

Summary

The Trust is reporting a £17.6m year to date deficit at the end of August 2015; this is £6.0m behind the phasing of the £19.2m deficit plan submitted to the Trust Development Authority (TDA). The Trust is forecasting £16.7m deficit for the full year, mirroring the revised stretched target plan submitted to the TDA in September. There are significant risks to delivering this 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 A			
	Liquidity	Capital Servicing	Weighted Average		Plan	Actual / Forecast	Variance		Plan	Actual / Forecast	Variance
Year to Date	2	1	2	Year to Date £k	(11,577)	(17,611)	6,033	Year to Date £k	15,335	22,924	(7,589)
Year End Forecast	2	1	2	Year End Forecast £k	(16,704)	(16,704)	(0)	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 2 for both the Year to Date and Forecast Positions. This is rated as Red because the Capital Servicing element scores 1 which is the highest level of risk. The deficit position is adversely affecting the capital servicing ratio.</p>				<p>The net adverse variance of £6.0m is against the phasing of the £19.2m plan. Income overperformance of £7.0m is offset by operational cost pressures of £13.4m.</p>				<p>The cash holding is above plan to ensure funds are ring fenced for the September loan repayments and dividend payment. Cashflow is under pressure with the deficit and legacy commissioning income unpaid from last year. The last tranche (£6m) of the 3Ts Main Scheme was drawn down in month. The short term revenue support will be converted to Revenue Support PDC in September. 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 temporary 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	209,639	216,660	(7,021)	Year to Date £k	206,001	219,361	13,360	Year to Date £k	28,743	22,585	6,158
Year End Forecast £k	510,435	510,435	(0)	Year End Forecast £k	490,649	490,721	72	Year End Forecast £k	82,396	87,044	(4,648)
<p>Overall the Trust is reporting a year to date position of £7m above plan including £4m additional pass through payments. Elective activity is behind plan by £1.4m with other points of delivery marginally overperforming. The Trust is assuming that CCGs will reinvest the income lost through contract penalties 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. This relates mainly to Commissioner demand management schemes and repatriated activity. Therefore, there is a significant risk of securing the levels of planned income.</p>				<p>Overall the Trust is reporting a £13.4m overspend against operating costs. Pay expenditure is overspent by £4.1m and non-pay expenditure is overspent by £9.3m including £4m of additional pass through costs. Non-delivery of planned efficiencies is the main driver of the overspend, although this is expected to recover during the year.</p>				<p>The TDA are working with the DH and the Trust on the next steps to achieve the full set of approvals for 3Ts and release of funding. Decant work continues with completion assumed within the financial year and a start on site for the demolition phase in January 2016. Expenditure on operational capital schemes is behind plan but increasing. as in year schemes are coming on line. The plan has been set, as in previous years, with an element of over programming, to allow for slippage and changed priorities in year.</p>			

Cost Improvement Plans £k A				Key Performance Metrics R				Key Risks:
	Plan	Actual / Forecast	Variance		Year to Date	Forecast	Outturn	
Year to Date £k	9,226	5,097	4,129	NHS Financial Performance	R	R		
Year End Forecast £k	26,399	25,860	539	Financial Efficiency	R	A		
<p>The Trust is currently £4.1m 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. 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			
				The Trust has an overall RAG rating of RED.				
				Trust's elective activity is behind plan. The efficiency programme requires focus, particularly with a number of schemes scheduled to start in the latter part of the year. The early efficiency programme slippage needs to be recovered and we have work in place to address this. Spending on temporary staffing in the booking hub, medical & nursing staffing, and the contract for hotel services require tighter control. The Trust is also reviewing its locum rates and pursuing overseas nursing recruitment in order to mitigate increasing staffing costs.				

The Trust is reporting a £17.6m year to date deficit at the end of August 2015; this is £6.0m behind the Financial Plan submitted to the Trust Development Authority (TDA). The Trust is forecasting to the revised stretched planned deficit of £16.7m by the end of the year. 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	11,577	17,611	6,033

Year End Forecast			
	Plan £k	Forecast £k	Variance £k
(Surplus)/Deficit	16,704	16,704	(0)

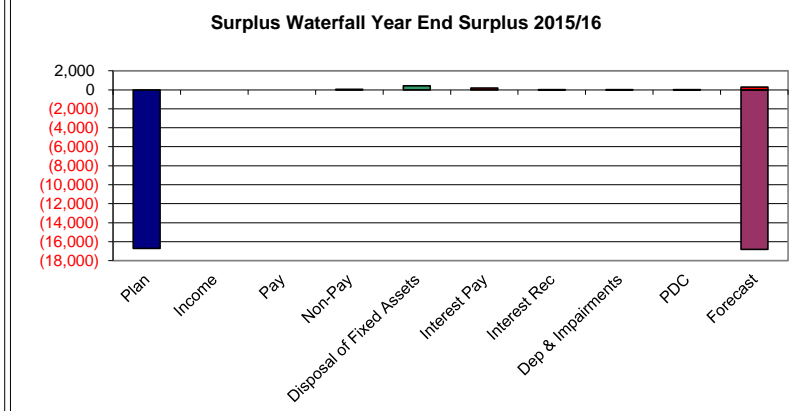
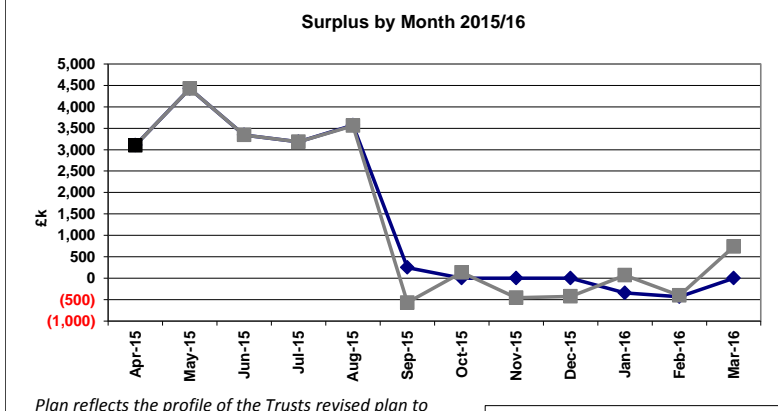
Note. The year to date variance shown is against the phasing of the original planned deficit of £19.2m. Reports from month 6 on will report the variance against the stretch target deficit of £16.7m. The Trust has an overall position that is behind plan. Income is showing an overall positive variance of £7m. This relates to the income expected for the activity that has been seen in the first four months. Pay costs are overspent by £4.1m and non-pay costs overall are overspent by £9.4m. The overspend on pay mainly relates to non-delivery of efficiency plans and the high use of agency within nursing.

