

Summary

The Trust is reporting a £36.1m year-to-date deficit at the end of December 2016, a £20.9m adverse variance to plan. Forecast outturn continues to be a £59.7m deficit following analysis of the key risks facing the trust. The financial plan required significant improvement in performance from quarter 2 onwards and the forecast reflects the assessment of how much of the planned improvements will be delivered and additional risks to the organisation. The year-end forecast assumes that the £10.8m of STF available for quarters 2 to 4 won't be received this year.

Use of Resources Metrics (UOR) R				Surplus (Deficit) £k R				Cash £k R			
Current Month Metrics				Actual / Forecast				Actual / Forecast			
	Plan	Actual	Variance		Plan	Forecast	Variance		Plan	Forecast	Variance
Liquidity Ratio	4	2	(2)	Year-to-date £k	(15,178)	(36,141)	20,963	Year-to-date £k	8,591	10,419	(1,829)
Capital Servicing Capacity	4	4	0	Year-end Forecast £k	(15,570)	(59,703)	44,132	Year-end Forecast £k	3,167	4,983	(1,817)
I&E Margin	4	4	0	The Trust is reporting an adverse variance to budget of £20.9m at the end of December. This is due to Pay and Non-Pay cost pressures further exacerbated by not qualifying to receive income for sustainability and transformation plan funding from July which equates to £7.2m. The forecast deficit remains unchanged at £59.7m and takes account of the current run-rate, shortfalls in income and under-delivery of CIP by £5.7m. A Financial Recovery Plan has been submitted to NHSI with the aim of improving the forecast outturn position.				The cash holding is in excess of plan for only the second time this year. The Trust's cashflow has improved as a result of the loan support from DH and the expectation that the additional cash backing for the full year revenue deficit will continue to the year end. The additional revenue support, which is in the form of monthly Uncommitted Single Currency Interim Revenue Support Facility Loans is being approved on a monthly basis and adjusted to actual performance. The loan funding for January has already been approved.			
I&E Margin Distance from Plan	4	4	0								
Agency	1	1	0								
Overall rating	4										
Forecast Outturn Metrics											
	Plan	Actual / Forecast	Variance								
Liquidity Ratio	4	4	0								
Capital Servicing Capacity	4	4	0								
I&E Margin	4	4	0								
I&E Margin Distance from Plan	4	4	0								
Agency	1	1	0								
Overall rating	4										
UOR Metrics replace the previously reported Financial Sustainability Risk Rating from October 2016. Scoring is reversed with 1 now being the best rating. Liquidity improved in month with the receipt of funding improving current assets.											
Income £k A				Operating Costs £k R				Capital £k A			
	Plan	Actual / Forecast	Variance		Plan	Forecast	Variance		Plan	Forecast	Variance
Year-to-date £k	412,114	413,722	(1,607)	Year-to-date £k	401,768	424,869	23,101	Year-to-date £k	77,238	46,419	30,819
Year-end Forecast £k	549,636	543,126	6,510	Year-end Forecast £k	531,476	569,348	37,871	Year-end Forecast £k	95,453	79,895	15,558
Overall the Trust is reporting a year-to-date income position £1.6m above plan and forecasting £6.5m under performance for the full year, relating mainly to an under performance against CCG contract activity, provision for the settlement of 15-16 invoicing with CCG's, a shortfall in CQUIN delivery, a provision for challenges and penalties and non-delivery of STF of £10.8m. There is also a shortfall on SIFT of £4.0m. The improvement on the M8 8 position being increased income from 2 research projects.				Overall the Trust is £23.1m overspent against operating costs. Pay is overspending by £7.1m compared to plan and Non-pay expenditure is overspent by £15.9m. The Non-pay variance is partly attributable to drugs which are PbR excluded items, offset with income, and partly due to increases in expenditure on consumables and outsourcing and slippage in Non-pay savings. The forecast position assumes that these overspends on Pay and Non-pay will not be recovered in the remaining months of the year. The agency spend year-to-date is £7.4m against the year-to-date ceiling for the Trust of £10.1m.				The Strategic Capital programme is behind plan, with delays on both the 3Ts and the Radiotherapy East scheme; the revised forecast for the year assumes £11m 3Ts expenditure and £1m Radiotherapy expenditure is transferred to the next financial year. The Operational Capital programme is also significantly behind plan. Schemes originally included in the plan for the next financial year and other priority schemes with short lead times are being drawn forward to replace the shortfall in the current year's plan.			
Cost Improvement Plans £k R				Key Performance Metrics R				Key Risks:			
	Plan	Actual / Forecast	Variance		Year-to-date	Forecast Outturn	The key risks to forecast outturn for 2016/17 are: Income – the Trust has set a plan higher than Commissioner contracts on the basis that QIPP schemes will not materially reduce Trust activity. The Trust has yet to finalise the payment of 15-16 year end contract income, with the value disputed up to £15m. Operational costs – continued overspends caused by operational pressures and non-delivery of cost improvements are impacting on the current and projected financial position.				
Year-to-date £k	15,580	15,441	139	NHS Financial Performance	R	R					
Year-end Forecast £k	25,110	19,397	5,714	Financial Efficiency	R	R					
				Underlying Surplus / Deficit	R	R					
				Capital and Cash	R	R					
The Trust is currently underperforming against the efficiency programme by £0.1m. The Pay savings show a year-to-date favourable variance of £5.3m, with a forecast adverse variance of £1.1m. This is largely due to the increase in phased savings in the second half of the year, together with delays in the theatre utilisation and outpatients CIPS projects. Income savings are exceeding plan by £1.6m year-to-date and the variance is expected to grow to £2.0m by year-end. Non-pay savings are behind plan year-to-date by £3.6m and forecast to be £6.5m behind plan by year-end; this is due to underachievement of Procurement savings and unidentified savings.				Trust Overall RAG Rating R							
The Trust has an overall RAG rating of RED.											

