

## Board of Directors (Public) Item 5.4

**Subject:** Month 3 Finance Report  
**Date of meeting:** 28<sup>th</sup> July 2015  
**Prepared by:** Jim Davies, Deputy Chief Finance Officer  
**Presented by:** David Jago, Chief Finance Officer

## Board Report

Data Quality Rating	BAF Ref	Impact on BAF risk Rating
Silver	3,6,	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 3 (period ending 30th June 2015). The first three months of the new financial year have proved to be challenging, and improvement will be required for the Trust to ensure delivery of the financial plan for 2015/16 and for the Trust to continue to operate within the terms of its licence. The Board of Directors are asked to discuss and note the content of the report with a detailed summary performance table as at end of quarter 1 set out below.

	Plan £'000	Actual £'000	Variance £'000
Operating Income	29,838	29,351	(487)
Pay	16,507	16,601	(94)
Non-Pay	10,116	10,247	(131)
Overheads	1,771	1,317	454
<b>EBITDA</b>	<b>1,444</b>	<b>1,186</b>	<b>(258)</b>
Financing costs	1,794	1,649	145
<b>Net Surplus/(Deficit)</b>	<b>(350)</b>	<b>(463)</b>	<b>(113)</b>

### 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 Continuity of Service Risk Rating (CoSRR) at month 3 of level 3, which is in line with the planned requirement, and which constitutes an acceptable level of risk under the Risk Assessment Framework (RAF).

The Trust has achieved a normalised net deficit in month of £75k against a planned surplus of £30k, resulting in an adverse variance of £105k. The cumulative position shows a deficit of £463k against a planned deficit of £350k. It is important to note that this position incorporates a shortfall on CIP delivery and higher than trend levels of agency usage.

Efficiencies achieved in the year to date are £969k against a plan of £1,092k. This provides a shortfall in delivery of £123k for the period. The in month position shows delivery of £442k against a plan of £364k, resulting in an over achievement in month of £78k.

Capital expenditure was £1,137k in the three months to the end of June against a plan of £1,259k. The variance is within the 15% allowable tolerance (Variance exceeding % may result in Monitor requesting a reforecast of the position).

#### **4. Conclusion**

The normalised deficit position for June of £75k represents a deterioration against the plan (surplus of £30k), with a resulting adverse variance of £105k. Whilst the activity and income position has improved in month, there will need to be continued focus for the remainder of the year on CIP delivery; minimising agency usage; and avoidance of further agreed cost pressures. The Continuity of Service Risk Rating being delivered at the end of month 3 is level 3, which is in line with the planned requirement, and which constitutes an acceptable level of risk under the RAF. The capital service cover metric was behind plan at 2.03 compared to a plan of 2.45. Liquidity was below plan at -7.5 days compared to a plan of -6.9 days.

Inpatient NHS activity was above plan in June by 76 spells (7%) the associated income position is £66k (1%) above plan. The cumulative position shows activity to be above plan by 3 spells and below on the income plan by £575k (4%)

The key adverse impact on EBITDA and net surplus in the first quarter of the financial year has been driven by a shortfall in the delivery of CIPs and above plan agency costs partially mitigated by slippage on agreed cost pressures/service investments.

The financial position for June shows a normalised deficit position of £75k, which is £105k worse than the planned position, but which includes a shortfall on CIP delivery and higher than trend levels of agency usage. Each of which are unsustainable in the remaining months of the year. This position delivers a CoSRR of 3.

From July the finance report will contain forecast outturn information to provide further assurance to the Board of Directors on the key risks, issues and mitigation to ensure delivery of the 2015/16 financial plan.

#### **5. Recommendations**

The Board of Directors are asked to note the financial position of the Trust at the end of month 3 and the on-going work to identify restorative actions.

## 1. Introduction

This paper sets out the Trust's financial performance at the end of June 2015 (month 3) 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 30<sup>th</sup> June 2015.

Key issues to note on performance at the end of month 3;



Overall Continuity of Service Risk Rating (CoSRR) of level 3 against a plan of 3.



Capital expenditure at £1.1m in line with cumulative plan to the end of June of £1.3m.



Cash balances at £7.2m are £0.8m below planned balances of £8.0m.



A normalised net deficit of £463k against a planned deficit of £350k.



Total income below plan by £487k.



Actual CIP achieved at £1.0m against planned £1.1m.

The Trust is reporting a net normalised deficit of £75k achieved in June compared to a planned surplus of £30k, with an adverse in month variance of £105k.

Performance to date delivers a Continuity of Services Risk Rating (CoSRR) of 3.

Inpatient activity performance has been above plan in month, with the Surgical Division above plan by 2% with income broadly in line with plan. The Medical Division was 9% above plan in activity terms and £64k (3%) driven largely by EP Studies, Angioplasty and pacing.

Inpatient spells (excluding Private Patients) were 7% above plan in month.

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

- Total income to date is £487k below plan (2%).
- Included within the total income position private patient income under performed by £40k (12%) in month.
- The cost improvement programme (CIP) for Month 3 is £364k, against which the Trust has delivered £442k. The over achievement in CIP delivery is therefore £78k.
- Capital expenditure for the year was £1.1m against a plan of £1.3m.

- Cash balances are £0.8m below the plan of £8.0k with the actual cash balance at the end of month 3 being £7.2m.

