South Tees Hospitals NHS
NHS Foundation Trust

Meeting / Committee	Board of Directors	**Meeting Date**	31 March 2015

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

Title	Financial position for the period ending 28 February 2015

Purpose	The purpose of this report is to advise the Board of the financial position at 28 February 2015.

Summary	The Trusts YTD and forecast deficit is ahead of plan but in deficit. The Trust has an £10.0m favourable variance YTD and a £8.3m favourable variance forecast. The key drivers are: • Over-delivery of CIP both recurrently and non-currently, YTD £3.5m and forecast £3.6m. • Over-performance of clinical income YTD £5.5m and forecast £8.5m delivered at lower marginal costs delivering Trust contribution. • Continuing focus on cost control. The Trust drew down £14.4m of cash through PDC and had a cash balance of £14.3m at the end of February. This was predominantly due to the timing requirements of the PFI payment and additional income received from Commissioners.

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 X	Safety & Quality	Strategic X	Risk & Assurance X

1.0 Executive Summary

Key Issue	Executive Summary	Year to date vs budget	Forecast Outturn	Action Plan
EBITDA	EBITDA was £19.4m against a plan of £10.8m for the year to date. Full year forecast EBITDA is £21.6m, £8.4m ahead of plan. The Trusts forecast has improved in month largely due to additional clinical income of £4.9m.	G	G	Discussions continue with South Tees CCG, Hambleton, Richmondshire and Whitby CCG along with specialised commissioners to finalise and agree the year end income position of the Trust. The Trust has recognised the most likely level of this in its forecast.
Underlying Surplus/(Deficit)	The Trust is reporting a (£9.2m) deficit which is £10.0m ahead of the YTD plan; the full year is forecast to be a (£10.1m) defecit, which is £8.3m ahead of plan. The main drivers for the reduced deficit are: • An increase in the CIP programme. • An increase in income from activity delivered at lower marginal cost. •Additional contract variations agreed with Commissioners as part of year end settlements.	G	G	The Trust will continue to enforce cost control during the final month of year to maintain or improve the current forecast position.
CIP Programme	The Trust is forecasting to achieve £25.4m CIP. The Trust has recognised £22.9m CIP YTD which is £3.5m ahead of plan.	G	G	The Trust is forecasting to be £3.6m ahead on CIP delivery at the year end. The full year effect of current YTD CIP savings is £21.8m and forecast to be on plan at the year end.
Cash and Liquidity	The Trust has received £14.4m cash funding from the DoH in the form of PDC in February. The level of cash held by the Trust as at 28 February stands at £14.3m which is £13.8m ahead of the Recovery Plan and largely due to: • Timing of PFI payments £9.9m. • Additional revenue cash being received from Commissioners £2.0m. • A reduction in Trust expenditure due to CIP/cost control and delays within the capital programme.	R	G	The Trust has drawn down a further £10.5m at the end of March and are looking to repay £3.0m of this before the year end to reduce the interest charges on the interim revolving working capital support facility. The Trust received a letter from Monitor notifying the Trust that any cash support will be a loan arrangement and a result of this the original £14.4m has been transferred into interim revenue and capital support. 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 £18.1m which is £2.2m behind plan. The Trust is has a number of schemes which are being closely managed to ensure delivery of the plan. The Trust is forecasting to be overspent on capex by £0.7m as a result of the Tech Fund bid for Clinical Noting.	A	G	Capital expenditure will continue to be monitored closely in the final month of the financial year, the objective remains to deliver the agreed capital plan. Daily updates are being provided to the Director of Finance who will take corrective action if required.
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

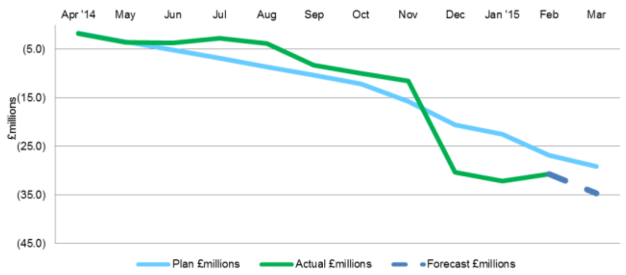
Capital Expenditure

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



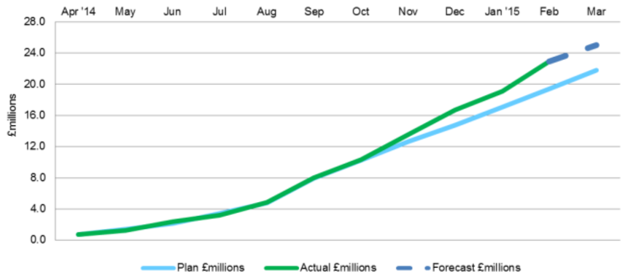
Clinical income: The Trust is over performing on clinical income by £5.5m and forecasting to outturn £8.5m ahead of plan due to additional activity and agreed year-end settlements.

Pay: Pay expenditure YTD is £0.3m underspent. The Trust forecast is £1.2m overspent, due to additional activity expected to take place in March.

Non pay: The Trust is underspent on non-pay by £8.3m YTD. The trust forecast is £8.1m underspent. This is due to Non Clinical Supplies, partially off-set by non-clinical income.

Other: Impairments are forecast to be £18.9m at the year end, £13.2m more than plan. Other non-operating expense and depreciation are currently ahead of plan by £1.4m YTD slightly offsetting the higher than expected Impairments.

CIP programme savings



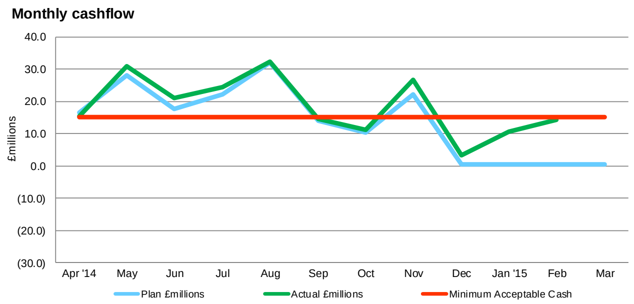
Actual YTD performance is ahead of plan by £3.5m YTD and is delivering £22.9m, 118% of plan.

CIP savings are forecast to deliver £25.4m in 2014/15. This is £3.6m more than plan.

Improved productivity, recurrent savings from staff vacancies have contributed towards the savings. A reduction in PDC and depreciation charges are also contributing to the CIP delivery.

The Trust has pulled forward workforce reduction schemes to overachieve the CIP in 2014/15.

