

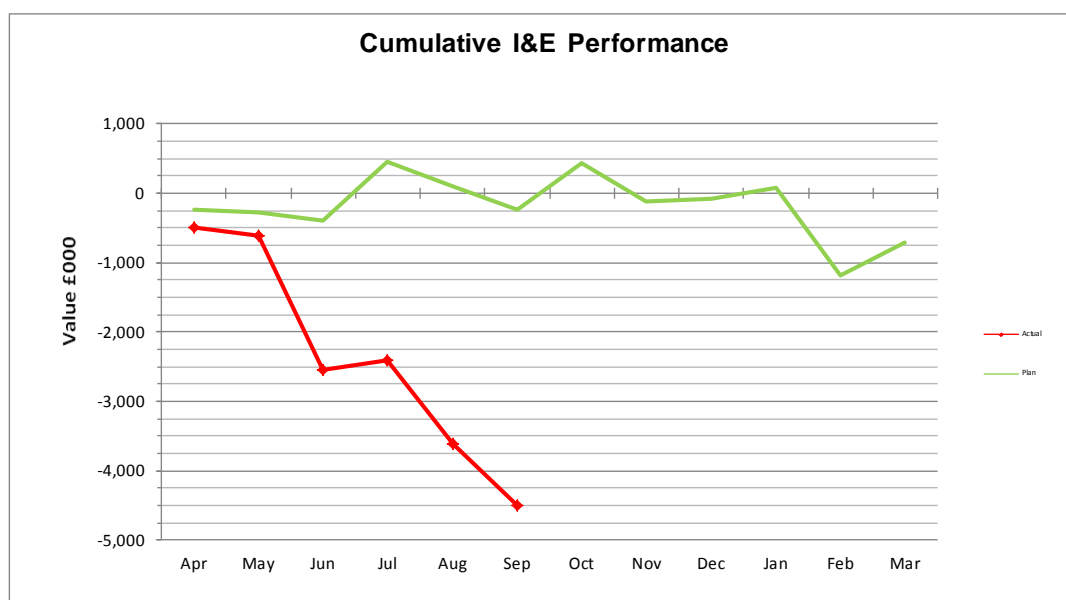
Board of Directors' Meeting Report – 29th October 2014
Agenda item 318/14

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 September 2014.
Previously considered at	N/A
Executive Summary	
There was a deficit of £0.9m in September which increased the cumulative deficit to £4.5m. Although cash balances remained strong, the Trust's CoSRR is 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		
223,305	Clinical Income	18,970	19,422	452	112,333	112,957	624	222,989	226,026	3,037		
21,129	Other Income	1,771	1,599	(172)	10,657	10,910	253	21,102	22,942	1,840		
24,635	Pass Through Income	2,023	2,273	250	12,204	12,503	299	24,635	24,552	(83)		
269,069	Total Income	22,764	23,294	530	135,194	136,370	1,176	268,726	273,520	4,794		
172,975	Pay	14,930	15,269	(339)	86,964	89,466	(2,502)	172,787	178,082	(5,295)		
58,132	Non Pay	4,990	5,668	(678)	29,245	31,959	(2,714)	57,976	64,639	(6,663)		
24,630	Pass Through Non Pay	2,018	2,274	(256)	12,203	12,504	(301)	24,630	24,551	79		
255,737	Total Expenditure	21,938	23,211	(1,273)	128,412	133,929	(5,517)	255,393	267,272	(11,879)		
13,332	EBITDA	826	83	(743)	6,782	2,441	(4,341)	13,333	6,248	(7,085)		
9,062	Depreciation	756	622	134	4,532	4,539	(7)	9,062	9,060	2		
4,990	Financing	416	354	62	2,495	2,414	81	4,990	4,943	47		
(720)	Net Surplus / (Deficit)	(346)	(893)	(547)	(245)	(4,512)	(4,267)	(719)	(7,755)	(7,036)		



