

Summary

The Trust is reporting a £40.2m year-to-date deficit at the end of January 2017, a £24.9m adverse variance to plan. Forecast outturn continues to be a £59.7m deficit following analysis of the key risks facing the trust. The financial plan required significant improvement in performance from quarter 2 onwards and the forecast reflects the assessment of how much of the planned improvements will be delivered and additional risks to the organisation. The year-end forecast assumes that the £10.8m of STF available for quarters 2 to 4 won't be received this year.

Use of Resources Metrics (UOR) R				Surplus (Deficit) £k R				Cash £k R			
Current Month Metrics				Actual / Forecast				Actual / Forecast			
	Plan	Actual	Variance		Plan	Forecast	Variance		Plan	Forecast	Variance
Liquidity Ratio	4	2	(2)	Year-to-date £k	(15,367)	(40,218)	24,851	Year-to-date £k	8,931	5,533	3,398
Capital Servicing Capacity	4	4	0	Year-end Forecast £k	(15,570)	(59,701)	44,131	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 £24.9m at the end of January. This is due to Pay and Non-Pay cost pressures further exacerbated by not qualifying for £8.4m of sustainability and transformation funding from July. The forecast deficit remains unchanged at £59.7m and takes account of the current run-rate, shortfalls in income and under-delivery of CIP by £5.4m. A Financial Recovery Plan has been submitted to NHSI with the aim of improving the forecast outturn position.				The cash holding is below plan but not unreasonably low given the current financial position. The Trust's cashflow is more robust as a result of the loan support from DH and the expectation that the additional cash backing for the full year revenue deficit will continue to the year end. The additional revenue support, which is in the form of monthly Uncommitted Single Currency Interim Revenue Support Facility Loans is being approved on a monthly basis and adjusted to actual performance. The loan funding received in January was £4.6m and the forecast for February, which has already been approved, is £5.7m.			
I&E Margin Distance from Plan	0	4	0								
Agency	1	1	0								
Overall rating	4										
Forecast Outturn Metrics				Actual / Forecast				Actual / Forecast			
	Plan	Actual / Forecast	Variance		Plan	Forecast	Variance		Plan	Forecast	Variance
Liquidity Ratio	4	4	0	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	0	4	0								
Agency	1	1	0	UOR Metrics replace the previously reported Financial Sustainability Risk Rating from October 2016. Scoring is reversed with 1 now being the best rating. Liquidity improved in month with the receipt of funding improving current assets.							
Overall rating	4										
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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	457,948	459,690	(1,742)	Year-to-date £k	444,993	472,114	27,121	Year-to-date £k	84,903	49,463	35,440
Year-end Forecast £k	549,636	543,572	6,064	Year-end Forecast £k	531,476	569,796	38,320	Year-end Forecast £k	95,453	73,885	21,568
Overall the Trust is reporting a year-to-date income position £1.7m above plan and forecasting £6.1m under performance for the full year. An over performance on contracts with commissioners is offset by, a provision for the settlement of 15-16 invoicing with CCG's, a shortfall in CQUIN delivery, a provision for challenges and penalties and non-delivery of STF of £10.8m. There is also a shortfall on SIFT of £4.0m.				Overall the Trust is reporting a £27.1m overspend against operating costs. Pay expenditure is overspent by £8.8m and Non-pay expenditure is overspent by £18.3m. The Trust has spent £8.4m on agency staff year-to-date against the year-to-date ceiling of £10.7m. The target of further reducing costs through cost improvements continues to be a significant challenge which is reflected in the forecast that shows the Trust exceeding its planned deficit.				The Strategic Capital programme is behind plan, with delays on both the 3Ts and the Radiotherapy East scheme and a further reduction to 3Ts spend in year. The revised forecast for the year assumes £47m 3Ts expenditure and £10.3m Radiotherapy expenditure in year. The Operational Capital programme is also significantly behind plan. Schemes originally included in the plan for the next financial year and other priority schemes with short lead times are being drawn forward to replace the shortfall in the current year's plan but there is a significant risk that all the work will be carried out 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	18,760	17,020	1,740	NHS Financial Performance	R	R	The key risks to forecast outturn for 2016/17 are: Income – the Trust has set a plan higher than Commissioner contracts on the basis that QIPP schemes will not materially reduce Trust activity. The Trust has yet to finalise the payment of 15-16 year end contract income, with the value disputed up to £15m. Operational costs – continued overspends caused by operational pressures and non-delivery of cost improvements are impacting on the current and projected financial position.	
Year-end Forecast £k	25,143	19,757	5,386	Financial Efficiency	R	R		
The efficiency programme is behind plan by £1.7m year to date and £9.4m 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 £5.4m due to slippage and operational issues, an improvement of £0.2m compared to last month. There is forecast to be over-performance on the medical pay saving scheme and income schemes which maximise revenue capture through improved controls that has mitigated some of the under-achieving areas. Under-achievement is most marked in the operational productivity savings theme where work is focusing on theatre and outpatient efficiency.				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 Trust is reporting an adverse variance to budget of £24.9m at the end of January. This is due to Pay and Non-Pay cost pressures further exacerbated by not qualifying for £8.4m of sustainability and transformation funding from July. The forecast deficit remains unchanged at £59.7m and takes account of the current run-rate, shortfalls in income and under-delivery of CIP by £5.4m. A Financial Recovery Plan has been submitted to NHSI with the aim of improving the forecast outturn position.

