

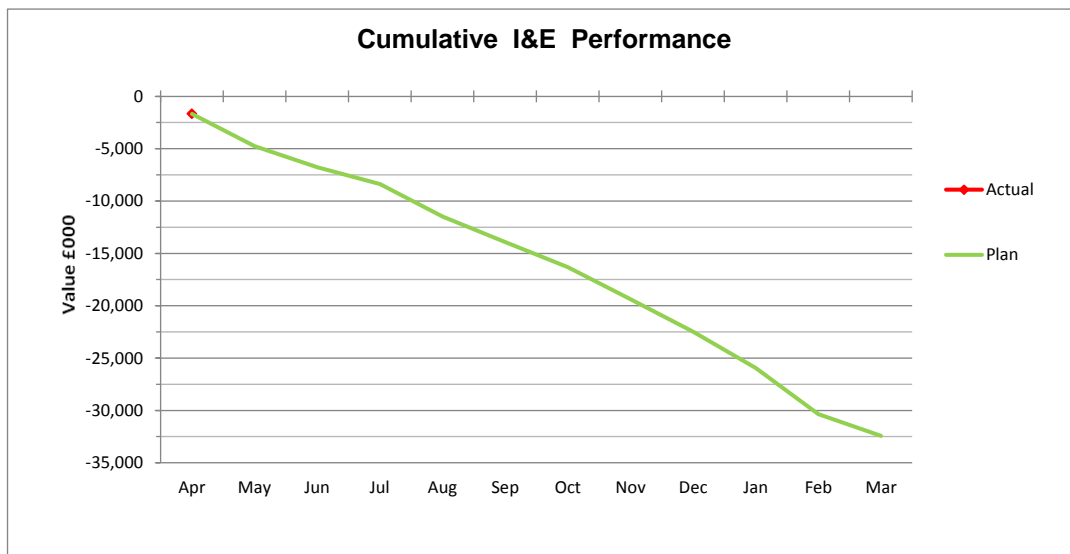
## Board of Directors' Meeting Report – 25 May 2016

### Agenda item 49/16

<b>Title</b>	Financial Position
<b>Sponsoring Director</b>	James O'Sullivan – Chief Financial Officer
<b>Author(s)</b>	Adrian Buggle – Deputy Director of Finance Marie Miller – Asst. Director of Finance Nick French – Asst. Director of Finance Katrina Leighton – Asst. Director of Finance
<b>Purpose</b>	To present the financial position to 30 April 2016
<b>Previously considered at</b>	n/a
<b>Executive Summary</b>	
There was a favourable variance against plan in April of £12k. Cash balances finished the month as a £3.1m surplus and this included drawing down a further £2.5m of the working capital facility. Financial Sustainability Risk Rating was 2 out of a total score of 4.	
<b>Date Reviewed by Execs</b>	n/a
<b>Related Trust Objective</b>	Financial and Operational Sustainability – Financial
<b>Related Risk</b>	Risk 4 – Trust not being financially sustainable
<b>Legal implications / regulatory requirements</b>	The Trust's financial position forms part of NHS Improvement's (Monitor) regulatory regime.
<b>Quality impact assessment</b>	The delivery of the financial position and maintaining and improving quality are integral. Each cost improvement programme has a quality impact assessment.
<b>Equality impact assessment</b>	As far as can be ascertained this paper has no detrimental impact for the 9 protected characteristics under the Equality Act 2010.
<b>Recommendations:</b>	
The Board is asked to receive assurance therefrom.	

## Income and Expenditure Summary

Annual Plan	Adverse variances are shown in brackets ( )	Current Month			Year to date			RAG
		Plan	Actual	Variance	Plan	Actual	Variance	
£'000		£'000	£'000	£'000	£'000	£'000	£'000	
238,483	Clinical Income	19,680	19,414	(266)	19,680	19,414	(266)	
23,221	Other Income	1,956	1,956	-	1,956	1,956	-	
32,039	Pass Through Income	2,641	2,556	(85)	2,641	2,556	(85)	
293,743	Total Income	24,277	23,926	(351)	24,277	23,926	(351)	
194,529	Pay	15,552	15,450	102	15,552	15,450	102	
83,911	Non Pay	6,454	6,294	160	6,454	6,294	160	
32,038	Pass Through Non Pay	2,641	2,556	85	2,641	2,556	85	
310,478	Total Expenditure	24,647	24,300	347	24,647	24,300	347	
(16,735)	EBITDA	(370)	(374)	(4)	(370)	(374)	(4)	
10,423	Depreciation	868	837	31	868	837	31	
5,269	Financing	439	454	(15)	439	454	(15)	
(32,427)	Net Surplus / (Deficit)	(1,677)	(1,665)	12	(1,677)	(1,665)	12	