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	41	694	(52)	(863)	298	925	(78)	191	20	1,176
Pay	(26)	(275)	200	(1,640)	(284)	(696)	(806)	(526)	1,551	(2,502)
Non pay	(533)	(495)	320	(722)	(688)	(690)	(35)	-	(172)	(3,015)
SLR Recharges	-	(261)	-	389	(480)	49	308	(5)	-	-
EBITDA	(518)	(337)	468	(2,836)	(1,154)	(412)	(611)	(340)	1,399	(4,341)
Depreciation & Financing	-	-	-	-	-	-	-	-	74	74
Net Budget Variance	(518)	(337)	468	(2,836)	(1,154)	(412)	(611)	(340)	1,473	(4,267)

Commentary

Current month

- There was a deficit of £0.9m in the month which was higher than the plan of £0.3m.
- Other income was behind plan in the month due to an adjustment in relation to the SEEDs service. It has recently been agreed that the commissioner will pay for the service via the normal PbR route which has been backdated to 22nd July. The income is now showing in clinical income.
- Pay costs increased to £15.3m with agency costs representing £1.7m of this. There were pay overspends in every clinical business unit, with the highest being in Medicine and Theatres.

Forecast

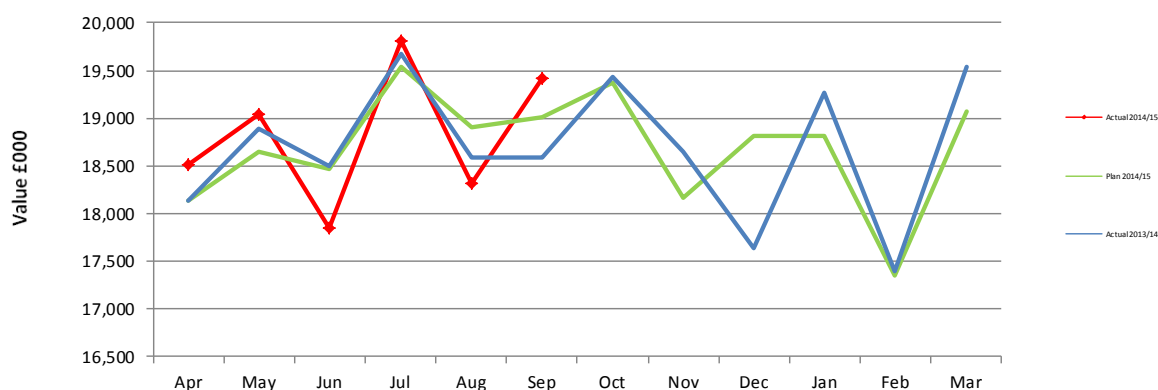
- The year-end forecast is a deficit of £7.8m. Work is being led by the Transformation Director on a recovery plan with the aim of improving this position.

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	4,091	4,955	864	21.1%	22,969	11,519	12,795	1,276	11.1%
Elective : Planned Same Day	41,306	20,575	21,409	834	4.1%	24,869	12,426	12,576	150	1.2%
Non-Elective	32,446	16,268	17,878	1,610	9.9%	65,724	32,952	33,934	982	3.0%
Out-Patients : First	105,786	52,692	52,524	(168)	(0.3%)	16,743	8,357	8,436	79	0.9%
Out-Patients : Follow-ups	196,880	98,066	97,762	(304)	(0.3%)	16,761	8,351	7,514	(837)	(10.0%)
Out-Patients : Procedures	29,296	14,592	14,445	(147)	(1.0%)	4,641	2,373	2,511	138	5.8%
Non Face to Face Contacts	11,246	5,602	4,834	(768)	(13.7%)	275	137	125	(12)	(8.8%)
Pre-op Assessments	12,629	6,291	6,172	(119)	(1.9%)	883	440	438	(2)	(0.5%)
Critical Care	14,691	7,366	7,131	(235)	(3.2%)	11,499	5,765	5,196	(569)	(9.9%)
GP Direct Access	3,470,073	1,739,760	1,701,004	(38,756)	(2.2%)	13,902	6,969	7,178	209	3.0%
Accident & Emergency	93,402	46,832	41,151	(5,681)	(12.1%)	9,356	4,691	4,380	(311)	(6.6%)
Pass Through	-	-	-	-	-	24,307	12,204	12,503	299	2.5%
Maternity Pathway	n/a	n/a	n/a			14,219	7,129	6,722	(407)	(5.7%)
Block Contracts	n/a	n/a	n/a			6,464	3,234	3,126	(108)	(3.3%)
Other Clinical Income	n/a	n/a	n/a			15,000	7,990	8,026	36	0.5%
Totals	n/a	n/a	n/a	n/a	n/a	247,612	124,537	125,460	923	0.7%

