

Summary
The Trust is reporting a £58.0m year-to-date deficit at the end of February 2017, a £42.5m adverse variance to plan. This month the trust has recognised £9.9m of bad debts relating to 2015-16 contract income from CCGs. Forecast outturn continues to be shown as £59.7m deficit - to be consistent with the forecast at Q3 - but following analysis of the key risks facing the trust the forecast has been revised to £62.7m deficit. 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	3	(1)	Year-to-date £k	(15,564)	(58,031)	42,466	Year-to-date £k	10,052	2,893	7,159
Capital Servicing Capacity	4	4	0	Year-end Forecast £k	(15,570)	(59,700)	44,130	Year-end Forecast £k	3,167	4,983	(1,816)
I&E Margin	4	4	0	The Trust is reporting an adverse variance to budget of £42.5m at the end of February. The increase compared to last month is due to the Trust's recognition in February of £9.9m of bad debts in relation to 2015-16 income expected from various CCGs. The balance continues to be due to Pay and Non-Pay cost pressures, already exacerbated by not qualifying for £9.6m of sustainability and transformation funding from July. The forecast deficit shown remains unchanged at the £59.7m declared at Q3 however the forecast has been revised to £62.7m following the 2015/16 arbitration outcome.				The cash holding is again below plan which is a combination of late SLA commissioning payments and the Trust's financial position. The ongoing DH revenue loan support has brought more stability to the cashflow. In month £5.7m was received and the final March tranche of £8.5m is agreed. The Trust also received £2m for the Radiotherapy East Loan. A further £3.2m for Radiotherapy and £9.8m PDC for 3Ts will be drawn own in March.			
I&E Margin Distance from Plan		4									
Agency	1	1	0								
Overall rating	4										
	4										
Forecast Outturn Metrics				Actual / Forecast				Actual / Forecast			
	Plan	Actual / Forecast	Variance		Plan	Forecast	Variance		Plan	Forecast	Variance
Liquidity Ratio	4	3	(1)	The year-end level of cash holding is aligned 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 revised forecast deficit and planned revenue funding.							
Capital Servicing Capacity	4	4	0								
I&E Margin	4	4	0								
I&E Margin Distance from Plan		4									
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.											

Income £k A				Operating Costs £k R				Capital £k A			
	Plan	Actual / Forecast	Variance		Plan	Actual / Forecast	Variance		Plan	Actual / Forecast	Variance
Year-to-date £k	503,782	501,417	2,365	Year-to-date £k	488,213	528,876	40,663	Year-to-date £k	90,491	55,934	34,557
Year-end Forecast £k	549,636	549,959	(323)	Year-end Forecast £k	531,476	576,631	45,154	Year-end Forecast £k	95,453	72,885	22,568
Overall the Trust is reporting a year-to-date income position £2.4m below plan and forecasting £0.3m over performance for the full year. An over performance on contracts with commissioners is offset by 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.				Overall the Trust is reporting a £40.7m overspend against operating costs. Pay expenditure is overspent by £11.2m and Non-pay expenditure is overspent by £29.5m. The non-pay overspend has shifted significantly this month as the Trust has recognised a bad debt, relating to 15-16 income, of £9.9m. The Trust has spent £9.1m on agency staff year-to-date against the year-to-date ceiling of £11.7m. The target of further reducing costs through cost improvements continues to be a significant challenge which is reflected in the forecast, which shows the Trust exceeding its planned deficit.				The Strategic Capital programme is behind plan, with delays on both the 3Ts and the Radiotherapy East scheme. The Radiotherapy forecast has been reduced by £0.6m to £9.7m. The Operational Capital programme is also behind plan but there has been a significant push to place orders with delivery in March. There is a risk that some of these orders will not be completed in this financial year.			

Cost Improvement Plans £k R				Key Performance Metrics R				Key Risks:
	Plan	Actual / Forecast	Variance		Year-to-date	Forecast	Outturn	
Year-to-date £k	21,953	18,574	3,378	NHS Financial Performance	R	R		
Year-end Forecast £k	25,143	20,077	5,066	Financial Efficiency	R	R		
The efficiency programme is behind plan by £3.4m year to date and £10.3m of the year to date savings 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 £5.1m due to slippage and operational issues, a further improvement of £0.4m compared with 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.				Underlying Surplus / Deficit	R	R		
				Capital and Cash	R	R		
				Trust Overall RAG Rating	R			
				The Trust has an overall RAG rating of RED.				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. Operational costs – continued overspends caused by operational pressures and non-delivery of cost improvements are impacting on the current and projected financial position.

The Trust is reporting an adverse variance to budget of £42.5m at the end of February. The increase compared to last month is due to the Trust's recognition in February of £9.9m of bad debts in relation to 2015-16 income expected from various CCGs. The balance continues to be due to Pay and Non-Pay cost pressures, already exacerbated by not qualifying for £9.6m of sustainability and transformation funding from July. The forecast deficit remains unchanged at £59.7m however following the 2015/16 arbitration outcome it has been revised to £62.7m.

