

# South Tees Hospitals

NHS Foundation Trust

<b>Meeting / Committee</b>	Council of Governors Meeting (Part 2)	<b>Meeting Date</b>	20 January 2015
----------------------------	---------------------------------------	---------------------	-----------------

<b>Title</b>	Financial position for the period ending 30 November 2014
--------------	---

<b>Purpose</b>	The purpose of this report is to advise the Council of Governors of the financial position at 30 November 2014.
----------------	---

<b>Summary</b>	<p>The trust's financial performance is in deficit, but ahead of plan at the end of November, driven predominantly by non-pay expenditure.</p> <p>CIP has delivered is ahead of plan YTD and is forecast to be ahead of plan at year end.</p> <p>This report was presented to the Board of Directors on 18 December 2014.</p>
----------------	---

<b>Prepared by</b>	Brian Simpson Financial Services Manager Chris Dargue Financial Planning and Performance Manager	<b>Presented by</b>	Maxime Hewitt-Smith Acting Director of Finance and Performance
--------------------	---	---------------------	---

<b>Recommendation</b>	The Council of Governors is asked to note and comment on the financial position.
-----------------------	--

<b>Implications</b>	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	<p>EBITDA was £13.4m against a plan of £9.4m for the year to date.</p> <p>Agreement has been reached and funding has now been received from Specialised commissioners and South Tees CCG that funded a significant amount of Trust overperformance in Q1 &amp; Q2 of 2014/15. A risk remains regarding the penalties included in the CCG contracts.</p>	G	G	<p>Discussions with Hambleton, Richmondshire and Whitby CCG are on going with regard to signing the contract. A further update is to be provided at the next Board meeting.</p> <p>There are on going activity reviews with South Tees CCG and Specialised Commissioners.</p>
Underlying Surplus/(Deficit)	The Trust is reporting a £8.4m deficit which is £4.0m ahead of the YTD plan; the full year is forecast to be £14.1m, which is in line with the trust plan	G	G	The Trust will continue to refine its forecast as it moves through the financial year.
CIP Programme	The Trust is forecasting to achieve £22.3m. The Trust has recognised £13.6m CIP YTD which is £1.0m ahead of plan.	G	G	The Trust is forecasting to be £0.5m ahead on CIP at the year end. The Trust has implemented regular internal reporting and a performance management structure.
Cash and Liquidity	The Trust has not yet received confirmation from the Department of Health providing assurance that external funding will be provided to the Trust in the form of additional Public Dividend Capital payments for the remainder of the 2014/15 financial year. The level of cash held by the Trust stands at £26.5 million which is £4.3m ahead of plan.	G	G	<p>The Trust is forecasting a £15.8m cash requirement in 2014/15.</p> <p>The Trust is performing both weekly and monthly cash flow forecasting to clearly identify when funding will be required.</p> <p>The Trust has agreed with South Tees CCG early payment for activity in January to maintain cashflow.</p>
Capital Expenditure	Capex YTD is £13.7m which is £0.2m behind plan. The current forecast is that the Trust will achieve plan by the end of the financial year.	G	G	Capital expenditure will continue to be monitored closely.
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

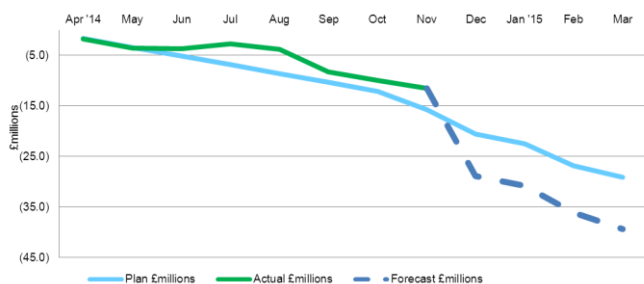
### Capital Expenditure

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 balance lower than plan by greater than 20%

## Retained Deficit actual / forecast v plan



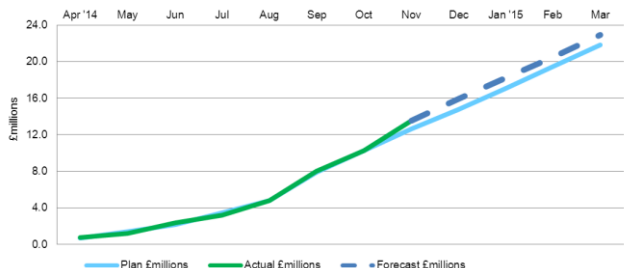
**Income:** The Trust has underperformed on income YTD by £1.5m. The Trust is forecasting to outturn £3.8m behind plan. The forecast position can be offset by the non pay underspend. Due to high levels of income and expenditure in Q1 the revised plan overstated income and non-pay.

**Pay:** Pay expenditure YTD is £0.1m overspent. The Trust forecast is £3.2m overspent. This mainly relates to Nursing and Support.

**Non pay:** The Trust is underspent on non-pay by £5.3m YTD. The trust forecast is £9.1m underspent. This is due to Non Clinical Supplies. (see income comment above).

**Other:** Other non-operating expense and depreciation are currently on plan but are forecast to be ahead of plan by £1.1m and £1.0m respectively.

## CIP programme savings



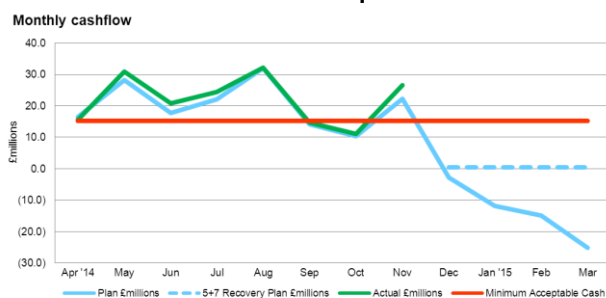
Actual YTD performance is ahead of plan by £1.0m YTD and is delivering £13.6m.

CIP savings are expected to deliver £22.3m in 2014/15. This is £0.5m more than plan.

Improved productivity across a number of specialties has realised savings.

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

## 12 month forecast cash flow requirement



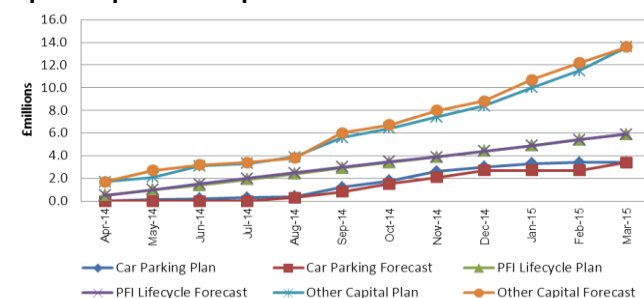
## Cash and liquidity

The Trust is forecasting a £15.8m cash requirement in 2014/15.

The Trust has not received confirmation from the Department of Health providing assurance that external funding will be provided to the Trust in the form of additional Public Dividend Capital payments during the 2014/15 financial year.

Representatives of Monitor have visited the Trust in November as part of the due diligence process that will lead to a request to the Department of Health to provide PDC.

## 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	487	3,897	5,845	0
Car Parking	3,350	286	1,759	2,990	(360)
Other	13,710	2,274	8,051	14,070	360
<b>Total</b>	<b>22,905</b>	<b>3,047</b>	<b>13,707</b>	<b>22,905</b>	<b>0</b>

Total spend is £0.2m 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 October 2014	As at 30 November 2014
Capital Service Cover Rating	1	1
Liquidity Rating	1	1
<b>Continuity of Service Risk Rating (CoSRR)</b>	<b>1</b>	<b>1</b>

Capital Service Cover			
4	3	2	1
2.5	1.75	1.25	<1.25

Liquidity			
4	3	2	1
0	-7	-14	<-14

The continuity of service risk rating comprises two financial metrics:

- 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
- 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 30 November 2014.

