

Board of Directors (Public)
Item 4.3

Subject: Finance Report for the Period Ending 30th June 2016
Date of meeting: 26th July 2016
Prepared by: Jim Davies, Deputy Chief Finance Officer
Presented by: Claire Wilson, Chief Finance Officer

BAF Ref	Impact on BAF Risk Rating?
6	None

1. Executive Summary

This paper provides an update to the Trust Board on the financial performance of the Trust for the period ending 30th June 2016 (month 3) and the delivery against the financial performance targets set within the annual plan.

The Board approved a financial plan for 2016/17 with a deficit of £4.3m at its board meeting in March 2016.

Since then, in response to the overall provider sector deficit in 2016/17, the Trust has been required to agree to a revised financial plan of a £927k deficit in return for £2.2m of Sustainability and Transformation Funding (STF).

This additional funding has a number of financial and performance related conditions associated with it but, if achieved, will have a significant positive impact on the cash position of the Trust in year.

The affordability for delivering this improvement is predicated on the following:

- Slippage in the Trusts £2.7m investment/pressures programme is expected to be at least £1m in 2016/17 with a further detailed scheme level review being undertaken to see where this can be increased further.
- Release of up to £200k of the Trusts £800k contingency

This obviously reduces the Trusts ability to manage any further risks or overspends in year and further strengthens the requirement to deliver the £2.7m existing CIP target in full.

These measures are also non-recurrent in nature and so will require us to plan carefully for 2017/18 and beyond by developing cost improvement plans (CIPs) early to ensure that the Trust has financially sustainable plans into the future. A 5 year financial plan is being developed in order to support this process.

The cumulative financial position reported at month 3 is a deficit of (£1,080k) and is in line with the revised financial plan for the period. However, this position includes £418k of non-recurrent

slippage which has been released into the financial position following an assessment of the 2016/17 pressures and investments programme.

The underlying position to month 3, excluding the impact of this transfer from reserves, is a deficit of (£1,499k) and therefore an adverse variance against plan of £416k.

The single biggest driver of the underlying cumulative financial position is the non delivery of CIP, which delivered £645k against a target of £913k, providing a shortfall of £268k.

While in overall terms the organisation has delivered against the planned position for the first 3 months through the release of non-recurrent slippage, the underlying position is not sustainable going forward.

A series of actions will be led by the Chief Financial Officer, and supported by the Executive Team, which will specifically focus on;

- i. Accelerated delivery of CIP schemes. Including a review of progress to date, identification of shortfalls where applicable, together with remedial actions required to support delivery and a renewed drive to identify additional schemes;
- ii. Application of further expenditure controls; including the potential for freezing non clinical vacancies.
- iii. Further work to identify opportunities which would reduce, delay or stop any investments in year.
- iv. Detailed forecasting at individual department/budget level with under spending budgets held where possible and remedial action plans agreed for any budgetary overspends.
- v. Review private patient income to ensure that income is being accounted and recovered appropriately.
- vi. Continued focus on activity delivery to support income profile
- vii. Given the non-recurrent nature of some of the mechanisms supporting the 2016/17 financial position, the development of a 5 year financial plan and financial strategy is underway to ensure that the Trust has financially sustainable plans for 2017/18 and beyond.

The Board are asked to

- Note the revised financial plan agreed with NHS Improvement and associated access to Sustainability Transformation Funding.
- Note the financial position of the Trust for the period ending 30th June 2016 and the risks associated with the delivery of the revised financial plan.
- Support the actions being taken to strengthen and accelerate CIP savings in year and the pursuit of other financial mitigations as outlined in the paper.
- Note the on-going work to develop financial reporting and longer term financial planning in support of future financial sustainability.

2. Background








The Board approved a financial plan for 2016/17 with a deficit of £4.3m at its board meeting in March 2016.

On June 24th 2016, in response to the overall provider sector deficit in 2016/17, the Trust was required to agree to a revised financial plan of a £927k deficit in return for £2.2m of Sustainability and Transformation Funding (STF).

This additional funding has a number of financial and performance related conditions associated with it but, if achieved, will have a significant positive impact on the cash position of the Trust in year.

3. Key Financial Performance Indicators

The Key Performance Indicators (KPI) for the period are set out below:

KPI	RAG rating	Comments
Overall financial position		Cumulative deficit of (£1,080k) to month 3, which is in line with the plan; however, this is after £428k of non-recurrent investment slippage has been released into the position.
Income		Total income is £196k below plan in June and £74k behind plan year to date;
Agency costs		£0.8m year to date spend compared to £1.3m for the same period last year.
Cash		Cash balances of £6.3m are above the planned position of £4.0m by £2.3m.
CIP		Actual CIP achieved to month 3 was £0.6m against a plan of £0.9m, a shortfall of £0.3m.
Capital expenditure		Capital expenditure at £1.6m was below the plan of £1.9m.
Financial Sustainability Risk Rating (FSRR)		Level 2 FSRR against a plan of 2.

5. Revised Financial Plan

The month 3 position incorporates a revised deficit plan of £0.92m, following the agreement of a revised control total with NHS Improvement. This includes sustainability funding of £2.2m, together with an expectation that the Trust identifies a further improvement of £1.17m to the original planned position.

The key elements of the revised plan ('control total') are summarised in the following table.

Table 1: Revised financial plan

	£m
Original plan – deficit	(4.30)
Sustainability funding	2.20
Original plan incl. sustainability funding – deficit	(2.10)
Required improvement in financial position	1.17
New financial plan – deficit	(0.92)

The affordability for delivering this improvement has been discussed with the Executive Team and at the Operations Board and is predicated on the following:

- Slippage in the Trusts £2.7m investment/pressures programme is expected to be at least £1m in 2016/17, with a further detailed scheme level review being undertaken to see where this can be increased further.
- Release of up to £200k of the Trusts £800k contingency

This obviously reduces the Trusts ability to manage any further risks or overspends in year and further strengthens the requirement to deliver the £2.7m existing CIP target in full.

