergency floor capital loan, less £1.0m repayment of capital loan.
- **Liquidity Ratio:** We continue to be high risk in terms of our continuity of service risk rating relating to liquidity days and have achieved a score of 4 (high risk), which is in line with our plan.

Cash

Year to Date Cash Bridge £'000



Cash Bridge:

- Opening cash balance of £1.2m, in line with our plan.
- Funded YTD operating deficit of £22.5m by drawing down £26.7m of our Interim Working Capital Facility (IRWC).
- Improvement in working capital and internal capital funding enabled interest payment and capital expenditure of £20.5m

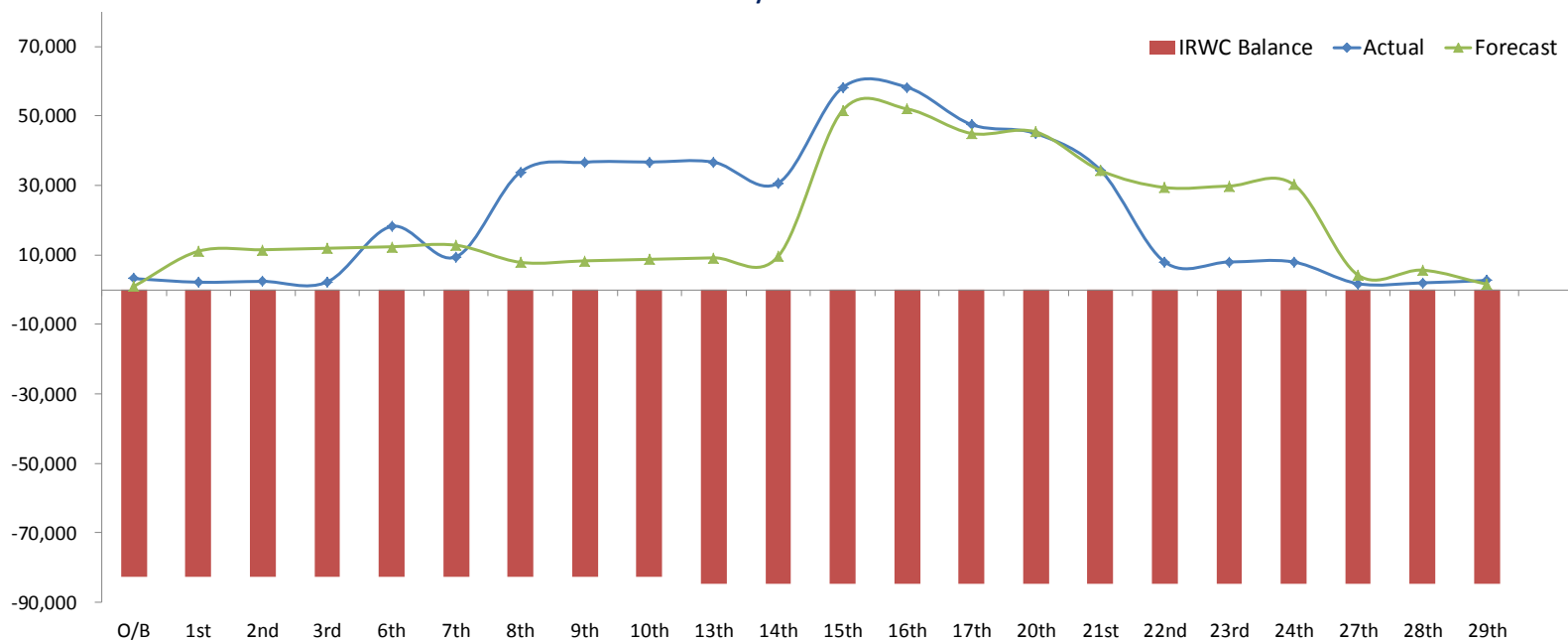
Full Year Forecast

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

Daily Cash Balance

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

Daily Cash Balance



Liquidity

| | Liquidity | | | Ageing | | | | Total | |
|------------------------|---|------------------|------------------|----------------|-----------------|-----------------|-----------------|-----------------|-----|
| | Opening | YTD | Movement | 0 - 30 Days | 31 - 60 Days | 61 - 90 Days | Over 90 Days | Over 90 Days | |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | % | |
| Accounts Receivable | NHS receivables - revenue | 37,100 | 29,575 | 7,525 | 16,487 | 7,044 | 618 | 5,426 | 18% |
| | Non-NHS receivables - revenue | 12,498 | 14,000 | (1,502) | 7,501 | 1,070 | 810 | 4,619 | 33% |
| | Provision for the impairment of receivables | (1,024) | | (1,024) | 0 | | | | |
| | Non-NHS prepayments and accrued income | 4,797 | 15,507 | (10,710) | 15,507 | | | | |
| | PDC dividend prepaid to DH | 764 | 0 | 764 | 0 | | | | |
| | VAT | 1,195 | 2,043 | (848) | 2,043 | | | | |
| | Other receivables | 623 | 929 | (306) | 929 | | | | |
| | TOTAL | 55,953 | 62,054 | (6,101) | 42,467 | 8,114 | 1,428 | 10,045 | |
| Accounts Payable | NHS payables - revenue | (9,327) | (36,094) | 26,767 | (6,152) | (5,012) | (3,897) | (21,033) | 58% |
| | NHS accruals and deferred income | (5,584) | 0 | (5,584) | 0 | | | | |
| | Non-NHS payables - revenue | (49,480) | (44,679) | (4,801) | (27,013) | (7,753) | (4,133) | (5,780) | 13% |
| | Non-NHS payables - capital | (4,808) | (1,444) | (3,364) | 957 | (154) | (1,393) | (854) | 59% |
| | Non-NHS accruals and deferred income | (21,449) | (6,949) | (14,500) | 6,708 | (5,587) | (2,362) | (5,708) | 82% |
| | Social security costs | (6,439) | (6,543) | 104 | (6,543) | | | | |