## Budget Variances by Directorate

Adverse variances are shown in brackets ( )	Corporate	D&T	Facilities	Medicine	EmS	MSK	Surgery	Theatres	W&C	Other	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income	14	(107)	(14)	19	(4)	(255)	3	9	(1)	(15)	(351)
Pay	9	67	(7)	(142)	22	78	33	36	25	(19)	102
Non pay	(9)	98	10	16	(41)	109	(21)	57	(16)	42	245
SLR Recharges	-	-	-	-	-	-	-	-	-	-	-
<b>EBITDA</b>	<b>14</b>	<b>58</b>	<b>(11)</b>	<b>(107)</b>	<b>(23)</b>	<b>(68)</b>	<b>15</b>	<b>102</b>	<b>8</b>	<b>8</b>	<b>(4)</b>
Depreciation & Financing	-	-	-	-	-	-	-	-	-	16	16
<b>Net Budget Variance</b>	<b>14</b>	<b>58</b>	<b>(11)</b>	<b>(107)</b>	<b>(23)</b>	<b>(68)</b>	<b>15</b>	<b>102</b>	<b>8</b>	<b>24</b>	<b>12</b>

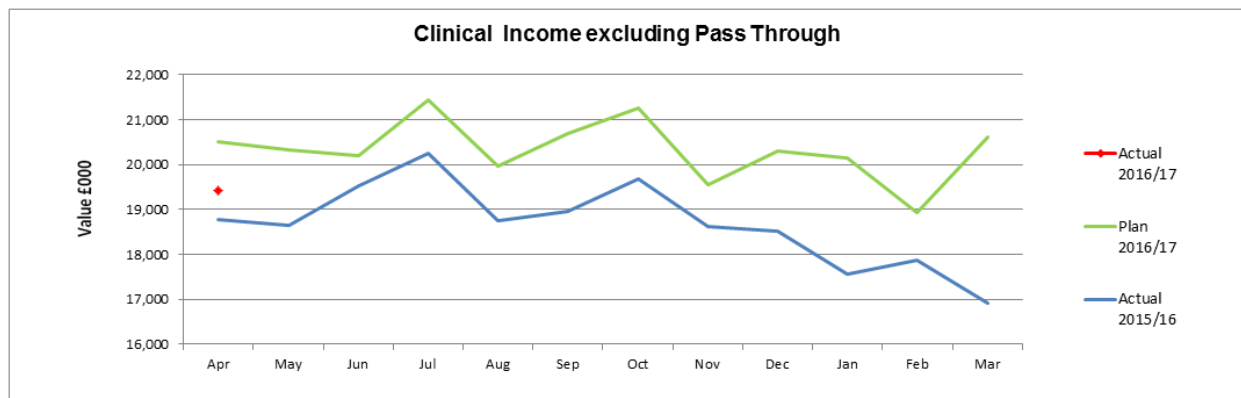
## Commentary

- The position for April was a small favourable variance of £12k against a planned deficit of £1,667k.
- The overall annual plan shows a deficit of £32.4m which is an increase on the £25.2m deficit submitted to NHS Improvement (*formerly Monitor*) on 18<sup>th</sup> April as part of the Trust's Operational Plan.  
The movement of £7.2m (*which was agreed by the Board on 4<sup>th</sup> May*) is a consequence of the contract mediation process. This was overseen by NHS East of England and NHS Improvement and led to an reduction in the income block contract assumed within the Operational Plan.

# 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	%
<b>Inpatients</b>										
Elective : In-Patients	10,540	925	727	(198)	(21.4%)	26,169	2,072	1,665	(407)	(19.6%)
Elective : Planned Same Day	36,940	3,177	3,353	176	5.5%	25,909	2,152	2,238	86	4.0%
Non-Elective	33,745	2,764	3,041	277	10.0%	59,866	4,968	5,524	556	11.2%
<b>Subtotal : Inpatients</b>	<b>81,225</b>	<b>6,866</b>	<b>7,121</b>	<b>255</b>	<b>3.7%</b>	<b>111,944</b>	<b>9,192</b>	<b>9,427</b>	<b>235</b>	<b>2.6%</b>
<b>Outpatients</b>										
Out-Patients : First	101,054	8,943	8,730	(213)	(2.4%)	16,343	1,396	1,387	(9)	(0.6%)
Out-Patients : Follow-ups	246,895	21,727	20,252	(1,475)	(6.8%)	18,676	1,579	1,623	44	2.8%
Out-Patients : Procedures	34,187	2,937	3,708	771	26.3%	5,477	433	588	155	35.8%
Non Face to Face Contacts	13,179	1,042	1,023	(19)	(1.8%)	354	29	25	(4)	(13.8%)
Pre-op Assessments	11,081	952	894	(58)	(6.1%)	771	61	59	(2)	(3.3%)
<b>Subtotal : Outpatients</b>	<b>406,395</b>	<b>35,601</b>	<b>34,607</b>	<b>(994)</b>	<b>(2.8%)</b>	<b>41,621</b>	<b>3,498</b>	<b>3,682</b>	<b>184</b>	<b>5.3%</b>
<b>Other</b>										
Critical Care	13,449	1,106	1,108	2	0.2%	10,686	878	871	(7)	(0.8%)
GP Direct Access	3,420,243	270,541	295,813	25,272	9.3%	14,761	1,216	1,292	76	6.3%
Accident & Emergency	110,868	9,446	8,326	(1,120)	(11.9%)	13,145	1,123	977	(146)	(13.0%)
Pass Through	n/a	n/a	n/a	n/a	n/a	32,039	2,641	2,556	(85)	(3.2%)
Maternity Pathway	n/a	n/a	n/a	n/a	n/a	15,944	1,311	1,364	53	4.0%
Block Contracts	n/a	n/a	n/a	n/a	n/a	5,468	455	506	51	11.2%
Other Clinical Income	n/a	n/a	n/a	n/a	n/a	24,915	2,007	1,734	(273)	(13.6%)
<b>Subtotal : Other</b>	<b>3,544,560</b>	<b>281,093</b>	<b>305,247</b>	<b>24,154</b>	<b>8.6%</b>	<b>116,958</b>	<b>9,631</b>	<b>9,300</b>	<b>(331)</b>	<b>(3.4%)</b>
Reconciliation to Block Contract								(107)	(107)	-
RTT Income Deferral								(331)	(331)	-
<b>Total Clinical &amp; Pass Through Income</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>270,523</b>	<b>22,321</b>	<b>21,970</b>	<b>(350)</b>	<b>(1.6%)</b>
Other Income (Non-Clinical)	n/a	n/a	n/a	n/a	n/a	23,221	1,956	1,956	-	-
<b>Total Income</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>293,744</b>	<b>24,277</b>	<b>23,926</b>	<b>(350)</b>	<b>(1.4%)</b>



