

**Summary**  
The Trust is reporting a £23.1m year to date deficit at the end of October 2015; this is £5.7m behind the trajectory that meets revised Trust Development Authority (TDA) plan of £16.7m. The Trust is currently forecasting £27m deficit for the full year. There are significant risks to delivering financial performance and there are detailed 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. The Financial Recovery programme is overseen by the Interim Turnaround Director who leads the Operational Support Unit. The work is supported and sponsored by the by the Executive Team. A number of actions have already occurred yielding in significant reductions in spend levels e.g. Nursing Agency

Continuity of Service Risk Rating ( CoSRR) <span style="float:right">R</span>				Surplus (Deficit) £k <span style="float:right">R</span>				Cash £k <span style="float:right">A</span>			
	Liquidity	Capital Servicing	Weighted Average		Plan	Actual / Forecast	Variance		Plan	Actual / Forecast	Variance
Year to Date	1	1	1	Year to Date £k	(17,354)	(23,072)	5,719	Year to Date £k	11,943	4,396	7,547
Year End Forecast	1	1	1	Year End Forecast £k	(16,704)	(27,022)	10,318	Year End Forecast £k	3,166	3,166	0
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 the capital servicing ratio and liquidity.				The net adverse variance of £5.7m is against the revised plan of £16.7m. Income over performance of £8.1m is more than offset by operational cost pressures.				The cash holding is below plan and reflects the continuing cash shortages due to the ongoing deficit and legacy commissioning income unpaid from last year. The full year forecast assumes that the Interim Revolving Working Capital Support Facility matches the revenue forecast of £27m. Currently only £16.7m has been approved and called down. 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.			

Income £k <span style="float:right">A</span>				Operating Costs £k <span style="float:right">R</span>				Capital £k <span style="float:right">G</span>			
	Plan	Actual / Forecast	Variance		Plan	Actual / Forecast	Variance		Plan	Actual / Forecast	Variance
Year to Date £k	298,804	306,933	(8,129)	Year to Date £k	294,744	309,607	14,863	Year to Date £k	49,248	32,188	17,060
Year End Forecast £k	510,435	517,735	(7,300)	Year End Forecast £k	490,649	508,638	17,989	Year End Forecast £k	82,396	82,239	157
Overall the Trust is reporting a year to date position of £8.1m above plan including £6m additional pass through payments. The Trust based on our conversations with the CCGs is 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.				Overall the Trust is forecasting an £18m overspend against operating costs. In the year to date position the Pay expenditure is overspent by £6m and non-pay expenditure is overspent by £8.9m including £6m 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.				Year to date is behind plan because of delays on 3T's work (strategic capital) and the lag on operational capital project schemes. The Trust has TDA approval, NHSE support and DH approval and is awaiting the final letter from the DH confirming the approval or any details of how or when the funding will be provided. This is critical because continuing spend on 3Ts will have to be provided by operational capital in the absence of any DH central funding. The operational capital expenditure programme is under review and the intention is to reduce the programme by £6m to support the revised control total agreed with the TDA.			

Cost Improvement Plans £k <span style="float:right">R</span>				Key Performance Metrics <span style="float:right">R</span>			Key Risks:
	Plan	Actual / Forecast	Variance		Year to Date	Forecast Outturn	
Year to Date £k	13,486	7,794	5,692	NHS Financial Performance	R	R	The year to date deficit of £23.1m is significantly above the year end stretch target deficit of £16.7m so there is a material risk to meeting the stretch target. 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 overperformance on income which a) adds to the cash flow pressures as overperformance 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 overperformance 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.
Year End Forecast £k	26,399	15,927	10,472	Financial Efficiency	R	R	
The Trust is currently £5.7m 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.				Underlying Surplus / Deficit	R	R	
				Capital and Cash	A	A	
				Trust Overall RAG Rating	R		
				The Trust has an overall RAG rating of RED.			

The Trust is reporting a £23.1m year to date deficit at the end of October 2015; this is £5.7m behind the revised Financial Plan submitted to the Trust Development Authority (TDA). The Trust is forecasting a deficit of £27m by the end of the year, this is £10.3m 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	17,354	23,072	5,719

The Trust has an overall position that is behind plan. Income is showing an overall positive variance of £8.1m. This relates to the income expected for the activity that has been seen in the first six months. Pay costs are overspent by £6m and non-pay costs overall are overspent by £8.9m. The overspend on pay mainly relates to non-delivery of efficiency plans and the high use of temporary or additional staffing.