It should be noted, that these measures are non-recurrent in nature and so will require us to plan carefully for 2017/18 and beyond by developing cost improvement plans (CIPs) early to ensure that the Trust has financially sustainable plans into the future. A 5 year financial plan is being developed in order to support this process.

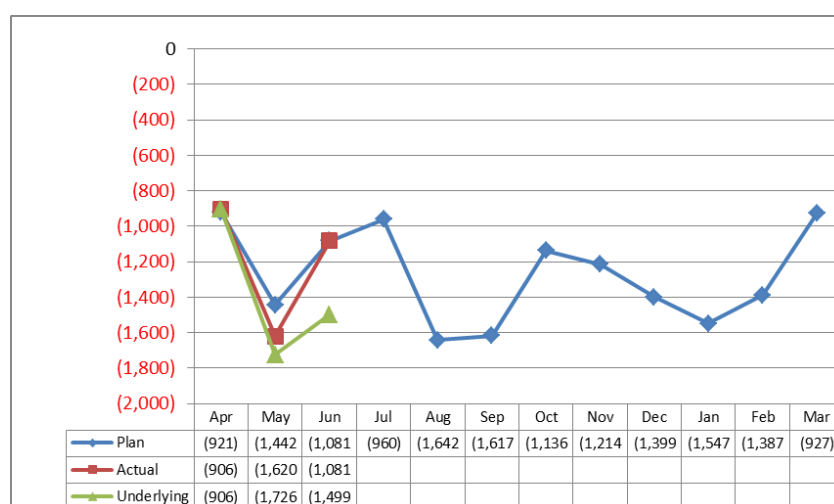
6. Financial Position for the period ending 30th June 2016 (month 3)

The cumulative financial position reported at month 3 is a deficit of (£1,080k) and is in line with the financial plan for the period. However, this position includes £418k of non-recurrent slippage which has been released into the financial position following an assessment of the 2016/17 pressures and investments programme.

The underlying position to month 3, excluding the impact of this transfer from reserves, is a deficit of (£1,499k) and therefore an adverse variance against plan of £416k.

This is further illustrated in Chart 1 below, which shows the planned and actual positions, together with the underlying position after discounting the non-recurrent benefits described.

Chart 1: Underlying Financial Position (Cumulative Analysis)



6.1.1 Income

Overall income is £196k (1.7%) below plan in month 3 and £74k (0.2%) for the year to date. Table 2 below provides a breakdown.

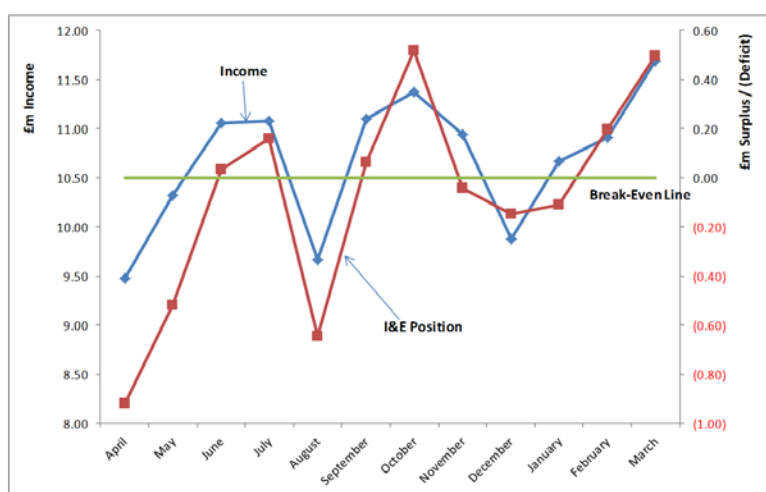
Table 2: Overall income performance for the period ending 30th June 2016

	In Month			YTD		
	Plan £000's	Actual £000's	Variance £000's	Plan £000's	Actual £000's	Variance £000's
NHS Income	10,430	10,229	(201)	28,325	28,410	85
Private Patients Income	294	267	(27)	881	735	(146)
Non Patient Related Income	651	683	32	1,950	1,936	(14)
Total Income	11,375	11,178	(196)	31,156	31,082	(74)

The key issues are as follows:

- NHS patient related income underperformed in June by £201k (1.9%) but is cumulatively performing above plan by £85k (0.3%)
- Private patient income in June was below plan by £27k (9%), and £146k year to date (17%).
- Non patient related income includes income streams such as Education & Training and Research & Development and is over-performing year to date by £14k.
- Given the income profile we have planned for the year (set out in Chart 2 below) the Trust has planned deficits for April, May and August. However, the overall plan for the year relies on us delivering much better financial positions later in the year, with October and March having planned surpluses.
- Continued focus on delivery of activity plans in line with the planned income profile will be important to support this planned improvement to the financial position over the remainder of the year.

Chart 2: Income and financial position profile 2016/17



6.1.2 Clinical Income

A divisional analysis of clinical income for the quarter is provided in the table below.

Table 3: Clinical income by division for Quarter 1

	Month 3			Year to Date		
	Plan 000's	Actual 000's	Variance 000's	Plan 000's	Actual 000's	Variance 000's
Medicine (I/P)	£2,335	£2,235	(£100)	£6,496	£6,497	£1
Surgery (I/P)	£2,133	£2,294	£161	£5,928	£6,277	£349
Clinical Services	£2,619	£2,290	(£329)	£7,403	£6,859	(£544)
Other (All Other)	£3,343	£3,410	£68	£8,497	£8,777	£280
Total	£10,430	£10,229	(£201)	£28,324	£28,410	£85

The key points to note are as follows:

- Surgery division inpatient income is over performing by £349k (6%) to the end of June. This is mainly driven by an increased case mix complexity in Cardiac Surgery.