Clinical Income excluding Pass Through



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.	20,356	21,274	918	4.5%	371	(272)		184		127	508
Medicine	40,873	39,560	(1,313)	(3.2%)	673	(364)	(290)	4	(312)	(207)	(817)
MSK	18,618	19,053	435	2.3%	532	(124)				(73)	100
Surgical	26,260	27,180	920	3.5%	471	(182)	(47)	21		379	278
Theatres & CC	1,681	1,576	(105)	(6.2%)			(101)			(5)	1
Women & Children	15,708	15,925	217	1.4%	264	266	(132)			(20)	(161)
Centrally Managed	1,041	892	(149)	(14.3%)	97	43				4	(293)
Totals	124,537	125,460	923	0.7%	2,408	(633)	(570)	209	(312)	205	(384)

Commentary

- Clinical income was ahead of plan by 3.3% in September (*0.7% cumulatively*) with the main reason being elective in-patients and A&E attendances. Activity for both of these areas was considerably above the September plan and, in the case of in-patients, affected most specialties and reflected the additional work associated with 18 week waits.
- Income for out-patient follow-ups was significantly behind plan in the month as schemes were put in place to cap the number of follow-ups attendances. Attendances in excess of the cap are not reimbursed by the CCG and the year-to-date value of these is £743k. We expect this to continue, but at a reduced rate as schemes are put in place to reduce follow ups and improve the Trust's follow up ratios.
- Maternity pathway income was ahead of plan in September but remains behind plan for the year-to-date. This reflects the increase in activity during the month which was 29% higher than the April - August average.
- Additional funding for RTT (*referral to treatment*) has been made available and is matched with additional expenditure in the month.
- The year-to-date provision for fines is now as follows:
 - 18 Weeks £ 261k
 - 52 weeks £ 5k
 - A&E £ 69k
 - Cancer £ 4k
 - Ambulance £ 381k
 - C2C Referral £ 91k
 - MRSA £ 20k
 - Cancelled Ops & DI £ 9k

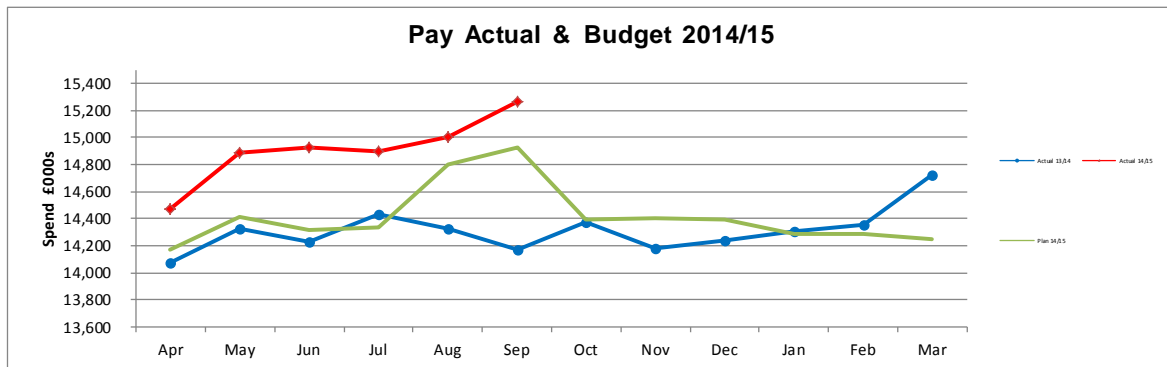
£ 840k

- The provision for fines in September has remained relatively stable compared with August although, there were compensating movements as follows :-
 - The provision for ambulance fines has increased by £95k from last month and reflects more up to date information
 - VTE Risk Assessment fine is now nil from an estimate of £64k last month due to the Trust meeting the assessment criteria.
- RTT 18 and 52 weeks remain unchanged this month as there are no fines for August and September. This is because fines have been suspended to enable Trusts to put in place schemes to reduce the waiting list back logs. The suspension of RTT fines has now been extended to the end of December.