## Analysis of Income Variances

Adverse variances are shown in brackets ( )	Budget	Actual	Variance	
	£000s	£000s	£000s	%
Diagnostic & Therapeutic	3,640	3,639	(1)	(0.0%)
Medicine	6,504	7,053	549	8.4%
Emergency Services	1,126	980	(146)	(13.0%)
Musculoskeletal ( MSK)	3,024	2,581	(443)	(14.7%)
Surgical	4,602	4,746	144	3.1%
Theatres & CC	254	265	10	4.1%
Women & Children	2,834	2,992	158	5.6%
Corporate	209	173	(36)	(17.1%)
Centrally Managed	127	(19)	(147)	(115.3%)
Reconciliation to Block Contract		(107)	(107)	-
RTT Income Deferral		(331)	(331)	-
<b>Total Clinical &amp; Pass Through Income</b>	<b>22,321</b>	<b>21,970</b>	<b>(350)</b>	<b>(1.6%)</b>
Other Income (Non-Clinical)	1,956	1,956	-	-
<b>Total Clinical &amp; Pass Through Income</b>	<b>24,277</b>	<b>23,926</b>	<b>(350)</b>	<b>(1.4%)</b>

### Commentary

The Trust signed its contract for 2016-17 with CCGs on 5<sup>th</sup> May, following the NHSI / Essex Success regime accelerated mediation process, for a block value of £223m (against an original plan of £230m). This has resulted in a £7.2m adverse movement in the Trust's control total.

The Contract for Specialised Services with NHS England has been agreed pending signature, for a total of £37.3m, which is in line with plan.

The year-to-date clinical income performance was £350k adverse to plan, largely due to an income deferral for non-delivery of RTT work (£331k). This is a mechanism agreed with the commissioners as part of the block contract.

As can be seen from the on page 4, performance overall was largely in line with the plan.

The main Activity variances are:

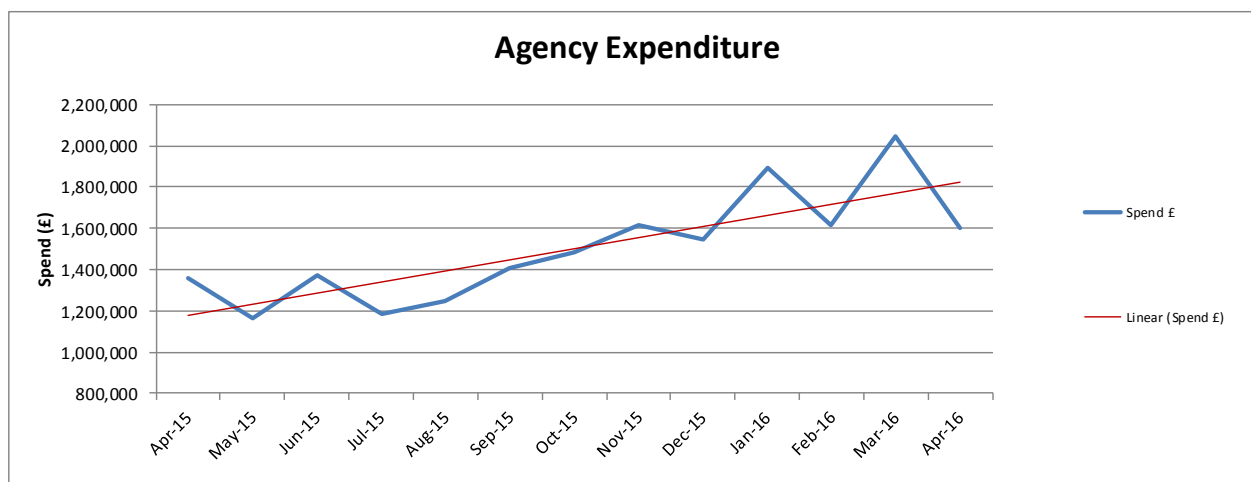
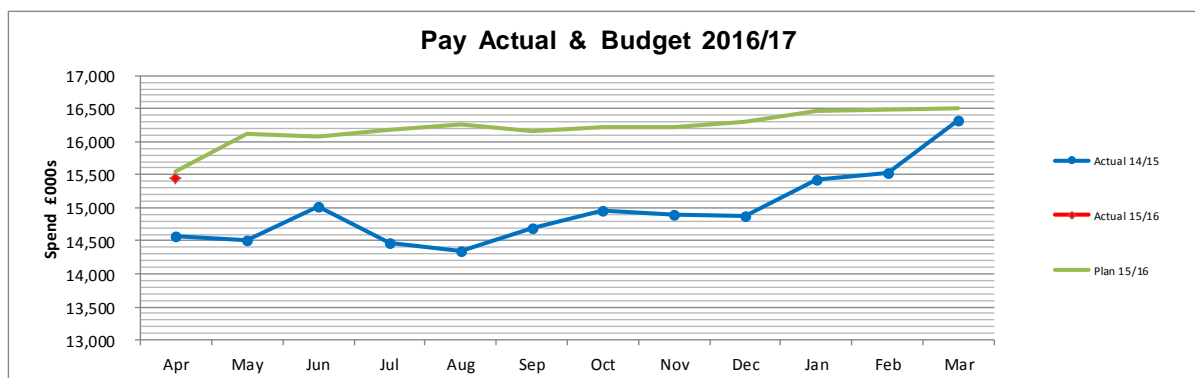
- Elective Inpatients 198 adverse, largely in MSK (89 cases), Women & Children (81 cases) and Outsourcing (47), largely due to impact of Industrial action in April, and waiting list initiatives which have yet to commence. There is a specific pressure in terms of availability of theatre sessions for Gynaecology, which is being addressed.
- Day case continues to perform strongly, largely in MSK and Diagnostics and Therapeutics (176 favourable).
- Non-Elective is over-performing, largely in Medical Specialties, due to the significant volume of QIPP schemes factored into the plan.
- A&E is underperforming against plan, but the Directorate due to growth assumptions and additional attendances from the closure of St Luke's. This has not materialised as at Month 1, so will be kept under review.

There are significant QIPP schemes factored into the plan (£5.7m net) which are designed to reduce activity, primarily in A&E and Non-Elective. Due to the nature of the block contract, there are no fines or challenges related to CCG commissioned activity.

## 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	15,552	16,111	16,073	16,173	16,259	16,157	16,229	16,212	16,305	16,472	16,486	16,499	194,528
: Expenditure	15,450												15,450
: Variance	102	-	-	-	-	-	-	-	-	-	-	-	n/a
Total Income	23,263	23,007	24,040	24,757	23,048	23,549	24,580	23,230	23,105	22,204	22,223	26,630	283,636
Pay Percentage	66.4%	-	-	-	-	-	-	-	-	-	-	-	5.4%
Last Year's Pay Spend	14,580	14,504	15,029	14,464	14,339	14,688	14,968	14,898	14,885	15,428	15,522	16,333	179,638



### Analysis of Pay Variances by Staff Group

Adverse variances are shown in brackets ( )	Budget	Actual	Variance	
	£000s	£000s	£000s	%
Medical	4,674	4,699	(25)	(0.5%)
Nursing	5,725	5,743	(18)	(0.3%)
Snr. Managers	863	794	69	8.0%
Scientific, Therapeutic & Technical	2,158	2,061	97	4.5%
Support Staff	2,168	2,160	8	0.4%
Other Pay (incl reserves)	(36)	(7)	(29)	80.6%
<b>Total</b>	<b>15,552</b>	<b>15,450</b>	<b>102</b>	<b>0.7%</b>

## Analysis of Pay Variances by Directorate

<i>Adverse variances are shown in brackets ( )</i>	Budget	Actual	Variance	
	£000s	£000s	£000s	%
Corporate Services	1,593	1,583	10	0.6%
Diagnostic & Therap.	2,158	2,091	67	3.1%
Facilities	838	845	(7)	(0.8%)
Medicine	3,229	3,370	(141)	(4.4%)
Emergency Services	726	704	22	3.0%
MSK	1,556	1,478	78	5.0%
Surgical	2,225	2,192	33	1.5%
Theatres & CC	1,374	1,337	37	2.7%
Women & Children	1,854	1,829	25	1.3%
GP Hosting	12	11	1	8.3%
<b>Sub Total</b>	<b>15,565</b>	<b>15,440</b>	<b>125</b>	<b>0.8%</b>
Reserves / Central	(13)	10	(23)	176.9%
<b>Grand Total</b>	<b>15,552</b>	<b>15,450</b>	<b>102</b>	<b>0.7%</b>

