

Board of Directors (Public) Item 5.2

Subject: Month 9 Finance Report
Date of meeting: 26th January 2016
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Presented by: David Jago, Chief Finance Officer

BAF Ref	Impact on BAF risk Rating
6	n/a

1. Executive Summary

This paper provides an update to the Board of Directors on the financial performance of the Trust for the period to Month 9 (period ending 31st December 2015). The in-month position shows an improvement with an in month surplus of £267k, providing a year to date deficit position of £906k. It is important to note that this position includes a further release of £230k to the income and expenditure position, which had previously been held as provisions. The provisions have been released following review of the specific items, and mitigation of risks outlined. This transaction provides a non-recurrent benefit to the position, without which the overall year to date position would have been broadly the same as in Month 8. The Trust continues to forecast a year end deficit position of £1.2m – which provides limited headroom for any further deterioration in the remainder of the financial year, and which will be dependent on a range of recovery actions, which include accelerated recruitment plans (to minimise agency usage) and delivery of activity plans. Work continues to ensure that the Trust is able to deliver a financially sustainable position, and to ensure that the Trust continues to operate within the terms of its licence. The Board of Directors are asked to discuss and note the content of the report.

2. Background

The Board of Directors approved the financial plan for 2015/16 as part of the operational plan presented at the March 2015 Board meeting that was subsequently submitted to Monitor.

3. Issues

The Trust has achieved an overall Financial Sustainability Risk Rating (FSRR) at Month 9 of 3, in line with the planned rating of 3, although it should be noted that the deficit position is at the limit beyond which any deterioration would move the FSRR back to a level 2. A FSRR of 2 is below the level which would ordinarily be considered as acceptable by Monitor, and is not sustainable without an increased risk of investigation. It is imperative therefore that the financial position continues to improve to ensure that the current rating of 3 is maintained for the remainder of the year, this position would be in line with both the plan and the forecast position.

The Trust has delivered a net surplus in month of £267k (inclusive of £230k provision release) against a planned surplus of £46k, resulting in a positive variance of £220k. The cumulative position shows a deficit of £906k against a planned deficit of £32k. This position incorporates a shortfall on CIP delivery and higher than trend levels of agency usage and premium costs.

Efficiencies achieved in the year to date are £2,566k against a plan of £3,347k. This provides a shortfall in delivery of £781k for the period. The in month position shows delivery of £313k against a plan of £404k, resulting in a shortfall of £90k.

The key drivers in the movement between the original plan and the current forecast position are illustrated further within Appendix 8.

Capital expenditure was £2,938k for the first 9 months against a plan of £3,881k. Due to the level of variance there is a possibility that Monitor may request that the Trust submit a revised forecast (Variance exceeding 15% may result in Monitor requesting a reforecast of the position). The reduced level of spend largely relates to timing issues around the development of the front entrance and the development of the outpatients scheme, together with a timing delay in the receipt of aortic balloons which were received in the first week of January rather than at the end of December.

4. Conclusion

The net surplus position for December of £267k represents an improvement against the plan (surplus of £46k), although this includes a non recurrent in month benefit of £230k. The year to date position shows a net deficit of £906k, which is £874k worse than planned. As highlighted in previous months there will need to be continued focus for the remainder of the year on CIP delivery; minimising agency usage and premium costs; and avoidance of further cost pressures. The Financial Sustainability Risk Rating being delivered at the end of month 9 is at level 3, which is in line with plan – but which at the lowest level it can be before falling to a rating of 2, i.e. any deterioration in the deficit position would reduce the FSRR. It is imperative therefore that the financial position continues to improve to ensure that the current rating of 3 is maintained for the remainder of the year.

Inpatient NHS activity was below plan in December by 48 spells, 13 spells linked to the planned strike (4%) the associated income position is £311k (6%) below plan. The cumulative position shows activity to be above plan by 4 spells and below on the income plan by £1,840k (4%). This position is inclusive of the 13 spells lost due to the strike and £1.2m outsourced to Stoke.

A range of actions are being undertaken to restore the financial position, including;

- The Chief Financial Officer has written to all budget holders requesting recovery plans against over spending budgets. Actions from which are being reviewed on a monthly basis;
- The scale of the financial position and the requirement to deliver at a minimum the forecast position (£1.2m) at the year-end have been communicated throughout the organisation at a number of forums including but not exclusive to; Senior Leaders Forum; Team Brief; Operational Board; Divisional Reviews; and Senior Nurses Forum. The scale of the financial challenges facing the Trust has been conveyed throughout the year, and there has been a clear step up in this over recent months reflecting the deterioration in the financial position.
- The Trust continues to work proactively to recruit to key posts, and this is reflected in the reduced total number of vacancies at the end of December which has shown a steady reduction over recent months. Recruitment into substantive posts has been targeted in order to reduce the level of dependency on agency and thus reduce costs going forward;
- Hourly rates for bank staff have also been increased with the intention of attracting more people to work on the bank, and again reduce agency usage;
- Further work is being undertaken to identify further CIP schemes, this work is being managed through the CIP steering group;
- The Trust has also taken further actions through a range of forums to ensure tighter budgetary control including a Trust wide cessation of non-clinical agency usage (with exceptional cases to be reviewed by the Executive Team);

- Further actions will be considered by the Executive Team as required for the remainder of the financial year; such measures may include the enforced cessation of particular types of expenditure. It is recognised there would inevitably consequences attached to such actions, and so careful consideration will be given before applying such measures.

5. **Recommendations**

The Board of Directors are asked to note the financial position of the Trust at the end of month 9 and the on-going work to identify restorative actions to ensure continued financial sustainability, and the delivery of a financial sustainability risk rating at level 3.

1. Introduction

This paper sets out the Trust's financial performance at the end of December 2015 (month 9) and the delivery against the financial targets set within the annual plan and risk ratings set out by Monitor under the Risk Assessment Framework.

2. Key Financial Performance Indicators

The purpose of this paper is to present to the members of the Trust Board the Trust's financial position as at 31st December 2015.

Key issues to note on performance at the end of month 9;



Financial Sustainability Risk Rating of level 3 against a plan of 3.



Cash balances at £7.5m are in line with the planned balance.



Total income in the year to date is £390k above plan.



A net deficit of £0.9m against a balanced plan for the year to date.



Capital expenditure at £2.9m was below the cumulative plan of £3.9m by £0.9m.



Actual CIP achieved at £2.6m against planned £3.3m.



The total costs for the use of agency and additional sessions was £3.6m for the first 9 months, compared to £1.5m for the same period last year.

The Trust is reporting a net surplus of £267k achieved in December compared to a planned deficit of £46k, with a positive in month variance of £220k inclusive of the £230k provisions.

Performance to date delivers a Financial Sustainability Risk Rating of 3.

Inpatient activity performance has been below plan in month by 48 spells, with income below plan by £311k for the month. The Surgical Division was 37 spells below plan (12%) with an under performance against the income plan of £255k (11%), the Medical Division was below plan by 16 spells (2%) and £61k on income (3%).

The key points to note at the end of December include:

- Total income is £410k over plan in December (£390k above plan year to date). It is important to note that this position includes the release of £230k to the income and expenditure position, which had previously been held as income provisions. The provisions have been released following review of the specific items, and mitigation of risks outlined. This transaction provides a non-recurrent benefit to the position, without which the position would have shown a less favourable position;

- Included within the total cumulative income position private patient income has underperformed by £460k (15%), the in month position shows under performance of £146k (44%);
- Total cumulative operating expenditure has over spent by £1,446k, with the over spend in month being £205k, this includes higher than planned levels of agency usage, together with other premium costs associated with additional sessions undertaken;
- The cost improvement programme (CIP) plan to Month 9 is £3,347k, against which the Trust has delivered efficiencies of £2,566k. The shortfall in CIP delivery is therefore £781k;
- The Trust is forecasting a year end forecast of £1.2m, which provides limited headroom for any further deterioration in the remainder of the financial year, and which will be dependent on a range of recovery actions, which include accelerated recruitment plans (to minimise agency usage), tighter cost controls and delivery of activity plans.
- Capital expenditure for the year was £2.9m against a plan of £3.9m;
- Cash balances are in line with the planned position at £7.5m.

3. Monitor Metrics Summary

Table 1 Financial Sustainability Risk Rating

Financial Sustainability Risk Rating (FSRR)	Plan YTD	Actual YTD	Variance YTD
Debt Service Cover			
Total Revenue for Debt Service	5,545	4,489	(1,056)
Total Debt Service	(1,782)	(1,825)	(43)
Debt Service Cover Matrix	3.11	2.46	(0.65)
Debt Service Cover Rating	4	3	-1
Liquidity			
Cash for FSRR Liquidity Purpose	(2,067)	(2,380)	(313)
Operating Expenses within EBITDA	(85,540)	(86,986)	(1,446)
Liquidity Metric (Days)	(6.5)	(7.4)	(0.9)
Liquidity Rating	3	2	-1
I&E Margin			
Surplus/(deficit) before impairments etc	(32)	(906)	(874)
Total operating and non-operating income	91,160	91,651	491
I&E Margin metric %	-0.04%	-0.99%	-0.95%
I&E Margin	2	2	0
Variance in I&E Margin			
I&E Margin	-0.04%	-0.99%	-0.95%
I&E Margin variance from Plan	0.00%	-0.95%	-0.95%
Variance in I&E Margin	3	3	0
Financial Sustainability Risk Rating	3	3	0

The month 9 overall risk rating on the Monitor metrics is level 3. Note, the overall rating which can be achieved by the Trust is capped so that if the Trust scores a “1” on any metric except variance in capital expenditure, the overall rating will be capped at a 2. The Trust income & expenditure

margin (-0.99%) is at the lowest level it can be without triggering this cap (-1.00%) – which would in turn lower the overall FSRR metric to a 2.