- Cardiac surgery was above plan by 6 spells in June, with an over achievement against the income plan of £151k (10%) in month. The cumulative position shows activity as being 20 (4%) spells above plan and £365k (9%) above plan on income;
- Thoracic surgery was 15 spells (11%) below plan and £7k (1%) above plan on income in Month 3. The cumulative position shows activity as being 45 spells below plan and £18k below plan on income;
- The Medicine Division was 34 spells below plan (4%) and £100k (4%) on inpatient income. The cumulative position shows activity as being 6 spells below plan but broadly balanced in income terms.
- Critical care activity was 193 bed days (18%) below plan in June and £289k (20%) below the income plan. The cumulative position shows activity as being 261 bed days below plan (£382k below plan on income). An investigation on care case mix, length of stay and patient flow is underway order to understand the nature of this underperformance given the relative over performance in surgery activity.
- Further detail of the activity and income position is included at Appendix 1 and 2.

6.1.3 Other income issues

CQUIN performance remains a risk given the challenging nature of some of the schemes. The delivery of milestones against each scheme is being monitored closely with our commissioners and regular updates will be provided to IPC and the Board.

The cumulative position assumes full achievement of the strategic transformation fund for the quarter (£550k) as our internal assessment is that all conditions relation to Quarter 1 have been achieved. However, it should be noted that recovery of the funding for the remainder of the year will be dependent on how the Trust performs against a range of financial and operational measures. Further updates on performance will be reported through future finance reports to the IPC and Board.

6.2 Expenditure

Expenditure under-spent by £350k (3.3%) in June (£14k underspent to month 3, 0.04%). However, this included slippage in the implementation of agreed investments/pressures, estimated to be £312k, which have been released into the position following a review in month (£418k year to date). The underlying year to date expenditure variance, excluding the benefit of this slippage, would be an over spend of £404k;

The key issues are as follows:

6.2.1 Pay (£336k underspent in month, £376k YTD)

- Shortfall on CIP delivery across pay budgets of £23k.
- Offset by slippage in planned investments of £410k which has been released into the financial position in month 3.
- Agency costs have reduced significantly in the first quarter (£518k) when compared to the same period last year (£948k). A detailed analysis of in month and year to date expenditure is included at Appendix 3.

6.2.2 Non Pay expenditure (£14k under, £362k over spent YTD)

- Shortfall on CIP delivery across non-pay budgets of £123k;
- Offset by slippage against planned investments of £44k which has been released into the financial position in month 3.

7. CIP Performance

The cumulative position to Month 3 shows CIP delivery of £645k against a target of £913k, providing a shortfall of £268k. This is further illustrated in tables 4 and 5 below;

Table 4: CIP delivery by type

Category	Plan £'000	Actual £'000	Variance £'000	Additional Non Recurrent Schemes Identified £'000	Total Actual £'000	Revised Variance £'000	Annual Plan £'000	Forecast Delivery £'000	Forecast Shortfall £'000
Income	76	56	(20)	0	0	(20)	305	225	(80)
Pay	336	82	(254)	231	231	(23)	1,359	918	(441)
Non Pay	500	276	(224)	0	0	(224)	2,056	1,314	(743)
Total	913	414	(499)	231	645	(268)	3,720	2,457	(1,263)

Table 5: CIP delivery by division

Category	Plan £'000	Actual £'000	Variance £'000	Additional Non Recurrent Schemes Identified £'000	Total Actual £'000	Revised Variance £'000	Annual Plan £'000	Forecast delivery £'000	Forecast Shortfall £'000
Medicine	331	169	(162)	100	269	(62)	1,333	1,081	(252)
Surgery	257	122	(135)	0	122	(135)	1,075	551	(524)
Clinical Services	182	25	(157)	115	140	(42)	740	462	(278)
Corporate	143	97	(45)	16	113	(29)	572	362	(209)
Total	913	414	(499)	231	645	(268)	3,720	2,457	(1,263)

This is clearly an area of high risk to the delivery of the financial position and urgent action needs to be taken in order to accelerate delivery in year. The newly appointed Head of the Project Management Office (PMO) is now working closely with divisions in order to support identification and implementation of schemes for the remainder of the year.

Operational delivery of the CIP plan is being overseen through the CIP steering group, chaired by the Chief Finance Officer, and the Terms of Reference and membership of this group is being reviewed and strengthened.

Specific actions published as part of the review undertaken by Lord Carter are also being reviewed; a draft action plan is being developed in order to identify further opportunities for the delivery of efficiencies.

8. Delivering the Financial plan

The key driver of the underlying cumulative financial position is the non delivery of CIP, which has fallen short of plan by £268k to month 3. While in overall terms the organisation has delivered against the planned position for the first 3 months through the release of non-recurrent slippage, the underlying position is not sustainable going forward.

A series of actions will be led by the Chief Financial Officer, and supported by the Executive Team, which will specifically focus on;

- i. Accelerated delivery of CIP schemes. Including a review of progress to date, identification of shortfalls where applicable, together with remedial actions required to support delivery and a renewed drive to identify additional schemes;
- ii. Application of further expenditure controls; including the potential for freezing non clinical vacancies.

- iii. Further work to identify opportunities which would reduce, delay or stop any investments in year.
- iv. Detailed forecasting at individual department/budget level with under spending budgets held where possible and remedial action plans agreed for any budgetary overspends.
- v. Review private patient income to ensure that income is being accounted and recovered appropriately.
- vi. Continued focus on activity delivery to support income profile
- vii. Given the non-recurrent nature of some of the mechanisms supporting the 2016/17 financial position, the development of a 5 year financial plan and financial strategy is underway to ensure that the Trust has financially sustainable plans for 2017/18 and beyond.

All measures will be given careful consideration, and quality impact assessments will be undertaken before implementation.

