

SWBH FINANCE REPORT

**Trust Board, April 2019
– Month 11 Reporting**

Contents

Slide	Description
3 -4	Month 11 summary
5	Revised Internal Plan, Internal Plan and Actuals, route to control total
6	Income
7	Pay
8	Agency Spend
9-10	Non-pay
11	CIP delivery versus Revised Internal Plan
12	Income and Expenditure by Group
13-15	“Bubble” assessment
16-26	Technical and External Reporting Section

Month 11 position summary

HEADLINES – I&E

- Trust on track against Revised Internal Plan at M11.
- Driven by better than forecast Pay position, improved PRI and other income positions, partially offset by an adverse Non Pay position.
- No flexibility was used to achieve year to date plan, in fact some headroom was created.
- Trust remains cautiously optimistic of achieving forecast if not better 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. Achieving this is contingent on achieving the Month 12 revised plan overall, plus headroom already identified, plus an element of GRNI released. A verbal update on this will be provided.

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 income position contains a provision of £2.75m 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 revised proposal has been shared with commissioners that meets the principles of the CQUIN. 80% of the value relates to SWBCCG where a year end agreement has been reached, which includes the CQUIN figure.

Month 10 position summary

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

1 - Patient Related Income	-1,779
2 - Other Income	671
3 - Pay	2,795
4 - Non Pay	-1,806
5 - Non Operational Costs	203
	84

- 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.
- Risks to delivery of the Trust's Financial plan can be identified to the following areas:
 - Performance against CIP Plan in Month 12- although forecast at Month 11 is holding true to revised plan levels
 - Settlement of the Maternity Pathway issues, currently forecast in Month 12 – agreement has been reached with 3 of the 4 providers, which requires some support of the non-recurrent CIP assumption
 - Delivery of Production Plan and associated margin in Month 12
 - 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.

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	Dec-18 £000's	Jan-19 £000's	Feb-19 £000's	Year to Date £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	-2,991	-1,245	-2,851	-19,461	4,007	-15,459
Internal Plan (Budgets)	-4,978	-1,923	-475	1,679	-4,633	-1,940	302	-429	-2,126	159	-2,016	-16,381	8,814	-7,567
Actuals	-4,470	-2,328	-578	1,686	-4,633	-1,946	317	-395	-3,017	-1,246	-2,766	-19,377		
Difference from Revised Internal Plan	13	13	13	-39	0	0	-276	301	-26	-1	85	84		
Difference from Internal Plan (Budgets)	508	-405	-103	7	1	-6	15	34	-891	-1,405	-750	-2,996		

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 £1.76 million per month ytd.
- 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)
- Any excess not used to return to CT is available to over-perform and be eligible for Bonus PSF. The Trust is aiming for circa £5m better than CT.

	£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			Internal Revised Plan	
	Internal Revised Plan £000's	Actuals £000's	Variance £000's	Q4 Forecast £000's	Forecast Outturn £000's
SLAs: Main Healthcare Contracts	382,493	380,220	-2,274	36,455	418,948
Income: NHS Trusts	1,372	1,386	13	121	1,493
Income: Other NHS Bodies	5,622	5,674	51	513	6,135
Private Patients Income	2,530	2,869	338	242	2,772
Other Non Protected Income	1,031	1,123	91	89	1,120
Total Patient Related Income	393,049	391,270	-1,779	37,419	430,469
Income: NHS Trusts	4,984	5,376	392	446	5,430
Income: Other NHS Bodies	4,129	4,110	-19	370	4,498
Provision of Diagnostic Services	5,512	5,452	-60	498	6,010
Provision of Facilities & Related Services	5,349	5,383	34	484	5,833
Education & Training	17,072	17,721	649	1,562	18,634
Research and Development	1,647	1,760	113	150	1,797
Other Income	9,680	9,242	-438	925	10,605
Total Other Income	48,373	49,044	671	4,435	52,808
TOTAL INCOME	441,422	440,314	-1,108	41,854	483,277

Income Analysis

- The commissioner income position is driven by a provision of £2.75m to reflect the Trust view of data challenges and CQUIN slippage. The balance of the under-performance against Commissioner income relates to (a) pass-through drugs & devices and is therefore offset by favourable variances in non-pay, (b) surgical emergencies, 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 for 1920 need to be addressed. Issues with Unity mean that risky behaviours CQUIN is unlikely to be fully delivered. The Trust is working to agree a revised trajectory with the CCG.
- The 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

Pay Year to Date Performance and Plan

	Year to Date Performance			Internal Revised Plan	
	Internal Revised Plan £000's	Actuals £000's	Variance £000's	Q4	Forecast
				Forecast £000's	Outturn £000's
Medical Staffing	-70,272	-69,497	775	-6,741	-77,013
Management	-11,753	-11,502	251	-1,097	-12,849
Administration and Estates	-23,634	-23,275	359	-2,183	-25,817
Healthcare Assistants and Support Staff	-28,637	-27,949	688	-2,652	-31,289
Qualified Nursing and Midwifery	-78,018	-76,823	1,195	-7,329	-85,347
Scientific, Therapeutic and Technical	-35,243	-34,646	597	-3,020	-38,263
Bank Staff	-24,121	-24,281	-160	-2,030	-26,151
Agency Staff	-14,076	-15,051	-975	-1,109	-15,186
Other Pay	-4,334	-4,269	65	-296	-4,631
TOTAL PAY	-290,088	-287,293	2,795	-26,457	-316,545

Pay Analysis

- The pay position is ahead of the Revised Internal Plan at month 11. This is most notable in Corporate (£1.278m), Medicine (£944k), Imaging (£596k). 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.

