

Summary
 The Trust is reporting a £20.4m year to date deficit at the end of Sept 2015; this is £3.6m behind the revised Trust Development Authority (TDA) plan of £16.7m. The Trust is forecasting £27m deficit for the full year. There are significant risks to delivering financial performance and there are financial recovery processes in place to mitigate these risks. The year to date position reflects the Trusts assessment of activity and income levels delivered for the year to date positions. The Trust has shared the forecast income position with Commissioners and these have informed the discussions, which are ongoing. The Trust had agreed Payment by Results (PbR) contracts with both Local Clinical Commissioning Groups and NHS England.

Continuity of Service Risk Rating (CoSRR) R				Surplus (Deficit) £k R				Cash £k A			
	Liquidity	Capital Servicing	Weighted Average		Plan	Actual / Forecast	Variance		Plan	Actual / Forecast	Variance
Year to Date	2	1	2	Year to Date £k	(16,854)	(20,404)	3,550	Year to Date £k	11,943	4,396	7,547
Year End Forecast	1	1	1	Year End Forecast £k	(16,704)	(27,015)	10,311	Year End Forecast £k	3,166	3,166	(0)
<p>Continuity of Service Risk Rating - The Trust is currently reporting an overall CoSRR rating of 2 for the Year to Date and 1 for the Forecast Position. This is rated as Red because the Capital Servicing element scores 1 which is the highest level of risk. The deficit position is adversely affecting the capital servicing ratio.</p>				<p>The net adverse variance of £3.6m is against the revised plan of £16.7m plan. Income overperformance of £6.7m is offset by operational cost pressures of £10.9m.</p>				<p>The cash holding is below plan and reflects the pressure on cash due to the increased outflows in month for the 6 monthly dividend and loan repayments and the ongoing deficit and legacy commissioning income unpaid from last year. The second tranche (£5m) of the Interim Revolving Working Capital Support Facility was drawn down in month. The year end level of cash holding has been set to align with the TDA 10 days operating expenses which is the maximum cash holding assumed for an organisation with temporary revenue support.</p>			

Income £k A				Operating Costs £k R				Capital £k G			
	Plan	Actual / Forecast	Variance		Plan	Actual / Forecast	Variance		Plan	Actual / Forecast	Variance
Year to Date £k	255,477	262,221	(6,744)	Year to Date £k	254,372	265,287	10,915	Year to Date £k	42,195	26,856	15,339
Year End Forecast £k	510,435	517,735	(7,300)	Year End Forecast £k	490,649	508,971	18,322	Year End Forecast £k	82,396	76,941	5,455
<p>Overall the Trust is reporting a year to date position of £6.7m above plan including £5m additional pass through payments. The Trust is assuming that CCGs 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.</p>				<p>Overall the Trust is forecasting an £18.3m overspend against operating costs. Pay expenditure is overspent by £5.1m and non-pay expenditure is overspent by £13.2m including £5m of additional pass through costs. Non-delivery of planned efficiencies is a significant contribution to the overspend, as is operational pressures and the opening of additional capacity.</p>				<p>Year to date is behind plan because of delays on 3T's work (strategic capital) and the lag on operational capital project schemes. The TDA are working with the DH and the Trust on the next steps to achieve the full set of approvals for 3Ts and release of funding; the full year forecast assumes that this will be achieved in time for the expenditure to be committed in year. The operational capital expenditure programme is under review and has been restricted to all those schemes that are in progress and in contract. The intention is to reduce the programme by £6m to support the revised control total agreed with the TDA.</p>			

Cost Improvement Plans £k R				Key Performance Metrics R			Key Risks:
	Plan	Actual / Forecast	Variance		Year to Date	Forecast Outturn	
Year to Date £k	10,465	6,841	3,624	NHS Financial Performance	R	R	Trust's elective activity is behind plan. The efficiency programme requires focus, particularly with a number of schemes scheduled to start in the latter part of the year. The early efficiency programme slippage needs to be recovered and we have work in place to address this. Spending on temporary staffing in the booking hub, medical & nursing staffing, and the contract for hotel services require tighter control. The Trust is also reviewing its locum rates and pursuing overseas nursing recruitment in order to mitigate increasing staffing costs.
Year End Forecast £k	26,399	15,877	10,522	Financial Efficiency	R	R	
				Underlying Surplus / Deficit	R	R	
				Capital and Cash	A	A	
<p>The Trust is currently £3.6m 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.</p>				<p>Trust Overall RAG Rating R</p>			
				<p>The Trust has an overall RAG rating of RED.</p>			

The Trust is reporting a £20.4m year to date deficit at the end of September 2015; this is £3.6m 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	16,854	20,404	3,550

The Trust has an overall position that is behind plan. Income is showing an overall positive variance of £6.7m. This relates to the income expected for the activity that has been seen in the first four months. Pay costs are overspent by £3.71m and non-pay costs overall are overspent by £7.2m. The overspend on pay mainly relates to non-delivery of efficiency plans and the high use of agency within nursing, additional capacity is also a contributing factor.