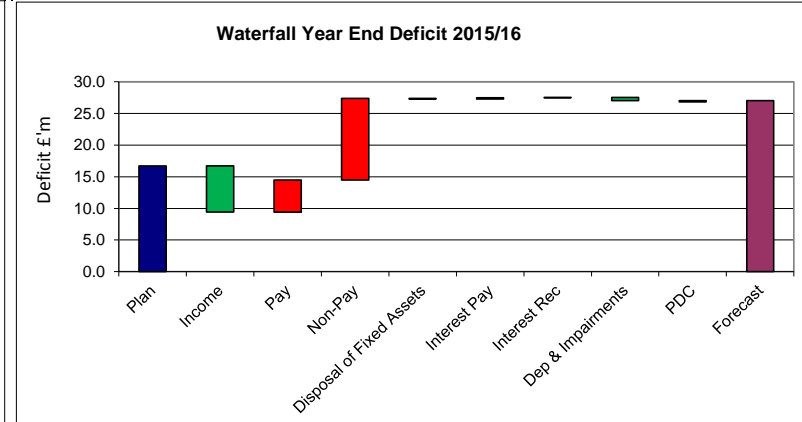
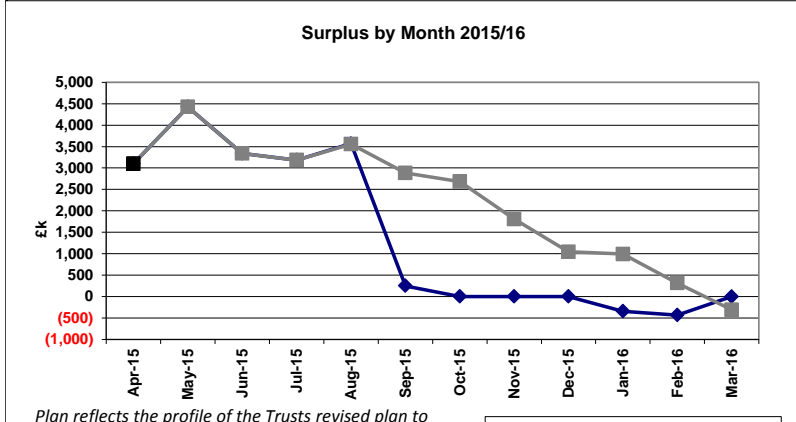
	Plan £k	Forecast £k	Variance £k
(Surplus)/Deficit	16,704	27,022	10,318

The Trust is forecasting a £27m deficit, this is £10.3m behind the revised £16.7m deficit submitted to the TDA in September. Income is forecast above the planned levels by £7.3m. Commissioner affordability will be a significant risk to securing this level of income.

	Plan £k	Actual £k	Variance £k
Income	(298,804)	(306,933)	(8,129)
Pay	185,188	191,153	5,965
Non-Pay	109,556	118,455	8,899
<b>EBITDA *</b>	<b>(4,060)</b>	<b>2,675</b>	<b>6,735</b>
<b>EBITDA %</b>	<b>1.4</b>	<b>-0.9</b>	
Profit / Loss on Disposal of Fixed Assets	(42)	(158)	(116)
Interest Payable	2,362	2,425	63
Interest Receivable	(40)	(32)	8
Depreciation	14,427	13,819	(608)
Impairments	-	-	-
Public Dividend Capital	5,279	5,073	(206)
<b>Net (Surplus) / Deficit</b>	<b>17,926</b>	<b>23,802</b>	<b>5,877</b>
Reverse Impairment	-	-	-
Other Adjustments	(334)	(485)	(151)
Reverse IFRS technical charge	(238)	(245)	(7)
<b>Performance against Control Total</b>	<b>17,354</b>	<b>23,072</b>	<b>5,719</b>
Surplus %	-5.8	-7.5	

\* EBITDA Earnings before Interest Taxation Depreciation and Amortisation

	Plan £k	Actual £k	Variance £k
Income	(510,435)	(517,735)	(7,300)
Pay	310,978	316,066	5,088
Non-Pay	179,671	192,572	12,901
<b>EBITDA *</b>	<b>(19,786)</b>	<b>(9,097)</b>	<b>10,689</b>
<b>EBITDA %</b>	<b>3.9</b>	<b>1.8</b>	
Profit / Loss on Disposal of Fixed Assets	(42)	(158)	(116)
Interest Payable	4,314	4,542	228
Interest Receivable	(72)	(58)	14
Depreciation	24,500	24,015	(485)
Impairments	15,500	15,500	-
Public Dividend Capital	8,727	8,513	(214)
<b>Net (Surplus) / Deficit</b>	<b>33,141</b>	<b>43,257</b>	<b>10,116</b>
Reverse Impairment	(15,500)	(15,500)	-
Other Technical Adjustments	(534)	(314)	220
Reverse IFRS technical charge	(403)	(421)	(18)
<b>Performance against Control Total</b>	<b>16,704</b>	<b>27,022</b>	<b>10,318</b>
Surplus %	-3.3	-5.2	



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	11,943	4,396	(7,547)

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

The October cash holding is materially 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	1,105	(3,066)	(4,171)
Non Cash I&E Items	-	-	-
Movement in Working Capital	(31,091)	(19,388)	11,703
Provisions	64	138	74
<b>Cashflow from Operations</b>	<b>(29,922)</b>	<b>(22,316)</b>	<b>7,606</b>
Capital Expenditure	(31,431)	(24,993)	6,438
Cash receipt from asset sales	616	572	(44)
<b>Cashflow before financing</b>	<b>(60,737)</b>	<b>(46,737)</b>	<b>14,000</b>
PDC Received	21,930	-	(21,930)
PDC Repaid	-	-	-
Dividends Paid	(4,352)	(4,452)	(100)
Interest on Loans and leases	(1,794)	(1,748)	46
Interest received	36	28	(8)
Drawdown on debt	34,635	34,768	133
Repayment of debt	(3,170)	(2,858)	312
<b>Cashflow from financing</b>	<b>47,285</b>	<b>25,738</b>	<b>(21,547)</b>
<b>Net Cash Inflow / (Outflow)</b>	<b>(13,452)</b>	<b>(20,999)</b>	<b>(7,547)</b>
Opening Cash Balance	25,395	25,395	-
<b>Closing Cash Balance</b>	<b>11,943</b>	<b>4,396</b>	<b>(7,547)</b>