12 month forecast cash flow requirement



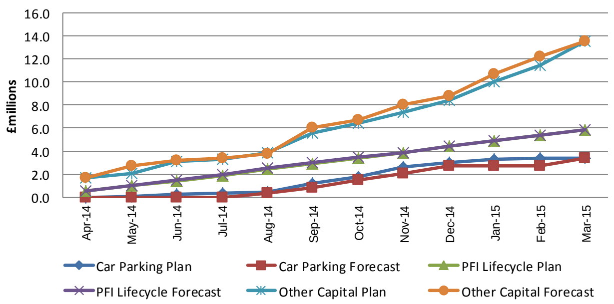
Cash and liquidity

External funding of £14.4m has been provided to the Trust in the form of interim revenue and capital support through the Department of Health. A further £10.5m has been received in the form of interim revolving working capital support at the end of March.

Trust had a cash balance ahead of the recovery plan by £13.8m. This was due to:

- Timing of PFI payments £9.9m.
- Additional revenue cash being received from Commissioners £2.0m.
- A reduction in Trust expenditure due to CIP/cost control and delays within the capital programme.

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	488	5,358	5,845	0
Car Parking	3,350	140	2,377	2,990	(360)
Other	13,710	758	10,363	14,799	1,089
Total	22,905	1,386	18,098	23,634	729

Total spend is £2.2m behind the Trust's capital expenditure plan. The Trust is forecasting that capital will be overspent by £0.7m at the year end due to the Clinical Noting scheme being fully approved and funded.

Continuity of service shadow risk ratings

Risk Rating	As at 31 January 2015	As at 28 February 2015
Capital Service Cover Rating	1	1
Liquidity Rating	1	1
Continuity of Service Risk Rating (CoSRR)	1	1

Metric				January Actual	February Actual
4	3	2	1	Capital Service Cover	
2.5	1.75	1.25	<1.25	0.8	0.85
Metric				Liquidity	
4	3	2	1	-24.89	-15.00
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 28 February 2015.

2.0 Overall Financial Performance

Income & Expenditure	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	467.7	473.2	5.5	519.8	514.8	4.9	511.3	8.5
Other Income	38.2	32.3	(5.9)	35.2	35.8	(0.5)	42.5	(7.3)
Total Income	**505.9**	**505.5**	**(0.4)**	**555.0**	**550.6**	**4.4**	**553.8**	**1.2**
Pay	(303.4)	(303.1)	0.3	(331.9)	(332.6)	0.7	(330.7)	(1.2)
Non-Pay	(167.7)	(159.4)	8.3	(175.5)	(174.4)	(1.1)	(183.6)	8.1
PFI Unitary Charge	(24.0)	(23.6)	0.4	(26.0)	(26.0)	-	(26.3)	0.3
Total Expenses	**(495.1)**	**(486.1)**	**9.0**	**(533.4)**	**(533.0)**	**(0.4)**	**(540.6)**	**7.2**
EBITDA	**10.8**	**19.4**	**8.6**	**21.6**	**17.6**	**4.0**	**13.2**	**8.4**
Depreciation and Interest	(22.9)	(22.0)	0.9	(24.1)	(24.2)	0.1	(25.1)	1.0
Other non-operating expenses	(7.1)	(6.6)	0.5	(7.6)	(5.4)	(2.2)	(6.5)	(1.1)
Underlying (Deficit)/Surplus	**(19.2)**	**(9.2)**	**10.0**	**(10.1)**	**(12.0)**	**1.9**	**(18.4)**	**8.3**
Restructuring Costs	(4.0)	(4.7)	(0.7)	(5.7)	(5.7)	-	(5.0)	(0.7)
Impairment	(3.7)	(16.8)	(13.1)	(18.9)	(21.2)	2.3	(5.7)	(13.2)
Retained (Deficit)/Surplus	**(26.9)**	**(30.7)**	**(3.8)**	**(34.7)**	**(38.9)**	**4.2**	**(29.1)**	**(5.6)**
Memorandum Items								
Penalties	-	(1.4)	(1.4)	(1.5)	(5.5)	4.0	(3.7)	(1.7)
CQUIN	8.0	8.8	0.8	10.2	9.8	0.4	10.8	(1.6)
CIP Programme	19.4	22.9	3.5	25.4	24.1	1.3	21.8	3.6

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 (£9.2m) at the end of Month 11, which is ahead of plan by £10.0m. The Trust is forecasting to be ahead of plan at the end of the year by £8.3m, recognising a (£10.1m) 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, along with a number of contract variations and year end settlements that have been and continue to be agreed with Commissioners as we move towards the year end.

The Trust is forecasting to be behind plan at a retained deficit level by £5.6m at the end of the year and report a deficit of (£34.7m) an improvement on the previous month's forecast deficit. Impairment costs are overspent against the YTD plan by (£13.1m) and are forecast to increase to (£18.9m) by the year end. The year end forecast variation for impairments has improved by £2.3m in month due to a delay on lifecycle spend, and a re-evaluation of the impact on impairments from the asset revaluation at the start of the financial year. Restructuring costs are overspent against the YTD plan by (£0.7m). 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, the same as in Month 10. After restructuring costs and impairments the Trust is reporting a retained deficit of (£30.7m) at the end of month 11, which is behind plan by £3.8m.

Clinical income is ahead of plan by £5.5m and is forecasting to be £8.5m 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 contract variations along with year end settlements with Commissioners.

Pay is underspent YTD by £0.3m a worsening in month by (£0.2m). The underlying spend is driven by a continued underspend on Medical and Dental staff along with Agency and Management and Admin. The underlying in month variance is due to an overspend on nursing that is being offset by the other underspends. The Trust is forecasting to be (£1.2m) overspent at the end of the year due to recruitment and winter pressures expenditure. In month the forecast pay position has improved by £0.7m this is due to a reduction in forecast agency spend and increase in vacancies across the Trust. This continuing cost control is enabling the Trusts continued CIP over performance.

Non-pay is underspent YTD by £8.3m 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 be £8.1m by the year end. Increased activity levels are being achieved at a lower cost than estimated and this efficiency on non-pay is contributing to the underspend position, reflecting the offset position on other income.

Other non-operating is ahead of plan by £0.5m YTD and is forecast to be (£1.1m) behind plan at the year end due to the delays in the sale of trust property. Depreciation and Interest are ahead of plan by £0.9m and forecast to be £1.0m ahead of plan at the year end, continuing the current year to date trend.