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	14,930	14,391	14,402	14,398	14,284	14,292	14,245	172,976
: Expenditure	14,476	14,885	14,929	14,900	15,007	15,269							89,466
: Variance	(306)	(470)	(616)	(563)	(208)	(339)	-	-	-	-	-	-	n/a
Total Income	22,219	22,935	21,514	24,178	22,230	23,293	-	-	-	-	-	-	136,369
Pay Percentage	65.2%	64.9%	69.4%	61.6%	67.5%	65.6%	-	-	-	-	-	-	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

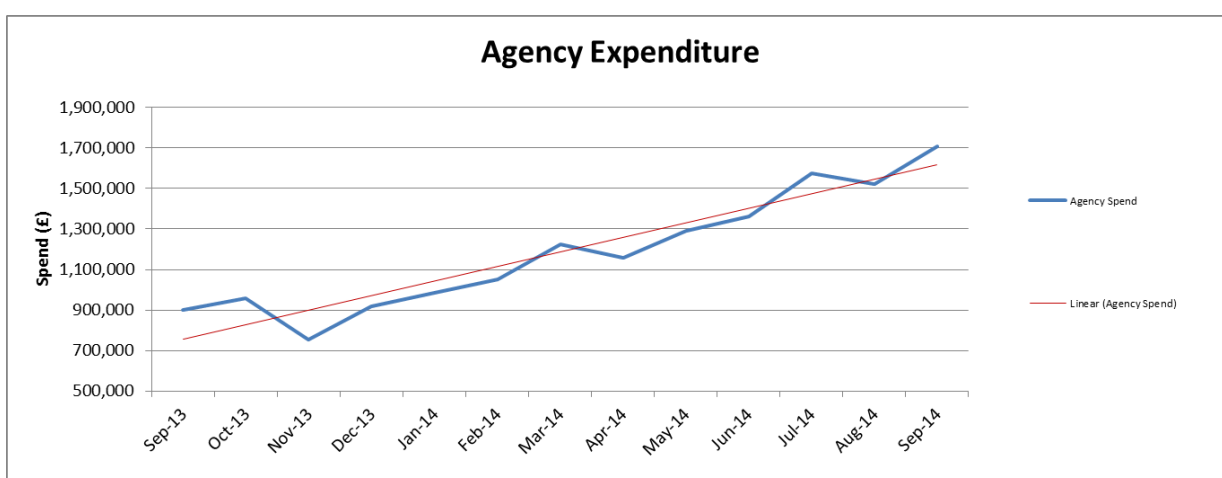


Analysis of Pay Variances by Business Unit

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	%	£000s	£000s	£000s	£000s	£000s	£000s
Corporate Services	8,086	8,113	(27)	(0.3%)	-	(174)	(210)	(139)	(247)	742
Diagnostic & Therap.	15,077	15,352	(275)	(1.8%)	(156)	(103)	(3)	(275)	(1,078)	1,340
Facilities	4,374	4,174	200	4.6%	-	-	(8)	(452)	(253)	913
Medicine	20,451	22,091	(1,640)	(8.0%)	(114)	6	(113)	(1,380)	(3,077)	3,038
MSK	7,988	8,272	(284)	(3.6%)	5	(30)	(15)	(438)	(737)	930
Surgical	12,558	13,254	(696)	(5.5%)	(63)	(42)	(1)	(795)	(1,184)	1,389
Theatres & CC	7,180	7,986	(806)	(11.2%)	(263)	(242)	(5)	(259)	(780)	744
Women & Children	9,767	10,293	(526)	(5.4%)	(15)	(63)	(7)	(544)	(1,084)	1,187
Sub Total	85,481	89,535	(4,054)	(4.7%)	(606)	(647)	(362)	(4,282)	(8,440)	10,283
Reserves / Central	1,483	(69)	1,552	104.7%						
Grand Total	86,964	89,466	(2,502)	(2.9%)						

