South Tees Hospitals NHS Foundation Trust

Meeting / Committee	Board of Directors	**Meeting Date**	24 February 2015

This paper is for	Action/Decision X	Assurance X	Information X

Title	Financial position for the period ending 31 January 2015

Purpose	The purpose of this report is to advise the Board of the financial position at 31 January 2015.

Summary	The trust's underlying financial performance is in deficit, but ahead of plan at the end of January, driven predominantly by increases in the CIP programme along with an increase in income from activity delivered at lower marginal cost. CIP delivered is ahead of plan YTD and is forecast to be ahead of plan at year end.

Prepared by	Brian Simpson Head of Financial Governance and Control Val Winders Head of Financial Planning and Performance	**Presented by**	Maxime Hewitt-Smith Acting Director of Finance and Performance

Recommendation	The Board of Directors is asked to note and comment on the financial position.

Implications	Legal	Financial	Safety & Quality	Strategic	Risk & Assurance
		X		X	X

1.0 Executive Summary

Key Issue	Executive Summary	Year to date vs budget	Forecast Outturn	Action Plan
EBITDA	EBITDA was £16.7m against a plan of £11.0m for the year to date. Full year forecast EBITDA is £17.6m, £4.5m ahead of plan.	G	G	Discussions are continuing to be held with South Tees CCG, Hambleton, Richmondshire and Whitby CCG along with specialised commissioners in order to finalise and agree the year end income position of the Trust.
Underlying Surplus/(Deficit)	The Trust is reporting a £9.4m deficit which is £7.0m ahead of the YTD plan; the full year is forecast to be £12.0m, which is £6.5m ahead of plan. The main driver for the reduced deficit is an increase in the CIP programme along with an increase in income from activity delivered at lower marginal cost.	G	G	The Trust will continue to monitor its forecast outturn position as it moves towards the financial year end. Managing both income and expenditure to deliver the forecast deficit.
CIP Programme	The Trust is forecasting to achieve £24.1m CIP. The Trust has recognised £19.1m CIP YTD which is £2.1m ahead of plan.	G	G	The Trust is forecasting to be £2.3m ahead on CIP at the year end. The Trust is forecasting £24.1m of current CIP delivery however the FYE of these savings are in excess of £20.1m.
Cash and Liquidity	The Trust has received funding from the Department of Health in the form of additional Public Dividend Capital payments in February. The level of cash held by the Trust as at 31 January stands at £10.5m which is £10.0m ahead of the Recovery Plan.	G	G	The Trust is forecasting a £14.4m cash requirement in 2014/15, which was received in February. No further cash draw down will be required in this financial year. The Trust is performing both weekly and monthly cash flow forecasting to clearly identify when future funding will be required.
Capital Expenditure	Capex YTD is £16.7m which is £1.4m behind plan. The current forecast is that the Trust will achieve plan by the end of the financial year.	A	G	Capital expenditure will continue to be monitored closely with on-going capital forecasts being performed.
Continuity of Service Risk Ratings (CoSRR)	The CoSRR assesses the Capital Service Cover and Liquidity Ratio to determine a final rating. The Trust's overall CoSRR rating is 1.	G	G	The Trust has a rating of 1 for both the capital service cover and the liquidity rating. The Trust is working to deliver the challenging recovery plan submitted to monitor in September.

EBITDA/ Surplus

G	On or better than target
A	Between 0% and 5% below target
R	Greater than 5% below target

CIP Programme

G	On or better than target
A	Between 0% and 10% below target
R	Greater than 10% below target

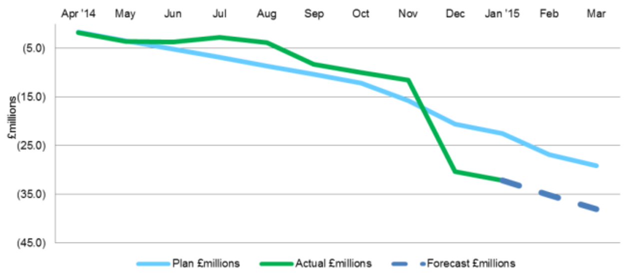
Capital Expenditure

G	Within 5% of target
A	Between 6% and 15% of target
R	Greater than 15% of target

Cash and Liquidity

G	Higher cash balance or within 10% lower than plan
A	Cash balance lower than plan by 10% up to 20%
R	Cash blance lower than plan by greater than 20%

Retained Deficit actual / forecast v plan



Clinical income: The Trust is over performing on clinical income by £2.5m and forecasting to outturn £3.5m ahead of plan.

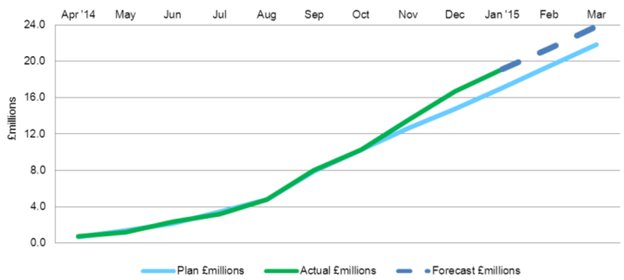
Other income: The Trust is YTD under performing on other income by (£4.8m), this is forecast to increase to a (£6.7m) under performance by the year end.

Pay: Pay expenditure YTD is £0.5m underspent. The Trust forecast is £1.8m overspent. This mainly relates to Nursing and Support.

Non pay: The Trust is underspent on non pay by £7.5m YTD. The trust forecast is £9.2m underspent. This is due to Non Clinical Supplies.

Other: Impairments are forecast to be £21.2m at the year end, £15.5m more than plan. Other non-operating expense and depreciation are currently ahead of plan by £1.3m YTD slightly offsetting the higher than expected Impairments.

CIP programme savings



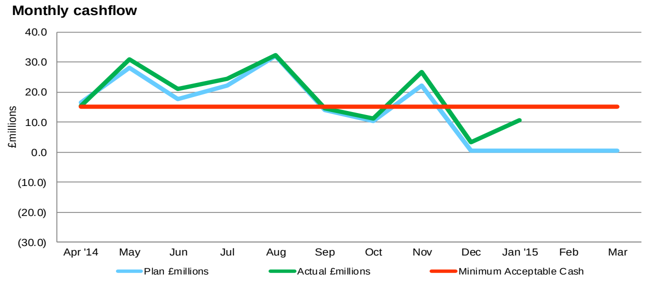
Actual YTD performance is ahead of plan by £2.1m YTD and is delivering £19.1m, 112% of plan.

CIP savings are forecast to deliver £24.1m in 2014/15. This is £2.3m more than plan.

Improved productivity and staff vacancies across a number of specialties within the Trust have realised savings.

A reduction in PDC and depreciation charges are contributing to the CIP delivery.

12 month forecast cash flow requirement

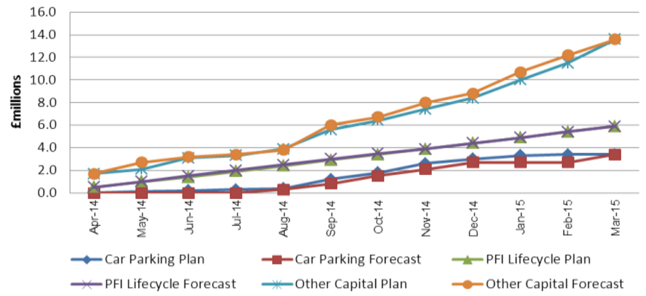


Cash and liquidity

The Trust forecast a £14.4m cash requirement in 2014/15.

External funding has been provided to the Trust in the form of additional Public Dividend Capital payments during February from the Department of Health.

Capital expenditure / plan v forecast



Capital expenditure

Projects	Capex Plan £000s	Spend in Month £000s	Spend to date £000s	Forecast for 2014/15 £000s	Forecast Variance to Plan £000s
PFI Lifecycle	5,845	486	4,870	5,845	0
Car Parking	3,350	215	2,237	2,990	(360)
Other	13,710	1,063	9,605	14,070	360
Total	22,905	1,764	16,712	22,905	0

Total spend is £1.4m behind the Trust's capital expenditure plan. The Trust is forecasting achievement of the plan in the financial year 2014/15.

