

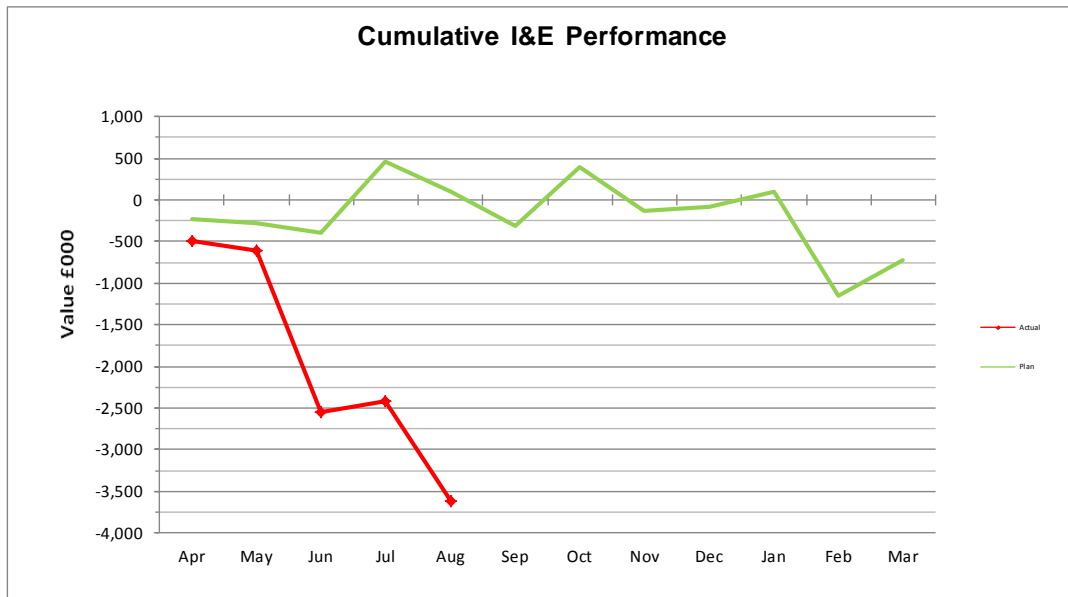
Board of Directors' Meeting Report – 24th September 2014
Agenda item 283/14

Title	Financial Position
Sponsoring Director	James O'Sullivan
Authors	Adrian Buggle – Deputy Director of Finance Marie Miller – Assistant Director of Finance Lisa Keith – Assistant Director of Finance
Purpose	To present the financial position for August 2014.
Previously considered at	N/A
Executive Summary	
There was a deficit of £1.2m in August which increased the cumulative deficit to £3.6m. Although cash balances remained strong, the Trust's CoSRR reduced to a 2.	
Related Trust Objective	Sustainability – keeping the core strong
Related Risk	Various
Legal implications / regulatory requirements	The Trust's financial position forms part of Monitor's regulatory regime.
Quality impact assessment	The delivery of the financial position and maintaining and improving quality are integral. Each cost improvement programme has a quality impact assessment.
Equality impact assessment	As far as can be considered this paper has no detrimental impact for the 9 protected characteristics under the Equality Act 2010
Recommendations	
The Board is asked to note this.	

Income and Expenditure Summary

I&E Summary

Annual Plan	Adverse variances are shown in brackets ()	Current Month			Year to date			RAG	Forecast			RAG
		Plan	Actual	Variance	Plan	Actual	Variance		Plan	Actual	Variance	
£'000		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000		
222,989	Clinical Income	18,855	18,323	(532)	93,363	93,535	172	222,989	226,026	3,037		
21,102	Other Income	1,734	1,922	188	8,886	9,311	425	21,102	22,942	1,840		
24,635	Pass Through Income	2,009	1,985	(24)	10,181	10,230	49	24,635	24,552	(83)		
268,726	Total Income	22,598	22,230	(368)	112,430	113,076	646	268,726	273,520	4,794		
172,787	Pay	14,799	15,007	(208)	72,034	74,197	(2,163)	172,787	179,032	(6,245)		
57,976	Non Pay	4,968	5,374	(406)	24,255	26,291	(2,036)	57,976	64,639	(6,663)		
24,630	Pass Through Non Pay	2,015	1,984	31	10,185	10,230	(45)	24,630	24,551	79		
255,393	Total Expenditure	21,782	22,365	(583)	106,474	110,718	(4,244)	255,393	268,222	(12,829)		
13,333	EBITDA	816	(135)	(951)	5,956	2,358	(3,598)	13,333	5,298	(8,035)		
9,062	Depreciation	756	659	97	3,776	3,917	(141)	9,062	9,060	2		
4,990	Financing	416	411	5	2,079	2,060	19	4,990	4,943	47		
(719)	Net Surplus / (Deficit)	(356)	(1,205)	(849)	101	(3,619)	(3,720)	(719)	(8,705)	(7,986)		