The Trust CIP plan is ahead of plan by £3.5m YTD and is forecasting to be ahead of the £21.8m plan by £3.6m 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	61.4	59.4	(2.0)	64.7	65.5	(0.8)	67.1	(2.4)
Day Cases	35.4	34.7	(0.7)	37.9	37.9	-	38.5	(0.6)
Non-Elective	90.1	95.5	5.5	104.3	104.6	(0.3)	96.5	7.8
Outpatient	69.0	68.6	(0.4)	74.8	75.0	(0.2)	75.2	(0.4)
A&E	12.8	12.3	(0.5)	13.4	13.6	(0.2)	13.9	(0.5)
Maternity	14.5	15.9	1.5	17.4	17.2	0.2	17.7	(0.3)
Critical Care Services	31.9	30.9	(1.0)	33.7	33.7	-	34.8	(1.1)
Excluded Drugs & Devices	42.3	44.7	2.5	48.9	48.6	0.3	46.8	2.1
Community Services	45.9	46.3	0.4	50.4	50.4	-	50.0	0.4
Other NHS	59.9	61.5	1.6	70.0	64.0	6.0	65.0	5.0
Total Clinical Income	**463.1**	**469.8**	**6.8**	**515.5**	**510.5**	**5.0**	**505.5**	**10.0**
Emergency Marginal Tariff	(0.5)	(1.2)	(0.7)	(1.4)	(1.4)	-	(0.6)	(0.8)
Emergency Readmissions	(2.8)	(2.8)	-	(3.0)	(3.0)	-	(3.1)	0.1
Operational Penalties	-	(1.4)	(1.4)	(1.5)	(1.1)	(0.4)	-	(1.5)
Total Penalties	**(3.3)**	**(5.4)**	**(2.1)**	**(5.9)**	**(5.5)**	**(0.4)**	**(3.7)**	**(2.2)**
CQUIN	8.0	8.8	0.8	10.2	9.8	0.4	9.5	0.7
Total Clinical Income	**467.8**	**473.2**	**5.5**	**519.8**	**514.8**	**5.0**	**511.3**	**8.5**

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 £5.5m YTD and forecasting an outturn over performance of £8.5m. The key areas of performance against the revised plan are:

- Elective income is under performing by (£2.0m) YTD. The Trust is forecasting a year-end under performance of (£2.4m). Cardiothoracic, neurosurgery and general surgery continue to be the over performing specialties while trauma and orthopaedics are the main driver for the under-performance.
- Non-Elective over performance of £5.5m YTD is driven by higher than expected levels of activity that were not expected but have been both sustained and increased. The Trust is forecasting this over performance to be £7.8m by year-end.
- Outpatient are underperforming YTD by (£0.4m) and is forecast to remain at (£0.4m) by year end.
- Day case under performance of (£0.7m) YTD is reflective of the drop in activity in December and January across all centres The Trust is forecasting an outturn under performance of (£0.6m).
- Critical care under performance of (£1.0m) is due to the revised monitor plan being based on April and May actuals which are significantly higher than the YTD average. Against the original plan there would have been an over performance of £0.5m. The Trust is forecasting a year-end underperformance of (£1.1m) against the revised Monitor plan.
- Within the forecast outturn the Trust has recognised anticipated contract variations and year end settlements of £5.0m.

The Trust has estimated penalties greater than planned of (£2.1m) YTD, (£2.2m) 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 on plan and are forecast to have a positive variance of £0.1m at year end. There is no plans to perform an audit in year but commissioners have requested one be completed for readmissions in 2015-16.
- Operational penalties of (£1.4m) YTD, include estimates for RTT of (£0.3m), ambulance handover (£0.5m), CDIF (£0.3m) and others (£0.3m) including; diagnostics and MRSA. Outpatient new to review penalty with

Hambleton, Richmondshire and Whitby CCG's has remained at 1:1.95 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. The Trust now expects to achieve the NHS safety thermometer scheme relating to pressure ulcers with the greatest risk of non-achievement now relating to the friends and family test (£0.8m) The Trust is anticipating full achievement of CQUIN targets with Cumbria, Northumberland and Tyne & Wear Area Team, 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	472,501	155.9	515,574	163.6	43,073	7.7	170.4	5.1
Community	66,094	30.0	63,392	29.4	(2,702)	(0.6)	32.6	(0.6)
Associate of NHS ST CCG								
Acute	159,505	48.2	165,212	49.1	5,707	0.9	52.8	0.8
Community	1,097	0.3	1,338	0.3	241	-	0.3	0.1
NHS Hambleton et al **								
Acute	198,610	63.8	210,833	66.4	12,223	2.6	70.6	2.7
Community	-	8.4	2,531	8.4	2,531	-	9.2	0.0
Specialised								
Acute	241,796	127.9	257,838	134.0	16,042	6.1	139.7	6.3
Other								
Acute	46,202	13.8	47,596	14.2	1,394	0.4	15.1	0.4
Community	-	8.1	939	8.5	939	0.4	8.7	0.3
Other		11.3		(0.7)		(12.0)	11.9	(6.6)
Total Clinical Income	**1,185,805**	**467.7**	**1,265,253**	**473.2**	**79,448**	**5.5**	**511.3**	**8.5**

Contract performance

- In January the acute contract over performed by £0.6m (1.6%). The year to date over performance is now £13.9m (3.7%).
- The community contract under performed in January by £0.1m (1.9%) giving a year to date under performance of £0.3m (0.6%), £0.4m of this under performance 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 so when this adjustment is made the actual position is an over performance of £0.2m (0.4%)
- The combined over performance, including the bed days adjustment, is £14.0m (3.4%) with a forecast outturn of £17.0m (3.4%). This forecast is £1.2m lower than the forecast last month.
- £2.3m of the over performance is from pass-through items offset by expenditure.
- GP/GDP referrals were 9.3% lower in January than in January last year giving a year to date position 0.8% higher than last year. Consultant referrals were the 0.5% higher in January with a year to date position 8.2% up on last year.
- The outpatient waiting list fell by 217 cases to 15,594, 103 cases higher than at the end of March last year.

4.0 Expenditure

4.1 Pay Expenditure

Expenditure - Pay	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
Management And Admin	(40.5)	(39.7)	0.8	(43.3)	(43.8)	0.5	(44.2)	0.9
Medical And Dental	(83.0)	(81.2)	1.8	(89.2)	(90.0)	0.8	(90.7)	1.5
Nursing And Support	(127.3)	(130.4)	(3.1)	(142.9)	(144.0)	1.1	(138.8)	(4.1)
Scientific, Therapies & Tech	(42.9)	(42.9)	-	(46.8)	(46.8)	-	(46.8)	-
Agency Staff External	(9.7)	(8.9)	0.8	(9.7)	(8.0)	(1.7)	(10.2)	0.5
Total Pay Expenditure	**(303.4)**	**(303.1)**	**0.3**	**(331.9)**	**(332.6)**	**0.7**	**(330.7)**	**(1.2)**

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 £0.3m ahead of plan and the variance has slightly decreased in February. The forecast has shown an in month improvement of £0.7m overall driven by a reduction in Nursing and Support pay.
- Medical and Dental is less than plan by £1.8m and is the main reason for the YTD underspend position. This is due to lower levels of premium payments than anticipated, tight cost control and increased productivity.
- Nursing and Support are (£3.1m) overspent YTD partially due to increased activity and winter pressures. This additional cost is offset against additional income received for the increased activity.
- Agency Staff External is now underspent by £0.8m and the variance has improved in February, this is due to the use of less medical locums than anticipated and continuing cost control across the Trust.
- The Trust is forecasting a total pay overspend against plan at the year-end of £1.2m due to recruitment to vacancies and year end contingencies, to support the additional activity and winter pressures noted across the Trust and shown by increased income levels.