| | Tax | (5,584) | (5,549) | (35) | (5,549) | | | | |
| | Other | (7,881) | (10,012) | 2,131 | (10,012) | | | | |
| | TOTAL | (110,552) | (111,270) | 718 | (47,604) | (18,506) | (11,785) | (33,375) | |
| Total Liquidity | (54,599) | (49,216) | (5,383) | | | | | | |

Liquidity: movement of £5.4m from opening position due to:

- Accounts receivable: increase of £6.1m driven by an increase in Non-NHS prepayments and accrued income, and non-NHS receivables, and decrease in NHS receivables.
- Accounts payable: increase of £0.7m with material movement in NHS payables.

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

- NHS receivables: 18% representing £5.4m being over 90 days.
- Non-NHS receivables: 33% representing £4.6m being over 90 days with the largest component being Overseas Visitors at £2.0m. This balance consists of various items which in isolation are not material.
- NHS payables-revenue: £21.0m, representing 58% in excess of 90 days.
- Further analysis of receivables is provided in the separate cash report.

Better Payments Practice Code: Non-compliant

| Better Payment Practice Code - Measure of Compliance | Dec YTD | | Prior month YTD | |
|--|------------|------------|-----------------|------------|
| | Number | £000s | Number | £000s |
| All | | | | |
| Total Invoices Paid in the Year | 119,682 | 511,345 | 102,003 | 445,572 |
| Total Invoices Paid Within Target | 31,869 | 321,320 | 28,649 | 283,282 |
| Percentage Invoices Paid Within Target (target 95%) | 27% | 63% | 28% | 64% |
| Non-NHS Payables | | | | |
| Total Non-NHS Invoices Paid in the Year | 115,269 | 409,017 | 97,937 | 352,483 |
| Total Non-NHS Invoices Paid Within Target | 31,163 | 263,910 | 28,003 | 232,429 |
| Percentage of Non-NHS Invoices Paid Within Target | 27% | 65% | 29% | 66% |
| Local SME payables | | | | |
| Total SME Invoices Paid in the Year | 638 | 6,802 | 607 | 6,325 |
| Total SME Invoices Paid Within Target | 176 | 942 | 167 | 906 |
| Percentage of Local SME Invoices Paid Within Target | 28% | 14% | 28% | 14% |
| NHS Payables | | | | |
| Total NHS Invoices Paid in the Year | 3,775 | 95,526 | 3,459 | 86,764 |
| Total NHS Invoices Paid Within Target | 530 | 56,468 | 479 | 49,947 |
| Percentage of NHS Invoices Paid Within Target | 14% | 59% | 14% | 58% |

- **BPPC performance:** As a result of cash constraints the Trust is unable to achieve the BPPC performance target of 95%.