Budget Variances by Business Unit

Adverse variances are shown in brackets ()	Corporate	D&T	Facilities	Medicine	MSK	Surgery	Theatres	W&C	Other	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income	108	383	(78)	(1,116)	(3)	437	43	(70)	942	646
Pay	(82)	(186)	150	(1,161)	(205)	(588)	(651)	(441)	1,001	(2,163)
Non pay	(413)	(292)	300	(623)	(400)	(388)	9	(97)	(177)	(2,081)
SLR Recharges	1	(127)	1	389	(413)	61	144	(55)	(1)	-
EBITDA	(386)	(222)	373	(2,511)	(1,021)	(478)	(455)	(663)	1,765	(3,598)
Depreciation & Financing	-	-	-	-	-	-	-	-	(122)	(122)
Net Budget Variance	(386)	(222)	373	(2,511)	(1,021)	(478)	(455)	(663)	1,643	(3,720)

Commentary

Current month

- There was a deficit of £1.2m in the month which was significantly higher than the plan of £0.4m.
- Other income is over-achieving, mainly due to the SEEDS service and GP Hosting. Both of these income streams are matched with equal non-pay cost.
- Pay costs remained high at £15m with agency costs representing £1.5m of this. There were pay overspends in every clinical business unit, with the highest being in Medicine, Surgery and Theatres.

Forecast

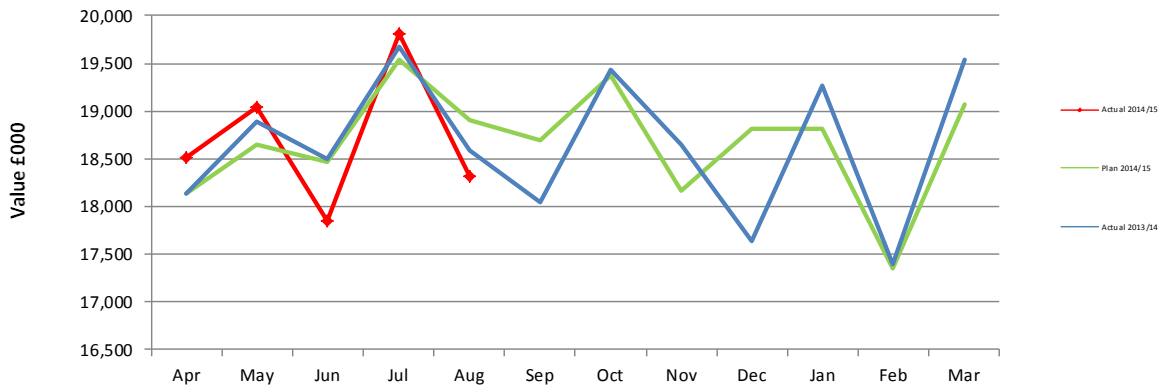
- The draft year end forecast deficit is £8.7m. A separate paper has been prepared for the Board which explains the assumptions underpinning this. Monitor require a detailed breakdown of this forecast by 26th September.

Clinical Income

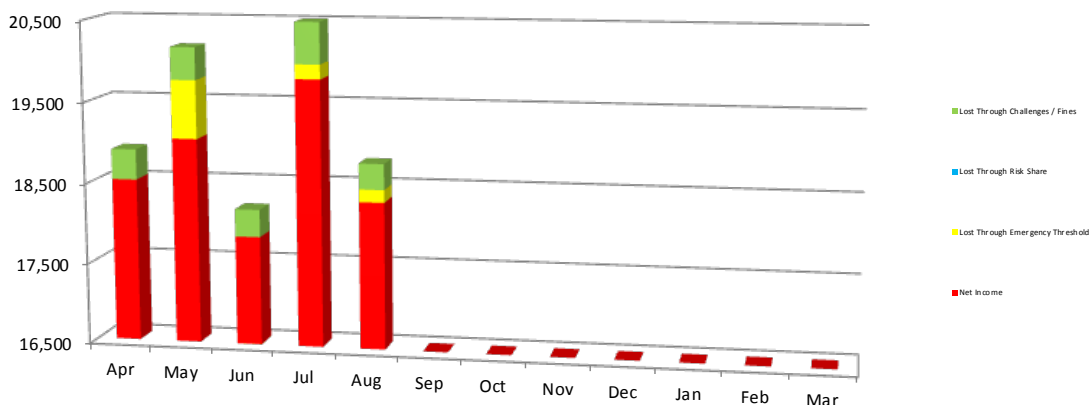
Activity and Income Analysis

Adverse variances are shown in brackets ()	Activity					Financial				
	Annual Plan	YTD Plan	Actual	Variance		Annual Plan	YTD Plan	Actual	Variance	
	units	units	units	units	%	£'000	£'000	£'000	£'000	%
Elective : In-Patients	8,159	3,420	4,061	641	18.7%	22,969	9,632	10,391	759	7.9%
Elective : Planned Same Day	41,306	16,981	17,617	636	3.7%	24,862	10,262	10,409	147	1.4%
Non-Elective	32,446	13,601	14,821	1,220	9.0%	65,730	27,556	28,651	1,095	4.0%
Out-Patients : First	105,786	43,489	43,273	(216)	(0.5%)	16,731	6,892	7,074	182	2.6%
Out-Patients : Follow-ups	196,880	80,937	80,510	(427)	(0.5%)	16,761	6,893	6,372	(521)	(7.6%)
Out-Patients : Procedures	29,296	12,044	12,111	67	0.6%	4,588	1,928	2,108	180	9.3%
Non Face to Face Contacts	11,246	4,623	4,013	(610)	(13.2%)	275	113	105	(8)	(7.1%)
Pre-op Assessments	12,629	5,192	5,117	(75)	(1.4%)	883	363	363	-	-
Critical Care	14,691	6,158	4,308	(1,850)	(30.0%)	11,499	4,820	4,366	(454)	(9.4%)
GP Direct Access	3,429,729	1,437,740	1,389,843	(47,897)	(3.3%)	13,902	5,825	5,921	96	1.6%
Accident & Emergency	93,402	39,154	31,893	(7,261)	(18.5%)	9,356	3,922	3,420	(502)	(12.8%)
Pass Through	-	-	-	-	-	24,307	10,181	10,230	49	0.5%
Other Clinical Income	72,376	29,841	50,659	20,818	-	35,433	15,157	14,355	(802)	(5.3%)
Totals	4,047,946	1,693,181	1,658,226	(34,955)	n/a	247,296	103,544	103,765	221	0.2%