The Trust is reporting an adverse variance to budget of £20.9m at the end of December. This is due to Pay and Non-Pay cost pressures further exacerbated by not meeting the requirement to receive income for sustainability and transformation plan funding from July which equates to £7.2m. The forecast deficit remains unchanged at £59.7m and takes account of the current run-rate, shortfalls in income and under-delivery of CIP by £5.7m. A Financial Recovery Plan has been submitted to NHSI with the aim of improving the forecast outturn position.

	Plan £k	Actual £k	Variance £k
(Surplus)/Deficit	15,178	36,141	20,963

	Plan £k	Forecast £k	Variance £k
(Surplus)/Deficit	15,570	59,703	44,132

The Trust has an unfavourable variance in the year-to-December despite a small overachievement against the CIP target. The non-achievement of the STF after quarter 1, as well as SIFT income being lower than planned, contributes to lower income than planned (once overperformance on PbR exclusions is taken into account). In addition, there continue to be Pay overspends in Medical, Nursing, Other Healthcare, Management and Other Staff categories, despite CIPS being achieved in some of these areas. Expenditure on non pay costs continues to include high levels of overspend on drugs, particularly PbR excluded drugs, and outsourcing (offset by income).

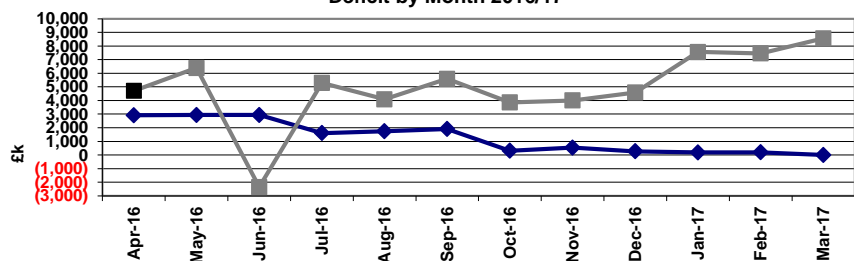
The Trust's year-end forecast position continues to be a £59.7m deficit, £44.1m worse than planned. The forecast deficit reflects income shortfalls of £10.8m for STF and £3.7m for SIFT, cost improvements shortfall of £5.7m, additional cost pressures, recognition of income risks and continued overspends on Pay and Non-Pay. The forecast does not include an estimate of additional savings from the enhanced controls being introduced through the Financial Special Measures process.

	Plan £k	Actual £k	Variance £k
Income	(412,114)	(413,722)	(1,607)
Pay	252,604	259,805	7,201
Non-Pay	149,163	165,063	15,900
EBITDA *	(10,347)	11,147	21,493
EBITDA %	2.5	-2.7	
Profit / Loss on Disposal of Fixed Assets	-	-	-
Interest Payable	4,192	4,383	191
Interest Receivable	(36)	(26)	10
Depreciation	16,057	16,112	55
Impairments	-	-	-
Public Dividend Capital	5,565	5,095	(470)
Net (Surplus) / Deficit	15,431	36,711	21,279
Reverse Impairment	-	-	-
Other Adjustments	(253)	(570)	(317)
Reverse IFRS technical charge	-	-	-
Performance against Control Total	15,178	36,141	20,963
Surplus %	-3.7	-8.7	

	Plan £k	Actual £k	Variance £k
Income	(549,636)	(543,126)	6,510
Pay	334,279	349,633	15,354
Non-Pay	197,197	219,714	22,517
EBITDA *	(18,160)	26,222	44,381
EBITDA %	3.3	-4.8	
Profit / Loss on Disposal of Fixed Assets	-	-	-
Interest Payable	5,617	6,251	634
Interest Receivable	(48)	(36)	12
Depreciation	20,997	20,983	(14)
Impairments	15,500	15,500	-
Public Dividend Capital	7,385	6,793	(592)
Net (Surplus) / Deficit	31,291	75,713	44,422
Reverse Impairment	(15,500)	(15,500)	-
Other Technical Adjustments	(221)	(510)	(289)
Reverse IFRS technical charge	-	-	-
Performance against Control Total	15,570	59,703	44,132
Surplus %	-2.8	-11.0	

* EBITDA Earnings before Interest Taxation Depreciation and Amortisation

Deficit by Month 2016/17



Plan reflects the profile of the Trusts plan to deliver £15.6m Deficit

The plan reflects the April 2016 NHSI submission and is based achievement of the planned control total for the year. Capital funding for 3Ts and the Radiotherapy East scheme are in place for the year and is being drawn down to match capital expenditure. The year-end level of cash holding has been realigned to the year-end EFL cash control total, which is slightly above the DH maximum cash holding assumed for an organisation with revenue support and is dependent on achievement of the planned control total and planned revenue funding. The Cash Committee manages the risks around liquidity.

	Plan £k	Actual £k	Variance £k
Cash Balance	8,591	10,419	1,829

The December cash holding is above plan.

	Plan £k	Forecast £k	Variance £k
Cash Balance	3,167	4,983	1,817

The forecast cash holding has been realigned to the year end EFL cash control total.