4.2 Non-Pay Expenditure

Expenditure - Non-Pay	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 Services And Supplies	(47.4)	(47.7)	(0.3)	(51.4)	(51.6)	0.2	(51.7)	0.3
Drugs	(12.8)	(12.9)	(0.1)	(14.6)	(14.7)	0.1	(14.0)	(0.6)
Excluded Drugs And Devices	(43.0)	(43.8)	(0.8)	(47.8)	(47.3)	(0.5)	(46.9)	(0.9)
Independent Sector	(6.8)	(6.6)	0.2	(7.1)	(5.3)	(1.8)	(7.4)	0.3
Non Clinical Supplies	(57.7)	(48.4)	9.3	(54.6)	(55.5)	0.9	(63.6)	9.0
Total Non-Pay Expenditure	**(167.7)**	**(159.4)**	**8.3**	**(175.5)**	**(174.4)**	**(1.1)**	**(183.6)**	**8.1**

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 £8.3m underspent YTD and is forecast to be £8.1m underspent at the year end. The forecast has changed in month worsening by £1.1m. This worsening is driven by an increase in non clinical supplies due to an increase in winter activity noticed over previous months.
- The underspent YTD and forecast positions relate 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 £0.2m, and by the year end is forecast to be £0.3m ahead of plan this is due to an increase of the use of the independent sector specifically in relation to orthopaedics and the drive by the Trust and Commissioners to meet patient waiting time requirements with this being delivered at a lower marginal cost.
- Drugs is overspent YTD by (£0.1m) and is forecast to be overspent by (£0.6m) at the year end. The year to date actual includes additional expenditure over the winter months (off-set by additional activity based income).

4.3 Technical Items

- The Trust has spent (£4.7m) 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	(5.4)	(5.4)	-	(5.8)	(5.8)	-	(5.8)	-
Nursing Technology Fund	(1.1)	(1.1)	-	(1.1)	(1.2)	0.1	(1.3)	0.2
Site Reconfiguration	(1.8)	(2.2)	(0.4)	(2.5)	(2.8)	0.3	(2.0)	(0.5)
Information Technology	(1.3)	(0.8)	0.5	(2.3)	(1.1)	(1.2)	(1.7)	(0.6)
Rolling/Replacement programme	(2.6)	(1.9)	0.7	(4.1)	(3.9)	(0.2)	(3.3)	(0.8)
Car Parking	(3.4)	(2.4)	1.0	(3.0)	(3.0)	-	(3.4)	0.4
Decontamination SSD	(0.7)	(0.3)	0.4	(0.7)	(0.9)	0.2	(1.0)	0.3
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)	(1.2)	(1.2)	-	(1.4)	(1.6)	0.2	(1.5)	0.1
Other Schemes	(1.9)	(1.8)	0.1	(1.7)	(1.6)	(0.1)	(1.5)	(0.2)
Total Capital Programme Expenditure	**(20.3)**	**(18.1)**	**2.2**	**(23.6)**	**(22.9)**	**(0.7)**	**(22.9)**	**(0.7)**

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

- The Trust has actively managed the capital programme and has funded project overspends through efficiencies delivered by other schemes. The Trust is forecasting to spend £23.6m in 2014/15.
- It is anticipated that the following spend will be incurred during the last month of the financial year
  - £2.2m – Rolling replacement including X-ray room building & equipment, defibrillators & ventilators.
  - £0.4m – Lifecycle replacement costs in line with contract.
  - £1.0m – Information Technology including server update work and Clinical Noting Software.
  - £0.6m – Prissick base car park works to completion.
  - £0.4m – Decontamination SSD equipment for James Cook Hospital and the Friarage.
  - £0.2m – Chief Executives Emergency Fund replacement including investment in Endoscopes.
- Areas overspending on the current programme against the Annual Plan include site reconfiguration, Information Technology as a result of additional Clinical Noting funding and the replacement of medical equipment.

5.0 Clinical Centre Performance

5.1 Summary Centre Performance

Clinical Centre	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	
Integrated Medical Care	16.3	18.5	2.2	20.5	19.4	1.1	17.8	2.7	
Clinical & Diagnostic	(23.7)	(22.9)	0.8	(24.9)	(25.6)	0.7	(25.9)	1.0	
Trauma, Theatres & Anaes.	(0.8)	(3.4)	(2.6)	(3.5)	(3.9)	0.4	(0.5)	(3.0)	
Tertiary	15.0	16.1	1.1	17.8	18.0	(0.2)	16.5	1.3	
Surgical	31.6	33.6	2.0	37.1	37.1	-	35.0	2.1	
Women & Children	16.8	18.0	1.2	19.9	19.2	0.7	18.6	1.3	
Specialty Medicine	22.8	23.1	0.3	25.6	25.0	0.6	25.3	0.3	
Corporate	(67.2)	(63.6)	3.6	(70.9)	(71.6)	0.7	(73.6)	2.7	
Non Operating	(30.0)	(28.6)	1.4	(31.7)	(29.6)	(2.1)	(31.6)	(0.1)	
Underlying (Deficit)/Surlpus	**(19.2)**	**(9.2)**	**10.0**	**(10.1)**	**(12.0)**	**1.9**	**(18.4)**	**8.3**	

In month the performance of Trauma, Theatres & Anaesthetics has worsened and is now year to date behind plan by (£2.6m), all other centres are YTD ahead of plan. Trauma, Theatres & Anaesthetics is the only Centre that is forecast to be behind plan at the year end, all other centres are forecasting to be ahead of the original planed outturn.

Non Operating is ahead of plan YTD and is forecast to be behind plan at the year end by (£0.1m), due to reductions in depreciation, PDC payments and the delayed sale of trust property.