The Trust is expecting to deliver the revised stretched NHS reported planned deficit of £16.7m submitted to the TDA in September. However there are still risks associated with this, due to the Trust's Income expectations being significantly higher than commissioners, and the level of efficiency targets to be achieved. The forecast outturn is dependent on a run rate reduction over remainder of financial year, fines and penalties are not applied or are reinvested, and delivery of CIPs. The Trust's forecast income levels assume the full delivery of planned activity.

	Plan £k	Actual £k	Variance £k
Income	(209,639)	(216,660)	(7,021)
Pay	130,950	135,046	4,096
Non-Pay	75,051	84,316	9,265
EBITDA *	(3,638)	2,701	6,339
EBITDA %	1.7	-1.2	
Profit / Loss on Disposal of Fixed Assets	(42)	(223)	(181)
Interest Payable	1,639	1,665	26
Interest Receivable	(28)	(24)	4
Depreciation	10,286	10,286	-
Impairments	-	-	-
Public Dividend Capital	3,754	3,645	(109)
Net (Surplus) / Deficit	11,971	18,050	6,080
Reverse Impairment	-	-	-
Other Adjustments	(224)	(264)	(40)
Reverse IFRS technical charge	(170)	(176)	(6)
Performance against Control Total	11,577	17,611	6,033
Surplus %	-5.5	-8.1	

	Plan £k	Actual £k	Variance £k
Income	(510,435)	(510,435)	(0)
Pay	310,978	310,978	0
Non-Pay	179,671	179,743	72
EBITDA *	(19,786)	(19,714)	72
EBITDA %	3.9	3.9	
Profit / Loss on Disposal of Fixed Assets	(42)	(474)	(432)
Interest Payable	4,314	4,510	196
Interest Receivable	(72)	(62)	10
Depreciation	24,500	24,503	3
Impairments	15,500	15,500	-
Public Dividend Capital	8,727	8,700	(27)
Net (Surplus) / Deficit	33,141	32,963	(178)
Reverse Impairment	(15,500)	(15,500)	-
Other Technical Adjustments	(534)	(256)	278
Reverse IFRS technical charge	(403)	(504)	(101)
Performance against Control Total	16,704	16,704	(0)
Surplus %	-3.3	-3.3	

* EBITDA Earnings before Interest Taxation Depreciation and Amortisation



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	15,335	22,924	7,589

The August cash holding is above plan.

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

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	3,638	(2,701)	(6,339)
Non Cash I&E Items	-	-	-
Movement in Working Capital	(22,275)	(8,933)	13,342
Provisions	177	102	(75)
Cashflow from Operations	(18,460)	(11,532)	6,928
Capital Expenditure	(26,358)	(19,716)	6,642
Cash receipt from asset sales	616	572	(44)
Cashflow before financing	(44,202)	(30,676)	13,526
PDC Received	21,930	-	(21,930)
PDC Repaid	-	-	-
Dividends Paid	-	-	-
Interest on Loans and leases	(1,077)	(1,077)	-
Interest received	30	23	(7)
Drawdown on debt	13,768	29,768	16,000
Repayment of debt	(509)	(509)	-
Cashflow from financing	34,142	28,205	(5,937)
Net Cash Inflow / (Outflow)	(10,060)	(2,471)	7,589
Opening Cash Balance	25,395	25,395	-
Closing Cash Balance	15,335	22,924	7,589

The working capital variance reflects the increase in creditors which isn't matched by an offsetting improvement in debtors. Capital expenditure remains behind plan which accounts for the favourable variance.