Year End Forecast	Plan £k	Forecast £k	Variance £k
EBITDA	19,786	9,097	(10,689)
Non Cash I&E Items	-	-	-
Movement in Working Capital	(7,058)	(8,022)	(964)
Provisions	(92)	(1,504)	(1,412)
<b>Cashflow from Operations</b>	<b>12,636</b>	<b>(429)</b>	<b>(13,065)</b>
Capital Expenditure	(78,947)	(78,472)	475
Cash receipt from asset sales	616	506	(110)
<b>Cashflow before financing</b>	<b>(65,695)</b>	<b>(78,395)</b>	<b>(12,700)</b>
PDC Received	28,936	31,102	2,166
PDC Repaid	-	-	-
Dividends Paid	(8,537)	(8,615)	(78)
Interest on Loans and leases	(4,134)	(3,541)	593
Interest received	72	58	(14)
Drawdown on debt	34,635	43,622	8,987
Repayment of debt	(7,506)	(6,460)	1,046
<b>Cashflow from financing</b>	<b>43,466</b>	<b>56,166</b>	<b>12,700</b>
<b>Net Cash Inflow / (Outflow)</b>	<b>(22,229)</b>	<b>(22,229)</b>	<b>-</b>
Opening Cash Balance	25,395	25,395	-
<b>Closing Cash Balance</b>	<b>3,166</b>	<b>3,166</b>	<b>(0)</b>

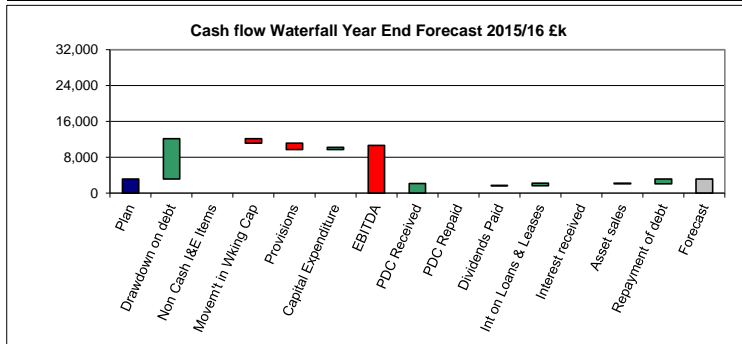
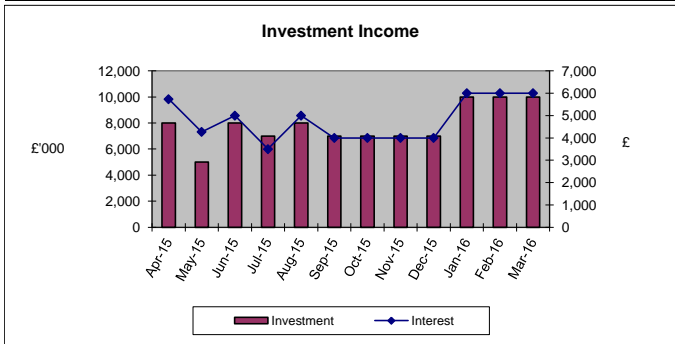
The working capital favourable variance is better than plan but the cash shortage is reflected in the underlying problems with debtors and creditors - outstanding balances from commissioners and high creditor balances.

Capital expenditure remains behind plan which accounts for the favourable variance.

The PDC variance relates to 3Ts main funding which is dependent on written DH approval of the scheme, release of funding and finalisation of the funding method (PDC or loan). Currently it is still assumed that the funding 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 but has not been agreed to match the forecast revenue deficit of £27m. The cashflow forecast assumes that this extra support will be agreed.

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.