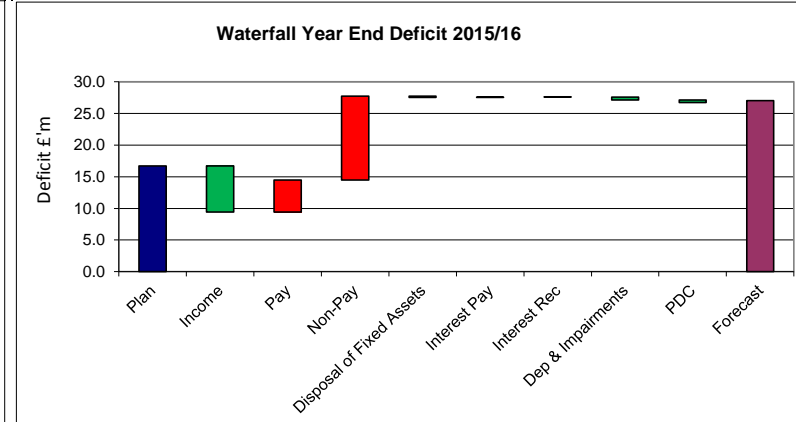
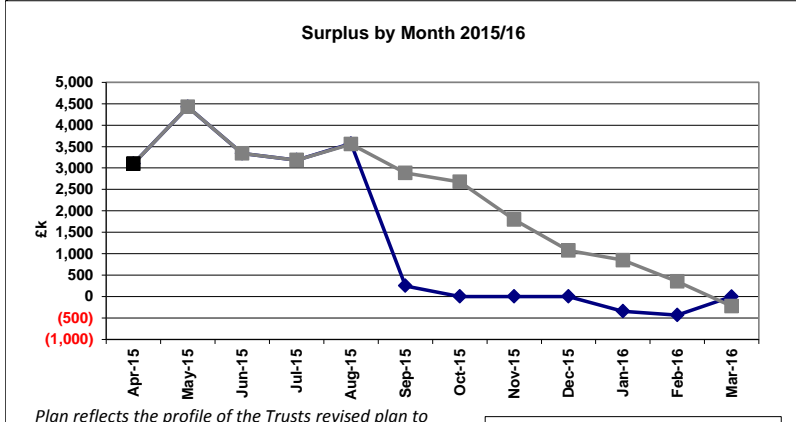
Year End Forecast	Plan £k	Forecast £k	Variance £k
(Surplus)/Deficit	16,704	27,015	10,311

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	(255,477)	(262,221)	(6,744)
Pay	159,422	163,088	3,666
Non-Pay	94,950	102,199	7,249
EBITDA *	(1,105)	3,066	4,171
EBITDA %	0.4	-1.2	
Profit / Loss on Disposal of Fixed Assets	(42)	(223)	(181)
Interest Payable	1,974	2,047	73
Interest Receivable	(34)	(28)	6
Depreciation	12,374	11,886	(488)
Impairments	-	-	-
Public Dividend Capital	4,184	4,284	100
Net (Surplus) / Deficit	17,351	21,032	3,682
Reverse Impairment	-	-	-
Other Adjustments	(293)	(418)	(125)
Reverse IFRS technical charge	(204)	(210)	(6)
Performance against Control Total	16,854	20,404	3,550
Surplus %	-6.6	-7.8	

* 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	192,904	13,233
EBITDA *	(19,786)	(8,764)	11,022
EBITDA %	3.9	1.7	
Profit / Loss on Disposal of Fixed Assets	(42)	(223)	(181)
Interest Payable	4,314	4,376	62
Interest Receivable	(72)	(60)	12
Depreciation	24,500	24,015	(485)
Impairments	15,500	15,500	-
Public Dividend Capital	8,727	8,328	(399)
Net (Surplus) / Deficit	33,141	43,171	10,030
Reverse Impairment	(15,500)	(15,500)	-
Other Technical Adjustments	(534)	(235)	299
Reverse IFRS technical charge	(403)	(421)	(18)
Performance against Control Total	16,704	27,015	10,311
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 September 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
Cashflow from Operations	(29,922)	(22,316)	7,606
Capital Expenditure	(31,431)	(24,993)	6,438
Cash receipt from asset sales	616	572	(44)
Cashflow before financing	(60,737)	(46,737)	14,000
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
Cashflow from financing	47,285	25,738	(21,547)
Net Cash Inflow / (Outflow)	(13,452)	(20,999)	(7,547)
Opening Cash Balance	25,395	25,395	-
Closing Cash Balance	11,943	4,396	(7,547)