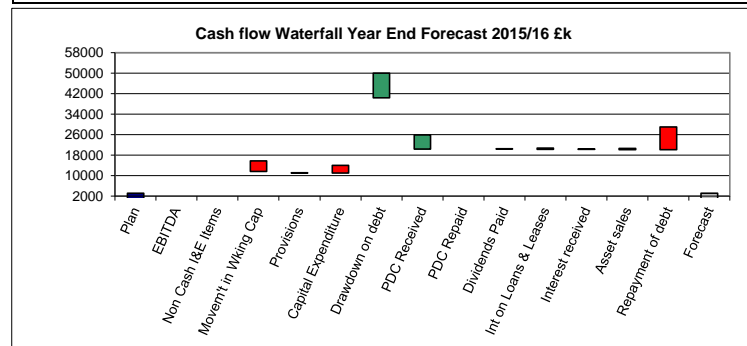
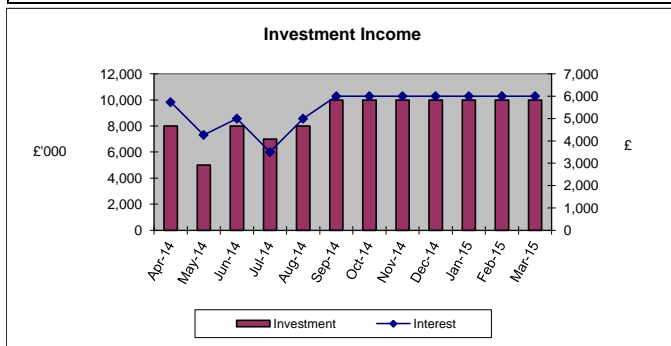
The final tranche of the 3Ts Main Scheme (£6m) and the Interim Revolving Working Capital Support Facility (£10m) represent the variance on debt drawdown.

The PDC variance relates to 3Ts main funding which is dependent on final DH approval of the scheme and finalisation of the funding method (PDC or loan).

Year End Forecast			
	Plan £k	Forecast £k	Variance £k
EBITDA	19,786	19,714	(72)
Non Cash I&E Items	-	-	-
Movement in Working Capital	(7,058)	(11,177)	(4,119)
Provisions	(92)	102	194
Cashflow from Operations	12,636	8,639	(3,997)
Capital Expenditure	(78,947)	(81,974)	(3,027)
Cash receipt from asset sales	616	1,127	511
Cashflow before financing	(65,695)	(72,208)	(6,513)
PDC Received	28,936	34,493	5,557
PDC Repaid	-	-	-
Dividends Paid	(8,537)	(8,637)	(100)
Interest on Loans and leases	(4,134)	(3,711)	423
Interest received	72	61	(11)
Drawdown on debt	34,635	44,233	9,598
Repayment of debt	(7,506)	(16,460)	(8,954)
Cashflow from financing	43,466	49,979	6,513
Net Cash Inflow / (Outflow)	(22,229)	(22,229)	-
Opening Cash Balance	25,395	25,395	-
Closing Cash Balance	3,166	3,166	(0)

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 planned deficit.

Capital investment loans were approved last year for part of the 3Ts investment but a further £14.5m is required to support the remainder of the planned programme this year as PDC or loans, which is £5.6m above plan. This is due to a re-phasing of some of the work into this year. The Interim Revolving Working Capital Support of £20m which has been approved will be converted into Interim Revenue Support PDC in September, and is shown as PDC in the forecast.



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
	15,335	22,924	7,589		3,166	3,166	-		3,166

	Aug-15 £k	Sep-15 £k	Oct-15 £k	Nov-15 £k	Dec-15 £k	Jan-16 £k	Feb-16 £k	Mar-16 £k	Apr-16 £k	May-16 £k	Jun-16 £k	Jul-16 £k
	Act	For	For	For	For	For	For	For	For	For	For	For
EBITDA	(719)	3,354	3,184	3,585	3,526	2,978	3,418	2,371	82	2,054	1,757	1,200
Non Cash I&E Items	-	-	-	-	-	-	-	-	-	-	-	-
Movement in Working Capital	6,592	(13,156)	4,832	(1,606)	6,991	4,504	4,256	(8,065)	8,497	6,507	(3,486)	1,200
Provisions	9	(31)	135	(10)	(23)	-	-	(71)	4	8	8	8
Cashflow from Operations	5,882	(9,833)	8,151	1,969	10,494	7,482	7,674	(5,765)	8,583	8,569	(1,721)	2,408
Capital Expenditure	(4,691)	(5,806)	(11,187)	(9,931)	(10,744)	(9,737)	(9,765)	(5,088)	(4,781)	(2,837)	(3,200)	(4,500)
Cash receipt from asset sales	100	555	-	-	-	-	-	-	-	-	-	-
Cashflow before financing	1,291	(15,084)	(3,036)	(7,962)	(250)	(2,255)	(2,091)	(10,853)	3,802	5,732	(4,921)	(2,092)
PDC Received	-	15,000	5,000	6,930	-	2,006	2,658	2,899	-	2,658	10,000	-
PDC Repaid	-	-	-	-	-	-	-	-	-	-	-	-
Dividends Paid	-	(4,452)	-	-	-	-	-	(4,185)	-	-	-	-
Interest on Loans and leases	(215)	(658)	(215)	(216)	(215)	(216)	(215)	(899)	(216)	(216)	(216)	(216)
Interest received	5	5	5	5	5	6	6	6	6	6	6	6
Drawdown on debt	6,000	-	-	14,465	-	-	-	-	-	-	-	-
Repayment of debt	(102)	(12,349)	(102)	(102)	(101)	(102)	(102)	(3,093)	(102)	(102)	(102)	(102)
Cashflow from financing	5,688	(2,454)	4,688	21,082	(311)	1,694	2,347	(5,272)	(312)	2,346	9,688	(312)
Net Cash Inflow / (Outflow)	6,979	(17,538)	1,652	13,120	(561)	(561)	256	(16,125)	3,490	8,078	4,767	(2,404)
Opening Cash Balance	15,945	22,924	5,386	7,038	20,158	19,597	19,036	19,291	3,166	6,656	14,734	19,501
Closing Cash Balance	22,924	5,386	7,038	20,158	19,597	19,036	19,291	3,166	6,656	14,734	19,501	17,097

Overall the Trust is forecasting to a year to date income position of £7m above plan. The Trust is assuming that CCGs will reinvest the income lost through contract penalties 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. This relates mainly to Commissioner demand management schemes and repatriated activity. Therefore, there is a significant risk of securing the levels of planned income.