**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.

# Finance Report Month 07 2015/16

# 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
	11,943	3,962	(7,981)		3,166	3,166	-		3,166

	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	Aug-16 £k	Sep-16 £k
	Act	For	For	For	For	For	For	For	For	For	For	For
EBITDA	391	1,341	2,063	2,328	2,804	3,235	82	2,054	1,757	1,200	(719)	(1,200)
Non Cash I&E Items	-	-	-	-	-	-	-	-	-	-	-	-
Movement in Working Capital	4,073	4,235	(6,742)	328	7,439	2,033	8,497	6,507	(3,486)	1,200	(3,200)	2,000
Provisions	(1,538)	(10)	(23)	-	-	(71)	4	8	8	8	8	8
<b>Cashflow from Operations</b>	<b>2,926</b>	<b>5,566</b>	<b>(4,702)</b>	<b>2,656</b>	<b>10,243</b>	<b>5,197</b>	<b>8,583</b>	<b>8,569</b>	<b>(1,721)</b>	<b>2,408</b>	<b>(3,911)</b>	<b>808</b>
Capital Expenditure	(4,685)	(4,923)	(7,176)	(14,579)	(12,519)	(9,597)	(4,781)	(2,837)	(3,200)	(5,500)	(5,000)	(4,500)
Cash receipt from asset sales	(66)	-	-	-	-	-	-	-	-	-	-	-
<b>Cashflow before financing</b>	<b>(1,825)</b>	<b>643</b>	<b>(11,878)</b>	<b>(11,923)</b>	<b>(2,276)</b>	<b>(4,400)</b>	<b>3,802</b>	<b>5,732</b>	<b>(4,921)</b>	<b>(3,092)</b>	<b>(8,911)</b>	<b>(3,692)</b>
PDC Received	-	-	23,634	2,006	2,658	2,804	-	10,000	10,000	-	4,000	-
PDC Repaid	-	-	-	-	-	-	-	-	-	-	-	-
Dividends Paid	-	-	-	-	-	(4,163)	-	-	-	-	-	(4,163)
Interest on Loans and leases	(215)	(216)	(215)	(216)	(215)	(716)	(216)	(216)	(216)	(216)	(216)	(216)
Interest received	4	4	4	6	6	6	6	6	6	6	6	6
Drawdown on debt	1,704	(424)	7,886	-	(312)	-	(312)	-	-	(312)	-	-
Repayment of debt	(102)	(102)	(101)	(102)	(102)	(3,093)	(102)	(102)	(102)	(102)	(102)	(3,093)
<b>Cashflow from financing</b>	<b>1,391</b>	<b>(738)</b>	<b>31,208</b>	<b>1,694</b>	<b>2,035</b>	<b>(5,162)</b>	<b>(624)</b>	<b>9,688</b>	<b>9,688</b>	<b>(624)</b>	<b>3,688</b>	<b>(7,466)</b>
<b>Net Cash Inflow / (Outflow)</b>	<b>(434)</b>	<b>(95)</b>	<b>19,330</b>	<b>(10,229)</b>	<b>(241)</b>	<b>(9,562)</b>	<b>3,178</b>	<b>15,420</b>	<b>4,767</b>	<b>(3,716)</b>	<b>(5,223)</b>	<b>(11,158)</b>
Opening Cash Balance	4,396	3,962	3,867	23,198	12,968	12,728	3,166	6,344	21,764	26,531	22,815	17,592
<b>Closing Cash Balance</b>	<b>3,962</b>	<b>3,867</b>	<b>23,198</b>	<b>12,968</b>	<b>12,728</b>	<b>3,166</b>	<b>6,344</b>	<b>21,764</b>	<b>26,531</b>	<b>22,815</b>	<b>17,592</b>	<b>6,434</b>

Overall the Trust is reporting a year to date position of £8.1m above plan including £6m 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
<b>Total Income</b>	<b>(298,804)</b>	<b>(306,933)</b>	<b>(8,129)</b>

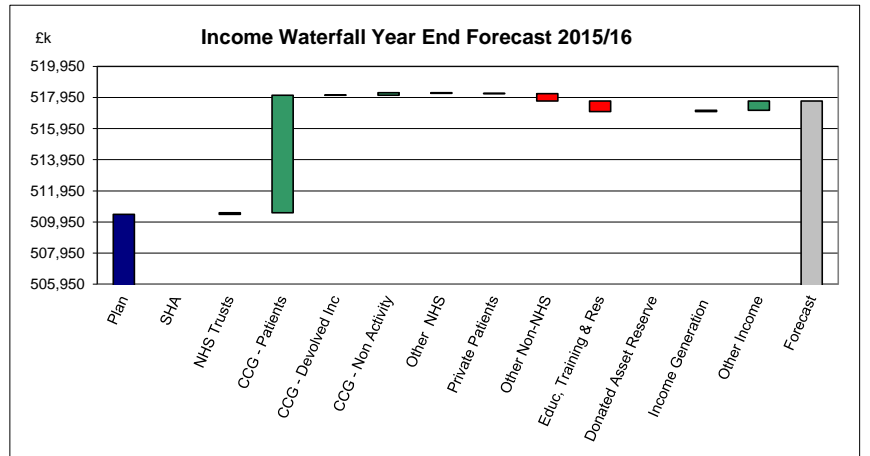
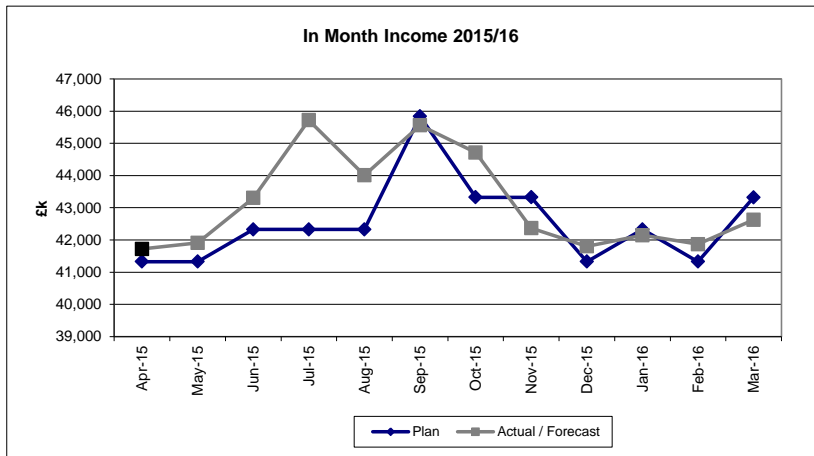
Year End Forecast	Plan £k	Forecast £k	Variance £k
<b>Total Income</b>	<b>(510,435)</b>	<b>(517,735)</b>	<b>(7,300)</b>

Overall the Trust is reporting over-achievement Year to Date of £8.1m. The surplus predominantly relates to PbR exclusions and is offset by costs in drugs and clinical supplies. R&D income is behind plan but this is expected to recover during the year.