Year to Date	Plan £k	Actual £k	Variance £k
EBITDA	10,347	(11,147)	(21,493)
Non Cash I&E Items	-	-	-
Movement in Working Capital	3,174	(16,361)	(19,535)
Provisions	(1,305)	102	1,407
Cashflow from Operations	12,216	(27,406)	(39,621)
Capital Expenditure	(70,412)	(46,456)	23,956
Cash receipt from asset sales	-	-	-
Cashflow before financing	(58,196)	(73,862)	(15,665)
PDC Received	49,031	37,219	(11,812)
PDC Repaid	-	-	-
Dividends Paid	(3,693)	(3,133)	560
Interest on Loans and leases	(3,426)	(3,395)	31
Interest received	36	27	(9)
Drawdown on debt	26,574	54,780	28,206
Repayment of debt	(5,078)	(4,560)	518
Cashflow from financing	63,444	80,938	17,494
Net Cash Inflow / (Outflow)	5,248	7,076	1,829
Opening Cash Balance	3,343	3,343	-
Closing Cash Balance	8,591	10,419	1,829

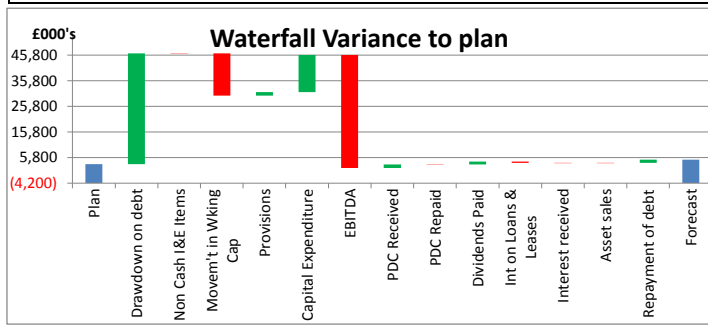
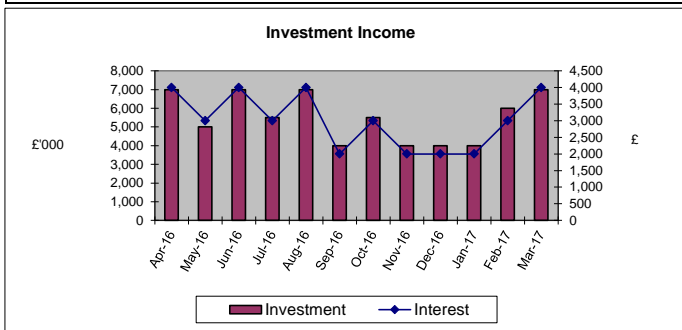
The Trust is continuing to receive revenue deficit funding each month for working capital support in the form of Uncommitted Single Currency Interim Revenue Support Facility Loans. It is expected that the Trust will be able to draw down monthly funding for January through to March to cash back the forecast monthly revenue deficit. This support has eased the Trust's cashflow considerably and reduced overdue creditors.

The delays to the capital programme account for the lower than planned capital expenditure, and the lower than planned PDC; the material variance on debt drawdown is due to the increase in revenue loans.

Year End Forecast	Plan £k	Actual £k	Variance £k
EBITDA	18,160	(26,222)	(44,381)
Non Cash I&E Items	-	-	-
Movement in Working Capital	3,809	(9,249)	(13,058)
Provisions	(1,350)	57	1,407
Cashflow from Operations	20,619	(35,414)	(56,032)
Capital Expenditure	(90,357)	(68,359)	21,998
Cash receipt from asset sales	-	-	-
Cashflow before financing	(69,738)	(103,773)	(34,034)
PDC Received	62,916	53,062	(9,854)
PDC Repaid	-	-	-
Dividends Paid	(7,386)	(6,234)	1,152
Interest on Loans and leases	(5,344)	(5,432)	(88)
Interest received	48	36	(12)
Drawdown on debt	26,574	69,991	43,417
Repayment of debt	(7,246)	(6,010)	1,236
Cashflow from financing	69,562	105,413	35,851
Net Cash Inflow / (Outflow)	(176)	1,640	1,817
Opening Cash Balance	3,343	3,343	-
Closing Cash Balance	3,167	4,983	1,817

The Trust applied to the NHSI for funding to cash back the revised revenue deficit of £59.7m which means an additional cash support of £44.1m over the original control total of £15.6m, for which the cash had already been received. The DH is approving this increase monthly.

The 3Ts funding for this year is all PDC backed and has been reduced by a further £2.2mt to £53m to match the reduced 3Ts forecast spend. The monthly drawdown is based on the overall capital funding requirement for that month. This means that any shortfall in operational capital expenditure releases operational capital funding before PDC can be drawn down. The Radiotherapy East scheme loan is for £11.2m, but as a result of delays to the programme only £10.3m will be drawn down in-year.



Risks.
The cashflow is based on the assumption that the revised forecast outturn is achieved, the Trust is paid for the agreed level of performance and the outstanding commissioning income for 15-16 is resolved and paid over in year.

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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 for another eleven months, to provide a full forward year cashflow forecast.

