

Summary

The Trust is reporting a £28.8m year to date deficit at the end of December 2015; this is £10.9m behind the trajectory that meets revised Trust Development Authority (TDA) plan of £16.7m. The Trust is forecasting £37.7m deficit for the full year. There are significant risks to delivering financial performance and there are financial recovery processes in place to mitigate these risks. The year to date position reflects the Trusts assessment of activity and income levels delivered for the year to date positions. The Trust has shared the forecast income position with Commissioners and these have informed the discussions, which are ongoing. The Trust had agreed Payment by Results (PbR) contracts with both Local Clinical Commissioning Groups and NHS England.

Continuity of Service Risk Rating (CoSRR) R				Surplus (Deficit) £k R				Cash £k R			
	Liquidity	Capital Servicing	Weighted Average		Plan	Actual / Forecast	Variance		Plan	Actual / Forecast	Variance
Year to Date	1	1	1	Year to Date £k	(17,853)	(28,770)	10,917	Year to Date £k	9,436	6,509	2,927
Year End Forecast	1	1	1	Year End Forecast £k	(16,704)	(37,676)	20,972	Year End Forecast £k	3,166	3,166	0
<p>Continuity of Service Risk Rating - The Trust is currently reporting an overall CoSRR rating of 1 for both the Year to Date and Forecast Positions. The deficit position is adversely affecting both the capital servicing ratio and liquidity.</p>				<p>The net adverse variance of £10.9m is against the revised plan of £16.7m. Income over performance of £12.2m is more than offset by operational cost pressures.</p>				<p>The cash holding remains low because of the revenue deficit and delays to funding for 3Ts. The Trust is applying for a loan of £37.7m to replace the Interim Revolving Working Capital Support Facility of £16.7m and improve cashflow. If this is approved the drawdown will be in February. In the interim a further £6m of the Revolving Working Capital Support Facility will be made available in January. The year end level of cash holding has been set to align with the TDA 10 days operating expenses which is the maximum cash holding assumed for an organisation with revenue support.</p>			

Income £k A				Operating Costs £k R				Capital £k G			
	Plan	Actual / Forecast	Variance		Plan	Actual / Forecast	Variance		Plan	Actual / Forecast	Variance
Year to Date £k	383,458	395,610	(12,152)	Year to Date £k	373,659	397,810	24,151	Year to Date £k	62,762	43,893	18,869
Year End Forecast £k	510,435	527,091	(16,656)	Year End Forecast £k	490,649	529,025	38,376	Year End Forecast £k	82,396	73,046	9,350
<p>Overall the Trust is reporting a year to date position of £12.2m above plan including £8.4m additional pass through payments. Based on our conversations with CCGs we are assuming that they will reinvest the income lost through contract adjustments, penalties, fines, pay for 100% of CQUINs and pay for more than the planned level of activity and this carries a risk. The Trust's estimate of activity related income for 2015/16 is significantly higher than Commissioners. Therefore, there is a significant risk of securing the levels of planned income.</p>				<p>Overall the Trust is forecasting a £38.4m overspend against operating costs. In the year to date position the Pay expenditure is overspent by £11.2m and non-pay expenditure is overspent by £12.9m including £8.4m of additional pass through costs for PbR excluded drugs and devices. Operational pressures are a significant contribution to the overspend, and are contributing to the underperformance on cost improvement plans.</p>				<p>Year to date is behind plan because of delays on 3T's work (strategic capital) and the slow progress on operational capital project schemes. The first tranche of the 3Ts funding, £4.7m PDC, was received late in December. A further £6.9m is required for the remainder of the year, probably as PDC, although the final decision on the mix of funding has not yet been decided. The operational capital expenditure programme is under constant review to ensure that schemes are progressing and will be completed in year.</p>			

Cost Improvement Plans £k R				Key Performance Metrics R			Key Risks:
	Plan	Actual / Forecast	Variance		Year to Date	Forecast Outturn	
Year to Date £k	18,646	9,770	8,876	NHS Financial Performance	R	R	<p>The year to date deficit of £28.5m is significantly above the year end stretch target deficit of £16.7m. This performance is adversely affecting cash flow and we are seeking to address through debtor and creditor management, and revisions to the capital plan. The reported deficit includes over performance on income which a) adds to the cash flow pressures as over performance is slower to be paid than contracted activity and, b) creates affordability pressures for commissioners so there is a risk to the recoverability. Because PBR exclusions are a significant portion of the income over performance additional work is being done to control this spend. Pay and Non-Pay costs are at high levels although there are actions underway that are designed to mitigate these pressures.</p>
Year End Forecast £k	26,399	13,588	12,811	Financial Efficiency	R	R	
<p>The Trust is currently £8.9m behind plan for the efficiency programme. The continued operational pressures and use of additional capacity has resulted in delays in some schemes. We are working on further mitigations to get cost improvement plans on target, but there are significant risks with this. A particular focus is addressing the issues that are causing overspends including temporary staffing.</p>				Underlying Surplus / Deficit	R	R	
				Capital and Cash	A	A	
				Trust Overall RAG Rating	R		
				<p>The Trust has an overall RAG rating of RED.</p>			

The Trust is reporting a £28.8m year to date deficit at the end of December 2015; this is £10.9m behind the revised Financial Plan submitted to the Trust Development Authority (TDA). The Trust is forecasting a deficit of £37.7m by the end of the year, this is £21.0m away from the revised stretched planned deficit of £16.7m. The position reflects the Trusts assessment of activity and income levels delivered for the year to date position and includes an element of resilience funding to deliver performance targets. The Trust had agreed Payment by Results (PbR) contracts with both Local Clinical Commissioning Groups and NHS England.