Agency spend

	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Year to Date	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	-1,167	-1,131	-14,076	-1,109	-15,185
Actuals	-1,324	-1,264	-1,441	-1,433	-1,306	-1,133	-1,382	-1,358	-1,358	-1,523	-1,529	-15,051		
Difference	0	0	0	0	0	0	-120	-58	-43	-356	-398	-975		
 Internal Plan (Budgets)	 -1,537	 -1,113	 -921	 -852	 -836	 -835	 -648	 -648	 -648	 -648	 -648	 -9,334	 -648	 -9,982
Actuals	-1,324	-1,264	-1,441	-1,433	-1,306	-1,133	-1,382	-1,358	-1,358	-1,523	-1,529	-15,051		
Difference	213	-151	-520	-581	-470	-298	-734	-710	-710	-875	-881	-5,717		
 NHSI Plan	 -1,105	 -938	 -919	 -902	 -905	 -900	 -899	 -831	 -831	 -831	 -829	 -9,890	 -829	 -10,719
Actuals	-1,324	-1,264	-1,441	-1,433	-1,306	-1,133	-1,382	-1,358	-1,358	-1,523	-1,529	-15,051		
Difference	-219	-326	-522	-531	-401	-233	-483	-527	-527	-692	-700	-5,161		

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 was 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 M11 actual spend shows that the Trust is behind the Revised Internal Plan by £975k, behind the planned spend implicit within Budgets by £5.717m, and £5.161m 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 signalled 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 the Trust will now unfortunately breach this revised spend plan at year end.

Non-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
Drugs and Blood Products	-33,752	-33,364	388	-3,149	-36,901
Medical Equipment and Consumables	-33,151	-34,255	-1,104	-3,272	-36,423
Energy and Utilities	-10,632	-10,969	-337	-1,010	-11,642
Hotel Service Costs	-5,028	-5,328	-299	-453	-5,482
IT Equipment and Consumables	-4,613	-4,456	156	-438	-5,050
Postage, Printing and Stationery	-3,148	-3,519	-371	-271	-3,419
Staff Related Expenditure	-1,994	-1,911	82	-175	-2,168
Servs Rec'd: NHS Bodies	-14,041	-13,887	154	7	-14,034
Serv Rec'd:Non NHS Bodies	-10,324	-10,179	145	-1,152	-11,476
Facilities Related Costs	-5,456	-5,550	-94	-491	-5,947
CNST Contributions	-13,208	-13,208	0	-1,201	-14,409
Other Costs	-12,443	-12,971	-528	2,699	-9,745
Recharges	0	0	0	0	0
TOTAL NON PAY	-147,791	-149,598	-1,806	-8,904	-156,696
Depreciation	-12,517	-12,517	0	-1,138	-13,655
Interest Receivable	121	182	61	11	132
Interest Payable	-2,098	-2,096	3	-191	-2,289
PDC Dividend	-7,974	-7,974	0	-1,125	-9,099
Profit / (Loss) on Asset Disposals	-535	-396	139	-49	-583
TOTAL NON OPERATIONAL EXPENDITURE	-23,004	-22,800	203	-2,491	-25,495
TOTAL NON PAY	-170,795	-172,398	-1,603	-11,395	-182,190

NON PAY ANALYSIS

- £1.806m 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 is significantly favourable 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 Forecast (balance) £000's
1 - Income (Patient Care Activities)	Income - Commercialisation	432	384	468	85	48
	Income - Production Plan	6,600	5,677	5,452	-225	923
	Income - Repatriation	2,663	475	513	39	2,189
	Not Recorded	0	0	0	0	0
1 - Income (Patient Care Activities) Total		9,695	6,535	6,433	-102	3,160
2 - Income (Other Operating Income)	Income - Commercialisation	527	485	427	-58	43
	Income - Facilities	217	199	219	20	18
	Income - Other	352	327	405	77	25
	Income - Repatriation	30	28	28	0	3
	Not Recorded	0	0	0	0	0
2 - Income (Other Operating Income) Total		1,127	1,039	1,078	40	88
3 - Pay	Non Pay - Grip & Control	0	0	0	0	0
	Pay - Medical Productivity	639	586	586	0	52
	Pay - Other Key Enablers	2,421	2,225	2,763	538	196
	Pay - Post Reductions	2,043	1,865	1,941	76	178
	Pay - Safer Staffing & Effective Rosterir	3,169	2,868	3,287	418	301
3 - Pay Total		8,271	7,544	8,577	1,032	727
4 - Non Pay	Cross Cutting - Tactical	153	140	140	0	13
	Income - Commercialisation	0	0	0	0	0
	Non Pay - Drugs/Pharmacy	104	94	94	0	10
	Non Pay - Grip & Control	3,207	2,466	2,491	25	740
	Non Pay - Sundry Schemes	4,315	2,896	2,981	85	1,419
	Non Pay - Supplier Negotiation	905	797	567	-229	109
	Not Recorded	0	0	0	0	0
	Pay - Other Key Enablers	20	18	18	0	2
4 - Non Pay Total		8,704	6,411	6,292	-120	2,293
Grand Total		27,797	21,529	22,380	851	6,268

