

SWBH FINANCE REPORT

**Trust Board: 7th February 2019
– Month 9 Reporting**

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Month 9 position summary

HEADLINES

- Trust on track against Revised Internal Plan at M09.
- 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, this is the same as last month.
- Trust remains cautiously optimistic 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 must remain in place to ensure these risks are identified quickly and mitigations put in place.
- A lower than planned capital programme, good debtor recovery and delays in paying creditors has resulted in cash Bonus STF received in 2017/18 in Q2 2018/19 combined with the planned slippage on the Capital programme has resulted in a favourable cash position, and the Trust is now forecasting not to require a loan in the Financial year.

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 balance against the revised internal plan in Month 9. Non-recurrent support in this position is £1.2m ytd. Therefore the underlying adverse variance from the Revised Internal Plan ytd is £1.2m.
- The Trust reported achievement against 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 £2.141m. This is a phasing issue only.
- The income position contains a provision of £2.067m 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. A replacement scheme has been put forward by clinical colleagues.

Month 9 position summary

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

	£000's
Patient Related Income	-1,418
Other Income	25
Pay	1,864
Non Pay	-595
Non Operational Costs	123
Grand Total	-1

- The Trust remain cautiously optimistic of delivering the outturn within the forecast, despite the call on Month 12 non-recurrent support. Group reviews 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 £722k, but with 38% of the forecast in the last quarter)
 - Settlement of the Maternity Pathway issues, currently forecast in Month 12.
 - Delivery of Production Plan and associated margin
 - 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 December than the revised plan, £13.270m ytd deficit, £6.083m including PSF, against an Revised Internal Plan £15.365m deficit. Significant improvement is therefore required over the second half of the year to deliver the financial plan. This is currently underpinned with non-recurrent flexibility.

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

	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Year to Date	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	-4,484	-2,341	-592	1,725	-4,633	-1,946	593	-696	-2,991	-15,365	-1,245	-2,851	4,007	-15,459
Internal Plan (Budgets)	-4,978	-1,923	-475	1,679	-4,633	-1,940	302	-429	-2,126	-14,523	159	-2,016	8,814	-7,567
Actuals	-4,470	-2,328	-578	1,686	-4,633	-1,946	317	-395	-3,017	-15,365				
Difference from Revised Internal Plan	13	13	13	-39	0	0	-276	301	-26	0				
Difference from Internal Plan (Budgets)	508	-405	-103	7	1	-6	15	34	-891	-841				

ANALYSIS

- The table above compares the Revised Internal Plan (excluding M12 non recurrent support release), to Budgets, and Actuals.
- The underlying run-rate is a deficit of nearly £1.84 million per month ytd.
- To achieve the forecast outturn, this needs to move to an average deficit of £31k per month in the last 3 months to achieve the Revised Internal Plan.
- This assumes that the £1.2m 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

	Year to Date Performance			Q4 Forecast £000's	Forecast Outturn £000's
	Internal Revised Plan	Actuals	Variance		
	£000's	£000's	£000's		
SLAs: Main Healthcare Contracts	312,617	310,691	-1,926	106,331	418,948
Income: NHS Trusts	1,130	1,154	25	364	1,493
Income: Other NHS Bodies	4,597	4,700	104	1,539	6,135
Private Patients Income	2,047	2,398	350	725	2,772
Other Non Protected Income	854	884	29	266	1,120
Total Patient Related Income	321,245	319,827	-1,418	109,224	430,469
Income: NHS Trusts	4,092	4,217	125	1,338	5,430
Income: Other NHS Bodies	3,330	3,287	-43	1,168	4,498
Provision of Diagnostic Services	4,516	4,481	-35	1,493	6,010
Provision of Facilities & Related Services	4,381	4,336	-45	1,452	5,833
Education & Training	13,948	14,167	219	4,686	18,634
Research and Development	1,348	1,438	90	449	1,797
Other Income	7,829	7,543	-286	2,776	10,605
Total Other Income	39,444	39,469	25	13,364	52,808
TOTAL INCOME	360,688	359,296	-1,393	122,588	483,277

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 with the intention of equalising payment for attendances across both medical and surgical AEC settings.
- SWBCCG contract is behind the Revised Internal Plan year-to-date. 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 fully delivered. Clinical colleagues have developed a replacement scheme which will be shared with commissioners.
- BSOL led 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
 - Manage contract data challenges to the levels included in the Revised Internal Plan