Year To Date	Plan	Actual	Variance	Year End Forecast								
	£k	£k	£k	Plan	Actual	Variance						
	8,591	10,419	1,829	3,167	4,983	1,817						
	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17
	£k	£k	£k	£k	£k	£k	£k	£k	£k	£k	£k	£k
	Act	For	For	For	For	For	For	For	For	For	For	For
EBITDA	(1,761)	(4,796)	(4,627)	(5,652)	(3,267)	(3,470)	(478)	(43)	(1,787)	(1,269)	(1,837)	(1,443)
Non Cash I&E Items	-	-	-	-	-	-	-	-	-	-	-	-
Movement in Working Capital	4,673	7,079	(11,546)	11,579	11,272	(1,321)	(3,733)	(1,082)	(4,723)	3,928	3,298	4,490
Provisions	47	-	-	(45)	(5,013)	17	(18)	(3)	(16)	36	(1,002)	81
Cashflow from Operations	2,959	2,283	(16,173)	5,882	2,992	(4,774)	(4,229)	(1,128)	(6,526)	2,695	459	3,128
Capital Expenditure	(4,540)	(8,371)	4,891	(18,423)	(13,623)	(7,115)	(7,544)	(6,868)	(9,194)	(5,002)	(17,039)	(15,126)
Cash receipt from asset sales	-	-	-	-	-	-	-	-	-	-	-	-
Cashflow before financing	(1,581)	(6,088)	(11,282)	(12,541)	(10,631)	(11,889)	(11,773)	(7,996)	(15,720)	(2,307)	(16,580)	(11,998)
PDC Received	-	-	10,194	5,649	6,008	7,279	7,336	7,054	7,710	8,298	8,405	9,069
PDC Repaid	-	-	-	-	-	-	-	-	-	-	-	-
Dividends Paid	-	-	-	(3,101)	-	-	-	-	-	(3,501)	-	-
Interest on Loans and leases	(222)	(223)	(406)	(1,408)	(215)	(428)	(215)	(215)	(215)	(2,350)	(215)	(429)
Interest received	2	2	3	4	4	4	4	4	4	4	4	4
Drawdown on debt	4,963	4,567	(794)	11,438	4,975	4,975	4,975	4,975	4,975	4,975	4,975	4,975
Repayment of debt	(128)	(128)	(440)	(882)	(124)	(548)	(125)	(124)	(436)	(1,598)	(124)	(548)
Cashflow from financing	4,615	4,218	8,557	11,700	10,648	11,282	11,975	11,694	12,038	5,828	13,045	13,071
Net Cash Inflow / (Outflow)	3,034	(1,870)	(2,725)	(841)	17	(607)	202	3,698	(3,682)	3,521	(3,535)	1,073
Opening Cash Balance	7,385	10,419	8,549	5,825	4,983	5,000	4,393	4,595	8,293	4,611	8,132	4,597
Closing Cash Balance	10,419	8,549	5,825	4,983	5,000	4,393	4,595	8,293	4,611	8,132	4,597	5,670

Overall the Trust is reporting a year-to-date position of £1.6m above plan. The variance is £0.2m better than last month with a fall in income from activity of £500k being offset by an increase in research income. The fall in activity relates mainly to a credit given to NHSE for the closure of the Aseptic Unit. The increase in research income is offset by increased costs. The position includes a provision for contract adjustments/challenges of £4.9m. Commissioner activity is over performing against non-elective, critical care, outpatients and PbR excluded items. There is a shortfall in SIFT funding of £2.7m in the year-to-date position. The Trust is forecasting a year-end under performance of £6.5m due to the provision for known risks, which are listed in the section below.

Year To Date	Plan £k	Actual £k	Variance £k
Total Income	(412,114)	(413,722)	(1,607)

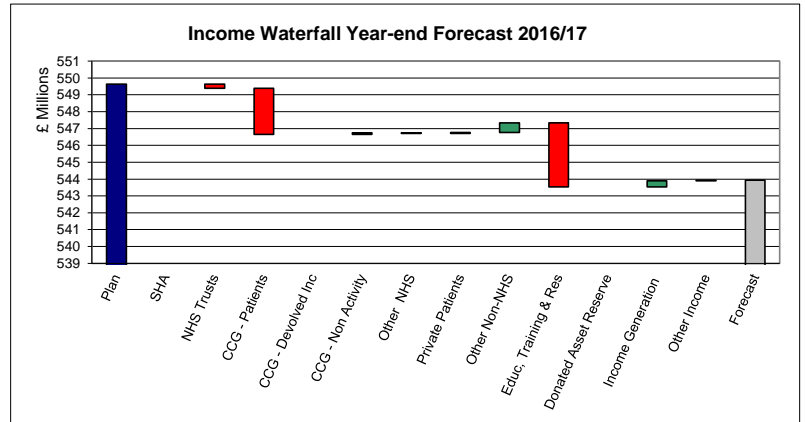
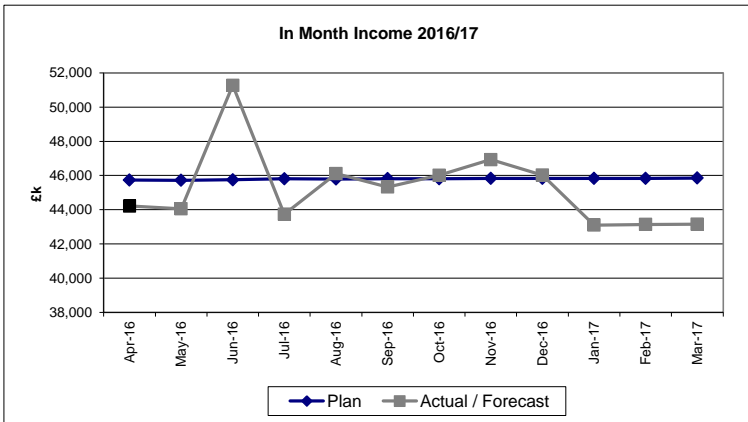
Year End Forecast	Plan £k	Forecast £k	Variance £k
Total Income	(549,636)	(543,126)	6,510

Overall the Trust is reporting an over-achievement year-to-date of £1.6m. The STF has not been included for any period after Quarter 1. Income from activity is over performing for non-elective, critical care, outpatients and PbR excluded drugs/devices. The Trust has increased its provision for contract adjustments and challenges to £4.9m, an increase of £0.8m in-month. There is a shortfall on SIFT of £2.7m and the shortfall on research projects decreased by £0.9m due mainly to income from two EU projects.