Although not part of the overall risk rating score, a series of additional indicators to highlight the potential for any future material financial risk have been used historically by Monitor. Whilst now not formally covered in template returns those that remain relevant are shown below for completeness.

Cumulative Performance to Month 9

Unplanned decrease in (quarterly) EBITDA margin in two consecutive quarters	Yes
Trust is unable to certify that Board anticipates that the Quarterly FRR will be at least 3 over the next 12 months (from Governance Statement)	Yes
Debtors > 90 days past due account for more than 5% of total debtor balances	Yes
Debtors > 90 days past due account for more than 5% of total debtor balances Creditors > 90 days past due account for more than 5% of total creditor balances	Yes
Capital expenditure > 115% of Latest Plan for the year to date	No
Capital expenditure < 85% of Latest Plan for the year to date	Yes

Debtors > 90 days past due - total £1.463m and account for 39% of total debtors. The majority (£1.1m) of which relates to private health insurers. Detailed work is being undertaken, together with regular discussions with the relevant companies with the intention of resolving residual issues, and receiving settlement of the outstanding values.

Creditors >90 days past due - total £1.230m and accounts for 27% of total creditor balances. Significant progress has been made, specifically with the Royal Liverpool and Broadgreen Hospitals NHS Trust account – which has seen settlement of debts on both sides. There are some residual issues which still need resolving, and this largely relates to a small number of invoices which have been held on dispute for some time – discussions are ongoing with a view to conclude during this financial year.

4.Statement of Comprehensive Income (SoCI)

For completeness the SoCI is attached at **Appendix 1**.

4.1 Income and activity

Activity & Clinical Income by Point of Delivery

Point of Delivery	Month 9						Year to Date					
	Inpatient Activity			Income (£000's)			Inpatient Activity			Income (£000's)		
	Plan	Actual	Var	Plan	Actual	Var	Plan	Actual	Var	Plan	Actual	Var
Day Case	365	330	(35)	794	708	(86)	3,269	3,425	156	7,105	7,370	265
Elective	350	309	(41)	2,227	1,962	(265)	3,128	2,974	(154)	19,955	18,095	(1,860)
Non Elective	366	395	29	1,776	1,811	35	3,274	3,313	39	15,884	15,622	(261)
Excess Bed Days	150	171	21	32	36	4	1,344	1,310	(34)	288	285	(2)
OP First attenders	1,970	1,525	(445)	326	267	(59)	17,621	17,470	(151)	2,917	2,999	82
OP Follow ups	3,376	3,622	246	371	409	38	30,201	34,451	4,250	3,322	3,966	643
Outpatients Radiology	646	722	76	90	115	25	5,782	6,879	1,097	806	1,069	263
Outpatient Other (ECG, Oxygen, Pulm Rehab)	1,213	1,031	(182)	133	122	(11)	10,850	10,373	(477)	1,191	1,184	(6)
Critical Care	1,039	1,220	181	1,364	1,640	276	9,299	9,583	284	12,202	12,476	274
Critical Care Transition	0	0	0	0	0	0	0	0	0	0	0	0
Devices	168	179	11	1,035	1,032	(3)	1,503	1,587	84	9,259	9,941	683
Drugs	0	0	0	276	351	75	0	0	0	2,471	2,926	455
Cystic Fibrosis	28	27	(1)	433	435	2	247	210	(37)	3,870	3,889	19
PPCI	106	140	34	14	17	3	947	1,049	102	125	134	9
Other Adjustments	83	71	(12)	362	607	245	741	1,057	316	3,226	3,145	(81)
Total	9,860	9,742	(118)	9,234	9,514	280	88,205	93,681	5,476	82,619	83,101	482

Inpatient activity performance in month was below plan by 48 spells (4%), the year to date position shows activity as 4 spells above plan.

Inpatient income has under-performed by £1,840k in the year to date, the most significant area of under performance being in respect of elective activity (£1,860k). This position includes activity provided for the Trust by South Manchester NHS FT to assist with short term capacity issues (14 spells, £216k). This position is illustrated in the following table, with the total reported income position for the Trust highlighted as the "LHCH Baseline" (inclusive of work undertaken by South Manchester NHS FT).

Provider	Spells			Income		
	Plan	Actual	Variance	Plan	Actual	Variance
LHCH	3,128	2,960	(168)	19,955	17,879	(2,076)
South Manchester	-	14	14	-	216	216
LHCH Baseline	3,128	2,974	(154)	19,955	18,095	(1,860)
UHNM	-	102	102	-	1,100 *	1,100 *
Total	3,128	3,076	52	19,955	19,195	(760)

* Estimated income received by UHNM for comparative purposes only.

As noted the work undertaken by South Manchester for the Trust has been recorded as activity and income, but is paid out directly to the South Manchester, and so there is an equal and opposite effect across income and expenditure.

The Trust activity and income position does not include activity and income which is subcontracted to University Hospitals North Midlands (UHNM) NHS Trust, and so this has been included in the table above. UHNM have undertaken 102 spells, and while the Trust do not have access to the income this has accrued for UHNM, an estimate has been included for comparative purposes.

In summary the table illustrates the total value of elective work delivered for patients referred to this Trust, highlighting the components of activity and income recorded by this trust, and also the work subcontracted to neighbouring Trusts.

- The Surgical Division was 37 spells below plan in month (12%) and £255k below plan in income terms. The year to date position shows activity below plan by 127 spells (4%) and £1,922k (8%). Performance by procedure group was:
 - Cardiac surgery 13 spells (7%) below plan and £143k (8%) below income plan in month, the cumulative position shows activity below plan by 131 spells (8%) and £2,123k (12%). The activity and income variance is largely driven by CABG & valve, Cardiac valve and TAVI activity (75% of TAVIs are now being done within Cardiology, reflecting an in year change).
 - Thoracic surgery reported 17 spells (14%) below plan and £55k (10%) below income plan. The cumulative position shows activity above plan by 47 spells (5%) and £473k (10%).
 - Upper GI services transferred fully to the Royal Liverpool with effect from the beginning of January, this is reflected in activity figures which show below plan activity of 8 spells (72%) and below plan income of £56k (38%). The cumulative position shows activity below plan by 35 spells (37%) and £266k (38%).
- The Medicine Division was 16 spells below plan (2%) and £61k (3%). The year to date position shows activity above plan by 115 spells and £39k above plan on income. The main variances by procedure group were:
 - Angioplasty was 8 spells above plan (4%) and £36k (5%) above income plan, the cumulative position shows activity below plan by 84 spells (5%) and £295k (4%).
 - Catheters were 11 spells below plan in month (8%) and £17k (6%) above the income plan, the cumulative position shows activity above plan by 87 spells (7%) and £244k (10%).
 - TAVI was 0 spells above plan in month, and 9 spells over plan for the year to date (64%) and £252k (64%) above income plan.
- Critical care bed days were reported as 181 (17%) above plan in month and £276k (20%) above the income plan, the cumulative position shows activity above plan by 284 bed days (3%) and cumulatively above the income plan by £274k. The in month income position is augmented by the inclusion of a long stay adjustment, relating to those patients in critical beds during the month but not discharged by the 31st December (£257k).
- Outpatient activity was 305 attendances (4%) below plan in month with income below plan by £7k. The cumulative position shows activity above plan by 4,720 attendances (7%) and £982k (12%).
- High cost devices were 11 above plan in month (7%) and £3k below the income plan. The cumulative position shows activity above plan by 84 spells (6%) and £683k (7%).
- Further detail of the activity and income position is included at Appendix 6.

4.2 Operating Income and Contract Update

All clinical contracts have been formally signed - with the exception of the contract with Health Commission Wales (HCW). HCW have proposed further material reductions to the original contract offer (which was itself at a reduced value). While the Trust continues to seek agreement, the focus on contracts with all commissioners now shifts to 2016/17. The actual performance in

this year for HCW is £20k over plan, and while the contract hasn't formally been agreed - the Trust are billing activity at full PbR tariff.

In overall terms the clinical income position (including private patients) in December was £134k above plan (1%), the cumulative position being £22k above plan. Key points to note by commissioner are summarised as follows;

- The tertiary contract with NHS England under performed in month by £390k (6%) with the year to date position showing under performance of £768k (1%). Under performance is largely driven by lower than planned elective surgical activity.
- The Secondary contract showed an under performance of £186k in month (14%) and £578k above contract cumulatively (5%). This largely relates to contracts with Liverpool, Southport & Formby and St Helens CCGs.
- The Wales contract was above plan in December by £136k (11%) and £19k above plan cumulatively.
- The Isle of Man contract was above plan in month by £83k (34%), and £537k above plan cumulatively (24%).
- Private patient income was below plan by £146k (44%) in month and below plan by £460k cumulatively (16%).
- Non patient related income was above plan in month by £276k (45%) and £369k above plan cumulatively (7%).