CIP ANALYSIS

- M11 ytd delivery was £22.380m against a Revised Internal Plan of £21.529m, a favourable variance of £851k. 30% of the forecast outturn is in the last quarter, highlighting back-loading of delivery.
- Significant element of the over-performance is driven by non-recurrent vacancies within the Medicine Group.

Income and Expenditure by Group

	IN MONTH				YEAR TO DATE		
	Forecast Outturn £000's	Revised Internal Plan £000's	Actuals £000's	Variance £000's	Revised Internal Plan £000's	Actuals £000's	Variance £000's
Medicine & Emergency Care	134,883	10,840	11,824	983	123,265	126,405	3,140
Surgical Services	115,856	9,557	9,393	-164	105,201	105,081	-120
Women & Child Health	77,163	6,111	5,788	-323	70,752	70,624	-127
Primary Care, Community and Therapies	63,151	5,240	5,148	-92	57,764	58,333	569
Pathology	10,105	835	783	-52	9,260	9,008	-252
Imaging	7,396	612	676	65	6,776	6,801	25
Corporate	7,488	636	528	-109	6,851	7,222	370
Central	14,426	1,237	551	-686	13,181	7,797	-5,383
1 - Patient Related Income Total	430,469	35,068	34,691	-377	393,049	391,270	-1,779
Medicine & Emergency Care	645	55	85	30	590	638	48
Surgical Services	2,347	194	281	88	2,154	2,250	96
Women & Child Health	800	67	1	-66	733	713	-20
Primary Care, Community and Therapies	1,028	118	75	-43	910	768	-142
Pathology	6,777	562	513	-49	6,215	6,126	-89
Imaging	2,720	220	261	41	2,500	2,757	257
Corporate	13,264	1,178	1,172	-6	12,145	11,906	-239
Central	25,228	2,102	2,623	520	23,125	23,885	760
2 - Other Income Total	52,808	4,494	5,011	517	48,373	49,044	671
Medicine & Emergency Care	-79,039	-6,615	-6,598	17	-72,418	-71,474	944
Surgical Services	-74,535	-6,378	-6,415	-37	-68,121	-68,147	-26
Women & Child Health	-40,421	-3,492	-3,503	-11	-36,918	-37,099	-181
Primary Care, Community and Therapies	-39,276	-3,345	-3,200	145	-35,915	-35,601	314
Pathology	-5,242	-12	-10	2	-5,230	-5,224	6
Imaging	-14,716	-1,287	-1,181	106	-13,428	-12,833	596
Corporate	-56,414	-4,753	-4,501	252	-51,635	-50,358	1,278
Central	-6,901	-484	-521	-37	-6,423	-6,558	-136
3 - Pay Total	-316,546	-26,366	-25,928	438	-290,088	-287,293	2,795
Medicine & Emergency Care	-29,876	-2,411	-2,436	-25	-27,286	-27,747	-461
Surgical Services	-28,110	-2,340	-2,571	-231	-25,692	-26,467	-775
Women & Child Health	-11,799	-1,131	-1,065	66	-12,440	-12,686	-245
Primary Care, Community and Therapies	-19,703	-1,659	-1,374	285	-17,978	-17,816	162
Pathology	-15,361	-1,722	-1,899	-177	-13,639	-13,714	-75
Imaging	6,682	554	380	-174	6,128	5,777	-351
Corporate	-51,590	-4,223	-4,484	-261	-47,085	-46,556	529
Central	-6,937	-1,024	-1,039	-15	-9,799	-10,389	-590
4 - Non Pay Total	-156,696	-13,956	-14,489	-533	-147,791	-149,598	-1,806
Central	-25,495	-2,091	-2,052	39	-23,004	-22,800	203
5 - Non Operational Costs Total	-25,495	-2,091	-2,052	39	-23,004	-22,800	203
Grand Total	-15,459	-2,851	-2,767	85	-19,461	-19,377	84

Run rate comparison against revised plan and FOT 1819

	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	YTD	FORECAST 01/03/2019	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		
Patient Related Income - ACTUAL	32,948	35,593	34,630	39,374	33,823	33,954	37,845	37,519	34,141	36,753	34,691	391,270	37,953	429,223
Patient Related Income - REVISED PLAN	32,948	35,593	34,630	39,374	33,823	33,954	38,720	37,402	34,800	36,737	35,068	393,049	37,419	430,469
Variance	0	0	0	0	0	0	-875	116	-659	16	-377	-1,779		-1,246