Continuity of service shadow risk ratings

Risk Rating	As at 31 December 2014	As at 31 January 2015
Capital Service Cover Rating	1	1
Liquidity Rating	1	1
Continuity of Service Risk Rating (CoSRR)	**1**	**1**

Metric				December Actual	January Actual
4	3	2	1	Capital Service Cover	
2.5	1.75	1.25	<1.25	0.74	0.8
Metric				Liquidity	
4	3	2	1	-23.73	-24.89
0	-7	-14	<-14		

The continuity of service risk rating comprises two financial metrics:

1 **Liquidity:** this ratio indicates whether the provider can meet its operational cash obligations. It is measured as days of operating costs held in cash or cash equivalent form; and

2 **Capital servicing capacity:** this ratio indicates whether the provider can meet its financial obligations i.e. the degree to which the organisations generated income covers its financial obligations (including PDC dividends, interest and debt repayment and Private Finance Initiative Capital and interest payments).

Overall the CoSRR is at 1 at 31 January 2015.

2.0 Overall Financial Performance

Income & Expenditure	Year to Date Plan £m	Year to Date Actual £m	Year to Date Variance £m	Full Year Current Forecast £m	Full Year Previous Forecast £m	Full Year Forecast Change £m	Full Year Annual Plan £m	Full Year Forecast Variance £m
Clinical Income	425.9	428.4	2.5	514.8	512.9	1.9	511.3	3.5
Other Income	34.6	29.8	(4.8)	35.8	35.5	0.3	42.5	(6.7)
Total Income	**460.5**	**458.2**	**(2.3)**	**550.6**	**548.4**	**2.2**	**553.8**	**(3.2)**
Pay	(275.9)	(275.4)	0.5	(332.6)	(333.6)	1.0	(330.8)	(1.8)
Non-Pay	(151.9)	(144.4)	7.5	(174.4)	(172.4)	(2.0)	(183.6)	9.2
PFI Unitary Charge	(21.7)	(21.7)	-	(26.0)	(25.6)	(0.4)	(26.3)	0.3
Total Expenses	**(449.5)**	**(441.5)**	**8.0**	**(533.0)**	**(531.6)**	**(1.4)**	**(540.7)**	**7.7**
EBITDA	**11.0**	**16.7**	**5.7**	**17.6**	**16.8**	**0.8**	**13.1**	**4.5**
Depreciation and Interest	(20.9)	(20.2)	0.7	(24.2)	(24.1)	(0.1)	(25.1)	0.9
Other non-operating expenses	(6.5)	(5.9)	0.6	(5.4)	(5.4)	-	(6.5)	1.1
Underlying (Deficit)/Surplus	**(16.4)**	**(9.4)**	**7.0**	**(12.0)**	**(12.7)**	**0.7**	**(18.5)**	**6.5**
Restructuring Costs	(3.5)	(4.8)	(1.3)	(5.7)	(5.0)	(0.7)	(5.0)	(0.7)
Impairment	(2.6)	(17.9)	(15.3)	(21.2)	(21.4)	0.2	(5.7)	(15.5)
Retained (Deficit)/Surplus	**(22.5)**	**(32.1)**	**(9.6)**	**(38.9)**	**(39.1)**	**0.2**	**(29.2)**	**(9.7)**
Memorandum Items								
Penalties	(3.1)	(4.6)	(1.5)	(5.5)	(5.4)	(0.1)	(3.7)	(1.7)
CQUIN	7.5	7.2	(0.3)	9.8	9.2	0.6	10.8	(1.6)
CIP Programme	17.0	19.1	2.1	24.1	23.0	1.1	21.8	2.3

The green and red icons represent either an improvement green or worsening red in the forecast position compared to the previous month.

The Trust is reporting an underlying deficit of (£9.4m) at the end of month 10, which is ahead of a plan of by £7.0m. The Trust is forecasting to be ahead of plan at the end of the year by £6.5m, recognising a (£12.0m) deficit. The forecast has improved from Month 10 and the improvement is predominately driven by an overachievement on CIP and increased income delivered at a marginal cost providing a contribution to the Trust.

The Trust is forecasting to be behind plan by £9.7m at the end of the year and report a retained deficit of (£38.9m) an improvement on the previous month's forecast deficit. Impairment costs are overspent against the YTD plan by (£15.3m) and are forecast to increase to £21.2m by the year end. Restructuring costs are overspent against the YTD plan by (£1.3m). These restructuring costs include redundancy and voluntary resignation payments alongside payments to professional advisers. The Trust is forecasting to spend £5.7m during FY14/15, an increase on the previous month. This increase is due to the forecast increase in restructuring costs in 2014/15 in order to have the benefit of this upfront investment in future years. After restructuring costs and impairments the Trust is reporting a retained deficit of (£32.1m) at the end of month 10, which is behind plan by £9.6m.

Clinical income is ahead of plan by £2.5m and is forecasting to be £3.5m ahead of plan at the end of the year. The forecast does not follow the year to date trend as the forecast has been adjusted for expected winter activity variations and includes a reduction of £0.9m relating to a reduction in elective activity.

Pay is underspent YTD by £0.5m and has improved in month by £0.1m. The improvement is partially due to the continued reduced level of medical agency spend. The underlying variance is due to an overspend on nursing and offset by an underspend on medical pay. The Trust is forecasting to be (£1.8m) overspent at the end of the year due to recruitment and additional expenditure over the winter months driven by additional activity, which is off-set by additional income. In month the forecast pay position has improved by £1.0m this is due to a reduction in forecast agency spend and increase in vacancies across the Trust.

Non-pay is underspent YTD by £7.5m, this is due to underspends in non-clinical supplies. This relates to the non pay and income plans being overstated in the revised monitor plan. The non-pay underspend is forecast to improve to £9.2m by the year end. Increased activity levels are being achieved at a lower cost than estimated and this efficiency on no pay is contributing to the underspend position, reflecting the off set position of other income.

Other non-operating is ahead of plan by £0.6m and is forecast to be £1.1m ahead of plan at the year end. Depreciation and Interest are ahead of plan by £0.7m and forecast to be £0.9m ahead of plan at the year end, continuing the current year to date trend.

The Trust CIP plan is ahead of plan by £2.1m YTD and is forecasting to be ahead of the £21.8m plan by £2.3m at the end of the financial year.

3.0 Income

3.1 Summary Clinical Income by POD

The table below shows the plan resubmission to Monitor. This plan includes the previously reported over performance.

Income by POD	Year to Date			Full Year			Full Year	
	Plan £m	Actual £m	Variance £m	Current Forecast £m	Previous Forecast £m	Forecast Change £m	Annual Plan £m	Forecast Variance £m
Elective	53.9	55.0	1.1	65.5	65.4	0.1	67.1	(1.6)
Day Cases	30.0	31.7	1.7	37.9	37.9	-	38.5	(0.6)
Non-Elective	83.2	87.5	4.3	104.6	103.9	0.7	96.5	8.1
Outpatient	59.7	62.6	2.9	75.0	75.4	(0.4)	75.2	(0.2)
A&E	11.1	11.4	0.3	13.6	13.7	(0.1)	13.9	(0.3)
Maternity	15.5	14.4	(1.1)	17.2	17.3	(0.1)	17.7	(0.5)
Critical Care Services	27.2	28.1	0.9	33.7	33.0	0.7	34.8	(1.1)
Excluded Drugs & Devices	39.0	40.5	1.5	48.6	48.4	0.2	46.8	1.8
Community Services	41.5	42.0	0.5	50.4	50.4	-	50.0	0.4
Other NHS	60.4	52.6	(7.8)	64.0	63.6	0.4	65.0	(1.0)
Total Clinical Income	**421.5**	**425.8**	**4.3**	**510.5**	**509.0**	**1.5**	**505.5**	**5.0**
Emergency Marginal Tariff	(0.5)	(1.2)	(0.7)	(1.4)	(1.0)	(0.4)	(0.6)	(0.8)
Emergency Readmissions	(2.6)	(2.5)	0.1	(3.0)	(3.1)	0.1	(3.1)	0.1
Operational Penalties	-	(0.9)	(0.9)	(1.1)	(1.3)	0.2	-	(1.1)
Total Penalties	**(3.1)**	**(4.6)**	**(1.5)**	**(5.5)**	**(5.3)**	**(0.1)**	**(3.7)**	**(1.8)**
CQUIN	7.5	7.2	(0.3)	9.8	9.2	0.6	9.5	0.3
Total Clinical Income	**425.9**	**428.4**	**2.5**	**514.8**	**512.9**	**2.0**	**511.3**	**3.5**

The green and red icons represent either an improvement green or worsening red in the forecast position compared to the previous month.