The Trust is forecasting to over perform against the planned levels by £7.3m. 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
<b>Income</b>			
NHS Trusts	(4,689)	(4,605)	85
Clinical Commissioning Groups	(259,392)	(268,070)	(8,677)
Other NHS	(34)	(11)	22
Private Patients	(2,735)	(2,721)	15
Other Non-NHS	(4,948)	(4,787)	160
<b>Income From Activities</b>	<b>(271,752)</b>	<b>(280,194)</b>	<b>(8,442)</b>
Education, Training and Research	(16,708)	(16,671)	37
Transfers from Donated Asset Reserve	0	0	0
Income Generation	(484)	(825)	(341)
Other Income	(9,860)	(9,243)	617
<b>Other Operating Income</b>	<b>(27,052)</b>	<b>(26,739)</b>	<b>313</b>
<b>Total Income</b>	<b>(298,804)</b>	<b>(306,933)</b>	<b>(8,129)</b>

Year End Forecast	Plan £k	Forecast £k	Variance £k
<b>Income</b>			
NHS Trusts	(7,978)	(8,079)	(102)
Clinical Commissioning Groups	(442,859)	(450,595)	(7,736)
Other NHS	(58)	(13)	45
Private Patients	(4,835)	(4,824)	11
Other Non-NHS	(8,696)	(8,215)	481
<b>Income From Activities</b>	<b>(464,426)</b>	<b>(471,726)</b>	<b>(7,300)</b>
Education, Training and Research	(28,794)	(28,119)	675
Transfers from Donated Asset Reserve	0	0	0
Income Generation	(830)	(911)	(81)
Other Income	(16,386)	(16,980)	(594)
<b>Other Operating Income</b>	<b>(46,009)</b>	<b>(46,009)</b>	<b>(0)</b>
<b>Total Income</b>	<b>(510,435)</b>	<b>(517,735)</b>	<b>(7,300)</b>



**Risks**

Overall the Trust is reporting a £14.9m overspend against operating costs. Pay expenditure is overspent by £6m and non-pay expenditure is overspent by £8.9m. Non-delivery of planned efficiencies, opening of additional capacity and continuing operational pressures are the main driver of the overspend.

Year To Date	Plan £k	Actual £k	Variance £k	Year End Forecast	Plan £k	Forecast £k	Variance £k
Pay	185,188	191,153	5,965	Pay	310,978	316,066	5,088
Non Pay	109,556	118,455	8,899	Non Pay	179,671	192,572	12,901
<b>Operational Costs</b>	<b>294,744</b>	<b>309,607</b>	<b>14,863</b>	<b>Operational Costs</b>	<b>490,649</b>	<b>508,638</b>	<b>17,989</b>

The Trust is overspent by £14.9m on operating costs compared to plan, partly offset by a positive variance on income of £6m for pass through costs. There is an overall overspend on pay budgets of £6m, 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. 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 £8.9m overspent on Non Pay budgets, which relates to the non-delivery of the efficiency targets as well as increasing expenditure on drugs, particularly £6m on PBR excluded drugs & devices which is offset with income. As well as outsourcing activity to assist with demand.

The Trust is currently forecasting £18m overspent on operating costs against the revised TDA submitted plan. This assumes that pay expenditure is reduced from the current levels and that the delivery of the efficiency targets is improved. 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	Plan £k	Actual £k	Variance £k	Full Year	Plan £k	Forecast £k	Variance £k
<b>Pay</b>				<b>Pay</b>			
Management	8,134	7,375	(759)	Management	13,365	13,288	(77)
Medical and Dental Staff	55,588	58,773	3,185	Medical and Dental Staff	94,289	96,086	1,796
Nursing & Midwifery	73,895	75,179	1,284	Nursing & Midwifery	121,733	123,822	2,089
Other Healthcare	25,843	26,776	933	Other Healthcare	43,963	44,166	203
Ancillary Staff	3,156	2,346	(810)	Ancillary Staff	6,912	6,831	(80)
Administrative & Clerical	17,850	18,996	1,145	Administrative & Clerical	30,569	30,992	422
Maintenance Staff	1,680	1,593	(87)	Maintenance Staff	2,859	2,767	(92)
Other Staff	(959)	114	1,073	Other Staff	(2,712)	(1,886)	826
<b>Total Pay</b>	<b>185,188</b>	<b>191,153</b>	<b>5,965</b>	<b>Total Pay</b>	<b>310,978</b>	<b>316,066</b>	<b>5,088</b>
<b>Non-Pay</b>				<b>Non-Pay</b>			
Drugs & Medical Gases	34,056	36,814	2,758	Drugs & Medical Gases	56,406	60,559	4,152
Supplies and Services - Clinical	30,322	33,533	3,211	Supplies and Services - Clinical	50,486	57,668	7,182
Supplies and Services General	7,091	8,312	1,221	Supplies and Services General	9,401	9,989	588
Establishment Expenses	3,372	3,844	471	Establishment Expenses	5,908	5,873	(35)
Transport Expenses	646	718	72	Transport Expenses	1,159	1,205	46
Premises	12,157	12,698	542	Premises	21,008	21,174	166
Purchase of Healthcare from Non NHS provider	3,323	4,422	1,099	Purchase of Healthcare from Non NHS provider	5,284	5,878	594
Other Non Pay/Reserves	2,325	1,834	(491)	Other Non Pay/Reserves	2,174	2,379	204
CNST Premium	9,483	9,483	-	CNST Premium	16,257	16,257	-
Education and Training	2,629	2,214	(416)	Education and Training	4,517	4,490	(27)
Services from Other NHS Bodies	4,150	4,582	432	Services from Other NHS Bodies	7,071	7,100	29
<b>Total Non-Pay</b>	<b>109,556</b>	<b>118,455</b>	<b>8,899</b>	<b>Total Non-Pay</b>	<b>179,671</b>	<b>192,572</b>	<b>12,901</b>
<b>Total Expenditure</b>	<b>294,744</b>	<b>309,607</b>	<b>14,863</b>	<b>Total Expenditure</b>	<b>490,649</b>	<b>508,638</b>	<b>17,989</b>