4.3 Operating Expenditure

Total operating expenditure has over spent by £205k against budget in month (£1,446k YTD). While inpatient spell based activity is below plan in month, critical care activity is significantly above plan, and this trend on activity is mirrored in the operating expenditure position. The expenditure position also incorporates a continuation in the high level of agency spend, additional premium costs and shortfall in CIP delivery.

Pay costs were above plan by £105k in December (£799k above YTD). This position is materially driven by higher than planned use of agency and premium costs associated with additional waiting list sessions. A detailed analysis of in month and year to date expenditure is included at Appendix 5.

Drugs expenditure was £59k above plan in month, (£487k above YTD) reflecting movements in activity, and specifically in respect of high cost drug recharges matched by income.

Clinical supplies are balanced against plan in month (£312k over spent YTD). The key features of the position are summarised as follows;

- AICD's activity 7 behind plan in month resulting in £58k positive expenditure variance, the year to date position shows a £427k adverse variance (27 devices above plan).
- Catheter Laboratories: £90k adverse variance, activity 2.3% below plan, the year to date position shows a £195k adverse variance. This position includes the cost of 9 TAVI devices, which have each cost an additional £3.6k above the value budgeted for.
- Theatres: £48k favourable in month (£230k YTD), reflecting reduced level of activity in month.

- EP: £14k favourable in month, 6% over plan. £165k below plan in the year to date, relating largely to below plan activity 3% matched by corresponding income variance.
- Other activity related reductions in expenditure including blood products £8k, pacing £34k, perfusion £21k.

Overhead expenditure including miscellaneous operating expenses was over spent by £7k in month, which includes payments to Stoke for activity undertaken on behalf of the Trust, together with other ancillary costs necessary in the management of the patient treatments. £156k is reported as the year to date costs relating to patients treated at Stoke – which reflects a premium of 15% charged above tariff, together with further ancillary costs for items such as transport.

At month 9 achieved CIP's total £2,566k against a plan of £3,347k with corresponding slippage in delivery of £781k.

The table below illustrates the CIP performance to date by category.

YTD Performance by Category	Plan £'000	Actual £'000	Variance £'000	Additional Schemes Identified £'000	Total Actual £'000	Revised Variance £'000
Income	289	516	227	0	516	227
Pay	1,356	680	(676)	213	893	(463)
Non Pay	1,702	1,157	(545)	0	1157	(545)
Total	3,347	2,353	(994)	213	2,566	(781)

The shortfall in delivery of CIP continues to represent a material risk to the financial position – both when the considering the current year and on a recurrent basis. The current forecast position assumes CIP slippage of around £1.1m - £1.2m, which is mitigated by release of the CIP contingency reserve of £1.0m. Continued focus over the coming weeks and months will be required to strengthen the position in order to support the delivery of the financial plan in this year, and also ensure financial sustainability going forward. A Programme Management Office (PMO) and formal CIP Steering Group has been introduced to ensure that;

- Existing schemes deliver against plan;
- Schemes in development have fully developed and deliverable plans;
- Further schemes are identified to address the shortfall in the current plans of circa. £1m;
- Shortfalls in performance are identified, recognised and acted upon as appropriate.

Detailed planning is now being undertaken also focussing on the CIP plans for 2016/17, and this work is being overseen and overseen by the CIP Steering Group.
The table below illustrates the CIP performance to date by Directorate.

YTD Performance by Directorate	Plan £'000	Actual £'000	Variance £'000	Additional Schemes Identified £'000	Total Actual £'000	Revised Variance £'000
Cardiology	1,134	1,269	135	8	1,277	143
Surgery	840	552	(288)	0	552	(288)
Clinical Support Services	762	276	(486)	205	481	(281)
Non-clinical support	269	99	(170)	0	99	(170)

Services						
Corporate Services	343	157	(186)	0	157	(186)
Total	3,347	2,353	(994)	213	2,566	(781)

The detailed schemes underpinning delivery of the overall CIP programme can be found in Appendix 2. As can be seen Divisional schemes in respect of pay continue to be minimal reflecting the challenges faced by the organisation in reducing its pay costs. This is a key risk for the Trust and further work is required throughout the remainder of the year to understand where costs can be pulled out in a sustainable way, whilst maintaining quality and safety.

5. Statement of financial Position(SoFP)

For completeness the balance sheet (SoFP) and cash flow (SoCF) statements are attached at Appendices 3 and 4.

6. Cash

Cash Balance

In month £000s			Cumulative £000s		
Plan	Actual	Variance	Plan	Actual	Variance
1,913	-1,685	-3,598	7,527	7,495	-32

Cash balances have reduced by £1,685k in month, and this is reflected in the overall cash position of £7,495k, which is £32k below the year to date plan of £7,527k. The above plan variance is materially driven by:

- Operating cash flow is some £1,598k below plan;
- Movements in Working Capital are increasing cash balances more than was planned by £1,031k, which includes:
 - Positive cash flows in respect of the level of payables £1,366k, receivables £1,041k and provisions £127k. These positive movements are offset in part by;
 - Negative cash flows in respect of inventories (£292k), accruals (£633k), deferred income (£50k) and Prepayments (£528k).
- Lower than planned cash outflow relating to capital spend and other financing cash flows £538k.

Investments

At the end of December the Trust had £591k deposited in the GBS account, with £6,900k deposited with the National Loans Fund. The table below illustrates the interest received associated with the various accounts in the year to date (£33k).

Investment held with:	Interest Rate	Value of Investment £	Interest YTD £	Annual Equivalent Interest £'000	Management Charges
GBS Account	0.25%	591,031	7,707	8,076	
National Loans Fund	0.41%	6,900,000	18,232	25,305	
Total		7,491,031	25,939	33,381	0

7. Working Capital

Total Receivables (including accruals) are £7,027k at the end of December, which is £485k below the planned position.

	YTD Plan £'000	YTD Actual £'000	Variance £'000
NHS Receivables	3,120	1,851	(1,269)
Non-NHS Trade Receivables	1,946	2,530	584
Other Receivables	540	813	273
Provision for the Impairment of Receivables	-1,220	-677	543
Accrued Income	3,126	2,510	(616)
TOTAL	7,512	7,027	(485)

The main variances are as follows:

- NHS Receivables is below plan largely due to the clearing outstanding debts with the Royal Liverpool Hospitals.
- Accrued income is £0.6m below plan at the end of November, as a result of underperformance against contractual performance.

Aged debt above 90 days is at £1,463 (illustrated below) and this largely relates to private health insurers as noted above, work is on-going to resolve this position.

Customer Type	Analysis of Aged Debt					
	Current £	1 - 30 Days £	31-60 Days £	61 - 90 Days £	> 90 Days £	Total Debt £
NHS	156,787	309,980	1,075,425	21,905	254,397	1,818,494
Non-NHS	194,578	575,520	134,897	70,615	1,231,522	2,207,132
Unallocated	-	(31,253)	(15,478)	(10,328)	(22,553)	(79,612)
TOTAL	351,366	854,247	1,194,843	82,192	1,463,366	3,946,014

The Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash flows and a Contribution by Directorate table are appended to the report.

8. Forecast Position

The Trust continues to forecast a year end deficit position of £1.2m – which provides limited headroom for any further deterioration in the remainder of the financial year, and which will be dependent on a range of recovery actions, which include accelerated recruitment plans (to minimise agency usage) and delivery of activity plans. The revised forecast compared to the original plan is summarised below:

Description	Original Plan £000	Forecast £000	Variance £000
Total Operating Income	121,065	122,117	1,052
Total Direct Costs	(106,784)	(109,150)	(2,366)
Total Overhead Expenses	(7,051)	(6,760)	291

EBITDA	7,230	6,207	(1,023)
Non Operating items	(7,530)	(7,407)	123
Net Surplus / (Deficit)	(300)	(1,200)	(900)
Financial Sustainability Risk Rating	3	3	0

The Trust will deliver a risk rating of 3 at the year end, on the basis that the Trust delivers the forecast position (£1,200k deficit). Any deterioration to the forecast will result in the rating falling to a 2.

9. Actions to Deliver Forecast Position

As noted in the previous section the Trust is forecasting a year end income and expenditure deficit of £1.2m. A range of actions are being undertaken to ensure that there is no further deterioration beyond this position.

The following table outlines the forecast for the remainder of the year, which requires that;

- An improvement in overall income and expenditure position, or as an absolute minimum that the position does not deteriorate by more than £300k in the final quarter of the year;
- The quarter 3 position has no headroom / flexibility before the overall risk rating would fall to a rating of 2. Improvement upon the position, or at a minimum delivery of the forecast is required to ensure that the Trust delivers an FSRR of 3 by the end of the year;
- It is important to note that this position includes the release of £230k to the income and expenditure position, which had previously been held as income provisions. The provisions have been released following review of the specific items, and mitigation of risks outlined. This transaction provides a non-recurrent benefit to the position, without which the position would have deteriorated further.