Against the revised Monitor plan the Trust is over-performing by £2.5m YTD and forecasting an outturn over trade of £3.5m. The key areas of performance against the revised plan are:

- Elective income is over performing by £1.1m YTD which includes a reduction in income of (£0.9m) to reflect the reduced elective programme in January due to winter pressures. Cardiothoracic, neurosurgery and general surgery continue to be the over performing specialties.
- Non-Elective income is YTD over performing by £4.3m. The Trust is forecasting this to be a £8.1m over performance by year-end, driven by a number of contract variations and settlements at the year end.
- Outpatient YTD performance has improved in month and is now £2.9m ahead of plan, driven by increased activity.
- Day case over performance is £1.7m YTD, again driven by increased activity on day case procedures.
- The full year forecast variances against the annual plan per POD reflects the additional income in the resubmitted plan to Monitor. As previously reported, the overstating of both the income and expenditure plans in the resubmission to Monitor has resulted in significant swings in the forecast variances between PODs in income as noted above.

The Trust has estimated penalties greater than planned by (£1.5m) YTD, (£1.8m) forecast outturn. The key penalties the Trust has incurred are:

- The Trust continues to be higher than planned YTD for emergency marginal tariff by (£0.7m), forecast to be (£0.8m) at year end.
- Emergency re-admissions are currently £0.1m below plan and forecast to remain at £0.1m at year end. There is no plan to perform an audit in year but commissioners have requested one be completed for readmissions in 2015-16.
- Operational penalties. (£0.9m) YTD, include estimates for RTT of (£0.2m), ambulance handover (£0.4m), CDIF (£0.1m) and others (£0.2m) including; diagnostics and MRSA. Outpatient new to review penalty with Hambleton, Richmondshire and Whitby CCG's has declined YTD to 1:1.95 from 1:1.94 last month against a target of 1:1.9 generating £0.1m penalty YTD.

The Trust has achieved all the CQUIN targets for quarters 1 and 2 with the exception of Ambulance Handovers which is still being discussed with NHS South Tees CCG. Due to the Trust including its maximum exposure to risk of non-achievement of schemes the Trust is under performing against the revised plan YTD by (£0.3m) and forecasting over performance of £0.3m by year end. Three schemes represent the greatest risk of non-achievement; pressure ulcers, friends and family test and medical discharge. The Trust is anticipating full achievement of CQUIN targets with Durham, Darlington & Tees Area Team and North Yorkshire and Humber Area Team

3.2 Summary of Income by Commissioner

Income by Commisioner	Year to Date-Contract		Year to Date-Actual*		Year to Date-Variance		Full Year	
	Activity	Value £m	Activity	Value £m	Activity	Value £m	Annual Plan £m	Forecast Variance £m
NHS South Tees (ST) CCG								
Acute	431,940	142.4	470,373	147.5	38,433	5.1	170.4	9.8
Community	60,086	27.2	57,629	26.8	2,457	0.5	32.6	(0.6)
Associate of NHS ST CCG								
Acute	145,757	44.0	150,694	44.7	4,937	0.6	52.8	1.0
Community	998	0.2	1,216	0.3	219	0.1	0.3	0.1
NHS Hambleton et al **								
Acute	181,340	58.3	192,033	60.2	10,693	1.8	70.6	2.6
Community	-	7.7	2,301	7.7	2,301	-	9.2	0.0
Specialised								
Acute	220,698	116.6	237,020	123.4	16,322	6.8	139.7	7.3
Other								
Acute	42,209	12.6	43,690	13.0	1,481	0.4	15.1	1.1
Community	-	7.4	854	7.7	854	0.3	8.7	0.3
Other		9.5		(2.9)		(13.1)	11.9	(18.2)
Total Clinical Income	**1,083,028**	**425.9**	**1,155,810**	**428.4**	**77,697**	**2.5**	**511.3**	**3.5**

The green and red icons represent either an improvement green or worsening red in the forecast position compared to the previous month.

Contract performance

- In December the acute contract over-traded by £0.8m (2.2%). The year to date over-trade is now £13.4m (4.0%).
- The community contract under-traded in December giving a year to date under-trade of £0.1m (0.3%). £0.3m of this under-trade is from South Tees community hospitals bed days. We have an agreement that we will receive at least the planned contract level for this activity, the year to date element of this has been included in our income position.
- The combined over-trade, excluding the bed days adjustment, is £13.3m (3.6%) with a forecast outturn of £17.8m (3.6%). This forecast is £0.6m higher than the forecast last month, due to higher than expected activity in December.
- £1.8m of the over-trade is from pass-through items.
- GP/GDP referrals were 4.8% higher in December than in December last year giving a year to date position 2.0% higher than last year. Consultant referrals were the 15.1% higher in December with a year to date position 9.1% up on last year these increased referrals are contributing to the improved YTD income position.
- Other income is below plan and includes an adjustment to align the total planned clinical income to the revised Monitor plan that was submitted in quarter two.
- The Trust is continuing discussions with all commissioners regarding year end settlement.

4.0 Expenditure

4.1 Pay Expenditure

Expenditure - Pay	Year to Date			Full Year			Full Year	
	Plan £m	Actual £m	Variance £m	Current Forecast £m	Previous Forecast £m	Forecast Change £m	Annual Plan £m	Forecast Variance £m
Management And Admin	(36.8)	(36.0)	0.8	(43.8)	(43.6)	(0.2)	(44.2)	0.4
Medical And Dental	(75.5)	(73.8)	1.7	(90.0)	(90.0)	-	(90.7)	0.7
Nursing And Support	(115.8)	(118.6)	(2.8)	(144.0)	(143.9)	(0.1)	(138.9)	(5.1)
Scientific, Therapies & Tech	(38.9)	(39.0)	(0.1)	(46.8)	(46.9)	0.1	(46.8)	-
Agency Staff External	(8.9)	(8.0)	0.9	(8.0)	(9.2)	1.2	(10.2)	2.2
Total Pay Expenditure	**(275.9)**	**(275.4)**	**0.5**	**(332.6)**	**(333.6)**	**1.0**	**(330.8)**	**(1.8)**

The green and red icons represent either an improvement green or worsening red in the forecast position compared to the previous month.

- Pay expenditure YTD is £0.5m ahead of plan and the variance has improved in January. The forecast has shown an in month improvement of £1.0m overall driven by a reduction ion forecast agency spend, due to the use of less locums than planned.
- Medical and Dental is less than plan by £1.7m and is the main reason for the YTD underspend position this is due to lower levels of premium payments than anticipated.
- Nursing and Support are (£2.8m) overspent YTD partially due to increased activity this additional cost is offset against additional income received for the increased activity.
- Agency Staff External is now underspent by £0.9m and the variance has improved in January, this is due to less medical locums than anticipated.
- The Trust is forecasting a total pay overspend against plan at the year-end of £1.8m and reflects the additional expenditure expected over the winter months (off-set by additional income) and recruitment to vacancies, to support the additional activity.