	Plan £k	Actual £k	Variance £k
(Surplus)/Deficit	15,367	40,218	24,851

	Plan £k	Forecast £k	Variance £k
(Surplus)/Deficit	15,570	59,701	44,131

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

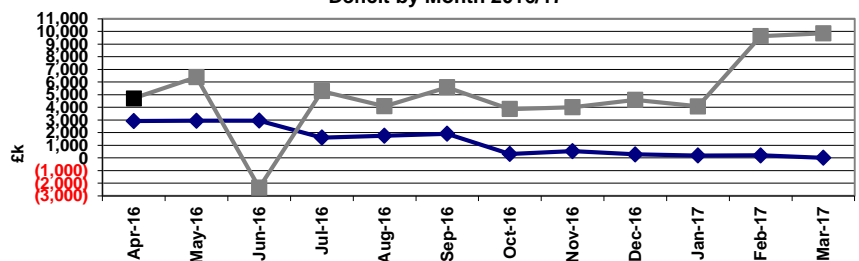
The Trust's year-end forecast position continues to be a £59.7m deficit, £44.1m worse than planned. The forecast deficit reflects income shortfalls of £10.8m for STF and £4.0m for SIFT, cost improvements shortfall of £5.4, additional cost pressures, recognition of income risks and continued overspends on Pay and Non-Pay. The forecast does not include an estimate of additional savings from the enhanced controls being introduced through the Financial Special Measures process.

	Plan £k	Actual £k	Variance £k
Income	(457,948)	(459,690)	(1,742)
Pay	279,829	288,622	8,793
Non-Pay	165,164	183,492	18,328
EBITDA *	(12,955)	12,424	25,379
EBITDA %	2.8	-2.7	
Profit / Loss on Disposal of Fixed Assets	-	-	-
Interest Payable	4,666	5,007	341
Interest Receivable	(40)	(27)	13
Depreciation	17,705	17,774	69
Impairments	-	-	-
Public Dividend Capital	6,249	5,661	(588)
Net (Surplus) / Deficit	15,625	40,838	25,212
Reverse Impairment	-	-	-
Other Adjustments	(258)	(620)	(362)
Reverse IFRS technical charge	-	-	-
Performance against Control Total	15,367	40,218	24,851
Surplus %	-3.4	-8.7	

	Plan £k	Actual £k	Variance £k
Income	(549,636)	(543,572)	6,064
Pay	334,279	348,148	13,869
Non-Pay	197,197	221,648	24,451
EBITDA *	(18,160)	26,224	44,384
EBITDA %	3.3	-4.8	
Profit / Loss on Disposal of Fixed Assets	-	-	-
Interest Payable	5,617	6,257	640
Interest Receivable	(48)	(35)	13
Depreciation	20,997	20,984	(13)
Impairments	15,500	15,500	-
Public Dividend Capital	7,385	6,793	(592)
Net (Surplus) / Deficit	31,291	75,723	44,432
Reverse Impairment	(15,500)	(15,500)	-
Other Technical Adjustments	(221)	(522)	(301)
Reverse IFRS technical charge	-	-	-
Performance against Control Total	15,570	59,701	44,131
Surplus %	-2.8	-11.0	

* EBITDA Earnings before Interest Taxation Depreciation and Amortisation

Deficit by Month 2016/17



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

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

	Plan £k	Actual £k	Variance £k
Cash Balance	8,931	5,533	(3,398)

The January cash holding is below plan.

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

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	12,955	(12,424)	(25,379)
Non Cash I&E Items	-	-	-
Movement in Working Capital	7,187	(20,615)	(27,802)
Provisions	(1,305)	70	1,375
Cashflow from Operations	18,837	(32,969)	(51,806)
Capital Expenditure	(81,052)	(49,997)	31,055
Cash receipt from asset sales	-	-	-
Cashflow before financing	(62,215)	(82,966)	(20,751)
PDC Received	53,737	37,219	(16,518)
PDC Repaid	-	-	-
Dividends Paid	(3,693)	(3,133)	560
Interest on Loans and leases	(3,649)	(3,618)	31
Interest received	40	29	(11)
Drawdown on debt	26,574	59,347	32,773
Repayment of debt	(5,206)	(4,688)	518
Cashflow from financing	67,803	85,156	17,353
Net Cash Inflow / (Outflow)	5,588	2,190	(3,398)
Opening Cash Balance	3,343	3,343	-
Closing Cash Balance	8,931	5,533	(3,398)

