

SWBH FINANCE REPORT

December 2018

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Month 8 position summary

HEADLINES

- Trust on track against Revised Internal Plan at M08.
- Driven by better than forecast Pay position, offset by PRI and Non Pay positions that were adverse to forecast
- £1.2 million of flexibility used to achieve year to date plan, £600k less than last month.
- Trust remains confident of achieving forecast within the Revised Internal Plan, but is cognisant of the risks to this, and tight controls via the trusts governance structures and CIP Board remain in place to ensure these risks are identified quickly and mitigations put in place.

ANALYSIS

- October Board identified and agreed a route to the Trust's Financial control total, (Pre-PSF and technical adjustments) of £7.567m.
- This was based on a detailed forecast based on Month 6 reporting that identified an outturn deficit of £15.459 million, with a non-recurrent route to the plan being identified, and the risks to that forecast being clearly identified.
- This report will assess performance against this forecast, and identify the material risks to delivery and therefore achievement of the Trust control total.
- This means that the Trust now has 3 Financial Plans, each of which end up at the same end position, but have different phasing.
- The Three Financial Plans are:
 - NHSI (External Plan)
 - Internal Budgets (Internal Plan)
 - Revised Internal Plan (agreed at October Board).
- The Trust reported a favourable variance against the revised internal plan of £26k in Month 8. Non-recurrent support in this position is £1.2m ytd, £600k less than last month. Therefore the underlying adverse variance from the Revised Internal Plan ytd is £1.174m.
- The Trust reported achievement against Internal Budgets and the NHSI plan, because the use of the route to balance money achieved the Revised Internal Plan.
- An adjusting item has been processed to achieve external (NHSI) plan of £1.516m. This is a phasing issue only.
- The income position contains a provision of £2.007m as per the income forecast in relation to CQUIN non-delivery, fines and data challenges. The biggest risk within CQUIN is the Risky Behaviours scheme where the forecast assumes full receipt of the income, whereas compliance with the target is unlikely.

Month 8 position summary

- Year to date variances to the Revised Internal Plan were as follows:

	£000's
Patient Related Income	(759)
Other Income:	194
Pay	1,109
Non Pay	(599)
Non Operational Expenditure	81
TOTAL:	26

- The Trust remain confident of delivering the outturn within the forecast, despite the call on Month 12 non-recurrent support. Group reviews held this month have not identified any major concerns within Clinical Groups around delivery, and enough non-recurrent support was identified to cover off the £1.2 million used in the year-to-date position.
- Risks to delivery of the Trust's Financial plan can be identified to the following areas:
 - Performance against CIP Plan (small over-delivery against forecast ytd £660k, but with 47% of the forecast in the last 4 months)
 - Settlement of the Maternity Pathway issues, currently forecast in Month 12.
 - Delivery of Production Plan and associated margin – subject to a separate paper (slippage against production plan of £1.375m ytd)
 - Adherence to the pay bill (vacancy management, temporary staffing, rosters and sickness management)
 - Procurement CIP delivery and group on non-pay spend
 - Managing data challenges as provided for
 - Delivery against CQUIN
 - Risk around IFRS15 – related to income recognition.
 - Winter pressures over and above those allowed for
- It is important to note that the NHSI plan pre-PSF required a significantly better financial position at the end of November
- (£9.672m ytd deficit, £6.189m including PSF), against an Revised Internal Plan £11.678m deficit. Significant improvement is therefore required over the second half of the year to deliver the financial plan.

Revised Internal Plan, Internal Plan (Budgets), and Actual I&E.

	Apr-18 £000's	May-18 £000's	Jun-18 £000's	Jul-18 £000's	Aug-18 £000's	Sep-18 £000's	Oct-18 £000's	Nov-18 £000's	YTD £000's	Dec-18 £000's	Jan-19 £000's	Feb-19 £000's	Mar-19 £000's	OUTTURN £000's
Revised Internal Plan	-4,484	-2,341	-592	1,725	-4,633	-1,946	593	-696	-12,374	-2,991	-1,245	-2,851	4,007	-15,454
Internal Budgets	-4,978	-1,923	-475	1,679	-4,634	-1,940	302	-429	-12,398	-2,133	152	-2,023	8,807	-7,648
Actuals	-4,470	-2,328	-578	1,686	-4,633	-1,946	317	-394.9	-12,347					
Difference from Revised Internal Plan	14	13	14	-39	0	0	-276	301	27					
Difference from Internal Budgets	508	-405	-103	7	1	-6	15	35	52					

ANALYSIS

- The table above compares the Revised Internal Plan, to Budgets, and Actuals.
- The underlying run-rate is a deficit of nearly £1.7 million per month ytd.
- To achieve the forecast outturn, this needs to move to an average deficit of £771k per month in the last 4 months to achieve the Revised Internal Plan.
- This assumes that the £1.2 million support in the position is covered within the Route to Balance items identified to Board last month, from headroom (assuming £15.5m deficit delivered).
- The delivery of the Trusts Financial Control Total relies on non-operational support of £7.892 million, being the forecast adverse variance from control total. The route to balance items identified totalled £10.2m (set out below) – therefore offering cover for the £1.2m used to date – as long as the Trust hits a deficit of £15.45m by the year end.