## 2.0 Overall Financial Performance

Income & Expenditure	Year to Date			Full Year			Full Year	
	Plan	Actual	Variance	Current Forecast	Previous Forecast	Forecast Change	Annual Plan	Forecast Variance
	£m	£m	£m	£m	£m	£m	£m	£m
Clinical Income	339.7	342.1	2.4	513.8	510.1	3.7	511.3	2.5
Other Income	27.6	23.7	(3.9)	36.2	38.5	(2.3)	42.5	(6.3)
<b>Total Income</b>	<b>367.3</b>	<b>365.8</b>	<b>(1.5)</b>	<b>550.0</b>	<b>548.6</b>	<b>1.4</b>	<b>553.8</b>	<b>(3.8)</b>
Pay	(220.6)	(220.5)	0.1	(334.0)	(333.3)	(0.7)	(330.8)	(3.2)
Non-Pay	(120.2)	(114.9)	5.3	(174.5)	(176.2)	1.7	(183.6)	9.1
PFI Unitary Charge	(17.1)	(17.0)	0.1	(26.1)	(26.1)	-	(26.3)	0.2
<b>Total Expenses</b>	<b>(357.9)</b>	<b>(352.4)</b>	<b>5.5</b>	<b>(534.6)</b>	<b>(535.6)</b>	<b>1.0</b>	<b>(540.7)</b>	<b>6.1</b>
<b>EBITDA</b>	<b>9.4</b>	<b>13.4</b>	<b>4.0</b>	<b>15.4</b>	<b>13.0</b>	<b>2.4</b>	<b>13.1</b>	<b>2.3</b>
Depreciation and Interest	(16.6)	(16.6)	-	(24.1)	(25.0)	0.9	(25.1)	1.0
Other non-operating expenses	(5.2)	(5.2)	-	(5.4)	(6.5)	1.1	(6.5)	1.1
<b>Underlying (Deficit)/Surplus</b>	<b>(12.4)</b>	<b>(8.4)</b>	<b>4.0</b>	<b>(14.1)</b>	<b>(18.5)</b>	<b>4.4</b>	<b>(18.5)</b>	<b>4.4</b>
Restructuring Costs	(2.3)	(2.6)	(0.3)	(5.0)	(5.0)	-	(5.0)	-
Impairment	(1.0)	(0.6)	0.4	(22.5)	(5.7)	(16.8)	(5.7)	(16.8)
<b>Retained (Deficit)/Surplus</b>	<b>(15.7)</b>	<b>(11.6)</b>	<b>4.1</b>	<b>(41.6)</b>	<b>(29.2)</b>	<b>(12.4)</b>	<b>(29.2)</b>	<b>(12.4)</b>
<b>Memorandum Items</b>								
Penalties	(2.5)	(3.4)	(0.9)	(5.3)	(5.1)	(0.3)	(3.7)	(1.4)
CQUIN	4.4	4.6	0.2	9.6	9.6	(0.0)	10.8	(1.2)
CIP Programme	12.6	13.6	1.0	22.3	21.8	0.5	21.8	0.5

The Trust is reporting an underlying deficit of (£8.4m) at the end of month 8, which is ahead of a plan of by £4.0m. The Trust is forecasting to be ahead of plan at the end of the year by £4.4m, recognising a (£14.1m) deficit. The forecast has improved by £4.4m and the improvement is predominately driven by a overachieving on the CIP and increased income delivered at a marginal cost providing a contribution to the Trust.

After restructuring costs and impairments the Trust is reporting a retained deficit of (£11.6m) at the end of month 8, which is ahead of a plan of by £4.1m. The Trust is forecasting to be behind plan by £12.4m at the end of the year and report a retained deficit of (£41.6m) (This is a significant increase of (£16.8m) from the previous month's forecast following the Trusts decision to exclude VAT from build related asset valuations, resulting in an impairment). The restructuring costs are overspent against the YTD plan by (£0.3m) but are forecast to match the plan at the end of the financial year. These restructuring costs include redundancy and voluntary resignation payments alongside payments to professional advisers. The impairment cost are underspent against the YTD plan by £0.4m but are forecast to increase to £22.5m.

Clinical income is ahead of plan by £2.4m and is forecasting to be £2.5m 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 £1.8m relating to elective activity.

Pay is underspent YTD by £0.1m and has improved in month by £0.3m. The improvement is due to a reduced level of medical agency in the month. The underlying variance is due to an overspend on nursing and offset by an underspend on medical pay. The Trust is forecasting to be (£3.2m) overspent at the end of the year due to recruitment and additional expenditure over the winter months, which is off-set by additional income.

Non-pay is underspent YTD by £5.3m, 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 £9.1m by the year end. Increased activity levels are being achieved at a lower cost than estimated and this efficiency is contributing the underspend position.

Winter resilience funding and the associated costs are both included in the forecast.

Other non-operating is on plan YTD and is forecast to be £1.1m ahead of plan at the year end. Depreciation and Interest is on plan YTD and is forecast to be £1.0m ahead of plan at the year end.

The Trust has spent £2.6m on restructuring costs YTD. The Trust is forecasting to spend £5m during FY14/15 to deliver the Trust's challenging transformation plan.

The Trust CIP plan is ahead of plan by £1.0m YTD and is forecasting to be ahead of plan by £0.5m on the £21.8m 2014/15 plan.

### 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	Actual	Variance	Current Forecast	Previous Forecast	Forecast Change	Annual Plan	Forecast Variance
	£m	£m	£m	£m	£m	£m	£m	£m
Elective	44.7	44.0	(0.7)	63.6	65.7	(2.1)	67.1	(3.5)
Day Cases	25.9	25.5	(0.4)	37.9	37.8	0.1	38.5	(0.6)
Non-Elective	64.7	69.7	5.0	104.4	104.6	(0.2)	96.5	7.9
Outpatient	50.6	50.4	(0.2)	75.4	74.8	0.6	75.2	0.2
A&E	9.3	9.2	(0.1)	13.8	13.9	(0.1)	13.9	(0.1)
Maternity	11.7	11.7	-	17.6	17.6	-	17.7	(0.1)
Critical Care Services	23.2	22.4	(0.8)	33.7	33.4	0.3	34.8	(1.1)
Excluded Drugs & Devices	32.5	32.2	(0.3)	47.3	48.0	(0.7)	46.8	0.5
Community Services	33.4	33.5	0.1	49.9	49.8	0.1	50.0	(0.1)
Other NHS	41.8	42.3	0.5	65.9	60.0	5.9	65.0	0.9
<b>Total Clinical Income</b>	<b>337.8</b>	<b>340.9</b>	<b>3.1</b>	<b>509.5</b>	<b>505.6</b>	<b>3.9</b>	<b>505.5</b>	<b>4.0</b>
Emergency Marginal Tariff	(0.4)	(0.7)	(0.3)	(1.0)	(1.1)	0.1	(0.6)	(0.4)
Emergency Readmissions	(2.1)	(2.0)	0.1	(3.1)	(3.1)	0.0	(3.1)	-
Operational Penalties		(0.7)	(0.7)	(1.2)	(1.1)	(0.1)	-	(1.2)
<b>Total Penalties</b>	<b>(2.5)</b>	<b>(3.4)</b>	<b>(0.9)</b>	<b>(5.3)</b>	<b>(5.1)</b>	<b>(0.2)</b>	<b>(3.7)</b>	<b>(1.6)</b>
CQUIN	4.4	4.6	0.2	9.6	9.6	-	9.5	0.1
<b>Total Clinical Income</b>	<b>339.7</b>	<b>342.1</b>	<b>2.4</b>	<b>513.8</b>	<b>510.1</b>	<b>3.7</b>	<b>511.3</b>	<b>2.5</b>