The low volume compliance has been driven by the requirement to settle high value invoices, impacting our ability to pay the larger volume of small invoices within 30 days.

- **Impact of additional financing:** We have undertaken analysis of the impact of expected additional financing on the BPPC performance.

This analysis is limited to non - NHS BPPC performance as we will not receive any additional financing for NHS creditors.

The likely performance for the year with additional financing is 34% by volume (currently 27%) and 71% by value (currently 63%).

Capital: December £18.1m spend, £4.7mF to Plan

| | Scheme Name | October-17 | | | Annual | |
|-----------------------------------|--|---------------|-----------------|------------------|-----------------|----------------------|
| | | Plan £'000 | Actual £'000 | F / (A) £'000 | Budget £'000 | Commitments £'000 |
| Reconfiguration | Emergency Floor | 9,099 | 8,231 | 868 | 7,033 | 1,318 |
| | ICU Beds | 0 | 0 | 0 | 4,200 | 0 |
| | LRI Beds | 0 | 0 | 0 | 3,330 | 0 |
| | GH Beds | 0 | 0 | 0 | 6,485 | 0 |
| | Imaging: GH & LRI | 0 | 0 | 0 | 4,291 | 0 |
| | Treatment Centre | 48 | 57 | (9) | 600 | 0 |
| | ITU LRI | 69 | 491 | (422) | 100 | 476 |
| | Women's Service | 46 | 42 | 4 | 849 | 0 |
| | Children's Hospital | 75 | 70 | 5 | 1,000 | 0 |
| | Theatres LRI | 54 | 35 | 19 | 381 | 0 |
| | Beds Workstream & DCP | 93 | 121 | (28) | 0 | 0 |
| | Additional Beds - GH | 93 | 1 | 92 | 0 | 53 |
| | Additional Beds - LRI | 135 | 12 | 123 | 0 | 0 |
| | Diagnostics & Clinical Support Services | 35 | 26 | 9 | 0 | 0 |
| | LRI Wards (EMCHC) | 200 | (14) | 214 | 0 | 0 |
| | Supporting Infrastructure | 90 | 0 | 90 | 1,000 | 7 |
| | Vascular | 204 | 155 | 49 | 0 | 0 |
| | ED Project IT Issues | 232 | 181 | 51 | 0 | 0 |
| | ED Access & Transport | 131 | 41 | 90 | 0 | 14 |
| Other Reconfiguration | 0 | (4) | 4 | 0 | 1 | |
| Sub-total: Reconfiguration | 10,604 | 9,446 | 1,158 | 29,269 | 1,869 | |
| Estates & Facilities | Estates & Facilities | 3,048 | 2,499 | 549 | 8,520 | 1,126 |
| | MES Installation Costs | 498 | 103 | 395 | 1,500 | 230 |
| | LGH Renal Water Treatment | 500 | 54 | 446 | 0 | 471 |
| | Other Estates & Facilities | 40 | (38) | 78 | 480 | 48 |
| | Sub-total: Estates & Facilities | 4,086 | 2,618 | 1,468 | 10,500 | 1,876 |
| IM&T | IM&T Infrastructure | 970 | 1,376 | (406) | 3,526 | 179 |
| | EDRM | 200 | 55 | 145 | 0 | 0 |
| | Nervecentre | 300 | 370 | (70) | 474 | 0 |
| | Heartsuite System | 163 | 28 | 135 | 100 | 0 |
| | Electronic Blood Tracking System | 210 | (2) | 212 | 0 | 0 |
| | Learning Mgt System | 21 | 0 | 21 | 18 | 0 |
| | Other IM&T | 0 | 109 | (109) | 0 | 74 |
| | Sub-total: IM&T Schemes | 1,864 | 1,936 | (72) | 4,118 | 253 |
| Medical Equipment | Medical Equipment Executive | 1,050 | 930 | 120 | 4,371 | 585 |
| | Radiotherapy CT Scanner | 0 | 0 | 0 | 629 | 0 |
| | CCU Monitoring | 456 | 290 | 166 | 0 | 2 |
| | Linear Accelerator | 271 | 274 | (3) | 39 | 2 |
| | Other Medical Equipment | 0 | 0 | 0 | 0 | 0 |
| | Sub-total: Medical Equipment | 1,777 | 1,494 | 283 | 5,039 | 589 |
| Finance Leases | Donations | 650 | 628 | 22 | 300 | 0 |
| | MES Finance Lease Additions | 3,854 | 1,436 | 2,418 | 5,138 | 0 |
| | Optimed | 0 | 180 | (180) | 0 | 0 |
| | Other Expenditure | 0 | 392 | (392) | 0 | 44 |
| | Sub-total: Finance Leases | 4,504 | 2,636 | 1,868 | 5,438 | 44 |
| TOTAL CAPITAL EXPENDITURE | 22,835 | 18,130 | 4,705 | 54,364 | 4,630 | |