	Plan £k	Actual £k	Variance £k
(Surplus)/Deficit	17,853	28,770	10,917

The Trust has an overall position that is behind plan. Income is showing an overall positive variance of £12.2m. This relates to the income expected for the activity that has been seen in the Trust. Pay costs are overspent by £11.2m and non-pay costs overall are overspent by £12.9m. The overspend on pay mainly relates to non-delivery of efficiency plans and the high use of temporary or additional staffing.

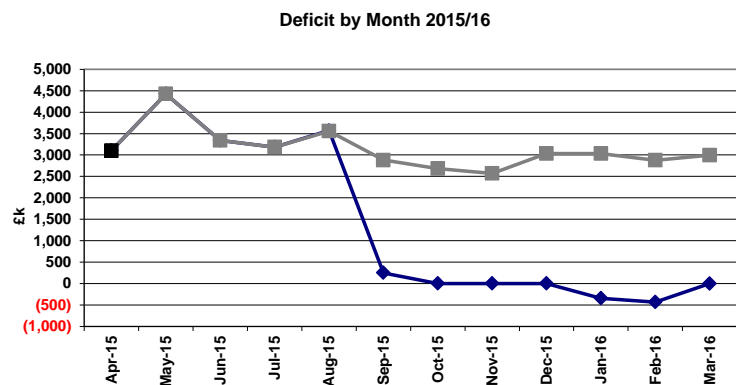
Year End Forecast	Plan £k	Forecast £k	Variance £k
(Surplus)/Deficit	16,704	37,676	20,972

The Trust is forecasting a £37.7m deficit, this is £21.0m behind the revised £16.7m deficit submitted to the TDA in September. Income is forecast above the planned levels by £16.7m. Commissioner affordability will be a significant risk to securing this level of income.

	Plan £k	Actual £k	Variance £k
Income	(383,458)	(395,610)	(12,152)
Pay	235,960	247,172	11,212
Non-Pay	137,699	150,638	12,939
EBITDA *	(9,799)	2,200	11,999
EBITDA %	2.6	-0.6	
Profit / Loss on Disposal of Fixed Assets	(42)	(158)	(116)
Interest Payable	3,149	3,257	108
Interest Receivable	(53)	(39)	14
Depreciation	18,533	17,900	(633)
Impairments	-	-	-
Public Dividend Capital	6,787	6,416	(371)
Net (Surplus) / Deficit	18,575	29,576	11,002
Reverse Impairment	-	-	-
Other Adjustments	(416)	(489)	(73)
Reverse IFRS technical charge	(306)	(317)	(11)
Performance against Control Total	17,853	28,770	10,917
Surplus %	-4.7	-7.3	

* EBITDA Earnings before Interest Taxation Depreciation and Amortisation

	Plan £k	Actual £k	Variance £k
Income	(510,435)	(527,091)	(16,656)
Pay	310,978	329,648	18,670
Non-Pay	179,671	199,377	19,706
EBITDA *	(19,786)	1,934	21,720
EBITDA %	3.9	-0.4	
Profit / Loss on Disposal of Fixed Assets	(42)	(158)	(116)
Interest Payable	4,314	4,569	255
Interest Receivable	(72)	(53)	19
Depreciation	24,500	24,014	(486)
Impairments	15,500	15,500	-
Public Dividend Capital	8,727	8,237	(490)
Net (Surplus) / Deficit	33,141	54,044	20,903
Reverse Impairment	(15,500)	(15,500)	-
Other Technical Adjustments	(534)	(447)	87
Reverse IFRS technical charge	(403)	(421)	(18)
Performance against Control Total	16,704	37,676	20,972
Surplus %	-3.3	-7.1	



Plan reflects the profile of the Trusts revised plan to

The plan reflects the September 2015 TDA submission and is based on release of funding by the DH for 3Ts and achievement of the planned control total for the year.

	Plan £k	Actual £k	Variance £k
Cash Balance	9,436	6,509	(2,927)

	Plan £k	Actual £k	Variance £k
Cash Balance	3,166	3,166	(0)

The December cash holding is below plan.

The plan and forecast cash holding has been aligned to the TDA 10 days operating expenses level.