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	23,816	26,416	(2,600)	(10.9%)	(462)	-	(100)	(578)	(4,499)	3,039
Nursing	29,697	30,544	(847)	(2.9%)	(78)	-	(10)	(2,513)	(2,118)	3,872
Snr. Managers	4,858	4,658	200	4.1%	-	-	(236)	-	(232)	668
Scientific, Therapeutic & Technical	14,674	14,616	58	0.4%	(64)	-	1	(133)	(1,094)	1,348
Support Staff	13,165	13,169	(4)	(0.0%)	(2)	-	(17)	(1,058)	(497)	1,570
Other Pay	(685)	63	(748)	109.2%	-	(647)	-	-	-	(101)
Sub Total	85,525	89,466	(3,941)	(4.6%)	(606)	(647)	(362)	(4,282)	(8,440)	10,396
Pay Reserves	1,439	-	1,439	100.0%						
Grand Total	86,964	89,466	(2,502)	(2.9%)						



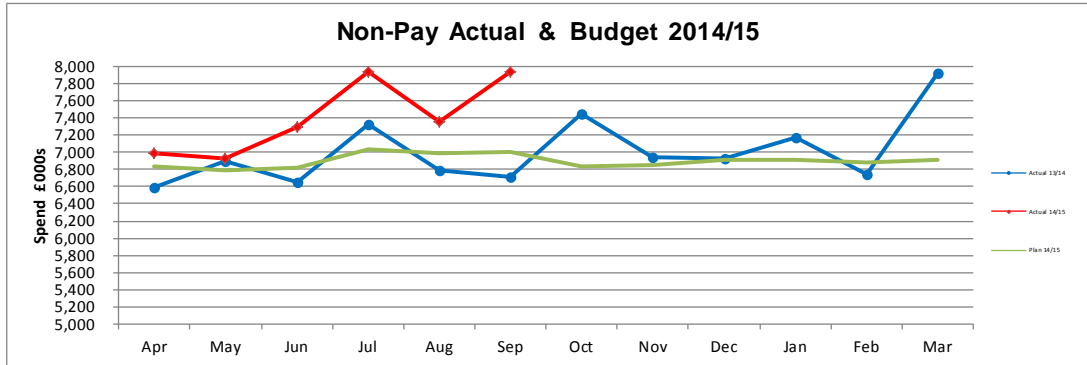
Commentary

- Pay expenditure in September was the highest seen this year at £15.3m.
- Agency spend increased by £170k to a spend of £1,692k in September. The majority of the increase (£102k) was seen in Medicine, but there were also increases in Theatres, D&T and Corporate services.
- The main cause of agency use is to cover vacancies. Vacancies at the end of September totalled 440, a slight increase on the August figure of 433.
- Pay costs incurred in relation to meeting the RTT 18 week target were £267k in the month (£596k YTD).
- The other key reason for the year to date overspend on pay is the non-delivery of CIPs of £647k.

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	7,009	6,841	6,855	6,918	6,909	6,880	6,910	82,763
: Expenditure	6,995	6,933	7,295	7,941	7,359	7,940	-	-	-	-	-	-	44,463
: Variance	(166)	(148)	(482)	(911)	(375)	(931)	-	-	-	-	-	-	
: YTD Variance	(166)	(314)	(796)	(1,707)	(2,082)	(3,013)	-	-	-	-	-	-	
Total Income	22,219	22,935	21,514	24,178	22,230	23,293	-	-	-	-	-	-	136,369
Non-pay Percentage	31.5%	30.2%	33.9%	32.8%	33.1%	34.1%	-	-	-	-	-	-	32.6%
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	5,253	5,785	(532)	(10.1%)	-	7	-	(270)	-	(269)
Diagnostic & Therap.	12,733	13,229	(496)	(3.9%)	(223)	(185)	(107)	(179)	238	(40)
Facilities	4,109	3,789	320	7.8%	-	-	5	-	-	315
Medicine	6,262	6,985	(723)	(11.5%)	204	57	(166)	(152)	(39)	(627)
MSK	4,981	5,669	(688)	(13.8%)	73	(34)	(129)	(6)	-	(592)
Surgical	4,041	4,731	(690)	(17.1%)	(381)	43	(137)	(30)	-	(185)
Theatres & CC	2,874	2,909	(35)	(1.2%)	6	(20)	26	(63)	-	16
Women & Children	1,076	1,076	-	-	20	(21)	(18)	(32)	(14)	65
Centrally Managed	119	290	(171)		-	-	-	-	(48)	(123)
Total	41,448	44,463	(3,015)	(7.3%)	(301)	(153)	(526)	(732)	137	(1,440)

Commentary

- The "other" column (totalling £1,488k) includes overspends in relation to the SEEDS service of £573k (Medicine) and outsourcing of £763k (Surgery & MSK). Both of these variances are matched with additional income.
- The Centrally Managed areas include an overspend of £220k on GP Hosting costs such as travel, relocation and training. These are also offset by additional income.