Year To Date

	Plan £k	Actual £k	Variance £k
Total Income	(209,639)	(216,660)	(7,021)

Year End Forecast

	Plan £k	Forecast £k	Variance £k
Total Income	(510,435)	(510,435)	(0)

Overall the Trust is reporting over-achievement Year to Date of £7m. The surplus against commissioner plans previously reported continues as YTD activity is above plan. R&D income is behind plan but this is expected to recover during the year.

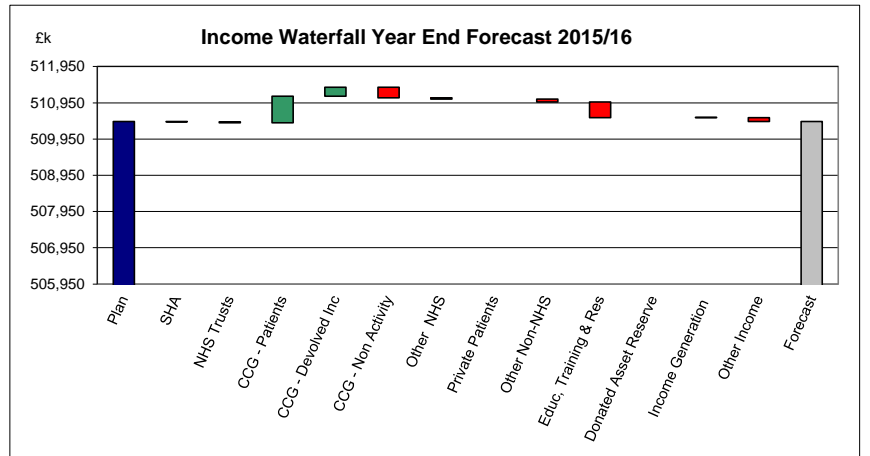
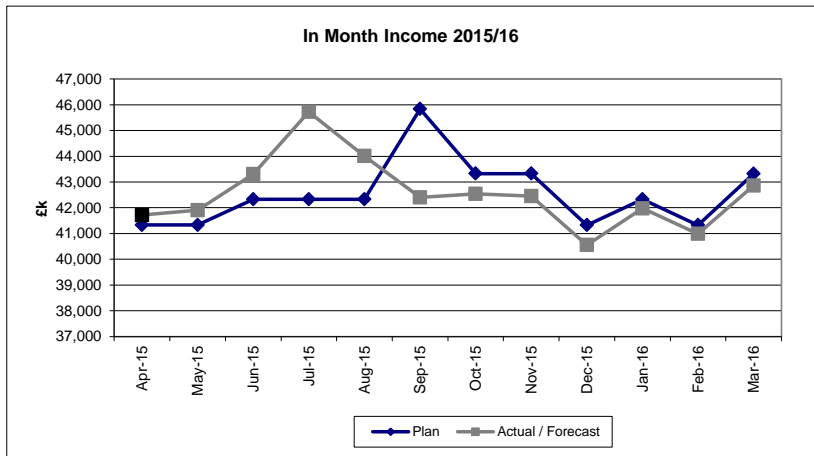
The Trust is forecasting to deliver the income plan. The position assumes we will meet the activity targets and performance targets through the year.

Year To Date

	Plan £k	Actual £k	Variance £k
Income			
NHS Trusts	(3,409)	(3,256)	153
Clinical Commissioning Groups	(182,111)	(189,507)	(7,396)
Other NHS	(24)	(0)	24
Private Patients	(1,904)	(1,914)	(10)
Other Non-NHS	(3,285)	(3,466)	(182)
Income From Activities	(190,680)	(198,131)	(7,451)
Education, Training and Research	(11,873)	(11,518)	355
Transfers from Donated Asset Reserve	0	0	0
Income Generation	(303)	(435)	(132)
Other Income	(6,783)	(6,576)	207
Other Operating Income	(18,959)	(18,529)	430
Total Income	(209,639)	(216,660)	(7,021)

Year End Forecast

	Plan £k	Forecast £k	Variance £k
Income			
NHS Trusts	(8,079)	(8,058)	22
Clinical Commissioning Groups	(443,120)	(443,809)	1,973
Other NHS	(58)	(16)	42
Private Patients	(4,835)	(4,841)	(7)
Other Non-NHS	(8,334)	(8,251)	84
Income From Activities	(464,426)	(464,963)	(537)
Education, Training and Research	(28,761)	(28,328)	433
Transfers from Donated Asset Reserve	0	0	0
Income Generation	(728)	(730)	(2)
Other Income	(16,519)	(16,414)	106
Other Operating Income	(46,009)	(45,472)	537
Total Income	(510,435)	(510,435)	(0)



Risks

Overall the Trust is reporting a £13.4m overspend against operating costs. Pay expenditure is overspent by £4.1m and non-pay expenditure is overspent by £9.4m. Non-delivery of planned efficiencies is the main driver of the overspend, although this is expected to recover during the year.