This is further illustrated as follows:

Description	YTD to Month 9 £000	Forecast Quarter 4 £000
Total Operating Income	91,448	122,117
Total Direct Costs	(81,664)	(109,150)
Total Overhead Expenses	(5,321)	(6,760)
EBITDA	4,463	6,207
Total Non-Operating Expenses	(5,368)	(7,407)
Net Surplus / (Deficit)	(906)	(1,200)
Financial Sustainability Risk Rating	3	3

Specific Actions

Further specific actions, opportunities and risks are highlighted as follows:

i. Total Operating Income

Month	Actions/Update
Month 7/8 Actions	The forecast operating income position assumes that the income forecast for the year is delivered, involving;

	<ul style="list-style-type: none"> • The recovery of below forecast income in the cumulative position to Month 9; • Mitigation of residual activity issues running into December; • No further deterioration in the income position against forecast for the remainder of the year.
Month 9 Update	Activity & income performance has been much stronger in November and December, and while inpatient activity is down in December – this is more than compensated for by an increase in critical care activity.
Further Actions / Risks	<ul style="list-style-type: none"> • Ongoing actions are being taken by operational managers and clinicians to ensure planned activity is delivered, and where possible previous shortfalls mitigated. While everything possible is being done, it is already evident that activity will be lost during December – as a result of proposed industrial action and over the Christmas period; • The Trust traditionally receives a high proportion of income in the final quarter of the year, and the phasing of the 2015/16 is relatively constant throughout the year. So assuming activity trends from previous years continue – it is reasonable to expect a strong final quarter to the year; • Delivery of the additional activity and income will continue to be dependent on resource/capacity availability, and in particular highly skilled staff and beds – both ward based and critical care. Significant blockages in bed availability will impact on ability to deliver activity plans; • Similarly while the trust is recruiting to key posts, the trust is likely to have some level of continued dependence on staff willingness to undertake additional sessions / agency – although this will be minimised where at all possible; • Risk that the activity undertaken does not match the case mix planned, and that the contribution to the cost base is not insufficient as a consequence; • Finally, where the trust is unable to deliver activity within existing capacity – it may be necessary to continue using additional capacity provided by University Hospitals North Midlands NHS Trust – which will be at a net cost to the Trust (15% surcharge on tariff with no income received). • The activity forecast will continue to be reviewed and enhanced in partnership with the Divisional Heads of Operations. • Further risks relate to the impact of the junior doctor strike, and the consequent effect on activity and income that this will have.

ii. Employee Costs

Month	Actions/Update
Month 7/8 Actions	<p>The forecast employee cost position assumes that the below forecast position to the end of December is recovered, and that there is no further deterioration against forecast for the remainder of the year.</p> <p>The following actions were noted:</p>

	<ul style="list-style-type: none"> Enhanced rates of pay for bank staff to reduce agency usage; Accelerated process for recruitment to key posts; Other measures to control employee costs including a Trust wide cessation of non-clinical agency usage.
Month 9 Update	<p>The following actions have been taken;</p> <ul style="list-style-type: none"> Enhanced bank rates have been introduced from 1st December; The recruitment process shows steady improvement, with the number of vacancies falling to 96 FTE, with a marked reduction in the number of nursing vacancies (further analysis included below); Trust wide actions have been introduced including a Trust wide cessation of non-clinical agency usage and measures to ensure that all administrative posts at bands 1 -4 are recruited to at 35 hours rather than 37.5; There has been a slight reduction in the level monthly agency spend from previous months, (Nursing agency £179k in month against an average spend of £207k in the first 8 months)
Further Actions / Risks	<ul style="list-style-type: none"> As noted above the key risk relates to non-recruitment to key posts and the continued reliance on agency / premium costs; Further risks relate to on-going operational issues and acuity of patients having an adverse an effect on skill mix and numbers of staff required.

The total number of vacancies by staff group, together with the forecast for the remainder of the year is summarised as follows:

	Q1	Q2	Q3	Jan	Feb	Mar
Consultants	5	1.8	1.1	0.1	0.1	2.1
Junior Medical	11.4	5.6	9.5	9.5	7.5	7.5
Nursing	73.6	73.9	54.3	53.3	41.3	36.3
Scientific	29.6	20.4	12.7	11.3	10.3	9.3
Other Clinical	6.1	+14.9	+3.1	+2.0	+1.0	0.0
Support Staff	8.2	6.1	6.6	4.7	3.7	2.7
Non Clinical Staff	22	15	14.9	12.9	10.9	7
Total	155.8	107.9	96.0	89.8	72.8	64.9

The nursing position is further illustrated as follows, showing the success in filling substantive vacancies over recent months:

	Q1	Q2	Q3	Jan	Feb	Mar
Total	156	108	96	90	73	65
Nursing	74	74	54	53	41	36
Posts Filled	4	(0)	20	1	12	18

iii. Other Costs / Actions

Actions included in forecast:

Action	£000	Note	Month 9 Progress
Additional CIP (income generation)	250	Schemes in place and value delivered in Month 9 to plan, profile for the remainder of	Complete: Delivering additional income as planned.

		the year included.	
Impact of Agency	300	Estimated savings for Critical Care. Further savings in excess of this may be possible if all actions are delivered successfully e.g. bank rates and accelerated recruitment plans.	Actions complete: Slight reduction in the level total monthly agency spend from previous months, (£179k in month against an average spend of £207k in the first 8 months
Total	550		

Further Actions:

Action	£000	Note	
Impact of Cessation (Non Clinical Agency)	30	Estimate based on saving 50% of current monthly spend. Actual savings will be made in instances not considered to be business critical.	Complete: Month on month reduction in non-clinical agency staff evidenced through the financial position.
Divisional Actions	100	This is an estimated improvement to position based on requirement for budget holders to restore over spending positions to balance. Further analysis will be undertaken over the next week, and further challenge provided where necessary.	Partially complete: Further savings have been identified to improve the overall position, however this is not to the £100k originally estimated. Current value less than half of this value. Further work to be done to identify further opportunities in the remainder of the year. Month 9 position reflects lower overall position.
Total	130		

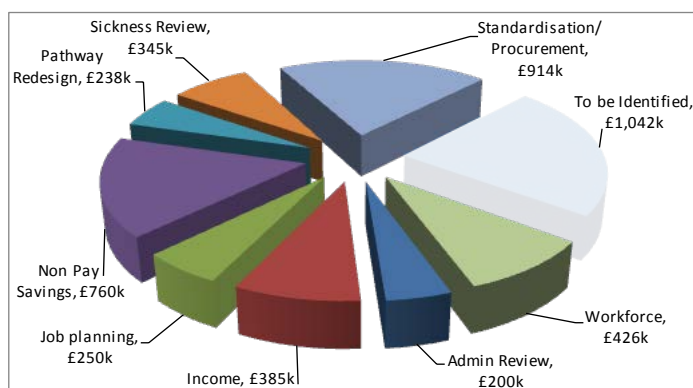
A range of actions have been undertaken to reduce expenditure across the Trust, including those actions referred to above. A clear and consistent message has been delivered throughout the organisation as to the severity of the current position and of the need to minimise spend and to recover the financial position.

CIP Performance

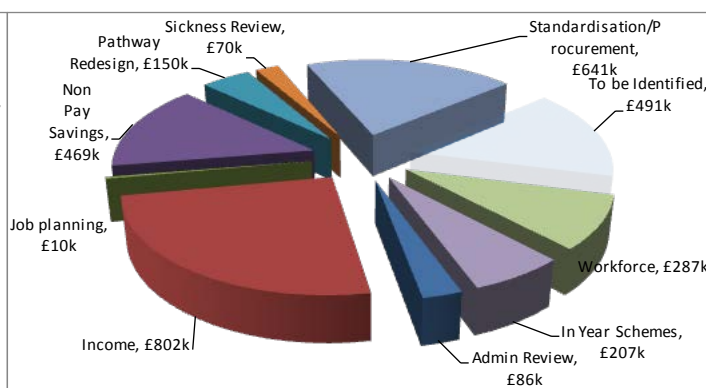
The Trust started the year with a CIP target of £4,560k, which included an unidentified value of just over £1m. Progress has been made in the delivery of CIP plans, although there is still a forecast shortfall in overall performance – which is incorporated within the current forecast position for the Trust. Progress to date is highlighted within the specific CIP section within the report, and further illustrated as follows:

Row Labels	Plan	Forecast	Variance
Admin Review	£200k	£86k	(£114k)
Income	£385k	£802k	£417k
Job planning	£250k	£10k	(£240k)
Non Pay Savings	£760k	£468k	(£292k)
Pathway Redesign	£238k	£150k	(£88k)
Sickness Review	£345k	£70k	(£275k)
Standardisation/Procurement	£914k	£641k	(£273k)
To be Identified	£1,042k	£491k	(£551k)
Workforce	£426k	£287k	(£139k)
In Year Schemes	£0k	£207k	£207k
Grand Total	£4,560k	£3,211k	(£1,349k)

CIP Plan @ £4.56m



CIP Forecast @ £3.21m



A range of additional areas are being reviewed, and this project is being over seen by the Chief Operating Officer. To date an additional £250k of schemes have been identified and delivered, and further work is being undertaken, and this includes – for example a detailed review of benchmarks recently published relating to the running costs of the hospital.

Specific actions published as part of the review undertaken by Lord Carter are also being reviewed, and an action plan has been developed for review and discussed within the CIP Steering Group to identify further opportunities for the delivery of efficiencies. A further update will be provided to the next Board meeting with respect to progress made on this specific area.

9. Capital

Capital expenditure was £2,938k for the first 9 months against a plan of £3,881k. Due to the level of variance there is a possibility that Monitor may request that the Trust submit a revised forecast (Variance exceeding 15% may result in Monitor requesting a reforecast of the position). The reduced level of spend largely relates to slippage on the development of the front entrance, the development of the outpatients scheme and development of the IT infrastructure; together with a timing delay in the receipt of aortic balloons which were received in the first week of January rather than at the end of December.