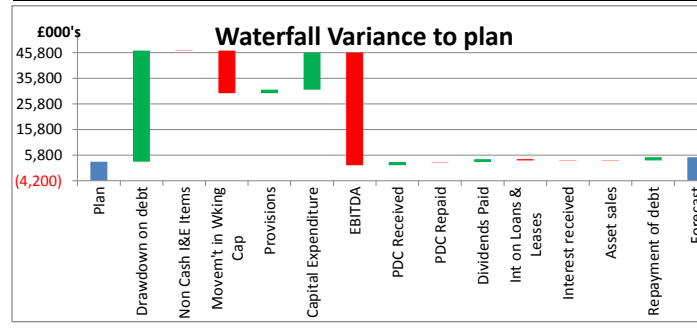
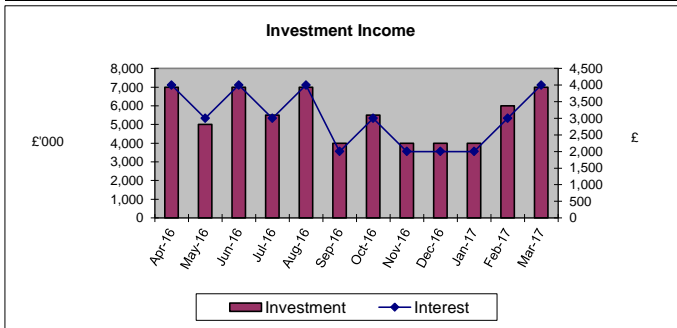
The Trust is continuing to receive monthly revenue deficit funding for working capital support in the form of Uncommitted Single Currency Interim Revenue Support Facility Loans. The January support is £4.6m and the forecast drawdown for February is £5.7m. This support has eased the Trust's cashflow considerably.

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

Year End Forecast	Plan £k	Actual £k	Variance £k
EBITDA	18,160	(26,224)	(44,384)
Non Cash I&E Items	-	-	-
Movement in Working Capital	3,809	1,860	(1,949)
Provisions	(1,350)	25	1,375
Cashflow from Operations	20,619	(24,339)	(44,958)
Capital Expenditure	(90,357)	(73,400)	16,957
Cash receipt from asset sales	-	-	-
Cashflow before financing	(69,738)	(97,739)	(28,001)
PDC Received	62,916	47,052	(15,864)
PDC Repaid	-	-	-
Dividends Paid	(7,386)	(6,234)	1,152
Interest on Loans and leases	(5,344)	(5,456)	(112)
Interest received	48	36	(12)
Drawdown on debt	26,574	69,991	43,417
Repayment of debt	(7,246)	(6,010)	1,236
Cashflow from financing	69,562	99,379	29,817
Net Cash Inflow / (Outflow)	(176)	1,640	1,816
Opening Cash Balance	3,343	3,343	-
Closing Cash Balance	3,167	4,983	1,816

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

The 3Ts funding for this year is all PDC backed and the forecast 3Ts spend has been reduced to £47m. The monthly drawdown is based on the overall capital funding requirement for that month. This means that any shortfall in operational capital expenditure releases operational capital funding before PDC can be drawn down. The Radiotherapy East scheme loan is for £11.2m, but as a result of delays to the programme only £10.3m will be drawn down in-year.



Risks.

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

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Rolling Cashflow

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

Year To Date	Plan	Actual	Variance	Year End Forecast								
	£k	£k	£k	Plan	Actual	Variance						
	8,931	5,533	(3,398)	3,167	4,983	1,816						
	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17
	£k	£k	£k	£k	£k	£k	£k	£k	£k	£k	£k	£k
	Act	For	For	For	For	For	For	For	For	For	For	For
EBITDA	(1,277)	(6,808)	(6,992)	(3,267)	(3,470)	(478)	(43)	(1,787)	(1,269)	(1,837)	(1,443)	(2,436)
Non Cash I&E Items	-	-	-	-	-	-	-	-	-	-	-	-
Movement in Working Capital	(4,254)	5,210	17,265	11,272	(1,321)	(3,733)	(1,082)	(4,723)	3,928	3,298	4,490	(8,600)
Provisions	(32)	-	(45)	(5,013)	17	(18)	(3)	(16)	36	(1,002)	81	35
Cashflow from Operations	(5,563)	(1,598)	10,228	2,992	(4,774)	(4,229)	(1,128)	(6,526)	2,695	459	3,128	(11,001)
Capital Expenditure	(3,541)	(7,683)	(15,720)	(13,623)	(7,115)	(7,544)	(6,868)	(9,194)	(5,002)	(17,039)	(15,126)	(2,997)
Cash receipt from asset sales	-	-	-	-	-	-	-	-	-	-	-	-
Cashflow before financing	(9,104)	(9,281)	(5,492)	(10,631)	(11,889)	(11,773)	(7,996)	(15,720)	(2,307)	(16,580)	(11,998)	(13,998)
PDC Received	-	2,119	7,714	6,008	7,279	7,336	7,054	7,710	8,298	8,405	9,069	9,231
PDC Repaid	-	-	-	-	-	-	-	-	-	-	-	-
Dividends Paid	-	-	(3,101)	-	-	-	-	-	(3,501)	-	-	-
Interest on Loans and leases	(223)	(406)	(1,432)	(215)	(428)	(215)	(215)	(215)	(2,350)	(215)	(429)	(215)
Interest received	2	3	4	4	4	4	4	4	4	4	4	4
Drawdown on debt	4,567	7,717	2,927	4,975	4,975	4,975	4,975	4,975	4,975	4,975	4,975	4,975
Repayment of debt	(128)	(440)	(882)	(124)	(548)	(125)	(124)	(436)	(1,598)	(124)	(548)	(125)
Cashflow from financing	4,218	8,993	5,230	10,648	11,282	11,975	11,694	12,038	5,828	13,045	13,071	13,870
Net Cash Inflow / (Outflow)	(4,886)	(288)	(262)	17	(607)	202	3,698	(3,682)	3,521	(3,535)	1,073	(128)
Opening Cash Balance	10,419	5,533	5,245	4,983	5,000	4,393	4,595	8,293	4,611	8,132	4,597	5,670
Closing Cash Balance	5,533	5,245	4,983	5,000	4,393	4,595	8,293	4,611	8,132	4,597	5,670	5,542