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			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	90.4	92.1	1.7	100.9	98.8	2.1	98.5	2.4	
Other Income	2.2	2.3	0.1	2.5	3.2	(0.7)	2.4	0.1	
Total Income	**92.6**	**94.4**	**1.8**	**103.4**	**102.0**	**1.4**	**100.9**	**2.5**	
Pay	(56.7)	(55.6)	1.1	(60.7)	(60.6)	(0.1)	(61.7)	1.0	
Non-Pay	(19.6)	(20.3)	(0.7)	(22.2)	(22.0)	(0.2)	(21.4)	(0.8)	
Total Expenses	**(76.3)**	**(75.9)**	**0.4**	**(82.9)**	**(82.6)**	**(0.3)**	**(83.1)**	**0.2**	
Other						-			
Underlying (Deficit)/Surlpus	**16.3**	**18.5**	**2.2**	**20.5**	**19.4**	**1.1**	**17.8**	**2.7**	
Memorandum Items									
CIP Programme	2.2	3.3	1.1	3.3	3.2	0.1	2.5	0.8	

The centre continues to be ahead of plan YTD by £2.2m. The centre is forecast to be £2.7m ahead of plan at the end of the financial 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 a number of long term patients.

The centre is overspent on non-pay YTD and the forecast reflects the centres activity over performance. The YTD pay underspend of (£1.1m) is driven from savings incurred in nursing pay expenditure from the in year closure of a number of beds in key wards and community hospitals.

The CIP programme is £1.1m 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 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	30.9	31.1	0.2	34.0	33.4	0.6	33.4	0.6
Other Income	3.2	2.8	(0.4)	3.1	3.0	0.1	3.5	(0.4)
Total Income	**34.1**	**33.9**	**(0.2)**	**37.1**	**36.4**	**0.7**	**36.9**	**0.2**
Pay	(44.0)	(42.4)	1.6	(46.2)	(46.3)	0.1	(47.9)	1.7
Non-Pay	(13.8)	(14.4)	(0.6)	(15.8)	(15.7)	(0.1)	(14.9)	(0.9)
Total Expenses	**(57.8)**	**(56.8)**	**1.0**	**(62.0)**	**(62.0)**	**-**	**(62.8)**	**0.8**
Other						-		
Underlying (Deficit)/Surlpus	**(23.7)**	**(22.9)**	**0.8**	**(24.9)**	**(25.6)**	**0.7**	**(25.9)**	**1.0**
Memorandum Items								
CIP Programme	1.4	2.6	1.2	2.8	2.7	0.1	1.5	1.3

The centre is underspent YTD by £0.8m and is forecasting to be £1.0m underspent, driven by savings in pay expenditure across the centre along with increased income.

The centre has a YTD and forecast underspend on pay that is driven by significant vacancies across Scientific, Therapies Technical and pay underspends are offset by an overall income underperformance. Clinical income is slightly ahead of plan by £0.2m 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 £0.2m ahead of plan at the year end, driven by additional income due to increased activity.

The CIP programme is ahead of plan by £1.2m YTD and is forecast to be ahead at the end of the year by £1.3m.

5.4 Trauma, Theatres and Anaesthetics

Trauma, Theatres & Anaes.	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	60.7	58.6	(2.1)	64.2	64.0	0.2	66.2	(2.0)
Other Income	1.9	2.4	0.5	2.6	2.6	0.0	2.1	0.5
Total Income	**62.6**	**61.0**	**(1.6)**	**66.8**	**66.6**	**0.2**	**68.3**	**(1.5)**
Pay	(48.0)	(47.7)	0.3	(52.0)	(52.1)	0.1	(52.3)	0.3
Non-Pay	(15.4)	(16.7)	(1.3)	(18.3)	(18.4)	0.1	(16.5)	(1.8)
Total Expenses	**(63.4)**	**(64.4)**	**(1.0)**	**(70.3)**	**(70.5)**	**0.2**	**(68.8)**	**(1.5)**
Other						-		
Underlying (Deficit)/Surlpus	**(0.8)**	**(3.4)**	**(2.6)**	**(3.5)**	**(3.9)**	**0.4**	**(0.5)**	**(3.0)**
Memorandum Items								
CIP Programme	0.9	0.9	-	1.0	0.9	0.1	1.0	-

The centre is overspent YTD by (£2.6m), a worsening in February 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 (£1.6m) YTD and overspent on non-pay YTD by (£1.3m), an increase in February. This mainly relates to elective income in orthopaedics and clinical supplies in orthopaedics and Theatres.

The forecast has changed to reflect a slight improvement in income and expenditure within the centre, due to additional contract variations and specific funding for winter pressures.

The CIP programme is on plan YTD and is forecast to be on behind plan at the year end.

5.5 Tertiary

Tertiary	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	71.4	73.6	2.2	80.6	81.0	(0.4)	77.2	3.4
Other Income	1.9	1.9	-	2.1	2.0	0.1	2.0	0.1
Total Income	**73.3**	**75.5**	**2.2**	**82.7**	**83.0**	**(0.3)**	**79.2**	**3.5**
Pay	(35.0)	(35.6)	(0.6)	(38.8)	(38.9)	0.1	(38.2)	(0.6)
Non-Pay	(23.3)	(23.8)	(0.5)	(26.1)	(26.1)	-	(24.5)	(1.6)
Total Expenses	**(58.3)**	**(59.4)**	**(1.1)**	**(64.9)**	**(65.0)**	**0.1**	**(62.7)**	**(2.2)**
Other						-		
Underlying (Deficit)/Surlpus	**15.0**	**16.1**	**1.1**	**17.8**	**18.0**	**(0.2)**	**16.5**	**1.3**
Memorandum Items								
CIP Programme	1.5	2.6	1.1	2.7	2.2	0.5	1.6	1.1

The centre is performing well YTD and has a favourable variance of £1.1m. The YTD position is predominantly due to income over performance, YTD income over performance is £2.2m mainly across Cardiothoracic Surgery, Neuro Surgery and Cardiology

Both the pay overspend (£0.6m) and non-pay overspend of (£0.5m) YTD are due to additional activity, for which income has been received, with the activity delivered at a reduced marginal cost, contributing to the continued favourable position for the centre.

The centre forecast is to be ahead of plan by £1.3m at the year end, due to the continued increased activity within the centre.

The CIP programme is ahead of plan by £1.1m YTD and is forecast to be ahead by £1.1m at the end of the year.

5.6 Surgical

Surgical	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	75.1	77.0	1.9	84.4	84.7	(0.3)	82.0	2.4
Other Income	2.5	2.4	(0.1)	2.6	2.6	0.0	2.7	(0.1)
Total Income	**77.6**	**79.4**	**1.8**	**87.0**	**87.3**	**(0.3)**	**84.7**	**2.3**
Pay	(31.9)	(31.3)	0.6	(34.2)	(34.3)	0.1	(34.7)	0.5
Non-Pay	(14.1)	(14.5)	(0.4)	(15.7)	(15.9)	0.2	(15.0)	(0.7)
Total Expenses	**(46.0)**	**(45.8)**	**0.2**	**(49.9)**	**(50.2)**	**0.3**	**(49.7)**	**(0.2)**
Other						-		
Underlying (Deficit)/Surlpus	**31.6**	**33.6**	**2.0**	**37.1**	**37.1**	**-**	**35.0**	**2.1**
Memorandum Items								
CIP Programme	0.4	0.8	0.4	0.9	0.6	0.3	0.4	0.5

The centre is underspent YTD by £2.0m and is forecasting an underspend of £2.1m.