	£000's
Forecast Variance from Plan	-7,892
Reserves Release	5,000 (£5,458 less CEAs and living wage)
Capital Flexibility	3,850 £7.9m less £2.7m contribution less £1.35 rev costs
Remaining Balance Sheet Flex	670
Income Improvement	tbc
Improvements in Groups forecast outturn expenditure	tbc
GRNI	Head of Compliance leading
Rev to Cap switch - estates	GSFM - Corporate leading
Unity Slippage	This would impact Normalised 19/20 position
Annul Leave Accrual	670
Variance	2,298

Income Year to Date Performance and Plan

	Revised Internal Plan	Actuals	Variance	Revised Internal Plan	
	£000's	£000's	£000's	Q3 (balance) £000's	Q4 £000's
SLAs: Main Healthcare Contracts	278,781	277,505	-1,276	33,836	106,331
Income: NHS Trusts	1,008	1,017	9	121	364
Income: Other NHS Bodies	4,084	4,222	139	513	1,539
Private Patients Income	1,806	2,077	272	242	725
Other Non Protected Income	766	863	98	89	266
1 - Patient Related Income Total	286,444	285,685	-759	34,800	109,224
Income: NHS Trusts	3,642	3,753	111	450	1,338
Income: Other NHS Bodies	2,960	2,913	-48	370	1,168
Provision of Diagnostic Services	4,019	4,029	10	498	1,493
Provision of Facilities & Related Services	3,897	3,910	14	484	1,452
Education & Training	12,386	12,578	192	1,562	4,686
Research and Development	1,198	1,268	70	150	449
Other Income	6,903	6,747	-157	925	2,776
2 - Other Income Total	35,004	35,198	194	4,439	13,364
Grand Total	321,449	320,883	-565	39,240	122,588

Income Analysis

- Commissioner income position driven by a provision of £2.007m to reflect the Trust view of data challenges and CQUIN slippage. The rest of the under-performance against Commissioner income relates to pass-through and is therefore offset by favourable variances in non-pay. Medical emergencies are below forecast, surgical emergencies are also below forecast due to the impact of SEAU pathway change. The latter is being explored with commissioners.
- SWBCCG contract is behind the Revised Internal Plan year-to-date, but in line with the block by year-end. Close monitoring of this is required and will continue.
- Issues around CQUIN non-delivery need to be addressed. Issues with Unity mean that risky behaviours CQUIN is unlikely to be achieved. Negotiating a revised trajectory with the CCG.
- BSOL challenge to Ophthalmology ED coding is reflected in the Revised Internal Plan.
- Private Patients income is ahead of the Revised Internal Plan ytd relating to recovery of the costs of treatment from overseas visitors, which is tied into a CIP. A team is now in place to administer this process, and management within the Directorate are assessing the impact on the target. A paper went to ARMC on improvement plans during October.
- ICR income is ahead of forecast, as systems within the Medicine Group are delivering on their ask.
- Actions required to deliver minimum of forecast outturn:
 - Mitigate impact of SEAU pathway change (CEO/DOF/IK)
 - Delivery of Production Plan (LK)
 - CQUIN – particularly Risky Behaviours
- Risks
 - Contract Data Challenges above Revised Internal Plan

Production Plan

	Financial Month								Year to Date				
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov		Dec	Jan	Feb	Mar
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Plan	£8,657	£9,175	£9,680	£9,957	£9,384	£9,640	£11,274	£10,688	£78,455	£8,967	£10,450	£9,652	£10,446
Actual	£8,751	£9,482	£9,526	£9,859	£9,223	£9,137	£10,679	£10,422	£77,079				
Variance	95	307	-154	-£98	-£162	-£503	-£595	-£265	-£1,375				

Production Plan Analysis

- Embedded within the income plan are the above levels of income relating to the Production Plan.
- The plan reflects the originally planned late October go-live for phasing for Unity.
- Mitigations are now proposed to recover the underperformance in the year to date, commencing in November. These include the impact of staff appointments, utilisation of short term contracted staff and reallocation of available theatre time between specialties.
- The year to date adverse variance is a mix of Medical Specialties over-performing (£+0.8m), partially offsetting under-performance in Surgical Services (£-1.2m); PCCT (£-0.6m) and W&CH (£-0.3m).
- Year to go, the Trust needs to achieve £9.81m a month on Production plan to hit the revised internal plan number. This is less than the mitigation plan in place, which represents circa £1m upside if delivered

Pay Year to Date Performance and Plan

	Revised Internal Plan				
	Revised Internal Plan £000's	Actuals £000's	Variance £000's	Q3 (balance) £000's	Q4 £000's
Medical Staffing	-50,548	-50,204	344	-6,565	-19,902
Management	-8,530	-8,496	34	-1,074	-3,246
Administration and Estates	-17,136	-17,033	103	-2,152	-6,530
Healthcare Assistants and Support Staff	-20,693	-20,423	270	-2,644	-7,948
Qualified Nursing and Midwifery	-56,146	-55,869	276	-7,195	-22,006
Scientific, Therapeutic and Technical	-26,357	-26,244	113	-2,908	-8,998
Bank Staff	-17,859	-17,737	122	-2,120	-6,169
Agency Staff	-10,463	-10,642	-179	-1,315	-3,407
Other Pay	-3,412	-3,385	27	-316	-903
3 - Pay Total	-211,143	-210,033	1,110	-26,289	-79,108

Pay Analysis

- The pay position is ahead of the Revised Internal Plan at month 8. This is most notable in Medicine (£362k), Imaging (£152k) and Corporate Groups (£178k). Medicine's favourable variance is driven by delays in the implementation of posts around ED improvement, and also ward staffing expenditure where controls appear to be holding, despite pressures. Imaging is driven by vacancies (note though that outsourced reporting within non-pay more than offsets this variance) The Corporate position is also driven by vacancies.
- Analysis by group can be seen on slide 18.