Clinical Income excluding Pass Through



Analysis of Challenges, Risk Share & ERT



Analysis of Income Variances

Adverse variances are shown in brackets ()	Budget	Actual	Variance		Inpatient s	Outpatient s	Critical Care	GP Direct Access	A&E	Pass Through	Other
	£000s	£000s	£000s	%	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Diagnostic & Therap.	16,960	17,506	546	3.2%	296	(137)	-	82	-	44	261
Medicine	34,101	32,482	(1,619)	(4.7%)	529	(279)	(249)	(3)	(503)	(169)	(945)
MSK	15,488	15,600	112	0.7%	172	(72)	-	-	-	(40)	52
Surgical	21,814	22,270	456	2.1%	200	(9)	(99)	17	-	227	120
Theatres & CC	1,406	1,425	19	1.4%	-	-	21	-	-	(1)	(1)
Women & Children	13,086	13,033	(53)	(0.4%)	303	329	(127)	-	-	(18)	(540)
Centrally Managed	689	1,449	760	110.3%	500	-	-	-	-	7	253
Totals	103,544	103,765	221	0.2%	2,000	(168)	(454)	96	(503)	50	(800)

Commentary

- Income in August was higher than plan for both elective and non-elective inpatients. The areas with higher actuals than plan are Diagnostic & Therapeutic, Surgery & MSK .
- Maternity income remains behind plan. This is currently being reviewed.
- Funding of £1.2m has been made available to enable the Trust to deliver the RTT 18 week target. £496k of this has been accounted for in August and is matched with additional expenditure.
- The year to date provision for fines is now as follows:
 - 18 Weeks £ 261k
 - 52 weeks £ 5k
 - A&E £ 69k
 - Cancer £ 4k
 - Ambulance £ 286k
 - C2C Referral £ 142k
 - VTE Risk Assessment £ 64k
 - Other £ 34k

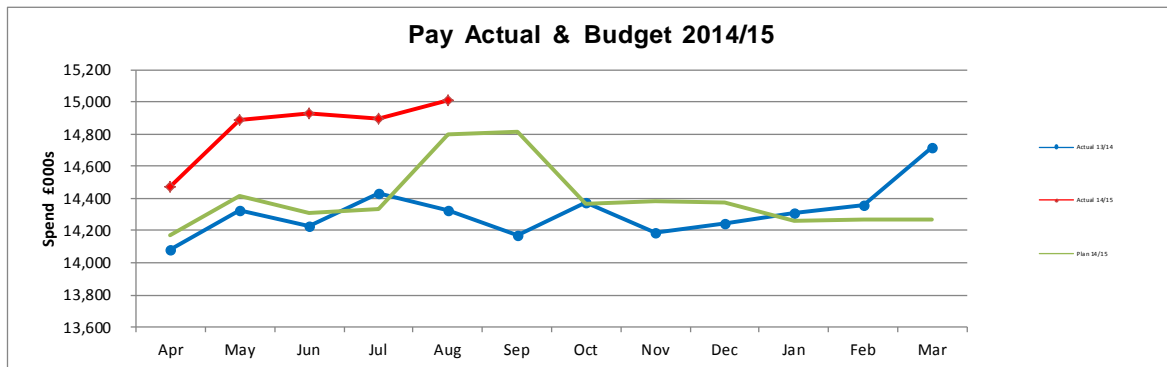
£ 864k

- RTT 18 and 52 weeks remain unchanged this month as there are no fines for August and September. This is because of the funding provided for the Trust to put in place schemes to reduce the waiting list back logs. The expectation is reduced RTT fines from October when the effect of these schemes takes effect.
- A charge for £460k was applied in the period for July & August for follow up activity which fell outside the threshold above which the CCG does not pay. This is a new measure which came into effect in July. Of this amount 58% was from 4 specialties out of 28 (namely Trauma & Orthopaedics, General Surgery, Nephrology and Oncology in that order).
- Other provisions included in the year to date position included readmissions of £467k up from £187k last month, for which we are not paid, and the emergency rate threshold adjustment of £967k. The majority of this relates to General Medicine, Surgery, T & O and Respiratory Medicine.