Overall the Trust is reporting a year-to-date position of £1.74m above plan. The variance is £0.1m better than last month with an increase in income from activity of £800k being offset by reduced income from Pathology, Occupational Health and SIFT. The position includes a provision for contract adjustments/challenges of £5.6m. Commissioner activity is over performing against non-elective, critical care, outpatients and PbR excluded items. There is a shortfall in SIFT funding of £3.1m in the year-to-date position. The Trust is forecasting a year-end under performance of £6.7m due to the provision for known risks, which are listed in the section below.

Year To Date	Plan £k	Actual £k	Variance £k
Total Income	(457,948)	(459,690)	(1,742)

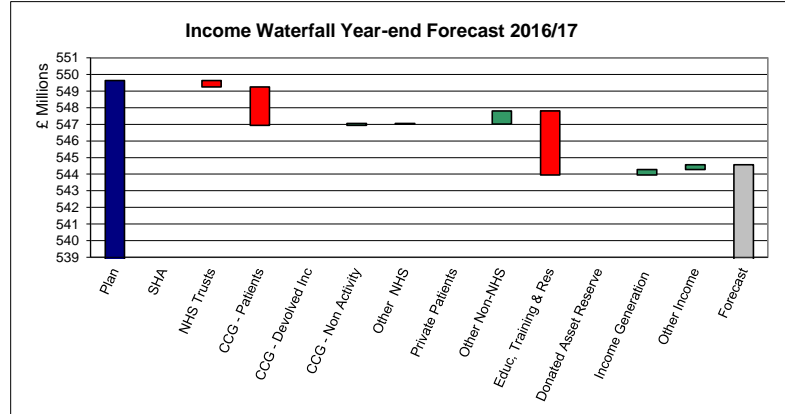
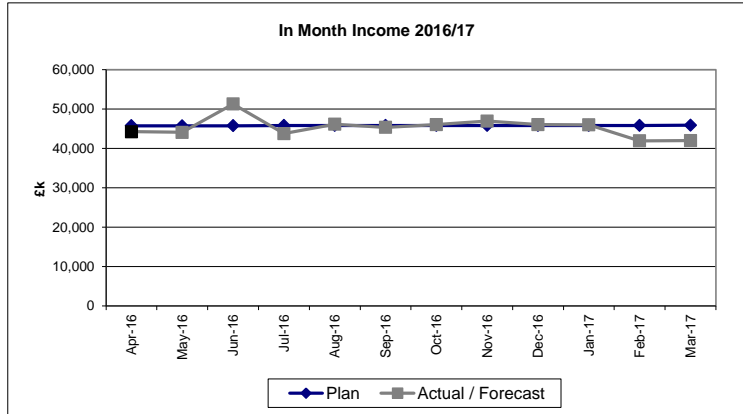
Year End Forecast	Plan £k	Forecast £k	Variance £k
Total Income	(549,636)	(543,572)	6,064

Overall the Trust is reporting an over-achievement year-to-date of £1.74m. 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 £5.6m, an increase of £0.7m 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 £3.1m.

The Trusts income forecast has moved from a deficit of £6.5m to a deficit of £6.1m. The improvement of £0.4m relates to increase income from activity. The forecast for income from Commissioners includes provisions for: the 15/16 settlement £2.7m, CQIUN shortfall £1.2m, Readmissions/Non-elective marginal rate £4.1m 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	(6,975)	(6,602)	373
Clinical Commissioning Groups - Patient Activity	(391,983)	(396,965)	(4,982)
Devolved Income	0	0	0
Clinical Commissioning Groups - non Activity	(9,335)	(9,160)	175
Clinical Commissioning Groups	(401,318)	(406,125)	(4,807)
Other NHS	(63)	(32)	31
Private Patients	(3,841)	(3,832)	9
Other Non-NHS	(1,425)	(2,101)	(675)
Other Patient Related Income	(1,838)	(1,156)	682
Local Authority Income	(3,588)	(3,756)	(168)
Overseas Visitors Income	(203)	(258)	(55)
Income From Activities	(419,252)	(423,862)	(4,610)
Education & Training Income	(27,052)	(23,983)	3,068
Research & Development Income	(5,482)	(5,260)	222
Transfers from Donated Asset Reserve	0	0	0
Income Generation	(1,810)	(2,083)	(273)
Other Income	(4,352)	(4,501)	(149)
Other Operating Income	(38,696)	(35,828)	2,868
Total Income	(457,948)	(459,690)	(1,742)

