St George's Healthcare NHS Trust

Finance Report
December 2013 results – Month 9

Trust Board (30th January 2014)

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FINANCE AND ACTIVITY SUMMARY

Area of Review	Key Highlights	Month	Year End rating
Financial Position	The YTD position is a surplus of £3.6m, which is £6k favourable to plan. Income is ahead of plan and there are overspends mainly in non pay. The Trust is planning to achieve a year end target of £6.69m surplus.		
Activity / Income	Income was ahead of plan in month due to higher Outpatients, Exclusions and Bed day activity and is ahead of plan YTD mainly due to outpatient, bed-day activity and high cost exclusions. In-patient elective activity is still behind YTD plan due to the difficulties in bringing in all planned elective work due with ongoing bed capacity pressures.		
Expenditure	Pay is over spent for the year to date primarily in nursing and junior doctors but is showing a small underspend in month. Non pay is overspent in drugs and clinical consumables. There are pressures in other non pay costs especially energy and the use of private facilities for additional capacity.		
EBITDA	This was behind plan in month by £147k as there was a shortall in donated asset income received and overall YTD is marginally ahead of plan by £6k as expenditure pressures are balanced by additional income received to date. In the Divisions, management action is being taken to recover the position with three divisions working to deliver recovery plans.		
Cash	The cash balance was £19.2m at 31st December compared to £17.4m last month. Although the cash balance continues to benefit from delays in receiving bills for community services premises charges and from the (continued) under spend on the capital programme, SLA debt with the new commissioning bodies continues to be of concern as 85% interim over-performance bills – particularly from NHS England – remain unpaid. The Trust continues to exert tight control over supplier payment runs to achieve its minimum month-end cash balance target equivalent to 10 day operating expenses.		
Capital	Capital expenditure was approx £2.2m in Deember. YTD expenditure is £18.4m – generating a YTD under spend of £7.7m (£6.9m last month). The updated forecasts indicate an outturn expenditure under spend of approx £5.4m of which £5m relates to projects to be funded by loans (EPC) and leases (major equipment items). This external finance will be drawn down when the related expenditure is incurred next year. The Trust has approved approx £2.2m of additional capital expenditure to utilize the internally financed (cash) under spends previously reported at M06 and M08 - hence the relatively low proportion (£0.4m) of the M09 forecast expenditure under spend which is internally funded. It should be noted that the forecast outturn assumes a significant acceleration in the rate of capital expenditure in the last three months of the year. The forecast for Infrastructure Renewal is provisional and subject to revision next month.		
CIPs	The total CIP target for 13/14 is £37.1m which has been identified. However, 3% of schemes remain Red rated by the PMO. Year to date performance is £0.449m behind the plan of £26.7m reflecting some additional risks around the phasing of schemes that have been identified. All CIP schemes go through a rigorous Quality Impact Assessment before they are approved for implementation.		

EXECUTIVE SUMMARY

The Trust’s 2013/14 plan agreed with the Trust Development Agency (TDA) is to achieve a £6.69m surplus.

At the end of December, the Trust is showing a £3.6m actual surplus compared to the YTD planned surplus of £3.6m, therefore the Trust shows a £6k favourable variance to plan.

In December, the Trust was ahead of its monthly income target by £2.3m. Overall SLA income has over-performed for the YTD by £11.5m. Activity in month over-performed for Out patients,Elective, Exclusions and Bed Day activity.

The high levels of emergency work are continuing to result in lower elective throughput than planned due to a shortage of capacity for some elective procedures. This is resulting in some 18 week target breach fines. The Trust is further penalised by the 30% marginal rate payable on excess Emergency activity above historical thresholds. The forecast for the annual level of this discounted tariff income is now expected to be over £12m by year end. The Trust has worked with commissioners to get £3.5m of this reinvested to support winter pressures. In addition the Trust has received a further £1.3m from WCCG and £1.2m from the national winter funds to support the agreed winter plan.

The Trust is overspent on pay YTD while it seeks to implement cost improvement schemes but did see an underspend of £207k in month 09. The in month pay position has been helped by allocation of contingencies to cover specific pay cost pressures. Use of additional facilities and maintaining safe staffing levels means bank and agency costs continue to be significant. CIP targets are removed from budgets but if the actions to reduce costs have not fully delivered this will come through as an overspend.

Non pay is overspent on drugs & clinical consumables which are primarily reclaimable as exclusions. There have been pressures on Energy bills and ongoing cost premiums incurred on the use of external facilities and on the requirement to deliver savings to close the CIP gap.

SUMMARY I&E

The detail behind the summary position and the Divisional view of the financial situation is given in the report. YTD the Clinical Divisions are £11.3m behind their plans, the most significant outliers are: SNCT Division at £3.8m adverse, Med/Card Division at £3.6m adverse, and CWDT £3.3m adverse. Formal recovery plans have been prepared by Surgery, Medicine & Cardiac and Childrens & Womens Divisions and were presented to F&P. Performance against these will be closely monitored in the coming months and an update is included in the papers.

The impact of additional expenditure being incurred by the Trust in escalation beds, additional capacity, improvements in the emergency pathway and 7 day working to cope with winter pressures remains the single biggest risk to the delivery of the financial targets. The costs to deliver the winter plan agreed with commissioning bodies exceed the funding committed by £1m. The Trust will need to see Divisional recovery plans deliver and will need tight management of winter pressures to be confident of meeting the surplus target.

SECTION 1: OVERALL INCOME AND EXPENDITURE

Income and expenditure account December 2013

NOTE CHANGE TO ACCOUNTING CONVENTION FOR ALL I&E AND VARIANCES PRESENTED

	CURRENT MONTH			CUMULATIVE YTD					FORECAST		UNIT BREAKDOWN			
											St George's Services		Community Services	
	Current Mth Budget £000	Current Mth Amount £000	Current Mth Variance £000	YTD Budget £000	YTD Amount £000	YTD Variance £000	% Variance	Previous Variance £000	Annual Budget £000	Forecast Outturn £000	SGH Current Month Variance £000	SGH YTD Variance £000	CSW Current Month Variance £000	CSW YTD Variance £000
Income														
SLA Elective	5,591	5,741	150 F	53,250	52,197	-1,154 A	-2.2%	-1,304 A	62,577	62,298	150	-1,154	0	0
SLA Daycases	1,470	1,512	42 F	16,033	15,804	-224 A	-1.3%	-326 A	21,523	21,149	42	-224	0	0
SLA Non Elective	7,107	7,163	56 F	69,042	69,210	168 F	0.2%	772 F	94,123	94,252	56	242	-2	-75
SLA Outpatients	6,546	7,304	758 F	70,879	72,990	2,911 F	3.2%	7,557 F	94,351	97,202	746	2,939	12	-33
SLA A&E	1,268	1,070	-198 A	11,224	10,704	-520 A	-4.6%	-324 A	14,325	14,201	-198	-520	0	0
SLA Bed Days	4,660	5,241	581 F	40,975	43,752	2,777 F	6.2%	2,276 F	55,454	58,157	574	2,716	42	61
SLA Programme	1,218	1,228	10 F	10,712	10,619	-93 A	-0.9%	-166 A	14,616	14,437	10	-93	0	0
SLA Exclusions	2,463	3,035	627 F	21,399	25,800	4,401 F	20.6%	3,774 F	29,497	35,395	443	4,180	179	221
SLA Other	12,924	12,699	-225 A	117,312	119,415	2,103 F	1.8%	2,329 F	143,872	151,676	2	2,293	-227	-190
SLA Provisions CQUIN/KPIs & YE Settlement	-770	-422	348 F	-5,833	-4,150	1,683 F	100.0%	7,350 F	-6,759	-4,475	348	1,683	0	0
Market Forces Factor	3,323	3,349	121 F	37,423	37,543	119 F	0.3%	-2 A	50,101	50,259	125	119	-4	0
Subtotal - SLA Income	44,929	46,662	2,903 F	418,282	427,709	11,521 F	2.2%	9,218 F	569,702	577,041	2,980	11,592	-85	-71
Private & Overseas Patient	642	249	-392 A	5,627	3,721	-1,906 A	-33.9%	-1,573 A	7,552	5,011	-395	-1,346	-3	-62
RTAs	293	321	33 F	2,404	3,020	616 F	25.6%	578 F	3,109	3,925	33	616	0	0
Other Healthcare Income	7	1	-6 A	67	186	119 F	177.5%	725 F	33	243	-6	120	0	-1
Levy Income	4,132	4,164	-13 A	37,591	37,536	-55 A	-0.1%	-37 A	50,223	50,158	0	3	-13	-62
Other Income	1,175	1,350	175 F	16,117	17,799	1,682 F	10.4%	1,507 F	21,455	23,259	215	1,019	-40	-81
Total income	57,173	59,327	2,149 F	478,087	490,044	11,977 F	2.5%	9,826 F	642,211	660,240	2,279	12,203	-130	-226
Expenditure														
Pay Total	-33,739	-33,532	207 F	-301,010	-301,204	-193 A	0.2%	-1,007 A	-403,550	-405,360	117	-235	91	42
Drugs	-3,164	-3,779	-615 A	-28,540	-31,299	-2,791 A	9.2%	-2,776 A	-38,033	-41,303	-532	-2,717	-82	-79
Clinical Consumables	-6,736	-7,112	-376 A	-56,303	-61,593	-5,290 A	9.4%	-4,473 A	-74,566	-82,275	-652	-3,927	-225	-1,363
Other Total	-7,754	-3,787	-1,019 A	-67,725	-70,326	-2,591 A	5.5%	-2,503 A	-90,972	-95,475	-1,157	-4,682	144	1,022
Total expenditure	-51,944	-53,247	-2,258 A	-453,702	-465,366	-12,348 A	2.8%	-10,755 A	-609,176	-625,526	-2,274	-12,032	-23	-273
EBITDA (note 1)	223	36	-147 A	38,366	38,473	-497 A	-1.1%	-340 A	38,235	34,714	6	11	-153	-498
Disposal of Assets	0	0	0 F	0	-1	-1 A	0.0%	-7 A	0	-1	0	-1	0	0
Interest payable	-279	-277	2 F	-2,459	-2,439	20 F	-0.8%	78 F	-3,277	-3,244	2	20	0	0
Interest receivable	3	9	-5 A	75	71	-4 A	-5.1%	7 F	100	95	-5	-4	0	0
PDC Dividend	-637	-637	0 A	-5,715	-5,715	0 A	0.0%	0 A	-7,625	-7,625	0	0	0	0
Depreciation	-1,616	-1,574	41 F	-14,549	-14,183	375 F	-2.6%	333 F	-19,391	-18,391	41	375	0	0
Total interest, dividends & deprec'n	-2,517	-2,479	38 F	-22,637	-22,246	391 F	-1.7%	393 F	-30,137	-29,666	38	391	0	0
NET Surplus/-Deficit	-2,293	-2,392	-109 A	2,301	2,227	-107 A	-3.2%	22 F	8,103	5,038	-33	302	-153	-498
Less IFRS/Donated Assets Adjustment	137	239	102 F	1,230	1,333	103 F	8.4%	7 F	1,642	1,642	102	103	0	0
TDA/FIMS Report Surplus/-Deficit	-2,156	-2,153	-7 A	3,531	3,560	4 F	0.2%	23 F	6,460	6,680	136	405	-153	-498

Notes
1) - EBITDA - Earnings before interest, tax, depreciation & amortisation
All accounting conventions were changed from July 12 onwards to agree to NHSFT accounting presentation. F represents favorable and A represents adverse variances.