The Trusts income forecast has moved from a deficit of £7.9m to a deficit of £6.5m. The improvement of £1.4m relates to income from 2 EU funded research projects (1.1m) and a small reduction to the forecast Education income (£0.2m) The forecast for income from Commissioners includes provisions for: the 15/16 settlement £2.7m, CQIUN shortfall £1.2m, Readmissions/Non-elective marginal rate £4.2m and challenges/penalties £1.2m.

Year To Date	Plan £k	Actual £k	Variance £k
Income			
Health Education for Kent, Surrey and Sussex	0	0	0
NHS Trusts	(6,261)	(6,014)	247
Clinical Commissioning Groups - Patient Activity	(352,766)	(356,852)	(4,086)
Devolved Income	0	0	0
Clinical Commissioning Groups - non Activity	(8,413)	(8,367)	45
Clinical Commissioning Groups	(361,178)	(365,219)	(4,041)
Other NHS	(57)	(27)	30
Private Patients	(3,451)	(3,520)	(69)
Other Non-NHS	(1,467)	(1,863)	(395)
Other Patient Related Income	(1,470)	(1,098)	372
Local Authority Income	(3,229)	(3,422)	(193)
Overseas Visitors Income	(181)	(245)	(64)
Income From Activities	(377,295)	(381,409)	(4,114)
Education & Training Income	(24,348)	(21,663)	2,684
Research & Development Income	(4,934)	(4,864)	70
Transfers from Donated Asset Reserve	0	0	0
Income Generation	(1,629)	(1,895)	(266)
Other Income	(3,908)	(3,890)	18
Other Operating Income	(34,819)	(32,313)	2,506
Total Income	(412,114)	(413,722)	(1,607)

Year End Forecast	Plan £k	Forecast £k	Variance £k
Income			
Health Education for Kent, Surrey and Sussex	0	0	0
NHS Trusts	(8,403)	(8,161)	243
Clinical Commissioning Groups - Patient Activity	(470,428)	(467,676)	2,751
Devolved Income	0	0	0
Clinical Commissioning Groups - non Activity	(11,173)	(11,277)	(104)
Clinical Commissioning Groups	(481,601)	(478,954)	2,647
Other NHS	(76)	(33)	43
Private Patients	(4,592)	(4,644)	(52)
Other Non-NHS	(1,710)	(2,290)	(580)
Other Patient Related Income	(2,205)	(1,469)	736
Local Authority Income	(4,306)	(4,403)	(97)
Overseas Visitors Income	(247)	(275)	(28)
Income From Activities	(503,141)	(500,230)	2,912
Education & Training Income	(32,459)	(28,667)	3,792
Research & Development Income	(6,579)	(6,381)	197
Transfers from Donated Asset Reserve	0	0	0
Income Generation	(2,173)	(2,531)	(358)
Other Income	(5,284)	(5,317)	(32)
Other Operating Income	(46,495)	(42,897)	3,598
Total Income	(549,636)	(543,126)	6,510



Risks

The Trust has set an income plan higher than the value of the signed contracts by £4.4m. The difference is due to the assessment of QIPP plans & the impact of the Clinical Networks workstream. Some elements of the NHSE plan have still to be finalised such as RTT activity and its QIPP program.

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Operating Costs
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Overall the Trust is reporting a £23.1m overspend against operating costs. Pay expenditure is overspent by £7.2m and Non-pay expenditure is overspent by £15.9m. The Trust has spent £7.4m on agency staff year-to-date against the year-to-date ceiling of £10.1m. The target of further reducing costs through cost improvements continues to be a significant challenge which is reflected in the forecast that shows the Trust exceeding its planned deficit.

Year-to-date	Plan £k	Actual £k	Variance £k	Year-end Forecast	Plan £k	Forecast £k	Variance £k
Pay	252,604	259,805	7,201	Pay	334,279	349,633	15,354
Non Pay	149,163	165,063	15,900	Non Pay	197,197	219,714	22,517
Operational Costs	401,768	424,869	23,101	Operational Costs	531,476	569,348	37,871

The Trust is overspent by £23.1m on operating costs at Month 9. In-month Pay costs are lower than previous months despite the cost of bank holiday enhancements and agency and bank cover for sickness and vacancies. There was difficulty filling vacant shifts over the Christmas period. The Trust is £15.9m overspent on Non-pay budgets, with the highest levels of overspend continuing to be on drugs. The £5.7m overspend on PbR excluded drugs & devices is unchanged from last month and is offset with income. The rest of the Non-pay overspend is a mixture of an increase in consumables in all areas, some of which relates to increased activity, continued outsourcing activity, offset with income, and slippage in the Non-pay efficiencies.

The Trust is forecasting an overspend compared to plan of £37.9m which is consistent with the current run rate, plus assumed additional costs for pressures including winter demand, and current rates of delivery on cost improvement. The forecast does not include additional savings from enhanced control measures being implemented as part of the Financial Special Measures process.