	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	YTD	FORECAST 01/03/2019	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		
Other Income - ACTUAL	4,326	4,253	4,985	4,008	4,279	4,363	4,397	4,586	4,271	4,564	5,011	49,044	4,459	53,479
Other Income - REVISED PLAN	4,326	4,253	4,985	4,008	4,279	4,363	4,400	4,389	4,439	4,435	4,494	48,373	4,435	52,808
Variance	0	0	0	0	0	0	-3	196	-168	129	517	671		671

	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	YTD	FORECAST 01/03/2019	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
Pay - ACTUAL	-26,649	-26,617	-26,348	-26,512	-26,783	-26,364	-25,330	-25,432	-25,534	-25,798	-25,928	-287,293	-26,700	-313,993
Pay - REVISED PLAN	-26,649	-26,617	-26,348	-26,512	-26,783	-26,364	-25,742	-26,128	-26,289	-26,290	-26,366	-290,088	-26,452	-316,540
Variance	0	0	0	0	0	0	412	697	756	492	438	2,795		2,547

	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	YTD	FORECAST 01/03/2019	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
Non-Pay - ACTUAL	-12,822	-13,872	-11,710	-12,847	-13,890	-11,847	-14,545	-15,015	-13,847	-14,714	-14,489	-149,598	-11,400	-160,998
Non-Pay - REVISED PLAN	-12,822	-13,872	-11,710	-12,847	-13,890	-11,847	-14,694	-14,268	-13,850	-14,036	-13,956	-147,791	-8,904	-156,696
Variance	0	0	0	0	0	0	149	-747	4	-679	-533	-1,806		-4,302

	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	YTD	FORECAST 01/03/2019	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
Non-Opex - ACTUAL	-2,287	-1,697	-2,148	-2,299	-2,063	-2,053	-2,050	-2,052	-2,048	-2,051	-2,052	-22,800	-2,100	-24,900
Non-Opex - REVISED PLAN	-2,287	-1,697	-2,148	-2,299	-2,063	-2,053	-2,091	-2,091	-2,091	-2,091	-2,091	-23,004	-2,491	-25,495
Variance	0	0	0	0	0	0	41	39	43	40	39	203		594

Where will we be versus these assumptions?

Total PRI is currently expected to be circa £1.246m away from revised forecast, driven mainly by NCA performance. This has been repaired in 1920 budget setting.

There is a favourable variance expected on other income of circa £700k

There is no bubble in non-opex. The Trust is £203k ahead of revised plan at Month 11 and nothing to indicate an overspend against plan in Month 12.

1 - Contract PRI £000s	1c - Other PRI £000s	2 - Other Income £000s	3 - Pay £000s	4 - Non Pay £000s	5 - Non Operational Costs £000s	Grand Total £000s
418,948	11,521	52,808	(316,546)	(156,696)	(25,495)	(15,459)

There is no bubble in pay. The Trust has seen a significant favourable variance against revised plan. M11 year to date spend is £287.293m. This is an average of £26.1m per month. To breach the target would mean an overspend in month of £2.8m. There is nothing to indicate this will happen.

The Trust has spent £149,598 on non-pay to Month 11. This leaves £7.1m of spend to hit target in Month 12. Whilst overall the position is not at risk due to anticipated headroom in pay, there is likely to be a bubble in the run rate being carried in to Month 1. This is examined in more detail on the next slide.

Non-pay

	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19
Actual	12,822	13,872	11,710	12,847	13,890	11,847	14,545	15,015	13,847	14,714	14,489	TBC
Plan and revised plan from M6	12,822	13,872	11,710	12,847	13,890	11,847	14,694	14,268	13,850	14,036	13,956	8,904
Variance from plan	0	0	0	0	0	0	149	-747	3	-678	-533	?

- Year to date performance reveals a £1.8m variance from revised plan
- Within this are various overspends and underspends
- Inherent in Month 12 assumptions is £2.2m of non-pay CIP, none of which is identified as being a particular recurrent risk, the only under-performance expected to be the non-recurrent element of the ante natal pathway agreement
- The revised plan allowed for considerable under-performance in relation to procurement CIP so that is not driving a variation
- On further analysis, the following is worth of note;
 - Medicine and Emergency Care are over the revised plan, but this is mainly activity and therefore income driven
 - Imaging are overspent against revised plan on non-pay, reflecting an underspend against pay where outsourcing has occurred to mitigate slippage on recruitment
 - W&CH are off plan in relation to Maternity Pathway accruals, this will be resolve in Month 12, with the recurrent issue being satisfactorily settled and therefore not a bubble risk
 - Corporate areas are underspent against revised plan due to IT. Budgets have been set to an agreed plan for IT for 1920.
 - The issue appears to be in Surgical Services, reflecting an expected £1m gap from revised plan, due to an increase in Theatres non-pay spend. This is reflected in the Month 11 finance report where medical equipment and consumables is significantly off revised plan. Some of this is thought to be non-recurrent spend in preparation for a step up in productivity next year, which therefore should not be a risk next year.