### 3. Monitor Metrics Summary

**Table 1 Continuity of Services Risk Rating (CoSRR)**

Continuity of Services Risk Rating (CoSRR)	Plan YTD	Actual YTD	Variance YTD
<b>Debt Service Cover</b>			
Total Revenue for Debt Service £'000	1,143	1,196	(257)
Total Debt Service £'000	(594)	(590)	4
Debt Service Cover Matrix	2.45	2.03	(0.42)
<b>Debt Service Cover Rating</b>	<b>3</b>	<b>3</b>	<b>0</b>
<b>Liquidity</b>			
Cash for CoS Liquidity Purpose £'000	(2,190)	(2,353)	(163)
Operating Expenses within EBITDA £'000	(28,395)	(28,165)	230
Liquidity Metric (Days)	(6.9)	(7.5)	(0.6)
<b>Liquidity Rating</b>	<b>3</b>	<b>2</b>	<b>-1</b>
<b>CoSRR</b>	<b>3</b>	<b>3</b>	<b>0</b>

The month 3 overall risk rating on the Monitor metrics is level 3 but with liquidity falling to a level 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 3

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

**Debtors > 90 days past due** - total £1.9m and account for 48% of total debtors. Within the total over 90 days due: £0.8m relates to RLBUHT invoices The Trust has agreed to clear payables of £1.5m in return for a reciprocal payment of £0.8m from RLBUHT, but at this point no commitment has been obtained from the Royal. Private patient insurance company debt over 90 days continues to be an issue, and will be subject to increased attention over the coming weeks and months.

**Creditors >90 days past due** - total £0.8k and accounts for 13% of total creditor balances. £0.5m of the outstanding debt is with RLBUHT. As mentioned above the Trust has invoices totalling £1.5m ready to pay and we are awaiting confirmation that the Royal will clear £0.8m of the aged debt listed above as part of a reciprocal payment agreement.

#### 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	Inpatient Activity			Income (£000's)		
	Plan June	Actual June	Var June	Plan June	Actual June	Var June
Day Case	365	415	50	794	949	154
Elective	350	357	7	2,231	2,133	-98
Non Elective	366	386	20	1,776	1,782	6
Excess Bed Days	150	156	6	32	34	1
OP First attenders	1,970	2,195	225	326	364	38
OP Follow ups	3,376	3,634	258	371	432	60
Outpatients Radiology	646	696	50	90	104	14
Outpatient Other	573	1,188	615	133	139	6
Critical Care	1,039	1,276	237	1,364	1,725	361
Critical Care Transition	0	0	0	0	0	0
Devices	168	202	34	1,035	1,394	359
Drugs	0	0	0	276	449	173
Cystic Fibrosis	28	27	-1	433	435	2
PPCI	106	122	16	14	14	0
Other Adjustments	83	121	38	358	-619	-977
<b>Total</b>	<b>9,221</b>	<b>10,775</b>	<b>1,554</b>	<b>9,234</b>	<b>9,335</b>	<b>101</b>

Inpatient activity performance in month was above plan by 76 spells (7%), the year to date position showing an activity being 3 spells above plan:

- The Surgical Division was 7 spells above plan in month (2%) and £1k below plan in income terms. The year to date position shows activity below plan by 4 spells and £445k (6%). Performance by procedure group was:
- Cardiac surgery 5 spells (3%) above plan and £88k (11%) below income plan in month, the cumulative position shows activity below plan of 31 spells (6%) and £656k

(11%). The activity and income variance is largely driven by aneurysms, CABG & valve and TAVI activity.

- Thoracic surgery reported 16 spells (14%) above plan and £101k (18%) above income plan. The cumulative position shows activity above plan by 34 spells (10%) and £251k (15%).
- Upper GI was below plan by 1 spells (14%) and below plan on income by £13k (17%). The cumulative position shows activity below plan by 4 spells (13%) and £40k (17%).
- The Medicine Division was 66 spells above plan (9%) and £64k (4%). The year to date position shows activity above plan by 5 spells and £141k (2%). The main variances by procedure group were:
  - Angioplasty was 12 spells below plan (6%) and £54k (7%) below income plan, the cumulative position shows activity below plan of 22 spells (4%) and £49k (4%).
  - Pacing was 18 spells below plan (16%) and £56k (10%) below income plan, the cumulative position shows activity above plan by 29 spells (9%) and £101k (7%).
- Critical care bed days were reported as 237 (23%) above plan in month and £361k (26%) above the income plan, the cumulative position shows activity above plan by 155 bed days (5%) and £175k (4%).
- Outpatient activity was 1,147 attendances (17%) above plan in month with income above plan by £119k (13%). The cumulative position shows activity above plan by 1885 attendances (9%) and £270k (10%).
- High cost devices were 34 above plan in month (20%) and £359k (35%). The cumulative position shows activity above plan of 10 spells (2%) and £328k (11%).

## **4.2 Operating Income and Contract Update**

Significant progress has been made in the agreement of contracts, with agreements having been now reached with all commissioners with the exception of Health Commission Wales (HCW). HCW have proposed a reduction to the contract, and the trust awaits further information to get a better understanding of the rationale of this proposed change. NHS England (NHSE) has concluded the independent review which was commissioned to look into the waiting list / backlog activity, and the Trust are now working closely with NHSE to incorporate the additional activity within plans through a formal contract variation.

In overall terms the clinical income position (including private patients) in June was £62k above plan (1%), the cumulative position being £607k below plan (2%). Key points to note by commissioner are summarised as follows;

- The tertiary contract with NHS England over performed in month by £1,147k (19%) and £533k cumulatively (3%). Over performance is largely driven by adult critical care and drug and devices pass through income (matched by costs).