Year-to-date	Plan £k	Actual £k	Variance £k	Full-year	Plan £k	Forecast £k	Variance £k
Pay				Pay			
Management	10,748	10,862	114	Management	14,240	14,723	483
Medical and Dental Staff	75,026	77,731	2,705	Medical and Dental Staff	99,634	104,190	4,556
Nursing & Midwifery	96,244	98,531	2,286	Nursing & Midwifery	128,006	132,677	4,670
Other Healthcare	34,740	35,207	467	Other Healthcare	46,219	47,221	1,002
Ancillary Staff	10,988	10,692	(296)	Ancillary Staff	14,651	14,175	(476)
Administrative & Clerical	24,807	24,015	(792)	Administrative & Clerical	33,167	32,541	(626)
Maintenance Staff	2,207	2,020	(186)	Maintenance Staff	2,942	3,148	206
Other Staff	(2,204)	696	2,900	Other Staff	(4,644)	886	5,530
Trust Chair & Non-Executive Directors	48	50	3	Trust Chair & Non-Executive Directors	63	72	9
Total Pay	252,604	259,805	7,201	Total Pay	334,279	349,633	15,354
Non-Pay				Non-Pay			
Drugs & Medical Gases	51,841	57,296	5,455	Drugs & Medical Gases	69,063	75,921	6,857
Supplies and Services - Clinical	42,167	46,220	4,052	Supplies and Services - Clinical	56,118	60,959	4,841
Supplies and Services General	5,023	6,080	1,057	Supplies and Services General	6,693	7,831	1,137
Establishment Expenses	4,818	4,511	(306)	Establishment Expenses	6,307	6,306	(1)
Transport Expenses	908	1,138	230	Transport Expenses	1,210	1,501	291
Premises	15,576	15,916	340	Premises	20,938	21,371	434
Purchase of Healthcare from Non NHS provider	4,505	5,357	851	Purchase of Healthcare from Non NHS provider	5,972	7,384	1,413
Consultancy	1,905	2,775	871	Consultancy	2,533	3,999	1,466
Other Non Pay/Reserves	(2,138)	1,874	4,011	Other Non Pay/Reserves	(4,218)	2,739	6,958
CNST Premium	14,458	14,457	(1)	CNST Premium	19,277	19,276	(1)
Education and Training	3,106	2,829	(277)	Education and Training	4,141	3,809	(331)
Services from Other NHS Bodies	6,774	6,415	(359)	Services from Other NHS Bodies	8,869	8,355	(513)
Audit Fees	221	197	(24)	Audit Fees	295	262	(33)
Total Non-Pay	149,163	165,063	15,900	Total Non-Pay	197,197	219,714	22,517
Total Expenditure	401,768	424,869	23,101	Total Expenditure	531,476	569,348	37,871

Finance Report Month 9 2016/17

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 NHSI plan submitted in April 2016.

	1 April 16		Year to Date			Notes		Full Year		Notes	
	Actual	Plan	Actual	Variance	Plan			Forecast	Variance		
	£k	£k	£k	£k	£k			£k	£k		
Property, Plant and Equipment	351,733	411,477	382,120	(29,357)	1		Property, Plant and Equipment	406,803	395,480	(11,323)	1
Intangible Assets	425	398	398	-			Intangible Assets	389	389	-	
Other Assets	2,744	4,002	3,403	(599)			Other Assets	3,025	2,426	(599)	
Non Current Assets	354,902	415,877	385,921	(29,956)			Non Current Assets	410,217	398,295	(11,922)	
Inventories	7,118	7,400	7,790	390			Inventories	7,200	7,590	390	
Trade and Other Receivables	61,075	35,777	62,475	26,698	2		Trade and Other Receivables	45,320	59,502	14,182	2
Cash and Cash Equivalents	3,344	8,592	10,419	1,827	3		Cash and Cash Equivalents	3,168	4,983	1,815	3
Non Current Assets Held for Sale	63	-	63	63			Non Current Assets Held for Sale	-	63	63	
Current Assets	71,600	51,769	80,747	28,978			Current Assets	55,688	72,138	16,450	
Trade and Other Payables	(80,635)	(65,006)	(70,100)	(5,094)	2		Trade and Other Payables	(67,429)	(83,286)	(15,857)	2
Borrowings	(7,934)	(4,830)	(6,434)	(1,604)	4		Borrowings	(4,780)	(6,384)	(1,604)	
Other Financial Liabilities	-	-	-	-			Other Financial Liabilities	-	-	-	
Provisions	(236)	(339)	(230)	109			Provisions	(250)	(140)	110	
Other Liabilities	-	-	-	-			Other Liabilities	-	-	-	
Current Liabilities	(88,805)	(70,175)	(76,764)	(6,589)			Current Liabilities	(72,459)	(89,810)	(17,351)	
Borrowings	(121,934)	(146,534)	(173,654)	(27,120)	4		Borrowings	(144,416)	(187,463)	(43,047)	4
Trade and Other Payables	-	(1,657)	-	1,657			Trade and Other Payables	(1,657)	-	1,657	
Provisions	(1,787)	(1,874)	(1,765)	109			Provisions	(1,943)	(1,834)	109	
TOTAL ASSETS EMPLOYED	213,976	247,406	214,485	(32,921)			TOTAL ASSETS EMPLOYED	245,430	191,326	(54,104)	
Financed by:							Financed by:				
Public Dividend Capital	(247,752)	(296,783)	(284,971)	11,812			Public Dividend Capital	(310,668)	(300,814)	9,854	4
Retained Earnings	79,401	87,980	79,400	(8,580)			Retained Earnings	87,980	79,400	(8,580)	
Surplus/(Deficit) for Year	-	15,430	36,711	21,281			(Surplus)/Deficit for Year	31,291	75,713	44,422	
Revaluation Reserve	(45,625)	(54,033)	(45,625)	8,408	5		Revaluation Reserve	(54,033)	(45,625)	8,408	5
TOTAL TAXPAYERS EQUITY	(213,976)	(247,406)	(214,485)	32,921			TOTAL TAXPAYERS EQUITY	(245,430)	(191,326)	54,104	

1. Capital expenditure is below plan because of slippage on all schemes; strategic capital is behind plan by £20.5m and operational capital by £10.3m.

2. Debtors remain high with the legacy 15-16 commissioning income debts outstanding pending arbitration (which is expected to be resolved in January) and shortfalls on in year SLA commissioning income. Excluding these debts the actual results are close to plan. The value of creditors is in line with plan as a result of the improved cash position.