Year End Forecast	Plan £k	Forecast £k	Variance £k
EBITDA	19,786	8,764	(11,022)
Non Cash I&E Items	-	-	-
Movement in Working Capital	(7,058)	(15,254)	(8,196)
Provisions	(92)	169	261
Cashflow from Operations	12,636	(6,321)	(18,957)
Capital Expenditure	(78,947)	(72,651)	6,296
Cash receipt from asset sales	616	572	(44)
Cashflow before financing	(65,695)	(78,400)	(12,705)
PDC Received	28,936	14,398	(14,538)
PDC Repaid	-	-	-
Dividends Paid	(8,537)	(8,430)	107
Interest on Loans and leases	(4,134)	(3,724)	410
Interest received	72	61	(11)
Drawdown on debt	34,635	60,750	26,115
Repayment of debt	(7,506)	(6,884)	622
Cashflow from financing	43,466	56,171	12,705
Net Cash Inflow / (Outflow)	(22,229)	(22,229)	-
Opening Cash Balance	25,395	25,395	-
Closing Cash Balance	3,166	3,166	0

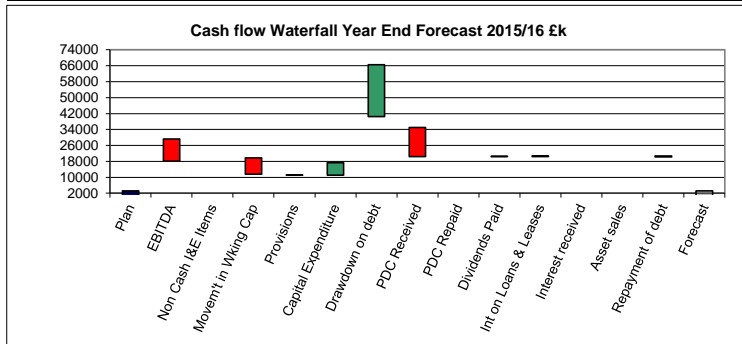
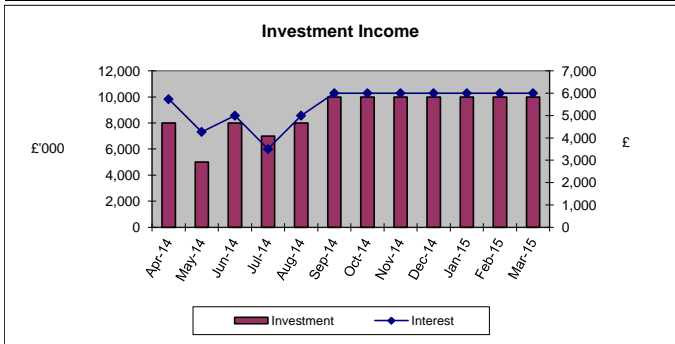
The working capital favourable variance is better than plan but both plan and actual working capital balances reflect the underlying negative relationship between debtors and creditors.

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

In month a further £5m was drawn down on the Interim Revolving Working Capital Support Facility bringing the total drawdown to date to £15m. The PDC variance relates to 3Ts main funding which is dependent on final DH approval of the scheme and finalisation of the funding method (PDC or loan).

The full year plan assumes the planned control total is achieved and strategic funding is received from the DH to match the 3Ts expenditure profile; temporary revenue support has been agreed and is in place to underpin the planned deficit but has been capped at £16.7m, in line with the revised planned deficit.

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



Risks
The cashflow is based on the assumption that the forecast control total is achieved and the Trust is paid for the agreed level of performance.

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Rolling Cashflow

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

Year To Date	Plan £k	Actual £k	Variance £k	Year End Forecast	Plan £k	Actual £k	Variance £k	Year End Forecast 16/17	Plan £k
	11,943	4,396	(7,547)		3,166	3,166	-		3,166