Year to Date	Plan £k	Actual £k	Variance £k
EBITDA	9,799	(2,200)	(11,999)
Non Cash I&E Items	-	-	-
Movement in Working Capital	(21,186)	(4,483)	16,703
Provisions	166	(1,308)	(1,474)
Cashflow from Operations	(11,221)	(7,991)	3,230
Capital Expenditure	(58,410)	(42,227)	16,183
Cash receipt from asset sales	616	506	(110)
Cashflow before financing	(69,015)	(49,712)	19,303
PDC Received	28,936	4,747	(24,189)
PDC Repaid	-	-	-
Dividends Paid	(4,352)	(4,452)	(100)
Interest on Loans and leases	(2,440)	(2,394)	46
Interest received	54	40	(14)
Drawdown on debt	34,635	36,048	1,413
Repayment of debt	(3,777)	(3,163)	614
Cashflow from financing	53,056	30,826	(22,230)
Net Cash Inflow / (Outflow)	(15,959)	(18,886)	(2,927)
Opening Cash Balance	25,395	25,395	-
Closing Cash Balance	9,436	6,509	(2,927)

Year End Forecast	Plan £k	Forecast £k	Variance £k
EBITDA	19,786	(1,934)	(21,720)
Non Cash I&E Items	-	-	-
Movement in Working Capital	(7,058)	(6,867)	191
Provisions	(92)	(1,379)	(1,287)
Cashflow from Operations	12,636	(10,180)	(22,816)
Capital Expenditure	(78,947)	(69,607)	9,340
Cash receipt from asset sales	616	506	(110)
Cashflow before financing	(65,695)	(79,281)	(13,586)
PDC Received	28,936	11,629	(17,307)
PDC Repaid	-	-	-
Dividends Paid	(8,537)	(8,340)	197
Interest on Loans and leases	(4,134)	(3,425)	709
Interest received	72	56	(16)
Drawdown on debt	34,635	84,052	49,417
Repayment of debt	(7,506)	(26,920)	(19,414)
Cashflow from financing	43,466	57,052	13,586
Net Cash Inflow / (Outflow)	(22,229)	(22,229)	-
Opening Cash Balance	25,395	25,395	-
Closing Cash Balance	3,166	3,166	(0)

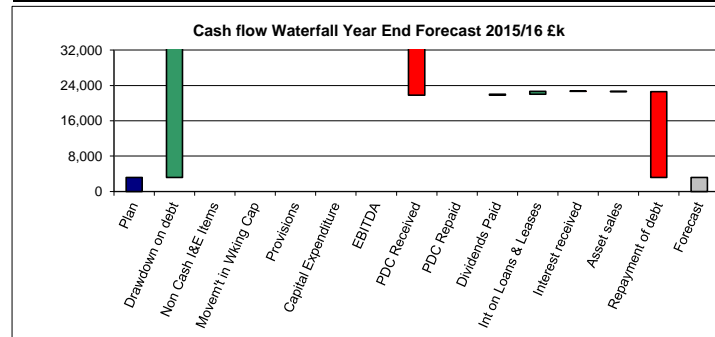
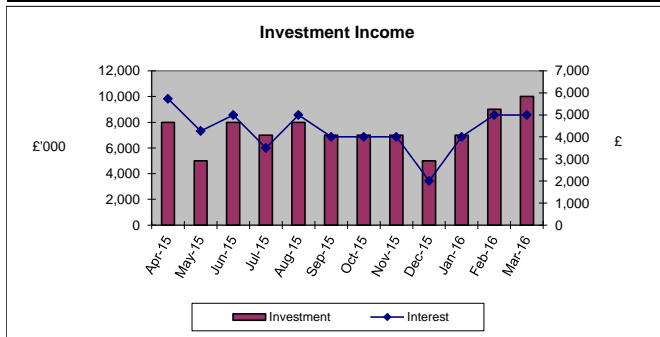
The working capital favourable variance is better than plan and there has been some improvement in debtors. Creditors remain high with cash very stretched in December.

Capital expenditure is behind plan for both strategic and operational programmes, although expenditure on both programmes has increased with the approval of 3Ts and the release of the first tranche of PDC funding.

The PDC variance relates to 3Ts main funding, which has been delayed and finalisation of the funding method (PDC or loan). Currently it is still assumed that the funding in year will all be PDC.

The full year plan assumes the planned control total is achieved and strategic funding is received from the DH to match the 3Ts expenditure profile; temporary revenue support has been agreed and is in place to underpin the stretch target deficit of £16.7m. A new loan application has been submitted for £37.7m to replace the temporary funding with a drawdown now assumed in February.

Capital investment loans were approved last year for part of the 3Ts investment but a further £6.9m is required to support the remainder of the planned programme this year as PDC or loans, and £6m for the Radiotherapy East work.



Risks

The cashflow is based on the assumption that the forecast control total is achieved and the Trust is paid for the agreed level of performance.

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Rolling Cashflow

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The rolling cashflow spans two financial years and starts with the current month's actual results which are forecast forward another eleven months, to provide a full forward year cashflow forecast.

Year To Date	Plan £k	Actual £k	Variance £k	Year End Forecast	Plan £k	Actual £k	Variance £k	Year End Forecast 16/17	Plan £k
	9,436	6,509	(2,927)		3,166	3,166	-		3,166