4.2 Non-Pay Expenditure

Expenditure - Non-Pay	Year to Date			Full Year			Full Year	
	Plan £m	Actual £m	Variance £m	Current Forecast £m	Previous Forecast £m	Forecast Change £m	Annual Plan £m	Forecast Variance £m
Clinical Services And Supplies	(43.1)	(43.4)	(0.3)	(51.6)	(52.0)	0.4	(51.7)	0.1
Drugs	(11.6)	(11.8)	(0.2)	(14.7)	(14.8)	0.1	(14.0)	(0.7)
Excluded Drugs And Devices	(39.1)	(39.7)	(0.6)	(47.3)	(47.4)	0.1	(46.9)	(0.4)
Independent Sector	(6.2)	(5.8)	0.4	(5.3)	(5.2)	(0.1)	(7.4)	2.1
Non Clinical Supplies	(51.9)	(43.7)	8.2	(55.5)	(53.0)	(2.5)	(63.6)	8.1
Total Non-Pay Expenditure	**(151.9)**	**(144.4)**	**7.5**	**(174.4)**	**(172.4)**	**(2.0)**	**(183.6)**	**9.2**

The green and red icons represent either an improvement green or worsening red in the forecast position compared to the previous month.

- Non pay expenditure is £7.5m underspent YTD and is forecast to be £9.2m underspent at the year end. The forecast has changed in month by a worsening of £2.0m, this worsening is driven by an increase in non clinical supplies due to an increase in winter activity.
- The underspent YTD and forecast positions are due to non clinical supplies. Due to high levels of income and expenditure in quarter 1 the revised plan overstated the non-pay and income plans. This has led to large compensating variances in income and expenditure, particularly due to winter pressures.
- Increased activity levels are being achieved at a lower cost than estimated and this efficiency is contributing to the underspend position, and over achievement of planned CIP.
- Independent sector spend is currently ahead of plan by £0.4m, and by the year end is forecast to be £2.1m ahead of plan this is due to an increase of the use of the independent sector specially in relation to orthopaedics.
- Drugs is overspent YTD by (£0.2m) and is forecast to be overspent by (£0.7m) at the year end. The forecast includes additional expenditure over the winter months (off-set by additional activity based income).

4.3 Technical Items

- The Trust has spent (£4.8m) on restructuring costs YTD, this expenditure was planned and includes professional fees, redundancy payments and voluntary resignation payments. The Trust is forecasting (£5.7m) of expenditure in FY14/15 as part of the Trust's commitment to deliver additional CIP through 'continuing the journey' and the upfront investment required to ensure savings are identified for future years.
- Other non-operating costs include contingent rent on the PFI and profit/loss on disposal of assets.

4.4 Capital Expenditure

Capital Programme	Year to Date			Full Year			Full Year	
	Plan £m	Actual £m	Variance £m	Current Forecast £m	Previous Forecast £m	Forecast Change £m	Annual Plan £m	Forecast Variance £m
PFI Lifecycle Investment	(4.9)	(4.9)	-	(5.8)	(5.8)	-	(5.8)	-
Nursing Technology Fund	(1.1)	(1.1)	-	(1.2)	(1.2)	-	(1.3)	0.1
Site Reconfiguration	(1.6)	(2.1)	(0.5)	(2.8)	(2.8)	-	(2.0)	(0.8)
Information Technology	(1.0)	(0.5)	0.5	(1.1)	(1.1)	-	(1.7)	0.6
Rolling/Replacement programme	(1.8)	(1.7)	0.1	(3.9)	(3.9)	-	(3.3)	(0.6)
Car Parking	(3.2)	(2.2)	1.0	(3.0)	(3.0)	-	(3.4)	0.4
Decontamination SSD	(0.7)	(0.1)	0.6	(0.9)	(0.9)	-	(1.0)	0.1
Haematology Day Unit and Inpatient Ward	(0.5)	(0.5)	-	(0.5)	(0.5)	-	(0.7)	0.2
Additional Theatre	(0.4)	(0.5)	(0.1)	(0.5)	(0.5)	-	(0.7)	0.2
Block Allocations (Estates, ch.exec emergency, X-ray tubes)	(1.1)	(1.2)	(0.1)	(1.6)	(1.6)	-	(1.5)	(0.1)
Other Schemes	(1.8)	(1.9)	(0.1)	(1.6)	(1.6)	-	(1.5)	(0.1)
Total Capital Programme Expenditure	**(18.1)**	**(16.7)**	**1.4**	**(22.9)**	**(22.9)**	**-**	**(22.9)**	**(0.0)**

The green and red icons represent either an improvement green or worsening red in the forecast position compared to the previous month.

- The Trust is actively managing the capital programme and is funding overspending projects through efficiencies in other schemes. As per the annual plan the Trust is forecasting to incur £22.9m.
- The following spend is anticipated to be incurred during the last two months of the financial year
  - £1.8m – Rolling replacement including X-ray room building & equipment and Fluoroscopy equipment
  - £1.0m – Lifecycle replacement costs in line with contract
  - £0.8m – Information Technology including server update work and Windows 7 desktop estate
  - £0.7m – Prissick base car park works to completion
  - £0.5m – Decontamination SSD equipment for James Cook Hospital and building works at the Friarage
  - £0.2m – Chief Executives Emergency Fund that includes investment in Endoscopes
- Areas overspending on the current programme include site reconfiguration and the replacement of medical equipment.

5.0 Clinical Centre Performance

5.1 Summary Centre Performance

Clinical Centre	Year to Date Plan £m	Year to Date Actual £m	Year to Date Variance £m	Full Year Current Forecast £m	Full Year Previous Forecast £m	Full Year Forecast Change £m	Full Year Annual Plan £m	Full Year Forecast Variance £m
Integrated Medical Care	15.1	16.7	1.6	19.4	18.8	0.6	18.0	1.4
Clinical & Diagnostic	(21.7)	(21.3)	0.4	(25.6)	(26.2)	0.6	(28.3)	2.7
Trauma, Theatres & Anaes.	(1.1)	(3.0)	(1.9)	(3.9)	(3.3)	(0.6)	(0.9)	(3.0)
Tertiary	13.7	15.2	1.5	18.0	17.9	0.1	18.1	(0.1)
Surgical	29.0	31.0	2.0	37.1	36.8	0.3	34.8	2.3
Women & Children	15.4	16.4	1.0	19.2	18.7	0.5	18.7	0.5
Specialty Medicine	20.9	21.0	0.1	25.0	24.6	0.4	25.2	(0.2)
Corporate	(60.3)	(59.3)	1.0	(71.6)	(70.5)	(1.1)	(72.5)	0.9
Non Operating	(27.4)	(26.1)	1.3	(29.6)	(29.5)	(0.1)	(31.6)	2.0
Underlying (Deficit)/Surlpus	**(16.4)**	**(9.4)**	**7.0**	**(12.0)**	**(12.7)**	**0.7**	**(18.5)**	**6.5**

The green and red icons represent either an improvement green or worsening red in the forecast position compared to the previous month.

In month the performance of Trauma, Theatres & Anaesthetics has worsened and is now year to date behind plan by (£1.9m). Trauma, Theatres & Anaesthetics, Speciality Medicine and Tertiary are forecast to be behind plan at the year end, with both Speciality Medicine and Tertiary showing an in month improvement.

All other clinical centres are currently ahead of plan and are forecast to be ahead of plan at the end of the year. Non Operating is ahead of plan YTD and is forecast to be ahead of plan at the year end by £2.0m, due to reductions in depreciation and PDC dividend payments.

The Corporate centre includes all other operating expenditure not directly part of the seven clinical centres and the centre also includes all re-profiling of budgets to reconcile the internal plan to the resubmitted plan to Monitor. This includes additional clinical income and the additional CIP's relating to "Continuing the Journey" not yet allocated to the clinical centres.