	Sep-15 £k	Oct-15 £k	Nov-15 £k	Dec-15 £k	Jan-16 £k	Feb-16 £k	Mar-16 £k	Apr-16 £k	May-16 £k	Jun-16 £k	Jul-16 £k	Aug-16 £k
	Act	For	For	For	For	For	For	For	For	For	For	For
EBITDA	(365)	495	1,368	2,045	2,235	2,701	2,987	82	2,054	1,757	1,200	-719
Non Cash I&E Items	-	-	-	-	-	-	-	-	-	-	-	-
Movement in Working Capital	(10,455)	12,696	(2,892)	9,141	2,618	(1,863)	(15,566)	8,497	6,507	(3,486)	1,200	(3,200)
Provisions	36	135	(10)	(23)	-	-	(71)	4	8	8	8	8
Cashflow from Operations	(10,784)	13,326	(1,534)	11,163	4,853	838	(12,650)	8,583	8,569	(1,721)	2,408	(3,911)
Capital Expenditure	(5,277)	(8,321)	(3,661)	(11,413)	(7,108)	(10,896)	(6,259)	(4,781)	(2,837)	(3,200)	(4,500)	(2,567)
Cash receipt from asset sales	-	-	-	-	-	-	-	-	-	-	-	-
Cashflow before financing	(16,061)	5,005	(5,195)	(250)	(2,255)	(10,058)	(18,909)	3,802	5,732	(4,921)	(2,092)	(6,478)
PDC Received	-	-	6,930	-	2,006	2,658	2,804	-	2,006	10,000	-	4,000
PDC Repaid	-	-	-	-	-	-	-	-	-	-	-	-
Dividends Paid	(4,452)	-	-	-	-	-	(3,978)	-	-	-	-	-
Interest on Loans and leases	(671)	(215)	(216)	(215)	(216)	(215)	(899)	(216)	(216)	(216)	(216)	(216)
Interest received	5	5	5	5	6	6	6	6	6	6	6	6
Drawdown on debt	5,000	1,704	-	14,889	9,701	(312)	-	-	-	(312)	-	-
Repayment of debt	(2,349)	(102)	(526)	(101)	(102)	(102)	(3,093)	(102)	(102)	(102)	(102)	(102)
Cashflow from financing	(2,467)	1,392	6,193	14,578	11,395	2,035	(5,160)	(312)	1,694	9,376	(312)	3,688
Net Cash Inflow / (Outflow)	(18,528)	6,397	998	14,328	9,140	(8,023)	(24,069)	3,490	7,426	4,455	(2,404)	(2,790)
Opening Cash Balance	22,924	4,396	10,793	11,791	26,119	35,259	27,236	3,166	6,656	14,082	18,537	16,133
Closing Cash Balance	4,396	10,793	11,791	26,119	35,259	27,236	3,166	6,656	14,082	18,537	16,133	13,343

Overall the Trust is reporting a year to date position of £6.7m above plan including £5m additional pass through payments. The Trust is assuming that CCGs 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
Total Income	(255,477)	(262,221)	(6,744)

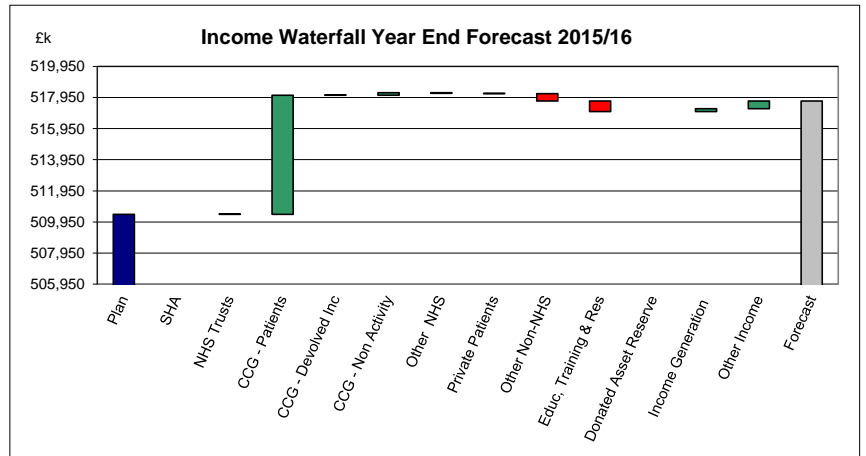
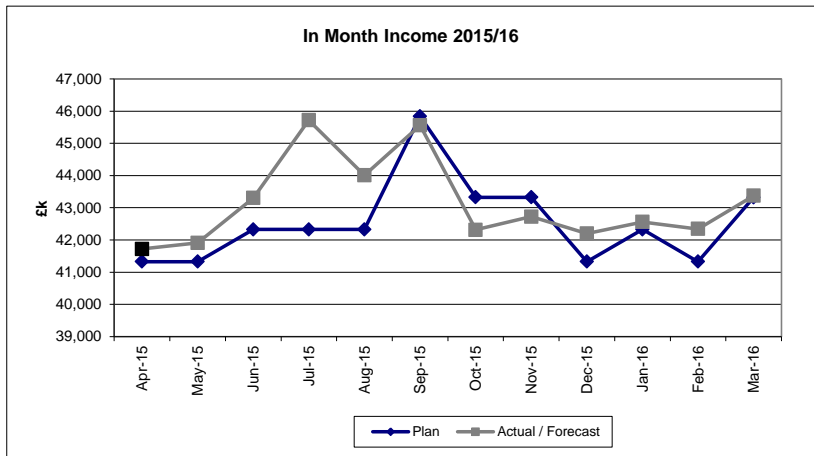
Year End Forecast	Plan £k	Forecast £k	Variance £k
Total Income	(510,435)	(517,735)	(7,300)