Production Plan

	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Year-to-D	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	8,722	9,449	9,486	9,819	9,190	8,914	10,918	10,435	9,025	85,957	10,320	9,597	10,259	116,133
Actuals	8,751	9,482	9,527	9,858	9,221	9,132	10,715	10,535	8,776	85,997				
Variance	29	33	41	39	31	218	-203	100	-249	40				

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 expected under-performance to year end, 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 variance is a mix of over-performance in Medical specialties offsetting under-performance in Surgical Services and PCCT.
- Year to go, the Trust needs to achieve £10.06m a month on Production Plan activity to hit the revised internal plan target. This is less than the mitigation plan in place, which represents circa £1m upside if delivered

Pay Year to Date Performance and Plan

	Internal Revised Plan £000's	Actuals £000's	Variance £000's	Q4 Forecast £000's	Forecast Outturn £000's
Medical Staffing	-57,113	-56,558	554	-19,901	-77,013
Management	-9,604	-9,503	101	-3,246	-12,849
Administration and Estates	-19,288	-19,142	146	-6,530	-25,817
Healthcare Assistants and Support Staff	-23,337	-22,984	352	-7,952	-31,289
Qualified Nursing and Midwifery	-63,341	-62,930	411	-22,006	-85,347
Scientific, Therapeutic and Technical	-29,265	-29,075	189	-8,998	-38,263
Bank Staff	-19,979	-19,686	293	-6,172	-26,152
Agency Staff	-11,778	-11,999	-221	-3,407	-15,186
Other Pay	-3,728	-3,688	40	-903	-4,631
TOTAL PAY	-237,432	-235,567	1,865	-79,113	-316,546

Pay Analysis

- The pay position is ahead of the Revised Internal Plan at month 9. This is most notable in Medicine (£809k), Imaging (£347k) and Corporate Groups (£669k). 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	Dec-18	YTD	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	-1,315	-11,778	-1,167	-1,131	-1,109	-15,185
Actuals	-1,324	-1,264	-1,441	-1,433	-1,306	-1,133	-1,382	-1,358	-1,357	-11,998				
Difference	0	0	0	0	0	0	-120	-58	-42	-220	-1,167	-1,131	-1,109	-15,185
Internal Plan (within budgets)	-1,537	-1,113	-921	-852	-836	-835	-648	-648	-648	-8,038	-648	-648	-648	-9,982
Actuals	-1,324	-1,264	-1,441	-1,433	-1,306	-1,133	-1,382	-1,358	-1,357	-11,998				
Difference	213	-151	-520	-581	-470	-298	-734	-710	-709	-3,960				
NHSI Plan	-1,105	-938	-919	-902	-905	-900	-899	-831	-831	-8,230	-831	-829	-829	-10,719
Actuals	-1,324	-1,264	-1,441	-1,433	-1,306	-1,133	-1,382	-1,358	-1,357	-11,998				
Difference	-219	-326	-522	-531	-401	-233	-483	-527	-526	-3,768				

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 £9.98m. 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 M9 actual spend shows that the Trust is behind the Revised Internal Plan by £220k, behind the planned spend implicit within Budgets by £3.96m, and £3.768m 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. It is also deviating from the revised forecast for agency.
- The Trust has signalled the new expected spend for Agency of £15.2m in Month 9 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

	Internal Revised			Q4	Forecast
	Plan	Actuals	Variance	Forecast	Outturn
	£000's	£000's	£000's	£000's	£000's
Drugs and Blood Products	-27,601	-27,830	-229	-9,300	-36,901
Medical Equipment and Consumables	-27,048	-27,280	-233	-9,375	-36,423
Energy and Utilities	-8,559	-8,738	-179	-3,083	-11,642
Hotel Service Costs	-4,132	-4,299	-166	-1,349	-5,482
IT Equipment and Consumables	-3,754	-3,700	54	-1,297	-5,050
Postage, Printing and Stationery	-2,607	-2,602	5	-812	-3,419
Staff Related Expenditure	-1,645	-1,597	47	-524	-2,168
Servs Rec'd: NHS Bodies	-10,511	-10,335	176	-3,523	-14,034
Serv Rec'd:Non NHS Bodies	-7,956	-8,205	-249	-3,520	-11,476
Facilities Related Costs	-4,475	-4,560	-85	-1,472	-5,947
CNST Contributions	-10,807	-10,807	0	-3,602	-14,409
Other Costs	-10,706	-10,443	263	961	-9,745
Recharges	0	0	0	0	0
TOTAL NON PAY	-119,800	-120,395	-595	-36,896	-156,696
Depreciation	-10,241	-10,241	0	-3,414	-13,655
Interest Receivable	99	138	39	33	132
Interest Payable	-1,717	-1,715	2	-572	-2,289
PDC Dividend	-6,524	-6,525	-1	-2,575	-9,099
Profit / (Loss) on Asset Disposals	-438	-354	83	-146	-583
TOTAL NON OPERATIONAL EXPENDITURE	-18,821	-18,698	123	-6,674	-25,495
TOTAL NON PAY	-138,621	-139,093	-472	-43,570	-182,190