Year To Date				Year End Forecast			
	Plan £k	Actual £k	Variance £k		Plan £k	Forecast £k	Variance £k
Pay	130,950	135,046	4,096	Pay	310,978	310,978	0
Non Pay	75,051	84,316	9,265	Non Pay	179,671	179,743	72
Operational Costs	206,001	219,361	13,360	Operational Costs	490,649	490,721	72

The Trust is overspent by £13.4m on operating costs compared to plan, partly offset by a positive variance on income. There is an overall overspend on pay budgets of £4.1m, a large proportion of this is due to non delivery of efficiencies. The nursing overspend is from the additional agency shifts that have been booked and worked, particularly in May. Expenditure on medical staff is high due to the reliance on agency locum cover and the requirement to hold WLI sessions in a number of directorates. Within Other Healthcare there is still an issue with cover in Imaging. The Administration & Clerical overspend is due to the additional investment required in the central booking hub, including the validation team, to respond to operational pressures. The Trust is £9.4m overspent on Non Pay budgets, which relates to the non-delivery of the efficiency targets as well as increasing expenditure on drugs, particularly PBR excluded drugs which is offset with income.

The Trust is currently forecasting to deliver the revised TDA submitted plan. This assumes that pay expenditure is reduced from the current levels and that the efficiency targets are met. The Trust Turnaround work streams are in place to support the achievement of these targets. Particular focus is being paid to temporary staffing costs - nursing, medical and non clinical - and to directorate level recovery plans.

Year To Date				Full Year			
	Plan £k	Actual £k	Variance £k		Plan £k	Forecast £k	Variance £k
Pay				Pay			
Management	5,853	5,321	(532)	Management	13,426	13,361	(65)
Medical and Dental Staff	39,702	41,487	1,786	Medical and Dental Staff	94,539	94,681	142
Nursing & Midwifery	53,068	53,998	930	Nursing & Midwifery	122,133	121,948	(185)
Other Healthcare	18,136	19,092	956	Other Healthcare	43,224	43,265	41
Ancillary Staff	1,023	253	(769)	Ancillary Staff	6,882	6,782	(100)
Administrative & Clerical	12,767	13,671	905	Administrative & Clerical	30,580	30,580	0
Maintenance Staff	1,205	1,146	(59)	Maintenance Staff	2,859	2,844	(16)
Other Staff	(803)	77	880	Other Staff	(2,666)	(2,483)	183
Total Pay	130,950	135,046	4,096	Total Pay	310,978	310,978	0
Non-Pay				Non-Pay			
Drugs & Medical Gases	22,705	25,575	2,870	Drugs & Medical Gases	56,406	56,603	197
Supplies and Services - Clinical	21,735	23,554	1,820	Supplies and Services - Clinical	54,125	54,388	263
Supplies and Services General	6,244	6,807	563	Supplies and Services General	9,431	8,600	(831)
Establishment Expenses	2,421	2,744	323	Establishment Expenses	5,908	5,852	(55)
Transport Expenses	448	522	74	Transport Expenses	1,159	1,277	118
Premises	9,087	8,706	(381)	Premises	21,141	21,160	19
Purchase of Healthcare from Non NHS provider	2,403	3,076	673	Purchase of Healthcare from Non NHS provider	5,284	5,716	432
Other Non Pay/Reserves	(1,612)	1,789	3,401	Other Non Pay/Reserves	(1,628)	(1,452)	176
CNST Premium	6,774	6,774	-	CNST Premium	16,257	16,257	-
Education and Training	1,877	1,526	(351)	Education and Training	4,517	4,172	(345)
Services from Other NHS Bodies	2,969	3,244	275	Services from Other NHS Bodies	7,071	7,169	98
Total Non-Pay	75,051	84,316	9,265	Total Non-Pay	179,671	179,743	72
Total Expenditure	206,001	219,361	13,360	Total Expenditure	490,649	490,721	72

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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	349,981	342,035	(7,946)	1	Property, Plant and Equipment	367,321	371,032	3,711	1
Intangible Assets	461	457	446	-		Intangible Assets	426	425	(1)	
Other Assets	2,510	3,205	3,250	45		Other Assets	2,917	2,914	(3)	
Non Current Assets	332,688	353,643	345,731	(7,901)		Non Current Assets	370,664	374,371	3,707	
Inventories	7,178	7,480	7,090	(390)		Inventories	6,590	6,815	225	
Trade and Other Receivables	40,827	38,992	52,126	13,134	2	Trade and Other Receivables	47,814	40,702	(7,112)	
Cash and Cash Equivalents	25,395	15,335	22,924	7,589	3	Cash and Cash Equivalents	3,166	3,166	-	2
Non Current Assets Held for Sale	653	-	304	304		Non Current Assets Held for Sale	79	-	(79)	
Current Assets	74,053	61,807	82,444	20,637		Current Assets	57,649	50,683	(6,966)	
Trade and Other Payables	(59,905)	(44,415)	(69,421)	(25,006)	2	Trade and Other Payables	(58,252)	(48,702)	9,550	
Borrowings	(5,829)	(6,245)	(5,829)	416	4	Borrowings	(6,795)	(6,763)	32	3
Other Financial Liabilities	-	-	-	-		Other Financial Liabilities	-	-	-	
Provisions	(388)	(429)	(388)	41		Provisions	(163)	(325)	(162)	
Other Liabilities	-	-	-	-		Other Liabilities	-	-	-	
Current Liabilities	(66,122)	(51,089)	(75,638)	(24,549)		Current Liabilities	(65,210)	(55,790)	9,420	
Borrowings	(69,843)	(82,686)	(99,102)	(16,416)	4	Borrowings	(96,006)	(96,370)	(364)	3
Trade and Other Payables	(579)	(1,118)	(1,118)	-		Trade and Other Payables	(1,118)	(1,118)	-	
Provisions	(1,927)	(1,914)	(1,919)	(5)		Provisions	(1,914)	(1,939)	(25)	
TOTAL ASSETS EMPLOYED	268,270	278,643	250,398	(28,234)		TOTAL ASSETS EMPLOYED	264,065	269,837	5,772	
Financed by:						Financed by:				
Public Dividend Capital	(236,123)	(258,053)	(236,123)	21,930	4	Public Dividend Capital	(265,059)	(270,616)	(5,557)	4
Retained Earnings	17,866	17,131	17,865	734		Retained Earnings	17,131	17,866	735	
Surplus/(Deficit) for Year	-	11,970	17,874	5,904		(Surplus)/Deficit for Year	33,876	32,926	(950)	
Revaluation Reserve	(50,013)	(49,691)	(50,014)	(323)		Revaluation Reserve	(50,013)	(50,013)	-	
TOTAL TAXPAYERS EQUITY	(268,270)	(278,643)	(250,398)	28,245		TOTAL TAXPAYERS EQUITY	(264,065)	(269,837)	(5,772)	