Original Capital Scheme	In Month £'000			YTD £'000		
	Plan	Actual	Variance	Plan	Actual	Variance
Schemes carried forward from 2014/15	50	69	19	892	1,161	269
CF Unit	0	11	11	1,111	321	(790)
Front Entrance	150	46	(104)	550	316	(234)
Medical Equipment	84	0	(84)	458	354	(104)
Estates Infrastructure Schemes	35	51	16	458	387	(71)
Contingency	38	26	(12)	188	322	134

POCCU Beds Scheme	70	0	(70)	210	0	(210)
IT Infrastructure	141	20	(121)	530	77	(453)
Plan Re-alignment	(35)		35	(516)		516
Total Capital Investment	533	223	(310)	3,881	2,938	(943)

10. Conclusion

The cumulative financial position to the end of Month 9 shows a net detail position of £906k, against a planned deficit of £32k. The Financial Sustainability Risk Rating is at level 3 against a plan of 3.

The overall EBITDA performance is £205k ahead of plan for the month, and £1,056k behind plan for the year to date.

The Trust continues to forecast a year end deficit position of £1.2m – – which provides limited headroom for any further deterioration in the remainder of the financial year, and which will be dependent on a range of recovery actions, which include accelerated recruitment plans (to minimise agency usage) and delivery of activity plans.

The Trust will deliver a risk rating of 3 at the year end, on the basis that the Trust delivers the forecast position (£1,200k deficit). Any deterioration to the forecast will result in the rating falling to a 2.

A range of actions are being undertaken to restore the financial position, including;

- The Chief Financial Officer has written to all budget holders requesting recovery plans against over spending budgets. Actions from which are being reviewed on a monthly basis;
- The scale of the financial position and the requirement to deliver at a minimum the forecast position (£1.2m) at the year-end have been communicated throughout the organisation at a number of forums including but not exclusive to; Senior Leaders Forum; Team Brief; Operational Board; Divisional Reviews; and Senior Nurses Forum. The scale of the financial challenges facing the Trust has been conveyed throughout the year, and there has been a clear step up in this over recent months reflecting the deterioration in the financial position.
- The Trust continues to work proactively to recruit to key posts, and this is reflected in the reduced total number of vacancies at the end of December which has shown a steady reduction over recent months. Recruitment into substantive posts has been targeted in order to reduce the level of dependency on agency and thus reduce costs going forward;
- Hourly rates for bank staff have also been increased with the intention of attracting more people to work on the bank, and again reduce agency usage;
- Further work is being undertaken to identify further CIP schemes, this work is being managed through the CIP steering group;
- The Trust has also taken further actions through a range of forums to ensure tighter budgetary control including a Trust wide cessation of non-clinical agency usage (with exceptional cases to be reviewed by the Executive Team);
- Further actions will be considered by the Executive Team as required for the remainder of the financial year; such measures may include the enforced cessation of particular types of expenditure. It is recognised there would inevitably consequences attached to such actions, and so careful consideration will be given before applying such measures.

11. Recommendation

The Board of Directors are asked to note the financial position of the Trust at the end of month 9, the on-going work to deliver restorative actions and the high risks associated with delivering the forecast £1.2m deficit.

Current Trading - Income Statement for Period Ended 31st December 15

Appendix 1

Actual in month 31st December 2014 £'000	YTD Actual in month 31st December 2014 £'000	Description	2015/16 Plan version £'000	Month			Year to Date			Current Forecast Position £'000
				Plan £'000	Actual £'000	Variance £'000	Plan £'000	Actual £'000	Variance £'000	
8,731	78,329	Direct Patient related Revenue	109,814	9,234	9,514	280	82,619	83,101	482	111,294
420	2,652	Private Patients Revenue	3,957	330	183	(146)	2,968	2,507	(460)	3,343
669	5,751	Non Patient Related Revenue	7,294	608	884	276	5,471	5,840	369	7,480
9,820	86,732	Total operating income	121,065	10,172	10,582	410	91,058	91,448	390	122,117
(5,326)	(46,857)	Employee Expenses	(65,935)	(5,484)	(5,589)	(105)	(49,473)	(50,273)	(799)	(66,918)
(456)	(4,510)	Drugs	(6,585)	(553)	(611)	(59)	(4,957)	(5,444)	(487)	(7,122)
(2,602)	(22,945)	Clinical supplies	(31,635)	(2,643)	(2,642)	0	(23,833)	(24,145)	(312)	(32,612)
(230)	(2,005)	Non-clinical supplies	(2,630)	(219)	(254)	(35)	(1,980)	(1,803)	177	(2,497)
(8,614)	(76,316)	Total Direct Costs	(106,784)	(8,899)	(9,097)	(198)	(80,243)	(81,664)	(1,421)	(109,150)
1,206	10,416	Gross Profit	14,281	1,272	1,484	212	10,815	9,784	(1,031)	12,967
12.3%	12.0%	<i>Gross Profit Margin</i>	11.8%	0	0		11.9%	10.7%		10.6%
		Overheads								
(118)	(1,027)	Establishment expense	(1,267)	(105)	(96)	9	(949)	(1,060)	(111)	(1,316)
(328)	(3,032)	Premises & Fixed Plant expense	(4,120)	(343)	(367)	(24)	(3,089)	(3,114)	(24)	(4,033)
(119)	(443)	Consultancy fees expense	(350)	(29)	(14)	15	(262)	(396)	(134)	(529)
(39)	(349)	CNST Contributions	(727)	(61)	(58)	3	(545)	(543)	2	(746)
(86)	(540)	Misc. other Operating Expenses	(588)	(46)	(56)	(10)	(450)	(208)	242	(135)
				-	0					
(691)	(5,390)	Total overhead expenses	(7,051)	(584)	(591)	(7)	(5,296)	(5,321)	(25)	(6,760)
516	5,026	EBITDA	7,230	688	893	205	5,518	4,463	(1,056)	6,207
5.3%	5.8%	<i>EBITDA Margin</i>	6.0%	6.8%	0		6.1%	4.9%		5.1%
(421)	(3,788)	Depreciation and amortisation	(5,422)	(466)	(440)	27	(3,969)	(3,847)	123	(5,422)
3	28	Interest Receivable	36	3	3	(0)	27	26	(1)	36
(3)	(28)	Interest Payable on Loans & Leases	(48)	(4)	(2)	2	(36)	(22)	14	0
(168)	(1,511)	PDC dividend	(2,195)	(183)	(189)	(6)	(1,646)	(1,702)	(56)	(2,195)
(10)	(435)	Impairments & Restructuring	0	0	0	0	0	0	0	0
41	210	Income from Donated Assets	100	8	2	(7)	75	176	101	175
(41)	(498)	Net Surplus / (Deficit)	(300)	46	267	220	(32)	(906)	(874)	(1,200)
-0.4%	-0.6%	<i>Net Surplus Margin</i>	-0.2%	0.5%	2.5%		0.0%	-1.0%		-1.0%
(31)	(63)	Normalised Net Surplus / (Deficit)	(300)	46	267	220	(32)	(906)	(874)	(1,200)

2015/16 Cost Improvement Schemes Identified to Date (Green Rated)

Ref	Cost Centre	Description	2015/16 CIP Identified	Forecast £000's	Forecast Variance £000's
Cardiology 1	Cardiac Diagnostics Dept	Reduction of 1 Day Band 4	5	5	0
Cardiology 10	Amanda Unit	FYE of MARS scheme	5	5	0
Cardiology 11		Additional Income generated from ICD contribution	307	307	0
Cardiology 12		Add'l payment from Wales for covering on call	18	18	0
Cardiology 17	All	Bank & Agency Review (£103k allocation for Medicine), On Call Harmonisation & Changes to Shift	155	130	-25
Cardiology 2	C&CM Mgmt	FYE of Reopro	125	125	0
Cardiology 20	Birch Ward, C&CM Management, Knowsley, Pul Function, Cardiac Diagnostics	Purchase of Annual Leave	5	5	0
Cardiology 3	Pulmonary Function	Staff Efficiencies	13	13	0
Clinical Audit / R&D	Clinial Audit	Pay Target Savings	1	1	0
Clinical Audit / R&D	Clinial Audit	Non Pay Target Savings	1	1	0
Clinical Audit / R&D	Clinial Audit	Non Pay Savings	1	1	0
Clinical Audit / R&D	Clinical Audit / R&D	Admin Review	10	10	0
Clinical Audit / R&D	Clinical Audit / R&D	Bank & Agency Review	9	9	0
Finance	Finance, IT, EPR	Admin Review	42	42	0
Finance	Finance	Purchase of Annual Leave	2	2	0
Finance	Finance, IT, EPR	Bank & Agency Review	10	10	0
Finance	Finance, IT, EPR	Pay Target Savings	18	18	0
Finance1	Finance	FYE of MARS scheme	16	16	0
Finance3	EPR	Reduction in WTE	2	2	0
HR / Training	HR	Purchase of Annual Leave	1	1	0
Information Services	Information, Health Records,clinical coding	Non Pay Target Savings	4	4	0
Information Services	Information, Health Records,clinical coding	Non Pay Savings	2	2	0
Information Services	Information, Health Records,clinical coding	Pay Target Savings	6	6	0
Information Services	HR, inforamtion, Clinical Coding & Patient Services	Bank & Agency Review	9	9	0
Information Services	Patient Services	Purchase of Annual Leave	0	0	0
Information Services	HR, inforamtion, Clinical Coding & Patient Services	Admin Review	27	27	0
Medical 1	Clinial Audit	Reduction in WTE	32	32	0
Nursing	Nursing, Risk, Service Improvement	Non Pay Target Savings	5	5	0
SS Clinical 1	Pathology	SLA Efficiency	220	220	0
SS Clinical 10	Outpatients	FYE of MARS scheme	2	2	0
SS Clinical 12	Physiotherapy	Staff Realignment	8	8	0
SS Clinical 17	Switchboard/Physiotherapy	Community PR Savings on taxi's - on SWITCHBOARD	4	4	0
SS Clinical 29	Radiology Dept	FYE of MARS scheme	29	29	0
SS Clinical 3	Pharmacy	Trifibrin off patent in 2015/16 - from Cardiology Drugs	8	8	1
SS Clinical 5	Outpatients	1.00 wte B3 to retire Part year 15/16 not to be replaced date - last quarter cost only PYE	5	5	0
SS Clinical 7	Outpatients	1.00 B5 reduced 1 day not to be replaced	4	4	0
SS Non Clinical 1	Catering	Negotiated £20k incentive to extend contract with Medirest	22	22	0
SS Non Clinical 21	Porters / Domestic / Switchboard & Security	Bank & Agency Review	2	2	0
SS Non Clinical 22	Porters / Domestic / Switchboard & Security	Admin Review	6	6	0