5.2 Integrated Medical Care

Integrated Medical Care	Year to Date Plan £m	Year to Date Actual £m	Year to Date Variance £m	Full Year Current Forecast £m	Full Year Previous Forecast £m	Full Year Forecast Change £m	Full Year Annual Plan £m	Full Year Forecast Variance £m
Clinical Income	81.5	82.8	1.3	98.8	98.6	0.2	97.7	1.1
Other Income	2.5	2.7	0.2	3.2	3.2	0.0	3.4	(0.2)
Total Income	**84.0**	**85.5**	**1.5**	**102.0**	**101.8**	**0.2**	**101.1**	**0.9**
Pay	(51.2)	(50.4)	0.8	(60.6)	(60.8)	0.2	(61.7)	1.1
Non-Pay	(17.7)	(18.4)	(0.7)	(22.0)	(22.2)	0.2	(21.4)	(0.6)
Total Expenses	**(68.9)**	**(68.8)**	**0.1**	**(82.6)**	**(83.0)**	**0.4**	**(83.1)**	**0.5**
Other						-		
Underlying (Deficit)/Surlpus	**15.1**	**16.7**	**1.6**	**19.4**	**18.8**	**0.6**	**18.0**	**1.4**
Memorandum Items								
CIP Programme	2.1	3.0	0.9	3.2	3.0	0.2	2.5	0.7

The centre continues to be ahead of plan YTD by £1.6m. The centre is forecast to be £1.4m ahead of plan at the end of the financial year. The centre is £0.9m ahead of plan YTD on CIP delivery, an improvement on the previous month and is forecast to deliver £3.2m at the end of the year.

The centre performance is being achieved through income over performance and a pay underspend. Income over performance relates to non-elective and critical care. Critical care income improved this month following a change in case mix and the discharge of two long term patients.

The centres overspend on non-pay YTD and forecast reflects the centres activity over performance. The centre continues to incur vacancies in admin and clerical positions these being the main reason for the pay underspend.

The CIP programme is £0.9m ahead of plan YTD and is forecast to be ahead of plan at the end of the year.

5.3 Clinical and Diagnostic

Clinical & Diagnostic	Year to Date			Full Year			Full Year	
	Plan £m	Actual £m	Variance £m	Current Forecast £m	Previous Forecast £m	Forecast Change £m	Annual Plan £m	Forecast Variance £m
Clinical Income	27.8	27.9	0.1	33.4	33.2	0.2	31.5	1.9
Other Income	2.9	2.5	(0.4)	3.0	2.9	0.1	3.4	(0.4)
Total Income	**30.7**	**30.4**	**(0.3)**	**36.4**	**36.1**	**0.3**	**34.9**	**1.5**
Pay	(39.8)	(38.6)	1.2	(46.3)	(46.5)	0.2	(48.0)	1.7
Non-Pay	(12.6)	(13.1)	(0.5)	(15.7)	(15.8)	0.1	(15.2)	(0.5)
Total Expenses	**(52.4)**	**(51.7)**	**0.7**	**(62.0)**	**(62.3)**	**0.3**	**(63.2)**	**1.2**
Other						-		
Underlying (Deficit)/Surlpus	**(21.7)**	**(21.3)**	**0.4**	**(25.6)**	**(26.2)**	**0.6**	**(28.3)**	**2.7**
Memorandum Items								
CIP Programme	1.2	2.4	1.2	2.7	2.6	0.1	1.5	1.2

The centre is underspent YTD by £0.4m and is forecasting to be £2.7m underspent, an improvement on the previous month, driven by savings in pay expenditure due to maternity leave in the centre.

The centre has a YTD and forecast underspend that is driven by significant vacancies across Scientific, Therapies Technical and a number of employees on maternity leave contributing to the savings.

Pay underspends are offset by an overall income underperformance. Clinical income is slightly ahead of plan by £0.1m driven by and over performance on Radiology Direct Access activity and Radiology Unbundled Diagnostic Imaging.

Other income is behind plan due to a historic pathology income target which will not be achieved by the year end as shown in the forecast. Overall income is forecast to be £1.9m ahead of plan at the year end, driven by additional income due to increased activity over the winter months.

The CIP programme is ahead of plan by £1.2m YTD and is forecast to be ahead at the end of the year by £1.2m.

5.4 Trauma, Theatres and Anaesthetics

Trauma, Theatres & Anaes.	Year to Date			Full Year			Full Year	
	Plan £m	Actual £m	Variance £m	Current Forecast £m	Previous Forecast £m	Forecast Change £m	Annual Plan £m	Forecast Variance £m
Clinical Income	54.6	53.4	(1.2)	64.0	64.4	(0.4)	63.2	0.8
Other Income	1.8	2.2	0.4	2.6	2.5	0.1	4.6	(2.0)
Total Income	**56.4**	**55.6**	**(0.8)**	**66.6**	**66.9**	**(0.3)**	**67.8**	**(1.2)**
Pay	(43.3)	(43.3)	-	(52.1)	(52.0)	(0.1)	(51.9)	(0.2)
Non-Pay	(14.2)	(15.3)	(1.1)	(18.4)	(18.2)	(0.2)	(16.8)	(1.6)
Total Expenses	**(57.5)**	**(58.6)**	**(1.1)**	**(70.5)**	**(70.2)**	**(0.3)**	**(68.7)**	**(1.8)**
Other						-		
Underlying (Deficit)/Surlpus	**(1.1)**	**(3.0)**	**(1.9)**	**(3.9)**	**(3.3)**	**(0.6)**	**(0.9)**	**(3.0)**
Memorandum Items								
CIP Programme	0.8	0.8	-	0.9	0.9	-	1.0	(0.1)

The centre is overspent YTD by (£1.9m), a worsening in January and is forecasting an overspend of £3.0m. This increased overspend is due to a forecast increase in the use of the independent sector for orthopaedics, driving up the overspend on non pay expenditure.

Income is behind plan by (£0.8m) YTD and overspent on non-pay YTD by (£1.1m), an increase in January. This mainly relates to elective income in orthopaedics and clinical supplies in orthopaedics and Theatres.

The forecast has changed to reflect a worsening in income and expenditure within the centre. This centre continues to be very closely monitored to identify and resolve any cost pressures and improve the underlying position.

The CIP programme is on plan YTD but is forecast to be slightly behind plan at the end of the year by (£0.1m).

5.5 Tertiary

Tertiary	Year to Date Plan £m	Year to Date Actual £m	Year to Date Variance £m	Full Year Current Forecast £m	Full Year Previous Forecast £m	Full Year Forecast Change £m	Full Year Annual Plan £m	Full Year Forecast Variance £m
Clinical Income	65.2	67.6	2.4	81.0	81.2	(0.2)	80.0	1.0
Other Income	1.7	1.7	-	2.0	2.1	(0.1)	1.9	0.1
Total Income	**66.9**	**69.3**	**2.4**	**83.0**	**83.3**	**(0.3)**	**81.9**	**1.1**
Pay	(32.3)	(32.4)	(0.1)	(38.9)	(39.0)	0.1	(38.4)	(0.5)
Non-Pay	(20.9)	(21.7)	(0.8)	(26.1)	(26.4)	0.3	(25.4)	(0.7)
Total Expenses	**(53.2)**	**(54.1)**	**(0.9)**	**(65.0)**	**(65.4)**	**0.4**	**(63.8)**	**(1.2)**
Other						-		
Underlying (Deficit)/Surlpus	**13.7**	**15.2**	**1.5**	**18.0**	**17.9**	**0.1**	**18.1**	**(0.1)**
Memorandum Items								
CIP Programme	1.4	2.0	0.6	2.2	2.2	-	1.6	0.6

The centre is performing well YTD and has a favourable variance of £1.5m. The YTD position is predominantly due to income over performance, YTD income over performance is £2.4m mainly across Cardiothoracic Surgery, Neuro Surgery and Cardiology.

The pay overspend (£0.1m) is driven by agency nursing which is being partially offset by vacancies within the centre. Non-pay expenditure is overspent YTD due to additional activity, for which income has been received.

The centre forecast to be slightly behind plan by £0.1m at the year end, due to in month forecast reductions in both clinical and other income, from reduced activity.

The CIP programme is ahead of plan by £0.6m YTD and is forecast to be ahead by £0.6m at the end of the year.