Overall the Trust is reporting over-achievement Year to Date of £6.7m. 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 overperform 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
Income			
NHS Trusts	(4,079)	(3,919)	160
Clinical Commissioning Groups	(221,655)	(229,478)	(7,823)
Other NHS	(29)	(0)	29
Private Patients	(2,316)	(2,263)	53
Other Non-NHS	(4,190)	(4,106)	84
Income From Activities	(232,216)	(239,766)	(7,550)
Education, Training and Research	(14,294)	(13,939)	355
Transfers from Donated Asset Reserve	0	0	0
Income Generation	(364)	(658)	(294)
Other Income	(8,603)	(7,858)	745
Other Operating Income	(23,261)	(22,455)	806
Total Income	(255,477)	(262,221)	(6,744)

Year End Forecast	Plan £k	Forecast £k	Variance £k
Income			
NHS Trusts	(8,079)	(8,079)	(0)
Clinical Commissioning Groups	(442,758)	(450,595)	(7,837)
Other NHS	(58)	(13)	45
Private Patients	(4,835)	(4,824)	11
Other Non-NHS	(8,696)	(8,215)	482
Income From Activities	(464,426)	(471,726)	(7,300)
Education, Training and Research	(28,794)	(28,119)	675
Transfers from Donated Asset Reserve	0	0	0
Income Generation	(728)	(911)	(182)
Other Income	(16,487)	(16,980)	(492)
Other Operating Income	(46,009)	(46,009)	0
Total Income	(510,435)	(517,735)	(7,300)



Risks

Overall the Trust is reporting a £10.9m overspend against operating costs. Pay expenditure is overspent by £3.6m and non-pay expenditure is overspent by £7.2m. Non-delivery of planned efficiencies, opening of additional capacity and continuing operational pressures are the main driver of the overspend.

Year To Date				Year End Forecast			
	Plan £k	Actual £k	Variance £k		Plan £k	Forecast £k	Variance £k
Pay	159,422	163,088	3,666	Pay	310,978	316,066	5,088
Non Pay	94,950	102,199	7,249	Non Pay	179,671	192,904	13,233
Operational Costs	254,372	265,287	10,915	Operational Costs	490,649	508,971	18,322

The Trust is overspent by £10.9m on operating costs compared to plan, partly offset by a positive variance on income of £5m. There is an overall overspend on pay budgets of £3.7m, a large proportion of this is due to non delivery of efficiencies. The nursing overspend is from the additional agency shifts that have been booked and worked, particularly in May. Expenditure on medical staff is high due to the reliance on agency locum cover and the requirement to hold WLI sessions in a number of directorates. Within Other Healthcare there is still an issue with cover in Imaging. The Administration & Clerical overspend is due to the additional investment required in the central booking hub, including the validation team, to respond to operational pressures. The Trust is £7.2m overspent on Non Pay budgets, which relates to the non-delivery of the efficiency targets as well as increasing expenditure on drugs, particularly £5m on PBR excluded drugs which is offset with income.