	Dec-15 £k	Jan-16 £k	Feb-16 £k	Mar-16 £k	Apr-16 £k	May-16 £k	Jun-16 £k	Jul-16 £k	Aug-16 £k	Sep-16 £k	Oct-16 £k	Nov-16 £k
	Act	For	For	For	For	For	For	For	For	For	For	For
EBITDA	419	175	144	(54)	1,894	1,963	2,512	1,969	2,462	3,090	2,719	2,663
Non Cash I&E Items	-	-	-	-	-	-	-	-	-	-	-	-
Movement in Working Capital	4,496	(205)	1,617	(3,796)	274	188	962	(387)	2,103	(5,107)	5,601	4,878
Provisions	35	-	-	(71)	-	-	-	-	-	-	-	-
Cashflow from Operations	4,950	(30)	1,761	(3,921)	2,168	2,151	3,474	1,582	4,565	(2,017)	8,320	7,541
Capital Expenditure	(7,734)	(11,125)	(9,819)	(6,436)	(7,325)	(7,702)	(7,702)	(7,702)	(7,702)	(7,702)	(7,702)	(7,702)
Cash receipt from asset sales	-	-	-	-	-	-	-	-	-	-	-	-
Cashflow before financing	(2,784)	(11,155)	(8,058)	(10,357)	(5,157)	(5,551)	(4,228)	(6,120)	(3,137)	(9,719)	618	(161)
PDC Received	4,747	2,690	3,282	910	6,117	6,117	6,117	6,117	6,117	6,117	6,117	6,117
PDC Repaid	-	-	-	-	-	-	-	-	-	-	-	-
Dividends Paid	-	-	-	(3,888)	-	-	-	-	-	(4,476)	-	-
Interest on Loans and leases	(215)	(216)	(215)	(600)	(217)	(217)	(217)	(217)	(217)	(819)	(217)	(217)
Interest received	4	4	6	6	-	-	-	-	-	-	1	2
Drawdown on debt	-	6,000	43,504	(1,500)	-	-	-	-	-	10,000	-	-
Repayment of debt	(101)	(102)	(22,806)	(849)	(129)	(129)	(129)	(129)	(129)	(2,748)	(129)	(129)
Cashflow from financing	4,435	8,376	23,771	(5,921)	5,771	5,771	5,771	5,771	5,771	8,074	5,772	5,773
Net Cash Inflow / (Outflow)	1,651	(2,779)	15,713	(16,278)	614	220	1,543	(349)	2,634	(1,645)	6,390	5,612
Opening Cash Balance	4,858	6,509	3,731	19,444	3,166	3,780	4,000	5,543	5,194	7,828	6,183	12,573
Closing Cash Balance	6,509	3,731	19,444	3,166	3,780	4,000	5,543	5,194	7,828	6,183	12,573	18,185

Overall the Trust is reporting a year to date position of £12.2m above plan including £8.4m additional pass through payments. The Trust based on our conversations with the CCGs is assuming they will reinvest the income lost through contract adjustments, penalties, fines, pay for 100% of CQUINS and pay for more than the planned level of activity and this carries a risk. The Trust's estimate of activity related income for 2015/16 is significantly higher than Commissioners. Therefore, there is a significant risk of securing the levels of planned income.

Year To Date	Plan £k	Actual £k	Variance £k
Total Income	(383,458)	(395,610)	(12,152)

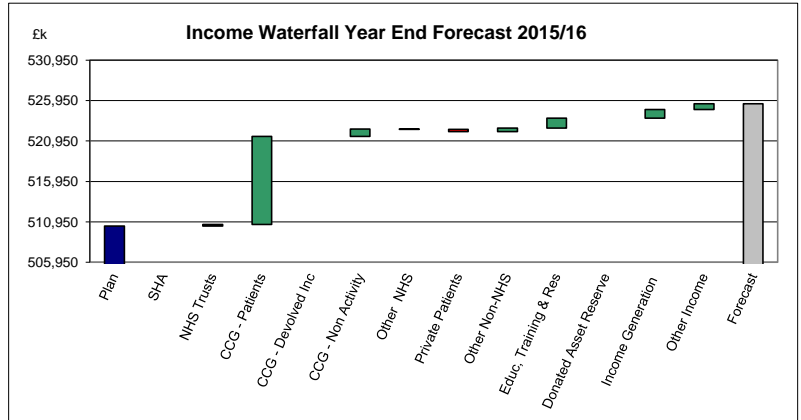
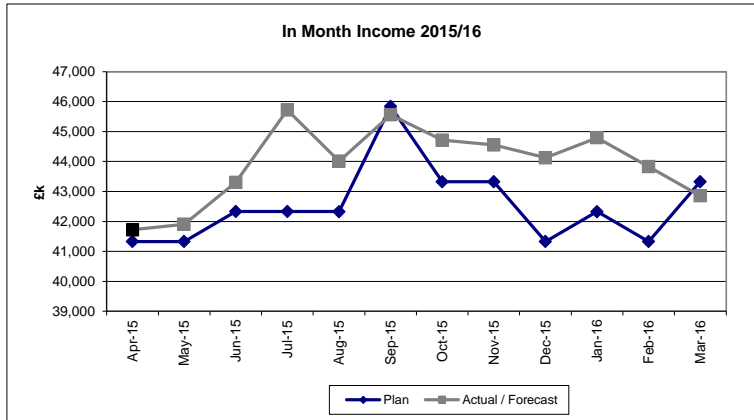
Year End Forecast	Plan £k	Forecast £k	Variance £k
Total Income	(510,435)	(527,091)	(16,656)

Overall the Trust is reporting over-achievement Year to Date of £12.2m. The surplus predominantly relates to PbR exclusions and is offset by costs in drugs and clinical supplies. Income generation is ahead of plan because it now includes income associated with bringing hotel services in house most notably catering income.

The Trust is forecasting to over perform against the planned levels by £13.7m. This is a reduction on the current run rate so the expectation is that overperformance will slow. The position assumes the reinvestment of contract adjustments and penalties. There is a risk to securing this level of income above plan.