5.6 Surgical

Surgical	Year to Date Plan £m	Year to Date Actual £m	Year to Date Variance £m	Full Year Current Forecast £m	Full Year Previous Forecast £m	Full Year Forecast Change £m	Full Year Annual Plan £m	Full Year Forecast Variance £m
Clinical Income	68.5	70.5	2.0	84.7	84.6	0.1	82.4	2.3
Other Income	2.2	2.2	-	2.6	2.7	(0.1)	2.6	0.0
Total Income	**70.7**	**72.7**	**2.0**	**87.3**	**87.3**	**-**	**85.0**	**2.3**
Pay	(28.8)	(28.5)	0.3	(34.3)	(34.8)	0.5	(34.9)	0.6
Non-Pay	(12.9)	(13.2)	(0.3)	(15.9)	(15.7)	(0.2)	(15.3)	(0.6)
Total Expenses	**(41.7)**	**(41.7)**	**-**	**(50.2)**	**(50.5)**	**0.3**	**(50.2)**	**-**
Other						-		
Underlying (Deficit)/Surlpus	**29.0**	**31.0**	**2.0**	**37.1**	**36.8**	**0.3**	**34.8**	**2.3**
Memorandum Items								
CIP Programme	0.4	0.5	0.1	0.6	0.5	0.1	0.4	0.2

The centre is underspent YTD by £2.0m and is forecasting an underspend of £2.3m.

The centre continues to be ahead of plan on income and is £2.0m ahead YTD, this is as a result of additional activity to reduce RTT pressures and also as a result of increased referrals. This activity is forecast to continue with £2.3m over performance at year-end.

Non pay is (£0.3m) overspent is mainly due to cochlear activity that is included in the income over performance.

Pay is underspent YTD by £0.3m, the centre is incurring significant agency costs but is offsetting this cost via underspends on Nursing and Medical pay, this will be monitored closely for the rest of the financial year.

The CIP programme is ahead of plan by £0.1m YTD and is forecast to be ahead by £0.2m of the £0.4m target at the end of the year.

5.7 Women and Children

Women & Children	Year to Date Plan £m	Year to Date Actual £m	Year to Date Variance £m	Full Year Current Forecast £m	Full Year Previous Forecast £m	Full Year Forecast Change £m	Full Year Annual Plan £m	Full Year Forecast Variance £m
Clinical Income	51.0	50.6	(0.4)	60.6	60.6	(0.0)	61.4	(0.8)
Other Income	2.1	2.1	-	2.5	2.1	0.4	2.4	0.1
Total Income	**53.1**	**52.7**	**(0.4)**	**63.1**	**62.7**	**0.4**	**63.8**	**(0.7)**
Pay	(33.3)	(32.0)	1.3	(38.6)	(38.7)	0.1	(40.1)	1.5
Non-Pay	(4.4)	(4.3)	0.1	(5.3)	(5.3)	-	(5.0)	(0.3)
Total Expenses	**(37.7)**	**(36.3)**	**1.4**	**(43.9)**	**(44.0)**	**0.1**	**(45.1)**	**1.2**
Other						-		
Underlying (Deficit)/Surlpus	**15.4**	**16.4**	**1.0**	**19.2**	**18.7**	**0.5**	**18.7**	**0.5**
Memorandum Items								
CIP Programme	0.7	0.7	-	0.9	0.9	-	0.9	-

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The centre is underspent YTD by £1.0m and is forecasting to be £0.5m ahead of plan at the year end. The centre performance remains consistent with previous months.

Income is below plan (£0.4m) due to lower than planned births. Paediatric income is ahead of plan and is offsetting the maternity pathway reduced income. The income position is forecast to continue to a (£0.8m) under performance, driven by the income reduction from the maternity pathway. The centre is managing the centre position by maintaining a pay underspend this relates to vacancies.

The CIP is on plan and delivering £0.7m YTD. It is forecast to be on plan at the end of the year and delivering £0.9m.

5.8 Speciality Medicine

Specialty Medicine	Year to Date Plan £m	Year to Date Actual £m	Year to Date Variance £m	Full Year Current Forecast £m	Full Year Previous Forecast £m	Full Year Forecast Change £m	Full Year Annual Plan £m	Full Year Forecast Variance £m
Clinical Income	72.4	75.1	2.7	89.8	89.4	0.4	86.7	3.1
Other Income	1.0	0.6	(0.4)	0.7	0.5	0.2	1.3	(0.6)
Total Income	**73.4**	**75.7**	**2.3**	**90.5**	**89.9**	**0.6**	**88.0**	**2.5**
Pay	(23.5)	(24.1)	(0.6)	(28.8)	(28.7)	(0.1)	(28.1)	(0.7)
Non-Pay	(29.0)	(30.6)	(1.6)	(36.7)	(36.6)	(0.1)	(34.7)	(2.0)
Total Expenses	**(52.5)**	**(54.7)**	**(2.2)**	**(65.5)**	**(65.3)**	**(0.2)**	**(62.8)**	**(2.7)**
Other						-		
Underlying (Deficit)/Surlpus	**20.9**	**21.0**	**0.1**	**25.0**	**24.6**	**0.4**	**25.2**	**(0.2)**
Memorandum Items								
CIP Programme	1.0	0.9	(0.1)	1.2	1.2	-	1.2	-

The centre is underspent YTD by £0.1m, this has remained constant in January the centre is forecasting an overspend of (£0.2m).

Income is now £2.3m ahead of plan YTD. This is forecast to continue, rising to £2.5m over performance by year end. They key areas of over performance are outpatients in Gastroenterology, Haematology and Radiotherapy/Oncology.

The pay overspend is (£0.6m) and is mainly due to GP and nursing locums across community care. The centre is forecasting to mitigate this additional expenditure by offsetting this against other underspent budgets within the centre. The centre is forecast to worsen the pay position to a (£0.7m) overspend by year end.

The non-pay overspend is the biggest challenge to the centre and is (£1.6m) overspent YTD. This overspend is on drugs and clinical supplies. Non clinical supplies relate to prime contracts, patient transport and rent/rates at the health centres. This overspend is forecast to continue but at a reduced rate for the remaining part of the year. The forecast is a (£2.0m) overspent.

The CIP programme is (£0.1m) behind plan YTD but is forecast to be on plan at the end of the year.

5.9 Corporate

Corporate	Year to Date			Full Year			Full Year	
	Plan £m	Actual £m	Variance £m	Current Forecast £m	Previous Forecast £m	Forecast Change £m	Annual Plan £m	Forecast Variance £m
Clinical Income	4.9	0.4	(4.5)	2.7	1.1	1.6	8.4	(5.7)
Other Income	20.4	15.8	(4.6)	19.0	19.3	(0.3)	22.9	(3.9)
Total Income	**25.3**	**16.2**	**(9.1)**	**21.7**	**20.4**	**1.3**	**31.3**	**(9.6)**
Pay	(23.7)	(26.1)	(2.4)	(33.0)	(33.1)	0.1	(27.7)	(5.3)
Non-Pay	(61.9)	(49.4)	12.5	(60.3)	(57.8)	(2.5)	(76.1)	15.8
Total Expenses	**(85.6)**	**(75.5)**	**10.1**	**(93.3)**	**(90.9)**	**(2.4)**	**(103.8)**	**10.5**
Other						-		
Underlying (Deficit)/Surlpus	**(60.3)**	**(59.3)**	**1.0**	**(71.6)**	**(70.5)**	**(1.1)**	**(72.5)**	**0.9**
Memorandum Items								
CIP Programme	9.4	8.8	(0.6)	11.7	11.7	-	12.7	(1.0)

The table collates all other operating expenditure in the Trust and relates to all Corporate Directorates.

The corporate centre is ahead of plan by £1.0m YTD.

The income and expenditure position reflects the additional income and expected expenditure in the resubmitted plan to Monitor but has not been adjusted in the centre plans. The overstating of the income and expenditure plans in the resubmission to monitor have resulted in significant YTD and forecast variances in income and non-pay.

The income under performance of (£9.1m) can be partially offset by the Centres costs being behind plan by £10.1m

The CIP programme plan includes some of the “Continuing the Journey” CIP’s not allocated to centres.