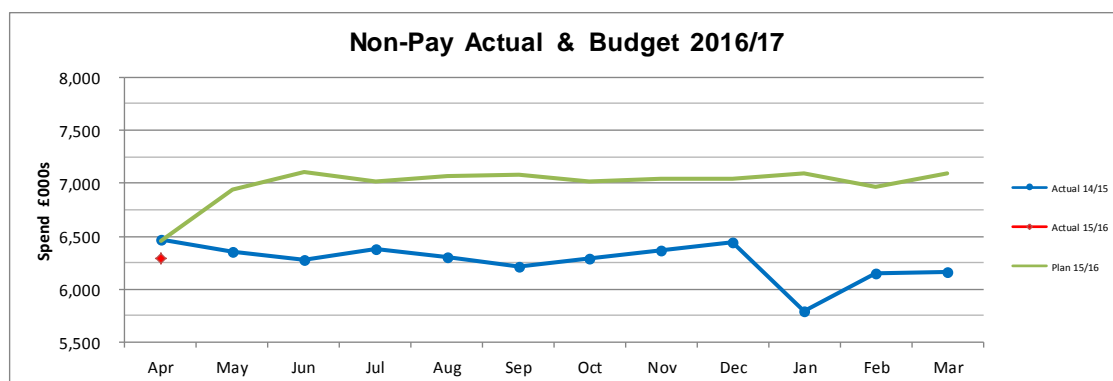
### Commentary

- Expenditure in April was lower than plan by £102k. There were underspends in a number of directorates due to vacancies which were unable to be covered by bank or agency. Examples of this include 2 ortho-geriatric consultants in MSK, and 7 radiographers in D&T.
- The Medicine directorate had a significant overspend in the month, of which £113k related to nursing. There are currently 193 trained nursing vacancies in the Trust, of which 103 are in Medicine. The number of vacancies needing to be covered by agency is clearly putting a strain on the financial position of the directorate, however there is not a direct correlation at ward level between the number of vacancies and financial performance. The wards with the largest overspends were BAMS (£50k), Princess Anne (£34k) and the Respiratory Unit (£25k), which have 36 trained nurse vacancies between them. The reasons for the overspends are being investigated.
- Agency spend was £1,604k in April which was £247k lower than the average for January to March. Part of this decrease is due to the national capped rates per hour for clinical staff reducing in April (which is being counted as a CIP centrally).
- For the financial year 16/17 NHS Improvement has set an overall agency expenditure limit for the Trust of £11.4m. Assuming a straight-line profile of the target, the expenditure is currently exceeding the £950k monthly cap by £653k or 69%. This is due to the high volume of agency usage and not related to the hourly rates which are on track with the maximum rates set by NHSI.

## Non-Pay Expenditure

### Non-Pay Analysis (excluding pass through)

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	6,453	6,940	7,110	7,012	7,067	7,078	7,019	7,038	7,042	7,089	6,971	7,092	83,911
: Expenditure	6,294												6,294
: Variance	159	-	-	-	-	-	-	-	-	-	-	-	
: YTD Variance	159	-	-	-	-	-	-	-	-	-	-	-	
Total Income	23,263	23,007	24,040	24,757	23,048	23,549	24,580	23,230	23,105	22,204	22,223	26,630	283,636
Non-pay Percentage	27.1%	-	-	-	-	-	-	-	-	-	-	-	2.2%
Last Yrs Non-P Spend	6,463	6,352	6,281	6,384	6,304	6,212	6,287	6,365	6,438	5,800	6,156	6,162	75,204



### Analysis of Non-Pay Variances (excluding pass through)

Adverse variances are shown in brackets ( )	Budget	Actual	Variance		Drugs	Clinical Supplies	Non Clinical Supplies	Externally Provided Healthcare	Non recurrent Items	Other
	£000s	£000s	£000s	%	£000s	£000s	£000s	£000s	£000s	£000s
Corporate Services	1,532	1,541	(9)	(0.6%)	1	(1)	(1)	(34)		26
Diagnostic & Therap.	1,170	1,192	(22)	(1.9%)	(17)	25	2	(31)		(1)
Facilities	988	978	10	1.0%	-	25	3			(18)
Medicine	738	720	18	2.4%	28	31	(4)	(37)		-
Emergency Services	209	248	(39)	(18.7%)	(5)	(13)	(4)	(14)		(3)
MSK	495	356	139	28.1%	4	136	(2)			1
Surgical	594	585	9	1.5%	(9)	15	(3)			6
Theatres & CC	391	334	57	14.6%	5	48	2			2
Women & Children	253	259	(6)	(2.4%)	(1)	(3)	(4)			2
GP Hosting	60	53	7	11.7%	-	-	-			7
Centrally Managed	25	28	(3)	(12.0%)	(1)	-	-		(31)	29
<b>Total</b>	<b>6,455</b>	<b>6,294</b>	<b>161</b>	<b>2.5%</b>	<b>5</b>	<b>263</b>	<b>(11)</b>	<b>(116)</b>	<b>(31)</b>	<b>51</b>

### Commentary

- Expenditure in the month was lower than plan, predominantly due to lower than planned elective activity in MSK, which has had an impact on clinical supplies in both MSK and Theatres.
- Externally provided healthcare relates to activity which is outsourced or provided by another organisation on Trust premises. The variances in the table above relate to outsourcing elective activity to the private sector (corporate), the IPP Pathology contract (D&T), Clinical Neurophysiology tests (Medicine) and the SEEDS contract (Emergency Services).