Agency spend

	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	YTD	Dec-18	Jan-19	Feb-19	Mar-19	OUTTURN
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Revised Internal Plan	-1,324	-1,264	-1,441	-1,433	-1,306	-1,133	-1,262	-1,300	-10,463	-1,315	-1,167	-1,131	-1,109	-15,186
Actuals	-1,324	-1,264	-1,441	-1,433	-1,306	-1,133	-1,382	-1,358	-10,642					
Difference	0	0	0	0	0	0	-120	-58	-179					
Internal Plan (within budgets)	-1,537	-1,113	-921	-852	-836	-835	-648	-648	-7,390	-648	-648	-648	-648	-9,982
Actuals	-1,324	-1,264	-1,441	-1,433	-1,306	-1,133	-1,382	-1,358	-10,642					
Difference	213	-151	-520	-581	-470	-298	-734	-710	-3,252					
NHSI Plan	-1,105	-938	-919	-902	-905	-900	-899	-831	-7,399	-831	-829	-829	-829	-10,717
Actuals	-1,324	-1,264	-1,441	-1,433	-1,306	-1,133	-1,382	-1,358	-10,642					
Difference	-219	-326	-522	-531	-401	-233	-483	-527	-3,243					

Agency Analysis

- The table above (middle line) shows the internal gross planned reduction in agency spend as a result of CIP and other changes during 18/19, to an expected spend of £9.9m. This is reflected in budgets. Added to this is the agency spend within the Revised Internal Plan (top line), with an expected annual spend of £15.186m, significantly above the Trusts agency cap (bottom line profile).
- At the time of submitting the plan to NHSI, the Trust did not have the granular analysis that is now available that demonstrates this reduction. It therefore chose to indicate NHSI Agency ceiling compliance, partly because this is the expectation of NHSI and the forms generate a validation error if the Trust indicated year end agency spend over the ceiling.
- Comparison against M7 actual spend shows that the Trust is behind the Revised Internal Plan by £179k, behind the planned spend implicit within Budgets by £3.252m, and £2.243 behind against the NHSI plan trajectory.
- Conclusion – the Trust has not been able to further reduce its reliance on agency staffing and achieve either its own internal plan set at the start of the year, or the NHSI target. This is driven by vacancies, sickness levels in excess of planned levels and grip and control issues.
- The Trust will signal the new expected spend for Agency of £15.2m in Month 8 reporting to NHSI. This has been discussed with them at a recent review meeting, although adverse movement away from this revised plan is already being seen.

Non-pay Year to Date Performance and Plan

	Revised Internal Plan				
	Revised Internal Plan £000's	Actuals £000's	Variance £000's	Q3 (balance) £000's	Q4 £000's
Drugs and Blood Products	-24,536	-24,756	-219	-3,065	-9,300
Medical Equipment and Consumables	-24,144	-24,116	28	-2,903	-9,375
Energy and Utilities	-7,508	-7,700	-192	-1,051	-3,083
Hotel Service Costs	-3,676	-3,806	-130	-456	-1,349
IT Equipment and Consumables	-3,323	-3,309	14	-430	-1,297
Postage, Printing and Stationery	-2,337	-2,378	-41	-270	-812
Staff Related Expenditure	-1,470	-1,459	11	-174	-524
Servs Rec'd: NHS Bodies	-8,747	-8,620	127	-1,764	-3,523
Serv Rec'd:Non NHS Bodies	-6,910	-7,207	-297	-1,046	-3,520
Facilities Related Costs	-3,984	-4,091	-106	-491	-1,472
CNST Contributions	-9,606	-9,606	0	-1,201	-3,602
Other Costs	-9,706	-9,501	206	-1,000	961
Recharges	0	0	0	0	0
4 - Non Pay Total	-105,949	-106,548	-599	-13,850	-36,896
Depreciation	-9,103	-9,103	0	-1,138	-3,414
Interest Receivable	88	112	24	11	33
Interest Payable	-1,526	-1,525	1	-191	-572
PDC Dividend	-5,799	-5,799	0	-725	-2,575
Profit / (Loss) on Asset Disposals	-389	-333	56	-49	-146
5 - Non Operational Costs Total	-16,730	-16,649	81	-2,091	-6,674
TOTAL NON PAY	-122,679	-123,198	-518	-15,941	-43,570

NON PAY ANALYSIS

- £518k adverse variance against the revised internal plan for non-pay. These adverse variances are split across the main clinical groups.
- £136k of the variance relates to pass –through drugs, which are offset by income
- Groups that have an adverse variance from their revised internal plan on non-pay are:
 - Medicine – relates to Modality costs in respect of Cardiology clinics. These are being queried
 - PCCT relates to diabetic pumps offset by income
 - Imaging is driven by external reporting, and continue to exceed their agreed usage of the service.
 - Corporate (£245k) driven by
 - Strategy & Governance £80k, overseas bad debt provision (offset in income)
 - Operations £102k, £60k Iron Mountain Costs, £52k FP10s (offset by income)
 - Estates £64k, £50k relating to energy (year to date adjustment, predicted to still achieve forecast)

CIP delivery versus Forecast

		Forecast		Actuals	Variance	Q3	Q4
		Outturn	Forecast			Balance	
		£000's	£000's	£000's	£000's	£000's	£000's
Patient Related Income – Contracts	Income - Commercialisation	239	192	197	5	10	37
	Income - Production Plan	6,600	3,286	3,131	-155	992	2,321
	Income - Repatriation	2,661	357	396	39	39	2,266
Patient Related Income – Contracts Total		9,501	3,835	3,724	-111	1,041	4,624
Patient Related Income - Other	Income - Commercialisation	300	209	183	-26	23	68
	Income - Other	352	253	343	89	25	74
Patient Related Income - Other Total		652	462	526	64	47	142
Other Income	Income - Commercialisation	420	214	253	38	48	157
	Income - Facilities	217	145	153	8	18	54
	Income - Repatriation	32	21	21	0	3	8
Other Income Total		669	381	427	46	69	219
Pay	Pay - Medical Productivity	639	429	429	0	52	157
	Pay - Other Key Enablers	2,421	1,658	2,086	428	174	589
	Pay - Post Reductions	2,043	1,321	1,337	15	188	534
	Pay - Safer Staffing & Effective Rostering	3,169	1,996	2,167	171	283	890
Pay Total		8,271	5,404	6,019	614	697	2,170
NonPay	Cross Cutting - Tactical	153	102	102	0	13	38
	Non Pay - Drugs/Pharmacy	104	63	63	0	10	30
	Non Pay - Grip & Control	3,207	1,800	1,822	22	222	1,185
	Non Pay - Sundry Schemes	4,335	2,159	2,244	85	252	1,924
	Non Pay - Supplier Negotiation	905	481	420	-60	86	339
	Pay - Post Reductions	0	0	0	0	0	0
NonPay Total		8,704	4,605	4,651	47	582	3,517
Grand Total		27,797	14,687	15,347	660	2,437	10,672