The centre continues to be ahead of plan on income and is £1.8m 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 (£0.4m) overspent is mainly due to cochlear activity that is included in the income over performance.

Pay is underspent YTD by £0.6m, 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 £0.4m YTD and is forecast to be ahead by £0.5m 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	56.2	56.0	(0.2)	61.4	60.6	0.8	61.4	0.0
Other Income	2.3	2.1	(0.2)	2.3	2.5	(0.2)	2.5	(0.2)
Total Income	**58.5**	**58.1**	**(0.4)**	**63.7**	**63.1**	**0.6**	**63.9**	**(0.2)**
Pay	(36.8)	(35.2)	1.6	(38.5)	(38.6)	0.1	(40.2)	1.7
Non-Pay	(4.9)	(4.9)	-	(5.3)	(5.3)	-	(5.1)	(0.2)
Total Expenses	**(41.7)**	**(40.1)**	**1.6**	**(43.8)**	**(43.9)**	**0.1**	**(45.3)**	**1.5**
Other						-		
Underlying (Deficit)/Surlpus	**16.8**	**18.0**	**1.2**	**19.9**	**19.2**	**0.7**	**18.6**	**1.3**
Memorandum Items								
CIP Programme	0.8	0.8	-	0.9	0.9	-	0.9	-

The centre is underspent YTD by £1.2m and is forecasting to be £1.3m 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 and the maternity pathway reduced income. The income position is forecast to continue to a (£0.2m) under performance, driven by the income reduction from the maternity pathway. The centre is managing the centre position by maintaining a pay underspend relating to vacancies.

The CIP is on plan and delivering £0.8m 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	79.8	82.9	3.1	90.7	89.8	0.9	85.3	5.4
Other Income	1.1	0.6	(0.5)	0.7	0.7	(0.0)	1.2	(0.5)
Total Income	**80.9**	**83.5**	**2.6**	**91.4**	**90.5**	**0.9**	**86.5**	**4.9**
Pay	(26.0)	(26.6)	(0.6)	(29.0)	(28.8)	(0.2)	(28.3)	(0.7)
Non-Pay	(32.1)	(33.8)	(1.7)	(36.8)	(36.7)	(0.1)	(32.9)	(3.9)
Total Expenses	**(58.1)**	**(60.4)**	**(2.3)**	**(65.8)**	**(65.5)**	**(0.3)**	**(61.2)**	**(4.6)**
Other						-		
Underlying (Deficit)/Surlpus	**22.8**	**23.1**	**0.3**	**25.6**	**25.0**	**0.6**	**25.3**	**0.3**
Memorandum Items								
CIP Programme	1.1	1.0	(0.1)	1.1	1.2	(0.1)	1.2	(0.1)

The centre is underspent YTD by £0.3m, this has shown a slight improvement in February the centre is forecasting to be ahead of plan by £0.3m.

Income is now £2.6m ahead of plan YTD. This is forecast to continue, rising to £4.9m 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 (£1.7m) 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 (£3.9m) overspent.

The CIP programme is (£0.1m) behind plan YTD and is forecasting to be the same level at the year end.

5.9 Corporate

Corporate	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	3.3	2.0	(1.3)	3.5	2.7	0.8	7.8	(4.3)
Other Income	22.3	18.2	(4.1)	19.4	19.0	0.4	31.2	(11.8)
Total Income	**25.6**	**20.2**	**(5.4)**	**22.9**	**21.7**	**1.2**	**39.0**	**(16.1)**
Pay	(25.3)	(31.5)	(6.2)	(32.5)	(33.0)	0.5	(29.6)	(2.9)
Non-Pay	(67.5)	(52.3)	15.2	(61.3)	(60.3)	(1.0)	(83.0)	21.7
Total Expenses	**(92.8)**	**(83.8)**	**9.0**	**(93.8)**	**(93.3)**	**(0.5)**	**(112.6)**	**18.8**
Other						-		
Underlying (Deficit)/Surlpus	**(67.2)**	**(63.6)**	**3.6**	**(70.9)**	**(71.6)**	**0.7**	**(73.6)**	**2.7**
Memorandum Items								
CIP Programme	11.1	10.9	(0.2)	12.7	12.4	0.3	12.7	-

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

The corporate centre is ahead of plan by £3.6m 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 (£5.4m) is offset by the Centres costs being behind plan by £9.0m