SWBH

External and Technical Reporting

Month 11 2018/2019

External Reporting - Contents

Slide	Description
18-19	Capital
20	SoFP
21	SOCF
22	Use of Resources
23	Working Capital Metrics
24	External Reconciliation
25-26	Non-NHS Creditors 60 days past due

Finance Report

Capital Plan

Month 11 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		Pending
Additional surplus required	3,489		Pending
Cash reserves from previous years	9,517	8,963	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		20,491	Approved
Total CRL	34,592	108,121	
Grants & donated assets	80	148,767	
Total Funding for Capital Expenditure	34,672	256,888	
Capital Expenditure	34,672	256,968	
NB	£'000s	£'000s	
Pending CRL			
2018/19 Surplus attributable to capital			
Plan surplus	3,489	0	Not requested in CRL paper
Additional surplus required	3,489	0	Not requested in CRL paper
Cash reserves from previous years	9,517	8,963	Reduced in latest CRL paper
Purchase of MMH Asset - Capital Contribution		62,875	
Total CRL pending	16,495	71,838	

This table summarises the capital funding available to the Trust and forecast expenditure as per the most recent capital management group meeting (11th March 2019).

This latest forecast reflects a slight further reduction in the core capital programme to £23.1m (prev. £24.8m).

The paper supporting the CRL application included £20.5m of additional PDC for non-programme capital. This reflects the expected level of spend in 2018/19.

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). As previously indicated this is not fully required and this table, as well as the cash flow, reflects lower levels of draw down against this.

NHSI reporting for P11 reflects the values per the CRL paper.

Finance Report

Capital Expenditure

Month 11 2018/19

Programme	Year to Date			Outstanding Purchase Order Commitment	Full Year			
	Flex Plan	Actual	Gap		NHSI Plan	Prev Mth 10 Forecast	Forecast Outturn at P11	Variance
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Estates	16,621	8,657	(7,964)	3,854	18,336	10,833	9,985	8,351
Informatics	8,197	5,863	(2,334)	1,841	8,442	7,966	6,385	2,057
Medical equipment / Imaging	2,891	2,439	(452)	2,043	3,533	3,952	4,715	(1,182)
Contingency	0	0	0	0	0	0	0	0
Sub-Total	27,709	16,959	(10,750)	7,738	30,311	22,750	21,084	9,227
Technical schemes	4,201	577	(3,624)	0	4,281	1,976	1,976	2,305
Donated assets	73	62	(11)	83	80	80	80	0
Total Core Programme	31,983	17,598	(14,385)	7,821	34,672	24,806	23,140	11,532
Post Carillion-Midland Met schemes	0	80,356	80,356	11,212	0	83,395	82,691	(82,691)
Reconfiguration	0	27	27	88	0	0	107	(107)
Midland Met Donated Asset	0	148,767	148,767	0	0	148,767	148,767	(148,767)
Total Non Core Programme	0	229,149	229,149	11,300	0	232,162	231,565	(231,565)
Total Core & Non Core Programme	31,983	246,747	214,764	19,121	34,672	256,968	254,705	(220,033)

Analysis

- Spending on the core programme is £14.4m behind plan year to date, but with commitments of £7.8m.
- The core capital programme has been reviewed and the FOT has been reduced from £34.7m to £23.1m mainly due to reduction in Estates and more recently in Informatics.
- The Post Carillion Midland Met schemes total does not include £12m VAT related to the PFI contract. Currently this is not expected to be a call on the 2018/19 CRL and instead is likely to be disclosed as a contingent liability. The remainder includes the early works schemes and the asset recognition.
- The STP Capital funded Reconfiguration schemes of £3.9m are now planned for the 2019/20 financial year.
- The £256.968m was the capital programme previously reported to FIC and included in the paper supporting the Trust's CRL request for 2018/19.

Finance Report

SOFP

Month 11 2018/19

	Balance as at 31st March 2018	Balance as at 28th February 2019	NHSI Planned Balance as at 28th February 2019	Variance to plan as at 28th February 2019	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	458,812	243,882	214,930	245,162	465,074
Intangible Assets	106	57	106	(49)	106	106
Trade and Other Receivables	62,941	(50)	62,941	(62,991)	62,941	0
Current Assets						
Inventories	4,742	4,742	4,742	0	4,742	4,742
Trade and Other Receivables	52,880	53,225	44,882	8,343	47,174	47,174
Cash and Cash Equivalents	9,691	17,670	714	16,957	1,743	18,130
Current Liabilities						
Trade and Other Payables	(64,206)	(94,820)	(66,060)	(28,760)	(59,829)	(71,312)
Provisions	(2,166)	(1,659)	(1,855)	196	(1,855)	(1,855)
Borrowings	(1,855)	(2,178)	(6,062)	3,884	(1,062)	(1,062)
DH 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)	(29,826)	(29,615)	(211)	(29,433)	(29,433)
DH Loan	0	0	0	0		0
	254,378	402,519	250,221	152,299	261,235	428,110
Financed By						
Taxpayers Equity						
Public Dividend Capital	226,891	234,535	226,891	7,644	226,891	244,992
Retained Earnings reserve	8,685	149,181	3,267	145,914	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	402,519	250,221	152,299	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 relating to 2017/18 together with surplus capital funding and a lower spending capital programme than planned. The impact of this is now complemented by favourable working capital balances.