CIP ANALYSIS

- M8 ytd delivery was £15.347m against a Revised Internal Plan of £14.687m, a favourable variance of £660k. 47% of the forecast outturn is in the last 4 months of the year, highlighting back-loading of delivery.

Comparison of Monthly Actuals to Revised Internal Plan

	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	YTD	Dec-18	Jan-19	Feb-19	Mar-19	
MONTHLY ACTUALS	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	
1 - Patient Related Income	32,948	35,593	34,630	39,374	33,823	33,954	37,845	37,519	285,685					
2 - Other Income	4,326	4,253	4,985	4,008	4,279	4,363	4,397	4,586	35,198					
3 - Pay	-26,649	-26,617	-26,348	-26,512	-26,783	-26,364	-25,330	-25,432	-210,034					
4 - Non Pay	-12,822	-13,872	-11,710	-12,847	-13,890	-11,847	-14,545	-15,015	-106,548					
5 - Non Operational Costs	-2,287	-1,697	-2,148	-2,299	-2,063	-2,053	-2,050	-2,052	-16,649					
Grand Total	-4,484	-2,341	-592	1,725	-4,633	-1,946	317	-395	-12,348					
REVISED INTERNAL PLAN	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	YTD	Dec-18	Jan-19	Feb-19	Mar-19	FORECAST OUTTURN
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
1 - Patient Related Income	32,948	35,593	34,630	39,374	33,823	33,954	38,720	37,402	286,444	34,800	36,737	35,068	37,419	430,469
2 - Other Income	4,326	4,253	4,985	4,008	4,279	4,363	4,400	4,389	35,004	4,439	4,435	4,494	4,435	52,808
3 - Pay	-26,649	-26,617	-26,348	-26,512	-26,783	-26,364	-25,742	-26,128	-211,143	-26,289	-26,290	-26,366	-26,452	-316,546
4 - Non Pay	-12,822	-13,872	-11,710	-12,847	-13,890	-11,847	-14,694	-14,268	-105,949	-13,850	-14,036	-13,956	-8,904	-156,696
5 - Non Operational Costs	-2,287	-1,697	-2,148	-2,299	-2,063	-2,053	-2,091	-2,091	-16,730	-2,091	-2,091	-2,091	-2,491	-25,495
Grand Total	-4,484	-2,341	-592	1,725	-4,633	-1,946	593	-696	-12,374	-2,991	-1,245	-2,851	4,007	-15,459
DIFFERENCE	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	YTD	Dec-18	Jan-19	Feb-19	Mar-19	FORECAST OUTTURN
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
1 - Patient Related Income	0	0	0	0	0	0	-875	116	-759					
2 - Other Income	0	0	0	0	0	0	-3	196	193					
3 - Pay	0	0	0	0	0	0	412	697	1,109					
4 - Non Pay	0	0	0	0	0	0	149	-747	-599					
5 - Non Operational Costs	0	0	0	0	0	0	41	39	80					
Grand Total	0	0	0	0	0	0	-276	301	25	0	0	0	0	0

SWBH

External Reporting

DECEMBER 2018

External Reporting - Contents

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Finance Report

Capital Plan

Month 08 2018/19

	Plan	Forecast	
	£'000s	£'000s	Note
2018/19 depreciation & amortisation	16,985	16,985	Approved
2018/19 Surplus attributable to capital			
Plan surplus	3,489	3,489	Pending
Additional surplus required	3,489	3,489	Pending
Cash reserves from previous years	9,517	9,517	Pending
Purchase of MMH Asset - Capital Contribution		62,875	Pending
Less IFRIC 12/PFI payments (capital elements)	(3,169)	(3,169)	Approved
2018/19 IFRIC schemes	4,281	4,281	Anticipated
Additional PDC for non-Programme Capital		27,300	Approved
Total CRL	34,592	124,767	
Grants & donated assets	80	148,774	
Total Funding for Capital Expenditure	34,672	273,541	
Capital Expenditure	34,672	273,541	
NB	£'000s	£'000s	
Pending CRL			
2018/19 Surplus attributable to capital			
Plan surplus	3,489	3,489	
Additional surplus required	3,489	3,489	
Cash reserves from previous years	9,517	9,517	
Purchase of MMH Asset - Capital Contribution		62,875	
Total CRL pending	16,495	79,370	

This table summarises the capital funding available to the Trust and expenditure as per the plan submission.

This month reflects the changes to the capital programme as a result of;

- Bringing the Midland Met Asset on to the Trust's Balance Sheet – being £62.875m of prepayment, and £148.774m of donated asset (the total value of the asset recognised in Month 7 and now on the Trust Balance Sheet being £211.7m (see Slide 34)).
- Additional PDC approved for the Early Works Contract in relation to Midland Met (£27.3m)
- The balance of £34.6m relates to the Trust's core capital programme, which is set out in more detail on slide 33.
- £79.4m of funding was pending formal CRL approval as per the plan. However, as the core capital programme is now forecasting to expend £25.485m, a CRL approval of £ 71.275m would be required, being £8.4m of cash over and above the internally generated funds, and £62.875m for the transfer to PPE of the prepayment in relation to Midland Met. The Trust is in the process of confirming this with NHSI and will adjust the forecast in Month 9 reporting to ensure accurate forecasting.