COMMENTARY

At Month 9, the Trust's year to date net I&E variance (comparing actual against budgeted income and costs) is showing a favourable variance of £6k compared to plan. The year to date actual performance stands at £3.6m surplus against a planned surplus of £3.6m.

The Trust is planning to achieve a year end surplus of £6.69m and is currently forecasting to achieve this. Overall, the Trust made a deficit of £2.1m in month, £7k behind plan. The deficit was a planned deficit due to less working days around Christmas.

Included in the position is a favourable variance within the IFRS adjustment of £0.2m in month as there was a shortfall in new donated asset income received. The IFRS adjustment is reviewed every month. It comprises 2 elements relating to the accounting changes from the adoption of IFRS affecting PFI schemes and Donated capital assets.

For the year to date, Trust total income is £12m ahead of planned targets, and net expenditure is over-spent by £12.1m. Along with the IFRS cost adjustment of £0.1m, this gave a net favourable position of £6k against the YTD plan.

In month the Trust the clinical divisions showed an adverse variance of £0.8m which was offset by corporate underspends and the use of contingency to give a broadly breakeven position. The overspends in the clinical divisions has slowed which indicates their recovery plan actions are beginning to show results (Section 3)

Income £2.2m Fav (Section 4)

All Divisions met their in month SLA targets with over performances in Out patients , bed days and excluded drugs and devices . Within other income private patient continues to underperform

Pay £0.2m Fav (Section 5)

The Trust has seen continued pressures on junior doctor costs in month nursing costs have improved . The level of agency reduced compared to month 8

Non Pay £2.5m Adv (Section 6)

Costs of clinical consumables and drugs remain over plan but are offset by income. The value of stock reduced by £0.1m over previous month. The costs of energy increased in the month over expected trends. The Trust is still incurring projects costs which are offset by vacancies/savings in other non clinical pay

The Trust's CIP performance was showing an adverse £0.5m variance to December (See section 9).

Charts showing in month and cumulative position against plan

COMMENTARY

- In its Operating Plan for 2013/14 the Trust planned to achieve a surplus of £6.69m. The monthly profile reflects the Operating Plan submitted to NHS TDA.
- The chart summarises the monthly performance this year.
- For Month 9, the Trusts over-achieved its planned £3.559m surplus by £6k making a £3.565m surplus year to date.
- The Trust is expecting to achieve its planned surplus by year end.
- The Trust continues to assess risks that may occur for which it holds planned contingency reserves and other provisions and reviews the forecast best, most likely and

SECTION 2: UNDERLYING POSITION TABLE

COMMENTARY

- The table shows the Trust normalised position after excluding items of income & expenditure judged to be non recurring
- The year to date underlying position is slightly misleading as there is no adjustment for the anticipated full year effect of in year savings plans which are built into the year end calculation.
- The year end plan was for a normalised surplus of £0.2m. The latest forecast is showing a better position than planned at £1.7m surplus.
- The income from project diamond is treated as non recurring after discussion with the TDA. The other headings were decided upon in a set of principles agreed in Finance.
- As at month 09 we expect non recurrent CIPs to be broadly offset by the full year effects of the 2013/14 programme

SECTION 3: DIVISIONAL POSITION

SUMMARY OF DIRECTORATE PERFORMANCE
As at December 2013

NOTE CHANGE TO ACCOUNTING CONVENTION FOR ALL I&E AND VARIANCES PRESENTED

Responsible	Directorate	CURRENT MONTH M9 Current Month Budget £000's	Current Month Amount £000's	Current Month Variance £000's	CUMULATIVE YTD YTD Budget £000's	YTD Amount £000's	YTD Variance £000's	% Variance	Previous Variance	Annual Budget £000's
Director of Operations	**C.W.D. Diagnostics, Therapies**									
	Childrens Services	288	101	-187 A	2,848	2,152	-696 A	-18.7%	-330	3,768
	Womens Services	1,136	1,113	-22 A	13,080	10,687	-2,393 A	-18.3%	-2,371	17,231
	Diagnostics	-2,033	-1,677	357 F	-17,273	-16,025	1,248 F	-7.2%	891	-22,915
	Southwest London Pathology	-86	-86	0 A	-86	-86	0 A	0.4%	0	-86
	Critical Care	551	321	-230 A	4,562	3,488	-1,074 A	-23.5%	-844	6,311
	Outpatients	-718	-715	-2 A	-6,715	-7,073	-358 A	5.3%	-358	-8,288
	Therapies	-789	-742	46 F	-6,315	-6,588	-273 A	4.3%	-321	-8,591
	Pharmacy	-471	-476	-5 A	-4,171	-4,153	18 F	-0.4%	23	-5,559
	Total - Division	-2,123	-2,176	9 F	-14,272	-17,601	-3,329 A	23.3%	-3,338	-18,112
	Medicine and Cardiac									
	Acute Medicine	211	611	400 F	4,543	5,665	1,122 F	24.7%	722	4,951
	Emergency Department	496	510	15 F	4,119	4,612	493 F	12.0%	478	5,434
	Cardiothoracic & Vascular Services	1,726	1,136	-589 A	19,439	15,533	-3,907 A	-20.1%	-3,318	26,066
	Specialist Medicine	800	854	53 F	9,596	9,771	175 F	1.8%	122	13,160
	Renal & Oncology	1,034	873	-161 A	10,713	9,207	-1,506 A	-14.1%	-1,346	14,768
	Total - Division	4,267	3,986	-281 A	48,410	44,787	-3,623 A	-7.5%	-3,342	64,380
	Surgery, Neuro, Theatres and Anaes.									
	Surgery	2,877	2,630	-247 A	31,088	28,676	-2,412 A	-7.8%	-2,165	42,450
	Neuro	1,992	1,857	-135 A	19,248	18,564	-684 A	-4.5%	-749	26,643
	Theatres and Anaesthetics	-2,792	-2,739	53 F	-24,262	-25,428	-546 A	2.2%	-604	-33,282
	Cancer	-4	-6	-2 A	-28	-23	5 F	-18.0%	7	-38
	Total - Division	2,073	1,747	-326 A	26,026	22,139	-3,607 A	-14.7%	-3,511	35,792
Community COO	**Community Services**									
	Adult + Diagnostic Svcs	1,106	547	-560 A	10,022	7,297	-2,725 A	-27%	-1,505	13,339
	Provider Management	-250	-17	234 F	-1,242	-159	1,083 F	-87%	850	-1,794
	Childrens Family Services	477	500	23 F	4,339	4,205	416 F	10%	413	5,796
	Community PLD	42	70	28 F	357	557	190 F	47%	152	512
	GU Medicine	346	542	196 F	3,935	4,226	290 F	7%	91	5,251
	Provider Older Services	617	607	-10 A	4,709	4,931	223 F	5%	232	6,556
	Prison Services	43	73	30 F	492	503	11 F	2%	-19	620
	Senior Health	-234	-332	-97 A	-2,693	-3,281	-288 A	22%	-491	-3,523
	Provider Overheads	-987	-984	3 F	-8,282	-8,288	-7 A	0%	-9	-11,242
	Total - Division	1,110	957	-153 A	11,100	10,602	-498 A	-4%	-346	14,945
	Total - Clinical Directorates	5,265	4,514	-750 A	71,280	59,877	-11,386 A	-15.2%	-10,536	97,175
	Overheads									
Chief Executive	Chief Executive, Governance	-1,009	-969	40 F	-9,074	-8,867	207 F	-2.3%	167	-12,102
Director of Finance	Finance, Info, Procurement, Computing	-1,268	-2,016	-121 A	-14,240	-15,096	-216 A	1.5%	-95	-19,273
Director of Operations	Operations & Beds Strategy	-219	-190	29 F	-1,400	-1,351	39 F	-2.2%	10	-1,862
Director of Nursing	Nursing Directorate	-294	-241	54 F	-2,642	-2,221	421 F	-15.9%	367	-3,526
Director of HR	HR, Ed & Training	-450	-329	121 F	-4,023	-3,354	639 F	-15.9%	518	-5,374
Other	Other	-2	-13	-11 A	-14	-50	-36 A	256.9%	-25	-19
Director of Estates	Estates & Facilities	-3,553	-3,280	-269 A	-31,319	-31,719	-400 A	1.3%	-131	-41,591
Director of R&D	Research & Development Total	-13	10	23 F	-116	-78	38 F	-33.1%	15	-154
Others	Trust Income	506	1,099	592 F	966	5,262	4,296 F	435.6%	3,703	2,254
	Disposal of Assets - Central	0	0	0 A	0	0	0 A	0.0%	0	0
	Central Budgets	264	49	-215 A	-779	3,736	4,515 F	-579.5%	4,731	-328
	Contingency Funds	-360	0	360 F	-1,325	0	1,325 F	0.0%	935	-3,087
	Interest Payable Loans	-2	0	2 F	-20	0	20 F	0.0%	18	-27
	Interest Receivable	8	3	-5 A	75	71	-4 A	-5.1%	1	100
	Central Capital Charges (PDC/Deprc'n)	-499	-457	42 F	-4,473	-4,099	375 F	0.0%	333	-5,970
	Total - Non Clinical	-7,548	-6,907	641 F	-68,934	-57,745	11,189 F	-16.2%	10,548	-92,127
NET +Surplus / -Deficit		-2,283	-2,392	-109 A	2,339	2,232	-97 A	-4.1%	12	5,048
exc. IFRS Adjustment		137	239	102 F	1,229	1,333	103 F		4	1,642
TDA FIMS Report +Surplus / -Deficit		-2,146	-2,153	-7 A	3,568	3,565	6 F		12	6,690

Divisional Position

General
As at month 9 the Trust is reporting a £6k favourable variance to the planned surplus of £3.6m. Within this the clinical divisions are showing an £11.3m adverse variance to plan. Taking the corporate areas, central capital charges, and the IFRS adjustment into account generates a favourable £1.2m to plan. This leaves £10.2m of central adjustments, budgets and contingency which are explained below.