- The Secondary contract showed a slight under performance of £28k in month (2%) and £141k cumulatively (4%). This largely relates to contracts with Liverpool CCG.
- The Wales contract was below plan in June by £134k (11%), £310k cumulatively (8%).
- The Isle of Man contract was above plan in month by £66k (27%), and £144k above plan cumulatively (20%).
- Private patient income was below plan by £40k (12%) in month and £164k cumulatively (17%).
- Non patient related income was above plan in month by £56k (9%) and £120k cumulatively (7%).

### 4.3 Operating Expenditure

In overall terms expenditure has over spent against budget, and this reflects in part increased levels of activity and income. The over spend in month across all expenditure lines is £263k, over spends for direct expenditure is £747k.

Pay costs were above plan by £209k in June.

Within the overall expenditure position the aggregate value of locum, bank, agency and overtime costs are significantly above the trend for 2014/15 (June cost - £581k, 2014/15 average cost - £337k), this position reflects a further increase on the high levels of spend in April and May, and reflects a stepped increase in spend from December 2014. This position is offset in part by lower than planned costs for substantive staff, and this reflects delays in recruiting to additional posts supported through agreed investments in the 2015/16 plan.

Drugs expenditure was £174k above plan in month, (£156k above plan YTD) reflecting movements in activity, and specifically in respect of high cost drug recharges.

Clinical supplies are £288k above plan in month, (£78k above plan YTD) the key features of which are summarised as follows;

- AICD's activity 22 above plan in month resulting in £267k adverse expenditure variance, the year to date position shows a £301k adverse variance which includes shortfall against non-pay CIP delivery. However, this is offset against device income CIP.
- Catheter Laboratories: £17k adverse variance, activity 2.3% above plan, the year to date position shows a £3k favourable variance with activity 1.6% down. The main cost driver in Catheter Lab's costs are PCI's.
- Theatres: £30k favourable variance in month, Surgical activity overall is 5% under with Cardiac Surgery 8% under in month due to a reduction in Valves and CABG during June, TAVI's in month were on plan. Year to date expenditure is £137k favourable, the main driver for which relates to lower than planned TAVI activity in the first 2 months (12 under), which is matched with a corresponding shortfall against the income plan.
- Pacing: £9k favourable in month, while the year to date position shows a £9k adverse variance. Year to date activity is 8% above plan.

- EP: £5k favourable in month, 2% under in activity. £76k favourable year to date, relating largely to below plan activity 6% matched by corresponding income variance.

Non-clinical supplies expenditure was above plan in month, with an adverse variance of £77k (£103k below plan YTD).

Overhead expenditure was £484k below plan in month reflecting closing year end settlements.

At month 3 achieved CIP's total £969k against a plan of £1,092k with a corresponding shortfall in delivery of £123k.

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	96	274	<b>178</b>	0	274	<b>178</b>
Pay	468	269	<b>-199</b>	49	318	<b>-150</b>
Non Pay	528	377	<b>-151</b>	0	377	<b>-151</b>
<b>Total</b>	<b>1,092</b>	<b>920</b>	<b>-172</b>	<b>49</b>	<b>969</b>	<b>-123</b>

Whilst it is relatively still early in the year and there has been a positive progress in delivery within June, the shortfall in delivery of CIP continues to represent a material risk which will need continued focus over the coming weeks and months. The overall variance against plan is materially driven by this shortfall. Work is on-going in the development of the Programme Management Office (PMO) and enhanced scrutiny will be 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.

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	354	491	<b>136</b>	1	492	<b>137</b>
Surgery	261	168	<b>-93</b>	0	168	<b>-93</b>
Clinical Support Services	260	120	<b>-141</b>	48	168	<b>-93</b>
Non-clinical support Services	95	57	<b>-39</b>	0	57	<b>-39</b>
Corporate Services	121	85	<b>-37</b>	0	85	<b>-37</b>
CIP to be allocated / Reserves	0	0	<b>0</b>	0	0	<b>0</b>
<b>Total</b>	<b>1,092</b>	<b>920</b>	<b>-172</b>	<b>49</b>	<b>969</b>	<b>-123</b>

The detailed schemes underpinning delivery of the overall CIP programme can be found in Appendix 2 with CIP risk assessments having been reviewed by the Integrated Performance Committee at its last two meetings. As can be seen Divisional schemes in respect of pay are minimal reflecting the challenges faced by the organisation in reducing



its pay costs. This is a key risk for the Trust and further work continues to be required working with the PMO team to understand where costs can be pulled out safely.

Current CIP plans for pay in 2015/16 stand at £1.5m currently rated as amber with key schemes being;

- Absence management £500k
- Admin & Clerical review £250k
- Consultant Job plan review/premium sessions £250k

These schemes are where focussed attention is required in respect of Quality Impact Assessments (QIA) as part of the workforce transformation programme.

The Trust has recently received the National Cardiac Benchmarking Collaborative analysis and this as historically highlights a number of opportunities for the Trust to review to help support deliver of the 2015/16 CIP programme and divisional colleagues are currently utilising this information to identify any efficiency opportunities.

## 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
2,362	-734	-3,096	8,046	7,227	-819

Cash balances reduced by £734k in month and stand at £7,277k which is £819k below plan. The below plan variance is materially driven by:

- Operating cashflow is some £801k below plan.
- Movements in Working Capital are reducing cash balances more than was planned by £307k, which includes:
  - Positive cash flows in respect of the level of payables (£2,417k), offset in part by;
  - Negative cash flows in respect of the level of inventories (£186k), deferred income (£1,418k), prepayments (£740k) and receivables £836k).
- Lower than planned cash outflow relating to capital spend and other financing cash flows (£140k).
- Other Financing cashflows £145k.