	Plan £k	Actual £k	Variance £k
(Surplus)/Deficit	15,564	58,031	42,466

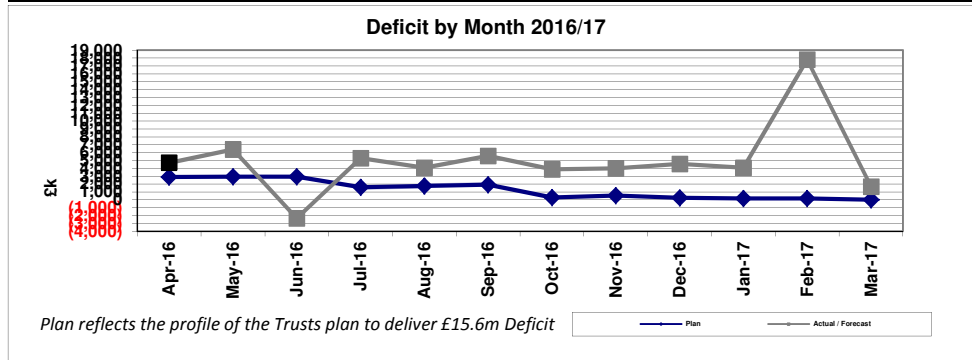
Year End Forecast			
	Plan £k	Forecast £k	Variance £k
(Surplus)/Deficit	15,570	59,700	44,130

The Trust has an unfavourable variance in the year-to-February which includes the outcome of the 2015-16 arbitration with CCGs, now showing as a bad debt. In addition, a shortfall against the year-to-date CIP target of £3.4m, 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). There also continues to be Pay overspends in Medical, Nursing, Other Staff, Management and Other Healthcare 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 the income bad debt recognised in month, income shortfalls of £10.8m for STF and £4.0m for SIFT, a cost improvements shortfall of £5.1, additional cost pressures and continued overspends on Pay and Non-Pay.

	Plan £k	Actual £k	Variance £k
Income	(503,782)	(501,417)	2,365
Pay	307,054	318,218	11,164
Non-Pay	181,160	210,659	29,499
EBITDA *	(15,569)	27,459	43,028
EBITDA %	3.1	-5.5	
Profit / Loss on Disposal of Fixed Assets	-	-	-
Interest Payable	5,140	5,623	483
Interest Receivable	(44)	(30)	14
Depreciation	19,351	19,435	84
Impairments	-	-	-
Public Dividend Capital	6,948	6,227	(721)
Net (Surplus) / Deficit	15,826	58,714	42,887
Reverse Impairment	-	-	-
Other Adjustments	(262)	(683)	(421)
Reverse IFRS technical charge	-	-	-
Performance against Control Total	15,564	58,031	42,466
	Surplus %	-3.1	-11.6

	Plan £k	Actual £k	Variance £k
Income	(549,636)	(549,959)	(323)
Pay	334,279	347,600	13,321
Non-Pay	197,197	229,030	31,833
EBITDA *	(18,160)	26,671	44,831
EBITDA %	3.3	-4.8	
Profit / Loss on Disposal of Fixed Assets	-	-	-
Interest Payable	5,617	6,295	678
Interest Receivable	(48)	(32)	16
Depreciation	20,997	20,983	(14)
Impairments	15,500	15,500	-
Public Dividend Capital	7,385	6,505	(880)
Net (Surplus) / Deficit	31,291	75,922	44,631
Reverse Impairment	(15,500)	(15,500)	-
Other Technical Adjustments	(221)	(722)	(501)
Reverse IFRS technical charge	-	-	-
Performance against Control Total	15,570	59,700	44,130
	Surplus %	-2.8	-10.9



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	10,052	2,893	(7,159)

Year End Forecast	Plan £k	Forecast £k	Variance £k
Cash Balance	3,167	4,983	1,816

The February cash holding is below plan.

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	15,569	(27,459)	(43,028)
Non Cash I&E Items	-	-	-
Movement in Working Capital	4,707	(4,649)	(9,356)
Provisions	(1,305)	(5,871)	(4,566)
Cashflow from Operations	18,971	(37,979)	(56,950)
Capital Expenditure	(84,008)	(54,500)	29,508
Cash receipt from asset sales	-	-	-
Cashflow before financing	(65,037)	(92,479)	(27,442)
PDC Received	58,522	37,219	(21,303)
PDC Repaid	-	-	-
Dividends Paid	(3,693)	(3,133)	560
Interest on Loans and leases	(4,055)	(4,024)	31
Interest received	44	31	(13)
Drawdown on debt	26,574	67,064	40,490
Repayment of debt	(5,646)	(5,128)	518
Cashflow from financing	71,746	92,029	20,283
Net Cash Inflow / (Outflow)	6,709	(450)	(7,159)
Opening Cash Balance	3,343	3,343	-
Closing Cash Balance	10,052	2,893	(7,159)