Ref	Cost Centre	Description	2015/16 CIP Identified	Forecast £000's	Forecast Variance £000's
SS Non Clinical 23	Medical Secretaries	Purchase of Annual Leave	1	1	0
SS Non Clinical 3	Medical Engineering	Maintenace Programme	7	7	0
SS Non Clinical 4	Access Team	FYE of MARS scheme	3	3	0
SS Non Clinical 5	Domestics	FYE of MARS scheme	2	2	0
SS Non Clinical 6	Medical Secretaries	FYE of MARS scheme	2	2	0
SS Non Clinical 7	Porters	FYE of MARS scheme	6	6	0
Surgery1	Perfusion	"Mothball" GEM 4000 BGA	12	12	0
Surgery10	SAU	Hibiscrub / reducing IV Paracetamol use	0	0	0
Surgery15	Theatres	Procedure Packs	69	69	0
Surgery16	Theatres	Sutures	15	15	0
Surgery17	Theatres	Gloves	5	5	0
Surgery18	Theatres	Gowns	2	2	0
Surgery19	Theatres	Eco-sacks	1	1	0
Surgery2	Perfusion	Cell saver Collection set	13	13	0
Surgery20	Theatres	Tray liners	28	28	0
Surgery21	Theatres	Surgical Clippers	2	2	0
Surgery22	Theatres	Trocars	1	1	0
Surgery23	Theatres	Clogs	1	1	0
Surgery24	Theatres	Waste Management Programme	tbc	0	0
Surgery27	All	Pay Target Savings	180	128	-52
Surgery3	Perfusion	Maquet Service Contract	8	8	0
Surgery34	Theatres	Purchase of Annual Leave	2	2	0
Surgery4	Perfusion	Transducers - Back up from Sandra Roberts	30	30	0
Surgery5	Perfusion	Perfusion - Pay - starting point on scale	13	13	0
Surgery6	ELM	Ward Non Pay	2	0	-2
Surgery7	SAU	Patient Property books	1	0	-1
Surgery8	SAU	Patient Pillows	2	0	-2
Surgery9	SAU	Patient Slippers	1	0	-1
Surgery28	All	Drug Target Savings	29	64	35
		ICD income over performance	0	230	230
		Additional Income from Cardiac Diagnostic Tests	0	240	240
Total Green Schemes			1,573	1,996	424

2015/16 Cost Improvement Schemes Identified to Date (Amber Rated)

Ref	Cost Centre	Description	2015/16 CIP Identified	Forecast £000's	Forecast Variance £000's
Cardiology 13	All	Prudent Budget Management - Pay	273	165	-108
Cardiology 15	All	Prudent Budget Management - Non-Pay	172	65	-107
Cardiology 16	All	Non Pay Savings	339	210	-129
Cardiology 5		Private Patients	0	0	0
Nursing	Nursing, Risk, Service Improvement	Non Pay Savings	11	9	-2
SS Clinical 14	Physiotherapy	excess income generation from community PR Expansion (prorata cost £156k, income £184k)	27	7	-20
SS Clinical 18	Pharmacy	Saving on Drug waste - split Card Management & Surg Management	10	0	-10
SS Clinical 2	Pathology	EPR protocols estimated savings	100	25	-75
SS Clinical 20	Physiotherapy	P R - additional income from patient trial 2015/16	0	0	0
SS Clinical 21	All	Pay Target Savings	29	10	-19
SS Clinical 22	All	Non Pay Target Savings	18	10	-8
SS Clinical 23	All	Non Pay Savings	37	20	-17
SS Clinical 24	All	Bank & Agency Review	155	40	-115
SS Clinical 26	All	Admin Review	21	1	-20
SS Non Clinical 2	Estates	Utilities and Maintenance	45	36	-9
SS Non Clinical 15	Estates, Med Eng etc	Non Pay Savings	67	40	-27
SS Non Clinical 9	Switchboard	Saving on Taxis tighter controls - after MIAA report	20	0	-20
Surgery11	Cedar	Medistinoscopy day cases	12	4	-8
Surgery12	Cedar	Staging Laparocopy Day Case	6	2	-4
Surgery13	Cedar	Bronchoscopy No Overnights	5	1	-3
Surgery14	Cedar	Pharmacy More Regular Checks	3	1	-2
Surgery26	Theatres	TAVI	150	150	0
Surgery30	All	Non Pay Savings	230	186	-44
Total Amber Schemes			1,731	983	(749)

2015/16 Cost Improvement Schemes Identified to Date (Red Rated)

Ref	Cost Centre	Description	2015/16 CIP Identified	Forecast £000's	Forecast Variance £000's
Cardiology 14	All	Drug Target Savings	29	15	-14
Cardiology 18	Medical	Job Planning	103	0	-103
Cardiology 19	All	Admin Review	15	0	-15
Corporate Development	Board, Execs Etc	Bank & Agency Review	3	0	-3
Corporate Development	Board, Execs Etc	Admin Review	6	0	-6
Corporate Development	The Board	Purchase of Annual Leave	2	0	-2
Corporate Development	Board, Execs Etc	Pay Target Savings	14	0	-14
Corporate Development	Board, Execs Etc	Non Pay Target Savings	9	0	-9
Corporate Development	Board, Execs Etc	Non Pay Savings	17	0	-17
Exec 1	Executive Office	Interpreting Services	2	0	-2
Exec 2	The Board	External Consultancy	75	0	-75
Exec 3	Communications	IT	3	0	-3
Exec 4	Executive Office	FYE of MARS scheme	2	0	-2
Finance	Finance, IT, EPR	Non Pay Target Savings	11	0	-11
Finance	Finance, IT, EPR	Non Pay Savings	27	0	-27
Finance2	Finance	Reduction in Klik Health Consultancy Fees - New post in Info	8	0	-8
Finance4	Supplies	Reduction in WTE	3	0	-3
HR / Training	HR, Training, consultant Courses etc..	Pay Target Savings	7	0	-7
HR / Training	HR, Training, consultant Courses etc..	Non Pay Target Savings	5	0	-5
HR / Training	HR, Training, consultant Courses etc..	Bank & Agency Review	8	0	-8
HR / Training	HR, Training, consultant Courses etc..	Admin Review	21	0	-21
HR / Training	HR, Training, consultant Courses etc..	Non Pay Savings	9	0	-9
Nursing	Nursing, Risk, Service Improvement	Bank & Agency Review	5	0	-5
Nursing	Nursing, Risk, Service Improvement	Admin Review	8	0	-8
Nursing	Nursing, Risk, Service Improvement	Pay Target Savings	8	0	-8
SS Clinical 11	Physiotherapy	estimated reduction in payments for travel for ON-call - TRUST wide review	TBC	0	0
SS Clinical 13	Physiotherapy	reduce Double time payments on Sundays - TRUST Wide review	TBC	0	0
SS Clinical 15	Physiotherapy	Printing Costs in PR clinics	2	0	-2
SS Clinical 16	Physiotherapy	Education Income	0	0	0
SS Clinical 19	Pharmacy	Health research trial - PANDA trial income 2015/16	22	0	-22
SS Clinical 25	All	Job Planning	84	10	-74
SS Clinical 27	Radiology, Physiotherapy	Purchase of Annual Leave	2	0	-2
SS Clinical 28	Radiology Medical Staff	Outsourcing of simple reporting	TBC	0	0
SS Clinical 30	Radiology Dept	Radiology Dept restructure	100	0	-100
SS Clinical 31	SICU	Non Pay	111	0	-111
SS Clinical 4	Pharmacy	Surplus Income	11	0	-11
SS Clinical 8	Outpatients	Stock Control in department	1	0	-1
SS Clinical 9	Outpatients	New electronic Concent forms replacing paper	3	0	-3
SS Non Clinical 10	Laundry	Saving on Laundry contract	0	0	0
SS Non Clinical 11	All - Excluding Estates depts	Pay Target Savings	39	0	-39
SS Non Clinical 12	All - Excluding Estates depts	Non Pay Target Savings	24	0	-24
SS Non Clinical 13	Estates, Med Eng etc	Pay Target Savings	29	0	-29
SS Non Clinical 14	Estates, Med Eng etc	Non Pay Target Savings	18	0	-18
SS Non Clinical 16	All - Excluding Estates depts	Non Pay Savings	19	0	-19
SS Non Clinical 17	Estates, Med Eng etc	Bank & Agency Review	6	0	-6
SS Non Clinical 18	Estates, Med Eng etc	Admin Review	4	0	-4
SS Non Clinical 19	Med Secs / Access Team	Bank & Agency Review	11	0	-11
SS Non Clinical 20	Med Secs / Access Team	Admin Review	27	0	-27
SS Non Clinical 8	Estates	FYE of MARS scheme	6	0	-6
Surgery25	CSSD	Decontamination	20	0	-20
Surgery29	All	Non Pay Target Savings	113	0	-113
Surgery31	All	Bank & Agency Review	126	0	-126
Surgery32	All	Job Planning	63	0	-63
Surgery33	All	Admin Review	13	0	-13