Central Budgets / Contingency

The benefits here are mainly from the contingency created in the Trusts plan and from the work creating the fighting fund to manage additional in year risks. In month 8 £2.6m of contingency was allocated non recurrently to divisions to offset in year pressures.

Trust Income
Trust income captures income which couldn't be or has yet to be allocated out to divisions and central provisions. The benefits mainly come from the fact that in the YTD the Trusts improved C Diff performance has not triggered a fine and also the fact that in setting the plan a 15% risk pot was established for CQUINs. Since month 8 the Divisions have been credited for their actual performance on CQUINS in Q1 on specific schemes leaving the balance of the provision centrally. The Trust has also recognised a proportion of additional Winter Pressures funding that is earmarked from the NHSE. The detailed allocation of the expenditure budgets have been made to Divisions and the costs incurred are being monitored

CHILDREN'S, WOMENS, DIAGNOSTICS &THERAPIES

I&E Summary

[redacted]

COMMENTARY

Current Position

The Division is overspent by £3.3m YTD (24%) and £9k favourable in month. Main issues are:
Womens Services is overspent £2.3m YTD (18%) offset by the Maternity Provision £1.92m (15%). The Recovery Plan has been achieved YTD. Critical Care £1m adverse YTD (24%). Worsened by YTD £156k stock adjustment for central stores issues. The 6 bed expansion is delayed 1 more month which will affect the forecast.
Diagnostics is £1m adverse YTD (7%) and in balance M09. This relates to reduced contract income in Medical Physics, pay and consumables and send away tests in Pathology and Radiology. Corporate Outpatients overspent £358k YTD (6%) and in balance M09. Slippage in the EDM programme means staff being kept on effecting CIP targets and absorption of cost pressures (IT and Agency rates). This will continue until the programme is put back on track.
Neonatal bedday overperformance enhanced by Transitional Care tariff has reduced by a challenge from Commissioners £683k YTD.
The Directorates have to offset NR 12-13 savings targets of £700k and absorb loss of resource of £350k in 13/14 for underperforming services receiving 70% of 13-14 growth. The Division received non recurrent benefit from contingency £353k in M08.

Year End Forecast

The Division forecast has worsened since M07 by £1.3m to £3.4m due to Transitional care Challenge (forecast £1m) and delays in EDM and Critical Care BC's.
The forecast includes non-recurrent cost pressures which are Outpatients EDM slippage £200k, Critical Care BC slippage £850k and the transitional care challenge £1m. Also non-recurrent benefits which are the Maternity Provision £2.5m, NR CIPs achievement and contingency funds. The divisional risk log shows a forecast range of £3m-£3.8m.

Improvements From CIPs

CIPs performance is effected by non recurrent pressures in Children's, Critical Care and Outpatients. Therapies will overspend due to OOH Cardiac Arrest support (£150K). The Womens CIP programme is being managed as part of its recovery planning for 2013-14 actioned through weekly meetings with the DDO.

Other Factors and Actions Planned

The Directorates are seeing a number of risks being realised which have increased the Division overspend. Womens are working to improve Antenatal and Gynae activity and reduce costs. Children's are still reviewing the £1m challenge relating to Transitional Care income. Critical Care will deliver its nurse recruitment plans but the slippage of the bed expansion will effect activity performance. Outpatients need to get EDM on track with IT and the full support of the other divisions. All Directorates have implemented additional controls on authorising Agency.

Key uncertainties, variables & dependencies that may impact on the FOT

Neonatal activity over-performance assumed to continue. Critical Care BC delivery is being effected by slippage outside of its control to increase capacity and nurse recruitment is effected by shortage of nurses in the market. The EDM programme will continue to slip until user uptake improves. The achievement of Specific CQUIN KPI's especially in Womens where they are expected to achieved, failure to deliver by flexing staff this will increase the year end forecast by £90k. The cost of Winter pressures will be fully funded.

CHILDREN'S, WOMENS, DIAGNOSTICS &THERAPIES

CIP Summary

	OBJ 1 13/14	2014/15	2015/16
DIVISIONAL TARGET	9.9	11.1	11.1
TOTAL FORECAST TO DATE	8.7	8.8	8.7
TOTAL FORECAST GAP	1.3	2.4	2.5
% ASSURANCE	87%	54%	45%
	11%	31%	31%
	2%	15%	24%

13/14 FOT (OBJ 1)	PMO PROCESS RAG					
DIR	RED	AMBER	GREEN	TOTAL	GAP	TARGET
CHILDRENS	0	0	1,963	1,963	79	2,042
CRITICALCARE	0	86	686	772	890	1,662
DIAGNOSTICS	0	489	2,471	2,960	114	3,074
OUTPATIENTS	0	0	342	342	79	421
PHARMACY	0		396	396	-0	396
THERAPIES	0	0	544	544	36	580
WOMENS	170	371	1,146	1,687	75	1,762
TOTAL	170	946	7,548	8,663	1,274	9,937

13/14 PERF	IN MONTH (M9)			YEAR TO DATE (M9)			
DIR	PLAN	ACTUAL	VAR	PLAN	ACTUAL	VAR	
CHILDRENS	187	183	4	1,453	1,466	-13	F
CRITICALCARE	152	114	38	1,183	430	752	A
DIAGNOSTICS	281	175	106	2,187	2,006	181	A
OUTPATIENTS	38	-45	84	300	152	148	A
PHARMACY	36	37	-1	282	285	-3	F

M9 Commentary

Programmes 13-14The Division developed a programme of schemes of £9.6m to meet the £9.9m CRP Target for 2013-14 and is working to achieve the schemes. The programme for 2014-15 consists of £7m of new schemes and £3m of schemes including 13-14 FYE's which are being verified to achieve the 14-15 target of £11.5m.

Performance Overview The financial position for M09 is a deficit of £3.4m YTD £89k M09. The YTD variance is due to income underperfomance in Womens, slippage on EDM and Critical Care developments, increased expediture in Diagnostics in M08 and Commissioner challenges to income in Childrens. The YTD variance for the CIP schemes is £1,131k. This is due to slippage of Critical Care and EDM developments which are expected to deliver recurrently The over programming of CIP schemes in Womens (£230k) is offsetting the underperformance in the Kendal Bluck schemes.

Performance Forecast The slippage of the Critical BC and EDM means these CIPs will now be fully achieved in 14-15 but means the forecast CIP gap for 13-14 has increased to £1,273k.

Key Risk Issues There are 4 main risks for the CIP Programme: Neonatal bedday overperformance driving the performance in Children's has been challenged by Commisisoners

Procurement schemes are a significant part of the CWDT programme.

Outpatient EDM Programme which has now slipped.

In Womens the delivery of elements of the Kendal Bluck schemes in the 2nd half of the year which will be achieved in part by the Recovery plan.

Future Opportunities

The Critical Care and EDM BC CIP will be delivered recurrently in 14-15.

The Division will review non recurrent schemes which can be made recurrent.

The recovery plans to maintain the Divisons forecast may provide CIP opportunities to mitigate the Gaps in the CIP programme

Opportunities are being looked at as part of the 14-15 CIP programme

Bridge Analysis

Divisional B

DIVISIONAL SUMMARY REPORT 2013/14

BRIDGE ANALYSIS OF VARIANCES

NOTE THIS IS IN TRUST REPORT FORMAT

+ve = Favourable and -ve = Adverse Variance

CATEGORY	CURRENT MONTH VARIANCE					YTD VARIANCE				
	In month - Healthcare Activity	In month - Emerging Cost pressures	In month - Non recurring	In month - CIP performance	In Month	YTD - Healthcare Activity	YTD - Emerging Cost pressures	YTD - Non recurring	YTD - CIP performance	Year to Date
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
SLA INCOME	526	21	100	0	647	2,635	-2,457	1,111	0	1,941
[illegible]	-152	-7	0	0	-159	-576	16	0	0	-560

CATEGORY	FORECAST OUTTURN VARIANCE					BRIDGE YTD TO FORECAST OUTTURN				
	FOT - Healthcare Activity	FOT - Emerging Cost pressures	FOT - Non recurring	FOT - CIP performance	FOT	FOT - Healthcare Activity	FOT - Emerging Cost pressures	FOT - Non recurring	FOT - CIP performance	YTD to FOT
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
SLA INCOME	3,617	-2,901	1,156	106	2,979	992	-444	131	106	1,038
[illegible]	-641	0	0	0	-641	-65	-16	0	0	-81

MEDICINE AND CARDIOVASCULAR

I&E Summary

COMMENTARY

Current Position

The Division of Medicine and Cardiothoracic as at M09 reported £281k adverse in month and £3,622k YTD. The major reasons for the in month adverse variance are:-
1) An adverse income trading position of £261k. This was mainly due to income underperformances in cardiovascular mainly in private patient and day case income, and additional fines for not meeting the 18 week target also in cardiovascular. 2) CIP underperformance of £323k. 3) Offset by the pay underperformance of £299k which was mainly the result of additional winter monies received in month not fully utilised because the relevant costs have not yet been incurred. Note that there is likely to be an element of catch up here in the remaining three months of the year.
The YTD adverse variance is mainly a result of :-
1) Underperformances across the division of £2,688k related to CIPs not being identified. 2) Trading income position after adjustment for the pass through costs of £254k adverse. The major issues here are the underperformance of private patient income of £1,418k as a result of the stretch target not being met in cardiovascular and renal & oncology, some SLA income target shortfalls mainly in cardiac surgery electives and inter hospital transfers, but off set by other SLA income over performance particularly UB income.
3) Non pay Trading Position overspend including cross charges of £721k. This overspend is being examined particularly in the cardiovascular directorate where the internal cross charges for the year are being analysed.

Year End Forecast

As a result of the in month performance being better than plan by £71k, the forecast underperformance for the division based on the YTD performance on a straight basis has improved to an adverse variance of £4,784k. After adjustment for the mitigation plans, which are mainly in Cardiology and Renal & Oncology, the revised forecast is an adverse variance of £4,614k. On an ongoing basis mitigating plans and cost savings are being reviewed and assessed over the coming months with a view to improving the forecast and performance of the division.

Improvements from CIPs

There is a YTD shortfall in the CIP of the division of £2,688k as per the Management Accounts. This shortfall is mainly within the directorates of Acute Medicine (£766k), Cardiovascular (£847k), and Renal & Oncology (£881k). The financial impact of the run rate schemes continues to reduce after month 6 and this is expected to continue for the balance of the year, and there are a number of additional schemes in place but they will only partially address this impact. The forecasted CIP shortfall for the division remains about £2.5m. So the forecasted CIP shortfall is £2.5m against the original target of £8.6m, or £3.5m against the division's target in the management accounts of £9.6m.