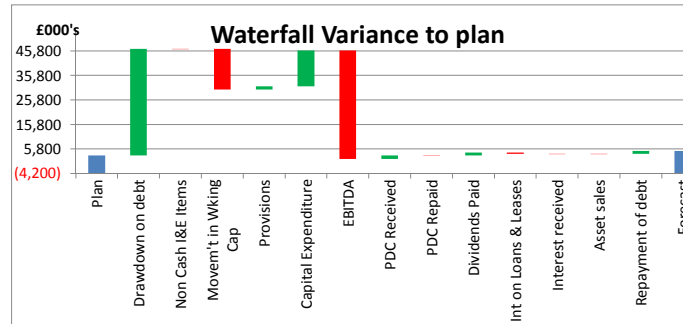
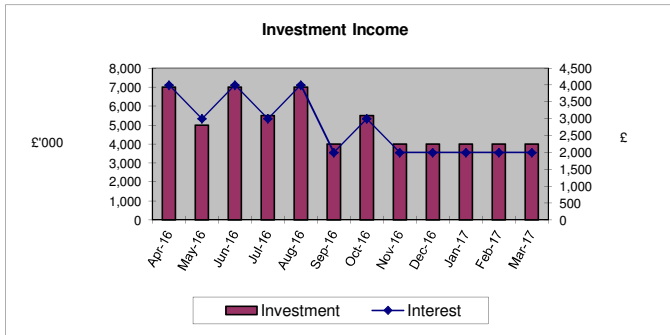
Year End Forecast	Plan £k	Actual £k	Variance £k
EBITDA	18,160	(26,671)	(44,831)
Non Cash I&E Items	-	-	-
Movement in Working Capital	3,809	(2,868)	(6,677)
Provisions	(1,350)	(5,913)	(4,563)
Cashflow from Operations	20,619	(35,452)	(56,071)
Capital Expenditure	(90,357)	(71,310)	19,047
Cash receipt from asset sales	-	-	-
Cashflow before financing	(69,738)	(106,762)	(37,024)
PDC Received	62,916	47,024	(15,892)
PDC Repaid	-	-	-
Dividends Paid	(7,386)	(5,946)	1,440
Interest on Loans and leases	(5,344)	(5,484)	(140)
Interest received	48	33	(15)
Drawdown on debt	26,574	78,785	52,211
Repayment of debt	(7,246)	(6,010)	1,236
Cashflow from financing	69,562	108,402	38,840
Net Cash Inflow / (Outflow)	(176)	1,640	-
Opening Cash Balance	3,343	3,343	-
Closing Cash Balance	3,167	4,983	1,816

The Trust is continuing to receive monthly revenue deficit funding for working capital support in the form of Uncommitted Single Currency Interim Revenue Support Facility Loans. The February support was £5.7m and the drawdown for March is £8.6m. This ongoing support provides some stability to the cashflow.

The DH and NHSI approved 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 whole of the additional amount has been approved and paid over monthly in year.

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.

The 3Ts funding for this year is all PDC backed and the forecast 3Ts spend has been reduced to £47m. The final March drawdown will be £9.8m. The Radiotherapy East scheme loan is for £11.2m, but as a result of delays to the programme this has been reduced to only £9.7m, and the March drawdown will be £3.2m.



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.

Finance Report Month 11 2016/17

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						
	10,052	2,893	(7,159)	3,167	4,983	1,816						

	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18
	£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	(15,035)	787	(3,267)	(3,470)	(478)	(43)	(1,787)	(1,269)	(1,837)	(1,443)	(2,436)	(1,905)
Non Cash I&E Items	-	-	-	-	-	-	-	-	-	-	-	-
Movement in Working Capital	15,966	1,781	11,272	(1,321)	(3,733)	(1,082)	(4,723)	3,928	3,298	4,490	(8,600)	1,480
Provisions	(5,941)	(42)	(5,013)	17	(18)	(3)	(16)	36	(1,002)	81	35	-
Cashflow from Operations	(5,010)	2,526	2,992	(4,774)	(4,229)	(1,128)	(6,526)	2,695	459	3,128	(11,001)	(425)
Capital Expenditure	(4,503)	(16,810)	(13,623)	(7,115)	(7,544)	(6,868)	(9,194)	(5,002)	(17,039)	(15,126)	(2,997)	(13,573)
Cash receipt from asset sales	-	-	-	-	-	-	-	-	-	-	-	-
Cashflow before financing	(9,513)	(14,284)	(10,631)	(11,889)	(11,773)	(7,996)	(15,720)	(2,307)	(16,580)	(11,998)	(13,998)	(13,998)
PDC Received	-	9,805	6,008	7,279	7,336	7,054	7,710	8,298	8,405	9,069	9,231	8,620
PDC Repaid	-	-	-	-	-	-	-	-	-	-	-	-
Dividends Paid	-	(2,813)	-	-	-	-	-	(3,501)	-	-	-	-
Interest on Loans and leases	(406)	(1,460)	(215)	(428)	(215)	(215)	(215)	(2,350)	(215)	(429)	(215)	(215)
Interest received	2	2	4	4	4	4	4	4	4	4	4	4
Drawdown on debt	7,717	11,721	4,975	4,975	4,975	4,975	4,975	4,975	4,975	4,975	4,975	4,975
Repayment of debt	(440)	(882)	(124)	(548)	(125)	(124)	(436)	(1,598)	(124)	(548)	(125)	(124)
Cashflow from financing	6,873	16,373	10,648	11,282	11,975	11,694	12,038	5,828	13,045	13,071	13,870	13,260
Net Cash Inflow / (Outflow)	(2,640)	2,089	17	(607)	202	3,698	(3,682)	3,521	(3,535)	1,073	(128)	(738)
Opening Cash Balance	5,533	2,893	4,983	5,000	4,393	4,595	8,293	4,611	8,132	4,597	5,670	5,542
Closing Cash Balance	2,893	4,983	5,000	4,393	4,595	8,293	4,611	8,132	4,597	5,670	5,542	4,804