Against the revised Monitor plan the Trust is over-trading by £2.4m YTD and forecasting an outturn over trade of £2.5m. The key areas of performance against the revised plan are:

- Elective income is under performing by (£0.7m) YTD with a forecast year-end under performance of (£3.5m). The year-end forecast includes a reduction of (£1.8m) to reflect an anticipated reduced elective programme due to winter pressures. Cardiothoracic, neurosurgery and general surgery continue to be the performing specialties.
- Non-Elective over performance of £5.0m YTD is driven by the revised plan reflecting an expected drop in activity which hasn't materialised. The Trust is forecasting this over performance to be £7.9m by year-end.
- Outpatient YTD performance has improved from under performance of (£0.6m) to an under performance of (£0.2m). The Trust is forecasting this trend to continue with an outturn over performance of £0.2m and is due to the outpatient CIP initiatives.
- Critical care under performance of (£0.8m) is driven by a reduction in bed day activity, which is due to the change in bed mix between Level 2 and 3 beds. The Trust is forecasting a year-end underperformance of (£1.1m).

The Trust has estimated penalties greater than planned of (£0.9m) YTD. The key penalties the Trust has incurred are:

- The Trust continues to be higher than planned YTD for emergency marginal tariff by (£0.3m) although the forecast outturn has improved by £0.1m. This causes a cost pressure for the Trust, as the Trust only receive 30% tariff for the non-elective work performed after local ambulatory care tariffs have been taken into account.
- Emergency re-admissions are currently on-plan however the audit has not yet been completed. There is therefore a risk that the audit may demonstrate a higher level of avoidable admissions than included within the plan.
- Operational penalties YTD include estimates for RTT of (£0.4m) and ambulance handover (£0.2m) plus others (£0.1m) including; diagnostics and MRSA. Outpatient new to review penalty with Hambleton, Richmondshire and Whitby CCG's is currently 1:1.95 against a target of 1:1.9 generating (£0.1) penalty YTD.

The Trust has achieved all the CQUIN targets for quarter 1 and 2 with the exception of Ambulance Handovers which is still being discussed with commissioners. The trust has estimated an under performance for CQUIN

against plan of (£0.4m) YTD and an outturn of (£1.2m) due to risks in achieving all CQUIN targets. The biggest risk remains pressure ulcers which carries a financial risk of (£0.9m).

### 3.2 Summary of Income by Commissioner

Income by Commissioner	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	345,711	112.9	381,300	117.8	35,589	4.9	170.4	7.2
Community	48,069	21.7	46,704	21.4	-1,365	(0.3)	32.6	(0.4)
Associate of NHS ST CCG								
Acute	116,715	35.1	121,534	35.7	4,818	0.6	52.8	0.9
Community	798	0.2	847	0.2	49	0.0	0.3	0.0
NHS Hambleton et al **								
Acute	144,887	47.2	154,626	48.0	9,738	0.8	70.6	1.2
Community	0	6.1	2,034	6.1	2,034	0.0	9.2	0.0
Specialised								
Acute	176,358	93.3	190,976	98.4	14,617	5.1	139.7	7.7
Other								
Acute	33,786	10.1	35,264	10.5	1,478	0.5	15.1	0.7
Community	0	5.8	733	6.0	733	0.2	8.7	0.3
Other		7.3		(2.2)		(9.5)	11.9	(15.2)
<b>Total Clinical Income</b>	<b>866,324</b>	<b>339.7</b>	<b>934,017</b>	<b>342.1</b>	<b>67,693</b>	<b>2.4</b>	<b>511.3</b>	<b>2.5</b>

The year to date over trade is now £11.9m and the Trust is forecasting an outturn over-trade of £17.7m against contracted income. The majority of the Trust's over performance relates to contracts with South Tees CCG and Specialised commissioners.

- South Tees CCG combined position is predominantly due to an increase in both GP/GDP (2.7%) and consultant referrals (11.9%) being up on last year. The forecast outturn is £6.8m ahead of contract.
- Specialised (CNTW) is significantly over performing by £5.1m with a forecast outturn of £7.7m. The main drivers are tertiary centre, critical care and ENT. In tertiary this is due to elective cardiothoracic driven by extra work for RTT targets, cardiology (mainly electrophysiology) and neurosurgery.
- NHS Hambleton, Richmondshire & Whitby CCG and associates are over-trading by £0.8m with a forecast outturn of £1.2m
- Other income includes income which forms part of the CCG contracts but relates to other FT's where we are the host provider. The plan also bridges the difference between the CCG contracts and revised Monitor plan that was submitted in quarter two, based on quarter one performance.

## 4.0 Expenditure

### 4.1 Pay Expenditure

Expenditure - Pay	Year to Date			Full Year			Full Year	
	Plan	Actual	Variance	Current Forecast	Previous Forecast	Forecast Change	Annual Plan	Forecast Variance
	£m	£m	£m	£m	£m	£m	£m	£m
Management And Admin	(29.4)	(29.0)	0.4	(43.6)	(43.6)	-	(44.2)	0.6
Medical And Dental	(60.4)	(59.0)	1.4	(89.9)	(91.0)	1.1	(90.7)	0.8
Nursing And Support	(92.7)	(94.7)	(2.0)	(144.2)	(144.1)	(0.1)	(138.9)	(5.3)
Scientific, Therapies & Tech	(31.0)	(31.1)	(0.1)	(47.0)	(46.9)	(0.1)	(46.8)	(0.2)
Agency Staff External	(7.1)	(6.7)	0.4	(9.3)	(7.7)	(1.6)	(10.2)	0.9
<b>Total Pay Expenditure</b>	<b>(220.6)</b>	<b>(220.5)</b>	<b>0.1</b>	<b>(334.0)</b>	<b>(333.3)</b>	<b>(0.7)</b>	<b>(330.8)</b>	<b>(3.2)</b>

- Pay expenditure YTD is £0.1m ahead of plan and the variance has improved by £0.3m in November. This follows a £0.4m improvement in October.
- Medical and Dental is less than plan by £1.4m 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 (£2.0m) overspent and is offsetting the Medical and Dental underspend.
- Agency Staff External is now underspent by £0.4m and the variance has improved by £0.3m in November, this is due to less medical locums than anticipated.
- The Trust is forecasting a total pay overspend against plan at the year-end of £3.2m and reflects the additional expenditure expected over the winter months (off-set by additional income) and recruitment to vacancies.