# Finance Report Month 07 2015/16

# 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	349,968	348,122	(1,846)	1	Property, Plant and Equipment	367,321	372,891	5,570	1
Intangible Assets	461	444	440	-		Intangible Assets	426	425	(1)	
Other Assets	2,510	3,423	3,461	38		Other Assets	2,917	2,806	(111)	
<b>Non Current Assets</b>	<b>332,688</b>	<b>353,835</b>	<b>352,023</b>	<b>(1,808)</b>		<b>Non Current Assets</b>	<b>370,664</b>	<b>376,122</b>	<b>5,458</b>	
Inventories	7,178	6,979	7,095	116		Inventories	6,590	6,873	283	
Trade and Other Receivables	40,827	53,925	60,072	6,147	2	Trade and Other Receivables	47,814	43,133	(4,681)	
Cash and Cash Equivalents	25,395	11,943	3,962	(7,981)	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	
<b>Current Assets</b>	<b>74,053</b>	<b>72,926</b>	<b>71,433</b>	<b>(1,493)</b>		<b>Current Assets</b>	<b>57,649</b>	<b>53,476</b>	<b>(4,173)</b>	
Trade and Other Payables	(59,905)	(43,362)	(66,564)	(23,202)	2	Trade and Other Payables	(58,252)	(57,462)	790	
Borrowings	(5,829)	(7,973)	(23,157)	(15,184)	4	Borrowings	(6,795)	(16,464)	(9,669)	3
Other Financial Liabilities	-	-	-	-		Other Financial Liabilities	-	-	-	
Provisions	(388)	(398)	(396)	2		Provisions	(163)	(307)	(144)	
Other Liabilities	-	-	-	-		Other Liabilities	-	-	-	
<b>Current Liabilities</b>	<b>(66,122)</b>	<b>(51,733)</b>	<b>(90,117)</b>	<b>(38,384)</b>		<b>Current Liabilities</b>	<b>(65,210)</b>	<b>(74,233)</b>	<b>(9,023)</b>	
Borrowings	(69,843)	(99,164)	(86,027)	13,137	4	Borrowings	(96,006)	(96,370)	(364)	3
Trade and Other Payables	(579)	(1,118)	(918)	200		Trade and Other Payables	(1,118)	(918)	200	
Provisions	(1,927)	(1,896)	(1,926)	(30)		Provisions	(1,914)	(1,962)	(48)	
<b>TOTAL ASSETS EMPLOYED</b>	<b>268,270</b>	<b>272,850</b>	<b>244,468</b>	<b>(28,378)</b>		<b>TOTAL ASSETS EMPLOYED</b>	<b>264,065</b>	<b>256,115</b>	<b>(7,950)</b>	
<b>Financed by:</b>						<b>Financed by:</b>				
Public Dividend Capital	(236,123)	(258,053)	(236,123)	21,930	4	Public Dividend Capital	(265,059)	(267,225)	(2,166)	
Retained Earnings	17,866	17,131	17,866	735		Retained Earnings	17,131	17,866	735	
Surplus/(Deficit) for Year	-	18,085	23,802	5,717		(Surplus)/Deficit for Year	33,876	43,257	9,381	
Revaluation Reserve	(50,013)	(50,013)	(50,013)	-		Revaluation Reserve	T1 (50,013)	(50,013)	-	
<b>TOTAL TAXPAYERS EQUITY</b>	<b>(268,270)</b>	<b>(272,850)</b>	<b>(244,468)</b>	<b>28,382</b>		<b>TOTAL TAXPAYERS EQUITY</b>	<b>(264,065)</b>	<b>(256,115)</b>	<b>7,950</b>	

1. Strategic Capital expenditure and Operational Capital expenditure is behind plan.
2. Debtors (trade and other receivables) remains higher than plan because of the outstanding year end balances with Commissioners; creditors (trade and other payables) is higher than plan because of the cash shortages.
3. Cash has been reduced to a very low level at the end of October to sustain payment runs in month but ensure there is an adequate balance at month end until the next bulk funding is received in the next month. Even with this reduction in the month end cash holding the payment runs have had to be severely restricted and only the most critical creditors paid.
4. The variances on loans and borrowings and Public Dividend Capital are due to the inclusion of the Interim Revolving Working Capital Loan (£15m) 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. The Interim Revolving Working Capital Loan has been increased to £26m, £16.7m has been included as PDC and the remainder included as current borrowings.