Year End Forecast	Plan £k	Forecast £k	Variance £k
Income			
Health Education for Kent, Surrey and Sussex	0	0	0
NHS Trusts	(8,403)	(8,021)	383
Clinical Commissioning Groups - Patient Activity	(470,428)	(468,102)	2,325
Devolved Income	0	0	0
Clinical Commissioning Groups - non Activity	(11,173)	(11,301)	(128)
Clinical Commissioning Groups	(481,601)	(479,403)	2,198
Other NHS	(76)	(36)	40
Private Patients	(4,592)	(4,586)	6
Other Non-NHS	(1,710)	(2,501)	(790)
Other Patient Related Income	(2,205)	(1,387)	818
Local Authority Income	(4,306)	(4,410)	(104)
Overseas Visitors Income	(247)	(278)	(31)
Income From Activities	(503,141)	(500,622)	2,519
Education & Training Income	(32,459)	(28,618)	3,841
Research & Development Income	(6,579)	(6,271)	308
Transfers from Donated Asset Reserve	0	0	0
Income Generation	(2,173)	(2,490)	(317)
Other Income	(5,284)	(5,572)	(287)
Other Operating Income	(46,495)	(42,950)	3,545
Total Income	(549,636)	(543,572)	6,064



Risks

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

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Operating Costs
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Overall the Trust is reporting a £27.1m overspend against operating costs. Pay expenditure is overspent by £8.8m and Non-pay expenditure is overspent by £18.3m. The Trust has spent £8.4m on agency staff year-to-date against the year-to-date ceiling of £10.7m. The target of further reducing costs through cost improvements continues to be a significant challenge which is reflected in the forecast that shows the Trust exceeding its planned deficit.

Year-to-date				Year-end Forecast			
	Plan £k	Actual £k	Variance £k		Plan £k	Forecast £k	Variance £k
Pay	279,829	288,622	8,793	Pay	334,279	348,148	13,869
Non Pay	165,164	183,492	18,328	Non Pay	197,197	221,648	24,451
Operational Costs	444,993	472,114	27,121	Operational Costs	531,476	569,796	38,320

The Trust is overspent by £27.1m on operating costs at Month 10. In-month Pay costs are slightly below the monthly average despite the cost of bank holiday enhancements for New Years day and agency and bank cover for sickness and vacancies. The Trust is £18.3m overspent on Non-pay budgets, with the highest levels of overspend continuing to be on drugs. The £6.9m overspend on PbR excluded drugs & devices has increased compared to last month by £1.2m, and is offset with income. The rest of the Non-pay overspend is a mixture of an increase in consumables in all areas, some of which relates to increased activity, continued outsourcing activity, offset with income, and slippage in the Non-pay efficiencies.

The Trust is forecasting an overspend compared to plan of £38.3m which is consistent with the current run rate, plus assumed additional costs for pressures including winter demand, and current rates of delivery on cost improvement. The forecast does not include additional savings from enhanced control measures being implemented as part of the Financial Special Measures process.

Year-to-date				Full-year			
	Plan £k	Actual £k	Variance £k		Plan £k	Forecast £k	Variance £k
Pay				Pay			
Management	11,792	12,080	289	Management	14,150	14,794	644
Medical and Dental Staff	83,229	86,499	3,270	Medical and Dental Staff	99,634	104,043	4,408
Nursing & Midwifery	106,871	109,564	2,693	Nursing & Midwifery	128,054	132,134	4,080
Other Healthcare	38,527	39,105	578	Other Healthcare	46,171	46,986	815
Ancillary Staff	12,209	11,821	(388)	Ancillary Staff	14,651	14,019	(632)
Administrative & Clerical	27,714	26,470	(1,245)	Administrative & Clerical	33,257	32,171	(1,087)
Maintenance Staff	2,452	2,243	(209)	Maintenance Staff	2,942	2,947	4
Other Staff	(3,018)	785	3,802	Other Staff	(4,644)	985	5,629
Trust Chair & Non-Executive Directors	53	56	3	Trust Chair & Non-Executive Directors	63	70	7
Total Pay	279,829	288,622	8,793	Total Pay	334,279	348,148	13,869
Non-Pay				Non-Pay			
Drugs & Medical Gases	57,582	64,325	6,743	Drugs & Medical Gases	69,063	76,644	7,581
Supplies and Services - Clinical	46,801	51,309	4,507	Supplies and Services - Clinical	56,121	60,976	4,855
Supplies and Services General	5,579	6,754	1,175	Supplies and Services General	6,693	7,914	1,221
Establishment Expenses	5,316	5,050	(266)	Establishment Expenses	6,307	7,248	940
Transport Expenses	1,009	1,433	424	Transport Expenses	1,210	1,674	464
Premises	17,343	17,811	468	Premises	20,922	21,411	489
Purchase of Healthcare from Non NHS provider	4,994	5,864	870	Purchase of Healthcare from Non NHS provider	5,972	7,011	1,040
Consultancy	2,114	3,224	1,110	Consultancy	2,533	4,049	1,516
Other Non Pay/Reserves	(2,818)	1,603	4,421	Other Non Pay/Reserves	(4,218)	3,337	7,556
CNST Premium	16,064	16,063	(1)	CNST Premium	19,277	19,276	(1)
Education and Training	3,451	2,809	(641)	Education and Training	4,141	3,470	(671)
Services from Other NHS Bodies	7,484	7,017	(466)	Services from Other NHS Bodies	8,881	8,364	(517)
Audit Fees	246	230	(16)	Audit Fees	295	274	(21)
Total Non-Pay	165,164	183,492	18,328	Total Non-Pay	197,197	221,648	24,451
Total Expenditure	444,993	472,114	27,121	Total Expenditure	531,476	569,796	38,320