NON PAY ANALYSIS

- £472k adverse variance against the revised internal plan for non-pay. These adverse variances are split across the main clinical groups.
- Groups that have an adverse variance from their revised internal plan on non-pay are:
 - Medicine –The overspend on non-pay against forecast is linked to increased activity mainly Cardiology and the switch of Malling non pay expenditure to substantive Pay not materialising.
 - Surgical Services drugs increases, internal trading charges, modality charges, theatres costs
 - PCCT Adverse variance to forecast linked to activity due to over performance in contract Income linked to the Dermatology Production Plan performance & increase in Pass-through expenditure which is offset by income.
 - Imaging is driven by external reporting, and continue to exceed their agreed usage of the service.
 - Women's & Child Health, driven by Maternity Pathway charges and Pass through devices (offset by income)
 - Corporate (£245k) driven by Corporate favourable against non-pay forecast YTD due to the delay in Unity go-live meaning implementation costs are not being realised. Increasing overseas bad debt costs (offset within income) and note scanning costs mean full revenue benefit of delayed implementation not shown.

CIP delivery versus Forecast

		Forecast Outturn £000's	YTD Forecast £000's	YTD Actuals £000's	Variance £000's	Q4
Patient Related Income – Contracts	Income - Commercialisation	239	202	216	13	37
	Income - Production Plan	6,600	4,279	4,054	-225	2,321
	Income - Repatriation	2,661	396	434	39	2,266
Patient Related Income – Contracts Total		9,501	4,877	4,704	-173	4,624
Patient Related Income - Other	Income - Commercialisation	296	229	181	-48	67
	Income - Other	356	281	298	17	75
Patient Related Income - Other Total		652	510	479	-31	142
Other Income	Income - Commercialisation	452	287	335	48	165
	Income - Facilities	217	163	175	12	54
	Income - Other	900	675	675	0	225
Other Income Total		1,569	1,125	1,185	60	444
Pay	Pay - Medical Productivity	639	481	481	0	157
	Pay - Other Key Enablers	2,421	1,832	2,460	628	589
	Pay - Post Reductions	1,833	1,360	1,385	26	474
	Pay - Safer Staffing & Effective Rosterir	3,378	2,428	2,629	200	950
Pay Total		8,271	6,101	6,955	854	2,170
NonPay	Cross Cutting - Tactical	153	115	115	0	38
	Non Pay - Drugs/Pharmacy	104	74	74	0	30
	Non Pay - Grip & Control	1,539	1,119	1,100	-19	420
	Non Pay - Sundry Schemes	5,085	2,625	2,754	129	2,460
	Non Pay - Supplier Negotiation	923	580	481	-99	343
NonPay Total		7,804	4,512	4,523	11	3,292
Grand Total		27,797	17,125	17,846	722	10,672

CIP ANALYSIS

- M9 ytd delivery was £17.846m against a Revised Internal Plan of £17.125m, a favourable variance of £722k. 39% of the forecast outturn is in the last quarter, highlighting back-loading of delivery.