### 4.2 Non-Pay Expenditure

Expenditure - Non-Pay	Year to Date			Full Year			Full Year	
	Plan	Actual	Variance	Current Forecast	Previous Forecast	Forecast Change	Annual Plan	Forecast Variance
	£m	£m	£m	£m	£m	£m	£m	£m
Clinical Services And Supplies	(34.5)	(34.7)	(0.2)	(51.7)	(51.4)	(0.3)	(51.7)	-
Drugs	(9.3)	(9.4)	(0.1)	(14.6)	(14.7)	0.1	(14.0)	(0.6)
Excluded Drugs And Devices	(31.3)	(31.6)	(0.3)	(47.7)	(47.6)	(0.1)	(46.9)	(0.8)
Independent Sector	(4.9)	(4.8)	0.1	(5.6)	(6.0)	0.4	(7.4)	1.8
Non Clinical Supplies	(40.2)	(34.4)	5.8	(54.9)	(56.5)	1.6	(63.6)	8.7
<b>Total Non-Pay Expenditure</b>	<b>(120.2)</b>	<b>(114.9)</b>	<b>5.3</b>	<b>(174.5)</b>	<b>(176.2)</b>	<b>1.7</b>	<b>(183.6)</b>	<b>9.1</b>

- Non pay expenditure is £5.3m underspent this is due to non-clinical supplies being £5.8m underspent.
- 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.
- Increased activity levels are being achieved at a lower cost than estimated and this efficiency is contributing the underspend position.
- The Clinical Services and Supplies expenditure has increased this month and can be directly linked to activity, the forecast has also been adjusted to reflect this.
- Drugs is overspent YTD by (£0.1m) and is forecast to be overspent by (£0.6m) at the year end, the forecast includes additional expenditure over the winter months (off-set by additional income).

### 4.3 Technical Items

- The Trust has spent (£2.6m) on restructuring costs YTD, this expenditure was planned and includes professional fees, redundancy payments and voluntary resignation payments. The Trust is forecasting (£5.0m) of expenditure in FY14/15 as part of the Trust's commitment to deliver additional CIP through 'continuing the journey'.
- Other non-operating costs include contingent rent on the PFI and profit/loss on disposal of an asset. The forecast has changed due to the successful bid of capital IT funding (£1.7m) and the exclusion of VAT from trust asset valuations impacting on depreciation (£1.0m) and a reduction in PDC (£0.6m). The risks associated with the profit on disposal of the asset are described in section 8.0 of the report.



- Impairments due to lifecycle expenditure are expected to be in line with plan at year end. A additional £16.8m impairment is being forecast following the Trusts decision to exclude VAT from build related asset valuations.

#### 4.4 Capital Expenditure

Capital Programme	Year to Date			Full Year			Full Year	
	Plan	Actual	Variance	Current Forecast	Previous Forecast	Forecast Change	Annual Plan	Forecast Variance
	£m	£m	£m	£m	£m	£m	£m	£m
PFI Lifecycle Investment	(3.9)	(3.9)	-	(5.8)	(5.8)	-	(5.8)	-
Nursing Technology Fund	(1.1)	(1.1)	-	(1.2)	(1.3)	0.1	(1.3)	0.1
Site Reconfiguration	(1.1)	(1.6)	(0.5)	(2.8)	(2.4)	(0.4)	(2.0)	(0.8)
Information Technology	(0.7)	(0.1)	0.6	(1.1)	(1.1)	-	(1.7)	0.6
Rolling/Replacement programme	(1.0)	(1.5)	(0.5)	(3.9)	(3.3)	(0.6)	(3.3)	(0.6)
Car Parking	(2.5)	(1.8)	0.7	(3.0)	(3.3)	0.3	(3.4)	0.4
Decontamination SSD	(0.1)	(0.1)	-	(0.9)	(1.0)	0.1	(1.0)	0.1
Haematology Day Unit and Inpatient Ward	(0.5)	(0.5)	-	(0.5)	(0.7)	0.2	(0.7)	0.2
Additional Theatre	(0.4)	(0.5)	(0.1)	(0.5)	(0.7)	0.2	(0.7)	0.2
Block Allocations (Estates, ch.exec emergency, X-ray tubes)	(0.9)	(0.7)	0.2	(1.6)	(1.6)	-	(1.5)	(0.1)
Other Schemes	(1.7)	(1.9)	(0.2)	(1.6)	(1.7)	0.1	(1.5)	(0.1)
<b>Total Capital Programme Expenditure</b>	<b>(13.9)</b>	<b>(13.7)</b>	<b>0.2</b>	<b>(22.9)</b>	<b>(22.9)</b>	<b>(0.0)</b>	<b>(22.9)</b>	<b>(0.0)</b>

- 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.
- 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			Full Year			Full Year	
	Plan	Actual	Variance	Current Forecast	Previous Forecast	Forecast Change	Annual Plan	Forecast Variance
	£m	£m	£m	£m	£m	£m	£m	£m
Integrated Medical Care	12.0	12.7	0.7	19.0	18.7	0.3	18.0	1.0
Clinical & Diagnostic	(18.7)	(18.5)	0.2	(28.1)	(28.2)	0.1	(28.3)	0.2
Trauma, Theatres & Anaes.	(1.1)	(2.1)	(1.0)	(3.1)	(4.2)	1.1	(0.9)	(2.2)
Tertiary	11.9	13.8	1.9	20.6	20.5	0.1	18.1	2.5
Surgical	23.3	25.1	1.8	37.4	37.0	0.4	34.8	2.6
Women & Children	12.3	12.4	0.1	18.6	18.3	0.3	18.7	(0.1)
Specialty Medicine	16.6	16.4	(0.2)	24.7	24.3	0.4	25.2	(0.5)
Corporate	(46.9)	(46.4)	0.5	(73.7)	(73.4)	(0.3)	(72.5)	(1.2)
Non Operating	(21.8)	(21.8)	-	(29.5)	(31.5)	2.0	(31.6)	2.1
<b>Underlying (Deficit)/Surplus</b>	<b>(12.4)</b>	<b>(8.4)</b>	<b>4.0</b>	<b>(14.1)</b>	<b>(18.5)</b>	<b>4.4</b>	<b>(18.5)</b>	<b>4.4</b>

Trauma, Theatres & Anaesthetics and Specialty Medicine continue to be behind plan and are forecasting to be behind plan.

All other clinical centres are currently ahead of plan and are forecast to be ahead of plan at the end of the year with the exception of Women and Children which will be marginally behind plan at year end.

Non Operating is on plan YTD and is forecast to ahead of plan.

The Corporate centre includes all other operating expenditure not directly part of the seven clinical centres and the 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	Actual	Variance	Current Forecast	Previous Forecast	Forecast Change	Annual Plan	Forecast Variance
	£m	£m	£m	£m	£m	£m	£m	£m
Clinical Income	64.8	65.6	0.8	98.8	98.5	0.3	97.7	1.1
Other Income	2.2	2.2	-	3.3	3.3	-	3.4	(0.1)
<b>Total Income</b>	<b>67.0</b>	<b>67.8</b>	<b>0.8</b>	<b>102.1</b>	<b>101.8</b>	<b>0.3</b>	<b>101.1</b>	<b>1.0</b>
Pay	(40.8)	(40.3)	0.5	(60.9)	(61.0)	0.1	(61.7)	0.8
Non-Pay	(14.2)	(14.8)	(0.6)	(22.2)	(22.1)	(0.1)	(21.4)	(0.8)
<b>Total Expenses</b>	<b>(55.0)</b>	<b>(55.1)</b>	<b>(0.1)</b>	<b>(83.1)</b>	<b>(83.1)</b>	<b>-</b>	<b>(83.1)</b>	<b>-</b>
Other								
<b>Underlying (Deficit)/Surplus</b>	<b>12.0</b>	<b>12.7</b>	<b>0.7</b>	<b>19.0</b>	<b>18.7</b>	<b>0.3</b>	<b>18.0</b>	<b>1.0</b>
<b>Memorandum Items</b>								
CIP Programme	1.9	2.2	0.3	2.5	2.5	-	2.5	-

The centre performance has improved this month and is ahead of plan YTD by £0.7m. The centre is forecast to be £1.0m ahead of plan at the end of the financial year. The centre is £0.3m ahead of plan YTD on CIP delivery and is forecast to deliver £2.5m.