Overall the Trust is reporting a year-to-date position of £2.365m behind plan. The variance is £4.1m worse than last month due to lower actual income for January and February than previously estimated and an increase in the provision for contract adjustments/challenges. Commissioner activity is over performing against non-elective, critical care, outpatients and PbR excluded items. There is a shortfall in SIFT funding of £3.3m in the year-to-date position. The Trust is forecasting a slight year-end over performance of £0.3m.

Year To Date	Plan £k	Actual £k	Variance £k
Total Income	(503,782)	(501,417)	2,365

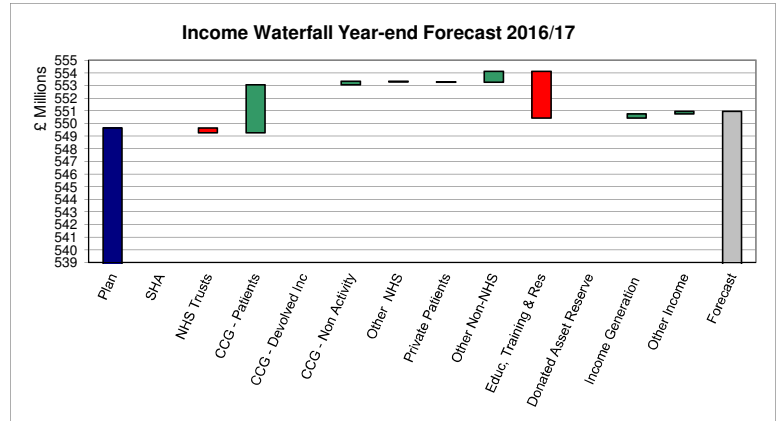
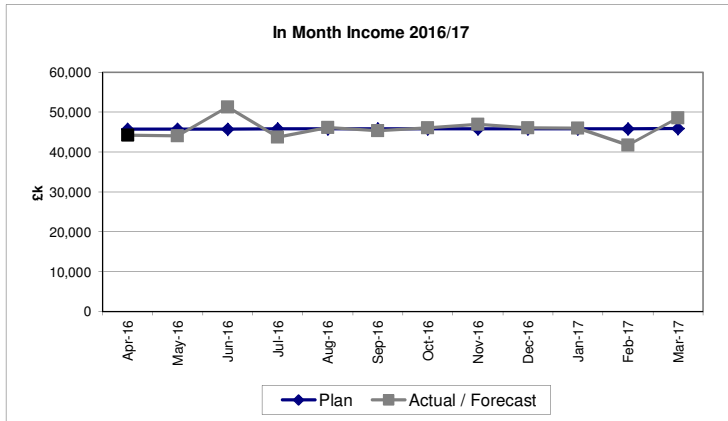
Year End Forecast	Plan £k	Forecast £k	Variance £k
Total Income	(549,636)	(549,959)	(323)

Overall the Trust is reporting an under-achievement year-to-date of £2.37m. 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 £6.8m, an increase of £1.3m in-month. Other patient related income was low in month particularly relating to Pathology and Occupational Health recharges. The YTD shortfall on SIFT has increased to £3.3m.

The Trusts income forecast has moved from a deficit of £6.1m to a surplus of £0.3m. The improvement of £6.4m relates to the provision to 15/17 settlement of £2.7m being moved to bad debts and an estimate of £1m additional income from CCG's relating to 15/16. The position includes a provision for non payment for CQIUN shortfall £1.2m, Readmissions/Non-elective marginal rate £4.1m and challenges/penalties £1.4m.