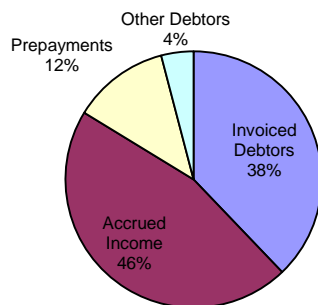


The Trust debtors are a mixture of invoiced debtors, accrued income and prepayments. The level of invoiced debtors has decreased by £2.5m since the end of September and overdue debts (those > 30 days old) have decreased by £2.2m.

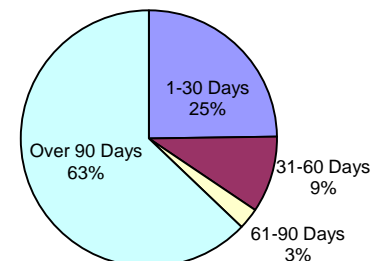
Invoiced Debtors	Within	1 Month	2 Months	3 Months	Total	Current	Prior	Notes	Other Receivables	Current	Prior		
	Terms	Overdue	Overdue	Overdue								Month	Month
	1-30 Days	31-60	61-90	Over 90								Over 30	Over 30
£k	Days	Days	Days	Days	Days	Days	Days	£k	£k				
CCG's	1,715	320	189	11,425	13,649	11,934	11,936	1	Accrued Income				
Trusts	1,354	703	270	573	2,900	1,546	929	2	Work In Progress	3,978	3,978		
Other NHS	2,100	811	88	1,494	4,493	2,393	4,349	3	CCG Service Level Agreements	16,293	15,156		
Other Debtors	625	426	40	880	1,971	1,346	2,241	4	Injury Cost Recovery Fund	1,185	2,244		
Private Patients	284	115	44	851	1,294	1,010	957	5	Other	6,099	8,533		
Overseas	13	-	33	238	284	271	286		<b>Total Accrued Income</b>	<b>27,555</b>	<b>29,911</b>		
<b>Total Invoiced Debtors</b>	<b>6,091</b>	<b>2,375</b>	<b>664</b>	<b>15,461</b>	<b>24,591</b>	<b>18,500</b>	<b>20,698</b>		Prepayments				
Provision for Bad Debts (including RTA Provision)					(1,851)				Maintenance & Other Contracts	5,391	5,250		
Accrued Income					27,555				NHS Litigation	1,938	1,661		
Prepayments					7,329				Other	0	0		
Other Debtors					2,448				<b>Total Prepayments</b>	<b>7,329</b>	<b>6,911</b>		
<b>Total Trade &amp; Other Receivables</b>					<b>60,072</b>								

- CCGs. The discussions with CCGs about the year end contract values have progressed but not been finalised and virtually all of the over 90 days balance relates to this. The NCA over 30 day debtors balance has decreased by £41k and the over 90 days has increased £17k.
- Trusts. There has been a gradual increase in the over 90 days debts which is a reflection of the worsening cash position in the patch where organisations are delaying payment of intra NHS debts. Local organisations account for £1.4m.
- Other NHS. As reported last month agreement has been reached about the year end commissioning position and the debts cleared, including the microbiology invoices, although some of the payment has fallen into November. Discussions about the Breast screening unit activity (£427k) and EPR funding (£627k) are continuing, with resolution of the Breast screening unit invoices likely in November. The charge for 3Ts revenue support for 15-16 for the first 6 months has now been settled.
- The £1.1m in respect of pass through monies from the CCGs for last years MSK services was settled in October. There remains one outstanding invoice for last year in respect of PBR drugs provided. Again this is a pass through payment from the CCGs amounting to £178k which is being withheld. This is being followed up with the CCG.
- Private Patient overdue debts have increased by £53,000.

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
<b>Strategic Capital</b>	<b>27,308</b>	<b>19,123</b>	<b>8,185</b>	<b>Strategic Capital</b>	<b>48,518</b>	<b>53,980</b>	<b>(5,462)</b>
<b>Operational Capital</b>	<b>21,940</b>	<b>13,065</b>	<b>8,875</b>	<b>Operational Capital</b>	<b>33,878</b>	<b>28,259</b>	<b>5,619</b>
<b>Total</b>	<b>49,248</b>	<b>32,188</b>	<b>17,060</b>	<b>Total</b>	<b>82,396</b>	<b>82,239</b>	<b>157</b>

Strategic Capital. Decant spend remains behind programme due to design issues on the Hanbury Building and the knock on effect of Decant not being able to use RACH for paediatric audiology. The variance between Plan and Forecast is caused by bringing forward Phase 4 Design Fees which was agreed with Board in June, and this is reflected in both Main Scheme and Project Team Year to Date spend.

Operational Capital. The Sussex Eye project has now moved onto internal work having completed the windows replacement; the internal work will continue until the year end. The MRIs are installed and the service opens in December. Medical equipment replacement schemes are behind due to slow development of specifications and tendering work. Service development schemes are under review and some have been deferred in the short term. IM&T is ahead of plan and is able to exceed full year plan if required. The Estates programme is making good progress despite the ongoing delivery shortfall due to lack of access to clinical areas.