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 reduction of income over the last 3 months due to a change in case mix. Non elective income is forecast to increase over the winter months and the increased income is reflected in the forecast.

The centres overspend on non-pay YTD and forecast reflects the centres activity over performance. The centre continues to incur vacancies and nursing vacancies are the main reason for the pay underspend.

The CIP programme is £0.3m ahead of plan YTD and is forecast to be on 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	21.0	20.8	(0.2)	31.2	30.8	0.4	31.5	(0.3)
Other Income	2.2	2.0	(0.2)	3.1	3.1	-	3.4	(0.3)
<b>Total Income</b>	<b>23.2</b>	<b>22.8</b>	<b>(0.4)</b>	<b>34.3</b>	<b>33.9</b>	<b>0.4</b>	<b>34.9</b>	<b>(0.6)</b>
Pay	(31.8)	(30.8)	1.0	(46.7)	(46.6)	(0.1)	(48.0)	1.3
Non-Pay	(10.1)	(10.5)	(0.4)	(15.7)	(15.5)	(0.2)	(15.2)	(0.5)
<b>Total Expenses</b>	<b>(41.9)</b>	<b>(41.3)</b>	<b>0.6</b>	<b>(62.4)</b>	<b>(62.1)</b>	<b>(0.3)</b>	<b>(63.2)</b>	<b>0.8</b>
Other						-		
<b>Underlying (Deficit)/Surplus</b>	<b>(18.7)</b>	<b>(18.5)</b>	<b>0.2</b>	<b>(28.1)</b>	<b>(28.2)</b>	<b>0.1</b>	<b>(28.3)</b>	<b>0.2</b>
<b>Memorandum Items</b>								
CIP Programme	1.0	1.9	0.9	2.6	2.5	0.1	1.5	1.1

The centre is underspent YTD by £0.2m and is forecasting to be £0.2m underspent.

The centre has an YTD and forecast underspend that is driven by significant vacancies across Scientific, Therapies Technical. The centre is actively trying to recruit into these vacancies but the vacancies are spread widely across the centre.

Pay underspends are offset by an income underperformance, this relates to non elective and out-patient procedures.

Other income is behind plan due to a historic pathology income target which will not be achieved.

The CIP programme is ahead of plan by £0.9m YTD and is forecast to be ahead at the end of the year by £1.1m.

### 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	41.9	41.6	(0.3)	62.7	61.9	0.8	63.2	(0.5)
Other Income	3.1	3.0	(0.1)	4.4	4.4	-	4.6	(0.2)
<b>Total Income</b>	<b>45.0</b>	<b>44.6</b>	<b>(0.4)</b>	<b>67.1</b>	<b>66.3</b>	<b>0.8</b>	<b>67.8</b>	<b>(0.7)</b>
Pay	(34.6)	(34.3)	0.3	(51.8)	(52.3)	0.5	(51.9)	0.1
Non-Pay	(11.5)	(12.4)	(0.9)	(18.4)	(18.2)	(0.2)	(16.8)	(1.6)
<b>Total Expenses</b>	<b>(46.1)</b>	<b>(46.7)</b>	<b>(0.6)</b>	<b>(70.2)</b>	<b>(70.5)</b>	<b>0.3)</b>	<b>(68.7)</b>	<b>(1.5)</b>
Other						-		
<b>Underlying (Deficit)/Surplus</b>	<b>(1.1)</b>	<b>(2.1)</b>	<b>(1.0)</b>	<b>(3.1)</b>	<b>(4.2)</b>	<b>1.1</b>	<b>(0.9)</b>	<b>(2.2)</b>
<b>Memorandum Items</b>								
CIP Programme	0.6	0.5	(0.1)	1.0	1.0	-	1.0	-

The centre is overspent YTD by (£1.0m), an improvement of £0.2m in November and is forecasting an overspend of £2.2m.

Income is behind plan by (£0.4m) YTD and overspent on non-pay YTD by (£0.9m) this mainly relates to elective income in orthopaedics and clinical supplies in orthopaedics and Theatres.

The forecast has changed to reflect the increase in income and the improving pay position. This reflects the on-going transformational change as part of the Trusts CIP programme.

This centre continues to be very closely monitored to identify and resolve any cost pressures.

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

## 5.5 Tertiary

Tertiary	Year to Date			Full Year			Full Year	
	Plan	Actual	Variance	Current Forecast	Previous Forecast	Forecast Change	Annual Plan	Forecast Variance
	£m	£m	£m	£m	£m	£m	£m	£m
Clinical Income	53.1	55.7	2.6	83.5	83.4	0.1	80.0	3.5
Other Income	1.3	1.5	0.2	2.2	2.2	-	1.9	0.3
<b>Total Income</b>	<b>54.4</b>	<b>57.2</b>	<b>2.8</b>	<b>85.7</b>	<b>85.6</b>	<b>0.1</b>	<b>81.9</b>	<b>3.8</b>
Pay	(25.7)	(25.9)	(0.2)	(38.7)	(38.8)	0.1	(38.4)	(0.3)
Non-Pay	(16.8)	(17.5)	(0.7)	(26.4)	(26.3)	(0.1)	(25.4)	(1.0)
<b>Total Expenses</b>	<b>(42.5)</b>	<b>(43.4)</b>	<b>(0.9)</b>	<b>(65.1)</b>	<b>(65.1)</b>	<b>-</b>	<b>(63.8)</b>	<b>(1.3)</b>
Other								
<b>Underlying (Deficit)/Surplus</b>	<b>11.9</b>	<b>13.8</b>	<b>1.9</b>	<b>20.6</b>	<b>20.5</b>	<b>0.1</b>	<b>18.1</b>	<b>2.5</b>
<b>Memorandum Items</b>								
CIP Programme	1.2	1.8	0.6	2.2	2.2	-	1.6	0.6

The centre is performing well YTD and has a favourable variance of £1.9m and has improved by £0.1m from the previous month. The YTD position is predominantly due to income over performance, YTD income over performance is £2.8m mainly across Cardiothoracic Surgery, Neuro Surgery and Cardiology.

The pay overspend (£0.2m) is driven by agency nursing which is being partially offset by vacancies.

Non-pay expenditure is overspent YTD due to additional activity.

The centre forecast to be £2.5m ahead of plan.