Year To Date	Plan £k	Actual £k	Variance £k
Income			
Health Education for Kent, Surrey and Sussex	0	0	0
NHS Trusts	(7,689)	(7,301)	388
Clinical Commissioning Groups - Patient Activity	(431,202)	(432,174)	(973)
Devolved Income	0	0	0
Clinical Commissioning Groups - non Activity	(10,256)	(10,173)	83
Clinical Commissioning Groups	(441,458)	(442,347)	(889)
Other NHS	(69)	(32)	38
Private Patients	(4,231)	(4,171)	60
Other Non-NHS	(1,568)	(2,366)	(799)
Other Patient Related Income	(2,022)	(1,317)	705
Local Authority Income	(3,947)	(4,125)	(178)
Overseas Visitors Income	(225)	(335)	(110)
Income From Activities	(461,209)	(461,994)	(785)
Education & Training Income	(29,755)	(26,458)	3,297
Research & Development Income	(6,031)	(5,638)	393
Transfers from Donated Asset Reserve	0	0	0
Income Generation	(1,992)	(2,319)	(327)
Other Income	(4,796)	(5,009)	(213)
Other Operating Income	(42,573)	(39,423)	3,150
Total Income	(503,782)	(501,417)	2,365

Year End Forecast	Plan £k	Forecast £k	Variance £k
Income			
Health Education for Kent, Surrey and Sussex	0	0	0
NHS Trusts	(8,403)	(8,027)	376
Clinical Commissioning Groups - Patient Activity	(470,428)	(474,233)	(3,805)
Devolved Income	0	0	0
Clinical Commissioning Groups - non Activity	(11,173)	(11,449)	(275)
Clinical Commissioning Groups	(481,601)	(485,681)	(4,080)
Other NHS	(76)	(34)	42
Private Patients	(4,592)	(4,548)	44
Other Non-NHS	(1,710)	(2,566)	(856)
Other Patient Related Income	(2,205)	(1,409)	796
Local Authority Income	(4,306)	(4,452)	(146)
Overseas Visitors Income	(247)	(345)	(98)
Income From Activities	(503,141)	(507,063)	(3,922)
Education & Training Income	(32,459)	(28,780)	3,679
Research & Development Income	(6,579)	(6,143)	436
Transfers from Donated Asset Reserve	0	0	0
Income Generation	(2,173)	(2,509)	(336)
Other Income	(5,284)	(5,465)	(180)
Other Operating Income	(46,495)	(42,896)	3,599
Total Income	(549,636)	(549,959)	(323)



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.

Finance Report Month 11 2016/17
Operating Costs
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Overall the Trust is reporting a £40.7m overspend against operating costs. Pay expenditure is overspent by £11.2m and Non-pay expenditure is overspent by £29.5m. The non-pay overspend has shifted significantly this month as the Trust has recognised a bad debt, relating to 15-16 income, of £10.3m. The Trust has spent £9.1m on agency staff year-to-date against the year-to-date ceiling of £11.7m. The target of further reducing costs through cost improvements continues to be a significant challenge which is reflected in the forecast, which shows the Trust exceeding its planned deficit.

Year-to-date				Year-end Forecast			
	Plan £k	Actual £k	Variance £k		Plan £k	Forecast £k	Variance £k
Pay	307,054	318,218	11,164	Pay	334,279	347,600	13,321
Non Pay	181,160	210,659	29,499	Non Pay	197,197	229,030	31,833
Operational Costs	488,213	528,876	40,663	Operational Costs	531,476	576,631	45,154

The Trust is overspent by £40.1m on operating costs at Month 11. This is a significant increase compared to last month due to the trust recognising £9.9m in bad debts due to non-receipt of 15-16 income from various CCGs. In-month Pay costs are above the monthly average due to the cost of overlapping CEO and COO costs, and increased ancillary staff costs following a restructure. Admin and clerical costs are also higher than last month across the board. The Trust is £29.5m overspent on Non-pay budgets, with the highest levels of overspend now on other non-pay which includes the provision for bad debts and underachieved CIPS. The overspend continues on drug costs of which £7.1m relates to PbR excluded drugs & devices, 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 and outsourcing activity, offset with income.

The Trust is forecasting an overspend compared to plan of £45.2m which is higher than the current run rate, due to the in-month provision for debts. The forecast does not include additional savings from enhanced control measures being implemented as part of the Financial Special Measures process.