9. Contract update

With the exception of the Wales contract, all of our main contracts have now been signed. The summary performance of each contract is as follows:

- The NHS England contract has been signed. Performance in June shows under performance of £430k (£213k year to date).
- Secondary care contracts with CCGs have been signed. Performance in June show an under performance of £33k (£54k year to date). This largely relates to contracts with Warrington, West Cheshire, West Lancashire and Knowsley CCGs.
- The Isle of Man contract has been signed; and was below plan in month by £77k (£67k year to date).
- The Wales contract has yet to be agreed, and is above plan by £378k in June (£308k year to date).

10. Monitor Metrics

The Financial Sustainability Risk Rating (FSRR) at month 3 was 2, which is line with the Trusts plan, but which it is below the level which would ordinarily be considered as acceptable by Monitor. Further detail is contained within Appendix 4i and 4ii.

11. Financial statements

The Statement of Comprehensive Income (SoCI) is attached at Appendix 5. The balance sheet (SoFP) and cash flow (SoCF) statements are attached at Appendices 6 and 7.

12. Cash and Investments

12.1 Cash Balance

Cash balances reduced by £406k in month, although the overall cash position of £6,312k is £2,277k above the plan of £4,032k.

The above plan variance is materially driven by:

- The opening cash balance at the beginning of the year was £1.6m more than planned;
- Operating cash flow is £0.1m below plan;
- Movements in working capital are increasing cash balances more than planned by £1.4m.

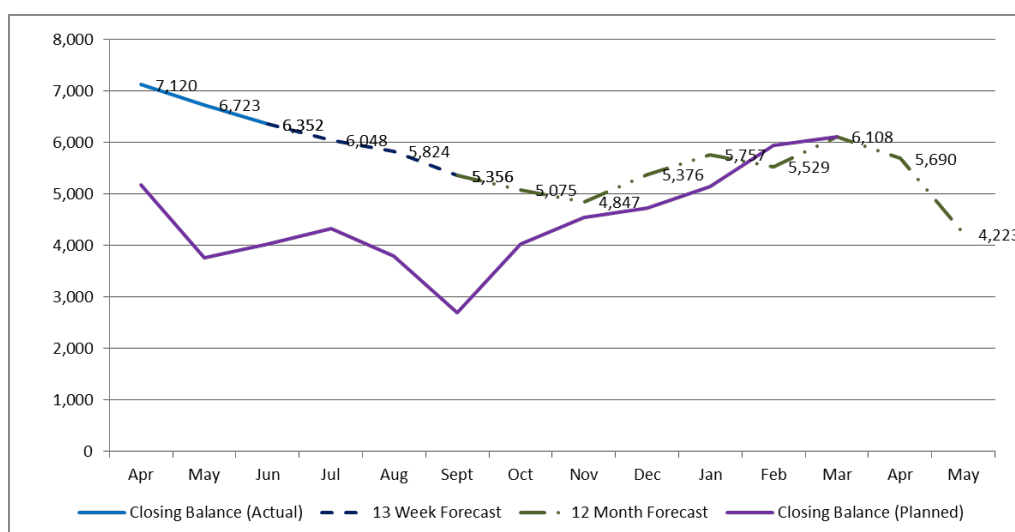
- Higher than planned cash outflow relating to capital spend and other financing cash flows £0.7m.

12.2 Cash Flow Forecast

The Trusts cash flow forecast is illustrated in Chart 3 below. The cash flow forecast assumes delivery of the income & expenditure plan.

- The 13 week forecast projects that by the end of September that cash balances will reduce to £5,356k;
- A 12 months forecast which runs until the end of June 2017, at which point current projections indicate a cash balance of £4,223k;
- The 2016/17 cash plan.

Chart 3: Cash Flow Forecast



An overall summary of the cash position shows that while cash balances at the present time are above plan, balances are expected to reduce in line with plan by the year end. The cash forecast assumes delivery of the revised income & expenditure plan.

Further work will be undertaken over the coming months to both assess the accuracy of cash forecasting, and to further enhance the process to ensure that forecasting is as accurate as possible

12.3 Investments

At the end of June the Trust had £1.02k deposited in the GBS account, with £5.7k deposited with the National Loans Fund. Details of interest received can be found in Appendix 8.

13. Working Capital

A detailed analysis of working capital is set out in Appendix 7. As reported at previous meetings, the level of overall debt continues to be significant, however, progress has been made over the last few months both in terms of payments made and agreed action plans. A detailed paper will be presented to the July Integrated Performance Committee (IPC) for review and discussion.

14. Capital

Total capital expenditure was £1,596k against a plan of £1,862k for the first three months of the year. The individual schemes within this are largely on plan, with the most significant variance

being in respect of IT Intangibles, which is £150k under plan as at Month 3. A breakdown of capital expenditure by scheme can be found in appendix 9.

Forecasts at individual scheme level are still being developed with the Estates and IT teams and will be reported at the next meeting.

15. Conclusion

While in overall terms the organisation has delivered against the planned position for the first 3 months, this has been through the release of non-recurrent slippage, and the underlying position is not sustainable going forward. A series of urgent actions are being pursued in order to support the in year, and recurrent, financial position.

16. Recommendation

Members of the Board are asked to :

- Note the revised financial plan agreed with NHS Improvement and associated access to Sustainability Transformation Funding.
- Note the financial position of the Trust for the period ending 30th June 2016 and the risks associated with the delivery of the revised financial plan.
- Support the actions being taken to strengthen and accelerate CIP savings in year and the pursuit of other financial mitigations as outlined in the paper.
- Note the on-going work to develop financial reporting in support of future financial sustainability.