Finance Report

Capital Expenditure

Month 08 2018/19

Programme	Flex Plan	Year to Date		Outstanding Purchase Order Commitment £'000s	Full Year			
	£'000s	Actual	Gap		NHSI Plan	NHSI Forecast	Forecast	Variance
	£'000s	£'000s	£'000s		£'000s	£'000s	£'000s	£'000s
Estates	10,595	5,124	(5,471)	2,561	18,336	17,998	10,513	7,823
Informatics	7,492	3,665	(3,827)	1,058	8,442	8,442	9,085	(643)
Medical equipment / Imaging	1,106	1,259	153	1,141	3,533	3,798	3,732	(199)
Contingency	0	0	0	0	0	0	0	0
Sub-Total	19,193	10,047	(9,146)	4,760	30,311	30,238	23,329	6,982
Technical schemes	2,955	264	(2,691)	0	4,281	4,281	1,976	2,305
Donated assets	52	8	(44)	0	80	80	80	0
Total Core Programme	22,200	10,319	(11,881)	4,760	34,672	34,599	25,385	9,287
Post Carillion-Midland Met schemes	0	70,317	70,317	13,524	0	90,175	84,147	(84,147)
Reconfiguration	0	0	0	2	0	0	3,930	(3,930)
Midland Met Donated Asset	0	148,767	148,767	0	0	148,767	148,767	(148,767)
Total Non Core Programme	0	219,084	219,084	13,525	0	238,942	236,844	(236,844)
Total Core & Non Core Programme	22,200	229,402	207,202	18,285	34,672	273,541	262,229	(227,557)

Analysis

- Spending on the core programme is £11.9m behind plan year to date, but with commitments of £4.8m.
- Progress against each scheme is monitored through the Trust's monthly Capital Management Group.
- The core capital programme has been reviewed and the FOT has been reduced from £34.7m to £25.4m mainly due to reduction in Estates of £7.8m and an increase in Informatics.
- The Post Carillion Midland Met schemes totalling £90.2m is made up of:
 1. MMH Early works schemes £27.3m funded from PDC (reflecting underspend)
 2. MMH asset recognition £62.9m which has nil cash implications (fully committed).
- The Reconfiguration schemes of £3.9m are funded from STP capital and the Trust has not yet had formal confirmation of this..
- The £273.5m is the capital programme submitted in the M7 NHSI return. Separate to this the Trust to has submitted a more realistic capital forecast and the month 8

Finance Report

SOFP

Month 08 2018/19

	Balance as at 31st March 2018	Balance as at 30th November 2018	NHSI Planned Balance as at 30th November 2018	Variance to plan as at 30th November 2018	NHSI Plan as at 31st March 2019	Forecast 31st March 2019
	£000	£000	£000	£000	£000	£000
Non Current Assets						
Property, Plant and Equipment	227,475	445,675	238,347	207,328	245,162	456,877
Intangible Assets	106	67	106	(39)	106	106
Trade and Other Receivables	62,941	1,217	62,941	(61,724)	62,941	0
Current Assets						
Inventories	4,742	4,742	4,742	0	4,742	4,742
Trade and Other Receivables	52,880	44,747	55,258	(10,511)	47,174	47,174
Cash and Cash Equivalents	9,691	30,489	7,471	23,019	1,743	1,743
Current Liabilities						
Trade and Other Payables	(64,206)	(85,097)	(81,637)	(3,460)	(59,829)	(59,829)
Provisions	(2,166)	(1,764)	(1,855)	91	(1,855)	(1,855)
Borrowings	(1,855)	(2,175)	(1,062)	(1,113)	(1,062)	(1,062)
DH Capital Loan	0	0	0	0	(5,000)	(5,000)
Non Current Liabilities						
Provisions	(3,454)	(3,454)	(3,454)	0	(3,454)	(3,454)
Borrowings	(31,776)	(30,361)	(30,161)	(200)	(29,433)	(29,433)
DH Capital Loan	0	0	0	0		0
	254,378	404,086	250,696	153,391	261,235	410,009
Financed By						
Taxpayers Equity						
Public Dividend Capital	226,891	234,535	226,891	7,644	226,891	226,891
Retained Earnings reserve	8,685	150,748	3,741	147,007	11,961	160,735
Revaluation Reserve	9,744	9,745	11,006	(1,261)	13,325	13,325
Other Reserves	9,058	9,058	9,058	0	9,058	9,058
	254,378	404,086	250,696	153,391	261,235	410,009

Analysis

- The table is a summarised SOFP for the Trust.
- The overall variance from plan is predominantly due to the transaction in relation to MMH. The treatment of this was discussed at the October ARMC and the balance sheet impact detailed in the October FIC paper.
- The cash position is benefiting from bonus STF and a lower spending capital programme than planned. The impact of this more than offsets the receivables balance and results in a higher than planned cash balance.