## Cost Improvement Programme

### Summary by Directorate April 2016

Annual Target	<i>Adverse variances are shown in brackets ( )</i>	YTD Target	YTD Actual Recurring	YTD Actual Non Recurring	YTD Variance	RAG
<b>£'000</b>		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	
449	Corporate Services	32	33	-	1	Green
139	Emergency Services	8	11	-	3	Green
2,116	Diagnostic & Therapeutic	185	155	-	(30)	Yellow
278	Surgery	27	27	-	-	Green
631	Facilities	50	30	-	(20)	Red
172	Medicine	5	3	-	(2)	Red
700	Musculoskeletal (MSK)	58	42	-	(16)	Red
335	Theatres & Critical Care	26	13	-	(13)	Red
749	Women & Children	52	52	-	-	Green
1,521	Procurement	128	66	4	(58)	Red
1,908	Agency Rate Cap	159	153	-	(6)	Yellow
<b>8,998</b>	<b>Total</b>	<b>730</b>	<b>585</b>	<b>4</b>	<b>(141)</b>	Yellow

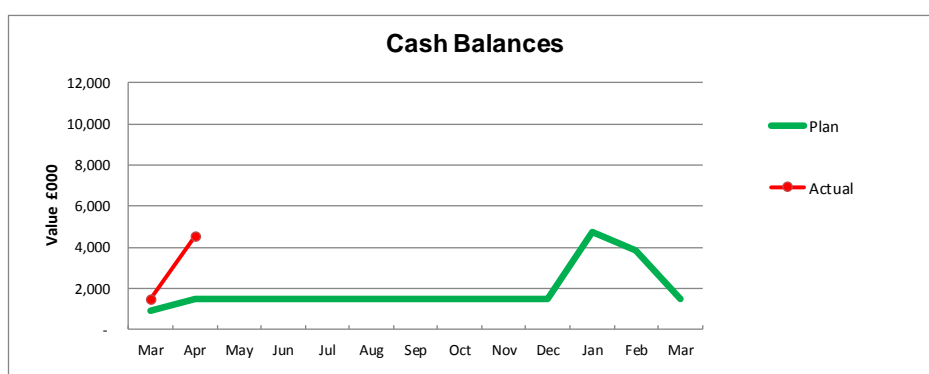
### Commentary

- The cost improvement programme has achieved £0.6m of savings so far which is £0.1m behind plan (or 19%).
- £58k of the D&T target in April relates to drugs. Whilst drug savings of £34k have been identified, there is a shortfall of £24k. Some of this relates to pass through drug savings which have yet to be agreed with the CCG.
- The Facilities variance relates to savings on maintenance contracts which, in Month 01, have not yet been realised. The opportunity to make savings will increase throughout the year as and when contracts come up for renewal. However the directorate is putting contingency plans in place now to ensure the CIP target is achieved in overall terms. This includes additional controls on raising orders and restricting authorisation/ sign off to senior managers only.
- The Procurement CIP is currently behind plan by £58k, but this is expected to catch up during the year as new savings are identified.
- The scheme for the Agency Rate Cap relates to the hourly price caps introduced by NHS Improvement for all acute trusts in November 2015. These price caps have been lowered in stages, with the final stage taking place in April. This has resulted in a reduction in the hourly rate paid across all types of agency staff. The Trust is achieving this despite the underlying volume of agency being high.

## Cash and Working Capital

### Cash & Working Capital

Adverse variances are shown in brackets ( )	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Cash</b>													
FT Plan (closing balance)	911	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	4,743	3,867	1,500
Actual	1,519	4,563											
Variance	608	3,063	-	-	-	-	-	-	-	-	-	-	-
<b>Working Capital Balances</b>													
Trade Debtors	15,333	15,608											
Trade Creditors	6,936	3,631											
Accrued Income	1,124	2,416											
Deferred Income	1,444	8,653											
Accrued Expenditure	17,213	13,884											
Stock	6,163	6,043											
Available Finance Facility	-	-											



### Commentary

- The cash balance at the end of April was £4.563m. This was a favourable variance of £3.063m against the plan.
- The main reasons for this variance are:
  - £2.96m more clinical income received than planned. It was agreed that for April 2016, the 2015/16 contract income values would be invoiced to the CCGs in twelfths until the agreement for 16/17 was confirmed. However, as the invoices have to be raised so far in advance, the Trust invoiced the CCGs on tenths, which has led to more income being received than expected. This has been corrected in May 2016.
  - The HEE agreed to advance the Trust an additional £3m to help ease the burden of hosting the GP trainees for the region. This was not in the plan and will be paid back to the HEE monthly from June 2016.
  - To ease the pressure on suppliers, an additional £3.3m was paid to creditors in April 2016.
- During April 2016 the Trust received further cash support of £2.5m through an Independent Trust Finance Facility (ITFF) from the working capital facility agreed in March 2016. Within the loan agreements, the Trust has been set a minimum cash balance of £1.5m and a maximum of £7.641m.