Activity & Income Analysis

Appendix 1 i

2015/16 Procedure Group	June						Apr - June					
	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	17	18	1	218	234	16	46	46	0	591	575	(16)
CABG	83	78	(5)	683	672	(12)	220	205	(15)	1,811	1,745	(67)
CABG & Valve	20	25	5	209	256	48	49	61	12	512	634	122
CABG & Valve Re-do	1	1	0	6	12	6	3	3	(0)	35	33	(2)
Cardiac Complex	3	2	(1)	29	20	(9)	7	6	(1)	73	58	(14)
Cardiac Other Procedures	15	12	(3)	36	37	0	45	38	(7)	109	85	(24)
Cardiac Valve	32	40	8	348	444	96	102	131	29	1,086	1,439	354
TAVI	4	5	1	36	42	6	8	10	2	72	84	13
Total Cardiac Surgery	175	181	6	1,566	1,717	151	480	500	20	4,288	4,654	365
Thoracic - Complex	73	81	8	462	482	20	215	224	9	1,367	1,402	36
Thoracic - Intermediate	0	0	0	0	0	0	0	0	0	0	0	0
Thoracic Major	9	7	(2)	26	34	8	29	16	(13)	83	66	(17)
Thoracic Other Procedures	52	31	(21)	78	58	(20)	124	83	(41)	185	149	(37)
Total Thoracic Surgery	134	119	(15)	566	573	7	368	323	(45)	1,635	1,617	(18)
Oesophagus Complex	0	0	0	0	0	0	0	0	0	0	0	0
Stomach - Very Complex	0	0	0	0	0	0	0	0	0	0	0	0
Upper GI - Other	0	0	0	0	0	0	0	0	0	0	0	0
Total Upper GI	0	0	0	0	0	0	0	0	0	0	0	0
Dental	3	6	3	2	3	2	9	11	2	5	6	1
Total Surgery Directorate	312	306	(6)	2,133	2,294	161	857	834	(23)	5,928	6,277	349
Angioplasty	204	183	(21)	710	644	(67)	565	533	(32)	1,971	1,860	(111)
Cardiac Disorders	59	65	6	79	79	(0)	162	181	19	238	241	3
Cardiology Other	40	32	(8)	47	45	(1)	111	113	2	130	98	(31)
Catheter	160	149	(11)	306	291	(15)	443	452	9	850	932	82
EBUS	33	41	8	69	82	13	93	104	11	190	222	31
EP Studies	141	129	(12)	366	347	(19)	391	378	(13)	1,015	965	(50)
Pacing	127	133	6	620	597	(23)	352	358	6	1,721	1,765	44
PASD	6	3	(3)	31	14	(16)	18	13	(5)	85	63	(22)
Respiratory Other	42	40	(2)	50	56	6	116	106	(10)	139	130	(9)
Cardiology TAVI	7	9	2	57	80	23	19	25	6	159	222	63
Total Medicine Directorate	818	784	(34)	2,335	2,235	(100)	2,269	2,263	(6)	6,496	6,497	1
PbR Exclusions - CF	32	22	(10)	455	455	0	88	77	(11)	1,364	1,364	0
PbR Exclusions - Planned procedures not carried out	32	20	(12)	3	2	(1)	88	81	(7)	9	7	(2)
Total Exclusions	63	42	(21)	458	457	(1)	176	158	(18)	1,373	1,371	(2)
Total Spells	1,193	1,132	(61)	4,926	4,985	59	3,302	3,255	(47)	13,797	14,145	347

Activity & Income Analysis

Appendix 1 ii

2015/16 Procedure Group	June						Apr - June					
	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												
Outpatients	5,912	4,757	(1,155)	821	701	(121)	16,883	16,157	(726)	2,346	2,262	(84)
Outpatient Radiology	1,525	2,352	827	235	251	16	4,348	4,110	(238)	660	554	(106)
Outpatient Other (ECG, Oxygen, Pulm Rehab)	918	968	50	129	156	27	2,744	3,305	561	388	378	(10)
Critical Care	1,102	909	(193)	1,433	1,182	(251)	3,084	2,823	(261)	4,010	3,665	(345)
Devices	207	204	(3)	1,492	1,546	54	568	573	5	4,117	4,087	(30)
Drugs	0	0	0	330	420	89	0	0	0	1,139	1,219	80
PPCI	122	115	(7)	13	31	18	338	353	15	43	77	34
Excess Bed Day - Activity Only	150	109	(41)	0	0	0	413	339	(74)	0	0	0
Other Adjustments	0	0	0	934	863	(71)	0	0	0	1,478	1,746	268
CQUIN	0	0	0	115	95	(21)	0	0	0	346	277	(69)
Total	11,130	10,546	(584)	10,430	10,229	(201)	31,681	30,915	(766)	28,325	28,410	85

Income Analysis by Point of Delivery

Point of Delivery	Month 3						Year to Date					
	Inpatient Activity			Income (£000's)			Inpatient Activity			Income (£000's)		
	Plan	Actual	Var	Plan	Actual	Var	Plan YTD	Actual YTD	Var YTD	Plan YTD	Actual YTD	Var YTD
Day Case	423	390	(33)	844	837	(8)	1,170	1,127	(43)	2,359	2,304	(54)
Elective	360	323	(37)	1,818	1,770	(47)	1,004	928	(76)	5,129	5,029	(100)
Non elective	410	419	9	1,778	1,900	123	1,128	1,200	72	4,859	5,376	517
Excess Bed Days	150	109	(41)	32	23	(9)	413	339	(74)	87	72	(15)
OP First Attenders	1,970	1,393	(577)	331	293	(38)	5,626	4,388	(1,238)	946	894	(52)
OP Follow Ups	3,942	3,364	(578)	490	408	(82)	11,257	11,769	512	1,399	1,367	(32)
Outpatient Radiology	1,525	2,352	827	235	251	16	4,348	4,110	(238)	660	554	(106)
Outpatient Other	918	968	50	129	156	27	2,744	3,305	561	388	378	(10)
Critical Care	1,102	909	(193)	1,433	1,182	(251)	3,084	2,823	(261)	4,010	3,665	(345)
Devices	207	204	(3)	1,492	1,546	54	568	573	5	4,117	4,087	(30)
Drugs	0	0	0	330	420	89	0	0	0	1,139	1,219	80
Cystic Fibrosis	0	0	0	455	455	0	0	0	0	1,364	1,364	0
PPCI	122	115	(7)	13	31	18	338	353	15	43	77	34
Other Adjustments	0	0	0	1,049	957	(92)	0	0	0	1,825	2,023	199
Total	11,130	10,546	(584)	10,430	10,229	(201)	31,681	30,915	(766)	28,325	28,410	85