The Trust is currently forecasting £11m 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				Full Year			
	Plan £k	Actual £k	Variance £k		Plan £k	Forecast £k	Variance £k
Pay				Pay			
Management	7,039	6,349	(690)	Management	13,365	13,288	(77)
Medical and Dental Staff	47,820	50,139	2,319	Medical and Dental Staff	94,373	96,086	1,712
Nursing & Midwifery	64,174	64,578	404	Nursing & Midwifery	122,150	123,822	1,673
Other Healthcare	22,134	22,998	864	Other Healthcare	43,489	44,166	676
Ancillary Staff	2,236	1,195	(1,041)	Ancillary Staff	6,882	6,831	(51)
Administrative & Clerical	15,299	16,356	1,057	Administrative & Clerical	30,571	30,992	420
Maintenance Staff	1,443	1,382	(61)	Maintenance Staff	2,859	2,767	(92)
Other Staff	(725)	90	815	Other Staff	(2,712)	(1,886)	826
Total Pay	159,422	163,088	3,666	Total Pay	310,978	316,066	5,088
Non-Pay				Non-Pay			
Drugs & Medical Gases	28,829	31,186	2,357	Drugs & Medical Gases	56,406	60,559	4,152
Supplies and Services - Clinical	26,179	28,561	2,382	Supplies and Services - Clinical	50,268	57,668	7,400
Supplies and Services General	6,712	7,680	968	Supplies and Services General	9,431	9,989	559
Establishment Expenses	2,909	3,361	451	Establishment Expenses	5,908	5,873	(35)
Transport Expenses	549	625	76	Transport Expenses	1,159	1,205	46
Premises	10,561	10,850	289	Premises	21,141	21,174	33
Purchase of Healthcare from Non NHS provider	2,863	3,746	883	Purchase of Healthcare from Non NHS provider	5,284	5,878	594
Other Non Pay/Reserves	2,405	2,321	(84)	Other Non Pay/Reserves	2,229	2,711	482
CNST Premium	8,129	8,129	-	CNST Premium	16,257	16,257	-
Education and Training	2,254	1,853	(400)	Education and Training	4,517	4,490	(27)
Services from Other NHS Bodies	3,561	3,888	327	Services from Other NHS Bodies	7,071	7,100	29
Total Non-Pay	94,950	102,199	7,249	Total Non-Pay	179,671	192,904	13,233
Total Expenditure	254,372	265,287	10,915	Total Expenditure	490,649	508,971	18,322

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Statement of Financial Position

The Trust Statement of Financial position is produced on a monthly basis, and reflects changes in the asset values, as well as movement in liabilities. The plan is the TDA plan submitted in September 2015.

	1 April 15		Year to Date		Notes		Full Year		Notes	
	Actual	Plan	Actual	Variance			Plan	Forecast		Variance
	£k	£k	£k	£k			£k	£k		
Property, Plant and Equipment	329,717	349,968	344,709	(5,259)	1	Property, Plant and Equipment	367,321	361,582	(5,739)	1
Intangible Assets	461	444	443	-		Intangible Assets	426	425	(1)	
Other Assets	2,510	3,423	3,347	(76)		Other Assets	2,917	2,841	(76)	
Non Current Assets	332,688	353,835	348,499	(5,335)		Non Current Assets	370,664	364,848	(5,816)	
Inventories	7,178	6,979	7,109	130		Inventories	6,590	7,020	430	
Trade and Other Receivables	40,827	53,925	61,685	7,760	2	Trade and Other Receivables	47,814	51,166	3,352	
Cash and Cash Equivalents	25,395	11,943	4,396	(7,547)	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	
Current Assets	74,053	72,926	73,494	568		Current Assets	57,649	61,656	4,007	
Trade and Other Payables	(59,905)	(43,362)	(63,741)	(20,379)	2	Trade and Other Payables	(58,252)	(54,150)	4,102	
Borrowings	(5,829)	(7,973)	(21,453)	(13,480)	4	Borrowings	(6,795)	(33,168)	(26,373)	3
Other Financial Liabilities	-	-	-	-		Other Financial Liabilities	-	-	-	
Provisions	(388)	(398)	(388)	10		Provisions	(163)	(325)	(162)	
Other Liabilities	-	-	-	-		Other Liabilities	-	-	-	
Current Liabilities	(66,122)	(51,733)	(85,582)	(33,849)		Current Liabilities	(65,210)	(87,643)	(22,433)	
Borrowings	(69,843)	(99,164)	(86,129)	13,035	4	Borrowings	(96,006)	(96,370)	(364)	3
Trade and Other Payables	(579)	(1,118)	(1,118)	-		Trade and Other Payables	(1,118)	(1,118)	-	
Provisions	(1,927)	(1,896)	(1,926)	(30)		Provisions	(1,914)	(1,962)	(48)	
TOTAL ASSETS EMPLOYED	268,270	272,850	247,238	(25,611)		TOTAL ASSETS EMPLOYED	264,065	239,411	(24,654)	
Financed by:						Financed by:				
Public Dividend Capital	(236,123)	(258,053)	(236,123)	21,930	4	Public Dividend Capital	(265,059)	(250,521)	14,538	4
Retained Earnings	17,866	17,131	17,866	735		Retained Earnings	17,131	17,866	735	
Surplus/(Deficit) for Year	-	18,085	21,032	2,947		(Surplus)/Deficit for Year	33,876	43,257	9,381	
Revaluation Reserve	(50,013)	(50,013)	(50,013)	-		Revaluation Reserve	(50,013)	(50,013)	-	
TOTAL TAXPAYERS EQUITY	(268,270)	(272,850)	(247,238)	25,612		TOTAL TAXPAYERS EQUITY	(264,065)	(239,411)	24,654	

1. Strategic Capital expenditure and Operational Capital expenditure is behind plan.

2. Debtors (trade and other receivables) is closer to plan than creditors (trade and other payables) which is still in excess of plan. Creditors remain high as a result of limits placed on payment runs with fluctuating cash flows and the need to ensure adequate funds are retained at the month end pending the mid-month commissioning payments.