- The loan details are summarised in the following table:

Loan Type	Available funds	Cumulative Amount borrowed	Repayment Date	Interest Payable on current borrowings over duration of loan
Loan	£7,000,000	£7,000,000	18 <sup>th</sup> Feb 2019	£308,096
Working Capital Facility	£22,922,000	£14,000,000	15 <sup>th</sup> Feb 2021	£2,425,836
<b>Total</b>		<b>£21,000,000</b>		<b>£2,733,932</b>

- The loan agreement requires the Trust to comply with specific conditions which relates to a range of “good practices”. Performance against these will be monitored by NHS Improvement.

The Trust’s performance against the PSPP (*Public Sector Payment Policy*) was 15% compliant year to date in respect of the value of non NHS supplier invoices paid within 30 days.

## Balance Sheet

### Statement of Financial Position

Annual Target Mar-17	Adverse variances are shown in brackets ( )	YTD Target	YTD Actual Achieved	Variance	RAG
			Total		
£'000		£'000	£'000	£'000	
166,875	Non Current Assets	171,001	170,564	(437)	
24,966	Current Assets	27,117	31,692	4,575	
(33,766)	Current Liabilities	(37,175)	(41,639)	(4,464)	
(8,800)	Net Current Assets (Liabilities)	(10,058)	(9,947)	111	
158,075	Total Assets less Current Liabilities	160,943	160,617	(326)	
(56,853)	Non Current Liabilities	(28,971)	(28,633)	338	
<b>101,222</b>	<b>Total Assets Employed</b>	<b>131,972</b>	<b>131,984</b>	<b>12</b>	
	<b>Financed By (Taxpayers Equity):</b>				
103,039	Public Dividend Capital	103,039	103,039	-	
34,489	Revaluation Reserve	34,489	34,489	-	
(36,306)	Income and Expenditure Reserve	(5,556)	(5,544)	12	
<b>101,222</b>	<b>Total Taxpayers Equity</b>	<b>131,972</b>	<b>131,984</b>	<b>12</b>	

## Capital Expenditure

### Capital Expenditure

Annual Plan	Adverse variances are shown in brackets ( )	Monthly Actual	Year to Date		
			Plan	Actual	Variance
£000		£000	£000	£000	£000
	<b>Estates</b>				
450	Project management etc - building maint.	36	35	36	(1)
409	Vascular theatre	0	-	0	
100	IPP - GFT	(5)	-	(5)	
450	Planned ward improvements CQC	-	-	-	-
4,841	Statutory Compliance	47	2	47	(46)
-	Other backlog maintenance	34	-	34	(34)
6,250		113	37	113	(81)
	<b>Medical Equipment</b>				
1,893	Medical equipment replacement	22	-	22	(22)
660	Linacc	-	-	-	-
2,000	MRI replacement	3	-	3	(3)
1,500	X-Ray room 8	-	-	-	-
6,053		24	-	24	(24)
	<b>I.T.</b>				
1,000	Replacement programme	(0)	3	(0)	3
122	E-Rostering	37	10	37	(27)
102	E-Prescribing (net of Central funding)	12	25	12	13
215	EPR	31	18	31	(13)
139	Nervecentre	67	33	67	(34)
1,000	PACS Tender	6	5	6	(1)
2,578		153	94	153	(60)
	<b>Other</b>				
-	Transformation Projects	20	-	20	(20)
(681)	Planned Slippage	-	-	-	-
(681)		20	-	20	(20)
<b>14,200</b>	<b>Total</b>	<b>311</b>	<b>130</b>	<b>311</b>	<b>(185)</b>

### Commentary

- Capital spend for April was £0.3m which was ahead of plan by £0.2m

## Risks, Mitigation and Actions

	<b>Risk</b>	<b>Description</b>	<b>Mitigations</b>	<b>Action</b>
1	Failure to deliver the Cost Improvement Programme	The programme assumes a savings target of £9m excluding any initiatives arising from the Success Regime. The normal challenges of achieving savings will apply in addition to the risk that the work necessary to support the Success Regime distracts effort from the internal CIPs.	The delivery of the programme will be closely monitored by the newly created Strategic Programme Board and through the Directorate Performance Reviews	The Strategic Programme Board will oversee the programme.
2	Not achieving the planned I&E deficit of £32.4m	An I&E deficit of £32.4m has been assumed in the plan and forms the basis for external cash support required by the Trust. Any deterioration in this position would have a serious impact on the cash requirements and might lead to further regulatory action by NHSI.	The plan takes account of all known issues including the recent contract mediation process and is regarded as comprehensive and accurate. Progress against this will be closely monitored and remedial action will be taken for any deviations from the plan.	Any areas with adverse variations will undergo urgent review and immediate action will be taken to bring it back in line. Reviews will continue with the Finance & Investment Committee
3	Activity over-performance leading to a financial deficit for the Trust.	While the block contract will guarantee an income level to the Trust (excluding backlog clearance) any activity over-performance is the financial responsibility of the Trust.	The activity plan is based on agreed assumptions and is regarded as accurate. Any growth beyond this level will need to be addressed in the most cost-effective way to minimise the financial impact. The effect of QIPP schemes will be closely monitored in order to ensure they deliver the expected activity reductions.	Close monitoring of activity performance particularly with regard to QIPP schemes.
4	In-year demands on the capital programme exceeding the available resource.	The capital programme has been set at £14.2m and is expected to come under significant pressure given the underlying demand for investment that has built up over recent years.	The position will continue to be reviewed closely and will require careful use of the budget including the need for leasing to ensure that maximum benefit is obtained. All bids will be presented to the Investment Approval Committee which meets monthly and any unexpected demands in-year may require the deferment of other schemes.	The Investment Approval Committee will continue to oversee the programme and scrutinise all bids.
5	The planned sale of fixed assets does not occur in 2016/17 and places great pressure on the	The plan assumes £8m of receipts from the sale of land and should this not happen, the Trust is likely to need to seek additional cash support.	The process of sale is being managed closely by the Director of Estates	n/a