Year to date:

- Total Capital expenditure of £18.1m driven by Emergency Floor, Estates and MES.
- Underspend predominantly related to reconfiguration schemes due to delays in spend together with under-spend within Estates.
- **Capital Plan:** Total expected capital expenditure of £54.4m funded by:
 - £31.5m depreciation;
 - £7.0m external borrowing for the Emergency Floor development;
 - £5.1m finance lease additions funded through revenue;
 - £0.3m donations.

Risks & Mitigation: Emergency pathway pressures

Year to date under-performance within CMGs combined with unidentified CIP together with delivery of the supplementary CIP indicates an unmitigated I&E risk £18.7m. Emergency operational pressures during the Winter period driving elective cancellations and increased costs to support the Emergency pathway indicates a net pressure of £6m-10m

| | Risk | Unmitigated £'000 | Mitigated £'000 | Action to mitigate |
|---------------------------|---|----------------------------|---------------------------|---|
| I&E | Emergency pressures: cancellations of elective activity and Outpatients clinics to support Winter Pressures | (6,000) - (10,000) | (6,000) - (10,000) | Currently validating M9 and M10 impact and potential mitigating actions with capacity being the key dependency. |
| | Clawback of T2 Winter Funding: failure to achieve ED performance target in Q4 | (1,096) | 0 | |
| | CIP: Non-delivery of unidentified CIP | (4,002) | (4,002) | Impacted CMGs are in the escalation process in line with governance arrangements. At this stage it is unlikely that this will be mitigated through recurrent schemes |
| | Supplementary CIP: Delivery of supplementary pay CIP required to fund demand and capacity investment | (1,187) | (1,187) | Supplementary CIP has a specific programme and timelines for execution and monitoring |
| | CMG/Corporate Directorates Financial Performance: continued under-performance related to pay and non-pay cost pressures | (13,499) | (12,572) | Based on M7 forecast with CHUGGS, MSS and Corporate Directorates required to improve performance to deliver break-even to full year plan predominantly based on anticipated income seasonality |
| | FIT actions: delivery of planned actions and identification of additional schemes | | 5,000 | Workstream in place to identify additional technical actions |
| | Profit on Sale of Assets: sale of the Paddock land to HCA | | 5,700 | |
| | Estates Strategy for the delivery of estates and facilities services | | 7,061 | |
| | Agency: Whilst currently in line with Plan, reduction in agency expenditure of 17% is required to deliver the planned Agency ceiling | tbc | - | The workforce and premium pay sub-work streams are concentrating on delivery of savings through the monitoring and compliance of recruitment initiatives, workforce planning and the application of internal controls. |
| | Commissioner affordability: increased contract challenges and misalignment with LLR forecast assumptions | | | The Trust must ensure that a more disciplined approach and responsiveness to contract challenges and contract queries is adopted. The governance structure around Contract Management Performance with CCGs will continue to be in place. |
| Total I&E risk | | (23,869) - (28,869) | (6,000) - (10,000) | |

Statement of
Financial
Position

Cash: planned deficit includes FIT actions which are non-cash and means there is insufficient cash to support expenditure

Capital: requires further borrowing that is yet to be approved.

The Trust has access to an Interim Revolving Working Capital Support (temporary borrowing) to meet immediate cash requirements

The Trust is in the process of following Nationally defined process to access funding.