Income and Expenditure by Group

	IN MONTH				YEAR TO DATE		
	Forecast	Revised	Actuals	Variance	Revised	Actuals	Variance
	Outturn	Internal			Internal		
£000's	Plan	£000's	£000's	Plan	£000's	£000's	
Medicine & Emergency Care	134,883	11,097	11,158	61	100,879	101,563	684
Surgical Services	115,856	9,120	9,048	-72	85,799	85,434	-365
Women & Child Health	77,163	6,345	6,138	-207	57,882	58,114	232
Primary Care, Community and Therapies	63,108	4,889	4,929	40	47,240	47,641	402
Pathology	10,149	852	480	-372	7,611	7,303	-308
Imaging	7,396	616	578	-38	5,547	5,497	-51
Corporate	7,488	636	706	70	5,578	5,956	378
Central	14,426	1,246	1,105	-141	10,707	8,318	-2,389
1 - Patient Related Income Total	430,469	34,800	34,141	-659	321,245	319,827	-1,418
Medicine & Emergency Care	645	55	32	-23	480	482	2
Surgical Services	2,347	194	194	1	1,767	1,778	12
Women & Child Health	800	67	82	15	600	614	14
Primary Care, Community and Therapies	1,028	122	69	-53	675	622	-53
Pathology	6,777	562	500	-61	5,092	5,051	-40
Imaging	2,720	220	276	56	2,061	2,147	86
Corporate	13,264	1,119	979	-140	9,849	9,541	-307
Central	25,228	2,102	2,139	36	18,921	19,232	312
2 - Other Income Total	52,808	4,439	4,271	-168	39,444	39,469	25
Medicine & Emergency Care	-79,039	-6,647	-6,367	280	-59,285	-58,476	809
Surgical Services	-74,535	-6,346	-6,325	21	-55,380	-55,321	59
Women & Child Health	-40,421	-3,427	-3,457	-30	-29,932	-30,045	-113
Primary Care, Community and Therapies	-39,276	-3,312	-3,288	24	-29,201	-29,178	23
Pathology	-5,242	-12	-10	2	-5,207	-5,204	3
Imaging	-14,716	-1,298	-1,168	130	-10,853	-10,507	347
Corporate	-56,414	-4,748	-4,394	355	-42,123	-41,455	668
Central	-6,901	-499	-525	-26	-5,451	-5,382	69
3 - Pay Total	-316,546	-26,289	-25,534	755	-237,432	-235,567	1,865
Medicine & Emergency Care	-29,876	-2,437	-2,509	-72	-22,338	-22,608	-270
Surgical Services	-28,110	-2,268	-2,358	-90	-21,072	-21,329	-256
Women & Child Health	-11,799	-1,131	-1,194	-63	-10,178	-10,442	-264
Primary Care, Community and Therapies	-19,667	-1,563	-1,673	-109	-14,659	-14,945	-286
Pathology	-15,398	-1,726	-1,584	143	-10,214	-10,039	175
Imaging	6,682	554	525	-29	5,021	4,781	-240
Corporate	-51,590	-4,442	-4,265	176	-37,972	-37,928	44
Central	-6,937	-837	-788	49	-8,387	-7,885	502
4 - Non Pay Total	-156,696	-13,850	-13,846	4	-119,800	-120,395	-595
Central	-25,495	-2,091	-2,049	43	-18,821	-18,698	123
5 - Non Operational Costs Total	-25,495	-2,091	-2,049	43	-18,821	-18,698	123
Grand Total	-15,459	-2,991	-3,017	-26	-15,365	-15,364	0

Comparison of Monthly Actuals to Revised Internal Plan

MONTHLY ACTUALS	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	YTD	Jan-19	Feb-19	Mar-19
	£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	34,141	319,827			
2 - Other Income	4,326	4,253	4,985	4,008	4,279	4,363	4,397	4,586	4,271	39,469			
3 - Pay	-26,649	-26,617	-26,348	-26,512	-26,783	-26,364	-25,330	-25,432	-25,534	-235,568			
4 - Non Pay	-12,822	-13,872	-11,710	-12,847	-13,890	-11,847	-14,545	-15,015	-13,846	-120,394			
5 - Non Operational Costs	-2,287	-1,697	-2,148	-2,299	-2,063	-2,053	-2,050	-2,052	-2,049	-18,698			
Grand Total	-4,484	-2,341	-592	1,725	-4,633	-1,946	317	-395	-3,017	-15,365	0	0	0

REVISED INTERNAL PLAN	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	43,435	YTD	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	34,800	321,245	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	4,439	39,444	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	-26,289	-237,432	-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	-13,850	-119,800	-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	-2,091	-18,821	-2,091	-2,091	-2,491	-25,495
Grand Total	-4,484	-2,341	-592	1,725	-4,633	-1,946	593	-696	-2,991	-15,365	-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	43,435	YTD	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	-659	-1,418				
2 - Other Income	0	0	0	0	0	0	-3	196	-168	25				
3 - Pay	0	0	0	0	0	0	412	697	755	1,864				
4 - Non Pay	0	0	0	0	0	0	149	-747	4	-595				
5 - Non Operational Costs	0	0	0	0	0	0	41	39	43	123				
Grand Total	0	0	0	0	0	0	-276	301	-26	-1	0	0	0	0

SWBH
External Reporting
JANUARY 2019

External Reporting - Contents

Slide	Description
17-18	Capital
19	SoFP
20	SOCF
21	Use of Resources
22	Working Capital Metrics
23	External Reconciliation
24-25	Non-NHS Creditors 60 days past due

	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	1,976	Anticipated
Additional PDC for non-Programme Capital		27,300	Approved
Total CRL	34,592	122,462	
Grants & donated assets	80	148,561	
Total Funding for Capital Expenditure	34,672	271,023	
Capital Expenditure	34,672	261,372	
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 forecast expenditure as per the most recent NHSI submission (Month 8).