Current Trading - Contribution Analysis for the period to 30th June

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	(14,146)	(14,187)	(41)	11,099	11,037	(62)	(3,047)	(3,150)	(103)
Surgery	(7,089)	(7,243)	(154)	6,448	6,424	(24)	(641)	(819)	(178)
Clinical Services	(8,079)	(7,620)	459	6,815	6,894	79	(1,264)	(726)	538
Corporate Services	(1,842)	(2,032)	(190)	5,808	5,852	44	3,966	3,820	(146)
Reserves, unallocated CIP's	0	0	0	277	226	(51)	277	227	(51)
Total EBITDA	(31,156)	(31,082)	74	30,446	30,432	(14)	(710)	(650)	61

Analysis of Staffing Costs Compared to Plan (In Month and Year to Date)
Appendix 3

Staffing Costs	In Month								Staffing Detail	FTE		
	Plan £000's	Substantive £000's	+ Hours £000's	Agency £000's	Bank £000's	Overtime £000's	Total £000's	Variance £000's		Plan FTE	Actual FTE	Variance FTE
Medical Staff	(1,587)	(1,349)	(100)	(5)	0	0	(1,454)	133	Medical Staff	160	140	(20)
Nursing	(1,857)	(1,663)	0	(92)	(81)	(8)	(1,845)	11	Nursing	575	493	(82)
Scientific	(905)	(835)	0	(42)	(2)	(10)	(889)	15	Scientific	256	244	(12)
Other Clinical	(342)	(381)	0	(0)	(32)	(3)	(416)	(74)	Other Clinical	179	183	4
Support Staff	(191)	(182)	0	(8)	(15)	(1)	(205)	(14)	Support Staff	90	87	(3)
Non Clinical Staff	(922)	(846)	0	(29)	(9)	(6)	(890)	32	Non Clinical Staff	329	304	(25)
Other	(92)	140	0	0	0	0	140	232	Other	0	0	0
Total	(5,896)	(5,117)	(100)	(176)	(139)	(29)	(5,560)	336	Total	1,590	1,452	(138)

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	(4,816)	(4,105)	(325)	(17)	0	0	(4,447)	369
Nursing	(5,609)	(5,179)	0	(300)	(278)	(22)	(5,779)	(169)
Scientific	(2,719)	(2,549)	0	(79)	(3)	(33)	(2,664)	55
Other Clinical	(1,026)	(1,131)	0	(0)	(85)	(8)	(1,226)	(199)
Support Staff	(573)	(531)	0	(32)	(47)	(1)	(610)	(37)
Non Clinical Staff	(2,778)	(2,625)	0	(90)	(29)	(25)	(2,768)	9
Agency / Pay Reserves	(334)	14	0	0	0	0	14	348
Total	(17,856)	(16,106)	(325)	(518)	(441)	(89)	(17,480)	376

Monitor Metrics**Financial Sustainability Risk Rating**

Continuity of Services Risk Rating (CoSRR)	Plan YTD	Actual YTD	Variance YTD
Debt Service Cover			
Total Revenue for Debt Service	719	658	(61)
Total Debt Service	(627)	(625)	2
Debt Service Cover Matrix	1.15	1.05	(0.09)
Debt Service Cover Rating	1	1	0
Liquidity			
Cash for CoS Liquidity Purpose	(5,494)	(5,217)	277
Operating Expenses within EBITDA	(30,446)	(30,432)	14
Liquidity Metric (Days)	(16.2)	(15.4)	0.8
Liquidity Rating	1	1	0
I&E Margin			
Surplus/(deficit) before impairments etc	(1,081)	(1,080)	2
Total operating and non-operating income	31,180	31,106	(74)
I&E Margin metric %	-3.47%	-3.47%	0.00%
I&E Margin	1	1	0
Variance in I&E Margin			
I&E Margin	-3.47%	-3.47%	0.00%
I&E Margin variance from Plan	-0.73%	0.00%	0.73%
Variance in I&E Margin	3	3	0
Financial Sustainability Risk Rating	2	2	0

The overall risk rating for the year based on the Monitor metrics is level 2. 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.

Monitor Metrics - Additional indicators

Unplanned decrease in (quarterly) EBITDA margin in two consecutive quarters	No	
Trust is unable to certify that Board anticipates that the Quarterly FRR will be at least 3 over the next 12 months	No	No. In order to increase the FSRR to a rating of 3, the key metric which would need to improve would be the I&E Margin. This would also be dependent on changes across the other metrics, but ultimately the key driver to an improved FSRR is an improved income and expenditure position.
Debtors > 90 days past due account for more than 5% of total debtor balances	Yes	<p>Total is £2.963m and accounts for 55% of total debtors. The balance of unallocated cash at the end of June is £0.678m which is distorting the current position and the Trust will work with NHS Shared Business Services to allocate receipts to invoices as soon as possible.</p> <p>Royal Liverpool and Broadgreen Hospital NHS Trust have debts of £1.967m of which £1.186m is over 90 days. Conversely, the Trust owes £2m, so both Trusts are working towards an exchange of payments on 25th July 2016 of approx. £1.7m.</p> <p>Private Health Insurers have debts of £1.068m over 90 days. A separate paper has been provided and discussion by the IPC, outlining progress made and agreed actions.</p>
Creditors > 90 days past due account for more than 5% of total creditor balances	Yes	Total is £1.385m and accounts for 21% of total creditor balances. £0.535m relates to RLBUHT; £0.209m relates to invoices to North Midlands Hospitals, both of which accounts are in the process of being resolved for payment.
Capital expenditure > 115% of Latest Plan for the year to date	No	
Capital expenditure < 85% of Latest Plan for the year to date	No	