	cash position			
6	Costs of implementing nationally mandated initiatives may create additional unfunded pressures.	An example of this risk would be the new junior medical contract ( <i>to be introduced in August 2016</i> ) which may introduce a significant cost pressure.	There have been no additional announcements relating to 2016/17. The consequences of the junior medical contract will be discussed once these have been accurately quantified.	Work is underway in costing the junior medical contract.
7	Failure to deliver the RTT target which is part of the block contract.	The block contract includes £4.8m for clearing the RTT backlog but the Trust is required to return income equivalent to the extent of any failure in delivery.	The Trust will explore every opportunity to deliver the required activity level including the use of outsourcing or additional sessions	The activity performance is being closely monitored.

## Financial Sustainability Risk Rating (FSRR)

### Financial Sustainability Risk Rating (FSRR)

Metric	Year to date			Plan	Forecast	Performance Parameters			
	Weighting	Actual	Score			4	3	2	1
Debt Service Cover Rating	25%	-0.93	1	1	1	2.5	1.75	1.25	<1.25
Liquidity Rating	25%	-20.05	1	1	1	0	-7	-14	<-14
I&E Margin	25%	-6.95%	1	1	1	1%	0%	-1%	<=-1%
I&E Variance Margin	25%	0.04%	4	1	1	0%	-1%	-2%	<=-2%

Overall FSRR

2	1	
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### Monthly Movements

Metric	2015/16	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Plan
Capital Service	-1.03	-0.93												-1.6
Liquidity	-22.80	-20.05												-14.2
I&E Margin	-6.96%	-6.95%												-8.37%
I&E Margin Variance from Plan	-4.47%	0.04%												-4.50%
FSRR	1.0	1.75												
Risk rating (rounded)	1	2												1
FT Plan	2	1	1	1	1	1	1	1	1	1	1	1	1	1

### Commentary:

- The Financial Sustainability Risk Rating (FSRR) reflects NHS Improvement’s view of the financial risk that a foundation trust faces to the ongoing delivery of key NHS services and its overall financial efficiency.
- The rating ranges from 1, the most serious, to 4, the lowest risk. A low rating which indicates a serious risk does not necessarily represent a breach of the provider’s licence, but rather it reflects the degree of financial concern that Monitor will have about the provider, and consequently the frequency with which they will monitor it.
- The FSRR comprises four elements as follows:
  - Capital Service Rating (*the ability of the Trust to service its debt*)
  - Liquidity Rating (*a measure of the Trust’s ability to sustain itself through its working capital*)
  - I&E Margin Rating (*the degree to which the organisation is operating at a surplus/deficit*)
  - I&E Margin Variance from plan (*variance between a foundation trust’s planned I&E Margin in its annual forward plan and its actual I&E margin within the year*)
- The overall FSRR for April is **2** which is driven by the score of 4 on the “I&E Margin Variance from Plan”.



## Conclusions and Actions

The Trust's position for April was a deficit of **£1,665k** which was a small favourable variance of £12k against the plan.

The clinical income position for 2016/17 was adverse to plan by £0.3m, excluding "pass through", largely because of the referral to treatment backlog which was behind plan.

Pay expenditure was under spent in the month by £0.1m with a number of vacancies not being covered by agency. This was particularly evident in MSK and D&T although this was partly offset by an overspend in the Medicine directorate on nursing staff. Overall agency spend for the Trust reduced in April, compared to the previous three months, but was still significantly higher than the ceiling set by NHSI.

Non-pay was under spent by £0.2m which was largely attributable to clinical supplies, particularly in MSK where activity was lower than plan.

The cost improvement programme delivered savings of £0.6m against the target of £0.7m

The Trust's cash position was on plan and finished the month with a surplus of £3.1m. During the month, the Trust drew down a further £2.5m from the working capital facility bringing the cumulative value of cash support to £21m

The Trust's Financial Sustainability Risk Rating (*FSRR*) was 2 out of a total score of 4 which was better than the plan of 1.