Other Factors and Actions Planned

The major risks to the division in meeting its current forecast continues to be the availability of beds to deliver on its more profitable activities in cardiovascular, and the delivery of the small but highly profitable BMT and kidney transplants. A review of the current nursing establishment is being undertaken and additional controls have been put in place on the recruitment of nurses across the division for remaining three months of the financial year with a view to reducing the current level of overspends in this area. Further to this, weekly recovery meetings have been implemented to monitor the recovery plans within the Cardiovascular and Renal Haematology & Oncology directorates.

Key uncertainties, variables & dependencies that may impact on the FOT

The key risks relate to the uncertainty around winter and the utilisation of the additional beds that will be available from December to cope with the medical workload and protect elective access.

MEDICINE AND CARDIOVASCULAR

CIP Summary

	OBJ 1 13/14	2014/15	2015/16
DIVISIONAL TARGET	8.6	11.5	11.5
TOTAL FORECAST TO DATE	6.0	9.0	8.3
TOTAL FORECAST GAP	2.6	2.5	3.2
% ASSURANCE	93%	56%	63%
	5%	39%	22%
	2%	5%	15%

13/14 FOT (OBJ 1)	PMO PROCESS RAG					
DIR	RED	AMBER	GREEN	TOTAL	GAP	TARGET
ACUTE MED	0		359	359	1,187	1,546
CARDIOVASCULAR	0	114	1,258	1,372	947	2,319
ED	0	0	1,851	1,851	-640	1,212
RENAL & ONCOLOGY	131	205	628	965	1,077	2,041
SPECIALIST MED	0	0	1,482	1,482	0	1,483
TOTAL	131	319	5,579	6,029	2,571	8,600

13/14 PERF	IN MONTH [M9]			YEAR TO DATE [M9]			
DIR	PLAN	ACTUAL	VAR	PLAN	ACTUAL	VAR	
ACUTE MED	141	31	111	1,100	267	833	A
CARDIOVASCULAR	212	68	144	1,650	1,103	547	A
ED	111	90	21	862	1,569	-707	F

M9 Commentary

Performance Review
The Division of Medicine and Cardiothoracic as at month 9 reported a £377k adverse CIP variance in month, and £1,373k YTD. However, primarily because of the phasing of the CIP target and actual performance, the forecast gap is £2.6m adverse. The adverse variance is mainly a result of underperforming CIP schemes in Acute Medicine, Cardiovascular and Renal & Oncology, and the current performance is supported by a number of non recurrent run rate schemes which are however reducing as the year progresses.

Performance Forecast
The Forecast underperformance for MEDCARD Division based on a YTD straight line basis is £4.8m which mainly relates to under delivery against the CIP programme (estimate £2.6m) and private patient income shortfalls (estimate of 1.8m). After adjustment for planned mitigating income generation primarily in cardiovascular and Renal & Oncology, the revised forecast is an adverse variance of £4.5m.

Key Risk issues
The financial impact of run rate schemes is reducing as the year progresses and additional schemes are in place to mitigate, and these are improved income recovery plans. The major risks to the division in meeting its current forecast lies within the delivery of these income mitigation plans which are dependent on the availability of beds to deliver, and the delivery of the small but highly profitable BMT and kidney transplants.

Future Opportunities
The Division continues to deliver new schemes and opportunities to reduce expenditure and generate increased income, this has helped stabilise the divisional overspend.
Additional opportunities are being explored to recover cost from third parties e.g. SLA's and high cost drugs and to reduce costs internally via challenge and review e.g. Ward staffing. Recruitment controls have been enhanced to scrutinise vacancies to ensure all non essential posts are identified and withheld, if necessary, for the remainder of the year until reviews are concluded. Weekly management meetings are now in place to monitor progress and target agreed improvements to enhance the divisional recovery plan.

Bridge Analysis

BRIDGE ANALYSIS OF VARIANCES

NOTE THIS IS IN TRUST REPORT FORMAT

CATEGORY	CURRENT MONTH VARIANCE					YTD VARIANCE					FORECAST OUTTURN VARIANCE					BRIDGE YTD TO FORECAST OUTTURN				
	In month - Healthcare Activity	In month - Emerging Cost pressures	In month - Non recurring	In month - CIP performance	In Month	YTD - Healthcare Activity	YTD - Emerging Cost pressures	YTD - Non recurring	YTD - CIP performance	Year to Date	FOT - Healthcare Activity	FOT - Emerging Cost pressures	FOT - Non recurring	FOT - CIP performance	FOT	FOT - Healthcare Activity	FOT - Emerging Cost pressures	FOT - Non recurring	FOT - CIP performance	YTD to FOT
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
[illegible] INCOME	619	0	0	0	619	5,247	0	0	0	5,247	[illegible]	0	442	0	[illegible]	[illegible]	0	442	0	[illegible]
[illegible] INCOME	-454	0	0	0	-454	-2,783	0	0	0	-2,783	-3,111	0	0	0	-3,111	[illegible]	0	0	0	[illegible]
Total INCOME	165	0	0	0	165	2,464	0	0	0	2,464	3,285	0	442	0	3,727	821	0	442	0	1,263

SURGERY, NEUROSCIENCES &THEATRES

I&E Summary

COMMENTARY
Current Position
The Division is reporting a YTD M09 deficit of £3.8m, an in month deficit of £0.3m against the YTD M08 £3.5m deficit. The M09 deficit £0.3m comprises (£0.6m) income over performance, pay, non pay overspent £0.4m & £0.5m business planning gap / CIP target.
The YTD M09 income surplus is (£2.0m). The in month income surplus (£0.6m) is due to: Continuing strong SLA OP income over performance across the Division, SLA elective over performance in ENT [Cochlear implants], Plastic Surgery [improved coding], T&O and Urology. Excess bed days for patients in T&O with knee procedures, General Surgery small intestine procedures, Neurosurgery spine procedures and Neurology stroke.
The Pay YTD M09 position is over spent by £1.2m. M09 is breakeven. The Non-pay YTD M09 over spend £2.5m includes costs of providing healthcare in the private sector, expensive drugs / consumables rechargeable to CCG's and high consumable costs across the Division. The in month nonpay over spend £0.4m is mainly on Neurology drugs rechargeable, ENT cochlear implants rechargeable to CCG's, Surgery healthcare in the private sector and Plastics / Urology consumables.
The YTD M09 CIP deficit £2.2m is mainly due to 5 new schemes phased to begin from 01/08/13 and Procurement CIP's to be allocated to Care Group.
Year end Forecast
YE Forecast at M09 is £3.2m a deretiation of £0.7m from the M08 estimate of £2.5m. This is mainly due to a reduction in Bariatric Surgery.
The YE position assumes an increase in Surgery & Neuro activity, coding / recoding activity, winter pressure funding, and reducing agency / bank spend.
Improvements From CIPs.
The revised CIP plan is to save £2.4m in the last 3 months on the delivery of additional elective Neuro activity, CQUINs, on going theatre reconfiguration / utilization, coding missing elective and emergency SLA activity and recoding elective and OP activity to a higher tariff.
Other Factors and Actions Planned
The actions are detailed in the revised Divisional financial recovery plan and include tighter financial controls, targets for a reduction in spend, increased elective activity with weekly performance meetings focused on delivery of this plan. Re-coding or correct coding of elective and emergency activity is a key project we hope to complete by the end of January and will improve our position significantly.
Key uncertainties, variables & dependencies that may impact on the FOT
The most significant risk to achieving the recovery plan is bed and theatre capacity which are under pressure due to winter. A significant amount of recovery relies on overperformance and income. Increase in EM admissions is also a factor of which we have limited control. We have however, invested in resource at the front door to stem the flow through to inpatients and also in our discharge planning team. There is also the risk of losing theatre time due to mechanical failure of equipment, the higher cost of providing healthcare in the private sector and continuing high RMN specials to meet minimum regulatory standards of care. We have a plan to complete the maintenance work requirements in theatre in February at which point this risk will be mitigated. We continue to try and recruit internally to RMN posts and this has been successful in neurosciences.

SURGERY, NEUROSCIENCES &THEATRES

CIP Summary

	OBJ 1 13/14	2014/15	2015/16
DIVISIONAL TARGET	8.3	9.8	9.8
TOTAL FORECAST TO DATE	6.8	7.8	7.1
TOTAL FORECAST GAP	1.5	2.0	2.7
%ASSURANCE	54%	70%	64%
	34%	13%	20%
	12%	17%	17%

13/14 FOT (OBJ 1)	PMO PROCESS RAG					
DIR	RED	AMBER	GREEN	TOTAL	GAP	TARGET
CANCER, HEAD & NECK	100	0	377	477	541	1,018
GEN SURG & URO, PLAST	162	338	725	1,225	602	1,827
NEUROSCIENCES	0	684	570	1,254	1,097	2,351
T&O, OHEADS	527	1,295	579	2,400	-1,157	1,243
THEATRES	0	0	1,415	1,415	445	1,860
TOTAL	789	2,317	3,665	6,770	1,529	8,299

13/14 PERF	IN MONTH (M9)			YEAR TO DATE (M9)			
DIR	PLAN	ACTUAL	VAR	PLAN	ACTUAL	VAR	
CANCER, HEAD & NECK	93	56	37	724	308	416	A
GEN SURG & URO, PLAST	167	124	43	1,300	767	533	A
NEUROSCIENCES	215	175	40	1,673	731	942	A
T&O, OHEADS	114	277	-164	884	1,566	-682	F
THEATRES	170	127	43	1,324	1,040	284	A

M9 Commentary

Performance overview The Division is £1.5m away from planned delivery at month 9. This reflects 3 large schemes starting from August 2013 where CIP delivery has been significantly reduced - Reduce length of stay reductions, further theatre utilisation and reducing maintenance contract charges. The revised recovery / CIP plan is to save £2.4m in the last 3 months with the month 9 performance just above plan.
The Divisions financial recovery plan updated at M09, sets out the specific actions required both in terms of the financial recovery and changes in assumptions regarding the delivery of savings programs this year.
Performance forecast Schemes performing well include over-performance on the profit share for activity delivered through EOC, theatre reconfiguration, theatre utilization, General Surgery spend in the private sector, reducing impact of reduction T&O bed days, CQUIN, best value and contract challenges. The risks of these not continuing are below.
Key risks and issues The most significant risk to achieving the recovery plan is bed and theatre capacity which are under pressure due to winter. A significant amount of recovery relies on over performance and income. Increase in EM admissions is also a factor of which we have limited control. We have however, invested in resource at the front door to stem the flow through to inpatients and also in our discharge planning team.
There is also the risk of losing theatre time due to mechanical failure of equipment, the higher cost of providing healthcare in the private sector and continuing high RMN specials to meet minimum regulatory standards of care. We have a plan to complete the maintenance work requirements in theatre in February at which point this risk will be mitigated. We continue to try and recruit internally to RMN posts and this has been successful in neurosciences.
Future opportunities
These include:
Coding missing elective and emergency SLA activity.
Recoding elective and OP activity to a higher tariff.
Reduction in fines from commissioners by delivering appropriate activity as outpatient rather than as day case episodes
Improve contracting arrangements with the private sector to reduce costs and re-allocate the type of work commissioned to ensure that the Trust maximises any financial gain
Improved controls to mitigate non-pay spend
Improved communication and engagement with pharmacy to develop medicines management protocols to reduce drugs spend
To ensure all pass through drugs and other expenditure are correctly invoiced and recharged
Further development of the relationship with community teams to facilitate end-to end care pathways reducing bed days