NHSI month 8 reporting reflected the reduction in the core capital programme from £34.7m down to £25.4m.

The period 9 NHSI submission will incorporate recent and anticipated further changes to the 2018/19 capital programme. This is expected to be a reduction in expenditure and therefore CRL cover required and will inform the CRL confirmation paper to NHSI.

Other material adjustments previously noted:

- 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).
- Additional PDC approved for the Early Works Contract in relation to Midland Met (£27.3m). Recent indications are that expenditure in 1819 will be lower than planned and the cash flow reflects lower levels of draw down against this.

Finance Report

Capital Expenditure

Month 09 2018/19

Programme	Flex Plan	Year to Date		Gap	Outstanding Purchase Order Commitment	Full Year			
	£'000s	Actual	£'000s			£'000s	NHSI Plan	Prev Forecast	Forecast Outturn
						£'000s	£'000s	£'000s	£'000s
Estates	13,324	5,474	(7,850)	2,734	18,336	17,998	11,368	6,968	
Informatics	7,712	5,242	(2,470)	1,272	8,442	8,442	8,145	297	
Medical equipment / Imaging	1,605	1,614	9	2,096	3,533	3,798	3,732	(199)	
Contingency	0	0	0	0	0	0	0	0	
Sub-Total	22,641	12,331	(10,310)	6,102	30,311	30,238	23,244	7,067	
Technical schemes	4,038	296	(3,742)	0	4,281	4,281	1,976	2,305	
Donated assets	59	8	(51)	0	80	80	80	0	
Total Core Programme	26,738	12,635	(14,103)	6,102	34,672	34,599	25,300	9,372	
Post Carillion-Midland Met schemes	0	74,380	74,380	13,518	0	90,175	83,375	(83,375)	
Reconfiguration	0	7	7	81	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	223,154	223,154	13,599	0	238,942	236,072	(236,072)	
Total Core & Non Core Programme	26,738	235,789	209,051	19,701	34,672	273,541	261,372	(226,700)	

Analysis

- Spending on the core programme is £14.1m behind plan year to date, but with commitments of £6.1m.
- The core capital programme has been reviewed and the FOT has been reduced from £34.7m to £25.3m mainly due to reduction in Estates and more recently in Informatics.
- The Post Carillion Midland Met schemes totalling £90.2m is made up of:
 1. MMH Early works schemes £20.5m 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 part of the STP approved £15.5m of capital. It is possible that this will not be spent in 1819.
- The £273.5m was the capital programme submitted in the NHSI return up to period 7. A revised capital forecast of £261.3m will form the basis for the period 9 NHSI return.

Finance Report

SOFP

Month 09 2018/19

	Balance as at 31st March 2018	Balance as at 31st December 2018	NHSI Planned Balance as at 31st December 2018	Variance to plan as at 31st December 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	450,660	241,469	209,191	245,162	465,074
Intangible Assets	106	64	106	(42)	106	106
Trade and Other Receivables	62,941	(33)	62,941	(62,974)	62,941	0
Current Assets						
Inventories	4,742	4,742	4,742	0	4,742	4,742
Trade and Other Receivables	52,880	43,589	49,882	(6,293)	47,174	47,174
Cash and Cash Equivalents	9,691	27,830	457	27,374	1,743	18,130
Current Liabilities						
Trade and Other Payables	(64,206)	(86,364)	(70,853)	(15,511)	(59,829)	(71,312)
Provisions	(2,166)	(1,764)	(1,855)	91	(1,855)	(1,855)
Borrowings	(1,855)	(2,176)	(4,062)	1,886	(1,062)	(1,062)
DH Capital Loan	0	0	0	0	(5,000)	0
Non Current Liabilities						
Provisions	(3,454)	(3,454)	(3,454)	0	(3,454)	(3,454)
Borrowings	(31,776)	(30,182)	(29,979)	(203)	(29,433)	(29,433)
DH Capital Loan	0	0	0	0		0
	254,378	402,912	249,394	153,519	261,235	428,110
Financed By						
Taxpayers Equity						
Public Dividend Capital	226,891	234,996	226,891	8,105	226,891	244,992
Retained Earnings reserve	8,685	149,113	2,440	146,673	11,961	160,735
Revaluation Reserve	9,744	9,745	11,005	(1,260)	13,325	13,325
Other Reserves	9,058	9,058	9,058	0	9,058	9,058
	254,378	402,912	249,394	153,519	261,235	428,110

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 working capital balances resulting in a higher than planned cash balance.