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

6.0 Statement of Financial Position (SoFP)

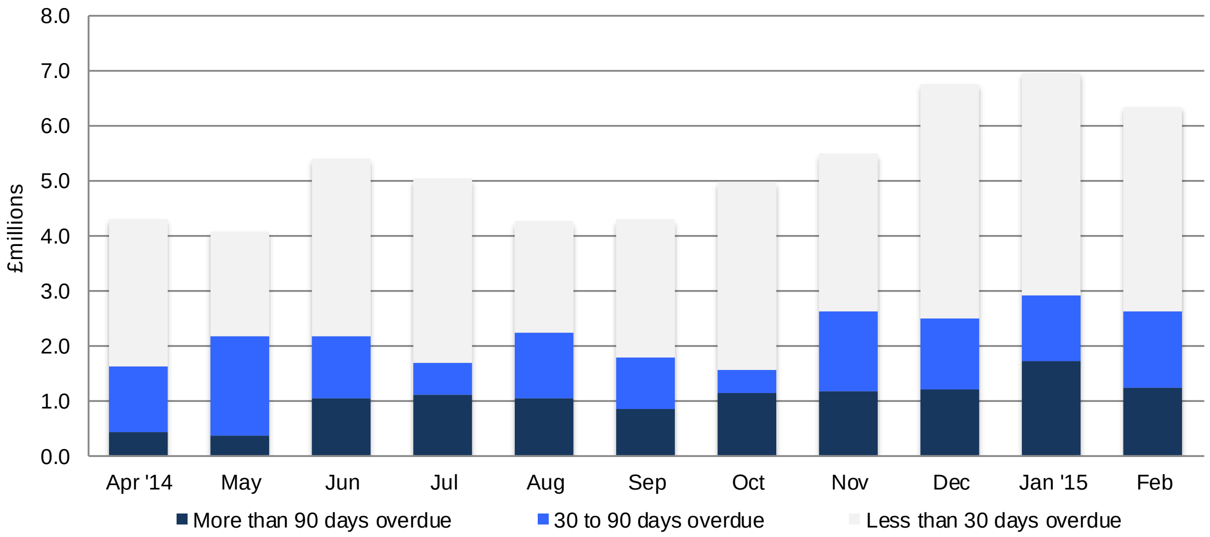
6.1 SoFP

Statement of Financial Position	Year to Date			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
Non-Current Assets								
PFI	182.7	152.6	(30.1)	147.6	150.8	3.2	183.4	35.8
Non-PFI	69.5	68.6	(0.9)	68.9	68.1	(0.8)	69.5	0.6
Trade and Other Receivables	1.8	1.7	(0.1)	1.8	1.8	-	1.8	-
Total Non-Current Assets	254.0	222.9	(31.1)	218.3	220.7	2.4	254.7	36.5
Current Assets								
Inventories	7.8	8.1	0.3	7.8	7.8	-	7.8	-
Trade and Other Receivables	10.7	10.5	(0.2)	10.9	10.9	-	10.9	-
Prepayments & Accrued Income	22.4	22.4	-	29.7	25.4	(4.3)	21.0	(8.7)
Cash and Cash Equivalents	0.5	14.3	13.8	8.0	0.5	(7.5)	0.5	(7.5)
Total Current Assets	41.4	55.3	13.9	56.3	44.5	(11.8)	40.1	(16.2)
Total Assets	295.4	278.2	(17.2)	274.6	265.2	(9.4)	294.8	20.3
Current Liabilities								
Trade and Other Payables	(37.2)	(37.9)	(0.7)	(33.6)	(37.2)	(3.6)	(37.2)	(3.6)
Interest Bearing Borrowings & Finance Leases	(4.4)	(4.6)	(0.2)	(5.0)	(4.4)	0.6	(4.4)	0.6
PFI Finance Leases	(3.7)	(3.7)	-	(3.7)	(3.7)	-	(3.7)	-
Other Financial Liabilities	(12.7)	(13.7)	(1.0)	(12.2)	(12.2)	-	(12.2)	-
Provisions	(0.5)	(0.5)	-	(0.5)	(0.5)	-	(0.5)	-
Total Current Liabilities	(58.5)	(60.4)	(1.9)	(55.0)	(58.0)	(3.0)	(58.0)	(3.0)
Total Assets less Current Liabilities	236.9	217.8	(19.1)	219.6	207.2	(12.4)	236.8	17.3
Non-Current Liabilities								
Trade and Other Payables	-	-	-	-	-	-	-	-
Interest Bearing Borrowings & Finance Leases	(29.7)	(32.5)	(2.8)	(52.6)	(29.5)	23.1	(29.5)	23.1
PFI Finance Leases	(106.2)	(106.2)	-	(105.5)	(105.5)	-	(105.5)	-
Other Financial Liabilities	-	-	-	-	-	-	-	-
Provisions	(1.7)	(1.7)	-	(1.7)	(1.7)	-	(1.7)	-
Total Non-Current Liabilities	(137.6)	(140.4)	(2.8)	(159.8)	(136.7)	23.1	(136.7)	23.1
Total Assets Employed	**99.3**	**77.4**	**(21.9)**	**59.8**	**70.5**	**10.7**	**100.1**	**40.4**
Financed by Taxpayers' Equity:								
Public Dividend Capital	169.8	169.8	-	156.1	169.8	13.7	172.9	16.8
Income and Expenditure Reserve	(131.7)	(135.5)	(3.8)	(139.5)	(143.7)	(4.2)	(134.0)	5.5
Revaluation Reserve	34.7	16.6	(18.1)	16.7	17.9	1.2	34.7	18.0
Other Reserves	26.5	26.5	-	26.5	26.5	-	26.5	-
Total Taxpayers' Equity	**99.3**	**77.4**	**(21.9)**	**59.8**	**70.5**	**10.7**	**100.1**	**40.3**

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

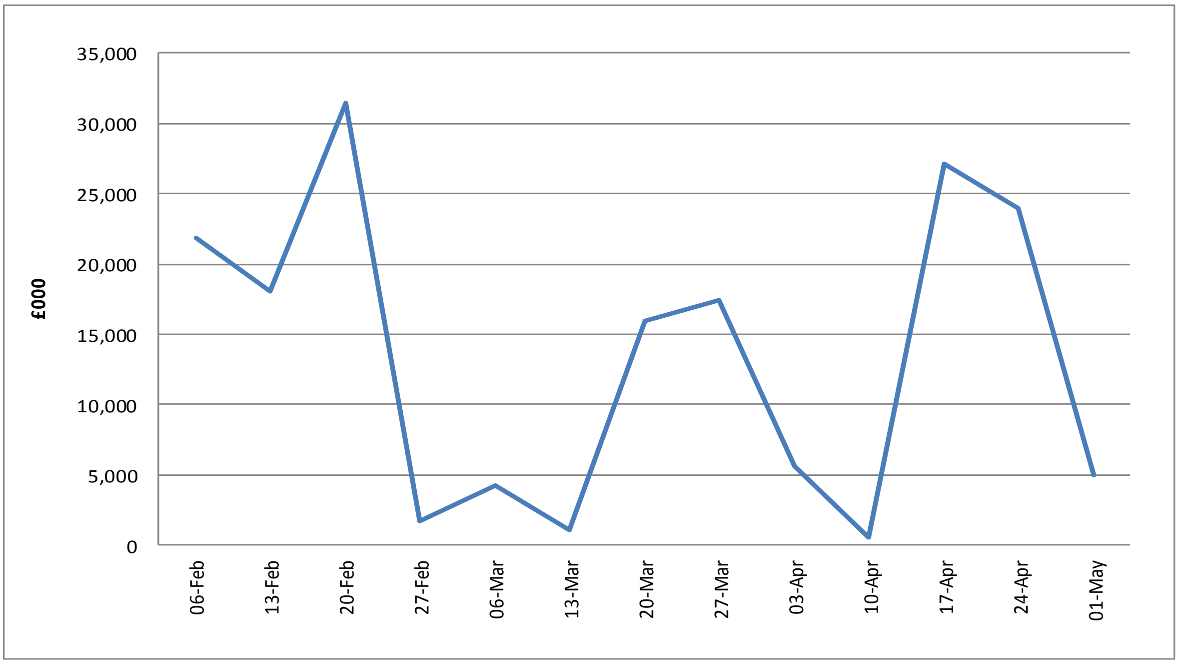
- Non-Current Assets forecast has reduced on the basis that lifecycle works undertaken by the PFI partner were lower than originally planned (£2.9m) and the Clinical Noting funding final approval was lower than anticipated (£1.0m). This reduction is partly offset by new investment in medical and prescribing equipment via finance leases (£1.8m) which has resulted in a corresponding increase in current and non-current liabilities.
- Prepayments have increased by £4.3m due to the delayed spend of the lifecycle provision.
- Trade and Other Payables are anticipated to reduce (£3.6m) due to an improvement in the year end cash position which has helped the trust manage its working capital requirements.
- Public Dividend Capital reserve has decreased due to DoH guidance issued in late March on the treatment of Interim Support which has been provided to the Trust. This funding (£14.4m) is now treated within non-current interest bearing borrowings. The decrease has been partially offset by the capital funding provided through the DoH (£0.7m) for the Clinical Noting project.
- After repayment of £3.0m the Trust is forecasting to hold an interim revolving working capital support facility of £7.5m in non-current interest bearing borrowings offset by a corresponding increase in cash to fund commitments during the first two weeks of April.
- The Trust's I&E reserve has improved due to the in-month surplus.