3. The second tranche (£5m) of the Interim Revolving Working Capital Loan was drawn down in month but with the half year's dividend payment and the loan repayments falling due in September cash has been stretched. This has impacted on the month end cash holding which has had to be reduced to a much lower level than planned.

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 of has been increased to £26m and has been included as current borrowings although this may be changed to permanent PDC later in the year.

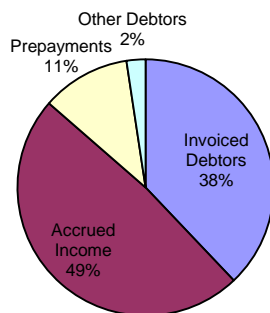
4. The PDC in year movement relates to the funding assumed for 3Ts.

The Trust debtors is a mixture of invoiced debtors, accrued income and prepayments. The level of invoiced debtors has decreased by £1.2m since the end of September and overdue debts (those > 30 days old) have decreased by £4m.

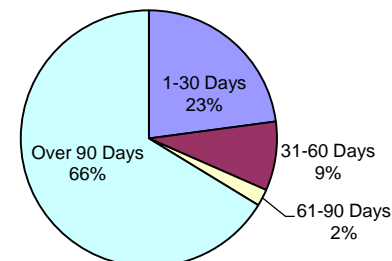
Invoiced Debtors	Within	1 Month	2 Months	3 Months	Total	Current	Prior	Notes	Other Receivables	Current	Prior		
	Terms	Overdue	Overdue	Overdue								Month	Month
	1-30 Days	31-60	61-90	Over 90								Over 30	Over 30
£k	Days	Days	Days	Days	Days	Days	Days	£k	£k				
CCG's	507	440	99	11,397	12,443	11,936	13,662	1	Accrued Income				
Trusts	1,320	322	281	326	2,249	929	857	2	Work In Progress	3,978	3,978		
Other NHS	1,465	97	72	4,180	5,814	4,349	7,138	3	CCG Service Level Agreements	15,156	10,369		
Other Debtors	2,598	1,326	69	846	4,839	2,241	1,835	4	Injury Cost Recovery Fund	2,244	1,401		
Private Patients	249	117	33	807	1,206	957	956	5	Other	8,533	9,594		
Overseas	1	34	18	234	287	286	258		Total Accrued Income	29,911	25,342		
Total Invoiced Debtors	6,140	2,336	572	17,790	26,838	20,698	24,706		Prepayments				
Provision for Bad Debts (including RTA Provision)					(3,451)				Maintenance & Other Contracts	5,250	6,963		
Accrued Income					29,911				NHS Litigation	1,661	1,384		
Prepayments					6,911				Other	0	0		
Other Debtors					1,476				Total Prepayments	6,911	8,347		
Total Trade & Other Receivables					61,685								

1. CCGs. The discussions with CCGs about the year end contract values are near completion and it is expected that these balances will be cleared shortly. The NCA over 30 day debtors balance has increased by £146,000 and the over 90 days has decreased by £9,000.
2. Trusts. There has been a small change in the over 90 days debts (increased by £10,000) and overall debts over 30 days have increased by £72,000. The five local organisations account for £773,000, the majority of the debts (83%).
3. Other NHS. The over 90 days balance relates mainly to year end contract debts (this includes the microbiology services); these have been finalised (£3.9m) and will be settled in October. Discussions about the Breast screening unit activity (£427k) and EPR funding (£627k) are ongoing and progressing. The charge for 3Ts revenue support for 15-16 has been re-issue in quarterly instalments and will be paid quarterly in arrears.
4. The debt for current year MSK services has been paid over but £1.1m in respect of pass through monies from the CCGs for last years MSK services has been withheld. The independent provider is again delaying payment unnecessarily. It is expected that this will finally be resolved in October.
5. Private Patient overdue debts have increased by £28,000.

Trade and Other Receivables



Invoiced Debtors Ageing



The capital report shows Strategic and Operational capital expenditure for year to date and full year forecasts compared to the TDA submitted plan.

	Plan £k	Actual £k	Variance £k	Year End Forecast	Plan £k	Forecast £k	Variance £k
Strategic Capital	24,784	15,720	9,064	Strategic Capital	48,518	53,980	(5,462)
Operational Capital	17,411	11,136	6,275	Operational Capital	33,878	22,961	10,917
Total	42,195	26,856	15,339	Total	82,396	76,941	5,455

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

Operational Capital. 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 while the operational programme is refreshed. 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. Although behind plan the windows replacement, EPR, Replacement MRIs and Compact LINACS schemes will be completed this year.