## Investments

At the end of June the Trust had £1,624k deposited in the GBS account, with a further £5,600k deposited with the National Loans Fund. The table below illustrates the interest received associated with the various accounts in the year to date (£10k).

Investment held with:	Interest Rate	Value of Investment £	Interest YTD £	Equivalent Interest £'000	Management Charges
GBS Account	0.25%	1,624,088	3,213	6,259	
National Loans Fund	0.41%	5,600,000	6,845	24,065	
<b>Total</b>		<b>7,224,088</b>	<b>10,058</b>	<b>30,324</b>	<b>0</b>

## 7. Working Capital

**Total Receivables** (including accruals) are £7,816k at the end of June, which is broadly in line with the planned position.

	YTD Plan £'000	YTD Actual £'000	Variance £'000
NHS Receivables	4,017	3,726	-291
Non-NHS Trade Receivables	1,735	1,688	-47
Other Receivables	690	1,787	1,097
Provision for the Impairment of Receivables	-1,220	-1,220	0
Accrued Income	2,626	1,835	-791
<b>TOTAL</b>	<b>7,848</b>	<b>7,816</b>	<b>-32</b>

The main variances are as follows:

The main elements of NHS receivables include balances owed by Royal Liverpool and Broadgreen Hospital. Work is progressing to reduce the payables balance in June/July, which will facilitate the reduction in the level of aged debt

Non NHS receivables largely include balances from Private Medical Insurance companies. There will be a stronger focus on chasing this aged debt during quarter 2 with an action plan to be produced.

Customer Type	Analysis of Aged Debt					
	Current £	1 - 30 Days £	31-60 Days £	61 - 90 Days £	> 90 Days £	Total Debt £
<b>NHS</b>	159,018	869,610	199	499,670	979,503	<b>2,507,999</b>
<b>Non-NHS</b>	179,567	279,599	161,418	135,776	945,581	<b>1,701,941</b>
<b>Unallocated</b>	17,650	- 188,286	- 3,617	- 7,677	- 19,449	<b>201,378</b>
<b>TOTAL</b>	<b>356,235</b>	<b>960,923</b>	<b>158,000</b>	<b>627,769</b>	<b>1,905,635</b>	<b>4,008,561</b>

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

## **8. Capital**

Total capital expenditure up until the end of Month 3 was £1,143k which is below the planned position for the period (£1,259k). The variance in month relates largely to schemes carried forward from 2014/15 for which accruals were made in the final accounts position.

## **9. Conclusion**

The cumulative financial position to the end of Month 3 shows a normalised deficit position of £463k, against a planned deficit of £350k. The position for the first quarter of the year delivers the planned CoSRR at level 3 albeit with a below plan liquidity rating. Improvement in cash for liquidity purposes of circa £190k would restore liquidity to a level 3.

The overall EBITDA performance is £145k behind plan for the month, and £258k for the year to date with the main issues driving this adverse performance being CIP slippage and premium pay costs partially mitigated by slippage on agreed costs pressures/service investments.

## **10. Recommendation**

That the Board of Directors are asked to note the financial position of the Trust at the end of June and that Trust is operating and will continue to operate within the terms of its licence, regulatory requirements and statutory obligations in respect of finance.