Pay Expenditure

Pay Analysis

Adverse variances are shown in brackets ()	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Pay : Budget	14,170	14,415	14,313	14,337	14,799	14,819	14,370	14,381	14,377	14,263	14,271	14,271	172,786
: Expenditure	14,476	14,885	14,929	14,900	15,007								74,197
: Variance	(306)	(470)	(616)	(563)	(208)	-	-	-	-	-	-	-	n/a
Total Income	22,219	22,935	21,514	24,178	22,230	-	-	-	-	-	-	-	113,076
Pay Percentage	65.2%	64.9%	69.4%	61.6%	67.5%	-	-	-	-	-	-	-	65.6%
Last Year's Pay Spend	14,079	14,326	14,228	14,436	14,330	14,173	14,379	14,184	14,241	14,310	14,360	14,721	171,767

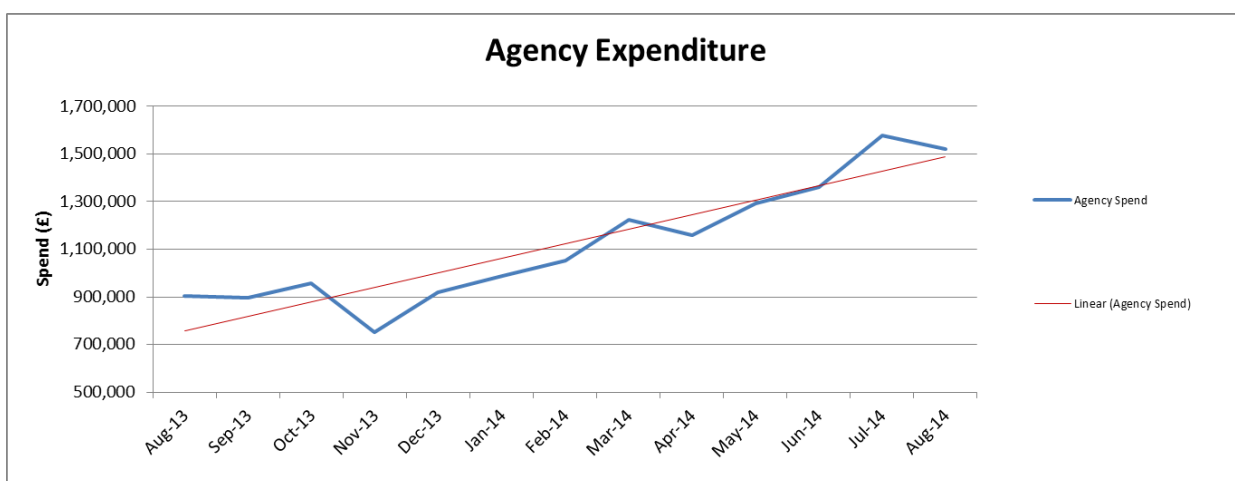


Analysis of Pay Variances by Business Unit

Adverse variances are shown in brackets ()	Budget	Actual	Variance		Other Additional Payments	CIPs (Not Delivered) / Over Delivered	One-off Payments	Locum / Bank	Agency	Vacancies / (Over Establishments)
	£000s	£000s	£000s	%						
Corporate Services	6,681	6,763	(82)	(1.2%)	-	(139)	(210)	(113)	(166)	546
Diagnostic & Therap.	12,533	12,719	(186)	(1.5%)	(116)	(78)	(3)	(240)	(844)	1,096
Facilities	3,649	3,500	149	4.1%	-	-	(8)	(377)	(199)	733
Medicine	17,020	18,181	(1,161)	(6.8%)	(94)	5	(89)	(1,124)	(2,437)	2,577
MSK	6,657	6,862	(205)	(3.1%)	6	(30)	1	(356)	(610)	784
Surgical	10,429	11,017	(588)	(5.6%)	(59)	(39)	(5)	(641)	(1,004)	1,159
Theatres & CC	5,972	6,622	(650)	(10.9%)	(231)	(199)	(5)	(208)	(633)	625
Women & Children	8,119	8,560	(441)	(5.4%)	(10)	(57)	(7)	(434)	(938)	1,005
Sub Total	71,060	74,224	(3,164)	(4.5%)	(504)	(537)	(326)	(3,492)	(6,831)	8,526
Reserves / Central	974	(27)	1,001	102.8%						
Grand Total	72,034	74,197	(2,163)	(3.0%)						

Analysis of Pay Variances by Staff Group

Adverse variances are shown in brackets ()	Budget	Actual	Variance		Other Additional Payments	CIPs (Not Delivered) / Over Delivered	One-off Payments	Locum / Bank	Agency	Vacancies / (Over Establishments)
	£000s	£000s	£000s	%	£000s	£000s	£000s	£000s	£000s	£000s
Medical	19,735	21,866	(2,131)	(10.8%)	(378)	-	(85)	(416)	(3,724)	2,473
Nursing	24,742	25,285	(543)	(2.2%)	(68)	-	(10)	(2,088)	(1,668)	3,292
Snr. Managers	4,033	3,908	125	3.1%	-	-	(212)	-	(182)	519
Scientific, Therapeutic & Technical	12,212	12,125	87	0.7%	(58)	-	1	(109)	(877)	1,130
Support Staff	10,922	10,942	(20)	(0.2%)	(1)	-	(17)	(878)	(379)	1,255
Other Pay	(566)	71	(637)	112.5%	-	(537)	-	-	-	(100)
Sub Total	71,078	74,197	(3,119)	(4.4%)	(504)	(537)	(323)	(3,492)	(6,831)	8,568
Pay Reserves	956	-	956	100.0%						
Grand Total	72,034	74,197	(2,163)	(3.0%)						