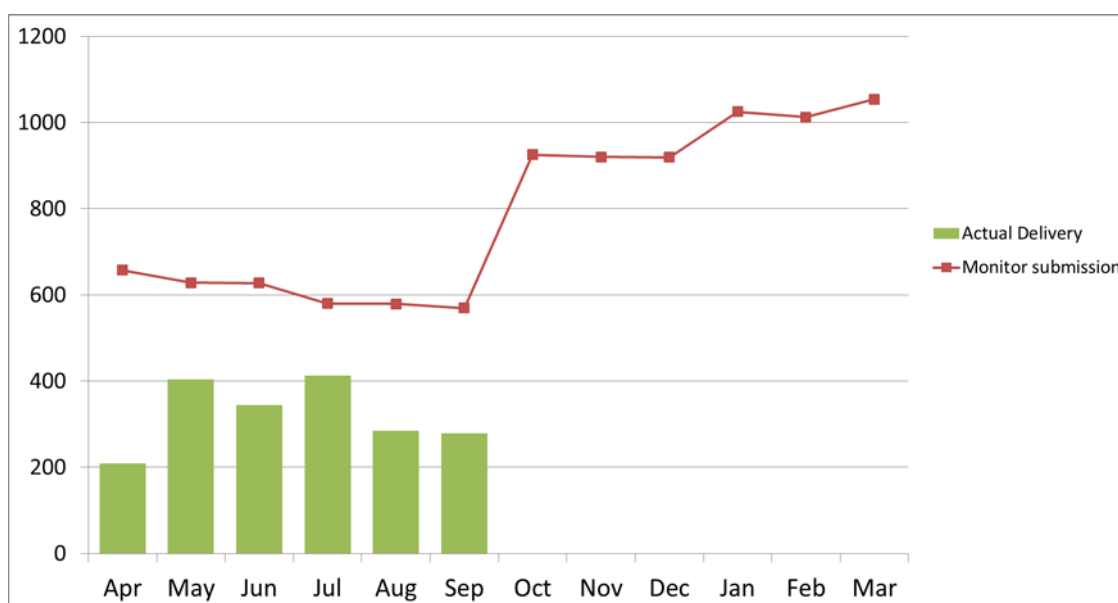
Cost Improvements

Summary by Business Unit September 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	334	8	20	28	(306)	Red	(690)	Red
1,419	Corporate Services	638	285	89	374	(264)	Red	(499)	Red
667	Procurement	333	124	-	124	(209)	Red	-	Green
1,537	Diagnostic & Therapeutic	414	80	107	187	(227)	Red	(1,113)	Red
500	Drugs	214	202	-	202	(12)	Yellow	(168)	Red
327	Facilities	163	171	-	171	8	Green	-	Green
1,710	Medicine	375	52	133	185	(190)	Red	(1,316)	Red
721	MSK	427	160	1	161	(266)	Red	(239)	Red
1,098	Surgical	655	392	2	394	(261)	Red	(320)	Red
798	Women & Children	338	105	3	108	(230)	Red	(495)	Red
9,500	Total	3,891	1,579	355	1,934	(1,957)	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