3. A further £5.0m revenue funding was approved by the DH and paid in month as ongoing cash backing for the revenue deficit. The cash holding is above plan by £1.8m, which is a significant improvement on previous months.

4. The increase in the borrowings relates to the additional loans taken out for the revenue deficit funding.

5. The variance compared to plan for the Revaluation Reserve relates to the final valuation on the estate at last year-end.

1. Both the strategic and operational capital programmes are forecast to be below plan at the year end. This will mean that less PDC and loans funding is required in year to support the programmes.

2&3. Debtors, creditors and cash are dependent on the Trust revenue performance for the year. The forecast is based on the achievement of the revised deficit of £59.7m. Revenue funding of £15.6m has been drawn down in respect of the initial planned deficit, together with £25.3m against the increased deficit forecast. A further £18.8m will be required from January to March to cash back the revised deficit and will be submitted to DH for approval monthly.

4. The PDC is less than forecast because of the delay in 3Ts capital expenditure; borrowings is forecast to increase because of the additional revenue loan funding.

5. The change in the revaluation reserve reflects the results of the annual estates valuation carried out at the end of last year.

The Capital report shows Strategic and Operational Capital expenditure for the year-to-date and the full-year outturn compared to the NHSI submitted plan.

	Plan £k	Actual £k	Variance £k	Year End Actual	Plan £k	Actual £k	Variance £k
Strategic Capital	61,671	41,159	20,512	Strategic Capital	75,556	63,342	12,214
Operational Capital	15,567	5,260	10,307	Operational Capital	19,897	16,553	3,344
Total	77,238	46,419	30,819	Total	95,453	79,895	15,558

Strategic Capital. The 3Ts programme is £11.2m behind plan due to delays in the Decant which has impacted on the main scheme demolition and works. By the end of December 8 of the 10 areas had been handed over for demolition and a number of the buildings had been demolished. No PDC funding has been drawn down in month. and none is expected in January because of delays to the Operational programme. The Radiotherapy East scheme work is progressing and is expected to be substantially completed in year.

Strategic Capital. The forecast for 3Ts has been revised down by a further £2.2m to £53m. This reflects the delays on the Decant. The delays on the Decant have impacted on the Main Scheme demolitions and CAB works that will now continue into 17-18. The forecast outturn assumes that the Stage 1 site will be handed over to Laing O'Rourke by the year end. The Radiotherapy scheme is forecast to be substantially complete by the year end with £1m rolling over into the next financial year.

Operational Capital. Progress on schemes is poor and several schemes have been taken off the programme because they will not be completed by the year end. Design specifications changes account for some of the delays, others are due to delays in the procurement process and engagement from the sponsors to support and progress the project. The result is that many of the schemes must be completed in the last two months of the year.

Operational Capital. The programme is significantly behind plan. There are a number of additional schemes on a waiting list drawn from the next financial year's programme and additional priority schemes that have been put forward for early consideration. The additional schemes are being revised in the context of clinical priority and lead time for completion in this year. The prioritised schemes will be included in this year. The Operational Capital forecast below includes the value of these additional schemes.

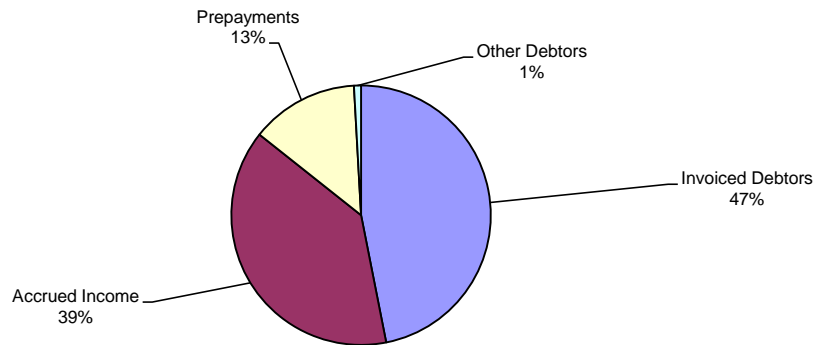
	Plan £k	Actual £k	Variance £k		Plan £k	Actual £k	Variance £k
Income - (CRL excluding donated income)	(75,966)	(46,405)	(29,561)	Income - (CRL excluding donated income)	(92,449)	(79,895)	(12,554)
Strategic Capital				Strategic Capital			
3Ts Project Team	441	484	(43)	3Ts Project Team	588	616	(28)
3Ts Main Scheme - Design and Works	45,349	34,117	11,232	3Ts Main Scheme - Design and Works	59,087	47,427	11,660
3Ts Decant (incl St Marys)	4,576	4,586	(10)	3Ts Decant (incl St Marys)	4,576	5,010	(434)
Radiotherapy East	11,305	1,972	9,333	Radiotherapy East	11,305	10,289	1,016
Total Strategic Capital	61,671	41,159	20,512	Total Strategic Capital	75,556	63,342	12,214
Operational Capital				Operational Capital			
Major Projects (>£1m)				Major Projects (>£1m)			
SPECT CT Nuclear Medicine	1,000	665	335	SPECT CT Nuclear Medicine	1,000	1,000	-
Compact LINACS	1,000	415	585	Compact LINACS	1,000	415	585
Electrical Substation - TKT Services	2,300	-	2,300	Electrical Substation - TKT Services	2,300	1,430	870
EPR	732	566	166	EPR	1,008	566	442
Replacement CT PRH	405	-	405	Replacement CT PRH	1,300	100	1,200
Small Projects (<£1m)				Small Projects (<£1m)			
Medical Equipment Replacement	4,026	918	3,108	Medical Equipment Replacement	5,639	3,249	2,390
IM&T Infrastructure	1,188	430	758	IM&T Infrastructure	2,008	1,314	694
Estates Infrastructure	3,324	1,484	1,840	Estates Infrastructure	3,450	3,638	(188)
Service Development	1,592	782	810	Service Development	2,192	4,841	(2,649)
Total Operational Capital	15,567	5,260	10,307	Total Operational Capital	19,897	16,553	3,344
(Under)/Overspend against CRL	1,272	14	1,258	(Under)/Overspend against CRL	3,004	-	3,004

The Trust debtors are a mixture of invoiced debtors, accrued income and prepayments. The level of invoiced debtors has decreased by £1.8m since the end of November.