Actual in month 30th June 2014 £'000	YTD Actual in month 30th June 2014 £'000	Description	2015/16 Plan version £'000	Month			Year to Date		
				Plan £'000	Actual £'000	Variance £'000	Plan £'000	Actual £'000	Variance £'000
1,117	3,248	Inpatient Activity	13,647	914	1,100	186	3,073	3,228	155
6,215	16,683	Outpatient Activity	72,383	5,565	6,027	462	16,270	17,232	962
21	61	Number of Working Days	254	22	22	0	60	60	0
1,370	1,370	FTE's	1,520	1,523	1,367	(156)	1,523	1,367	(156)
8,694	25,773	Direct Patient related Revenue	109,814	9,234	9,335	102	27,026	26,582	(443)
354	805	Private Patients Revenue	3,957	330	291	(40)	989	825	(164)
611	1,847	Non Patient Related Revenue	7,294	608	663	56	1,824	1,944	120
<b>9,658</b>	<b>28,426</b>	<b>Total operating income</b>	<b>121,065</b>	<b>10,172</b>	<b>10,289</b>	<b>118</b>	<b>29,838</b>	<b>29,351</b>	<b>(487)</b>
(5,190)	(15,496)	Employee Expenses	(65,935)	(5,504)	(5,713)	(209)	(16,507)	(16,601)	(94)
(517)	(1,491)	Drugs	(6,585)	(555)	(729)	(174)	(1,622)	(1,778)	(156)
(2,509)	(7,265)	Clinical supplies	(31,635)	(2,672)	(2,959)	(288)	(7,839)	(7,917)	(78)
(226)	(647)	Non-clinical supplies	(2,630)	(222)	(298)	(77)	(655)	(552)	103
<b>(8,443)</b>	<b>(24,900)</b>	<b>Total Direct Costs</b>	<b>(106,784)</b>	<b>(8,953)</b>	<b>(9,700)</b>	<b>(747)</b>	<b>(26,623)</b>	<b>(26,848)</b>	<b>(225)</b>
1,216	3,526	Gross Profit	14,281	1,219	590	(629)	3,215	<b>2,503</b>	(712)
12.6%	12.4%	Gross Profit Margin	11.8%	0	0		10.8%	8.5%	
		<b>Overheads</b>							
(115)	(314)	Establishment expense	(1,267)	(105)	(114)	(9)	(316)	(334)	(18)
(349)	(1,003)	Premises & Fixed Plant expense	(4,120)	(343)	(349)	(6)	(1,030)	(1,027)	3
(42)	(89)	Consultancy fees expense	(350)	(29)	(57)	(28)	(87)	(150)	(63)
(39)	(116)	CNST Contributions	(727)	(61)	(57)	4	(182)	(180)	2
(65)	(198)	Misc. other Operating Expenses	(588)	(52)	470	522	(156)	375	531
0	0	CIP	-	-	0	0	-	0	0
<b>(610)</b>	<b>(1,720)</b>	<b>Total overhead expenses</b>	<b>(7,051)</b>	<b>(591)</b>	<b>(107)</b>	<b>484</b>	<b>(1,771)</b>	<b>(1,317)</b>	<b>454</b>
<b>605</b>	<b>1,806</b>	<b>EBITDA</b>	<b>7,230</b>	<b>628</b>	<b>483</b>	<b>(145)</b>	<b>1,444</b>	<b>1,186</b>	<b>(258)</b>
6.3%	6.4%	EBITDA Margin	6.0%	6.2%	0		4.8%	4.0%	
(383)	(1,263)	Depreciation and amortisation	(5,422)	(422)	(422)	(0)	(1,267)	(1,267)	0
4	10	Interest Receivable	36	3	3	0	9	10	1
(4)	(14)	Interest Payable on Loans & Leases	(48)	(4)	(2)	2	(12)	(8)	4
(168)	(503)	PDC dividend	(2,195)	(183)	(183)	0	(549)	(549)	0
(316)	(316)	Impairments & Restructuring	0	0	0	0	0	0	0
0	0	Income from Donated Assets	100	8	46	38	25	165	140
<b>(261)</b>	<b>(280)</b>	<b>Net Surplus / (Deficit)</b>	<b>(300)</b>	<b>30</b>	<b>(75)</b>	<b>(105)</b>	<b>(350)</b>	<b>(463)</b>	<b>(113)</b>
-2.7%	-1.0%	Net Surplus Margin	-0.2%	0.3%	-0.7%		-1.2%	-1.6%	
<b>55</b>	<b>36</b>	<b>Normalised Net Surplus / (Deficit)</b>	<b>(300)</b>	<b>30</b>	<b>(75)</b>	<b>(105)</b>	<b>(350)</b>	<b>(463)</b>	<b>(113)</b>

## 2015/16 Cost Improvement Schemes identified to date

Lead	Enabling Strategy	Classification	Description	2015/16 CIP Identified
Janet Beukers	Workforce		Reduction of 1 Day Band 4	5
Rod Stables	Pathway Redesign		FYE of Reopro	125
Doreen Russell	Workforce		Reduction of 1 Day for L Lukehurst & D Russell	13
			Private Patients	TBC
	Pathway Redesign		Telemetry	TBC
	Pathway Redesign		Day Cases	TBC
	Workforce		FYE of MARS scheme	5
	Income		Additional Income generated from ICD contribution	307
			ICD income over performance	0
	Income		Add'l payment from Wales for covering on call	18
	Unallocated £1,042k		Prudent Budget Management - Pay	273
	Unallocated £1,042k		Unallocated £1,042k Drugs	29
	Unallocated £1,042k		Prudent Budget Management - Non-Pay	172
	Non Pay £760k Allocation		Non Pay £760k Allocation (Procurement Savings)	339
Janet Doran/Debbie Herrin	Workforce Management Project		Sickness Review £500k (£103k allocation for Medicine), On Call Harmonisation & Changes to Shift Patterns	155
	Job planning £250k		Job planning £250k	103
	Admin Review £200k		Admin Review £200k	15
	Workforce		Purchase of Annual Leave	5
C&CM sub-total				1564.3

Lead	Enabling Strategy	Classification	Description	2015/16 CIP Identified
T Bennett	Standardisation/Procurement		Negotiation of price reduction since LCL merger 12.5% potential	220
T Bennett	Pathway Redisgn		EPR protocols estimated savings	100
G Gow/D Forrest	Standardisation/Procurement		Triofibrin off patent in 2015/16 - from Cardiology Drugs	8
G Gow	Income		Surplus Income for St Josephs Hospice -estimated at £11k p.a.	11
M Rayton	Workforce		1.00 wte B3 to retire Part year 15/16 not to be replaced date - last quarter cost only PYE	5
M Rayton	Workforce		1.00 B5 reduced 1 day not to be replaced	4
M Rayton	Standardisation/Procurement		Stock Control in department	1
M Rayton	Pathway Redisgn		New electronic Consent forms replacing paper	3
M Rayton	Workforce		FYE of MARS scheme	2
E Lloyd	Standardisation/Procurement		estimated reduction in payments for travel for ON-call - TRUST wide review	TBC
E Lloyd	Workforce		Staff realignment B8b to F/T from 1.00 B5 -(A Dyson 2015/16)	8
E Lloyd	Workforce		reduce Double time payments on Sundays - TRUST Wide review	TBC
E Lloyd	Income		excess income generation from community PR Expansion (prorata cost £156k, income £184k)	27
E Lloyd	Standardisation/Procurement		Printing Costs in PR clinics	2
E Lloyd	Income		Education Income	TBC
E Lloyd	Standardisation/Procurement		Community PR Savings on taxi's - on SWITCHBOARD	4
G Gow	Pathway Redisgn		Saving on Drug waste - split Card Management & Surg Management	10
G Gow/Ruth Clark	Income		Health research trial - PANDA trial income 2015/16	22
J Gana/T Bennett	Income		P R - additional income from patient trial 2015/16	TBC
	Unallocated £1,042k		Unallocated £1,042k Pay	29
	Unallocated £1,042k		Unallocated £1,042k NonPay	18
	Non Pay £760k Allocation		Non Pay £760k Allocation	37
	Sickness Review £500k		Sickness Review £500k	155
	Job planning £250k		Job planning £250k	84
	Admin Review £200k		Admin Review £200k	21
	Workforce		Purchase of Annual Leave	2
	Pathway Redesign		Outsourcing of simple reporting	TBC
	Workforce		FYE of MARS scheme	29
	Workforce		Radiology Dept restructure	100
Sandra Roberts	Standardisation/Procurement		Non Pay	111
Clinical Support Services sub-total				1011.4