Finance Report

SOCF

Month 11 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 Actual £000s	February Actual £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	22,831	22,829	24,303
Associates	7,245	6,432	7,461	7,531	13,691	7,401	1,802	8,061	7,211	7,504	7,302	7,141
Other NHS	1,074	902	359	584	2,231	827	1,179	1,593	2,495	865	1,330	1,162
Specialised Services	3,327	0	8,529	3,944	7,523	9,903	4,454	11,946	5,743	4,167	4,154	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	11	4	4,405
Public Dividend Capital	0	0	0	0	0	0	0	7,644	0	0	0	13,171
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	1,930	3,521	2,075
Total Receipts	36,974	32,032	41,868	51,717	56,403	43,340	34,196	58,551	41,695	37,307	39,139	56,073
Payments												
Payroll	13,821	13,844	14,070	13,429	14,457	14,283	13,607	13,907	13,239	13,887	13,816	13,825
Tax, NI and Pensions	10,090	10,276	9,813	9,977	10,230	10,729	10,296	10,374	9,837	10,036	10,010	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	8,257	7,964	20,666
Non Pay - Capital	236	1,915	1,781	1,942	1,788	1,324	7,137	(0)	6,532	5,305	9,712	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	4,707
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	1,473	0	0
Other Payments	1,672	1,144	620	2,452	1,015	2,076	2,825	1,062	2,090	984	1,181	239
Total Payments	30,312	41,665	39,203	43,817	42,467	41,919	46,482	48,417	44,355	41,933	44,673	55,614
Cash Brought Forward	9,689	16,351	6,718	9,384	17,284	31,219	32,640	20,355	30,489	27,830	23,204	17,670
Net Receipts/(Payments)	6,662	(9,633)	2,665	7,900	13,935	1,421	(12,286)	10,134	(2,660)	(4,625)	(5,534)	459
Cash Carried Forward	16,351	6,718	9,384	17,284	31,219	32,640	20,355	30,489	27,830	23,204	17,670	18,130

The cash flow used that indicates a middle ground of what is likely produces a closing balance for the year of £18.1m. This opening cash balance for 2019/20 will be required for the capital programme in that year.

Analysis

- This cash flow incorporates YTD M11 actual movements and 1 mth forecast.
- While this deviates from the 2018/19 NHSI plan it is consistent with the closing cash required to support the capital plan in the 2019/20 NHSI draft plan submission.
- It is expected that the requirement for a DH loan will crystallise in Q1 of the new financial year.
- This expectation has been incorporated into the 2019/20 draft plan submission.
- 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 determinant of loan requirements.

Finance Report

Use of Resources Rating

Month 11 2018/19

Finance and use of resources rating	Expected Sign	03AUDITPY	03PLANYTD	03ACTYTD	03VARYTD	03PLANCY	03FOTCY	03VARYCY	Maincode
		Audited PY 31/03/2018 Year ending Number	Plan 31/01/2019 YTD Number	Actual 31/01/2019 YTD Number	Variance 31/01/2019 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	2		PRR0160
Liquidity rating	+	2	4	4		4	2		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	4		1	3		PRR0200

Overall finance and use of resources risk rating	Expected Sign	03AUDITPY	03PLANYTD	03ACTYTD	03VARYTD	03PLANCY	03FOTCY	03VARYCY	Maincode
		Audited PY 31/03/2018 Year ending Number	Plan 31/01/2019 YTD Number	Actual 31/01/2019 YTD Number	Variance 31/01/2019 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		3.40			2.20		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	Text	No trigger		Trigger			No 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			2		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			2		PRR0220