Finance Report Month 10 2016/17

Statement of Financial Position

The Trust Statement of Financial position is produced on a monthly basis and reflects changes in the asset values as well as movement in liabilities. The plan is the NHSI plan submitted in April 2016.

	1 April 16		Year to Date		Notes		Full Year		Notes	
	Actual	Plan	Actual	Variance			Plan	Forecast		Variance
	£k	£k	£k	£k			£k	£k	£k	
Property, Plant and Equipment	351,401	416,254	383,521	(32,733)	1	Property, Plant and Equipment	406,803	389,724	(17,079)	1
Intangible Assets	758	395	395	-		Intangible Assets	389	389	-	
Other Assets	2,745	4,002	3,380	(622)		Other Assets	3,025	2,403	(622)	
Non Current Assets	354,904	420,651	387,296	(33,355)		Non Current Assets	410,217	392,516	(17,701)	
Inventories	7,118	7,400	7,313	(87)		Inventories	7,200	7,113	(87)	
Trade and Other Receivables	53,312	34,630	66,527	31,897	2	Trade and Other Receivables	45,320	54,513	9,193	2
Cash and Cash Equivalents	3,344	8,932	5,533	(3,399)	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	50,962	79,436	28,474		Current Assets	55,688	66,672	10,984	
Trade and Other Payables	(72,876)	(64,581)	(69,869)	(5,288)	2	Trade and Other Payables	(67,429)	(78,084)	(10,655)	2
Borrowings	(7,615)	(4,830)	(6,434)	(1,604)	4	Borrowings	(4,780)	(6,384)	(1,604)	
Other Financial Liabilities	-	-	-	-		Other Financial Liabilities	-	-	-	
Provisions	(236)	(347)	(231)	116		Provisions	(250)	(133)	117	
Other Liabilities	-	-	-	-		Other Liabilities	-	-	-	
Current Liabilities	(80,727)	(69,758)	(76,534)	(6,776)		Current Liabilities	(72,459)	(84,601)	(12,142)	
Borrowings	(122,253)	(146,406)	(178,093)	(31,687)	4	Borrowings	(144,416)	(187,465)	(43,049)	4
Trade and Other Payables	-	(1,657)	-	1,657		Trade and Other Payables	(1,657)	-	1,657	
Provisions	(1,786)	(1,874)	(1,747)	127		Provisions	(1,943)	(1,816)	127	
TOTAL ASSETS EMPLOYED	213,975	251,918	210,358	(41,560)		TOTAL ASSETS EMPLOYED	245,430	185,306	(60,124)	
Financed by:						Financed by:				
Public Dividend Capital	(247,752)	(301,489)	(284,971)	16,518		Public Dividend Capital	(310,668)	(294,804)	15,864	4
Retained Earnings	79,401	87,980	79,400	(8,580)		Retained Earnings	87,980	79,400	(8,580)	
Surplus/(Deficit) for Year	-	15,624	40,838	25,214		(Surplus)/(Deficit) for Year	31,291	75,723	44,432	
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)	(251,918)	(210,358)	41,560		TOTAL TAXPAYERS EQUITY	(245,430)	(185,306)	60,124	

1. Capital expenditure is below plan because of slippage on all schemes; strategic capital is behind plan by £24m and operational capital by £11.4m.

2. Debtors still include the legacy 15-16 commissioning income debts and shortfalls on in year SLA commissioning income. The arbitration process is now complete and the outcome will be finalised in February. Excluding these debts the actual results are close to plan. The value of creditors is above plan with some intra NHS balances in debtors and creditors increasing both debtors and creditors at month end.

3. Revenue deficit funding of £4.6m was drawn down in month and a further £5.7m requested for February. The cash holding is below plan by £3.4m, but at £5.5m is a reasonable level given the current financial position.

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

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

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

2&3. Debtors, creditors and cash are dependent on the Trust revenue performance for the year. The forecast is based on the achievement of the revised deficit of £59.7m. Revenue funding of £15.6m has been drawn down in respect of the initial planned deficit, together with £29.8m against the increased deficit forecast. A further £14.3m will be required in February and March to cash back the revised deficit.