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. The project team and decant costs are forecast to be in line with plan. The Trust has TDA approval, NHSE support and DH approval and is awaiting the final letter from the DH confirming the approval or any details of how or when the funding will be provided. This is critical because continuing spend on 3Ts will have to be provided by operational capital in the absence of any DH central funding. For the purposes of the forecasts it is assumed that the funding will be made available shortly.

Operational Capital - A review of the programme is underway to reduce the operational programme by £6m which supports the revised control total agreed with the TDA. The forecast figures in the table below show the expenditure on schemes that are in progress, in contract and proposed up to the CRL value pending finalisation of the £6m reduction with the TDA.

	Plan £k	Actual £k	Variance £k		Plan £k	Forecast £k	Variance £k
<b>Income - (CRL excluding donated income)</b>	<b>(38,248)</b>	<b>(41,120)</b>	<b>2,872</b>	<b>Income - (CRL excluding donated income)</b>	<b>(76,495)</b>	<b>(82,239)</b>	<b>5,744</b>
<b>Strategic Capital</b>				<b>Strategic Capital</b>			
3Ts Project Team	472	815	(343)	3Ts Project Team	815	815	-
3Ts Main Scheme - Design and Works	6,166	9,120	(2,954)	3Ts Main Scheme - Design and Works	9,122	14,318	(5,196)
3Ts Decant (incl St Marys)	15,245	9,108	6,137	3Ts Decant (incl St Marys)	17,454	17,720	(266)
Radiotherapy Compact LINAC	5,425	7	5,418	Radiotherapy Compact LINAC	6,238	6,238	-
Radiotherapy East	-	73	(73)	Radiotherapy East	14,889	14,889	-
<b>Total Strategic Capital</b>	<b>27,308</b>	<b>19,123</b>	<b>8,185</b>	<b>Total Strategic Capital</b>	<b>48,518</b>	<b>53,980</b>	<b>(5,462)</b>
<b>Operational Capital</b>				<b>Operational Capital</b>			
<b>Major Projects (&gt;£1m)</b>				<b>Major Projects (&gt;£1m)</b>			
Windows, Roof & Internal Refurb - SxEH	1,430	1,032	398	Windows, Roof & Internal Refurb - SxEH	2,132	2,107	25
Electronic Patient Record	1,000	504	496	Electronic Patient Record	2,038	1,008	1,030
Electrical Substation - TKT Services	1,500	-	1,500	Electrical Substation - TKT Services	2,300	2,300	-
Replacement MRIs	4,769	3,183	1,586	Replacement MRIs	4,334	4,497	(163)
Site Reconfiguration Neuro	1,818	2,762	(944)	Site Reconfiguration Neuro	1,925	2,762	(837)
Compact LINACS	1,300	274	1,026	Compact LINACS	2,948	2,948	-
Additional Theatre Provision PRH	260	-	260	Additional Theatre Provision PRH	1,500	-	1,500
Pathology HUB	310	-	310	Pathology HUB	1,000	50	950
<b>Small Projects (&lt;£1m)</b>				<b>Small Projects (&lt;£1m)</b>			
Medical Equipment Replacement	3,477	1,023	2,454	Medical Equipment Replacement	6,607	1,818	4,789
IM&T Infrastructure	797	1,119	(322)	IM&T Infrastructure	1,277	1,613	(336)
Estates Infrastructure	1,966	1,537	429	Estates Infrastructure	4,728	2,403	2,325
Service Development	3,313	1,631	1,682	Service Development	3,089	6,753	(3,664)
<b>Total Operational Capital</b>	<b>21,940</b>	<b>13,065</b>	<b>8,875</b>	<b>Total Operational Capital</b>	<b>33,878</b>	<b>28,259</b>	<b>5,619</b>
<b>(Under)/Overspend against CRL</b>	<b>11,001</b>	<b>(8,932)</b>	<b>19,932</b>	<b>(Under)/Overspend against CRL</b>	<b>5,901</b>	<b>-</b>	<b>5,901</b>

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
<b>Cost Improvement Plans</b>	<b>13,486</b>	<b>7,794</b>	<b>(5,692)</b>	<b>26,399</b>	<b>15,927</b>	<b>(10,472)</b>
Themes	Plan	Actual	Variance	Plan	Forecast	Variance
	£k	£k	£k	£k	£k	£k
Back Office & Commercial	5,059	2,913	(2,146)	9,534	5,553	(3,981)
Clinical Workforce	1,889	1,212	(677)	3,236	2,675	(561)
Education & Training	146	120	(26)	416	385	(31)
Major IT Programme	86	35	(51)	151	135	(16)
Medical Workforce	725	706	(19)	1,570	978	(592)
Operational Estate	59	12	(47)	92	12	(80)
Operational Productivity	449	130	(319)	883	438	(445)
Outpatients	217	324	107	551	518	(33)
Transformation	3,707	1,207	(2,500)	7,951	3,239	(4,712)
Strategic Estate	-	-	-	-	-	-
Workforce	1,149	1,135	(14)	2,015	1,994	(21)
	<b>13,486</b>	<b>7,794</b>	<b>(5,692)</b>	<b>26,399</b>	<b>15,927</b>	<b>(10,472)</b>
<b>Efficiency Plan Total</b>	<b>13,486</b>	<b>7,794</b>	<b>(5,692)</b>	<b>26,399</b>	<b>15,927</b>	<b>(10,472)</b>

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.