Commentary

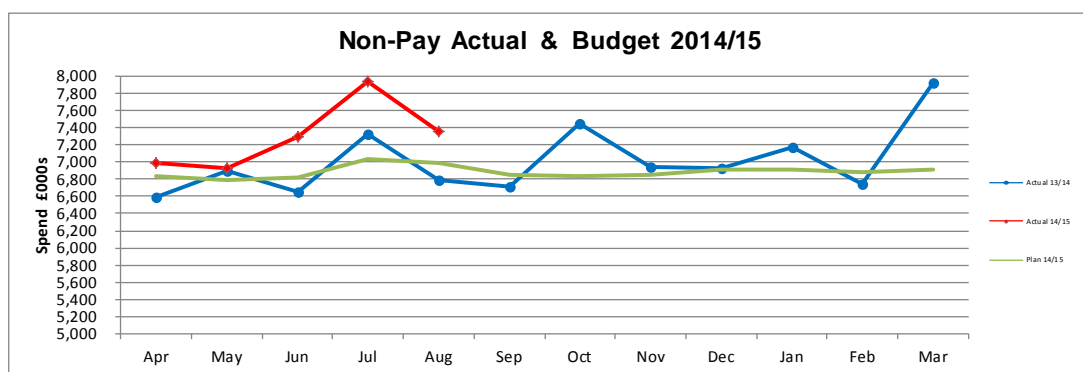
- Overall pay expenditure in August was slightly higher than the prior month at £15.0m.
- Agency spend decreased by £55k to £1.522m in August. Decreases were seen in all clinical business units, but this was offset by increases in Facilities & Corporate areas. The use of agency is contributing £1,186k to the cumulative pay over spend.
- The main cause of agency use is to cover vacancies. Vacancies at the end of August were as follows:
 - Medical 43 WTE
 - Nursing (Incl midwives & HCAs) 161 WTE
 - Scientific, Therapeutic & Technical 77 WTE
 - Other 152 WTE
 - Total 433
- Pay costs incurred in relation to meeting the RTT 18 week target were £178k in the month, of which £127k was funded by the additional money made available by commissioners. The remainder is offset via increased income due to additional 18 week activity.

- The other key reasons for the year to date overspend on pay is the non-delivery of CIPs of £537k and additional payments to staff of £504k.

Non-Pay Expenditure

Non-Pay Analysis

Adverse variances are shown in brackets ()	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
NonPay : Budget	6,829	6,785	6,813	7,030	6,984	6,847	6,842	6,856	6,919	6,910	6,881	6,911	82,607
: Expenditure	6,995	6,933	7,295	7,941	7,359								36,523
: Variance	(166)	(148)	(482)	(911)	(375)	-	-	-	-	-	-	-	
: YTD Variance	(166)	(314)	(796)	(1,707)	(2,082)	-	-	-	-	-	-	-	
Total Income	22,219	22,935	21,514	24,178	22,230	-	-	-	-	-	-	-	113,076
Non-pay Percentage	31.5%	30.2%	33.9%	32.8%	33.1%	-	-	-	-	-	-	-	32.3%
Last Yrs Non-P Spend	6,594	6,890	6,655	7,328	6,796	6,710	7,449	6,939	6,927	7,175	6,748	7,913	84,124



Analysis of Non-Pay Variances

Adverse variances are shown in brackets ()	Budget	Actual	Variance		Pass Through	Drugs	Clinical Supplies	CIPs (Not Delivered)/ Delivered	Non recurrent Items	Other
	£000s	£000s	£000s	%	£000s	£000s	£000s	£000s	£000s	£000s
Corporate Services	4,397	4,810	(413)	(9.4%)	-	6	-	(203)	(47)	(169)
Diagnostic & Therap.	10,623	10,915	(292)	(2.7%)	(47)	(164)	(175)	(113)	243	(36)
Facilities	3,417	3,117	300	8.8%	-	-	4	-	-	296
Medicine	5,230	5,854	(624)	(11.9%)	169	(61)	(87)	(130)	(38)	(477)
MSK	4,145	4,545	(400)	(9.7%)	40	(20)	(49)	4	-	(375)
Surgical	3,368	3,756	(388)	(11.5%)	(226)	33	(85)	(25)	(91)	6
Theatres & CC	2,331	2,323	8	0.3%	1	(13)	52	(53)	-	21
Women & Children	891	988	(97)	(10.9%)	18	(10)	(19)	(32)	(14)	(40)
Centrally Managed	38	213	(175)		-	-	-	-	(48)	(127)
Total	34,440	36,521	(2,081)	(6.0%)	(45)	(229)	(359)	(552)	5	(901)

Commentary

- 30% of the non-pay overspend (including clinical supplies) is activity related.
- The "other" column includes overspends in relation to the SEEDS service of £480k (Medicine) and outsourcing costs of £442k (Surgery & MSK). Both of these costs are matched with additional income.

- Under the “other” column within Centrally Managed areas is an overspend of £150k on GP Hosting costs such as travel, relocation and training. These are offset by Other Income.