Bridge Analysis

Divisional R

BRIDGE ANALYSIS OF VARIANCES

NOTE THIS IS IN TRUST REPORT FORMAT

+ve = Favourable and -ve = Adverse Variance

CATEGORY	RRENT MONTH VARIANCE					YTD VARIANCE					FORECAST OUTTURN VARIANCE					BRIDGE YTD TO FORECAST OUTTURN				
	In month - Healthcare Activity	In month - Emerging Cost pressures	In month - Non recurring	In month OP performance	In Month	YTD - Healthcare Activity	YTD - Emerging Cost presures	YTD - Non recurring	YTD - OP performance	Year to Date	FOT - Healthcare Activity	FOT - Emerging Cost pressures	FOT - Non recurring	FOT - OP performance	FOT	FOT - Healthcare Activity	FOT - Emerging Cost pressures	FOT - Non recurring	FOT - OP performance	YTD to FOT
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
OUR INCOME	719	0	0	0	719	2,031	0	0	0	2,031	4,941	0	0	0	4,941	2860	0	0	0	2860
OTHER INCOME	-105	0	0	0	-105	-230	0	250	0	20	-197	0	83	0	-114	83	0	-167	0	-83
Total INCOME	614	0	0	0	614	1,801	0	250	0	2,051	4,743	0	83	0	4,827	2,943	0	-167	0	2,776

COMMUNITY SERVICES

I&E Summary

COMMENTARY

Current Position

Community Services reflects a month 9 position of £498k deficit, an unfavourable movement in month of £152k. The main reason for this unfavourable movement is the underperformance of income over December and the holiday period.

Within Adult £700k, and Older services £440k, local income schemes are in place that relate to increased income from commissioners. These schemes are on top of the agreed cash envelope and rely on over performance.

Slam data has been produced for month 9 giving Adults a year to date deficit of £896k against income plan, including the local income target, with Older Services showing a year to date deficit of £113k against income plan.

Within Senior Health income is showing a deficit of £132k against the 2013/14 income plan. With the very high usage of bank and agency this is producing a deficit for Senior Health of £579k year to date.

Year End Forecast

Forecasting this forward for the year, this would produce a year end deficit of £700k.

Improvements from CIPs

This position reflects £5.8m of CIP's for 13/14, along with a further £350k of legacy CIP's for GUM services. All CIP's are profiled from month 1, and are factored in to the forecast. The vast majority of CIP's are achieving, and where not non recurring schemes are in place to cover.

Other Factors and Actions Planned

Opportunities to improve this position relate to how much of the local income targets can be achieved. Older Services have shown some performance against this, but Adult services are only achieving plan with growth, and looks unlikely will achieve anything against the stretch target.

Further to this Bank and Agency is to be targeted to reduce spend, and fill any vacant posts. With the information currently available the year end forecast of £700k deficit still seems probable.

Key uncertainties, variables & dependencies that may impact on the FOT

Key uncertainties remain around income and how much of an effect winter will have on activity at QMH. Income within Senior Health continues to under achieve, and whether this will improve or deteriorate.

Also in certain areas spend on Bank and Agency is high, any vacant posts need to be filled and usage reduced. This is exasperated by the fact that a large amount of non recurring funding sits within the Division.

COMMUNITY SERVICES

CIP Summary

	OBJ 1 13/14	2014/15	2015/16
DIVISIONAL TARGET	5.8	7.2	7.2
TOTAL FORECAST TO DATE	5.5	6.9	6.3
TOTAL FORECAST GAP	0.3	0.3	0.9
% ASSURANCE	99%	24%	34%
	1%	66%	58%
	0%	9%	8%

13/14 FOT (OBJ 1)	PMO PROCESS RAG					
DIR	RED	AMBER	GREEN	TOTAL	GAP	TARGET
ADULT & DIAG	0	17	1,644	1,661	39	1,700
CHILD & FAM		0	740	740	30	770
COMM LEARN		7	77	84	0	84
GUM	0	0	188	188	51	239
OFFENDER HEALTH		0	239	239	17	256
OLDER PEOPLE	0	0	1,067	1,067	162	1,229
PROV MANAGEMENT	0	0	1,408	1,408	-50	1,359
SENIOR HEALTH		5	88	93	51	144
Grand Total	0	29	5,453	5,482	299	5,781

13/14 PERF	IN MONTH [M9]			YEAR TO DATE [M9]			
DIR	PLAN	ACTUAL	VAR	PLAN	ACTUAL	VAR	
ADULT & DIAG	142	142	-1	1,275	1,221	54	A
CHILD & FAM	64	47	17	578	599	-21	F
COMM LEARN	7	7	0	63	63	0	A
GUM	20	18	1	179	133	46	A
OFFENDER HEALTH	21	15	6	192	193	-1	F
OLDER PEOPLE	102	84	18	922	815	107	A
PROV MANAGEMENT	113	118	-5	1,019	1,055	-36	F
SENIOR HEALTH	12	7	5	108	71	37	A

M9 Commentary

Performance Overview

As of month 9 Community Services are showing an in month deficit of £42k against plan, with a year to date deficit of £186k against plan. Performance has shown a deterioration this month with income schemes in Senior Health, Older services and GUM not achieving target for the month.

Performance Forecast

The forecast is a deficit of £299k, which is being forecast because of income schemes in Senior Health, GUM and Adult services currently not being achieved. Also within GUM there is a scheme relating to integration which is being offset by holding vacancies until plans materialise and assurance around savings are produced. Recurringly it is likely that these posts will be removed to make the scheme recurrent.

Key risk issues

GUM integration scheme

GUM Income schemes relating to Battersea Clinics

Adult Private Patients

Senior Health increased Activity

Older services reduced LOS

Future opportunities

Schemes are currently being drawn up for 14/15 and 15/16. Work is continuing on achieving the required target of 60% green schemes for 14/15.

Bridge Analysis

[illegible]

[illegible]

[illegible]

CATEGORY	CURRENT MONTH VARIANCE					YTD VARIANCE					FORECAST OUTTURN VARIANCE					BRIDGE YTD TO FORECAST OUTTURN				
	In month - Healthcare Activity	In month - Emerging Cost pressures	In month - Non recurring	In month - CIP performance	In Month	YTD - Healthcare Activity	YTD - Emerging Cost pressures	YTD - Non recurring	YTD - CIP performance	Year to Date	FOT - Healthcare Activity	FOT - Emerging Cost pressures	FOT - Non recurring	FOT - CIP performance	FOT	FOT - Healthcare Activity	FOT - Emerging Cost pressures	FOT - Non recurring	FOT - CIP performance	YTD to FOT
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
SLA INCOME	-53	0	0	-12	-65	71	0	0	-143	-72	95	0	0	-191	-96	24	0	0	-48	-24
OTHER INCOME	-66	0	0	0	-66	-155	0	0	0	-155	-207	0	0	0	-207	-52	0	0	0	-52

OVERHEADS

I&E Summary

COMMENTARY
Current Position
Corporate Services performance reflects a month 9 surplus of £1.05m and an in month surplus of £106k. The areas contributing to the surplus are Education £372k, Director of Nursing £421k, Governance £193k and Human Resources £268k.
The Estates and Facilities service reflects a ytd deficit of £400k and an in month deficit of £269k. The main areas of concern are energy (£425k) and engineering (£418k). There was a high gas bill paid in December totalling £500k which contributed to the deficit. With engineering, there are a number of high cost invoices paid and work is progressing in identifying capital expenditure. To date £350k has been accrued out of expenditure to capital. In addition, expenditure equating to £300k for CQC has been transferred to reserves. There is still a balance of CQC expenditure totalling £89k showing in this position.
Parking income realised additional £63k in month and Transport SLAM was favourable by £40k. Also £98k income was accrued in M9 for Clare House recharges.
Year End Forecast
Forecasting this forward for the year, this would produce a combined year end surplus of £592k.
Improvements from CIPs
The position reflects a YTD CIP surplus of £559k against a target of £3.2m. The forecast is to achieve a surplus of £789k. The main risk to this is a target in Estates for £440k for income to NHS Property Services who to date have refused to pay the invoices raised to them.
Other Factors and Actions Planned
A meeting is to be arranged with the capital accountant to agree the level of expenditure to be transferred to Capital. £350k has been accrued to Capital to date. Also, income is to be agreed with Moorfields to recharge the excess post expenditure. Engineering expenditure is likely to increase as there is another CQC inspection due in February 14.
Key uncertainties, variables & dependencies that may impact on the FOT
Key uncertainties and risks are : Income from NHS PropCo £440k, energy loss of income from St George’s University £300k, Education expenditure in later months £300k, Service Improvement expenditure in later months £102k and CIP’s in later months not being achieved £440k. Another risk is the European Union Emission Scheme, which is an energy tax expected from Inland Revenue backdated to 2012/13. This total is expected to be £140k and £84k has been accrued in month 9.

OVERHEADS

CIP Summary

	OBJ 1 13/14	2014/15	2015/16
DIVISIONAL TARGET	4.5	5.5	5.5
TOTAL FORECAST TO DATE	5.2	3.9	3.5
TOTAL FORECAST GAP	-0.7	1.6	1.9
% ASSURANCE	90%	89%	33%
	8%	11%	51%
	2%	0%	16%

13/14 FOT (OBJ 1)	PMO PROCESS RAG					
DIR	RED	AMBER	GREEN	TOTAL	GAP	TARGET
ESTATES	100	412	2,334	2,846	-462	2,384
CORPORATES:						
FINANCE & IT	0	0	1,589	1,589	-451	1,138
GOVERNANCE & CEO	0	0	239	239	43	282
HR & EDUCATION	0	0	465	465	-91	374
DON & OPS	0	0	62	62	290	352
Grand Total	100	412	4,689	5,201	-670	4,531

13/14 PERF	IN MONTH (M9)			YEAR TO DATE (M9)			
DIR	PLAN	ACTUAL	VAR	PLAN	ACTUAL	VAR	
ESTATES	218	223	-5	1,696	1,835	-139	F
CORPORATES:							
FINANCE & IT	104	128	-24	810	1,344	-535	F
GOVERNANCE & CEO	26	16	9	201	190	11	A
HR & EDUCATION	34	28	6	267	382	-115	F

M9 Commentary

The cip for Corporate Services is forecasting a year end surplus of £209k against a target of £2.1m. In month 9 the variance showed a deficit of £23k.The ytd position shows a surplus of £451k. There are a number of non-recurring schemes and these will need to be replaced by recurring schemes for 2014/15.