6.0 Statement of Financial Position (SoFP)

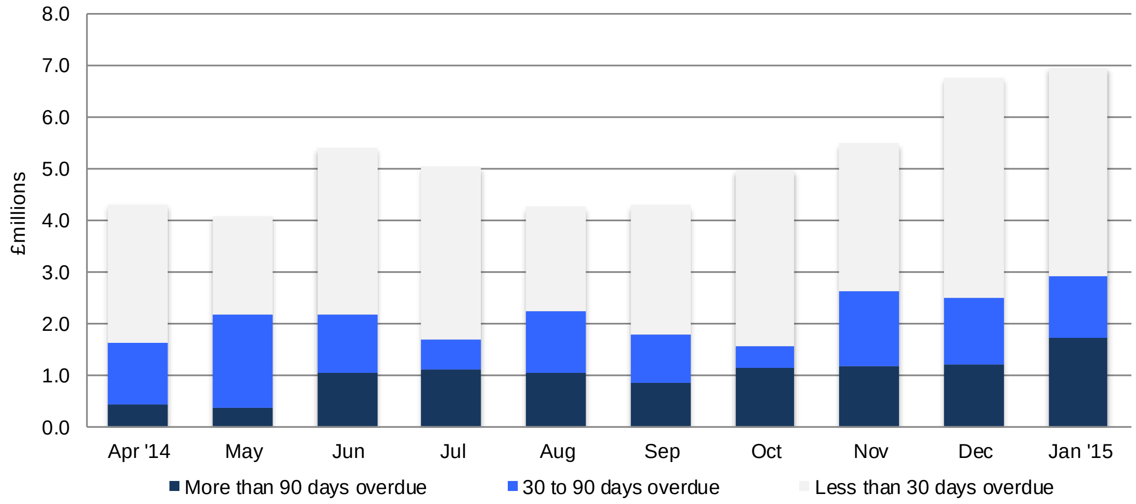
6.1 SoFP

Statement of Financial Position	Year to Date Plan £m	Year to Date Actual £m	Year to Date Variance £m	Full Year Current Forecast £m	Full Year Previous Forecast £m	Full Year Forecast Change £m	Full Year Annual Plan £m	Full Year Forecast Variance £m
Non-Current Assets								
PFI	182.1	152.6	(29.5)	150.8	150.8	-	183.4	32.6
Non-PFI	70.5	68.5	(2.0)	68.1	67.9	(0.2)	69.5	1.4
Trade and Other Receivables	1.8	1.6	(0.2)	1.8	1.8	-	1.8	-
Total Non-Current Assets	254.4	222.7	(31.7)	220.7	220.5	(0.2)	254.7	34.1
Current Assets								
Inventories	7.9	8.0	0.1	7.8	7.8	-	7.8	-
Trade and Other Receivables	7.7	10.3	2.6	10.9	10.9	-	10.9	-
Prepayments & Accrued Income	26.4	26.3	(0.1)	25.4	25.4	-	21.0	(4.4)
Cash and Cash Equivalents	0.5	10.5	10.0	0.5	0.5	-	0.5	-
Total Current Assets	42.5	55.1	12.6	44.5	44.5	-	40.1	(4.4)
Total Assets	296.9	277.8	(19.1)	265.2	265.0	(0.2)	294.8	29.7
Current Liabilities								
Trade and Other Payables	(38.6)	(37.7)	0.9	(37.2)	(37.2)	-	(37.2)	-
Interest Bearing Borrowings & Finance Leases	(4.4)	(4.7)	(0.3)	(4.4)	(4.4)	-	(4.4)	-
PFI Finance Leases	(3.6)	(3.6)	-	(3.7)	(3.7)	-	(3.7)	-
Other Financial Liabilities	(22.4)	(27.8)	(5.4)	(12.2)	(12.2)	-	(12.2)	-
Provisions	(0.5)	(0.5)	-	(0.5)	(0.5)	-	(0.5)	-
Total Current Liabilities	(69.5)	(74.3)	(4.8)	(58.0)	(58.0)	-	(58.0)	-
Total Assets less Current Liabilities	227.4	203.5	(23.9)	207.2	207.0	(0.2)	236.8	29.7
Non-Current Liabilities								
Trade and Other Payables	-	-	-	-	-	-	-	-
Interest Bearing Borrowings & Finance Leases	(29.8)	(32.4)	(2.6)	(29.5)	(29.5)	-	(29.5)	-
PFI Finance Leases	(106.5)	(106.5)	-	(105.5)	(105.5)	-	(105.5)	-
Other Financial Liabilities	-	-	-	-	-	-	-	-
Provisions	(1.8)	(1.7)	0.1	(1.7)	(1.7)	-	(1.7)	-
Total Non-Current Liabilities	(138.1)	(140.6)	(2.5)	(136.7)	(136.7)	-	(136.7)	-
Total Assets Employed	**89.3**	**62.9**	**(26.4)**	**70.5**	**70.3**	**(0.2)**	**100.1**	**29.7**
Financed by Taxpayers' Equity:								
Public Dividend Capital	155.4	155.4	-	169.8	169.8	-	172.9	3.1
Income and Expenditure Reserve	(127.3)	(136.9)	(9.6)	(143.7)	(143.9)	(0.2)	(134.0)	9.7
Revaluation Reserve	34.7	17.9	(16.8)	17.9	17.9	-	34.7	16.8
Other Reserves	26.5	26.5	-	26.5	26.5	-	26.5	-
Total Taxpayers' Equity	**89.3**	**62.9**	**(26.4)**	**70.5**	**70.3**	**(0.2)**	**100.1**	**29.6**

The green and red icons represent either an improvement green or worsening red in the forecast position compared to the previous month.

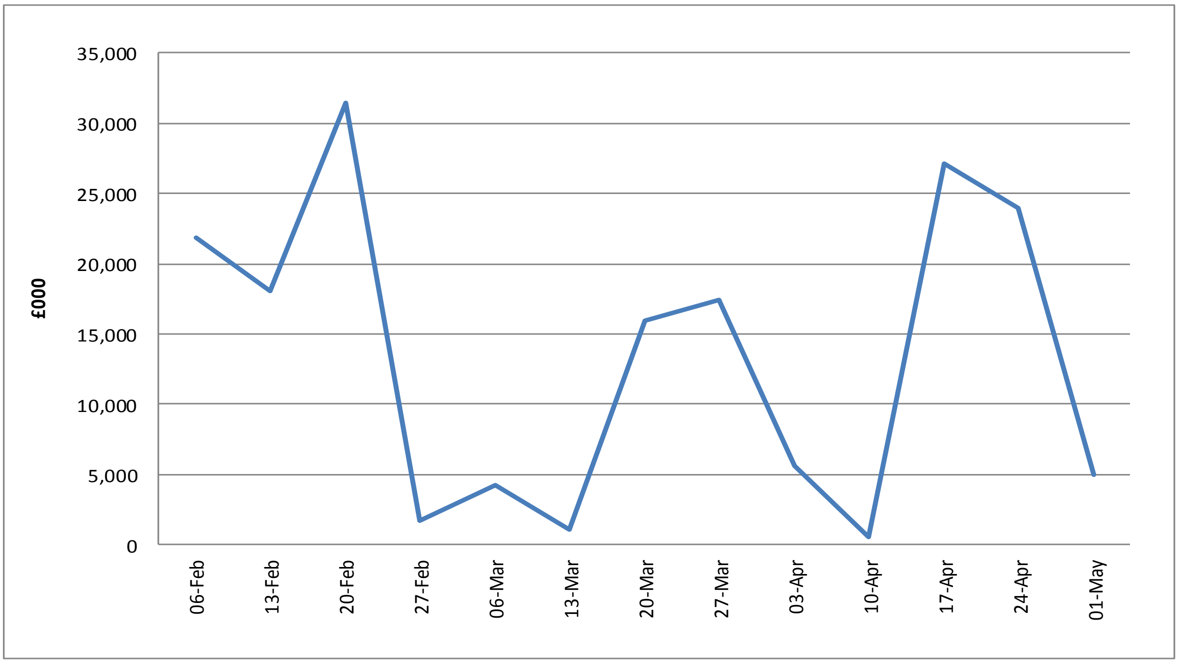
- Cash balance reduces to £0.5m as the Trust draws down PDC from the DoH to fund on-going operations.
- Public Dividend Capital reserve increases by £14.4m which reflects the cash requirement for the Trust from the DoH which was received during the first week of February.
- The Trust's I&E reserve improves due to the in-month surplus.
- The forecast change on the balance sheet is due to an increase in impairments.