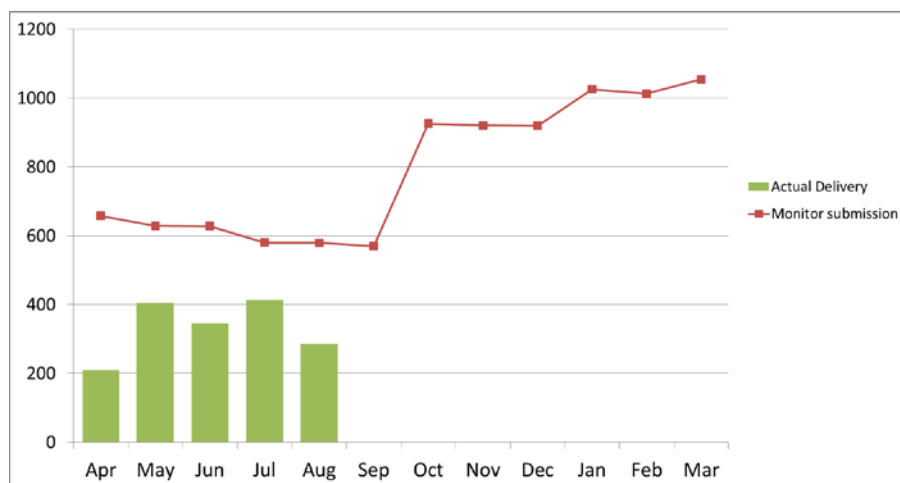
Cost Improvements

Summary by Business Unit August 2014

Annual Target	Adverse variances are shown in brackets ()	YTD Target	YTD Actual Achieved			YTD Variance	RAG	Forecast Variance	RAG
			Recurrent	Non Recurrent	Total				
£'000		£'000	£'000	£'000	£'000	£'000		£'000	
723	Theatres and ITU	278	6	20	26	(252)	Red	(690)	Red
1,419	Corporate Services	573	227	86	313	(260)	Red	(499)	Red
667	Procurement	278	117	-	117	(161)	Red	-	Green
1,537	Diagnostic & Therapeutic	344	61	95	156	(188)	Red	(1,113)	Red
500	Drugs	208	201	-	201	(7)	Green	(168)	Red
327	Facilities	136	136	-	136	-	Green	-	Green
1,710	Medicine	313	41	111	152	(161)	Red	(1,316)	Red
721	MSK	198	140	-	140	(58)	Red	(239)	Red
1,098	Surgical	455	327	-	327	(128)	Red	(320)	Red
798	Women & Children	214	82	3	85	(129)	Red	(495)	Red
9,500	Total	2,997	1,338	315	1,653	(1,344)	Red	(4,840)	Red

Note: Values are reported in whole thousands and may differ from PMO reported totals due to rounding differences.

Monthly delivery profile

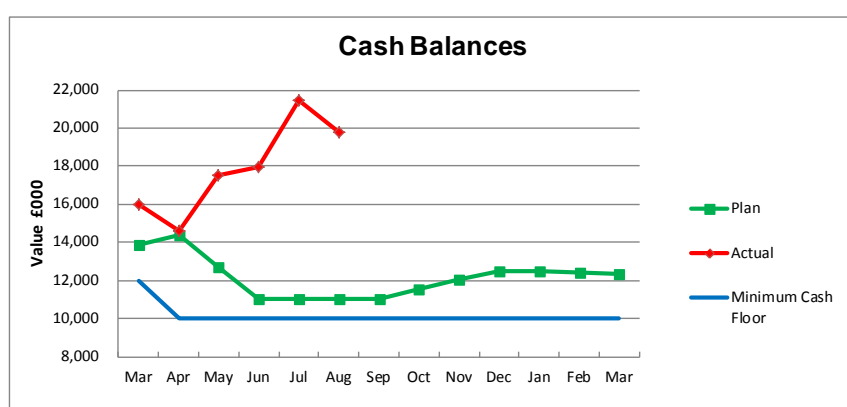


Commentary

- CIP delivery in August was £295k, 50% lower than the target for the month. Cumulative CIP delivery is £1,653k or 45% behind plan.
- The value of schemes identified by the PMO remains at £6.5m against a plan of £9.5m. £1.8m of these identified schemes are “red rated”, which means that they are currently high risk in respect of delivery.

Cash and Working Capital

<i>Adverse variances are shown in brackets ()</i>	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Forecast
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cash														
FT Plan (closing balance)	13,904	14,400	12,700	11,027	11,030	11,040	11,044	11,550	12,050	12,517	12,450	12,380	12,310	12,310
Actual	16,012	14,576	17,511	17,918	21,446	19,780	-	-	-	-	-	-	-	4,922
Variance	3,702	176	4,811	6,891	10,416	8,740	-	-	-	-	-	-	-	(7,388)
Cash Floor (minimum balance)	12,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Working Capital Balances														
Trade Debtors	9,048	10,152	9,768	7,106	5,879	7,538	-	-	-	-	-	-	-	n/a
Trade Creditors	11,839	8,947	8,402	7,438	9,025	8,245	-	-	-	-	-	-	-	n/a
Accrued Income	7,744	6,739	3,969	3,446	1,384	445	-	-	-	-	-	-	-	n/a
Accrued Expenditure	12,886	12,835	12,811	12,823	11,630	10,439	-	-	-	-	-	-	-	n/a
Stock	5,730	5,722	5,694	5,677	5,899	5,914	-	-	-	-	-	-	-	n/a
Available Finance Facility	4,500	4,500	4,500	4,500	4,500	4,500	-	-	-	-	-	-	-	n/a