Finance Report

SOCF

Month 09 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 Actual £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	23,318	24,300	24,300	24,303
Associates	7,245	6,432	7,461	7,531	13,691	7,401	1,802	8,061	7,211	7,141	7,141	7,141
Other NHS	1,074	902	359	584	2,231	827	1,179	1,593	2,495	1,110	687	1,162
Specialised Services	3,327	0	8,529	3,944	7,523	9,903	4,454	11,946	5,743	3,161	3,879	3,816
STF Funding and Taper Relief	0	0	0	12,807	0	0	0	0	0	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	0	0	0	4,405
Public Dividend Capital	0	0	0	0	0	0	0	7,644	0	0	10,456	0
Loans	0	0	0	0	0	0	0	0	0	0	0	0
Other Receipts	1,232	1,340	2,575	4,034	1,237	2,389	3,881	1,525	2,928	2,075	2,075	2,075
Total Receipts	36,974	32,032	41,868	51,717	56,403	43,340	34,196	58,551	41,695	37,788	48,538	42,902
Payments												
Payroll	13,821	13,844	14,070	13,429	14,457	14,283	13,607	13,907	13,239	13,604	13,653	13,825
Tax, NI and Pensions	10,090	10,276	9,813	9,977	10,230	10,729	10,296	10,374	9,837	10,130	10,130	10,130
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	19,612	9,193	13,389	13,651	14,205
Non Pay - Capital	236	1,915	1,781	1,942	1,788	1,324	7,137	(0)	6,532	6,984	3,101	4,057
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	1,473	1,092	0	0
Other Payments	1,672	1,144	620	2,452	1,015	2,076	2,825	1,062	2,090	239	179	239
Total Payments	30,312	41,665	39,203	43,817	42,467	41,919	46,482	48,417	44,355	47,428	42,704	48,796
Cash Brought Forward	9,689	16,351	6,718	9,384	17,284	31,219	32,640	20,355	30,489	27,830	18,190	24,023
Net Receipts/(Payments)	6,662	(9,633)	2,665	7,900	13,935	1,421	(12,286)	10,134	(2,660)	(9,640)	5,834	(5,894)
Cash Carried Forward	16,351	6,718	9,384	17,284	31,219	32,640	20,355	30,489	27,830	18,190	24,023	18,130

Analysis

- This cash flow incorporates YTD M09 actual movements and 3 mths forecast.
- This now deviates from the NHSI plan forecast in terms of capital expenditure and funding as well as the loan requirement. The NHSI planned cash balance as at 31st March 2019 indicated £1.7m of cash in the bank.
- The key variable in terms of 6 month cash flow and loan requirement is timing of the capital programme expenditure.
- In the long term delivery of underlying I&E improvement is the key determinant of loan requirements.
- PDC receipts to the value of £18.1m are assumed in the final four months of the year. Capital expenditure will be adjusted in the P09 NHSI return for this.

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. Based on this forecast a requirement for DH loan funding during 2018/19 is not expected to crystallise. The combination of additional 17/18 STF and deferred capital expenditure have positively impacted the cash position.

Finance Report

Use of Resources Rating

Month 09 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	3		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			2.80		PRR0202
If unrounded score ends in 0.5	+	0		0.00			0.00		PRR0204
Risk ratings before overrides	+	2		3			3		PRR0206
Risk ratings overrides:									
Any ratings in table 6 with a score of 4 override - if any 4s "trigger" will show here	Text	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

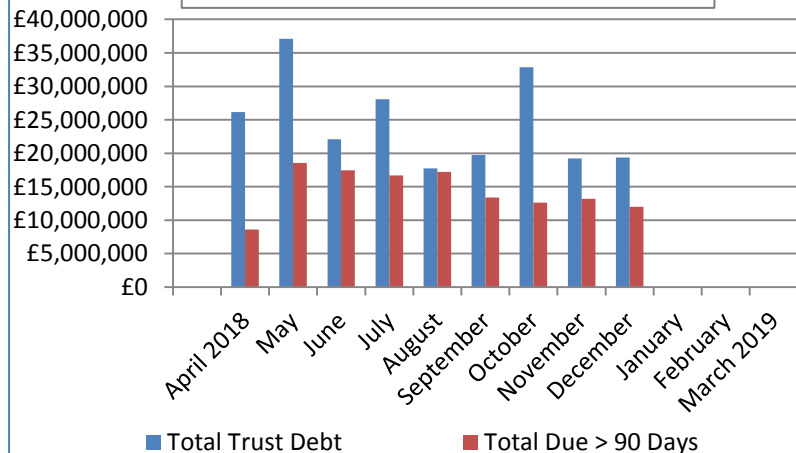
- The Trust's latest use of resources rating year to date is 3 (amber). The I&E margin rating is 4, this acts as a trigger and so limits the overall score to 3:
- The fact I&E is in line with plan which was a score of 4 reflects the YTD plan deficit. In contrast liquidity is better than plan based on 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 full year agency cap has now been breached.