Total Red Schemes	1,256	25	(1,231)
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2015/16 Cost Improvement Schemes Identified to Date (Identified in Year & Totals)

Ref	Cost Centre	Description	2015/16 CIP Identified	Forecast £000's	Forecast Variance £000's
In Year Schemes	Cardiac Diagnostics Dept	Vacancy		2	2
In Year Schemes	Physio Dept	Vacancies		40	40
In Year Schemes	Pharmacy Dept	Vacancies		56	56
In Year Schemes	Capacity Management	Vacancies		65	65
In Year Schemes	Outpatients	Vacancies		24	24
In Year Schemes	Nurse Practitioners	Vacancies		20	20
Total In Year Schemes			-	207	207
Grand Totals			4,560	3,211	(1,349)

Statement of Financial Position (Balance Sheet) as at 31st December 2015

Appendix 3

Pre Audit 31st March 2015 £000		Previous Month			Current Month				Forecast		
		30th Nov 2015 Plan YTD £000	30th Nov 2015 Actual YTD £000	Variance to Plan YTD £000	31st Dec 2015 Plan YTD £000	31st Dec 2015 Actual YTD £000	Variance to Plan YTD £000	Movement for Year YTD £000	31st Mar 2016 Plan YTD £000	31st Mar 2016 Actual YTD £000	Variance to Plan YTD £000
	Non Current Assets										
790	Non-Current Assets - Intangible Assets	790	685	(105)	790	672	(118)	(118)	790	699	(91)
75,030	Non-Current Assets - Tangible Assets	74,890	74,443	(447)	74,957	74,227	(730)	(803)	74,929	74,796	(133)
24	Non-Current Assets - Financial Assets	24	24	0	24	24	0	0	24	24	0
75,844	Total Non Current Assets	75,704	75,152	(552)	75,771	74,922	(848)	(922)	75,743	75,519	(224)
	Current Assets										
2,380	Inventories	3,180	3,080	(100)	3,170	3,462	292	1,082	3,066	2,999	(67)
	Trade and Other Receivables:										
3,601	NHS Receivables	3,941	1,633	(2,308)	3,120	1,851	(1,269)	(1,750)	2,557	1,407	(1,150)
1,708	Non NHS Trade Receivables	1,913	2,306	393	1,946	2,530	585	822	2,045	1,831	(214)
1,490	Other Receivables	540	927	387	540	813	273	(677)	540	526	(14)
(1,220)	Provision for the Impairment of Receivables	(1,220)	(677)	543	(1,220)	(677)	543	543	(1,220)	(677)	543
126	Accrued Income	4,126	2,596	(1,530)	3,126	2,510	(616)	2,384	1,626	741	(885)
0	PDC Dividend overpayment	0	0	0	0	0	0	0	0	0	0
425	Prepayments	775	1,126	351	675	1,203	528	778	525	616	91
12,333	Cash & Cash Equivalents	5,614	9,180	3,565	7,527	7,495	(31)	(4,838)	6,989	6,188	(801)
6	Non Current Assets Held for Sale	6	6	0	6	6	0	0	6	6	0
20,849	Total Current Assets	18,875	20,176	1,302	18,890	19,194	304	(1,655)	16,134	13,637	(2,497)
96,693	Total Assets	94,579	95,328	750	94,661	94,117	(544)	(2,576)	91,877	89,156	(2,721)
	Trade and Other Payables:-										
(1,380)	Deferred Income	(1,699)	(1,267)	433	(1,649)	(1,599)	50	(219)	(1,499)	(790)	709
(1,199)	Provisions	(1,049)	(1,170)	(121)	(1,049)	(1,170)	(121)	29	(999)	(1,051)	(52)
(4,967)	NHS Payables - Revenue	(3,548)	(6,870)	(3,322)	(3,630)	(5,330)	(1,700)	(363)	(3,458)	(2,686)	772
	Non NHS Trade Payables - Revenue			0			0	0			0
(2,020)	Other Payables (Tax,payroll deductions)	(2,100)	(2,023)	77	(2,100)	(1,766)	334	254	(2,103)	(2,042)	61
(2,536)	Non NHS Trade Payables - Capital	(799)	(530)	268	(887)	(391)	496	2,145	(870)	(513)	357
(7,354)	Accruals	(8,031)	(7,195)	836	(7,775)	(7,142)	633	212	(6,229)	(6,256)	(27)
(135)	Borrowings	(141)	(140)	1	(141)	(141)	(0)	(6)	(142)	(142)	0
(80)	PDC Dividend	(366)	(378)	(12)	(548)	(567)	(19)	(487)	(0)	0	0
1,178	Net Current Assets/ (Liabilities)	1,143	604	(539)	1,110	1,088	(21)	(90)	833	157	(676)
77,022	Total Assets less Current Liabilities	76,847	75,756	(1,091)	76,880	76,011	(870)	(1,011)	76,576	75,676	(900)
(983)	Deferred Income	(983)	(983)	(0)	(983)	(983)	(0)	(0)	(983)	(983)	0
(98)	Provisions	(95)	(100)	(5)	(93)	(100)	(7)	(2)	(91)	(91)	0
(403)	Borrowings	(309)	(308)	1	(298)	(296)	2	107	(264)	(264)	(0)
75,538	Total Assets Employed	75,460	74,365	(1,095)	75,506	74,632	(874)	(906)	75,238	74,338	(900)
63,322	Public Dividend Capital	63,322	63,322	0	63,322	63,322	0	0	63,322	63,322	0
13,886	Revaluation Reserve	13,886	13,886	(0)	13,886	13,884	(2)	(2)	13,886	13,886	0
	Income and Expenditure Account										
(1,670)	Retained Earnings	(1,748)	(2,843)	(1,095)	(1,702)	(2,574)	(873)	(904)	(1,970)	(2,870)	(900)
75,538	Total Taxpayers Equity	75,460	74,365	(1,095)	75,506	74,632	(874)	(906)	75,238	74,338	(900)

Current Trading - Cashflow Statement as at 31st December 2015

Appendix 4

Post Audit 31st March 2014	Cashflow Statement Month	In Month			Year to Date		
		Plan £000's	Actual £000's	Variance £000's	Plan £000's	Actual £000's	Variance £000's
14,790	Opening Balance	5,614	9,176	3,562	12,333	12,333	0
7,022	EBITDA	696	895	198	5,593	4,639	-954
0	Other increases/(decreases) to reconcile to profit/(loss) from operations	-8	-2	7	-75	-719	-644
7,022	Operating Cashflows before movements in working Capital	688	893	205	5,518	3,920	-1,598
	Movements in Working Capital:						
16	(Increase)/Decrease in Inventories	9	-382	-391	-790	-1,082	-292
-367	(Increase)/Decrease in Receivables (including accrued income)	1,788	-243	-2,031	-1,821	-780	1,041
107	(Increase)/Decrease in Prepayments	100	-77	-177	-250	-778	-528
394	Increase/(Decrease) in Payables	82	-1,797	-1,879	-1,257	109	1,366
-481	Increase/(Decrease) in Accruals	-255	-53	203	421	-212	-633
1,540	Increase/(Decrease) in Deferred Income	-50	332	382	269	219	-50
-1,371	(Increase)/Decrease in Current Provisions	0	0	0	-150	-29	121
-162	Increase/(Decrease) in Working Capital	1,674	-2,220	-3,894	-3,578	-2,553	1,024
0	Increase/(Decrease) in Non Current Provisions	-2	0	2	-5	2	7
6,860	Net Cash Inflow/(Outflow) from Operating Activities	2,360	-1,326	-3,687	1,935	1,369	-567
-8,657	Capital Expenditure (including capital payables)	-444	-347	97	-5,529	-5,072	457
-8,657	Net Cash Inflow/(Outflow) from Investing Activities	-444	-347	97	-5,529	-5,072	457
-1,797	Cashflow before Financing	1,916	-1,674	-3,590	-3,593	-3,704	-110
-1,874	PDC Dividends Paid	0	0	0	-1,178	-1,215	-37
	PDC Dividends Capital received	0	0	0	0	0	0
40	Interest received on Cash Balances	3	3	0	27	26	-1
-47	Interest element of Finance Leases	-4	-2	2	-36	-22	14
	Interest on Non Commercial Loans						
-218	Repayment of Loans & Leases	-11	-11	0	-105	-101	4
	Donations received in cash	8	2	-7	75	176	101
-2,099	Net Cash Inflow/(Outflow) from Financing	-4	-9	-5	-1,217	-1,135	82
-3,896	Net Cash Inflow/Outflow	1,912	-1,682	-3,594	-4,810	-4,839	-28
10,894	Closing Balance	7,527	7,494	-32	7,527	7,495	-32