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			Full Year			Full Year	
	Plan	Actual	Variance	Current Forecast	Previous Forecast	Forecast Change	Annual Plan	Forecast Variance
	£m	£m	£m	£m	£m	£m	£m	£m
Clinical Income	54.5	56.6	2.1	85.5	85.1	0.4	82.4	3.1
Other Income	1.9	1.9	-	2.6	2.6	-	2.6	-
<b>Total Income</b>	<b>56.4</b>	<b>58.5</b>	<b>2.1</b>	<b>88.1</b>	<b>87.7</b>	<b>0.4</b>	<b>85.0</b>	<b>3.1</b>
Pay	(23.1)	(23.1)	-	(35.0)	(35.1)	0.1	(34.9)	(0.1)
Non-Pay	(10.0)	(10.3)	(0.3)	(15.7)	(15.6)	(0.1)	(15.3)	(0.4)
<b>Total Expenses</b>	<b>(33.1)</b>	<b>(33.4)</b>	<b>(0.3)</b>	<b>(50.7)</b>	<b>(50.7)</b>	<b>-</b>	<b>(50.2)</b>	<b>(0.5)</b>
Other								
<b>Underlying (Deficit)/Surplus</b>	<b>23.3</b>	<b>25.1</b>	<b>1.8</b>	<b>37.4</b>	<b>37.0</b>	<b>0.4</b>	<b>34.8</b>	<b>2.6</b>
<b>Memorandum Items</b>								
CIP Programme	0.3	0.4	0.1	0.5	0.5	-	0.4	0.1

The centre is underspent YTD by £1.8m and is forecasting an underspend of £2.6m.

The centre continues to be ahead of plan on income and is £2.1m 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 £3.1m 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 on plan YTD following the funding received for the additional activity. The centre is incurring significant agency costs but is offsetting this cost via underspends on Nursing and Medical pay.

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

## 5.7 Women and Children

Women & Children	Year to Date			Full Year			Full Year	
	Plan	Actual	Variance	Current Forecast	Previous Forecast	Forecast Change	Annual Plan	Forecast Variance
	£m	£m	£m	£m	£m	£m	£m	£m
Clinical Income	40.6	40.0	(0.6)	60.2	60.1	0.1	61.4	(1.2)
Other Income	1.6	1.6	-	2.4	2.4	-	2.4	-
<b>Total Income</b>	<b>42.2</b>	<b>41.6</b>	<b>(0.6)</b>	<b>62.6</b>	<b>62.5</b>	<b>0.1</b>	<b>63.8</b>	<b>(1.2)</b>
Pay	(26.6)	(25.8)	0.8	(38.9)	(39.0)	0.1	(40.1)	1.2
Non-Pay	(3.3)	(3.4)	(0.1)	(5.1)	(5.2)	0.1	(5.0)	(0.1)
<b>Total Expenses</b>	<b>(29.9)</b>	<b>(29.2)</b>	<b>0.7</b>	<b>(44.0)</b>	<b>(44.2)</b>	<b>0.2</b>	<b>(45.1)</b>	<b>1.1</b>
Other						-		
<b>Underlying (Deficit)/Surplus</b>	<b>12.3</b>	<b>12.4</b>	<b>0.1</b>	<b>18.6</b>	<b>18.3</b>	<b>0.3</b>	<b>18.7</b>	<b>(0.1)</b>
<b>Memorandum Items</b>								
CIP Programme	0.6	0.6	-	0.9	0.9	-	0.9	-

The centre is underspent YTD by £0.1m and is forecasting a (£0.1m) overspend at year end. The centre performance remains consistent with previous months.

Income is below plan (£0.6m) 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 (£1.2m) under performance.

The centre is managing the centre position by maintaining a pay underspend this relates to vacancies, particularly within midwifery. The centre manage the seasonal variation of activity and are planning to fill current vacancies and will incur agency cost where vacancies are not filled. The centre continue to manage the pay budget closely and have reflected this in the forecast.

The CIP is on plan and delivering £0.6m 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			Full Year			Full Year	
	Plan	Actual	Variance	Current Forecast	Previous Forecast	Forecast Change	Annual Plan	Forecast Variance
	£m	£m	£m	£m	£m	£m	£m	£m
Clinical Income	57.5	59.3	1.8	88.9	88.6	0.3	86.7	2.2
Other Income	0.9	0.7	(0.2)	0.9	0.9	-	1.3	(0.4)
<b>Total Income</b>	<b>58.4</b>	<b>60.0</b>	<b>1.6</b>	<b>89.8</b>	<b>89.5</b>	<b>0.3</b>	<b>88.0</b>	<b>1.8</b>
Pay	(18.7)	(19.3)	(0.6)	(28.6)	(28.6)	-	(28.1)	(0.5)
Non-Pay	(23.1)	(24.3)	(1.2)	(36.5)	(36.6)	0.1	(34.7)	(1.8)
<b>Total Expenses</b>	<b>(41.8)</b>	<b>(43.6)</b>	<b>(1.8)</b>	<b>(65.1)</b>	<b>(65.2)</b>	<b>0.1</b>	<b>(62.8)</b>	<b>(2.3)</b>
Other						-		
<b>Underlying (Deficit)/Surplus</b>	<b>16.6</b>	<b>16.4</b>	<b>(0.2)</b>	<b>24.7</b>	<b>24.3</b>	<b>0.4</b>	<b>25.2</b>	<b>(0.5)</b>
<b>Memorandum Items</b>								
CIP Programme	0.8	0.7	(0.1)	1.2	1.2	-	1.2	-

The centre is overspent YTD by (£0.2m) and has improved by £0.5m in November and is forecasting an overspend of (£0.5m).

The centre position has improved in month due to increased income and is now £1.6m ahead of plan YTD. This is forecast to continue, rising to £2.2m over performance by year end. They key areas of over performance are outpatients and day cases.

The pay overspend is (£0.6m) overspent 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 with in the centre. The centre has forecast to improve the pay position to a (£0.5m) overspend by year end.

The non-pay overspend is the biggest challenge to the centre and is (£1.2m) overspent YTD. This overspend is on drugs (£0.5m), clinical supplies (£0.3m) and non clinical supplies (£0.3m). Non clinical supplies relate to prime contracts, patient transport and rent/rates at the health centres. Following meetings with the Director of Finance

the centre has a number action plans to mitigate the current position. This overspend is forecast to continue but at a reduced rate for the remaining part of the year. The forecast is a (£1.8m) overspent.

The CIP programme is (£0.1m) 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	6.3	2.5	(3.8)	3.0	1.7	1.3	8.4	(5.4)
Other Income	14.4	10.8	(3.6)	17.3	19.6	(2.3)	22.9	(5.6)
<b>Total Income</b>	<b>20.7</b>	<b>13.3</b>	<b>(7.4)</b>	<b>20.3</b>	<b>21.3</b>	<b>(1.0)</b>	<b>31.3</b>	<b>(11.0)</b>
Pay	(19.3)	(21.0)	(1.7)	(33.4)	(31.9)	(1.5)	(27.7)	(5.7)
Non-Pay	(48.3)	(38.7)	9.6	(60.6)	(62.8)	2.2	(76.1)	15.5
<b>Total Expenses</b>	<b>(67.6)</b>	<b>(59.7)</b>	<b>7.9</b>	<b>(94.0)</b>	<b>(94.7)</b>	<b>0.7</b>	<b>(103.8)</b>	<b>9.8</b>
Other						-		
<b>Underlying (Deficit)/Surplus</b>	<b>(46.9)</b>	<b>(46.4)</b>	<b>0.5</b>	<b>(73.7)</b>	<b>(73.4)</b>	<b>(0.3)</b>	<b>(72.5)</b>	<b>(1.2)</b>
<b>Memorandum Items</b>								
CIP Programme	6.2	5.5	(0.7)	11.4	11.0	0.4	12.7	(1.3)

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

The corporate centre is behind plan by £0.5m 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 (£7.4m) can be partially offset by the Centres cumulative YTD over performance of £5.9m.

The expenditure underspend of £7.9m can be offset by the Centres cumulative YTD overspend of (£2.4m). The expenditure variance relates to delayed business developments.