Finance Report

SOCF

Month 08 2018/19

ACTUAL/FORECAST	April Actual £000s	May Actual £000s	June Actual £000s	July Actual £000s	August Actual £000s	September Actual £000s	October Actual £000s	November Actual £000s	December Forecast £000s	January Forecast £000s	February Forecast £000s	March Forecast £000s
Receipts												
SLAs: SWB CCG	23,718	23,358	22,941	22,817	22,830	22,818	22,881	22,882	23,603	22,300	22,300	22,303
Associates	7,245	6,432	7,461	7,531	13,691	7,401	1,802	8,061	6,466	7,141	7,141	7,141
Other NHS	1,074	902	359	584	2,231	827	1,179	1,593	1,258	1,110	687	1,162
Specialised Services	3,327	0	8,529	3,944	7,523	9,903	4,454	11,946	3,364	3,161	3,879	3,816
STF Funding and Taper Relief	0	0	0	12,807	0	0	0	0	2,211	0	0	0
Over Performance	0	0	0	0	0	0	0	0	0	0	0	0
Education & Training - HEE	378	0	2	0	8,890	1	0	4,900	4,405	0	0	4,405
Public Dividend Capital	0	0	0	0	0	0	0	7,644	6,825	6,825	6,825	6,825
Loans	0	0	0	0	0	0	0	0	0	0	0	5,000
Other Receipts	1,232	1,340	2,575	4,034	1,237	2,389	3,881	1,525	2,075	2,075	2,075	2,075
Total Receipts	36,974	32,032	41,868	51,717	56,403	43,340	34,196	58,551	50,207	42,613	42,907	52,727
Payments												
Payroll	13,821	13,844	14,070	13,429	14,457	14,283	13,607	13,907	15,904	15,129	14,878	14,825
Tax, NI and Pensions	10,090	10,276	9,813	9,977	10,230	10,729	10,296	10,374	10,580	10,542	10,542	10,530
Non Pay - NHS	1,550	1,550	1,550	1,550	1,550	1,550	1,550	1,550	1,550	1,550	1,550	1,550
Non Pay - Trade	1,030	11,024	9,456	12,553	11,515	5,431	9,153	14,827	14,000	13,889	14,151	14,302
Non Pay - Capital	236	1,915	1,781	1,942	1,788	1,324	7,137	4,784	11,842	9,927	9,926	10,882
MMH PFI	0	0	0	0	0	0	0	0	0	0	0	0
PDC Dividend	0	0	0	0	0	4,613	0	0	0	0	0	4,350
Repayment of Loans & Interest	0	0	0	0	0	0	0	0	0	0	0	0
BTC Unitary Charge	440	440	440	440	440	440	440	440	440	440	440	440
NHS Litigation Authority	1,473	1,473	1,473	1,473	1,473	1,473	1,473	1,473	1,092	1,092	0	0
Other Payments	1,672	1,144	620	2,452	1,015	2,076	2,825	1,062	239	239	179	239
Total Payments	30,312	41,665	39,203	43,817	42,467	41,919	46,482	48,417	55,647	52,808	51,666	57,118
Cash Brought Forward	9,689	16,351	6,718	9,384	17,284	31,219	32,640	20,355	30,489	25,049	14,855	6,095
Net Receipts/(Payments)	6,662	(9,633)	2,665	7,900	13,935	1,421	(12,286)	10,134	(5,440)	(10,195)	(8,759)	(4,391)
Cash Carried Forward	16,351	6,718	9,384	17,284	31,219	32,640	20,355	30,489	25,049	14,855	6,095	1,705

Analysis

- This cash flow incorporates YTD M08 actual movements and 4 mths forecast, adjusted to come back to the NHSI closing plan value.
- The level of loan required is reduced to £5m. This reflects the combination of PSF, taper relief, capital expenditure and working capital (creditors mainly).
- The requirement for a DH loan will continue to be reviewed by the finance team but is now deemed unlikely. To come back to the planned level of closing cash the cashflow has been adjusted for higher pay costs to force the need for a loan in the cashflow.
- The balance of 2017/18 STF was received in July 2018.
- PDC receipts to the value of £27.3m is assumed in the final four months of the year. This is matched by £27.3m of capital payments over the same period.

The team have developed a cash flow that aims to indicate a middle ground of what is likely to happen now that plan delivery is underway. Indications are that the requirement for a DH loan during 2018/19 is unlikely. However, this is dependant on the assumptions in the operational forecast. This will inform to what extent there are risks to being able to pay for the capital programme.

Finance Report

Use of Resources Rating

Month 08 2018/19

Finance and use of resources rating	Expected Sign	03AUDITPY	03PLANYTD	03ACTYTD	03VARYTD	03PLANCY	03FOTCY	03VARCY	Maincode
		Audited PY 31/03/2018 Year ending Number	Plan 30/11/2018 YTD Number	Actual 30/11/2018 YTD Number	Variance 30/11/2018 YTD Number	Plan 31/03/2019 Year ending Number	Forecast 31/03/2019 Year ending Number	Variance 31/03/2019 Year ending Number	Subcode
Capital service cover rating	+	1	4	3		3	3		PRR0160
Liquidity rating	+	2	4	3		4	4		PRR0170
I&E margin rating	+	1	4	4		2	2		PRR0180
I&E margin: distance from financial plan	+	1		2			2		PRR0190
Agency rating	+	3	1	3		1	1		PRR0200

Overall finance and use of resources risk rating	Expected Sign	03AUDITPY	03PLANYTD	03ACTYTD	03VARYTD	03PLANCY	03FOTCY	03VARCY	Maincode
		Audited PY 31/03/2018 Year ending Number	Plan 30/11/2018 YTD Number	Actual 30/11/2018 YTD Number	Variance 30/11/2018 YTD Number	Plan 31/03/2019 Year ending Number	Forecast 31/03/2019 Year ending Number	Variance 31/03/2019 Year ending Number	Subcode
Overall rating unrounded	+	2		3.00			2.40		PRR0202
If unrounded score ends in 0.5	+	0		0.00			0.00		PRR0204
Risk ratings before overrides	+	2		3			2		PRR0206
Risk ratings overrides:									
Any ratings in table 6 with a score of 4 override - if any 4s "trigger" will show here		No trigger		Trigger			Trigger		PRR0208
Any ratings in table 6 with a score of 4 override - maximum score override of 3 if any rating in table 6 scored as a 4	+	2		3			3		PRR0210
Control total override - Control total accepted	Text	YES		Yes			Yes		PRR0212
Control total override - Planned or Forecast deficit	Text	No		No			No		PRR0214
Control total override - Maximum score (0 = N/A)	+	0		0			0		PRR0216
Is Trust under financial special measures	Text	No		No			No		PRR0218
Risk ratings after overrides	+	2		3			3		PRR0220