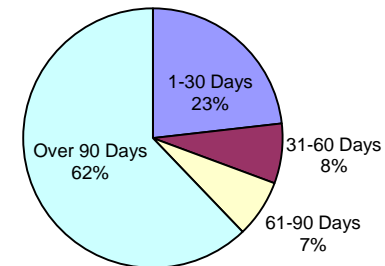
Invoiced Debtors	Within	1 Month	2 Months	3 Months	Total	Current	Prior	Notes	Other Receivables	Current	Prior		
	Terms	Overdue	Overdue	Overdue								Month	Month
	1-30 Days	31-60	61-90	Over 90								Over 30	Over 30
	Days	Days	Days	Days	Days	Days							
	£k	£k	£k	£k		£k	£k				£k		
CCG's	2,300	1,232	1,486	18,039	23,057	20,757	23,898	1	Accrued Income				
Trusts	1,822	393	402	2,425	5,042	3,220	4,134	2	Work In Progress	3,978	3,978		
Other NHS	871	67	12	651	1,601	730	713	3	CCG Service Level Agreements	12,442	11,154		
Other Debtors	3,284	773	747	1,063	5,867	2,583	2,166	4	Injury Cost Recovery Fund	2,040	2,040		
Private Patients	374	293	44	722	1,433	1,059	890		Other	5,767	9,685		
Overseas	32	33	1	363	429	397	368		Total Accrued Income	24,227	26,857		
Total Invoiced Debtors	8,683	2,791	2,692	23,263	37,429	28,746	32,169		Prepayments				
Provision for Bad Debts (including RTA Provision)					(8,132)				Maintenance & Other Contracts	5,465	6,423		
Accrued Income					24,227				NHS Litigation	2,938	2,612		
Prepayments					8,403				Other	0	0		
Other Debtors					548				Total Prepayments	8,403	9,035		
Total Trade & Other Receivables					62,475								

1. CCGs. The CCGs overdue balance is a mixture of old year balances and in-year commissioning income shortfalls of £3.5m. The material old year balances are subject to arbitration and a decision on the outcome is expected by the end of January. The shortfall from one CCG reported in previous months of £5.2m was paid over in month. The NCA debtors over 30 days have increased by £222k and the over 90 days have increased by £5k.
2. Trusts. The local organisations account for 95% of the total debt, and of these two account for 60% of the overall debt. £1m is expected from the largest of these debtors in January and further work is underway to clear down these larger debts with the improved cash position facilitating contra payments where debts have been increasing between the organisations.
3. Other NHS. The over 90 days is relates to the EPR funding debt of £627k.
4. Other Debtors. The over 30 days balance has increased by £415k, and £1.5m of this relates to the MSK SLA income shortfall.

Trade and Other Receivables



Invoiced Debtors Ageing



The efficiency programme is behind plan by £0.1m year to date and £8.4m of the year to date savings of £15.4m relate to non-recurrent savings in staff costs across the trust. The latest estimate shows that the trust will fall short of the target £25.1m savings by £5.7m due to slippage and operational issues, an improvement of £0.2m compared to last month. There is forecast to be over-performance on the medical pay saving scheme and income schemes which maximise revenue capture through improved controls that has mitigated some of the under-achieving areas. Under-achievement is most marked in the operational productivity savings theme where work is focusing on theatre and outpatient efficiency.

		Year to Date			Year End		
		Plan	Forecast	Variance	Plan	Forecast	Variance
		£k	£k	£k	£k	£k	£k
Cost Improvement Plans		15,580	15,441	(139)	25,110	19,397	(5,714)
Themes		Year To Date			Year End		
		Plan	Actual	Variance	Plan	Forecast	Variance
		£k	£k	£k	£k	£k	£k
Back Office & Commercial	Income	1,867	3,355	1,488	2,560	4,373	1,813
Back Office & Commercial	Non Pay	5,138	3,264	(1,874)	7,131	4,318	(2,813)
Clinical Workforce	Pay Skill	2,517	2,917	400	3,776	3,502	(274)
Major IT Programme	Non Pay	72	-	(72)	108	-	(108)
Medical Workforce	Pay Skill	1,705	-	(1,705)	2,557	-	(2,557)
Medical Workforce	Pay WTE	142	2,572	2,430	284	3,165	2,881
Operational Estate	Non Pay	38	36	(2)	50	48	(2)
Operational Productivity	Income	172	329	157	258	418	160
Operational Productivity	Pay WTE	1,790	2,899	1,109	3,889	3,479	(410)
Operational Productivity	Non Pay	1,681	42	(1,639)	3,662	57	(3,605)
Transformation	Income	9	-	(9)	18	-	(18)
Workforce	Pay Skill	199	27	(172)	316	36	(280)
Workforce	Pay WTE	250	-	(250)	500	-	(500)
Efficiency Plan Total		15,580	15,441	(139)	25,110	19,397	(5,714)

The efficiency plan is phased over the year with stepped increases to the monthly plan from July, where the plan increased by £1.2m per month and another £1.2m per month from October on top of the July value.