Commentary

- Cash balances at the end of August were £19.8m which were above plan and significantly above the Trust's internal cash floor of £10m.
- The cash position continues to benefit from the front loading of contract payments from the CCGs and is the reason behind the low accrued income value. The cash balance has reduced due to higher creditor payments which are reflected in the fall in creditors.
- The average number of days invoices are outstanding before payment was 49 days in August, which fell from the 51 days for July.
- The Trust's performance against the PSPP (Public Sector Payment Policy) was 27% compliance in respect of the value of bills paid within 30 days.
- The liquidity position is supported by the availability of an overdraft facility of £4.5m provided by Barclays Bank and none of the funds are currently invested.
- The year-end forecast of £4.9m reflects the I&E deficit and capital slippage.

Balance Sheet

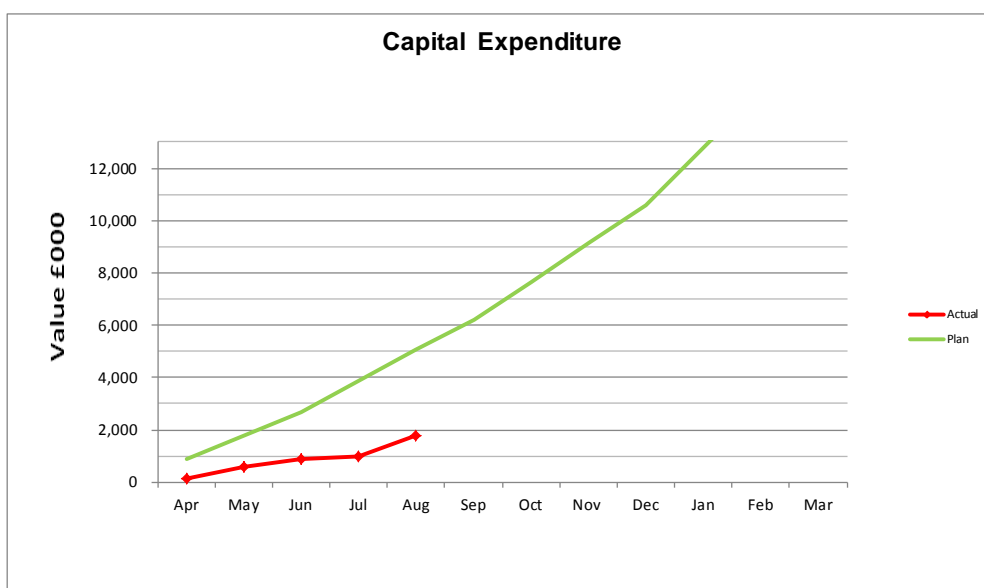
Statement of Financial Position

Annual Target Mar-15	Adverse variances are shown in brackets ()	YTD Target	YTD Actual Achieved	Variance	RAG
			Total		
£'000		£'000	£'000	£'000	
161,197	Non Current Assets	155,736	152,634	(3,102)	
34,624	Current Assets	34,382	36,427	2,045	
(33,217)	Current Liabilities	(32,398)	(35,409)	(3,011)	
1,407	Net Current Assets (Liabilities)	1,984	1,018	(966)	
162,604	Total Assets less Current Liabilities	157,720	153,652	(4,068)	
(11,569)	Non Current Liabilities	(5,500)	(5,152)	348	
151,035	Total Assets Employed	152,220	148,500	(3,720)	
	Financed By (Taxpayers Equity):			-	
101,421	Public Dividend Capital	101,421	101,421	-	
28,096	Revaluation Reserve	28,586	28,586	-	
21,518	Income and Expenditure Reserve	22,213	18,493	(3,720)	
151,035	Total Taxpayers Equity	152,220	148,500	(3,720)	

Capital Expenditure

Capital Expenditure

Annual Plan	Adverse variances are shown in brackets ()	Monthly Actual	Year to Date			Forecast			
			Original Plan	Actual	Variance	Under/ (Over) spend	Slippage	Actual	Variance
£000		£000	£000	£000	£000	£000	£000	£000	£000
	Estates								
350	Project management etc - building maint.	28	146	133	13	-	-	350	-
4,356	Backlog maintenance	570	1,018	1,052	(34)	1	-	4,355	1
4,706		598	1,164	1,186	(22)	1	-	4,705	1
	Medical Equipment								
1,500	Medical equipment replacement	35	350	120	230	38	-	1,462	38
600	X-ray equipment	-	200	-	200	-	-	600	-
3,000	2 MRI scanners	-	1,250	-	1,250	-	-	3,000	-
2,180	Linacc	-	-	-	-	-	-	2,180	-
7,280		35	1,800	120	1,680	38	-	7,242	38
	I.T.								
110	CEDM resources	8	46	44	2	-	-	110	-
905	Replacement programme	17	286	125	161	21	-	884	21
376	PAS phase 2	2	156	(53)	209	-	300	77	300
242	E-Rostering	5	101	(1)	102	150	-	92	150
1,071	E-Prescribing	-	446	-	446	(49)	-	1,120	(49)
(536)	Central Funding (E-Prescribing)	-	(224)	-	(224)	-	-	(536)	-
156	PACS Upgrade	-	156	156	-	-	-	156	-
2,324		33	967	270	697	122	300	1,902	422
	Other								
2,300	Vascular theatre	8	959	8	951	-	700	1,600	700
500	Contingency	113	141	191	(50)	(161)	-	661	(161)
15	Art in hospital	-	6	-	6	-	-	15	-
275	RTT Expenditure	-	-	-	-	-	-	275	-
(275)	RTT Funding	-	-	-	-	-	-	(275)	-
2,815		121	1,106	199	907	(161)	700	2,276	539
17,125	Total	787	5,037	1,774	3,263	0	1,000	16,125	1,000