Lead	Enabling Strategy	Classification	Description	2015/16 CIP Identified
S Hindley/ S Doran	Standardisation/Procurement		Negotiated £20k incentive to extend contract with Medirest	22
D Sanderson	Standardisation/Procurement		Utilities and Maintenance	45
D Sanderson	Standardisation/Procurement		Maintenace Programme	7
Julie Perkin	Workforce		FYE of MARS scheme	3
S Hindley	Workforce		FYE of MARS scheme	2
Julie Perkin	Workforce		FYE of MARS scheme	2
S Hindley	Workforce		FYE of MARS scheme	6
D Sanderson	Workforce		FYE of MARS scheme	6
S Hindley	Standardisation/Procurement		Saving on Taxis tigher controls - after MIAA report	20
S Hindley	Standardisation/Procurement		Saving on Laundry contract	0
	Unallocated £1,042k		Unallocated £1,042k Pay	39
	Unallocated £1,042k		Unallocated £1,042k NonPay	24
	Unallocated £1,042k		Unallocated £1,042k Pay	29
	Unallocated £1,042k		Unallocated £1,042k NonPay	18
	Non Pay £760k Allocation		Non Pay £760k Allocation	67
	Non Pay £760k Allocation		Non Pay £760k Allocation	19
	Sickness Review £500k		Sickness Review £500k	6
	Admin Review £200k		Admin Review £200k	4
	Sickness Review £500k		Sickness Review £500k	11
	Admin Review £200k		Admin Review £200k	27
	Sickness Review £500k		Sickness Review £500k	2
	Admin Review £200k		Admin Review £200k	6
	Workforce		Purchase of Annual Leave	1
Corporate sub-total				365.8

Lead	Enabling Strategy	Classification	Description	2015/16 CIP Identified
L Lavan	Standardisation/Procurement		Interpreting Services	2
L Lavan	Standardisation/Procurement		External Consutancy	75
L Lavan	Standardisation/Procurement		IT	3
D Jago	Workforce		FYE of MARS scheme	16
D Jago	Standardisation/Procurement		Reduction in Klik Health Consultancy Fees - New post in Info	8
D Jago	Workforce		Reduction in WTE	2
D Jago	Workforce		Reduction in WTE	3
M Perez	Workforce		Reduction in WTE	32
L Lavan	Workforce		FYE of MARS scheme	2
	Unallocated £1,042k		Unallocated £1,042k Pay	14
	Unallocated £1,042k		Unallocated £1,042k NonPay	9
	Unallocated £1,042k		Unallocated £1,042k Pay	18
	Unallocated £1,042k		Unallocated £1,042k NonPay	11
	Unallocated £1,042k		Unallocated £1,042k Pay	7
	Unallocated £1,042k		Unallocated £1,042k NonPay	5
	Unallocated £1,042k		Unallocated £1,042k Pay	6
	Unallocated £1,042k		Unallocated £1,042k NonPay	4
	Unallocated £1,042k		Unallocated £1,042k Pay	8
	Unallocated £1,042k		Unallocated £1,042k NonPay	5
	Unallocated £1,042k		Unallocated £1,042k Pay	1
	Unallocated £1,042k		Unallocated £1,042k NonPay	1
	Non Pay £760k Allocation		Non Pay £760k Allocation	17
	Non Pay £760k Allocation		Non Pay £760k Allocation	27
	Non Pay £760k Allocation		Non Pay £760k Allocation	9
	Non Pay £760k Allocation		Non Pay £760k Allocation	2
	Non Pay £760k Allocation		Non Pay £760k Allocation	11
	Non Pay £760k Allocation		Non Pay £760k Allocation	1
	Sickness Review £500k		Sickness Review £500k	9
	Admin Review £200k		Admin Review £200k	10
	Sickness Review £500k		Sickness Review £500k	9
	Admin Review £200k		Admin Review £200k	27
	Sickness Review £500k		Sickness Review £500k	3
	Admin Review £200k		Admin Review £200k	6
	Sickness Review £500k		Sickness Review £500k	8
	Admin Review £200k		Admin Review £200k	21
	Sickness Review £500k		Sickness Review £500k	10
	Admin Review £200k		Admin Review £200k	42
	Sickness Review £500k		Sickness Review £500k	5
	Admin Review £200k		Admin Review £200k	8
	Workforce		Purchase of Annual Leave	2
	Workforce		Purchase of Annual Leave	1
	Workforce		Purchase of Annual Leave	0
	Workforce		Purchase of Annual Leave	2
Non-clinical Support Services sub-total				461.8