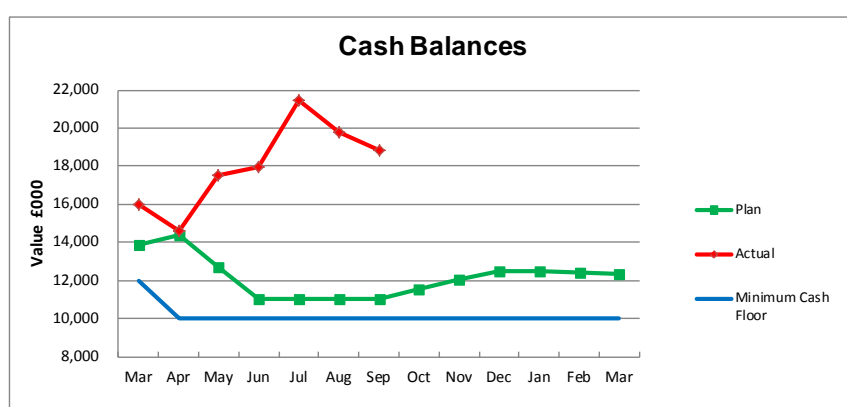


Commentary

- CIP delivery in September was £281k. Cumulative CIP delivery is £1,934k or 50% of 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. This does not include the initiatives being developed by the Transformation Director.

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	18,847							5,872
Variance	3,702	176	4,811	6,891	10,416	8,740	7,803	-	-	-	-	-	-	(6,438)
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	9,814							n/a
Trade Creditors	11,839	8,947	8,402	7,438	9,025	8,245	11,701							n/a
Accrued Income	7,744	6,739	3,969	3,446	1,384	445	94							n/a
Accrued Expenditure	12,886	12,835	12,811	12,823	11,630	10,439	11,247							n/a
Stock	5,730	5,722	5,694	5,677	5,899	5,914	5,918							n/a
Available Finance Facility	4,500	4,500	4,500	4,500	4,500	4,500	4,500							n/a



Commentary

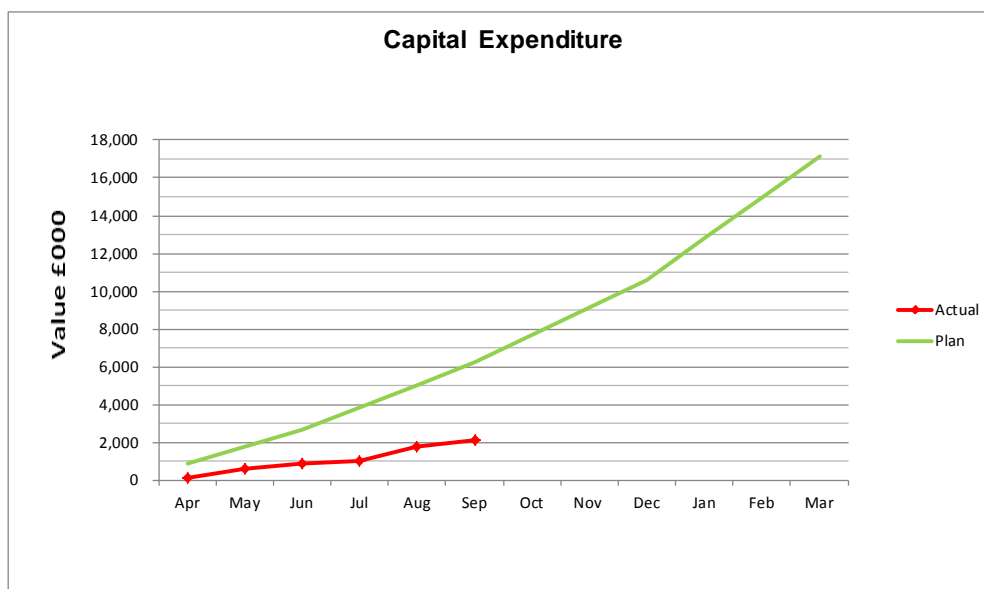
- Cash balances at the end of September were £18.8m which were above plan and significantly above the Trust's internal cash floor of £10m.
- The cash position continues to benefit from the "front loading" of contract payments from the CCGs and is the reason behind the low accrued income value.
- The average number of days that invoices are outstanding before payment was 56 days in September, an increase on 49 days for August.
- The Trust's performance against the PSPP (Public Sector Payment Policy) was 26% 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 £5.9m reflects the I&E deficit and some capital slippage.