Year-to-date				Full-year			
	Plan £k	Actual £k	Variance £k		Plan £k	Forecast £k	Variance £k
Pay				Pay			
Management	12,971	13,465	495	Management	14,150	14,831	681
Medical and Dental Staff	91,431	95,293	3,861	Medical and Dental Staff	99,634	103,999	4,364
Nursing & Midwifery	117,462	120,636	3,174	Nursing & Midwifery	128,054	131,739	3,686
Other Healthcare	42,349	43,009	660	Other Healthcare	46,171	46,957	786
Ancillary Staff	13,430	13,229	(201)	Ancillary Staff	14,651	14,398	(253)
Administrative & Clerical	30,486	29,377	(1,108)	Administrative & Clerical	33,257	32,165	(1,092)
Maintenance Staff	2,697	2,453	(245)	Maintenance Staff	2,942	2,674	(269)
Other Staff	(3,831)	694	4,525	Other Staff	(4,644)	769	5,413
Trust Chair & Non-Executive Directors	58	61	3	Trust Chair & Non-Executive Directors	63	69	5
Total Pay	307,054	318,218	11,164	Total Pay	334,279	347,600	13,321
Non-Pay				Non-Pay			
Drugs & Medical Gases	63,322	69,630	6,308	Drugs & Medical Gases	69,063	75,983	6,920
Supplies and Services - Clinical	51,449	56,107	4,658	Supplies and Services - Clinical	56,121	61,065	4,944
Supplies and Services General	6,136	7,374	1,238	Supplies and Services General	6,693	7,966	1,273
Establishment Expenses	5,812	5,710	(102)	Establishment Expenses	6,307	6,425	118
Transport Expenses	1,109	1,566	456	Transport Expenses	1,210	1,686	476
Premises	19,113	19,063	(51)	Premises	20,922	20,880	(42)
Purchase of Healthcare from Non NHS provider	5,483	6,407	924	Purchase of Healthcare from Non NHS provider	5,972	6,838	866
Consultancy	2,324	3,879	1,556	Consultancy	2,533	4,492	1,959
Other Non Pay/Reserves	(3,509)	12,345	15,854	Other Non Pay/Reserves	(4,218)	12,559	16,778
CNST Premium	17,671	17,669	(1)	CNST Premium	19,277	19,276	(1)
Education and Training	3,796	2,978	(817)	Education and Training	4,141	3,239	(902)
Services from Other NHS Bodies	8,182	7,678	(505)	Services from Other NHS Bodies	8,881	8,346	(535)
Audit Fees	271	253	(18)	Audit Fees	295	275	(20)
Total Non-Pay	181,160	210,659	29,499	Total Non-Pay	197,197	229,030	31,833
Total Expenditure	488,213	528,876	40,663	Total Expenditure	531,476	576,631	45,154

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				Full Year			
	Actual	Plan	Actual	Variance	Notes		Plan	Forecast	Variance	Notes
	£k	£k	£k	£k			£k	£k	£k	
Property, Plant and Equipment	351,401	419,481	388,336	(31,145)	1	Property, Plant and Equipment	406,803	388,271	(18,532)	1
Intangible Assets	758	392	392	-		Intangible Assets	389	389	-	
Other Assets	2,745	4,002	3,554	(448)		Other Assets	3,025	2,577	(448)	
Non Current Assets	354,904	423,875	392,282	(31,593)		Non Current Assets	410,217	391,237	(18,980)	
Inventories	7,118	7,400	7,726	326		Inventories	7,200	7,526	326	
Trade and Other Receivables	53,312	33,260	53,076	19,816	2	Trade and Other Receivables	45,320	54,733	9,413	2
Cash and Cash Equivalents	3,344	10,053	2,893	(7,160)	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	63,837	50,713	63,758	13,045		Current Assets	55,688	67,305	11,617	
Trade and Other Payables	(72,876)	(63,404)	(69,771)	(6,367)	2	Trade and Other Payables	(67,429)	(68,871)	(1,442)	2
Borrowings	(7,615)	(4,830)	(7,150)	(2,320)	4	Borrowings	(4,780)	(7,770)	(2,990)	
Other Financial Liabilities	-	-	-	-		Other Financial Liabilities	-	-	-	
Provisions	(236)	(355)	(231)	124		Provisions	(250)	(133)	117	
Other Liabilities	-	-	-	-		Other Liabilities	-	-	-	
Current Liabilities	(80,727)	(68,589)	(77,152)	(8,563)		Current Liabilities	(72,459)	(76,774)	(4,315)	
Borrowings	(122,253)	(145,966)	(182,654)	(36,688)	4	Borrowings	(144,416)	(194,873)	(50,457)	4
Trade and Other Payables	-	(1,657)	-	1,657		Trade and Other Payables	(1,657)	-	1,657	
Provisions	(1,786)	(1,874)	(1,752)	122		Provisions	(1,943)	(1,816)	127	
TOTAL ASSETS EMPLOYED	213,975	256,502	194,482	(62,020)		TOTAL ASSETS EMPLOYED	245,430	185,079	(60,351)	
Financed by:						Financed by:				
Public Dividend Capital	(247,752)	(306,274)	(284,971)	21,303		Public Dividend Capital	(310,668)	(294,776)	15,892	4
Retained Earnings	79,401	87,980	79,400	(8,580)		Retained Earnings	87,980	79,400	(8,580)	
Surplus/(Deficit) for Year	-	15,825	58,714	42,889		(Surplus)/Deficit for Year	31,291	75,922	44,631	
Revaluation Reserve	(45,624)	(54,033)	(45,625)	8,408	5	Revaluation Reserve	(54,033)	(45,625)	8,408	5
TOTAL TAXPAYERS EQUITY	(213,975)	(256,502)	(192,482)	64,020		TOTAL TAXPAYERS EQUITY	(245,430)	(185,079)	60,351	

- Capital expenditure is below plan because of slippage on all schemes; strategic capital is behind plan by £24.3m and operational capital by £10.3m.
- Debtors exclude the legacy 15-16 commissioning income debts but there are still some in year shortfalls on SLA commissioning income and other NHS debts are over 90 days. The value of creditors is above plan with some intra NHS balances in debtors and creditors increasing both debtors and creditors at month end.
- Revenue deficit funding of £5.7m was drawn down in month together with £2m of the capital investment loan for the Radiotherapy East scheme. The cash holding is below plan by £7.2m, and lower than expected because of delays and shortfalls on SLA funding from Commissioners. Part of this was rectified by a payment on 1 March.
- The increase in the borrowings relates to the additional loans taken out for the revenue deficit funding.
- The variance compared to plan for the Revaluation Reserve relates to the final valuation on the estate at last year-end.