Lead	Enabling Strategy	Classification	Description	2015/16 CIP Identified
Ian Curle	Standardisation/Procurement		"Mothball" GEM 4000 BGA	11.70
Ian Curle	Standardisation/Procurement		Cell saver Collection set	12.60
Ian Curle	Standardisation/Procurement		Maquet Service Contract	7.60
Ian Curle	Standardisation/Procurement		Transducers - Back up from Sandra Roberts	30.00
Ian Curle	Workforce		Perfusion - Pay - starting point on scale	13
	Standardisation/Procurement		Ward Non Pay	2
Julie Cartwright	Standardisation/Procurement		Patient Property books	1
Julie Cartwright	Standardisation/Procurement		Patient Pillows	2
Julie Cartwright	Standardisation/Procurement		Patient Slippers	1
Julie Cartwright	Standardisation/Procurement		Hibiscrub / reducing IV Paracetamol use	0
Carol Baker	Standardisation/Procurement		Medistinoscopy day cases	12
Carol Baker	Standardisation/Procurement		Staging Laparocopy Day Case	6
Carol Baker	Standardisation/Procurement		Bronchoscopy No Overnights	5
Carol Baker	Standardisation/Procurement		Pharmacy More Regular Checks	3
Lisa Tierney	Standardisation/Procurement		Procedure Packs	69
Lisa Tierney	Standardisation/Procurement		Sutures	15
Lisa Tierney	Standardisation/Procurement		Gloves	5
Lisa Tierney	Standardisation/Procurement		Gowns	2
Lisa Tierney	Standardisation/Procurement		Eco-sacks	1
Lisa Tierney	Standardisation/Procurement		Tray liners	28
Lisa Tierney	Standardisation/Procurement		Surgical Clippers	2
Lisa Tierney	Standardisation/Procurement		Trocars	1
Lisa Tierney	Standardisation/Procurement		Clogs	1
Lisa Tierney	Standardisation/Procurement		Waste Management Programme	tbc
Lisa Tierney	Standardisation/Procurement		Decontamination	20
	Standardisation/Procurement		TAVI	150
	Unallocated £1,042k		Unallocated £1,042k Pay	180
	Unallocated £1,042k		Unallocated £1,042k Drugs	29
	Unallocated £1,042k		Unallocated £1,042k NonPay	113
	Non Pay £760k Allocation		Non Pay £760k Allocation	230
	Sickness Review £500k		Sickness Review £500k	126
	Job planning £250k		Job planning £250k	63
	Admin Review £200k		Admin Review £200k	13
	Workforce		Purchase of Annual Leave	2
SACC sub-total				1156.4

Pre Audit 31st March 2015 £000		Previous Month			Current Month			
		31st May 2015 Plan YTD £000	31st May 2015 Actual YTD £000	Variance to Plan YTD £000	30th Jun 2015 Plan YTD £000	30th Jun 2015 Actual YTD £000	Variance to Plan YTD £000	Movement for Year YTD £000
	<b>Non Current Assets</b>							
790	Non-Current Assets - Intangible Assets	790	764	(26)	790	751	(39)	(39)
75,030	Non-Current Assets - Tangible Assets	75,036	75,051	16	75,038	74,945	(94)	(85)
24	Non-Current Assets - Financial Assets	24	24	0	24	24	0	0
<b>75,844</b>	<b>Total Non Current Assets</b>	<b>75,850</b>	<b>75,839</b>	<b>(10)</b>	<b>75,852</b>	<b>75,720</b>	<b>(133)</b>	<b>(124)</b>
	<b>Current Assets</b>							
2,380	Inventories	2,939	3,458	520	2,967	3,153	186	773
	<b>Trade and Other Receivables:</b>							
3,601	NHS Receivables	4,017	3,726	(291)	2,746	2,551	(195)	(1,050)
1,708	Non NHS Trade Receivables	1,735	1,688	(47)	1,748	1,603	(145)	(105)
1,490	Other Receivables	690	1,787	1,097	640	1,491	851	1
(1,220)	Provision for the Impairment of Receivables	(1,220)	(1,220)	0	(1,220)	(677)	543	543
126	Accrued Income	2,626	1,835	(791)	2,126	2,465	339	2,339
0	PDC Dividend overpayment	0	0	0	0	0	0	0
425	Prepayments	1,225	1,640	415	1,125	1,865	740	1,440
12,333	Cash & Cash Equivalents	5,684	7,961	2,276	8,046	7,227	(819)	(5,106)
6	Non Current Assets Held for Sale	6	6	0	6	6	0	0
<b>20,849</b>	<b>Total Current Assets</b>	<b>17,702</b>	<b>20,882</b>	<b>3,180</b>	<b>18,184</b>	<b>19,684</b>	<b>1,499</b>	<b>(1,165)</b>
<b>96,693</b>	<b>Total Assets</b>	<b>93,552</b>	<b>96,721</b>	<b>3,170</b>	<b>94,037</b>	<b>95,403</b>	<b>1,367</b>	<b>(1,290)</b>
	<b>Trade and Other Payables:-</b>							
(1,380)	Deferred Income	(2,000)	(1,579)	420	(2,285)	(867)	1,418	513
(1,199)	Provisions	(1,149)	(1,195)	(46)	(1,099)	(1,188)	(89)	11
(4,967)	NHS Payables - Revenue	(3,981)	(7,642)	(3,661)	(4,113)	(6,579)	(2,466)	(1,612)
	Non NHS Trade Payables - Revenue			0			0	0
(2,020)	Other Payables (Tax,payroll deductions)	(2,108)	(2,024)	84	(2,108)	(2,060)	48	(40)
(2,536)	Non NHS Trade Payables - Capital	(1,090)	(1,144)	(53)	(933)	(957)	(24)	1,579
(7,354)	Accruals	(6,023)	(5,943)	80	(6,097)	(6,462)	(365)	892
(135)	Borrowings	(136)	(136)	(0)	(137)	(137)	(0)	(2)
(80)	PDC Dividend	(446)	(446)	0	(629)	(629)	(0)	(549)
<b>1,178</b>	<b>Net Current Assets/ (Liabilities)</b>	<b>770</b>	<b>773</b>	<b>4</b>	<b>783</b>	<b>806</b>	<b>23</b>	<b>(372)</b>
<b>77,022</b>	<b>Total Assets less Current Liabilities</b>	<b>76,619</b>	<b>76,612</b>	<b>(7)</b>	<b>76,635</b>	<b>76,526</b>	<b>(110)</b>	<b>(496)</b>
(983)	Deferred Income	(983)	(983)	(0)	(983)	(983)	(0)	(0)
(98)	Provisions	(98)	(100)	(2)	(96)	(100)	(4)	(2)
(403)	Borrowings	(380)	(379)	1	(368)	(368)	0	35
<b>75,538</b>	<b>Total Assets Employed</b>	<b>75,158</b>	<b>75,150</b>	<b>(8)</b>	<b>75,188</b>	<b>75,075</b>	<b>(113)</b>	<b>(463)</b>
63,322	Public Dividend Capital	63,322	63,322	0	63,322	63,322	0	0
13,886	Revaluation Reserve	13,886	13,886	(0)	13,886	13,886	(0)	(0)
	<b>Income and Expenditure Account</b>							
(1,670)	Retained Earnings	(2,050)	(2,058)	(8)	(2,020)	(2,133)	(113)	(463)
<b>75,538</b>	<b>Total Taxpayers Equity</b>	<b>75,158</b>	<b>75,150</b>	<b>(8)</b>	<b>75,188</b>	<b>75,075</b>	<b>(113)</b>	<b>(463)</b>