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

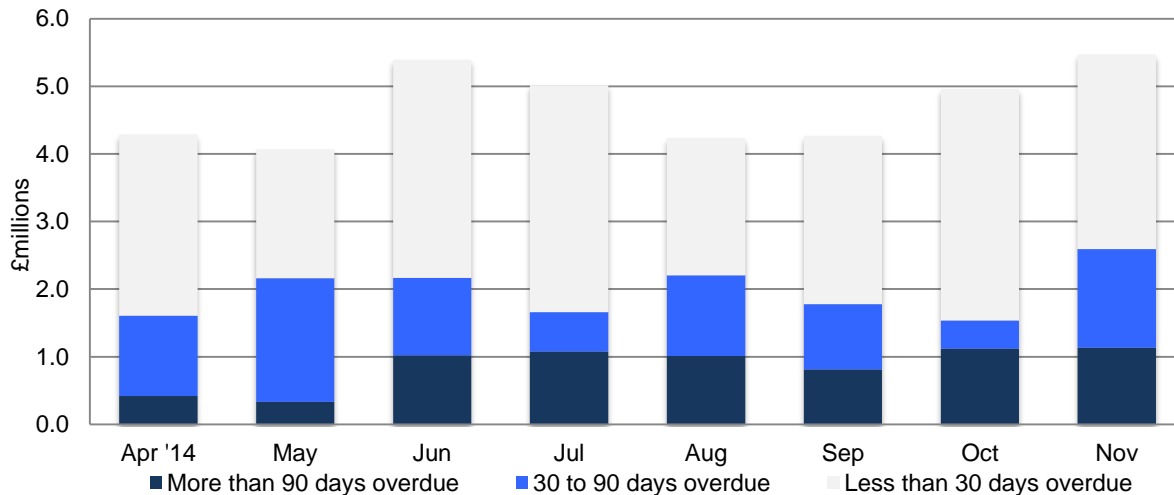
## 6.0 Statement of Financial Position (SoFP)

### 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
<b>Non-Current Assets</b>								
PFI	184.1	182.5	(1.6)	149.9	179.0	29.1	183.4	33.5
Non-PFI	71.0	71.3	0.3	65.0	69.5	4.5	69.5	4.5
Trade and Other Receivables	1.8	1.7	(0.1)	1.8	1.8	-	1.8	-
<b>Total Non-Current Assets</b>	<b>256.9</b>	<b>255.5</b>	<b>(1.4)</b>	<b>216.7</b>	<b>250.3</b>	<b>33.6</b>	<b>254.7</b>	<b>38.0</b>
<b>Current Assets</b>								
Inventories	8.0	8.3	0.3	7.8	7.8	-	7.8	-
Trade and Other Receivables	9.7	11.9	2.2	10.9	10.9	-	10.9	-
Prepayments & Accrued Income	22.7	21.4	(1.3)	25.4	25.4	-	21.0	(4.4)
Cash and Cash Equivalents	22.2	26.5	4.3	0.5	0.5	-	0.5	-
<b>Total Current Assets</b>	<b>62.6</b>	<b>68.1</b>	<b>5.5</b>	<b>44.5</b>	<b>44.5</b>	<b>-</b>	<b>40.1</b>	<b>(4.4)</b>
<b>Total Assets</b>	<b>319.5</b>	<b>323.6</b>	<b>4.1</b>	<b>261.2</b>	<b>294.8</b>	<b>33.6</b>	<b>294.8</b>	<b>-</b>
<b>Current Liabilities</b>								
Trade and Other Payables	(39.0)	(39.8)	(0.8)	(37.2)	(37.2)	-	(37.2)	-
Interest Bearing Borrowings & Finance Leases	(4.5)	(4.7)	(0.2)	(4.4)	(4.4)	-	(4.4)	-
PFI Finance Leases	(3.6)	(3.6)	-	(3.7)	(3.7)	-	(3.7)	-
Other Financial Liabilities	(35.4)	(33.4)	2.0	(12.2)	(12.2)	-	(12.2)	-
Provisions	(0.5)	(0.5)	-	(0.5)	(0.5)	-	(0.5)	-
<b>Total Current Liabilities</b>	<b>(83.0)</b>	<b>(82.0)</b>	<b>1.0</b>	<b>(58.0)</b>	<b>(58.0)</b>	<b>-</b>	<b>(58.0)</b>	<b>-</b>
<b>Total Assets less Current Liabilities</b>	<b>236.5</b>	<b>241.6</b>	<b>5.1</b>	<b>203.2</b>	<b>236.8</b>	<b>33.6</b>	<b>236.8</b>	<b>-</b>
<b>Non-Current Liabilities</b>								
Trade and Other Payables	-	-	-	-	-	-	-	-
Interest Bearing Borrowings & Finance Leases	(31.6)	(32.5)	(0.9)	(29.5)	(29.5)	-	(29.5)	-
PFI Finance Leases	(107.0)	(107.0)	-	(105.5)	(105.5)	-	(105.5)	-
Other Financial Liabilities	-	-	-	-	-	-	-	-
Provisions	(1.8)	(1.8)	-	(1.7)	(1.7)	-	(1.7)	-
<b>Total Non-Current Liabilities</b>	<b>(140.4)</b>	<b>(141.3)</b>	<b>(0.9)</b>	<b>(136.7)</b>	<b>(136.7)</b>	<b>-</b>	<b>(136.7)</b>	<b>-</b>
<b>Total Assets Employed</b>	<b>96.1</b>	<b>100.3</b>	<b>4.2</b>	<b>66.5</b>	<b>100.1</b>	<b>33.6</b>	<b>100.1</b>	<b>-</b>
<b>Financed by Taxpayers' Equity:</b>								
Public Dividend Capital	155.4	155.4	(0.0)	171.2	172.9	1.7	172.9	1.7
Income and Expenditure Reserve	(120.5)	(116.3)	4.2	(149.1)	(134.0)	15.1	(134.0)	15.1
Revaluation Reserve	34.7	34.7	(0.0)	17.9	34.7	16.8	34.7	16.8
Other Reserves	26.5	26.5	0.0	26.5	26.5	-	26.5	-
<b>Total Taxpayers' Equity</b>	<b>96.1</b>	<b>100.3</b>	<b>4.2</b>	<b>66.5</b>	<b>100.1</b>	<b>33.6</b>	<b>100.1</b>	<b>33.6</b>