- 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 has been 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 £35.6m against the increased deficit forecast. A further £8.5m will be required in March to cash back the revised deficit.
- 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.
- 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	71,162	46,896	24,266	Strategic Capital	75,556	56,715	18,841
Operational Capital	19,329	9,038	10,291	Operational Capital	19,897	16,170	3,727
Total	90,491	55,934	34,557	Total	95,453	72,885	22,568

Strategic Capital. The 3Ts programme is £17m behind plan due to delays in the Decant impacting on the main scheme demolition and works. A further area has now been handed over for demolition leaving only one more area (Nuclear Medicine) to be handed over. Again no further funds were drawn down in February because of the delays to 3Ts and the slippage on Operational Capital. The balance of the PDC funding will be drawn down in March. The work on the Radiotherapy East scheme is building work in preparation for the delivery of equipment in March.

Operational Capital. Expenditure in month was just over £1m, which was much lower than forecast. A number of orders have been placed in month for delivery in March.

Strategic Capital. The forecast for 3Ts remains at £47m. 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 will be substantially complete by the year end but the forecast has been reduced by £576k. The major expenditure in month is on the equipment which is scheduled to be delivered in March.

Operational Capital. The programme is significantly behind plan and although a number of orders have been placed with expected deliveries in March there is a significant risk that the Trust will not succeed in spending the available capital resource in year. The forecast outturn shown below assumes that the expenditure target will be achieved.

	Plan £k	Actual £k	Variance £k		Plan £k	Actual £k	Variance £k
Income - (CRL excluding donated income)	(88,066)	(55,851)	(32,215)	Income - (CRL excluding donated income)	(92,449)	(72,885)	(19,564)
Strategic Capital				Strategic Capital			
3Ts Project Team	539	572	(33)	3Ts Project Team	588	616	(28)
3Ts Main Scheme - Design and Works	54,742	38,415	16,327	3Ts Main Scheme - Design and Works	59,087	41,550	17,537
3Ts Decant (incl St Marys)	4,576	3,799	777	3Ts Decant (incl St Marys)	4,576	4,836	(260)
Radiotherapy East	11,305	4,110	7,195	Radiotherapy East	11,305	9,713	1,592
Total Strategic Capital	71,162	46,896	24,266	Total Strategic Capital	75,556	56,715	18,841
Operational Capital				Operational Capital			
Major Projects (>£1m)				Major Projects (>£1m)			
SPECT CT Nuclear Medicine	1,000	986	14	SPECT CT Nuclear Medicine	1,000	986	14
Compact LINACS	1,000	416	584	Compact LINACS	1,000	416	584
Electrical Substation - TKT Services	2,300	1,336	964	Electrical Substation - TKT Services	2,300	1,430	870
EPR	908	635	273	EPR	1,008	635	373
Replacement CT PRH	1,300	1	1,299	Replacement CT PRH	1,300	55	1,245
Small Projects (<£1m)				Small Projects (<£1m)			
Medical Equipment Replacement	5,571	1,265	4,306	Medical Equipment Replacement	5,639	5,332	307
IM&T Infrastructure	1,608	698	910	IM&T Infrastructure	2,008	3,048	(1,040)
Estates Infrastructure	3,450	2,833	617	Estates Infrastructure	3,450	3,005	445
Service Development	2,192	868	1,324	Service Development	2,192	1,263	929
Total Operational Capital	19,329	9,038	10,291	Total Operational Capital	19,897	16,170	3,727
(Under)/Overspend against CRL	2,425	83	2,342	(Under)/Overspend against CRL	3,004	-	3,004

Finance Report Month 11 2016/17

Aged Debtors

The Trust debtors are a mixture of invoiced debtors, accrued income and prepayments. The level of invoiced debtors has decreased by £8.7m since the end of January and the value of overdue debts has decreased by £13.6m. This large decrease is primarily due to the elimination of the 15-16 commissioning debts from the balances.