Analysis of Staffing Costs Compared to Plan (In Month and Year to Date)

Appendix 5

Staffing Costs	In Month							
	Plan £000's	Substantive £000's	+ Hours £000's	Agency £000's	Bank £000's	Overtime £000's	Total £000's	Variance £000's
Medical Staff	(1,379)	(1,304)	(78)	(0)	0	0	(1,382)	(3)
Nursing	(1,838)	(1,659)	0	(179)	(77)	(10)	(1,925)	(87)
Scientific	(870)	(825)	0	(7)	(3)	(11)	(846)	24
Other Clinical	(373)	(366)	0	(1)	(31)	(4)	(402)	(29)
Support Staff	(188)	(166)	0	0	(18)	(1)	(184)	4
Non Clinical Staff	(859)	(819)	0	(15)	(8)	(8)	(850)	8
Other	22	0	0	0	0	0	0	(22)
Total	(5,484)	(5,138)	(78)	(202)	(137)	(34)	(5,589)	(105)

Staffing Detail	FTE		
	Plan FTE	Actual FTE	Variance FTE
Medical Staff	148	137	(11)
Nursing	544	490	(54)
Scientific	253	240	(13)
Other Clinical	183	186	3
Support Staff	90	83	(7)
Non Clinical Staff	308	293	(15)
Other	0	0	0
Total	1,525	1,429	(96)

Staffing Costs	Year to Date							
	Plan £000's	Substantive £000's	+ Hours £000's	Agency £000's	Bank £000's	Overtime £000's	Total £000's	Variance £000's
Medical Staff	(12,407)	(11,643)	(953)	(1)	0	0	(12,598)	(191)
Nursing	(16,559)	(14,453)	0	(1,834)	(668)	(54)	(17,009)	(451)
Scientific	(7,829)	(7,113)	0	(256)	(35)	(97)	(7,502)	328
Other Clinical	(3,338)	(3,273)	0	(35)	(288)	(31)	(3,627)	(289)
Support Staff	(1,692)	(1,471)	0	(72)	(166)	(11)	(1,720)	(28)
Non Clinical Staff	(7,615)	(7,260)	0	(404)	(82)	(72)	(7,818)	(202)
Agency	(33)	0	0	0	0	0	0	33
Total	(49,473)	(45,212)	(953)	(2,602)	(1,240)	(265)	(50,273)	(799)

Activity & Income Analysis

Appendix 6

2015/16 Procedure Group	Dec						Apr-Dec					
	Activity			Income (£000's)			Activity			Income (£000's)		
	Plan	Actual	Var	Plan	Actual	Var	Plan YTD	Actual YTD	Var YTD	Plan YTD	Actual YTD	Var YTD
Aneurysm	161	171	10	196	206	10	1441	1321	(12)	1,756	1,625	(131)
CABG	771	731	(4)	678	647	(31)	6921	6811	(11)	6,061	5,958	(103)
CABG & Valve	231	161	(7)	255	183	(72)	2091	1531	(56)	2,285	1,694	(591)
CABG & Valve Re-do	21	41	2	23	44	21	191	131	(6)	204	147	(58)
Cardiac Complex	31	11	(2)	26	13	(14)	261	261	(0)	235	290	55
Cardiac Other Procedures	121	161	4	28	33	5	1071	1411	34	249	351	101
Cardiac Valve	461	401	(6)	527	452	(75)	4131	3651	(48)	4,714	4,134	(579)
TAVI	21	21	0	42	56	14	651	341	(31)	1,770	952	(818)
Total Cardiac Surgery	1821	1691	(13)	1,776	1,633	(143)	1,6761	1,5451	(131)	17,274	15,151	(2,123)
Thoracic - Complex	601	541	(6)	432	397	(34)	5341	5821	48	3,863	4,312	449
Thoracic - Intermediate	41	61	2	14	23	9	361	401	4	124	142	18
Thoracic - Major	101	81	(2)	31	22	(8)	941	991	5	277	333	56
Thoracic - Other Procedures	421	321	(10)	80	59	(21)	3801	3701	(10)	717	666	(51)
Total Thoracic Surgery	1171	1001	(17)	557	502	(55)	1,0441	1,0911	47	4,981	5,454	473
Oesophagus Complex	41	21	(2)	45	16	(29)	371	231	(14)	403	244	(159)
Stomach - Very Complex	41	11	(3)	27	6	(22)	331	241	(9)	244	158	(86)
Upper GI - Other	31	01	(3)	5	01	(5)	251	131	(12)	47	25	(21)
Total Upper GI	111	31	(8)	78	21	(56)	951	601	(35)	694	428	(266)
Dental	41	41	(0)	21	21	(0)	381	301	(8)	201	151	(5)
Total Surgery Directorate	3131	2761	(37)	2,412	2,158	(255)	2,8531	2,7261	(127)	22,969	21,047	(1,922)
Angioplasty	2001	2081	8	740	776	36	1,7921	1,7081	(84)	6,620	6,325	(295)
Cardiac Disorders	441	651	21	53	63	10	3951	4971	102	478	621	143
Cardiology Other	311	281	(3)	43	46	2	2731	3281	55	389	381	(8)
Catheter	1371	1261	(11)	278	295	17	1,2251	1,3121	87	2,490	2,734	244
EBUS	331	291	(4)	93	75	(18)	2911	2721	(19)	830	683	(147)
EP Studies	1281	1201	(8)	388	359	(29)	1,1481	1,1201	(28)	3,473	3,308	(165)
Pacing	1081	1031	(5)	522	469	(53)	9631	1,0511	88	4,668	4,836	168
PASD	71	31	(4)	35	15	(19)	601	431	(17)	309	220	(89)
Respiratory Other	491	391	(10)	57	50	(6)	4401	3631	(77)	506	441	(65)
CARD-TAVI	71	71	0	196	196	0	141	231	9	392	644	252
Total Medicine Directorate	7371	7211	(16)	2,209	2,149	(61)	6,6021	6,7171	115	20,155	20,194	39
PbR Exclusions - CF	281	271	(1)	433	435	2	2471	2101	(37)	3,870	3,889	19
PbR Exclusions - Planned procedures not carried out	241	301	6	12	15	3	2151	2691	54	108	132	24
Total Exclusions	521	571	5	445	449	5	4631	4791	16	3,978	4,020	43
Total Spells	1,1021	1,0541	(48)	5,066	4,755	(311)	9,9181	9,9221	4	47,101	45,262	(1,840)

Activity & Income Analysis

Appendix 6

2015/16 Procedure Group	Dec						Apr-Dec					
	Activity			Income (£000's)			Activity			Income (£000's)		
	Plan	Actual	Var	Plan	Actual	Var	Plan YTD	Actual YTD	Var YTD	Plan YTD	Actual YTD	Var YTD
Other Activity							0	0	0	0	0	0
Outpatients	5,346	5,147	(199)	698	677	(21)	47,822	51,921	4,099	6,239	6,965	725
Outpatient Radiology	646	722	76	90	115	25	5,782	6,879	1,097	806	1,069	263
Outpatient Other (ECG, Oxygen, Pulm Rehab)	1,213	1,031	(182)	133	122	(11)	10,850	10,373	(477)	1,191	1,184	(6)
Critical Care	1,039	1,220	181	1,364	1,640	276	9,299	9,583	284	12,202	12,476	274
Critical Care Transition	0	0	0	0	0	0	0	0	0	0	0	0
Devices	168	179	11	1,035	1,032	(3)	1,503	1,587	84	9,259	9,941	683
Drugs	0	0	0	276	351	75	0	0	0	2,471	2,926	455
PPCI	106	140	34	14	17	3	947	1,049	102	125	134	9
Excess Bed Day - Activity Only	150	171	21				1,344	1,310	(34)	0	0	0
Other Adjustments	83	71	(12)	362	607	245	741	1,057	316	3,226	3,145	(81)
Total	9,853	9,735	(118)	9,038	9,318	280	88,205	93,681	5,476	82,619	83,101	482

Contribution by Directorate	Income			Expenditure			Contribution		
	Plan £000's	Actual £000's	Variance £000's	Plan £000's	Actual £000's	Variance £000's	Plan £000's	Actual £000's	Variance £000's
Medicine	(41,876)	(42,582)	(706)	29,844	30,753	910	(12,032)	(11,828)	204
Surgery	(26,725)	(24,329)	2,396	20,200	20,333	133	(6,525)	(3,996)	2,529
Clinical Services	(21,353)	(23,087)	(1,734)	18,930	20,384	1,454	(2,424)	(2,703)	(279)
Corporate Services	(1,103)	(1,450)	(347)	16,220	16,261	41	15,116	14,811	(306)
Reserves, unallocated CIP's	(0)	(1)	(1)	346	(746)	(1,092)	346	(746)	(1,092)
Total EBITDA	(91,058)	(91,449)	(391)	85,540	86,986	1,446	(5,518)	(4,463)	1,055

2015/16 Forecast Income & Expenditure Position: Key Drivers