Year To Date	Plan £k	Actual £k	Variance £k
Income			
NHS Trusts	(6,012)	(6,213)	(201)
Clinical Commissioning Groups	(332,953)	(343,707)	(10,754)
Other NHS	(44)	(11)	32
Private Patients	(3,574)	(3,471)	104
Other Non-NHS	(975)	(1,283)	(308)
Other Patient Related Income	(2,060)	(1,457)	603
Local Authority Income	(3,072)	(3,281)	(209)
Overseas Visitors Income	(162)	(164)	(2)
Income From Activities	(348,824)	(359,586)	(10,762)
Education & Training Income	(16,047)	(16,946)	(899)
Research & Development Income	(5,490)	(5,197)	293
Transfers from Donated Asset Reserve	0	0	0
Income Generation	(622)	(1,294)	(672)
Other Income	(12,475)	(12,587)	(113)
Other Operating Income	(34,634)	(36,025)	(1,391)
Total Income	(383,458)	(395,610)	(12,152)

Year End Forecast	Plan £k	Forecast £k	Variance £k
Income			
NHS Trusts	(7,978)	(8,172)	(194)
Clinical Commissioning Groups	(443,244)	(455,046)	(11,802)
Other NHS	(58)	(11)	47
Private Patients	(4,835)	(4,576)	258
Other Non-NHS	(1,300)	(1,710)	(410)
Other Patient Related Income	(2,694)	(4,823)	(2,129)
Local Authority Income	(4,102)	(4,165)	(63)
Overseas Visitors Income	(216)	(186)	29
Income From Activities	(464,426)	(478,691)	(14,265)
Education & Training Income	(21,421)	(22,656)	(1,235)
Research & Development Income	(7,373)	(6,761)	612
Transfers from Donated Asset Reserve	0	0	0
Income Generation	(830)	(1,903)	(1,073)
Other Income	(16,386)	(17,080)	(695)
Other Operating Income	(46,009)	(48,400)	(2,391)
Total Income	(510,435)	(527,091)	(16,656)



Risks

Overall the Trust is reporting a £24.2m overspend against operating costs. Pay expenditure is overspent by £11.2m and non-pay expenditure is overspent by £12.9m. Non-delivery of planned efficiencies, opening of additional capacity and continuing operational pressures are the main driver of the overspend.

Year To Date				Year End Forecast			
	Plan £k	Actual £k	Variance £k		Plan £k	Forecast £k	Variance £k
Pay	235,960	247,172	11,212	Pay	310,978	329,648	18,670
Non Pay	137,699	150,638	12,939	Non Pay	179,671	199,377	19,706
Operational Costs	373,659	397,810	24,151	Operational Costs	490,649	529,025	38,376

The Trust is overspent by £24.2m on operating costs compared with a positive income variance of £12.2m. There is an overall overspend on pay budgets of £11.2m, partly due to non delivery of efficiencies. The nursing overspend is from additional agency and other shifts above establishment. Expenditure on medical staff is high due to the reliance on agency staff, locum cover and additional payments to substantive staff. Within Other Healthcare there is still an issue with cover in Imaging. The Administration & Clerical overspend is due to the additional expenditure in the central booking hub, including the validation team, to respond to operational pressures. The Trust is £12.9m overspent on Non Pay budgets, which relates to the non-delivery of the efficiency targets as well as increasing expenditure on drugs, particularly £8.4m on PBR excluded drugs & devices which is offset with income. As well as outsourcing activity to assist with demand.

The Trust is forecasting a £38.4m overspend on operating costs against the revised TDA submitted plan. Included in this number is £11.5m non delivery of efficiencies and £12.3m pass through costs on PbR excluded drugs & devices. The Trust Turnaround work streams are in place and particular focus is being paid to temporary staffing costs - nursing, medical and non clinical - and to directorate level recovery plans. Additional savings are required to meet the forecast and these are shown under the Other Staff forecast - savings are identified against staff groups but the deliverability of these is being assessed prior to allocation.