Invoiced Debtors	Within				Total	Current Month Over 30 Days	Prior Month Over 30 Days	Notes	Other Receivables		
	Terms	1 Month Overdue	2 Months Overdue	3 Months Overdue					Current Month	Prior Month	
	1-30 Days	31-60 Days	61-90 Days	Over 90 Days							£k
	£k	£k	£k	£k		£k	£k				
CCG's	4,545	1,113	1,484	4,005	11,147	6,602	21,029	1	Accrued Income		
Trusts	904	306	1,679	2,097	4,986	4,082	4,711	2	Work In Progress	3,978	3,978
Other NHS	2,268	10	98	31	2,407	139	773	3	CCG Service Level Agreements	11,154	16,659
Other Debtors	553	730	2,035	2,333	5,651	5,098	2,961	4	Injury Cost Recovery Fund	2,040	2,040
Private Patients	299	151	64	662	1,176	877	938		Other	5,864	8,306
Overseas	36	5	12	389	442	406	422		Total Accrued Income	23,036	30,983
Total Invoiced Debtors	8,605	2,315	5,372	9,517	25,809	17,204	30,834		Prepayments		
Provision for Bad Debts (including RTA Provision)					(2,182)				Maintenance & Other Contracts	4,031	4,405
Accrued Income					23,036				NHS Litigation	1,632	3,265
Prepayments					5,663				Other	0	0
Other Debtors					750				Total Prepayments	5,663	7,670
Total Trade & Other Receivables					53,076						

1. CCGs. The CCGs overdue balance is a mixture of old year balances and in-year commissioning income shortfalls. The material old year balances relating to the 15-16 commissioning income have been taken out of the balances. The NCA debtors over 30 days have decreased by £341k and the over 90 days have decreased by £90k.

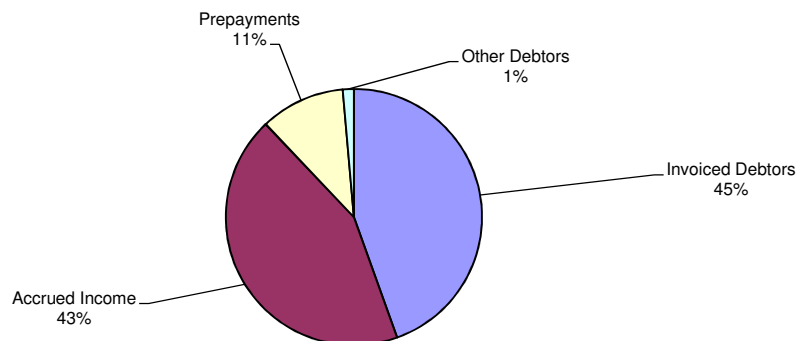
2. Trusts. The local organisations still account for 94% of the total debt but the overall debt has decreased in month by £309k. This is a small improvement but does recognise the work underway to reduce the intra Trust debt. The £1m expected from the largest of these Trusts has not been paid over because of their own cash flow problems and is now expected to be paid over in weekly instalments in March. Amounts owed to this Trust are on hold until the debts between the two organisations are equal.

3. Other NHS. The over 90 days has decreased by £773k.

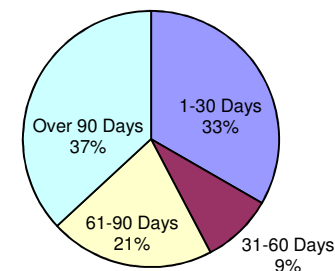
4. Other Debtors. The over 30 days balance has increased by £2.1m; this is a combination of the central MSK contract of £1.2m, which cannot be paid by the debtor because of lack of funding from other CCGs and MSK East shortfalls.

5. Private Patient overdue debts have decreased by £16 since last month

Trade and Other Receivables



Invoiced Debtors Ageing



The efficiency programme is behind plan by £3.4m year to date and £10.3m of the year to date savings 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 £5.1m due to slippage and operational issues, a further improvement of £0.4m compared with 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		21,953	18,574	(3,378)	25,143	20,077	(5,066)
Themes		Plan	Actual	Variance	Plan	Forecast	Variance
		£k	£k	£k	£k	£k	£k
Back Office & Commercial	Income	2,329	3,936	1,607	2,560	4,256	1,696
Back Office & Commercial	Non Pay	6,486	3,870	(2,616)	7,164	4,234	(2,930)
Clinical Workforce	Pay Skill	3,357	3,715	358	3,776	4,035	259
Major IT Programme	Non Pay	96	-	(96)	108	-	(108)
Medical Workforce	Pay Skill	2,320	-	(2,320)	2,604	-	(2,604)
Medical Workforce	Pay WTE	189	3,036	2,847	237	3,290	3,053
Operational Estate	Non Pay	46	46	0	50	50	0
Operational Productivity	Income	228	331	103	257	358	101
Operational Productivity	Pay WTE	3,190	3,554	364	3,890	3,761	(128)
Operational Productivity	Non Pay	3,003	53	(2,949)	3,663	57	(3,606)
Transformation	Income	15	-	(15)	18	-	(18)
Workforce	Pay Skill	277	33	(244)	316	36	(280)
Workforce	Pay WTE	416	-	(416)	500	-	(500)
Efficiency Plan Total		21,953	18,574	(3,378)	25,143	20,077	(5,066)

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.