Finance Report

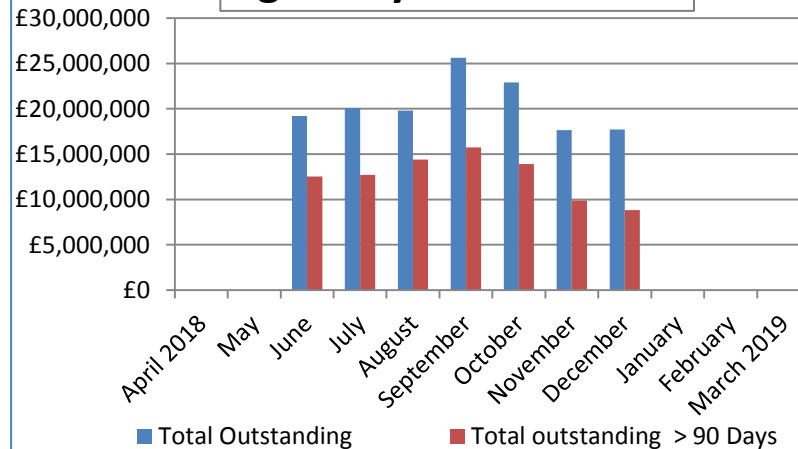
Aged Receivables, Aged Payables, BPPC and Cash Forecast

Month 09 2018/19

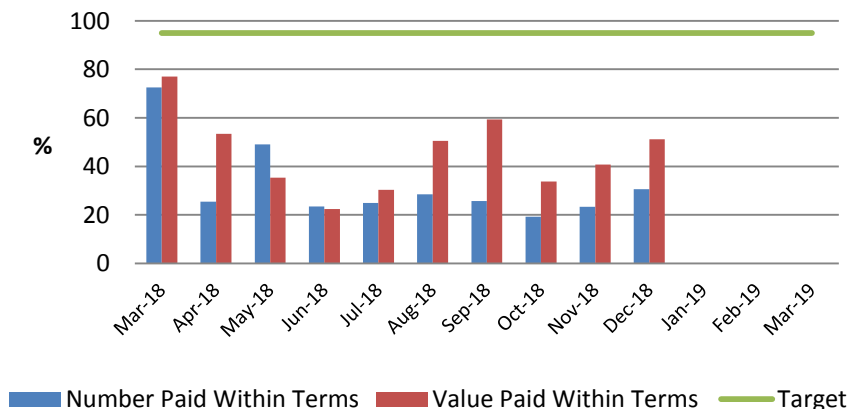
Aged Receivables 2018-19



Aged Payables 2018-19



Annual BPPC Performance



Analysis

- Aged Receivables - Overall Debt show is consistent with the November 2018 level while over 90 debt shows a reduction. The NHS aged profile has benefited by £1m from the focus of work in preparation for the P09 AoB exercise. This progress will continue and the Trust expects further improvement prior to 31st March 2019.
- Aged Payables saw a further reduction to the end of December as the Trust continued to make progress resolving the payment of older invoices. This work will continue and further improvement prior to the full year end AoB exercise is expected. The improvements undertaken in AP are now complemented by the work on catalogues the procurement team are now leading on.
- BPPC remains low and is below the 95% target. This will continue to be managed in line with non-NHS creditor improvement and cash balances.

Finance Report

Internal to External Reconciliation

Month 09 2018/19

Actuals				
	Internal	External	Variance	Comment
PRI	319,827	321,126	1,299	Income accrual
OI	39,469	193,275	153,806	Donated asset income & PSF
Pay	(235,567)	(235,555)	12	Classification & Rounding
Non-Pay	(120,395)	(129,968)	(9,573)	Classification
Non-Opex	(18,698)	(8,456)	10,242	Classification & Rounding
Tech adj.	0	(148,613)	(148,613)	Adjustment for donated asset
Reported deficit	(15,364)	(8,191)	7,173	

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 £5.032m of the difference.