Current Trading - Cashflow Statement as at 31st June 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	5,684	7,961	2,276	12,333	12,333	0
7,022	EBITDA	628	483	-145	1,444	1,185	-259
0	Other increases/(decreases) to reconcile to profit/(loss) from operations	0	-542	-542	0	-542	-542
7,022	Operating Cashflows before movements in working Capital	628	-59	-687	1,444	643	-801
	<b>Movements in Working Capital:</b>						
16	(Increase)/Decrease in Inventories	-28	306	334	-587	-773	-186
-367	(Increase)/Decrease in Receivables (including accrued income)	1,808	927	-882	-349	-1,185	-836
107	(Increase)/Decrease in Prepayments	100	-225	-325	-700	-1,440	-740
394	Increase/(Decrease) in Payables	132	-1,027	-1,159	-766	1,651	2,418
-481	Increase/(Decrease) in Accruals	74	519	445	-1,257	-892	365
1,540	Increase/(Decrease) in Deferred Income	286	-712	-998	905	-513	-1,418
-1,371	(Increase)/Decrease in Current Provisions	-50	-8	42	-100	-11	89
-162	Increase/(Decrease) in Working Capital	2,322	-221	-2,542	-2,854	-3,162	-309
0	Increase/(Decrease) in Non Current Provisions	-2	0	2	0	2	2
6,860	Net Cash Inflow/(Outflow) from Operating Activities	2,948	-280	-3,228	-1,410	-2,517	-1,108
-8,657	Capital Expenditure (including capital payables)	-580	-490	90	-2,862	-2,722	140
-8,657	Net Cash Inflow/(Outflow) from Investing Activities	-580	-490	90	-2,862	-2,722	140
-1,797	Cashflow before Financing	2,368	-770	-3,138	-4,272	-5,240	-968
-1,874	PDC Dividends Paid	0	0	0	0	0	0
	PDC Dividends Capital received	0	0	0	0	0	0
40	Interest received on Cash Balances	3	3	0	9	10	1
-47	Interest element of Finance Leases	-4	-2	2	-12	-8	4
	Interest on Non Commercial Loans						
-218	Repayment of Loans & Leases	-11	-11	0	-33	-33	0
	Donations received in cash	8	46	38	25	165	140
-2,099	Net Cash Inflow/(Outflow) from Financing	-4	36	40	-11	134	145
-3,896	Net Cash Inflow/Outflow	2,364	-734	-3,098	-4,283	-5,106	-823
10,894	Closing Balance	8,048	7,227	-821	8,050	7,227	-823

**Current Trading - Contribution Analysis for the period to 30th June, 2015.**

**Appendix 5**

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	-13,597	-13,872	-275	9,746	10,059	312	-3,851	-3,814	37
Surgery	-8,881	-8,156	725	6,875	6,637	-237	-2,007	-1,519	488
Clinical Services	-6,993	-7,404	-411	6,271	6,707	436	-722	-697	25
Corporate Services	-367	82	448	5,399	5,017	-382	5,032	5,099	66
Reserves, unallocated CIP's	0	0	0	103	-255	-358	103	-255	-358
<b>Total EBITDA</b>	<b>-29,838</b>	<b>-29,351</b>	<b>487</b>	<b>28,395</b>	<b>28,165</b>	<b>-229</b>	<b>-1,444</b>	<b>-1,186</b>	<b>258</b>