Analysis

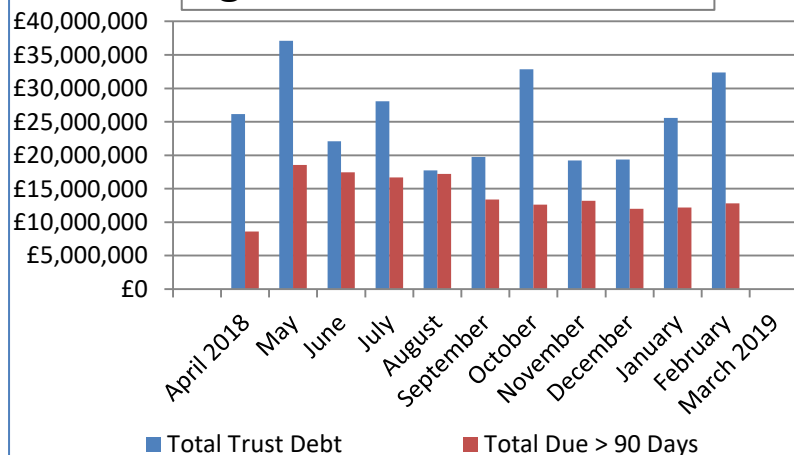
- The Trust's latest use of resources rating year to date is 3 (amber). The I&E margin rating is 4, this acts as a trigger and so limits the overall score to 3:
- The fact I&E is in line with plan which was a score of 4 reflects the YTD plan deficit. The liquidity for month 10 is consistent with, rather than better than, plan. Plan anticipated a deteriorating position through the year with recovery in P12.
- 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

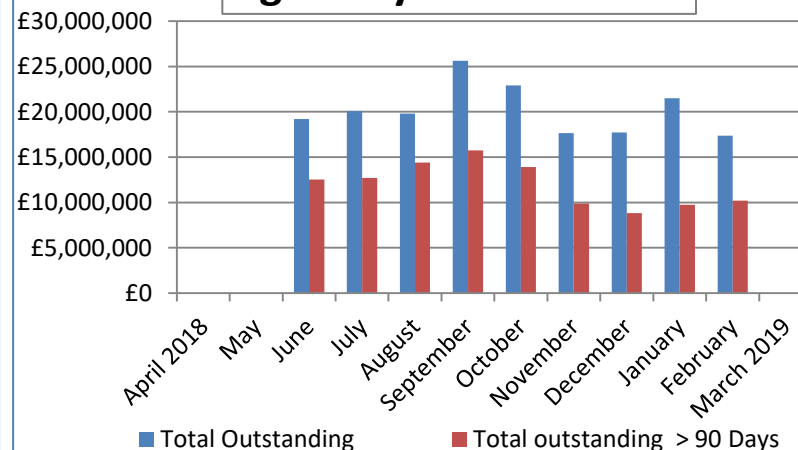
Aged Receivables, Aged Payables, BPPC and Cash Forecast

Month 11 2018/19

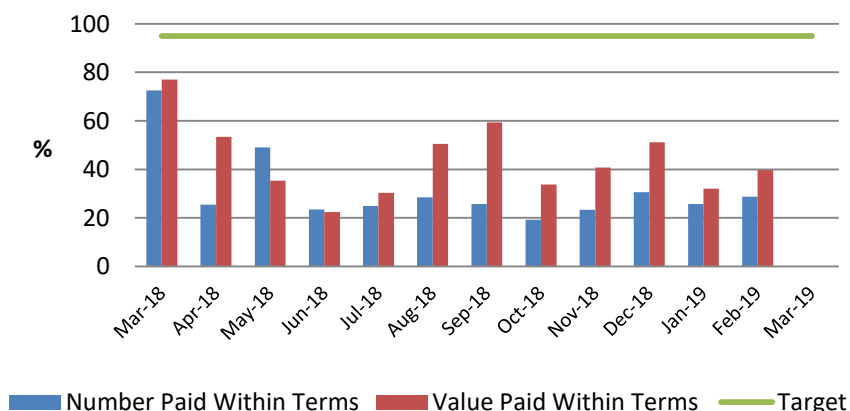
Aged Receivables 2018-19



Aged Payables 2018-19



Annual BPPC Performance



Analysis

- Aged Receivables - Overall Debt increased due to the final quarterly invoices raised to NHS Education for Medical and Dental Education levy. The aged profile remained static as historic non NHS debts aged further, however the position with NHS bodies improved marginally in month. Progress has been made on negotiations of these debts and The Trust expects improvement prior to 31st March 2019.
- Payables reduced at 28th February as the Trust continued to make progress resolving the payment of older invoices and is expecting to report a further improved Payables position at the end of March 2019 as progress is made on resolving historical NHS invoice issues.
- 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 11 2018/19

Actuals				
	Internal	External	Variance	Comment
PRI	391,270	394,263	2,993	Classification
OI	49,044	205,116	156,072	Donated asset income & PSF
Pay	(287,293)	(287,279)	14	Classification & Rounding
Non-Pay	(149,598)	(161,324)	(11,726)	Classification
Non-Opex	(22,800)	(10,285)	12,515	Classification & Rounding
Tech adj.	0	(148,632)	(148,632)	Adjustment for donated asset
Reported deficit	(19,377)	(8,141)	11,236	

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 £6.8m of the difference.

Plan				
	Internal	External	Variance	Comment
PRI	393,049	388,573	(4,476)	Income phasing
OI	48,373	56,260	7,887	£(9,766) PSF YTD & phasing
Pay	(290,088)	(288,295)	1,793	Phasing
Non-Pay	(147,791)	(151,980)	(4,189)	Classification & phasing
Non-Opex	(23,004)	(9,977)	13,027	Classification & phasing
Tech adj.	0	198	198	
Reported deficit	(19,461)	(5,221)	14,240	

The external plan included £9.766m 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 £19.377m against an internal plan of £19.461m. Externally – the Trust reported a deficit of £8.1m against a plan of £5.2m, an adverse variance of £2.9m. This is entirely PSF in relation to ED performance.