Strategic Capital - The variance on the main scheme between plan and forecast is caused by bringing forward Phase 4 design fees and electrical infrastructure work to enable cranes to be utilised without impacting upon operational needs. The project team and decant costs are forecast to be in line with plan. The TDA approved the FBC at its Board in July and NHSE support has been reconfirmed following a review of CCG plans. The TDA are working with DH on the next steps to achieve the full set of approvals. Operational Capital - The operational capital programme is a mixture of schemes approved and started last year and new schemes for which cases are to be submitted for approval this year. 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 and in contract; all other schemes have been excluded. The outturn shows an over programming of £6m.

	Plan £k	Actual £k	Variance £k		Plan £k	Forecast £k	Variance £k
Income - (CRL excluding donated income)	(38,248)	(35,422)	(2,826)	Income - (CRL excluding donated income)	(76,495)	(70,844)	(5,651)
Strategic Capital				Strategic Capital			
3Ts Project Team	413	494	(81)	3Ts Project Team	815	815	-
3Ts Main Scheme - Design and Works	5,875	7,292	(1,417)	3Ts Main Scheme - Design and Works	9,122	14,318	(5,196)
3Ts Decant (incl St Marys)	13,721	7,892	5,829	3Ts Decant (incl St Marys)	17,454	17,720	(266)
Radiotherapy Compact LINAC	4,775	42	4,733	Radiotherapy Compact LINAC	6,238	6,238	-
Radiotherapy East	-	-	-	Radiotherapy East	14,889	14,889	-
Total Strategic Capital	24,784	15,720	9,064	Total Strategic Capital	48,518	53,980	(5,462)
Operational Capital				Operational Capital			
Major Projects (>£1m)				Major Projects (>£1m)			
Windows, Roof & Internal Refurb - SxEH	980	679	301	Windows, Roof & Internal Refurb - SxEH	2,132	2,132	-
Electronic Patient Record	800	428	372	Electronic Patient Record	2,038	1,008	1,030
Electrical Substation - TKT Services	950	-	950	Electrical Substation - TKT Services	2,300	2,300	-
Replacement MRIs	4,275	2,522	1,753	Replacement MRIs	4,334	4,497	(163)
Site Reconfiguration Neuro	1,818	2,461	(643)	Site Reconfiguration Neuro	1,925	2,470	(545)
Compact LINACS	750	274	476	Compact LINACS	2,948	2,948	-
Additional Theatre Provision PRH	185	-	185	Additional Theatre Provision PRH	1,500	-	1,500
Pathology HUB	280	-	280	Pathology HUB	1,000	100	900
Small Projects (<£1m)				Small Projects (<£1m)			
Medical Equipment Replacement	2,892	973	1,919	Medical Equipment Replacement	6,607	1,558	5,049
IM&T Infrastructure	637	746	(109)	IM&T Infrastructure	1,277	1,556	(279)
Estates Infrastructure	1,366	1,445	(79)	Estates Infrastructure	4,728	2,392	2,336
Service Development	2,478	1,608	870	Service Development	3,089	2,000	1,089
Total Operational Capital	17,411	11,136	6,275	Total Operational Capital	33,878	22,961	10,917
(Under)/Overspend against CRL	3,948	(8,566)	12,514	(Under)/Overspend against CRL	5,901	6,097	(196)

The efficiency programme is behind plan for the year to date position. There are some Themes that we expect to improve the position on 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 almost 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
Cost Improvement Plans	10,465	6,841	(3,624)	26,399	15,877	(10,522)
Themes	Plan	Year To Date	Variance	Plan	Year End	Variance
	£k	Actual	£k	£k	Forecast	£k
		£k				
Back Office & Commercial	3,660	2,573	(1,087)	9,534	5,095	(4,439)
Clinical Workforce	1,619	1,040	(579)	3,236	2,757	(479)
Education & Training	133	120	(13)	416	414	(2)
Major IT Programme	73	15	(58)	151	151	-
Medical Workforce	556	702	146	1,570	978	(592)
Operational Estate	53	12	(41)	92	52	(40)
Operational Productivity	363	152	(211)	883	578	(305)
Outpatients	149	120	(29)	551	442	(109)
Transformation	2,883	1,134	(1,749)	7,951	3,416	(4,535)
Strategic Estate	-	-	-	-	-	-
Workforce	976	973	(3)	2,015	1,994	(21)
	10,465	6,841	(3,624)	26,399	15,877	(10,522)
Efficiency Plan Total	10,465	6,841	(3,624)	26,399	15,877	(10,522)

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.

Year End Forecast by Theme