1. Strategic Capital expenditure (3Ts) is £5.4m behind plan and Operational Capital is £0.8m behind plan.

2. Debtors (trade and other receivables) and creditors (trade and other payables) remain in excess of plan. Overdue invoiced debtors are reducing but the finalisation of the year end commissioning outturn continues to delay settlement of year end debtors. Creditors are increasing as a result of limits placed on payment runs with fluctuating cash flows and the need to safeguard funds for the September loan repayments and dividend. This together with the cumulative deficit has resulted in a tighter control on cash.

3. In month the Trust arranged for the final draw down (£6m) of the capital investment loan for the 3T s Main Scheme. The higher cash holding has been maintained to safeguard funds for the loan repayments and dividend payment which fall due in September.

4. The adverse variances on loans and borrowings are due to the inclusion of the Interim Revolving Working Capital Loan (£10m) and the deferral of the funding for 3Ts main scheme (which is pending a final approval and a decision on the funding method).

1. The capital plan assumes DH release of the 3Ts main scheme funding as PDC in the year. The variance from plan represents an increase in spend on 3Ts as a result of drawing forward planned expenditure from 2016-17.

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 - only the Radiotherapy East Development (£14.9m) has not yet been drawn down.

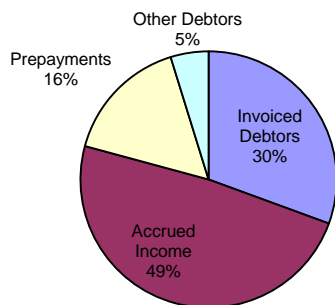
4. The PDC in year is a combination of funding assumed for 3Ts (£14.5m) and the revolving temporary PDC revenue support (£20m).

The Trust debtors is a mixture of invoiced debtors, accrued income and prepayments. The level of invoiced debtors has decreased by £5.5m since the end of August and overdue debts (those > 30 days old) have decreased by £5.3m.

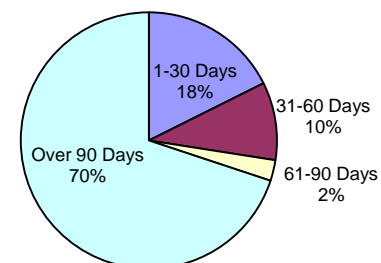
Invoiced Debtors	Within	1 Month	2 Months	3 Months	Total	Current	Prior	Notes	Other Receivables	Current	Prior
	Terms	Overdue	Overdue	Overdue		Month	Month				
	1-30 Days	31-60	61-90	Over 90		Over 30	Over 30				
	Days	Days	Days		Days	Days			Month	Month	
	£k	£k	£k	£k		£k	£k			£k	£k
CCG's	591	355	87	4,406	5,439	4,848	10,180	1	Accrued Income		
Trusts	425	399	142	316	1,282	857	834	2	Work In Progress	3,978	3,978
Other NHS	132	72	79	6,987	7,270	7,138	7,670	3	CCG Service Level Agreements	17,366	12,030
Other Debtors	1,947	922	83	830	3,782	1,835	1,306	4	Injury Cost Recovery Fund	1,401	1,507
Private Patients	270	132	89	735	1,226	956	936	5	Other	2,597	666
Overseas	37	18	25	215	295	258	241		Total Accrued Income	25,342	18,181
Total Invoiced Debtors	3,402	1,898	505	13,489	19,294	15,892	21,167		Prepayments		
Provision for Bad Debts (including RTA Provision)					(3,351)				Maintenance & Other Contracts	6,963	5,596
Accrued Income					25,342				NHS Litigation	1,384	1,107
Prepayments					8,347				Other	0	0
Other Debtors					2,494				Total Prepayments	8,347	6,703
Total Trade & Other Receivables					52,126						

- CCGs. The over 90 days debts are reducing but the finalisation of the year end contract income debts is delaying settlement of these overdue balances. The figures include the Winter Surge debts reported in previous months. The NCA over 30 day debtors balance has increased by £106,000 and the over 90 days has increased by £25,000.
- Trusts. There has been a slight improvement in the over 90 days (decreased by £55,000) but overall debts over 30 days have increased by £23,000. The five local organisations account for £669,000, the majority of the debts (78%).
- Other NHS. The over 90 days balance relates mainly to year end contract debts that are being finalised together with breast screening unit activity (£427k), EPR funding (£627k), Microbiology services and the charge for 3Ts revenue support for 15-16.
- The value of other overdue debts includes an invoice for £749,000 in respect of the MSK related clinical services. These services are no longer paid for by the CCGs but by an independent provider. The provider has used the protracted contract negotiations as an excuse to withhold payment. The contract is expected to be signed shortly and this should release the withheld payments.
- Private Patient overdue debts have increased by £17,000.