The Estates and facilities Services are forecasting a cip year end surplus of £462k against a target of £2.4m. The month 9 position showed aytd surplus of £139k, an increase of £5k in month. There are a few cip schemes which are at risk. The Chest/Breast Clinic demolition has been delayed and the £100k target will not be achieved. Also the PFI VAT reclaim is still ongoing and needs to be resolved before end of March. Invoices raised to NHS Property Services have been disputed and meetings are in place to come to an agreement.

Bridge Analysis

Divisional B

NOTE THIS IS IN TRUST REPORT FORMAT

BRIDGE ANALYSIS OF VARIANCES

	CURRENT MONTH VARIANCE					YTD VARIANCE					FORECAST OUTTURN VARIANCE					BRIDGE YTD TO FORECAST OUTTURN				
	In month - Healthcare Activity	In month - Emerging Cost pressures	In month - Non recurring	In month - CIP performance	In Month	YTD - Healthcare Activity	YTD - Emerging Cost pressures	YTD - Non recurring	YTD - CIP performance	Year to Date	FOT - Healthcare Activity	FOT - Emerging Cost pressures	FOT - Non recurring	FOT - CIP performance	FOT	FOT - Healthcare Activity	FOT - Emerging Cost pressures	FOT - Non recurring	FOT - CIP performance	YTD to FOT
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
[illegible]	19	0	0	0	19	56	0	0	0	56	74	0	0	0	74	19	0	0	0	19
OTHER INCOME	0	0	262	0	262	0	0	1,054	0	1,054	0	0	1,405	0	1,405	0	0	351	0	351
[illegible]	39	0	262	0	302	56	0	1,054	0	1,109	74	0	1,405	0	1,479	19	0	351	0	370

SECTION 4: INCOME

Income Summary

SLA and Other Non - Directorate Income M09 - 13/14

	Annual	Year to Date	
All Figures in £000's **Month 09**	Budget	Budget Plan	Actual
NHSE Specialist	182,681	136,741	153,86
NHSE Public Health	5,770	4,327	4,33
NHSE Secondary Dental Care Services	7,398	5,549	6,02
Public Health England	699	525	52
Subtotal NHSE	**196,549**	**147,142**	**164,74**
NHS Wandsworth CCG	98,117	73,458	73,56
NHS Merton CCG	54,880	41,072	43,71
NHS Lambeth CCG	17,667	13,230	13,73
NHS Croydon CCG	15,789	11,806	12,27
NHS Sutton CCG	10,866	8,111	7,99
NHS Kingston CCG	8,584	6,406	6,63
NHS Richmond CCG	4,708	3,517	3,12
Surrey CCG	19,671	14,417	13,04
Other CCGs	17,274	12,872	11,42
Subtotal CCGs	**247,554**	**184,890**	**185,51**
NCA	2,999	2,249	2,87
Other Trusts	0	0	16
Other Local Authority	6,460	4,845	4,74
Subtotal Other	**9,459**	**7,094**	**7,78**
Internal Targets: Growth, Business Cases etc	8,747	4,895	-4,39
Ex SLA Income	5,889	3,625	5,53
Community	91,584	68,615	68,60
Total NHS Healthcare Income	**559,782**	**416,262**	**427,78**
Additional Income			
Private & Overseas Patient	7,552	5,627	3,72
RTAs	3,103	2,404	3,02
Other Healthcare Income	89	67	18
Levy Income	50,229	37,591	37,53
Other Income	21,455	16,117	17,79

Total Income

SLA Activity

COMMENTARY

SLA Performance

SLA income is £11.5m ahead of plan (signed SLA's + local targets) year to date and £2.3m ahead of plan in the month. Of the YTD overperformance £4.4m relates to contract exclusions. The Trust has been receiving data challenges from commissioners, these are currently being assessed but further tranches are expected as the year progresses. Delays have been due to DH governance arrangements on sharing patient level details with CCG's. There have been tentative discussions with some commissioners regarding a year end settlement which will be explored in coming months. The current month position has been assisted by the partial recognition of Winter Pressures funding from the NHSE and a reduction in the level of commissioner challenges and CQUIN performance losses we are expecting.

Electives and Day cases
To date the Trust is £1.2m behind its target (3%) but only 0.8% behind its activity target. Across the Trust the case mix being seen is lower than the plan. The main underperforming specialties are General surgery who are behind on bariatric surgery, Cardiovascular where there have been capacity issues.

Non elective
Emergency activity is 2.1% ahead of plan in activity but in financial terms it is only making a small contribution as the impact of the non elective threshold (payment at 30% marginal rate) is £2.7m higher than the planned loss expected and rising as emergency activity rises.

Out Patients
The Trust is £2.3m favourable to plan which equates to 3.3% and is 9,772 attendances above plan which is 2.1%. The Trust is above plan across most specialties with the exception being Obstetrics where the intensity of women seen has been lower than plan. As this is a new pathway and tariff the Trust has a manager in Obstetrics to ensure we are following the new guidelines correctly. Deliveries also remain below plan (£0.3m)

A&E
The Trust activity for CCG's has fallen below the floor in the floor and ceiling agreement and so the Trust is charging at the level of the floor which means an additional £0.7m has been accrued after agreement with CCG's.

Bed Days/Other
Year to date the Trust has seen significant over performance in NICU and PICU but under performance in adult ITU. As we move into winter the NICU and PICU activity is expected to remain high and the adult ITU activity is starting to pick up whoch was seen in December with over achievement of £0.4m, the issue of will capacity be available remains.

Other Income
Private patient and overseas visitor income has under-performed by £0.4m in month and £1.9m YTD. This is primarily due to lower demand in Neurosurgery, Cardiology and Clinical Haematology. RTA income has an over-recovery in month and is showing an over-performance of £0.6m YTD but is volatile on a monthly basis. The surplus on Other Income of £1.7m YTD is mainly due to Energy recharges and Car Parking income.

As at December 2013

Analysis c

COMMENTARY

Pay is showing an underspend of £0.2m in month and overspent by £0.8m YTD. The YTD position was aided by the application of £1.8m of Contingency funds to cover specific YTD pay cost pressures in Divisions.

Pay Other £3.7m adv – reflects CIP targets where divisions have yet to allocate cIPS to specific lines where savings are non recurrent. The underspends in other groups are being reviewed to see where CIPs can be allocated.

Junior Docs £1.1m adv caused by the use of agency staff with the associated premiums mainly in Mecard and Community

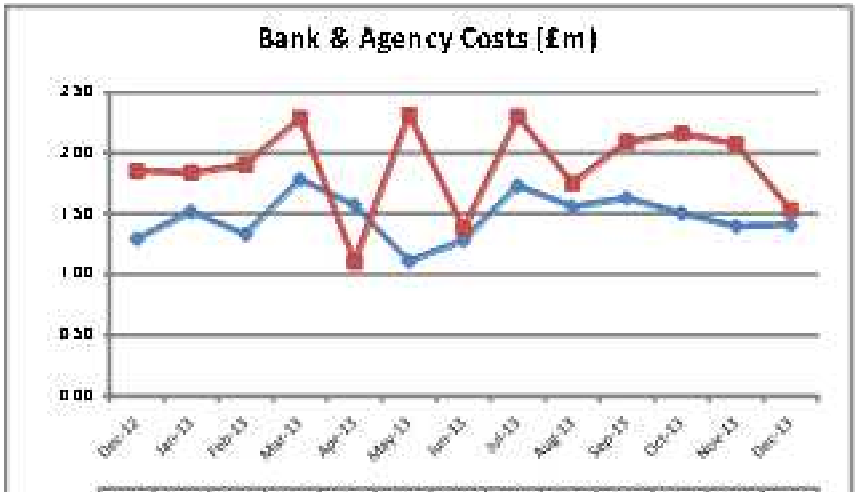
Nursing £0.4m adv after the use of contingency the prerssures being the use of escalation areas , nurse specials and the acuity of patients . There has also been the agency premium on ITU staff while they have been recruiting

Consultants £0.5m Fav , STT £1.4m Fav and Non Clinical £2.5m– Mainly due to vacancies but part of the non clinical will be partially offset by costs of interims which will show as non pay

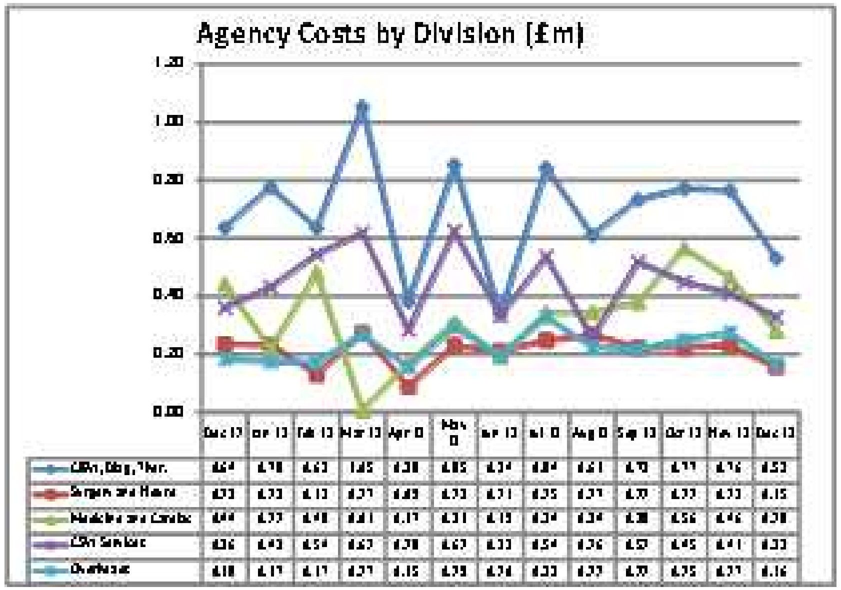
The total agency and bank spend was £1.7m and £1.4m respectively. Agency spend fell in month by £0.3m. With the introduction of the new bank system the aim is to start to use this to back up accruals. Bank costs stayed the same