Actual in month 31st May 2015 £'000	YTD Actual in month 31st May 2015 £'000	Description	2016/17 Plan version £'000	Month			Year to Date		
				Plan £'000	Actual £'000	Variance £'000	Plan £'000	Actual £'000	Variance £'000
1,185	3,245	Inpatient Activity	13,377	1,231	1,161	(70)	3,399	3,353	(46)
7,713	22,313	Outpatient Activity	89,733	8,356	8,077	(279)	23,976	23,572	(404)
22	60	Number of Working Days	255	22	22	0	63	63	0
1,367	1,367	FTE's	0	0	1,388	1,388	0	1,388	1,388
9,335	26,582	Direct Patient related Revenue	116,728	10,430	10,229	(201)	28,325	28,410	85
588	825	Private Patients Revenue	3,524	294	267	(27)	881	735	(146)
366	1,944	Non Patient Related Revenue	7,805	651	683	32	1,950	1,936	(14)
10,289	29,351	Total operating income	128,057	11,375	11,178	(196)	31,156	31,082	(74)
(5,713)	(16,601)	Employee Expenses	(70,931)	(5,896)	(5,560)	336	(17,856)	(17,480)	376
(729)	(1,778)	Drugs	(7,746)	(671)	(624)	48	(1,867)	(1,919)	(51)
(2,959)	(7,917)	Clinical supplies	(32,485)	(2,909)	(2,960)	(52)	(8,023)	(8,223)	(200)
(298)	(552)	Non-clinical supplies	(2,876)	(252)	(228)	24	(712)	(660)	52
(9,700)	(26,848)	Total Direct Costs	(114,039)	(9,728)	(9,372)	356	(28,458)	(28,282)	177
590	2,503	Gross Profit	14,018	1,647	1,806	159	2,698	2,800	102
5.7%	8.5%	<i>Gross Profit Margin</i>	10.9%	0	0		8.7%	9.0%	
		Overheads							
(114)	(334)	Establishment expense	(1,849)	(191)	(191)	0	(439)	(528)	(89)
(349)	(1,027)	Premises & Fixed Plant expense	(4,351)	(378)	(366)	13	(1,078)	(1,113)	(35)
(57)	(150)	Consultancy fees expense	(337)	(31)	(38)	(7)	(84)	(93)	(9)
(57)	(180)	CNST Contributions	(1,009)	(84)	(84)	(0)	(252)	(252)	(0)
470	375	Misc. other Operating Expenses	(132)	(6)	(17)	(11)	(136)	(164)	(28)
				-	0		-	0	
(107)	(1,317)	Total overhead expenses	(7,679)	(690)	(696)	(6)	(1,987)	(2,150)	(163)
483	1,186	EBITDA	6,340	957	1,110	153	710	650	(61)
4.7%	4.0%	<i>EBITDA Margin</i>	5.0%	8.4%	0		2.3%	2.1%	
(422)	(1,267)	Depreciation and amortisation	(5,032)	(411)	(389)	22	(1,233)	(1,167)	66
0	0	Profit (loss) on asset disposal	0	0	(6)	(6)	0	(4)	(4)
3	10	Interest Receivable	34	3	3	(0)	9	8	(1)
(2)	(8)	Interest Payable on Loans & Leases	(31)	(3)	(2)	1	(8)	(6)	2
(183)	(549)	PDC dividend	(2,338)	(194)	(194)	0	(584)	(584)	0
0	0	Impairments & Restructuring	0	0	0	0	0	0	0
46	165	Income from Donated Assets	100	8	17	8	24	24	0
(75)	(463)	Net Surplus / (Deficit)	(927)	361	539	178	(1,081)	(1,080)	2
-0.7%	-1.6%	<i>Net Surplus Margin</i>	-0.7%	3.2%	4.8%		-3.5%	-3.5%	
(75)	(463)	Normalised Net Surplus / (Deficit)	(927)	361	539	178	(1,081)	(1,080)	2

Pre Audit 31st March 2016 £000		Current Month			
		30th Jun 2016 Plan YTD £000	30th Jun 2016 Actual YTD £000	Variance to Plan YTD £000	Movement for Year YTD £000
	Non Current Assets				
708	Non-Current Assets - Intangible Assets	997	675	(322)	(33)
75,459	Non-Current Assets - Tangible Assets	75,364	75,907	543	448
18	Non-Current Assets - Financial Assets	24	18	(6)	(0)
76,185	Total Non Current Assets	76,385	76,600	215	415
	Current Assets				
3,004	Inventories	3,180	3,342	162	338
	Trade and Other Receivables:				
2,671	NHS Receivables	2,253	2,816	563	145
2,165	Non NHS Trade Receivables	1,806	1,855	49	(310)
766	Other Receivables	756	737	(19)	(29)
(885)	Provision for the Impairment of Receivables	(677)	(885)	(208)	(0)
1,386	Accrued Income	750	1,599	849	213
75	PDC Dividend overpayment	0	75	75	0
537	Prepayments	1,726	1,052	(674)	515
7,856	Cash & Cash Equivalents	4,035	6,312	2,277	(1,544)
37	Non Current Assets Held for Sale	6	31	25	(6)
17,612	Total Current Assets	13,835	16,933	3,098	(679)
93,797	Total Assets	90,220	93,532	3,312	(265)
	Trade and Other Payables:-				
(393)	Deferred Income	(286)	(237)	49	156
(1,273)	Provisions	(1,052)	(1,147)	(95)	126
(7,389)	NHS Payables - Revenue	(4,370)	(8,366)	(3,996)	(977)
	Non NHS Trade Payables - Revenue			0	0
(2,109)	Other Payables (Tax,payroll deductions)	(2,361)	(2,228)	133	(119)
(1,047)	Non NHS Trade Payables - Capital	(1,178)	(721)	457	326
(5,573)	Accruals	(6,500)	(5,351)	1,149	222
(142)	Borrowings	(142)	(142)	(0)	(0)
-	PDC Dividend	(584)	(584)	0	(584)
(314)	Net Current Assets/ (Liabilities)	(2,638)	(1,844)	794	(1,530)
75,871	Total Assets less Current Liabilities	73,747	74,755	1,008	(1,116)
(608)	Deferred Income	(500)	(608)	(108)	0
(81)	Provisions	(91)	(81)	10	(0)
(261)	Borrowings	(229)	(225)	4	36
74,921	Total Assets Employed	72,927	73,841	914	(1,080)
63,322	Public Dividend Capital	63,322	63,322	0	0
14,497	Revaluation Reserve	13,884	14,497	613	(0)
	Income and Expenditure Account				
(2,898)	Retained Earnings	(4,279)	(3,978)	301	(1,080)
74,921	Total Taxpayers Equity	72,927	73,841	914	(1,080)