Balance Sheet

Annual Target	<i>Adverse variances are shown in brackets ()</i>	YTD Target	YTD Actual Achieved	Variance	RAG
Mar-15			Total		
£'000		£'000	£'000	£'000	
161,197	Non Current Assets	154,936	152,509	(2,427)	Red
34,624	Current Assets	35,431	37,459	2,028	Green
(33,217)	Current Liabilities	(32,997)	(37,313)	(4,316)	Green
1,407	Net Current Assets (Liabilities)	2,434	146	(2,288)	Red
162,604	Total Assets less Current Liabilities	157,370	152,655	(4,715)	Red
(11,569)	Non Current Liabilities	(5,500)	(5,053)	447	Red
151,035	Total Assets Employed	151,870	147,602	(4,268)	
	Financed By (Taxpayers Equity):			-	
101,421	Public Dividend Capital	101,421	101,421	-	Green
28,096	Revaluation Reserve	28,586	28,586	-	Green
21,518	Income and Expenditure Reserve	21,863	17,595	(4,268)	Red
151,035	Total Taxpayers Equity	151,870	147,602	(4,268)	

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.	25	146	158	(12)	-	-	350	-
4,356	Backlog maintenance	114	1,018	1,167	(149)	(628)	648	4,336	20
4,706		139	1,164	1,325	(161)	(628)	648	4,686	20
	Medical Equipment								
1,500	Medical equipment replacement	(2)	350	118	232	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		(2)	1,800	118	1,682	38	-	7,242	38
	I.T.								
110	CEDM resources	9	46	53	(7)	-	-	110	-
905	Replacement programme	98	286	221	65	21	-	884	21
376	PAS phase 2	2	156	(51)	207	-	300	77	300
242	E-Rostering	5	101	3	98	150	-	92	150
1,071	E-Prescribing	4	446	4	442	(49)	-	1,120	(49)
(536)	Central Funding (E-Prescribing)	-	(224)	2	(226)	-	-	(536)	-
156	PACS Upgrade	-	156	156	(0)	-	-	156	-
2,324		118	967	388	579	122	300	1,902	422
	Other								
2,300	Vascular theatre	-	959	8	951	-	700	1,600	700
500	Contingency	121	141	311	(170)	(161)	-	661	(161)
15	Art in hospital	-	6	-	6	-	-	15	-
275	RTT Expenditure	-	-	-	-	-	-	275	-
(275)	RTT Funding	-	-	-	-	-	-	(275)	-
2,815		121	1,106	319	787	(161)	700	2,276	539
17,125	Total	375	5,037	2,150	2,887	(628)	1,648	16,106	1,019



Commentary

- The capital spend for September was £0.38m. 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 CCG's plans will continue in order to assess the likelihood of such a disinvestment occurring.
2	Cost overspends	The level of spend in September 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.	A Transformation Director came into post in September and a recovery plan is being developed.
3	CIP non delivery	CIP delivery in the new year has started slowly with a shortfall on the plan in the period to September. 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 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 could occur for a number of reasons: a). Delays in payments from the CCGs b). Delays from other Trusts with regard to the GP Trainee hosting c). 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%	0.93	1	n/a	2.5	1.75	1.25	<1.25
Liquidity Rating	50%	-7.76	2	n/a	0	-7	-14	<-14
Total			1.5	n/a				

Overall CoSRR	2	n/a
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Monthly Movements

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	0.93							n/a	1.16
Liquidity	-3.43	-4.33	-3.58	-5.69	-4.84	-6.63	-7.76							n/a	-13.95
Total	3.5	3.0	3.0	2.0	2.5	1.5	1.5							n/a	1.5
Risk rating (rounded)	3.5	3	3	2	3	2	2							n/a	2
FT Plan	4	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 September is 2 (*rounded from 1.5*) against a plan of 4. This difference is due to the overall I&E deficit position.
- The year-end forecast is also a 2.

Conclusions and Actions

The deficit for September shows a continuation of the recent trend of high agency costs and slow CIP delivery. Patient activity was relatively high in the month, particularly with regard to 18 week waits, and this was reflected in the higher-than-planned income levels.

A year-end deficit of £7.8m is forecast although a financial recovery plan is being coordinated by the recently appointed Transformation Director and an improvement on this position should be achievable.

The Trust's Continuity of Service Risk Rating is a 2 for both the year-to-date position and the forecast.