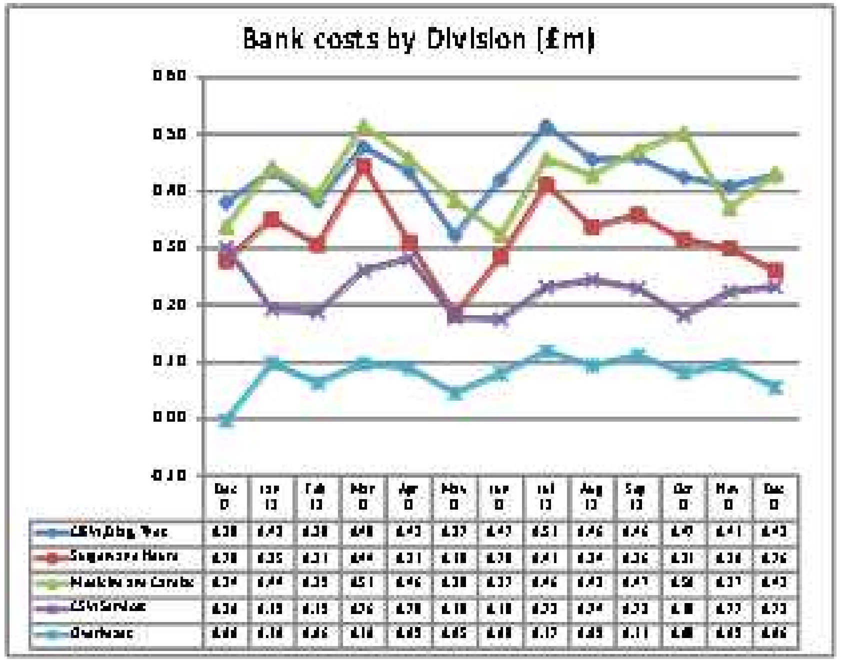
Overall staffing levels (WTE) usage has reduced compared to the previous month.mainly in agency count

WORKFORCE INFORMATION



	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13
Bank	1.29	1.52	1.33	1.79	1.57	1.11	1.29	1.73	1.56	1.63	1.51	1.40	1.41
Agency	1.85	1.84	1.90	2.29	1.10	2.32	1.39	2.30	1.75	2.09	2.16	2.08	1.53





COMMENTARY
Overall Agency Costs fell in month by £0.5m.
Costs are also being affected by increased staffing levels to maintain quality standards and absence cover.
Bank costs were unchanged compared to last month.

<u>Agency</u>

Agency costs have fallen primarily for Medical and Admin in month. Nursing was unchanged.
This month covered the Xmas holiday period and fall in agency may be due to some closed facilities.
There continue to be additional nursing staff utilised in wards to maintain quality standards.

<u>Bank</u>

Bank costs were largely unchanged for all staff groups in month.
The bulk of bank costs are for nursing cover.
The implementation of the Maps rostering system across other staff groups has not yet to shown at impact.

<u>Divisional Summary of Issues</u>

CWDT	Agency admin usage high at 22% in Outpatients during implementation of EDM. Nursing Agency Cover high in Paed Med 12% and Obstetrics bank 6%. Agency 10% and Bank Nursing 5% in Critical care rose due to recruitment issues. Imaging temp use for STTs is high at 22% bank and 4% agency.
Med & Card	High Medical staff bank 16% and Agency 4% for ED. Medical Jnr Drs agency use for Oncology at 16%. Ward nursing bank staff high (19%) and agency (7%) for Acute Medical wards due to sickness and vacancy cover.
SNT	Nursing bank usage at 15% for Theatres and 10% for Surgical Wards. Medical Agency cover High for General surgery 16%. Agency use for Non Clinical staff at 10% in Gen Surgery.
Community	High use of Medical agency cover for Prison (100%) and Senior Health (10%). Nursing bank 10% & agency usage at 9% across all areas.
Overheads	Agency Admin cover for Corporate areas at 5% Finance and 6% for H R. Estates agency staff at 38% in Engineering. Portering bank use at 21% and agency at 6%.

SECTION 6: NON-PAY

As at December 2013

COMMENTARY

Non pay costs have over-spent by £2.5m in month (over-spent £11.7m YTD). Of the YTD overspend £4.4m is claimable as income as contract exclusions.

Clinical consumables over-spent £5.3m in total

The two main factors contributing to the overspend are high cost devices where the costs are offset to commissioners and partly costs relating to actovoty eg Theatres. YTD there are significant overspendsin Diagnostics (£1.3m) which are volume related. At the end of the month a review of stocks highlighted a net reduction of £120k but showed a that Cardiac stocks ha previously been understated by £0.3m.

Drugs over-spent £2.8m in total

Drugs expenditure was £0.6m over-spent in the month. This was primarily due to higher excluded drugs for Oncology and Neurology which are reclaimed directly from Commissioners as income.

Energy/Utilities over-spent £0.7m in total (Offset by Income over recovery of £0.4m)

The in month gas bill was significantly higher than previous periods We are now recognising potential liabilities for CRC and EU emission levies which total £283k YTD. The YTD position is partly offset by the increased recharging of usage costs to other on site organisations. Recharges with the Medical School are based on metered supplies although tests have now been scheduled to resolve this. The net energy position is now in deficit YTD due to lower income charges.

Other non-pay over-spent £2.9m in total

Other non-pay over-spent in the month by £0.5m. The main overspends relate to project costs £1.8m YTD which offsets the underspend in non clinical pay. Other non pay pressures include the costs of work relating to the CQC vists (£0.4m YTD)

The impact of non achieved non pay CIPs is offset by the release of the contingency and the application of funds from the central fighting fund. of non recurrent fighting funds set aside for risks. These are required to offset the impact of the gap on the unidentified CIP Schemes and other costs pressures. The Trust continues to use external facilities to add to its capacity for beds and Theatres.

SECTION 7: CONTINGENCY & RESERVES

COMMENTARY

- Inflationary reserves are being held centrally and allocated when the costs are incurred. For example the agenda for change and medical pay awards funding has been released to Divisions for the full year and the release of non pay inflation for energy
- In addition, the Trust's Central Reserves (including contingencies) as at end of December, totals £3.2m (£2.8m Contingency, £0.4m for additional capacity, R&D development and other pressures. In Month 8, £2.3m of the contingency funds were allocated down to Divisions to cover specific in-year pressures. The remaning contingency is being released over the course of the year in the original equal monthly profile to offset general pressures in the Divisions financial positions.
- In addition, the Trust holds income risk provisions held centrally to offset CQUIN risks, potential C-diff fines and SLA challenges that can't currently be allocated to divisions. These total £3.3m.
- Additional non recurring benefits continue to be identified and then included in the "fighting fund". The fighting fund is being released as required to support the current financial position.
- The Trust continues to undertake a full review of Divisional forecasts and other risks and opportunities each month to identify any further risks to the Trusts year end position.The result of which can be seen in section 8

SECTION 8: FORECAST OUTTURN

FORECAST - COMMENTARY

Detailed forecasts are being produced on a monthly basis. These forecasts reflect the recovery plans put forward by CWDT, SNT and Med Card. The overall forecasts show that the clinical divisions are expected to improve upon their current YTD trends. With SNT improving significantly from £3.8m YTD to £3.2m deficit at year end and CWDT also improving significantly on trend from £3.3m ytd to to £3.5m deficit at year end. Med Card is expected to improve on trend by £0.2m from £3.5m YTD to £4.6m forecast deficit.

To get to the Trust planned surplus all the contingency and other reserves detailed in section 7 above are assumed to be utilised in offsetting divisional risks and additional winter capacity. Although there is deterioration in the clinical division's M9 position, the impact of the recovery plans is expected to improve forecasts. Recognising there are some considerable risks to achieving full given continued uncertainty about winter pressures and funding to offset them an additional risk of £0.8m has been included in the forecast position.

The forecasts above assume that the Trust doesn't get a benefit from the winter funding received and that all the resources will be spent. To provide assurance on winter spend divisions are maintaining a schedule of what the additional resources are being spent on so the impact can be measured .

The Trust also prepares a potential best , worse and likely case forecast based on the above which details further the risks that may be faced in the last quarter. The key risk being that the divisions do not perform in line with their recovery plans.

SECTION 9: COST IMPROVEMENT PROGRAMME

The trust is forecasting to achieve the 2013/14 target of £37.1m. 3% of schemes are Red, 13% Amber and 84% Green based on the latest assessment.

In month performance includes Trust Wide schemes covering adverse divisional performance.

Phasing of the programme shows over performance forecast in the later months of the year.

The Trust is focussing hard on developing detailed two year CIP plans covering the period 2014/15 and 2015/16 as well as managing the risks around 2013/14.

Considerable progress has been made on developing and shaping the programme, documenting and signing off the detailed project plans, milestones and deliverables and building those plans into our business planning process.

SECTION 10: STATEMENT OF FINANCIAL POSITION

Balance Sh

COMMENTARY

Debtors

Total trade and other receivables decreased by approx £2.1m. NHS invoiced debt and non-NHS invoiced debt reduced in month. SWL CCGs have agreed to settle some of their over-performance debt in January. The refusal of NHSE to make any payment of their £12m overperformance debt continues to have a significant impact on debt levels and cash flow management.

Inventories (stock)

Stock increased by £0.3m – mainly due to Pharmacy stocking up over Christmas.The Chief Pharmacist has confirmed that the Pharmacy b year end target will be achieved. Significant reductions must take place in the next 3 months to achieve the overall stock target at year end.

Cash

The cash flow statement for the month showing performance against plan is given in section 11

Creditors

Trade and Other payables and Accruals/Deferred increased by approx £5m as the Trust had to continue to manage supplier liabilities very carefully given the non-payment of SLA over-perfoermance by key debtors (see above). Also the Trust processed fewer supplier payment runs inDecember due to the Christmas break,

The Trust's BPPC performance is steady and remains ahead of last year. (Section 11)

SECTION 11 : CASH POSITION

COMMENTARY

The cash balance increased by approx £1.7m to £19.2m at 31st December – remaining above the TDA's recommended target balance of 10 days operating expenses but behind plan due to lower than planned CCG SLA receipts. The Trust has not received payment for interim overperformance invoices from NHSE and other commissioning bodies. The Trust is actively pursuing payment of these in accordance with the framework.

The cash balance has benefited this year from a delay in the billing for community services premises charges by the supplier concerned and to a lesser extent from the under spend on the capital programme.

The cash flow statement for the month showing performance against plan is shown in the chart opposite.

Surplus cash is invested in short term deposits with the National Loans Fund facility operated by the Bank of England.