Analysis

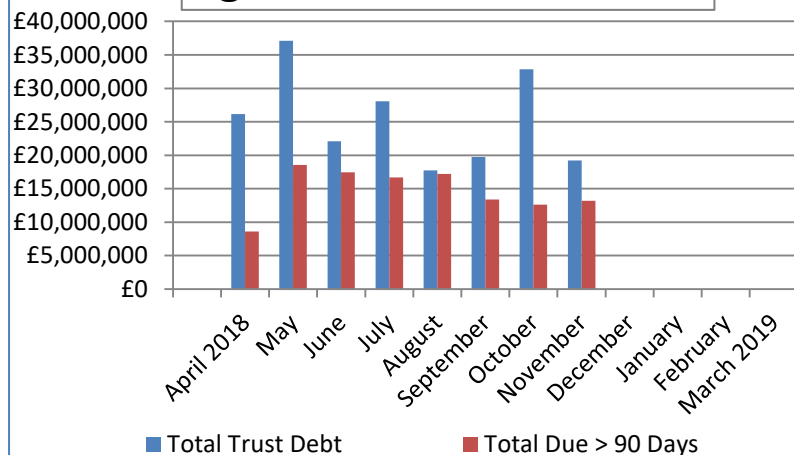
- The Trust's latest use of resources rating year to date is 3 (amber). The I&E margin rating is 4, this acts as a trigger and so limits the overall score to 3:
- The fact I&E is in line with plan which was a score of 4 reflects the YTD plan deficit. In contrast liquidity is better than plan based on bonus STF relating to 2017/18 and the lower capital purchases to date than plan.
- The agency rating is adverse compared to plan and is not expected to be recovered in 2018/19. The agency cap is reported as forecast for the full year but this will be breached in P09.

Finance Report

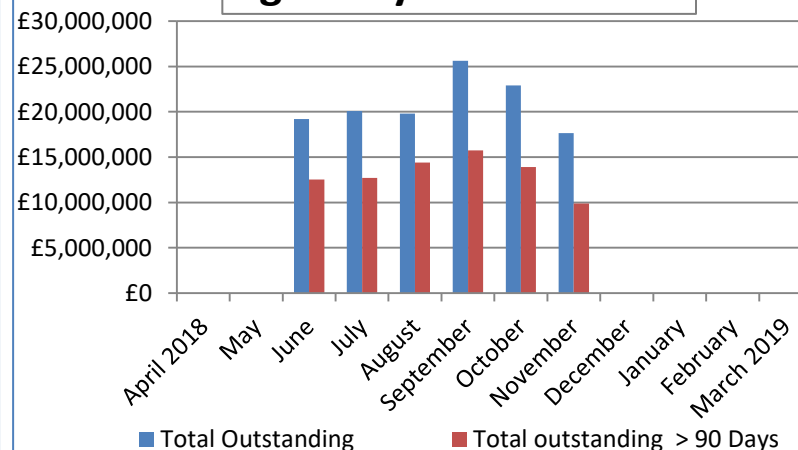
Aged Receivables, Aged Payables, BPPC and Cash Forecast

Month 08 2018/19

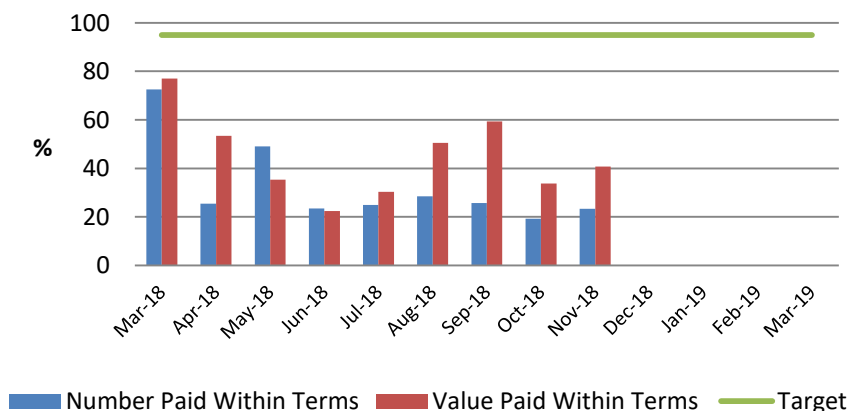
Aged Receivables 2018-19



Aged Payables 2018-19



Annual BPPC Performance



Analysis

- Aged Receivables - Overall Debt shows a decrease at 30th November 2018 as quarterly invoices were paid for Education Contracts, totalling £4.8m, and the invoice for MMH Taper Relief of £7.9m. The aged profile increased as historic debts with NHS bodies age further, however progress has been made on negotiations of these debts and The Trust expects improvement prior to 31st March 2019.
- Aged Payables were reduced at 30th November as the Trust continued to make progress resolving the payment of older invoices. The Trust is expecting to report a further improved Payables position at the end of December 2018 as progress is made on resolving historic NHS invoice issues.
- BPPC is below the 95% target and this will continue to be managed in line with non-NHS creditor improvement and cash balances.