Year To Date				Full Year			
	Plan £k	Actual £k	Variance £k		Plan £k	Forecast £k	Variance £k
Pay				Pay			
Management	10,172	9,419	(753)	Management	13,283	12,473	(810)
Medical and Dental Staff	71,148	75,753	4,605	Medical and Dental Staff	94,289	101,140	6,851
Nursing & Midwifery	93,140	96,394	3,254	Nursing & Midwifery	121,733	128,291	6,557
Other Healthcare	33,153	34,498	1,345	Other Healthcare	43,963	46,048	2,085
Ancillary Staff	4,752	4,809	57	Ancillary Staff	6,912	8,219	1,308
Administrative & Clerical	22,953	24,148	1,195	Administrative & Clerical	30,589	31,835	1,246
Maintenance Staff	2,156	2,022	(134)	Maintenance Staff	2,859	2,702	(157)
Other Staff	(1,562)	83	1,644	Other Staff	(2,712)	(1,124)	1,588
Trust Chair & Non-Executive Directors	47	46	(0)	Trust Chair & Non-Executive Directors	62	64	1
Total Pay	235,960	247,172	11,212	Total Pay	310,978	329,648	18,670
Non-Pay				Non-Pay			
Drugs & Medical Gases	43,207	48,511	5,304	Drugs & Medical Gases	56,406	65,922	9,516
Supplies and Services - Clinical	38,708	42,187	3,480	Supplies and Services - Clinical	50,486	54,640	4,154
Supplies and Services General	8,020	9,657	1,637	Supplies and Services General	9,401	11,421	2,020
Establishment Expenses	4,457	4,666	209	Establishment Expenses	5,908	6,482	575
Transport Expenses	839	911	72	Transport Expenses	1,159	1,193	34
Premises	15,565	16,108	543	Premises	21,008	21,324	316
Purchase of Healthcare from Non NHS provider	4,134	5,538	1,404	Purchase of Healthcare from Non NHS provider	5,284	7,471	2,188
Consultancy	328	815	486	Consultancy	439	987	548
Other Non Pay/Reserves	1,371	906	(465)	Other Non Pay/Reserves	1,531	1,315	(216)
CNST Premium	12,193	12,193	-	CNST Premium	16,257	16,257	-
Education and Training	3,381	2,950	(432)	Education and Training	4,517	4,017	(499)
Services from Other NHS Bodies	5,323	5,977	654	Services from Other NHS Bodies	7,071	8,065	994
Audit Fees	172	219	46	Audit Fees	204	282	78
Total Non-Pay	137,699	150,638	12,939	Total Non-Pay	179,671	199,377	19,706
Total Expenditure	373,659	397,810	24,151	Total Expenditure	490,649	529,025	38,376

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Statement of Financial Position

The Trust Statement of Financial position is produced on a monthly basis, and reflects changes in the asset values, as well as movement in liabilities. The plan is the TDA plan submitted in September 2015.

	1 April 15		Year to Date		Notes		Full Year		Notes	
	Actual	Plan	Actual	Variance			Plan	Forecast		Variance
	£k	£k	£k	£k			£k	£k		
Property, Plant and Equipment	329,717	377,795	355,733	(22,062)	1	Property, Plant and Equipment	367,321	363,618	(3,703)	1
Intangible Assets	461	435	434	-		Intangible Assets	426	425	(1)	
Other Assets	2,510	3,667	3,768	101		Other Assets	2,917	3,018	101	
Non Current Assets	332,688	381,897	359,935	(21,961)		Non Current Assets	370,664	367,061	(3,603)	
Inventories	7,178	7,090	7,460	370		Inventories	6,590	7,260	670	
Trade and Other Receivables	40,827	47,871	57,785	9,914	2	Trade and Other Receivables	47,814	46,514	(1,300)	
Cash and Cash Equivalents	25,395	9,436	6,509	(2,927)	3	Cash and Cash Equivalents	3,166	3,166	-	2
Non Current Assets Held for Sale	653	79	304	225		Non Current Assets Held for Sale	79	304	225	
Current Assets	74,053	64,476	72,058	7,582		Current Assets	57,649	57,244	(405)	
Trade and Other Payables	(59,905)	(57,788)	(76,566)	(18,778)	2	Trade and Other Payables	(58,252)	(62,263)	(4,011)	
Borrowings	(5,829)	(7,973)	(22,095)	(14,122)	4	Borrowings	(6,795)	(5,124)	1,671	3
Other Financial Liabilities	-	-	-	-		Other Financial Liabilities	-	-	-	
Provisions	(388)	(432)	(388)	44		Provisions	(163)	(283)	(120)	
Other Liabilities	-	-	-	-		Other Liabilities	-	-	-	
Current Liabilities	(66,122)	(66,193)	(99,049)	(32,856)		Current Liabilities	(65,210)	(67,670)	(2,460)	
Borrowings	(69,843)	(98,557)	(86,462)	12,095	4	Borrowings	(96,006)	(127,680)	(31,674)	3
Trade and Other Payables	(579)	(1,118)	(1,118)	-		Trade and Other Payables	(1,118)	(1,118)	-	
Provisions	(1,927)	(1,873)	(1,923)	(50)		Provisions	(1,914)	(1,982)	(68)	
TOTAL ASSETS EMPLOYED	268,270	278,632	243,441	(35,190)		TOTAL ASSETS EMPLOYED	264,065	225,855	(38,210)	
Financed by:						Financed by:				
Public Dividend Capital	(236,123)	(265,059)	(240,870)	24,189	4	Public Dividend Capital	(265,059)	(247,752)	17,307	
Retained Earnings	17,866	17,131	17,866	735		Retained Earnings	17,131	17,866	735	
Surplus/(Deficit) for Year	-	19,309	29,576	10,267		(Surplus)/Deficit for Year	33,876	54,044	20,168	
Revaluation Reserve	(50,013)	(50,013)	(50,013)	-		Revaluation Reserve	(50,013)	(50,013)	-	
TOTAL TAXPAYERS EQUITY	(268,270)	(278,632)	(243,441)	35,191		TOTAL TAXPAYERS EQUITY	(264,065)	(225,855)	38,210	

1. Strategic Capital expenditure and Operational Capital expenditure is behind plan because of the delay to 3Ts and reduced Operational Capital expenditure.

2. Debtors (trade and other receivables) has decreased with the finalisation of the majority old year balances due from Commissioners; creditors (trade and other payables) continues to be significantly higher than plan because of the cash shortages.

3. Cashflow in December was very difficult with the uncertainty surrounding the first 3Ts funding, which was not confirmed until the middle of December and received on 22 December. Continued uncertainty around additional working capital support has restricted cash payments throughout December to safeguard key services and the payroll.