Since the reduction in base rates by the Bank of England, the trust's temporary deposits are earning interest at 0%- 0.25%.

Cash flow s

11 Better Pa

SECTION 13: CAPITAL

Capital programme 2013/14 M09 - high level summary budget and actual / forecast exp profile

[illegible] UPDATED FORECAST [illegible]

	M01 £000	M02 £000	M03 £000	M04 £000	M05 £000	M06 £000	M07 £000	M08 £000	M09 £000	M09 YTD £000	Forecast M10 - M12: M10 £000	M11 £000	M12 £000	Total £000
Capital funding	2,592	2,592	2,507	2,510	2,510	3,435	2,510	2,510	3,424	23,224	1,344	4,844	1,757	33,367
Capital expenditure														
Infrastructure renewal (appx 1)														
Budget	-36	-172	-222	-312	-873	-422	-599	-463	-446	-3,700	-1,157	-1,407	-1,369	-7,227
Actual / Forecast exp M09/M12	-100	-302	-83	-186	-94	-227	-499	-117	-84	-1,658	-357	-650	-597	-1,727
Variance	-14	-130	139	126	279	195	100	351	362	1,372	499	751	772	1,494
Medical equipment (appx 2)														
Budget - AMN CT/MRI/AMN Spec CT						-1,200			-584	-2,784		-1,300		-1,484
Actual exp - AMN CT/MRI/AMN Spec CT						0	0	0	0	0	0	0	-327	-327
Variance - AMN CT/MRI/AMN Spec CT						1,200	0	0	584	2,784	0	1,300	-327	1,737
Budget - MONITORS			-60	-60	-100	-200	-300	-324	-100	-1,134	-100	-70	-798	-2,300
Actual / Forecast exp M09/M12			-89	-21	-211	255	-10	-567	-6	-622	-100	-100	-100	-922
Variance - MONITORS			-19	39	-111	455	290	-243	95	512	0	-30	698	378
Budget - OTHER MED EQPT	-20	-32	-327	-361	-875	-348	-454	-423	-377	-2,767	-235	-237	-233	-1,472
Actual / Forecast exp M09/M12	-235	-23	-454	-114	57	-691	-543	161	13	-1,338	-787	-538	-2,737	-4,699
Variance - OTHER MED EQPT	-215	54	-127	247	432	-345	-94	534	390	523	43	-301	-1,558	-7,223
IM&T (appx 3)														
Budget - EDM	-150	-10	-200	-20	-200	-20	-200	-20	-20	-880	-20	-20	-173	-1,899
Actual / Forecast exp M09/M12	56	-413	-39	-30	23	-166	-207	-120	-16	-1,107	-40	-40	-40	-1,757
Variance - EDM	226	-403	111	-60	223	-146	-7	-100	4	-257	-20	-20	130	347
Budget - OTHER IM&T	-569	-645	-505	-625	-355	-325	-302	-302	-302	-4,327	-307	-307	-350	-5,387
Actual / Forecast exp M09/M12	-343	-356	-340	-496	-428	-455	-347	-613	-470	-4,257	-877	-847	-499	-5,705
Variance - OTHER IM&T	215	239	165	129	423	-130	-345	-311	-168	135	-575	-545	-149	-727
Major Projects (appx 4)														
Budget - HELIPAD			-300	-400	-650	-1,800	-700	-500	-529	-4,333	-239			-4,572
Actual / Forecast exp M09/M12	4	-34	-20	-232	-325	-829	-694	-766	-707	-3,953	-150	-150	-122	-4,375
Variance - HELIPAD	4	-34	280	168	275	971	6	-266	-224	380	89	-150	-122	297
Budget - WINTER BEDS & EXTRA HDU					-225	-225	-225	-225		-900				-900
Actual / Forecast exp M09/M12				-29	-3	-82	-165	-31	-236	-646	-219	-80	-15	-959
Variance - WINTER BEDS & EXTRA HDU				-29	217	143	60	194	-236	254	-219	-80	-15	-59
Budget - Other Major Projects	-303	-288	-287	-305	-690	-770	-341	-598	-270	-4,330	-700	-725	-750	-4,703
Actual / Forecast exp M09/M12	-129	-142	-195	-416	-172	-424	-469	-269	-581	-2,736	-955	-675	-425	-4,797
Variance - Other Major Projects	174	146	92	-111	518	346	872	327	-311	1,594	-255	-550	-275	-93
Other (appx 5)														
Budget	-247	-247	-247	-221	-173	-173	-173	-173	-173	-1,973	-748	-748	-748	-2,339
Actual / Forecast exp M09/M12	-149	-147	-138	-419	-130	-291	-113	-174	-80	-1,659	-919	-919	-858	-2,939
Variance	98	100	109	-197	43	-117	61	5	93	290	-186	-186	-519	-600
Budget - total	-1,409	-1,444	-2,119	-2,364	-3,543	-5,703	-3,300	-3,093	-3,061	-26,097	-2,497	-3,707	-1,222	-33,367
Actual exp - total	-921	-1,477	-1,278	-1,921	-1,780	-2,110	-3,056	-2,498	-2,736	-23,399	-3,557	-3,713	-4,909	-29,900
Forecast M10-M12 prepared at M09							-2,727	-3,200	-1,462		-3,294	-3,722	-3,988	-32,050
Expenditure variance - total	438	-33	841	443	1,763	2,593	244	592	325	7,698	-1,060	478	-1,687	3,317

Expenditure underspend as % of YTD budget =	30%	Less: underspend relating to EPC loan / leases: -5,020
	Capital cash underspend	336

COMMENTARY

Capital programme

- Capital expenditure was approx £2.2m in December andYTD expenditure is £18.4m – generating an expenditure under spend of £7.7m YTD (£6.9m last month). The YTD under spend comprises: Medical Equipment £3.6m, Major Projects £2.4m, Infrastructure Renewal £1.5m, Other £0.2m. IMT capital expemditure is in line with budget.
- The Trust's updated forecast outturn is for total capital expenditure of £29.9m for the year which would generate an expenditure under spend of £5.4m. £5.1m of this under send relates to expenditure to be financed by external loans amnd leases – which will be deferred to next year.
- The internally financed or 'cash' element of the forecast under spend (i.e excluding expenditure financed by loans/leases) is approx £0.3m (£1.1m last month). The Capital Programme Group approved additional expenditure last month of approx £1.2m to utilize the cash under spend reported at month 8. This brings to £2.2m the total extra spend approved in year to use the forecast cash underspend.
- The forecast outturn assumes a significant acceleration in the rate of capital expenditure in the last three months of the year. Major Projects expenditure is starting to recover (by £0.9m in December) however the forecast for Infrastructure Renewal is provisional and subject to revision next month.

SECTION 14: CONTINUITY OF SERVICE RISK RATING (CSRR)

Metric Score
Liquid ratio
Capital servi

Finance Report Continuity of Service Risk Rating

Financial risk is now being assessed by Monitor in terms of the risks to continuity of service, which will be evaluated in accordance with the calculations set out in this table using two metrics of equal weight:-
(1) Liquidity [Working capital balance x 360 / Annual operating expenses]
(2) Capital servicing capacity [Revenue available for capital service / Annual debt service]

Each metric is assessed against a set of rating score thresholds to assign one of four rating categories ranging from 1, which represents the most serious risk, to 4, representing the least risk. They will then be weighted and combined into a composite Continuity of Services risk rating score (nb scores will be rounded up, so metric scores of 3 & 4 will result in a 4).

The role of ratings is to indicate when there is a cause for concern at a provider. Only when there is a score of 2 is this likely to represent a material level of financial risk and prompt consideration of more detailed investigations by Monitor.

The Trust is currently assessed as having a Risk Rating of 3 based on its YTD performance and a 3 on its Forecast Outturn performance.

SECTION 14: FINANCIAL RISK RATING (FRR)

Year To Date Plan | Year Plan

Financial Metrics	April	May	June	July	August	Sept	Oct	Nov	Dec	Jan	Feb	Mar
EBITDA margin	2.7%	4.0%	4.0%	5.1%	4.9%	5.1%	5.6%	5.6%	5.0%	5.3%	5.2%	5.3%
EBITDA, % achieved	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
NRAF (Net Return after Financing)	-0.3%	-0.2%	-0.3%	0.4%	0.3%	0.5%	1.3%	1.5%	0.7%	1.2%	1.1%	1.6%
I&E surplus margin	-2.0%	-0.6%	-0.6%	0.6%	0.3%	0.5%	1.1%	1.1%	0.5%	0.7%	0.6%	0.8%
Liquidity	31.1	30.9	30.3	31.2	30.6	28.5	29.4	29.4	27.7	28.9	28.9	27.6

Financial Metrics	Score	Score	Score	Score	Score	Score	Score	Score	Score	Score	Score	Score
EBITDA margin	2	2	2	3	2	3	3	3	3	3	3	3
EBITDA, % achieved	5	5	5	5	5	5	5	5	5	5	5	5
NRAF (Net Return after Financing)	3	3	3	3	3	3	3	3	3	3	3	3
I&E surplus margin	2	2	2	2	2	2	3	3	2	2	2	2
Liquidity	4	4	4	4	4	4	4	4	4	4	4	4
Weighted Average Score	3.0	3.0	3.0	3.3	3.0	3.3	3.5	3.5	3.3	3.3	3.3	3.3
Overall Score	3	3	3	3	3	3	3	3	3	3	3	3

Year To Date Actual | Forecast

Financial Metrics	April	May	June	July	August	Sept	Oct	Nov	Dec	Jan	Feb	Mar
EBITDA margin	2.1%	3.6%	3.9%	4.9%	4.7%	4.9%	5.4%	5.4%	4.8%			5.1%
EBITDA, % achieved	38.8%	187.0%	56.0%	96.4%	77.1%	75.3%	86.0%	98.0%	98.4%			98.6%
NRAF (Net Return after Financing)	-0.4%	-0.4%	-0.4%	0.2%	0.1%	0.5%	1.3%	1.5%	0.7%			1.6%
I&E surplus margin	-2.6%	-1.1%	-0.9%	0.3%	0.1%	0.5%	1.1%	1.1%	0.5%			0.8%
Liquidity	29.2	28.2	30.8	31.2	31.0	31.0	30.4	30.3	28.4			27.3

Financial Metrics	Score	Score	Score	Score	Score	Score	Score	Score	Score	Score	Score	Score
EBITDA margin	2	2	2	2	2	2	3	3	2			3

COMMENTARY

- The Trust is planning to achieve a surplus of £6.69m.
- **This would achieve a FRR of 3 for the end of the year on an IFRS basis.**
- **The YTD FRR score is reported as a 3 reflecting the expected profile financial performance for the year to date.**