6.2 Aged Debt



- Aged debt represents a low risk to the Trust. Of the £1.2m over 90 days outstanding, the only significant age debt relates to £0.2m from NHS Property Services for community based porter and admin recharges, £0.1m from County Durham and Darlington FT for consultant recharges, and £0.3m from North Tees and Hartlepool FT for maternity pathway and community dental sessions. Further work will be undertaken on aged debt throughout March to reduce the value of outstanding debt prior to year end.
- Of the £1.4m 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 NHS Property Services for community based porter and admin recharges.

6.3 Cashflow



- The Trust has received its first drawdown of PDC funding and is due to receive its second drawdown on the 23 March (£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	10.6	11.3	0.7	12.6	12.1	0.5	11.8	0.8
Wave one workstreams	4.8	2.3	(2.5)	2.6	2.0	0.6	5.6	(3.0)
Further Workstreams	4.0	9.3	5.3	10.2	10.0	0.2	4.4	5.8
Total Cost improvement	**19.4**	**22.9**	**3.5**	**25.4**	**24.1**	**1.3**	**21.8**	**3.6**

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

- The CIP is £3.5m ahead of plan YTD and is forecast to be £3.6m ahead of plan. The forecast CIP has contributed to the improved Trusts year end forecast deficit position.
- Further workstreams are ahead of plan by £5.3m and are expected to be £5.8m ahead of plan by the end of the year.
- Wave one workstreams are (£2.5m) behind plan YTD and are forecast to be (£3.0m) 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	8.1	10.1	2.0	10.8	10.0	0.8	9.1	1.7
Business Improvement	9.2	10.6	1.4	11.9	11.8	0.1	10.4	1.5
Medicines Management	0.2	0.5	0.3	0.5	0.5	-	0.3	0.2
Procurement	1.9	1.7	(0.2)	2.2	1.8	0.4	2.0	0.2
Total Cost improvement	**19.4**	**22.9**	**3.5**	**25.4**	**24.1**	**1.3**	**21.8**	**3.6**

- Workforce is ahead of plan by £2.0m YTD. This is being driven by managing vacancies across management and admin posts across the Trust a number of these savings have now been converted into recurrent savings.
- Procurement is behind plan by (£0.2m) YTD and is forecast to achieve £2.2m. Work has been undertaken to reduce the forecast variance with an improved forecast of £0.4m and the procurement target is now forecast to be £0.2m ahead of plan.
- Further work streams have been developed to off-set any delays in CIP delivery.

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	16.3	16.7	0.4	18.9	18.1	0.8	18.6	0.3
Non Recurrent	3.1	6.2	3.1	6.5	6.0	0.5	3.2	3.3
Total Cost improvement	**19.4**	**22.9**	**3.5**	**25.4**	**24.1**	**1.3**	**21.8**	**3.6**

- £16.7m of the £22.9 savings are recurring savings in the YTD position. It is forecast that £18.9m of the £25.4m forecast saving will be recurrent.
- The non-recurring savings mainly relate to vacancies across the Trust, it is anticipated that the completion of a review of all functions across the Trust will result in a number of these non-recurring savings continuing to be converted into recurring. In month the forecast for non recurrent savings has improved by £0.5m and recurring by £0.8m.
- The full year effect of the 2014/15 savings is forecast to be £21.8m, the same as plan.

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
Full year effect in 2015/16	21.2	21.8	0.6	21.8	20.1	1.7	21.8	-
Total Cost improvement	**21.2**	**21.8**	**0.6**	**21.8**	**20.1**	**1.7**	**21.8**	**-**

8.0 Forecast ranges and key drivers

Forecast ranges		Worst Case £m	Likely £m	Best Case £m
Income		552.0	552.0	552.0
	Contract variations and year end settlements	2.0	3.0	5.6
	Total Income	**554.0**	**555.0**	**557.6**
Expenditure		(562.5)	(562.5)	(562.5)
	Additional spend due to increased activity	(1.0)	(1.0)	(0.5)
	VAT Liability	(0.4)	(0.4)	0.0
	Additional Independent sector spend	(0.2)	(0.1)	(0.1)
	PFI contract liability	(0.8)	(0.4)	(0.4)
	Contingency	(1.2)	(0.7)	0.0
	Total Expenditure	**(566.1)**	**(565.1)**	**(563.5)**
Underlying Surplus / (Deficit)		**(12.1)**	**(10.1)**	**(5.9)**
	Restructure	(5.7)	(5.7)	(5.2)
	Impairment	(18.9)	(18.9)	(2.0)
Retained Surplus / (Deficit)		**(36.7)**	**(34.7)**	**(13.1)**

The above table brakes down the year end forecast position between the most likely outcome as shown within the reported forecast position along with the best and worst case scenario. This is to provide assurance of the likely range and key drivers of any deviation from the likely case.

Within income £3.0m has been included in our most likely position from year end settlements and contract variations with Commissioners, with additional spend against this income of £1.0m leading to an overall benefit of £2.0m. Discussions are continuing with Commissioners in the finalisation of year end positions the current range for these is between £2.0m and £5.6m, with additional spend of between £1.0m and £0.5m, the net benefit being between £1.0m and £5.1m.

The Trust is in ongoing discussions with HMRC and external advisors in relation to a potential liability arising from the treatment of VAT on car parking income and utilities. The total potential liability for this is £0.4m as included in our likely and worst case scenarios, with the best case being that no liability is due.

The Trust continues to utilise the independent sector in order to achieve its RTT targets. Forecast spend on this activity is between £0.2m and £0.1m.

A potential outstanding liability in relation to the PFI contract charges with Endeavour SCH PLC, could fall within the range of £0.8m to £0.4m as included within each forecast outturn above.

A contingency has been included within the forecasts with the best case being that this contingency is not required, up to a potential contingency of £1.2m.

Restructuring costs are expected to be £5.7m at the year end, however there is the possibility that these are lower than expected at £5.2m due to lower redundancy and voluntary severance costs.

The expected forecast impairment costs of £18.9m could be lower at £2.0m, due to the revaluation of the site and the resulting accounting treatment of any increase in value on the impairment charge in year.