Commentary

- The capital spend for August was £0.39m. The year-end forecast shows a slippage of £1m which comprises PAS Phase 2 and some of the vascular theatre development. This is only expected to slip for a few weeks.

Risks, Mitigation and Actions

	Risk	Description	Mitigations	Action
1	Income lower than plan	This would occur if the CCGs are successful in their plan to disinvest £4.3m (as described in the Heads of Terms)	None have yet been identified although additional cost improvements would inevitably be necessary	Reviews of the activity and the CCG's plans will continue in order to assess the likelihood of such a disinvestment occurring.
2	Cost overspends	The level of spend in July is higher than plan and without action this is likely to continue. Agency costs are a particular feature of this.	Although there is a small amount of contingency, there are no mitigations for this risk other than the application of tighter controls on expenditure.	Actions are being taken to apply further controls and new financial performance meetings are being established to understand the drivers and apply greater downward pressure on costs. A Transformation Director has been appointed and will commence in September
3	CIP non delivery	CIP delivery in the new year has started slowly with a shortfall on the plan in the period to July. The programme is also back-ended with a number of schemes awaiting final sign off.	A number of cross business unit schemes are being considered which might have longer term impacts. Work continues to develop new schemes.	CIP performance will need to be monitored even more rigorously in this year and the new financial performance meetings (described above) will be used to drive this. Reviews will continue with the Finance and Investment Committee.
4	Pressures on the capital programme	Further unplanned demands for capital investment may occur during the year.	A £500k contingency is included in the programme to meet some or all of these pressures and the Executive team will continue to approve business cases subject to affordability.	No further actions are necessary at this stage.
5	Pressures on the cash balances	This would either occur through delays in payments because of disputes with the commissioners or through the Trust's own underlying trading position.	The commissioner issue has been mitigated by this year's contract which stipulates that block contract payments are to be made on 10ths (rather than 12ths) .	Cash will continue to be monitored weekly by the finance team and projected forward. Creditors and debtor balances will also continue to be managed rigorously.
6	Non payment for over activity	This would occur if the levels of activity and charges to the local CCGs are above their overall resources. This becomes more likely as activity increases.	Mitigation is difficult unless activity is physically reduced. Not in recent years but in the past Trusts generally have been asked to slow down activity.	No further actions are necessary at this stage.
7	Fines	The level of fines has, in the past, exceeded the budgeted level and this remains a significant risk for the Trust.	A level of fines has already been anticipated within the budget but there is a possibility that this level will be insufficient.	The Trust needs to continue its efforts to perform at a level that does not trigger fines and also focus its attention on managing the contract to ensure it is applied correctly.

Continuity of Service Risk Rating (CoSRR)

Continuity of Service Risk Rating (CoSRR)

Metric	Year to date			Original Plan	Performance Parameters			
	Weighting	Actual	Score		4	3	2	1
Debt Service Cover Rating	50%	1.09	1	n/a	2.5	1.75	1.25	<1.25
Liquidity Rating	50%	-6.63	2	n/a	0	-7	-14	<-14
Total			1.5	n/a				

Overall CoSRR

2

n/a

Metric	2013/14	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Plan	Forecast
	Debt Service	2.67	1.77	2.22	0.87	1.43	1.09								n/a
Liquidity	-3.43	-4.33	-3.58	-5.69	-4.84	-6.63								n/a	-14.07
Total	3.5	3.0	3.0	2.0	2.5	1.5								n/a	1.5
Risk rating (rounded)	3.5	3	3	2	3	2								n/a	2
FT Plan	4	4	4	4	4	4								n/a	4

Commentary:

- The CoSRR comprises two elements as follows:

Debt Service Rating (*ability of the Trust to service its debt*)

Liquidity Ratio (*No. of days the Trust can sustain itself on its working capital*)

- The overall CoSRR for August is 2 (*rounded from 1.5*) against a plan of 4. This fall in rating is due to the deficit position.
- The year-end forecast also shows a 2.

Conclusions and Actions

The deficit for August shows a continuation of the recent trend of high agency costs and slow CIP delivery. Income levels were lower than previous months although these are expected to rise again over the next few months.

A year-end forecast has been included and a separate Board paper has been prepared on this. The likely year-end position is a deficit of £8.7m against the original planned deficit of £0.7m. This is expected to produce a Continuity of Service Risk Rating of 2. This position will be communicated to Monitor after it has been agreed by the Board.