6.2 Aged Debt



- Aged debt represents a low risk to the Trust. Of the £1.7m over 90 days outstanding, the only significant age debt relates to £0.4m from County Durham and Darlington FT for Neonatal hearing screening services (£0.2m) and consultant recharges (£0.2m), £0.2m from NHS Property Services for community based porter and admin recharges and £0.2m from North Tees and Hartlepool FT for maternity pathway and community dental sessions. Further work will be undertaken on aged debt in February to reduce the value outstanding prior to the year end.
- Of the £1.2m of 30 to 90 days overdue, the only significant aged debts relate to £0.4m from NHS England for cancer drug funding and £0.1m from County Durham and Darlington FT for consultant recharges.

6.3 Cashflow



- The Trust received the first drawdown of PDC funding from the DoH during the first week of February. This will amount to £14.4m as the Trust continues to reduce cash reserves to fund the on-going deficit. It is also anticipating a second drawdown during the first week of April amounting to £10.5m to fund PFI and creditor commitments.

- The lowest point on cash balances is the first and second week of each month. The position improves following receipt of block contract income from our commissioners around the 15th, then reducing due to salary payments on the last working day of each month.

7.0 CIP and Transformation

Cost Improvement	Year to Date			Full Year			Full Year	
	Plan £m	Actual £m	Variance £m	Current Forecast £m	Previous Forecast £m	Forecast Change £m	Annual Plan £m	Forecast Variance £m
Original Schemes	9.7	10.2	0.5	12.1	12.0	0.1	11.8	0.3
Wave one workstreams	3.9	1.4	(2.5)	2.0	1.9	0.1	5.6	(3.6)
Further Workstreams	3.4	7.5	4.1	10.0	9.1	0.9	4.4	5.6
Total Cost improvement	**17.0**	**19.1**	**2.1**	**24.1**	**23.0**	**1.1**	**21.8**	**2.3**

The green and red icons represent either an improvement green or worsening red in the forecast position compared to the previous month.

- The CIP is £2.1m ahead of plan YTD and is forecast to be £2.3m ahead of plan. The forecast CIP has contributed to the improved Trusts year end forecast deficit position.
- Further workstreams are ahead of plan by £4.1m and are expected to be £5.6m ahead of plan by the end of the year.
- Wave one workstreams are (£2.5m) behind plan YTD and are forecast to be (£3.6m) behind plan at the year end.

Cost Improvement	Year to Date			Full Year			Full Year	
	Plan £m	Actual £m	Variance £m	Current Forecast £m	Previous Forecast £m	Forecast Change £m	Annual Plan £m	Forecast Variance £m
Workforce	7.4	8.2	0.8	10.0	8.9	1.1	9.1	0.9
Business Improvement	7.8	9.2	1.4	11.8	11.8	-	10.4	1.4
Medicines Management	0.2	0.4	0.2	0.5	0.5	-	0.3	0.2
Procurement	1.6	1.3	(0.3)	1.8	1.8	-	2.0	(0.2)
Total Cost improvement	**17.0**	**19.1**	**2.1**	**24.1**	**23.0**	**1.1**	**21.8**	**2.3**

- Workforce is ahead of plan by £0.8m YTD. This is being driven by managing vacancies across management and admin posts and non-recurrent savings from on-going vacancies across nursing and support.
- Procurement is behind plan by (£0.3m) YTD and is forecast to achieve £1.8m. Work has been undertaken to reduce the forecast variance by £0.3m and the procurement target is forecast to be (£0.2m) behind plan.
- Further work streams have been developed to off-set any delays in CIP delivery.
- Reduction of the elective programme over the winter months may reduce the productivity savings included in the forecast.

Cost Improvement	Year to Date			Full Year			Full Year	
	Plan £m	Actual £m	Variance £m	Current Forecast £m	Previous Forecast £m	Forecast Change £m	Annual Plan £m	Forecast Variance £m
Recurrent	14.3	13.6	(0.7)	18.1	17.3	0.8	18.6	(0.5)
Non Recurrent	2.7	5.5	2.8	6.0	5.7	0.3	3.2	2.8
Total Cost improvement	**17.0**	**19.1**	**2.1**	**24.1**	**23.0**	**1.1**	**21.8**	**2.3**

- £13.6m of the £19.1 savings are recurring savings in the YTD position. It is forecast that £18.1m of the £24.1m forecast saving will be recurrent.
- The non-recurring savings mainly relate to vacancies across the Trust, it is anticipated that following the review of all functions a number of these non-recurring savings will be converted into recurring. In month the forecast for non recurrent savings has improved by £0.8m
- The full year effect of the 2014/15 savings is forecast to be £20.1m, (£1.7m) behind plan.

Cost Improvement	Year to Date Plan £m	Year to Date Actual £m	Year to Date Variance £m	Full Year Current Forecast £m	Full Year Previous Forecast £m	Full Year Forecast Change £m	Full Year Annual Plan £m	Full Year Forecast Variance £m
Full year effect in 2015/16	14.8	16.7	1.9	20.1	19.4	0.7	21.8	(1.7)
Total Cost improvement	**14.8**	**16.7**	**1.9**	**20.1**	**19.4**	**0.7**	**21.8**	**(1.7)**

8.0 Key Financial Risks

In the table below a summary of key financial risks that the Trust is currently actively managing are noted.

These financial risks are currently not included within the Trusts financial position however the Trust does hold a small amount of contingency reserve to minimise the impact of unexpected cost. The level of contingency is in-sufficient to mitigate against the Trusts current risk profile if all risks where to crystallise.

Risk Number	Description	Mitigating Actions	Responsible Officer	Value Range £'m
1	Potential liability arising as a result of current and historic VAT treatment on utilities expenditure and car parking income.	The Trust has appointed external advisors and discussions have been held with HMRC. A HMRC ruling has been issued which does not allow VAT recovery on utilities and, in response, the Trust has submitted evidence to support our case following HMRC advice. We still await HMRC's response.	Maxime Hewitt-Smith (DDoF)	(£0.0m) - (£1.4m)
2	Below plan delivery of CQUIN. The Trust has planned to deliver 85% of the total CQUIN target of £10.6m. Particular risks to achievement relate to pressure ulcers, the friends and family test and medical discharges.	The trust has achieved all the CQUIN targets in quarter 1 and agreement has now been reached for quarter 2, with the exception of Ambulance Handovers. On-going quality improvements.	Ruth Holt (DoN)	(£0.0m) - (£1.2m)
3	Failure to receive the cash during 2014/15 from the Technical Fund in support of Clinical Investment.	Constant liaison with NHS England and involvement of Monitor in highlighting the potential impact.	Maxime Hewitt-Smith (DDoF) Simon Brownsell (Delivery & Solutions Manager)	(£0.0m) - (£1.7m)
4	Outstanding liability in relation to the PFI contract with Endeavour SCH PLC.	Continuation of discussions in relation to outstanding charges relation to variation orders on availability and service fees.	Maxime Hewitt-Smith (DDoF) Myles McQuade (Head of Estates & Facilities)	(£0.0m) - (£0.8m)
5	Additional costs incurred from the outsourcing of orthopaedic surgical procedures to the independent sector, in order for the Trust to achieve the RTT target.	Costs will be monitored with the centre to ensure all reported costs are captured and forecast.	Maxime Hewitt-Smith (DDoF) Managing Directors	(£0.0m) - (£0.4m)
			Total Trust Risk Profile	**(£0.0m - (£5.5m)**