Finance Report

Internal to External Reconciliation

Month 08 2018/19

Actuals				
	Internal	External	Variance	Comment
PRI	285,685	287,196	1,511	Income accrual
OI	35,198	188,235	153,037	Donated asset income & PSF
Pay	(210,033)	(210,023)	10	Classification & Rounding
Non-Pay	(106,548)	(115,805)	(9,257)	Classification
Non-Opex	(16,649)	(7,546)	9,103	Classification & Rounding
Tech adj.	0	(148,631)	(148,631)	Adjustment for donated asset
Reported deficit	(12,347)	(6,574)	5,773	

The big variances in actuals relate to the MMH donated asset. This can be seen in the OI and Tech adj. lines of the I&E. In addition the internal plan does not include PSF so this is £4.257m of the difference. PSF and income accrual account for the £5.8m net variance.

Plan				
	Internal	External	Variance	Comment
PRI	286,444	284,781	(1,663)	Income phasing
OI	35,004	39,889	4,885	£(6,081) PSF YTD & phasing
Pay	(211,143)	(211,073)	70	Phasing
Non-Pay	(105,949)	(111,285)	(5,336)	Classification & phasing
Non-Opex	(16,730)	(7,256)	9,474	Classification & phasing
Tech adj.	0	144	144	
Reported deficit	(12,374)	(4,800)	7,574	

The external plan included £6.081m of PSF (finance and ED). The remainder of the difference relates to a larger internal planned deficit year to date than the external plan submission expects.

The above means that internally the trust reported a deficit of £12.347m against an internal plan of £12.374m. Externally – the Trust reported a deficit of £6.574m against a plan of £4.8m, an adverse variance of £1.774m. This is entirely PSF in relation to ED performance.

Finance Report

Working Capital

Month 8 2018/19

Creditors 60+ Days Past Due

Comment	Nov	%	Oct	%	Sept	%
Dispute	1,283,848	32%	1,547,283	27%	1,749,258	21%
Goods not received	953	0%	1,377,433	24%	573,039	7%
To be reviewed	787,699	19%	734,342	13%	1,361,252	16%
Review in progress	345,534	9%	704,080	12%	462,632	5%
Awaiting approval	-	0%	563,848	10%	173,799	2%
Validation required	391,520	10%	447,019	8%	1,266,370	15%
Paid	599,305	15%	313,981	6%	1,477,655	17%
Paid - but need to check old Oracle	-	0%	-	0%	324,510	4%
Not yet due	1,600	0%	4,652	0%	23,717	0%
Purchase order issue	640,442	16%	2,654	0%	1,077,388	13%
Total	4,050,900	100%	5,695,292	100%	8,489,622	100%

At £4.1m the level of creditors 60+ days past due is less than 50% of the September value. It also represents a £1.6m reduction compared to the previous month of October. As noted previously some fluctuation is expected but this month on month reduction reflects efforts within the AP team.

The recruitment, training, support and hard work of the AP team has been key to delivering this achievement. However, while the established AP team continue to work hard it is expected that a plateau will be reached and, apart from normal fluctuation, improvement will cease without further action.

This next stage action should extend beyond the AP team and involve behaviour change downstream of invoice receipt step in the process. This action would see the “validation” and “purchase order issue” categories reduce. It is the work HR and procurement are doing on agency verification and catalogue usage respectively that represents the next biggest opportunity; £1,031,962 combined at the end of November (see circled numbers above).

Finance Report

Working Capital

Month 8 2018/19

Creditors 60+ Days Past Due

Other non-NHS	Nov	%	Oct	%	Sept	%
Dispute	685,412	24%	1,140,575	29%	1,179,368	19%
To be reviewed	774,314	27%	691,585	17%	1,305,358	21%
Goods not received	953	0%	591,961	15%	-	0%
Awaiting approval	-	0%	563,848	14%	173,799	3%
Review in progress	332,801	12%	361,545	9%	378,279	6%
Validation required	281,105	10%	321,351	8%	1,017,681	16%
Paid	254,523	9%	293,368	7%	1,339,281	22%
Not yet due	-	0%	4,652	0%	23,717	0%
Purchase order issue	557,100	19%	2,654	0%	783,670	13%
Other non-NHS Total	2,886,208	100%	3,971,541	100%	6,201,153	100%

Local non-NHS	Nov	%	Oct	%	Sept	%
Goods not received	-	0%	785,471	46%	573,039	25%
Dispute	598,436	51%	406,707	24%	569,890	25%
Review in progress	12,732	1%	342,535	20%	84,354	4%
Validation required	110,415	9%	125,668	7%	542,407	24%
To be reviewed	13,385	1%	42,757	2%	55,894	2%
Paid	344,782	30%	20,613	1%	138,375	6%
Paid - but need to check old Oracle	-	0%	-	0%	324,510	14%
Not yet due	1,600	0%	-	0%	-	0%
Purchase order issue	83,342	7%	-	0%	-	0%
Validation required	-	0%	-	0%	-	0%
Local non-NHS Total	1,164,692	100%	1,723,751	100%	2,288,469	100%

Total	4,050,900		5,695,292		8,489,622	
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The reduction in aged payables reflects the work undertaken within the AP to ensure that local suppliers do not suffer hardship as a consequence of process problems in the Trust. Therefore local non-NHS suppliers do receive a focus. This appears to be reflected in the different ranking of the main issues.

The classification of local is dependant on the individual AP officer's knowledge and not any system flag or technical classification.

Non-NHS Creditors that were 60 days past due at the end of November stood at £4.1m which represents a consistent reduction since September.

Of this £4.1m £1.2m relates to midlands companies. At the point that AP undertook the review of progress on accounts £26k was either still being worked through or had yet to be reviewed.

£0.6m had not been approved due to disputes or goods not received. £0.35m had been paid however a further £0.19m remained unpaid due to PO or validation issues. Validation is used to describe the following:

- Agency shift verification
- Diabetes supplier requiring approval
- Pharmacy invoices requiring approval