Finance Report

Working Capital

Month 11 2018/19

Creditors 60+ Days Past Due

Comment	Feb	%	Jan	%	Dec	%	Nov	%	Oct	%	Sept	%
Dispute	422,181	10%	628,261	14%	73,199	2%	1,283,848	32%	1,547,283	27%	1,749,258	21%
Goods not received	-	0%	329,727	8%		0%	953	0%	1,377,433	24%	573,039	7%
To be reviewed	1,757,018	40%	1,028,661	24%	1,501,039	39%	787,699	19%	734,342	13%	1,361,252	16%
Review in progress	1,406,121	32%	1,740,798	40%	443,443	11%	345,534	9%	704,080	12%	462,632	5%
Awaiting approval	-	0%	16,456	0%	672,551	17%	-	0%	563,848	10%	173,799	2%
Validation required	371,039	9%	344,200	8%	436,366	11%	391,520	10%	447,019	8%	1,266,370	15%
Paid	146,009	3%	259,879	6%	148,959	4%	599,305	15%	313,981	6%	1,477,655	17%
Paid - but need to check old Oracle	-	0%		0%		0%	-	0%	-	0%	324,510	4%
Not yet due		0%		0%		0%	1,600	0%	4,652	0%	23,717	0%
Purchase order issue	58,098	1%	2,798	0%	581,096	15%	640,442	16%	2,654	0%	1,077,388	13%
Total	4,160,465	96%	4,350,779	100%	3,856,653	100%	4,050,900	100%	5,695,292	100%	8,489,622	100%

At £4.1m the level of creditors 60+ days past represents a decrease compared to prior month. This is due to a decrease in disputes. 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 this has been mitigated through the use of agency to cover sick leave prior to maternity leave.

The 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 11 2018/19

Creditors 60+ Days Past Due

Other non-NHS	Feb	%	Jan	%	Dec	%	Nov	%	Oct	%	Sept	%
Dispute	97,447	3%	47,882	1%	33,159	1%	685,412	24%	1,140,575	29%	1,179,368	19%
To be reviewed	1,316,851	40%	1,017,422	29%	1,084,507	37%	774,314	27%	691,585	17%	1,305,358	21%
Goods not received	-	0%	293,569	8%	-	0%	953	0%	591,961	15%	-	0%
Awaiting approval	-	0%	16,006	0%	651,119	22%	-	0%	563,848	14%	173,799	3%
Review in progress	1,406,027	43%	1,590,345	45%	425,123	15%	332,801	12%	361,545	9%	378,279	6%
Validation required	359,402	11%	303,458	9%	327,120	11%	281,105	10%	321,351	8%	1,017,681	16%
Paid	75,245	2%	259,879	7%	125,664	4%	254,523	9%	293,368	7%	1,339,281	22%
Not yet due	-	0%	-	0%	-	0%	-	0%	4,652	0%	23,717	0%
Purchase order issue	18,058	1%	2,798	0%	275,155	9%	557,100	19%	2,654	0%	783,670	13%
Other non-NHS Total	3,273,031	100%	3,531,359	100%	2,921,847	100%	2,886,208	100%	3,971,541	100%	6,201,153	100%
Local non-NHS	Feb	%	Jan	%	Dec	%	Nov	%	Oct	%	Sept	%
Goods not received	-	0%	36,158	4%	-	0%	-	0%	785,471	46%	573,039	25%
Dispute	324,734	37%	580,379	71%	40,040	4%	598,436	51%	406,707	24%	569,890	25%
Review in progress	94	0%	150,453	18%	18,320	2%	12,732	1%	342,535	20%	84,354	4%
Validation required	11,636	1%	40,741	5%	109,246	12%	110,415	9%	125,668	7%	542,407	24%
To be reviewed	440,167	50%	11,239	1%	416,532	45%	13,385	1%	42,757	2%	55,894	2%
Paid	70,764	8%	-	0%	23,294	2%	344,782	30%	20,613	1%	138,375	6%
Paid - but need to check old Oracle	-	0%	-	0%	-	0%	-	0%	-	0%	324,510	14%
Not yet due	-	0%	-	0%	-	0%	1,600	0%	-	0%	-	0%
Purchase order issue	40,040	5%	-	0%	305,941	33%	83,342	7%	-	0%	-	0%
Awaiting approval	-	0%	450	0%	21,432	2%	-	0%	-	0%	-	0%
Local non-NHS Total	887,434	100%	819,420	100%	934,806	100%	1,164,692	100%	1,723,751	100%	2,288,469	100%
Total	4,160,465		4,350,779		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 that the differential reduction since September between Other non-NHS & Local non-NHS.

Validation is used to describe the following:

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