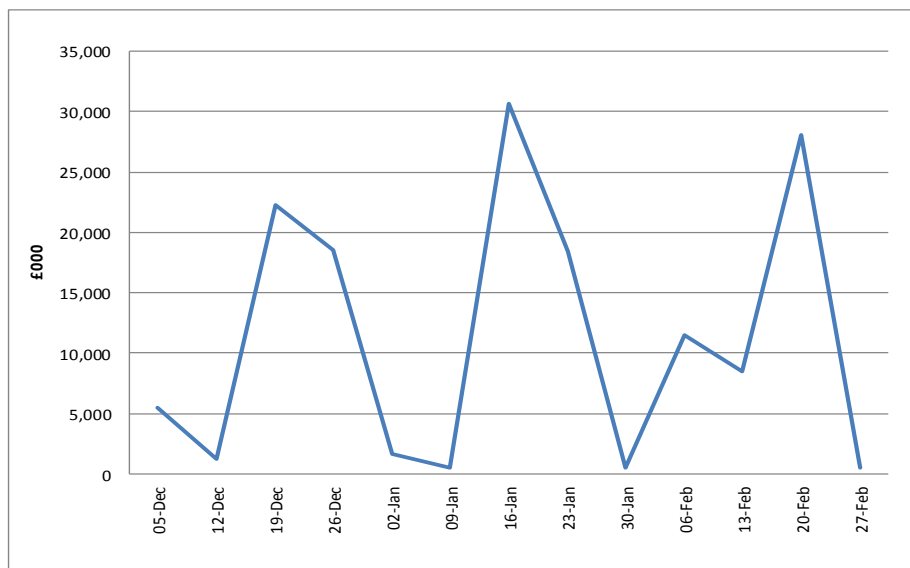
- Cash balance reduces to £0.5m as the Trust draws down PDC from the DoH to fund on-going operations.
- Public Dividend Capital reserve increases by £15.8m which reflects the cash requirement for the Trust from the DoH.
- The Trust's I&E reserve increases as continuing deficits flow through into the SOFP.
- The current forecast for non-current assets has changed to reflect the revaluation of assets to exclude VAT, amounting to £33.6m. The offsetting reduction affects the I&E and revaluation reserve due to impairments.

## 6.2 Aged Debt



- Aged debt represents a low risk to the Trust. Of the £1.1m over 90 days outstanding, the only significant age debt relates to £0.2m from County Durham and Darlington FT for Neonatal hearing screening services and £0.1m from North Tees and Hartlepool for Community dental session recharges.
- Of the £1.5m of 30 to 90 days overdue, the only significant aged debts relate to £0.3m from NHS England for cancer drug funding and £0.2m from Middlesbrough Council for the community block contract which the Trust expects to receive payment for in December.

## 6.3 Cashflow



- The Trust will require the first drawdown of PDC funding from the DoH during the last week of January amounting to £2.0m as the Trust continues to reduce cash reserves to fund the on-going deficit.
- In the first 3 weeks of December we are anticipating significant creditor payments as there will be no payments in the last week of the month. We are anticipating reduced creditor payment runs during the first half of January until receipt of block payments from commissioners.
- 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 15<sup>th</sup>, then reducing due to salary payments on the last working day of each month.
- S Tees CCG has agreed to provide a cash advance in January, to ensure cashflow.



## 7.0 CIP and Transformation

Cost Improvement	Year to Date			Full Year			Full Year	
	Plan	Actual	Variance	Current Forecast	Previous Forecast	Forecast Change	Annual Plan	Forecast Variance
	£m	£m	£m	£m	£m	£m	£m	£m
Original Schemes	7.8	8.1	0.3	12.0		12.0	11.8	0.2
Mckinsey workstreams	2.3	0.9	(1.4)	1.7		1.7	5.6	(3.9)
Further Workstreams	2.5	4.6	2.1	8.6		8.6	4.4	4.2
<b>Total Cost improvement</b>	<b>12.6</b>	<b>13.6</b>	<b>1.0</b>	<b>22.3</b>	<b>-</b>	<b>22.3</b>	<b>21.8</b>	<b>0.5</b>

- The CIP is £1.0m ahead of plan YTD and is forecast to be £0.5m ahead of plan. The forecast CIP has improved the Trusts year end forecast deficit position.
- Further workstreams are ahead of plan by £2.1m and are expected to be £4.2m ahead of plan by the end of the year. Productivity increases in radiotherapy/oncology, cardiothoracic surgery, cardiology and neurosurgery are the main CIP's included in this workstream. Along with savings from reduction of PDC and depreciation charges.
- Mckinsey workstreams are (£1.4m) behind plan YTD and are forecast to be (£3.9) behind plan at the year end.

Cost Improvement	Year to Date			Full Year			Full Year	
	Plan	Actual	Variance	Current Forecast	Previous Forecast	Forecast Change	Annual Plan	Forecast Variance
	£m	£m	£m	£m	£m	£m	£m	£m
Workforce	5.7	6.2	0.5	8.4	8.3	0.1	9.1	(0.7)
Business Improvement	5.6	6.3	0.7	11.6	11.5	0.1	10.4	1.2
Medicines Management	0.2	0.3	0.1	0.5	0.5	-	0.3	0.2
Procurement	1.1	0.8	(0.3)	1.8	1.5	0.3	2.0	(0.2)
<b>Total Cost improvement</b>	<b>12.6</b>	<b>13.6</b>	<b>1.0</b>	<b>22.3</b>	<b>21.8</b>	<b>0.5</b>	<b>21.8</b>	<b>0.5</b>

- Workforce is ahead of plan by £0.5m 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. As part of the transformation agenda all corporate functions are being reviewed and is anticipating a significant conversion from non-recurrent savings to recurrent.
- 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 deliver.
- 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	Actual	Variance	Current Forecast	Previous Forecast	Forecast Change	Annual Plan	Forecast Variance
	£m	£m	£m	£m	£m	£m	£m	£m
Recurrent	10.3	9.5	(0.8)	17.3		17.3	18.6	(1.3)
Non Recurrent	2.3	4.1	1.8	5.0		5.0	3.2	1.8
<b>Total Cost improvement</b>	<b>12.6</b>	<b>13.6</b>	<b>1.0</b>	<b>22.3</b>	<b>-</b>	<b>22.3</b>	<b>21.8</b>	<b>0.5</b>

- £9.5m of the £13.6m savings are recurring savings in the YTD position. It is forecast that the £17.3m of the £22.3m forecast saving will be recurrent.
- The non-recurring savings mainly relate to vacancies across the Trust.

Cost Improvement	Year to Date			Full Year			Full Year	
	Plan	Actual	Variance	Current Forecast	Previous Forecast	Forecast Change	Annual Plan	Forecast Variance
	£m	£m	£m	£m	£m	£m	£m	£m
Full year effect in 2015/16	12.6	13.6	1.0	21.8		21.8	21.8	-
<b>Total Cost improvement</b>	<b>12.6</b>	<b>13.6</b>	<b>1.0</b>	<b>21.8</b>	<b>-</b>	<b>21.8</b>	<b>21.8</b>	<b>-</b>

- The full year effect of the 2014/15 savings is £21.8m.

## 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 insufficient 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 await HMRC's response.	M Hewitt-Smith (DoF)  Brian Simpson (HoFS)	(£0.0m) - (£0.8m)
2	Below plan delivery of CQUIN. The Trust has planned to deliver 85% of the total CQUIN target of £10.6m. A particular risk is on-going on the delivery of a sustained reduction in pressure ulcers.	The trust has achieved all the CQUIN targets in quarter 1. On-going quality improvements.	Ruth Holt (DoN)	(£0.0m) - (£1.2m)
3	Non-elective overperformance paid for by Commissioners at marginal rate, whilst the Trust is spending premium cost delivering unplanned activity.	Working closely with the Trust Commissioners on a winter resilience plan. Developing and implementing an internal winter resilience plan to try and minimise some premium costs.	M Hewitt-Smith (DoF)  Managing Directors	(£0.0m) - (£3.5m)
4	Unplanned operational penalties. Particular A&E related penalties (i.e. 95% target and ambulance handover penalties) along with RTT penalties.	Ensuring operational performance by delivery of the winter resilience plan. Working closely with Commissioners on any remedial action plans.	M Hewitt-Smith (DoF) Managing Directors Sarah Danielli (HoP)	(£0.0m) - (£1.3m)
<b>Total Trust Risk Profile</b>				<b>(£0.0m) - (£7.8m)</b>