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 £k	Actual £k	Variance £k	Year End Forecast	Plan £k	Forecast £k	Variance £k
Strategic Capital	18,126	12,753	5,373	Strategic Capital	48,518	54,075	(5,557)
Operational Capital	10,617	9,832	785	Operational Capital	33,878	32,969	909
Total	28,743	22,585	6,158	Total	82,396	87,044	(4,648)

Strategic Capital. Decant spend is behind programme mainly due to design issues on the Hanbury Building (formerly Front Car Park Building) and delays in implementing the solution for paediatric audiology which is now impacting upon other workstreams. The variance between plan and forecast on the main scheme and project team is caused by bringing forward Phase 4 Design Fees which was agreed by the Board in June.

Operational Capital. Tendering activity continues on a number of the medical equipment schemes. IM&T is ahead of plan and is able to exceed full year plan if required. The estates programme has overspent on facilities equipment and making good progress in the SxEH project but is still experiencing delivery shortfall due to lack of access to clinical areas. Works continue for MRI's replacement at RSCH and for compact radiotherapy machines at Preston Park.

Strategic Capital - The variance on the main scheme between plan and forecast is caused by bringing forward Phase 4 design fees and electrical infrastructure work to enable cranes to be utilised without impacting upon operational needs. The project team and decant costs are forecast to be in line with plan. The TDA approved the FBC at its Board in July and NHSE support has been reconfirmed following a review of CCG plans. The TDA are working with DH on next steps to achieve the full set of approvals.

Operational Capital - The operational capital programme is a mixture of schemes approved and started last year and new schemes for which cases are to be submitted for approval this year. The plan has been set with an over programming factor to allow for slippage and changed priorities in year.