4. The variances on loans and borrowings and Public Dividend Capital are due to the inclusion of the Interim Revolving Working Capital Loan (£16.7m) and the deferral of the funding for 3Ts main scheme.

1. The capital plan assumes DH release of the 3Ts main scheme funding as PDC in the year. £4.5m was received in December. A further £6.9m is expected between January and March.

2. The year end level of cash holding has been set to align with the TDA's level of 10 day operating expenses.

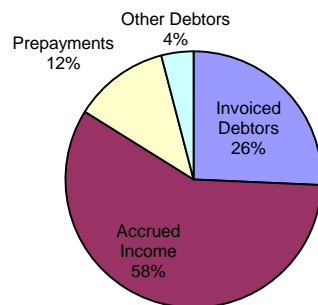
3. The full year planned borrowings and forecast assume that all the loans will be drawn down in year - but the Radiotherapy East Development Loan (£14.5m) has been reduced to £6m for the year, the balance is forecast to be received in next year. The Interim Revolving Working Capital Loan is shown as being repaid and replaced by a loan for £37.7m.

The Trust debtors are a mixture of invoiced debtors, accrued income and prepayments. The level of invoiced debtors has decreased by £7.6m since the end of November and overdue debts (those > 30 days old) have decreased by £6.7m.

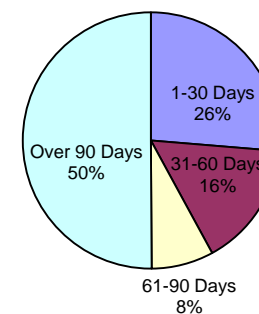
Invoiced Debtors	Within	1 Month	2 Months	3 Months	Total	Current	Prior	Notes	Other Receivables	Current	Prior		
	Terms	Overdue	Overdue	Overdue								Month	Month
	1-30 Days	31-60	61-90	Over 90								Over 30	Over 30
£k	Days	Days	Days	Days	Days	Days	Days	Month	Month	£k			
CCG's	1,456	635	190	3,539	5,820	4,364	11,842	1	Accrued Income				
Trusts	772	688	441	1,353	3,254	2,482	2,491	2	Work In Progress	3,978	3,978		
Other NHS	1,096	1,062	566	1,488	4,212	3,116	2,229	3	CCG Service Level Agreements	21,953	16,293		
Other Debtors	540	184	45	858	1,627	1,087	1,244	4	Injury Cost Recovery Fund	2,667	1,185		
Private Patients	532	63	72	939	1,606	1,074	1,118	5	Other	5,018	3,304		
Overseas	29	16	5	247	297	268	265		Total Accrued Income	33,616	24,760		
Total Invoiced Debtors	4,425	2,648	1,319	8,424	16,816	12,391	19,189		Prepayments				
Provision for Bad Debts (including RTA Provision)					(1,967)				Maintenance & Other Contracts	4,482	5,391		
Accrued Income					33,616				NHS Litigation	2,492	1,938		
Prepayments					6,974				Other	0	0		
Other Debtors					2,346				Total Prepayments	6,974	7,329		
Total Trade & Other Receivables					57,785								

1. CCGs. The CCG legacy balances have decreased by £6.9m and further reductions are expected in January as the work on the year end contract values nears completion. The NCA over 30 day debtors balance has decreased by £16k and the over 90 days has increased by £13k.
2. Trusts. Debts are being cleared around the patch by the back to back payments (the matching and settlement of debtors and creditors) but at the moment this is stabilising rather than improving the overall position. The local organisations account for 86% of the total debt.
3. Other NHS. The two remaining year end invoices, breast screening unit activity (£427k) and EPR funding (£627k) are included in the over 90 days balance. The breast screening invoice will be cleared in January whilst the EPR funding remains under discussion.
4. The material outstanding invoice for last year in respect of PBR (which is a pass through payment from the CCG) for £178k has been agreed and will be paid in January. Overall there has been a slight improvement in overdue debts of £44k.
5. Private Patient overdue debts have decreased by £3,000.

Trade and Other Receivables



Invoiced Debtors Ageing



The capital report shows Strategic and Operational capital expenditure for year to date and full year forecasts compared to the TDA submitted plan.

	Plan	Actual	Variance	Year End Forecast		
	£k	£k	£k	Plan	Forecast	Variance
Strategic Capital	31,316	25,518	5,798	48,518	45,244	3,274
Operational Capital	31,446	18,375	13,071	33,878	27,802	6,076
Total	62,762	43,893	18,869	82,396	73,046	9,350

Strategic Capital. Decant spend remains behind programme with some workstreams straddling the year end. The variance between Plan and Forecast is caused by bringing forward Phase 4 Design Fees and this now reflects the contract programme which will see Main Scheme activity ramp up in January 2016. The increase in project team costs reflects additional legal and cost advisor fees incurred in delivering the Phase 4 contract, but this will not impact on the overall budget.

Operational Capital. The Sussex Eye project has now moved onto internal work having completed the windows replacement and this is expected to be completed in February. The MRIs are installed. Some service development schemes have been deferred in the short term. The Compact LINACS work has been re-phased so that some work falls into the next financial year. Almost all the IM&T expenditure in the revised forecast has been incurred. The Estates programme is making some progress.