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

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

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

	Plan £k	Actual £k	Variance £k	Year End Actual	Plan £k	Actual £k	Variance £k
Strategic Capital	66,377	42,351	24,026	Strategic Capital	75,556	57,291	18,265
Operational Capital	18,526	7,112	11,414	Operational Capital	19,897	16,594	3,303
Total	84,903	49,463	35,440	Total	95,453	73,885	21,568

Strategic Capital. The 3Ts programme is £15.1m 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. The delays to 3Ts and the slippage on Operational Capital has meant that no PDC funding was drawn down in January, but PDC funding will be requested for February. The Radiotherapy East scheme work is ongoing and still expected to be substantially completed in year.

Strategic Capital. The forecast for 3Ts has been revised down by a another £6m to £57m. This reflects the delays on the Decant. The delays on the Decant have impacted on the Main Scheme demolitions and CAB works that will now continue into 17-18. The forecast outturn assumes that the Stage 1 site will be handed over to Laing O'Rourke by the year end. The Radiotherapy scheme is forecast to be substantially complete by the year end with £1m rolling over into the next financial year.

Operational Capital. Expenditure in month totalled £1.6m, an increase on the previous month's expenditure but a material proportion of this expenditure was on one scheme, the SPECT CT. Equipment Replacement and Estates schemes have not progressed and in some cases are still at the design and specification stages, with lack of engagement from the sponsors to support and progress the projects.

Operational Capital. The programme is significantly behind plan. There are a number of additional schemes on a waiting list drawn from the next financial year's programme and additional priority schemes that have been put forward for early consideration. The additional schemes are being prioritised in the context of clinical priority and lead time for completion in this year and are included in the forecast below. However with only two months left to complete these schemes there is a significant risk that the Trust will not succeed in spending the available capital resource in year.

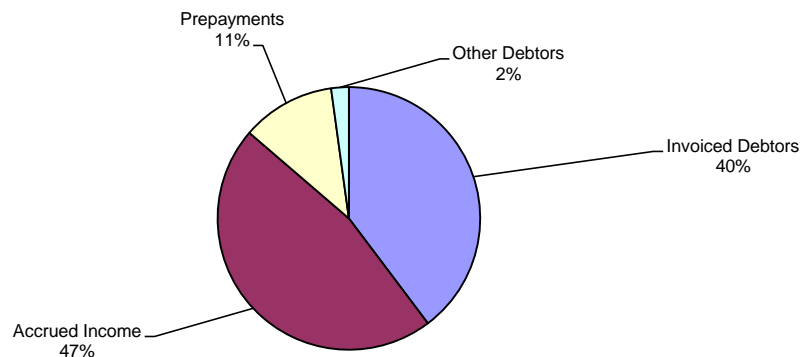
	Plan £k	Actual £k	Variance £k		Plan £k	Actual £k	Variance £k
Income - (CRL excluding donated income)	(82,147)	(49,192)	(32,955)	Income - (CRL excluding donated income)	(92,449)	(73,885)	(18,564)
Strategic Capital				Strategic Capital			
3Ts Project Team	490	530	(40)	3Ts Project Team	588	616	(28)
3Ts Main Scheme - Design and Works	50,006	35,547	14,459	3Ts Main Scheme - Design and Works	59,087	41,550	17,537
3Ts Decant (incl St Marys)	4,576	3,836	740	3Ts Decant (incl St Marys)	4,576	4,836	(260)
Radiotherapy East	11,305	2,438	8,867	Radiotherapy East	11,305	10,289	1,016
Total Strategic Capital	66,377	42,351	24,026	Total Strategic Capital	75,556	57,291	18,265
Operational Capital				Operational Capital			
Major Projects (>£1m)				Major Projects (>£1m)			
SPECT CT Nuclear Medicine	1,000	665	335	SPECT CT Nuclear Medicine	1,000	1,000	-
Compact LINACS	1,000	404	596	Compact LINACS	1,000	415	585
Electrical Substation - TKT Services	2,300	1,092	1,208	Electrical Substation - TKT Services	2,300	1,430	870
EPR	820	599	221	EPR	1,008	599	409
Replacement CT PRH	1,105	-	1,105	Replacement CT PRH	1,300	100	1,200
Small Projects (<£1m)				Small Projects (<£1m)			
Medical Equipment Replacement	5,271	1,120	4,151	Medical Equipment Replacement	5,639	3,555	2,084
IM&T Infrastructure	1,588	651	937	IM&T Infrastructure	2,008	1,314	694
Estates Infrastructure	3,450	1,514	1,936	Estates Infrastructure	3,450	3,748	(298)
Service Development	1,992	1,067	925	Service Development	2,192	4,433	(2,241)
Total Operational Capital	18,526	7,112	11,414	Total Operational Capital	19,897	16,594	3,303
(Under)/Overspend against CRL	2,756	271	2,485	(Under)/Overspend against CRL	3,004	-	3,004

The Trust debtors are a mixture of invoiced debtors, accrued income and prepayments. The level of invoiced debtors has decreased by £2.9m since the end of December but the value of overdue debts has increased.