Plan				
	Internal	External	Variance	Comment
PRI	327,073	319,004	(8,069)	Income phasing
OI	38,437	45,219	6,782	£(7,186) PSF YTD & phasing
Pay	(242,010)	(237,289)	4,721	Phasing
Non-Pay	(119,527)	(125,016)	(5,489)	Classification & phasing
Non-Opex	(18,496)	(8,163)	10,333	Classification & phasing
Tech adj.	0	162	162	
Reported deficit	(14,523)	(6,083)	8,440	

The external plan included £7.186m 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 £15.364m against an internal plan of £14.523m. Externally – the Trust reported a deficit of £8.191m against a plan of £6.1m, an adverse variance of £2.108m. This is entirely PSF in relation to ED performance.

Creditors 60+ Days Past Due

Comment	Dec	%	Nov	%	Oct	%	Sept	%
Dispute	73,199	2%	1,283,848	32%	1,547,283	27%	1,749,258	21%
Goods not received		0%	953	0%	1,377,433	24%	573,039	7%
To be reviewed	1,501,039	39%	787,699	19%	734,342	13%	1,361,252	16%
Review in progress	443,443	11%	345,534	9%	704,080	12%	462,632	5%
Awaiting approval	672,551	17%	-	0%	563,848	10%	173,799	2%
Validation required	436,366	11%	391,520	10%	447,019	8%	1,266,370	15%
Paid	148,959	4%	599,305	15%	313,981	6%	1,477,655	17%
Paid - but need to check old Oracle		0%	-	0%	-	0%	324,510	4%
Not yet due		0%	1,600	0%	4,652	0%	23,717	0%
Purchase order issue	581,096	15%	640,442	16%	2,654	0%	1,077,388	13%
Total	3,856,653	100%	4,050,900	100%	5,695,292	100%	8,489,622	100%

At £3.9m the level of creditors 60+ days past is a reduction on prior month which was itself less than 50% of the September value. 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. A risk to that has emerged in that the AP team leader has been signed off for a number of weeks. Cover arrangements have been put in place and this is being monitored by senior finance staff. This absence also accounts for the increase in items marked to be reviewed.

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.

Finance Report

Working Capital

Month 9 2018/19

Creditors 60+ Days Past Due

	Dec		Nov	%	Oct	%	Sept	%
Other non-NHS								
Dispute	33,159	1%	685,412	24%	1,140,575	29%	1,179,368	19%
To be reviewed	1,084,507	37%	774,314	27%	691,585	17%	1,305,358	21%
Goods not received		0%	953	0%	591,961	15%	-	0%
Awaiting approval	651,119	22%	-	0%	563,848	14%	173,799	3%
Review in progress	425,123	15%	332,801	12%	361,545	9%	378,279	6%
Validation required	327,120	11%	281,105	10%	321,351	8%	1,017,681	16%
Paid	125,664	4%	254,523	9%	293,368	7%	1,339,281	22%
Not yet due		0%	-	0%	4,652	0%	23,717	0%
Purchase order issue	275,155	9%	557,100	19%	2,654	0%	783,670	13%
Other non-NHS Total	2,921,847	100%	2,886,208	100%	3,971,541	100%	6,201,153	100%
Local non-NHS			Nov	%	Oct	%	Sept	%
Goods not received		0%	-	0%	785,471	46%	573,039	25%
Dispute	40,040	4%	598,436	51%	406,707	24%	569,890	25%
Review in progress	18,320	2%	12,732	1%	342,535	20%	84,354	4%
Validation required	109,246	12%	110,415	9%	125,668	7%	542,407	24%
To be reviewed	416,532	45%	13,385	1%	42,757	2%	55,894	2%
Paid	23,294	2%	344,782	30%	20,613	1%	138,375	6%
Paid - but need to check old Oracle		0%	-	0%	-	0%	324,510	14%
Not yet due		0%	1,600	0%	-	0%	-	0%
Purchase order issue	305,941	33%	83,342	7%	-	0%	-	0%
Awaiting approval	21,432	2%	-	0%	-	0%	-	0%
Local non-NHS Total	934,806	100%	1,164,692	100%	1,723,751	100%	2,288,469	100%
Total	3,856,653		4,050,900		5,695,292		8,489,622	

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 overall reduction achieved in local vs that achieved in other (ie 40% reduction vs 47%).

Non-NHS Creditors that were 60 days past due at the end of December stood at £3.9m which represents a consistent reduction since September.

Of this £3.9m £0.9m relates to midlands companies. At the point that AP undertook the review of progress on accounts an increase in the to be reviewed classification was reported is due to the absence of the AP team leader.

£0.040m had not been approved due to disputes or goods not received. £0.023m had been paid however a further £0.435m 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