Strategic Capital - The forecast spend on 3Ts of £32.9m against a plan of £27.4m is in line with TDA expectations. The variance on the main scheme between plan and forecast is caused by bringing forward Phase 4 design fees; this is partially offset by the decrease in Decant costs in year. Although the DH approval letter was received on 2 December this did not automatically release any cash. It wasn't until 22 December that the first tranche of PDC of £4.7m was received. The final process for cash drawdown and the mix of funding (PDC-Loans) is still under discussion. For the purposes of the forecasts it is assumed that the funding will be made available to match expenditure. The loan application for the Radiotherapy East is being considered by the Department for approval. The forecast expenditure below has been re-profiled across the two financial years.

Operational Capital - The forecast figures in the table below show the latest forecast Operational Capital outturn.

	Plan	Actual	Variance		Plan	Forecast	Variance
	£k	£k	£k		£k	£k	£k
Income - (CRL excluding donated income)	(38,248)	(37,091)	(1,157)	Income - (CRL excluding donated income)	(76,495)	(74,181)	(2,314)
Strategic Capital				Strategic Capital			
3Ts Project Team	590	718	(128)	3Ts Project Team	815	853	(38)
3Ts Main Scheme - Design and Works	7,275	12,062	(4,787)	3Ts Main Scheme - Design and Works	9,122	16,275	(7,153)
3Ts Decant (incl St Marys)	17,213	11,061	6,152	3Ts Decant (incl St Marys)	17,454	15,747	1,707
Radiotherapy Compact LINAC	6,238	521	5,717	Radiotherapy Compact LINAC	6,238	6,238	-
Radiotherapy East	-	1,156	(1,156)	Radiotherapy East	14,889	6,131	8,758
Total Strategic Capital	31,316	25,518	5,798	Total Strategic Capital	48,518	45,244	3,274
Operational Capital				Operational Capital			
Major Projects (>£1m)				Major Projects (>£1m)			
Windows, Roof & Internal Refurb - SxEH	2,132	1,719	413	Windows, Roof & Internal Refurb - SxEH	2,132	2,132	-
Electronic Patient Record	1,400	649	751	Electronic Patient Record	2,038	1,008	1,030
Electrical Substation - TKT Services	2,300	-	2,300	Electrical Substation - TKT Services	2,300	1,800	500
Replacement MRIs	4,769	5,836	(1,067)	Replacement MRIs	4,334	5,836	(1,502)
Site Reconfiguration Neuro	1,818	2,834	(1,016)	Site Reconfiguration Neuro	1,925	3,002	(1,077)
Compact LINACS	2,948	282	2,666	Compact LINACS	2,948	2,110	838
Additional Theatre Provision PRH	535	-	535	Additional Theatre Provision PRH	1,500	-	1,500
Pathology HUB	490	-	490	Pathology HUB	1,000	70	930
Small Projects (<£1m)				Small Projects (<£1m)			
Medical Equipment Replacement	4,767	1,494	3,273	Medical Equipment Replacement	6,607	2,633	3,974
IM&T Infrastructure	997	1,731	(734)	IM&T Infrastructure	1,277	1,786	(509)
Estates Infrastructure	4,044	1,676	2,368	Estates Infrastructure	4,728	2,615	2,113
Service Development	5,246	2,154	3,092	Service Development	3,089	4,810	(1,721)
Total Operational Capital	31,446	18,375	13,071	Total Operational Capital	33,878	27,802	6,076
(Under)/Overspend against CRL	24,515	6,803	17,712	(Under)/Overspend against CRL	5,901	(1,135)	7,036

The efficiency programme is behind plan for the year to date position. There are some Themes that we expect to improve on the position between now and the end of the year. However, there is significant risk associated with the Transformation schemes and we are currently not expecting delivery of over half of this. The Trusts Turnaround process is expected to assist with the delivery of this.

	Year to Date			Year End		
	Plan	Forecast	Variance	Plan	Forecast	Variance
	£k	£k	£k	£k	£k	£k
Cost Improvement Plans	18,646	9,770	(8,876)	26,399	13,588	(12,811)
Themes	Plan	Year To Date Actual	Variance	Plan	Year End Forecast	Variance
	£k	£k	£k	£k	£k	£k
Back Office & Commercial	6,883	3,914	(2,969)	9,534	4,529	(5,005)
Clinical Workforce	2,428	1,488	(940)	3,236	2,288	(948)
Education & Training	223	183	(40)	416	385	(31)
Major IT Programme	112	35	(77)	151	135	(16)
Medical Workforce	1,063	728	(335)	1,570	768	(802)
Operational Estate	71	12	(59)	92	12	(80)
Operational Productivity	621	141	(480)	883	351	(532)
Outpatients	349	324	(25)	551	324	(227)
Transformation	5,401	1,486	(3,915)	7,951	2,850	(5,101)
Strategic Estate	-	-	-	-	-	-
Workforce	1,495	1,459	(36)	2,015	1,946	(69)
	18,646	9,770	(8,876)	26,399	13,588	(12,811)
Efficiency Plan Total	18,646	9,770	(8,876)	26,399	13,588	(12,811)

The efficiency programme is behind plan year to date due to operational pressures which has resulted in a delays in the development and delivery of schemes.

Year End Forecast by Theme