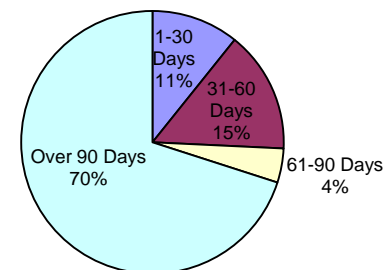
Invoiced Debtors	Within	1 Month	2 Months	3 Months	Total	Current	Prior	Notes	Other Receivables	Current	Prior		
	Terms	Overdue	Overdue	Overdue								Month	Month
	1-30 Days	31-60	61-90	Over 90								Over 30	Over 30
	Days	Days	Days	Days	Days	Days			Month	Month			
	£k	£k	£k	£k	£k	£k	£k			£k	£k		
CCG's	1,640	1,552	777	18,700	22,669	21,029	20,757	1	Accrued Income				
Trusts	585	1,782	308	2,621	5,296	4,711	3,220	2	Work In Progress	3,978	3,978		
Other NHS	616	43	67	663	1,389	773	730	3	CCG Service Level Agreements	16,659	12,442		
Other Debtors	642	1,580	144	1,237	3,603	2,961	2,583	4	Injury Cost Recovery Fund	2,040	2,040		
Private Patients	219	195	128	615	1,157	938	1,059		Other	8,306	5,767		
Overseas	17	27	29	366	439	422	397		Total Accrued Income	30,983	24,227		
Total Invoiced Debtors	3,719	5,179	1,453	24,202	34,553	30,834	28,746		Prepayments				
Provision for Bad Debts (including RTA Provision)					(8,123)				Maintenance & Other Contracts	4,405	6,423		
Accrued Income					30,983				NHS Litigation	3,265	2,612		
Prepayments					7,670				Other	0	0		
Other Debtors					1,444				Total Prepayments	7,670	9,035		
Total Trade & Other Receivables					66,527								

1. CCGs. The CCGs overdue balance is a mixture of old year balances and in-year commissioning income shortfalls. The material old year balances are subject to the arbitration which has now been determined. The details of the outcome are being worked through and will be included in the February results. The NCA debtors over 30 days have increased by £53k and the over 90 days have increased by £20k.
2. Trusts. The local organisations account for 94% of the total debt, and of these two account for 58% of the overall debt. The £1m expected from the largest of these has not been paid over - this is now expected to be paid in February. The improved cash position has enabled the Trust to release more NHS payments which in turn will unlock some of these intra NHS debts.
3. Other NHS. The over 90 days relates to the EPR funding debt of £627k.
4. Other Debtors. The over 30 days balance has increased by £378k; this is a combination of the MSK SLA income (£2m) that was outstanding last month and is no longer outstanding and the balance on the central MSK contract of £1.2m, which has moved into the over 30 days but is expected to be paid in February.

Trade and Other Receivables



Invoiced Debtors Ageing



The efficiency programme is behind plan by £1.7m year to date and £9.4m 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 £5.4m due to slippage and operational issues, an improvement of £0.2m compared to last month. There is forecast to be over-performance on the medical pay saving scheme and income schemes which maximise revenue capture through improved controls that has mitigated some of the under-achieving areas. Under-achievement is most marked in the operational productivity savings theme where work is focusing on theatre and outpatient efficiency.

		Year to Date			Year End		
		Plan	Forecast	Variance	Plan	Forecast	Variance
		£k	£k	£k	£k	£k	£k
Cost Improvement Plans		18,760	17,020	(1,740)	25,143	19,757	(5,386)
Themes		Year To Date			Year End		
		Plan	Actual	Variance	Plan	Forecast	Variance
		£k	£k	£k	£k	£k	£k
Back Office & Commercial	Income	2,098	3,579	1,481	2,560	4,214	1,654
Back Office & Commercial	Non Pay	5,806	3,579	(2,227)	7,164	4,277	(2,887)
Clinical Workforce	Pay Skill	2,937	3,301	364	3,776	3,851	75
Major IT Programme	Non Pay	84	-	(84)	108	-	(108)
Medical Workforce	Pay Skill	2,036	-	(2,036)	2,604	-	(2,604)
Medical Workforce	Pay WTE	142	2,878	2,736	237	3,272	3,035
Operational Estate	Non Pay	42	40	(2)	50	48	(2)
Operational Productivity	Income	200	301	101	257	358	101
Operational Productivity	Pay WTE	2,490	3,265	775	3,890	3,645	(244)
Operational Productivity	Non Pay	2,342	47	(2,295)	3,663	56	(3,607)
Transformation	Income	12	-	(12)	18	-	(18)
Workforce	Pay Skill	238	30	(208)	316	36	(280)
Workforce	Pay WTE	333	-	(333)	500	-	(500)
Efficiency Plan Total		18,760	17,020	(1,740)	25,143	19,757	(5,386)

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.