Current Trading - Cashflow Statement as at 30th Jun 2016

Appendix 7

Pre Audit 31st March 2016	Cashflow Statement Month	Year to Date		
		Plan £000's	Actual £000's	Variance £000's
12,333	Opening Balance	6,258	7,856	1,598
6,136	EBITDA	405	674	268
-571	Other increases/(decreases) to reconcile to profit/(loss) from operations	-24	-24	0
5,565	Operating Cashflows before movements in working Capital	381	650	269
	Movements in Working Capital:			
-624	(Increase)/Decrease in Inventories	-200	-338	-138
-64	(Increase)/Decrease in Receivables (including accrued income)	947	-18	-965
-112	(Increase)/Decrease in Prepayments	-1,100	-515	585
2,511	Increase/(Decrease) in Payables	-662	1,096	1,758
-1,781	Increase/(Decrease) in Accruals	1,355	-222	-1,577
-1,362	Increase/(Decrease) in Deferred Income	-1,714	-156	1,558
74	(Increase)/Decrease in Current Provisions	-8	-126	-118
-1,358	Increase/(Decrease) in Working Capital	-1,382	-279	1,103
-17	Increase/(Decrease) in Non Current Provisions	0	0	0
4,190	Net Cash Inflow/(Outflow) from Operating Activities	-1,001	371	1,372
-6,428	Capital Expenditure (including capital payables)	-1,214	-1,902	-688
-6,428	Net Cash Inflow/(Outflow) from Investing Activities	-1,214	-1,902	-688
-2,238	Cashflow before Financing	-2,215	-1,531	684
-2,348	PDC Dividends Paid	0	0	0
0	PDC Dividends Capital received	0	0	0
36	Interest received on Cash Balances	9	8	-1
-36	Interest element of Finance Leases	-8	-6	2
-135	Repayment of Loans & Leases	-35	-35	0
244	Donations received in cash	24	24	0
-2,240	Net Cash Inflow/(Outflow) from Financing	-10	-9	0
-4,477	Net Cash Inflow/Outflow	-2,224	-1,540	684
7,856	Closing Balance	4,032	6,312	2,277

Financial Accounting

Analysis of Investments and interest received

Investment held with:	Interest Rate	Value of Investment £	Interest YTD £	Annual Equivalent Interest £'000	Management Charges
GBS Account	0.25%	1,610,607	3,487	6,507	
National Loans Fund	0.40%	4,700,106	4,283	18,736	
Total		6,310,712	7,770	25,243	0

Working Capital Analysis

Analysis of receivables (to month 3)

	YTD Plan £'000	YTD Actual £'000	Variance £'000
NHS Receivables	2,253	2,816	563
Non-NHS Trade Receivables	1,806	1,855	49
Other Receivables	756	737	(19)
Provision for the Impairment of Receivables	(677)	(885)	(208)
Accrued Income	750	1,599	849
TOTAL	4,888	6,122	1,234

Better Payment Practice Code (BPPC): The BPPC for June for NHS is at 39.05% (invoice volume) and 74.27% (invoice value). Non NHS is 96.70% (invoice volume); 88.18% (invoice value).

Aged Debt as at 30th June 2016

Customer Type	Analysis of Aged Debt						Total Debt £
	Current £	1 - 30 Days £	31 - 60 Days £	61 - 90 Days £	> 90 Days £	Unallocated £	
NHS	75,914	270,995	42,756	883,491	1,499,455	(174,561)	2,598,050
Non-NHS	341,124	265,562	382,211	210,600	1,463,606	(503,232)	2,159,870
Total	417,037	536,557	424,967	1,094,091	2,963,060	(677,793)	4,757,920

Capital Expenditure for the period ending 30th June 2016

Capital Scheme	Annual Plan £'000	In Month £'000			YTD £'000			Forecast £'000
		Plan	Actual	Variance	Plan	Actual	Variance	
Bedside Monitoring System replacement	500	0	0	0	0	0	0	500
Contingency	250	21	100	79	63	100	37	250
Donated Medical equipment	175	15	0	-15	45	4	-41	100
Estates Infrastructure	476	49	45	-4	119	125	6	540
Estates Scheme Other	875	0	0	0	0	39	39	914
Front Entrance	1,026	416	339	-77	984	893	-91	940
IT	490	10	5	-5	40	68	28	490
IT Intangibles	210	150	0	-150	150	0	-150	210
Medical Equipment	1,036	25	2	-23	201	212	11	1,116
Outpatients	300	38	56	18	260	168	-92	301
Estates Non budget		0	2	2	0	-11	-11	0
Grand Total	5,338	724	549	-175	1,862	1,596	-266	5,361