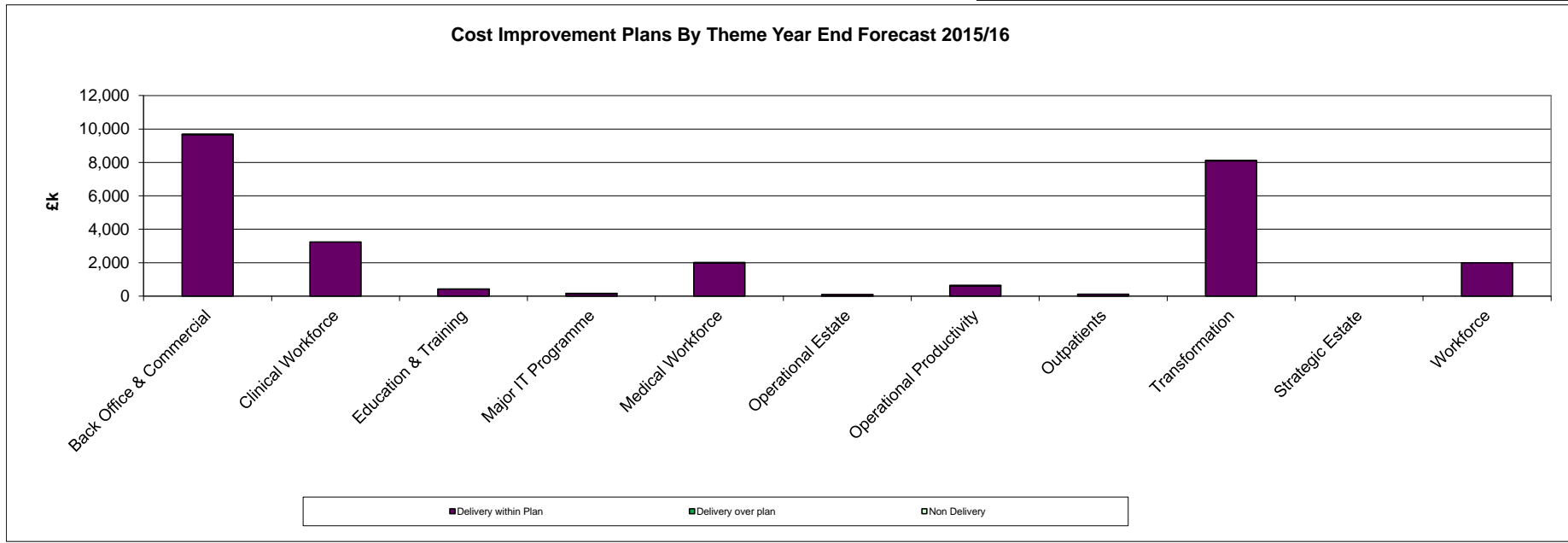
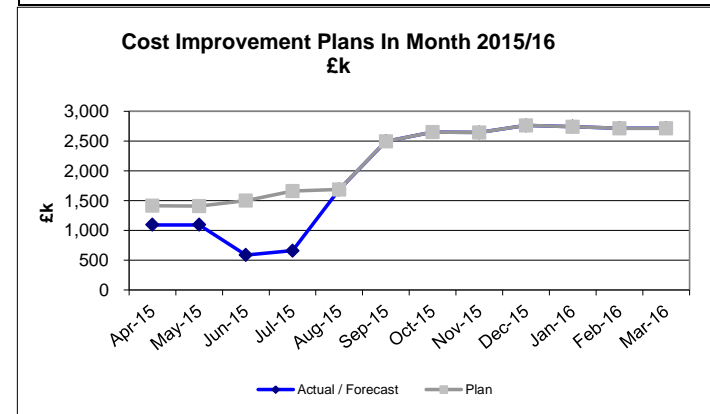
	Plan £k	Actual £k	Variance £k		Plan £k	Forecast £k	Variance £k
Income - (CRL excluding donated income)	(31,873)	(34,470)	2,597	Income - (CRL excluding donated income)	(76,495)	(82,727)	6,232
Strategic Capital				Strategic Capital			
3Ts Project Team	354	428	(74)	3Ts Project Team	815	815	-
3Ts Main Scheme - Design and Works	5,424	6,481	(1,057)	3Ts Main Scheme - Design and Works	9,122	14,318	(5,196)
3Ts Decant (incl St Marys)	11,823	5,828	5,995	3Ts Decant (incl St Marys)	17,454	17,815	(361)
Radiotherapy Compact LINAC	525	16	509	Radiotherapy Compact LINAC	6,238	6,238	-
Radiotherapy East	-	-	-	Radiotherapy East	14,889	14,889	-
Total Strategic Capital	18,126	12,753	5,373	Total Strategic Capital	48,518	54,075	(5,557)
Operational Capital				Operational Capital			
Major Projects (>£1m)				Major Projects (>£1m)			
Windows, Roof & Internal Refurb - SxEH	530	493	37	Windows, Roof & Internal Refurb - SxEH	2,132	2,132	-
Electronic Patient Record	600	232	368	Electronic Patient Record	2,038	1,009	1,029
Electrical Substation - TKT Services	550	-	550	Electrical Substation - TKT Services	2,300	2,300	-
Replacement MRIs	1,575	2,381	(806)	Replacement MRIs	4,334	4,508	(174)
Site Reconfiguration Neuro	1,818	3,443	(1,625)	Site Reconfiguration Neuro	1,925	3,909	(1,984)
Compact LINACS	400	55	345	Compact LINACS	2,948	2,948	-
Additional Theatre Provision PRH	160	5	155	Additional Theatre Provision PRH	1,500	5	1,495
Pathology HUB	180	-	180	Pathology HUB	1,000	100	900
Small Projects (<£1m)				Small Projects (<£1m)			
Medical Equipment Replacement	2,068	1,006	1,062	Medical Equipment Replacement	6,607	6,394	213
IM&T Infrastructure	267	687	(420)	IM&T Infrastructure	1,277	1,695	(418)
Estates Infrastructure	741	1,256	(515)	Estates Infrastructure	4,728	3,540	1,188
Service Development	1,728	274	1,454	Service Development	3,089	4,429	(1,340)
Total Operational Capital	10,617	9,832	785	Total Operational Capital	33,878	32,969	909
(Under)/Overspend against CRL	(3,130)	(11,885)	8,755	(Under)/Overspend against CRL	5,901	4,317	1,584

The efficiency programme is behind plan for the year to date position. However, we are forecasting recovery of the bulk of this before the year end because this is the way to achieve the stretch target deficit of £16.7m. There are projects in place to support this objective most notably the overall approach to Turnaround and the structure supporting this.

Cost Improvement Plans	Year To Date			Year End		
	Plan £k	Forecast £k	Variance £k	Plan £k	Forecast £k	Variance £k
Cost Improvement Plans	9,226	5,097	(4,129)	26,399	25,860	(539)

Themes	Year To Date			Year End		
	Plan £k	Actual £k	Variance £k	Plan £k	Forecast £k	Variance £k
Back Office & Commercial	4,584	1,874	(2,710)	9,674	9,135	(540)
Clinical Workforce	835	835	(0)	3,233	3,233	(0)
Education & Training	178	118	(60)	416	417	1
Major IT Programme	61	15	(46)	151	151	(0)
Medical Workforce	900	632	(268)	1,998	1,998	0
Operational Estate	44	12	(32)	91	91	(0)
Operational Productivity	173	60	(113)	624	623	(0)
Outpatients	100	100	-	120	120	-
Transformation	1,534	640	(894)	8,098	8,098	0
Strategic Estate	-	-	-	-	-	-
Workforce	816	810	(6)	1,994	1,994	-
Efficiency Plan Total	9,226	5,097	(4,129)	26,399	25,860	(539)

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



CASHFLOW

	Base	End	Down	Up	Start	Net
Plan					3,166	3,166
EBITDA	3,094		72	0		-72
Non Cash I&E Items	3,094		0	0		0
Movem't in Wking Cap	-1,025		4,119	0		-4,119
Provisions	-1,025		0	194		194
Capital Expenditure	-3,858		3,027	0		-3,027
Drawdown on debt	-3,858		0	9,598		9,598
PDC Received	5,740		0	5,557		5,557
PDC Repaid	11,297		0	0		0
Dividends Paid	11,197		100	0		-100
Int on Loans & Leases	11,197		0	423		423
Interest received	11,609		11	0		-11
Asset sales	11,609		0	511		511
Repayment of debt	3,166		8,954	0		-8,954
Forecast		3,166				
Check			0	OK		