



A lifetime of specialist care

Finance Performance Report

Month 03 – period ended 30 June 2017

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Section One: Trust Income & Expenditure

1.1 Summary Income & Expenditure

The position for the period to 30 June 2017 is outlined below. Note that this includes additional income of £419k relating to Sustainability & Transformation Funding from 2016/17 which NHS Improvement advised was to be recognised in the 2017/18 M03 position.

£m	2017/18 Budget	M03			YTD		
		Budget	Actual	Variance	Budget	Actual	Variance
NHS Clinical Income							
NHSE/ CCG/ Other NHS Commissic	286.1	24.4	24.9	0.7	71.6	71.8	0.9
S&T Funding	8.2	0.4	0.8	0.4	1.2	1.6	0.4
Income Contingency	(1.5)	(0.1)	0.0	(0.1)	(0.4)	0.0	(0.4)
Trust to Trust & Other NHS	4.4	0.4	0.3	(0.1)	1.1	0.8	(0.3)
Total NHS Clinical Income	297.1	25.1	26.0	0.9	73.5	74.2	0.7
Private Patient Income	43.8	3.7	3.3	(0.4)	10.2	9.2	(1.1)
Non Clinical Income	23.8	2.0	2.3	0.3	6.0	6.2	0.3
Total Income	364.7	30.7	31.5	0.8	89.7	89.5	(0.2)
Pay Costs							
Pay Costs	(220.5)	(18.7)	(18.3)	0.4	(56.1)	(54.7)	1.4
Pay Contingency	(3.0)	(0.3)	(0.1)	0.2	(0.8)	(0.3)	0.4
Total Pay Costs	(223.5)	(19.0)	(18.4)	0.5	(56.8)	(55.0)	1.8
Non Pay Costs							
Drugs	(42.9)	(3.6)	(3.4)	0.2	(10.7)	(10.1)	0.6
Clinical Supplies	(58.6)	(5.1)	(5.5)	(0.3)	(15.5)	(14.7)	0.8
Other Costs	(43.2)	(4.0)	(4.7)	(0.7)	(11.8)	(13.4)	(1.5)
Non-Pay Contingency	(3.0)	(0.2)	(0.0)	0.2	(0.7)	(0.0)	0.7
Total Non Pay Costs	(147.7)	(12.9)	(13.5)	(0.6)	(38.8)	(38.2)	0.6
Total Expenditure	(371.3)	(31.9)	(31.9)	(0.1)	(95.6)	(93.2)	2.4
EBITDA	(6.6)	(1.1)	(0.4)	0.7	(5.9)	(3.7)	2.2
EBITDA Margin %	(1.8%)	(3.6%)	(1.3%)		(6.6%)	(4.1%)	
Central Costs	0.9	(2.3)	(2.2)	0.1	(6.9)	(6.7)	0.2
Net Surplus/ (Deficit)	(5.7)	(3.4)	(2.6)	0.8	(12.8)	(10.3)	2.5
Net Margin %	(1.6%)	(11.1%)	(8.2%)		(14.3%)	(11.5%)	

Note: As figures are rounded to the nearest £0.1m, totals may not reconcile to the sum of figures above.

Control Total and Sustainability & Transformation Fund (STF)

The Trust has a 2017/18 control total deficit of £5.6m which reflects the overall planned deficit after adjusting for the impact of donated asset depreciation and donations to capital. The table below demonstrates how the planned £5.7m deficit after these adjustments and inclusion of STF income reconciles to the control total and also shows that at M03 year to date (YTD) there is a £2.1m surplus against the projected control total at that date.

S&T funding of £1.6m has been included YTD which is the full amount to reflect both the achievement of the control total to the end of the month and the expectation that ongoing results continue as planned, and the additional value of £0.4m relating to 2016/17.

£m	Full Year	YTD Plan	YTD Actual	YTD Var
Deficit	(5.7)	(12.8)	(10.3)	2.5
Capital donations	2.1	0.0	0.0	0.0
Depreciation on donated assets	(2.2)	(0.5)	(0.6)	(0.0)
Deficit adjusted for donations	(5.6)	(12.3)	(9.8)	2.5
S&T funding	8.2	1.2	1.6	0.4
Deficit exclusive of S&T funding	(13.8)	(13.5)	(11.5)	2.1

		Commentary
M03 Surplus/ (Deficit)	(£3.0m)	<p>The table above summarises the financial performance for M03 which is reported in detail in Annex A.</p> <p>The Trust made a deficit of £2.6m in M03 against a planned deficit of £3.4m; as such the result is £0.8m favourable to plan. The position includes full recognition of STF income (£0.8m, inclusive of £0.4m related to 2016/17) as control total trajectory has been achieved. The headlines driving the M03 position are as follows:</p> <p>NHS clinical income:</p> <ul style="list-style-type: none"> • Spell activity in June was 56 spells below plan at 2,909; and • NHS clinical income was £0.9m favourable to plan at £26m, increased from £24.2m in M02. Material variances are: additional STF funding (£0.4m favourable), inpatients (£0.2m adverse), critical care (£0.2m favourable), VV ECMO (£0.2m adverse) and trust to trust activity (£0.1m adverse). • Note that a significant improvement in coding of M02 data has meant that the M03 position has benefited by £0.8m of additional income relating to M02. <p>PP income generated £3.3m in M03, £0.4m adverse to plan.</p> <p>Non clinical income at £2.3m was £0.3m favourable to plan, primarily driven by increased research income.</p> <p>Pay costs were £0.5m favourable to plan at £18.4m in M03. Within this there are favourable variances from the benefit of the pay contingency (£0.15m) as well as underspends primarily across nursing (£0.2m), consultants (£0.1m) and non-clinical staff (£0.2m), partially offset by overspends on junior doctors (£0.1m) and STT (£0.1m). Agency spend reduced in month to under £0.8m.</p> <p>Non-pay costs were £0.6m adverse to plan at £13.5m in M03. However this includes a charge of £0.8m related to an increase in provisions. There were over-spends on contract-excluded devices offset by an increase in income (£0.2m), and an under-spend on excluded drugs offset by a reduction in income (£0.1m). Other clinical supplies were underspent. There was an overspend on professional fees related to the BCG work.</p> <p>EBITDA was £0.4m negative vs plan of negative £1.1m in M03, so £0.7m favourable to plan. Below EBITDA net costs were slightly below plan at £2.2m.</p>
YTD Surplus/ (Deficit)	(£10.5m)	<p>The Trust has made a YTD deficit of £10.3m against a planned YTD deficit of £12.8m; as such the result is £2.5m favourable to plan. The position includes full recognition of STF income (£1.6m) as control total trajectory has been achieved. The headlines driving the YTD position are as follows:</p> <p>NHS clinical income:</p> <ul style="list-style-type: none"> • Spell activity is 75 spells above plan at 8,551; and • NHS clinical income is £0.7m favourable to plan at £74.2m. Material variances are: additional STF funding (£0.4m favourable), drugs and devices (£0.4m adverse with a contra to lower expenditure), critical care (£1.1m favourable) and trust to trust activity (£0.3m adverse).

		<p>Note that there was a favourable movement in the M02 position when fully coded which is reflected in the YTD (£0.8m movement against what was reported last month).</p> <p>PP income generated £9.2m YTD, £1.1m adverse to plan.</p> <p>Non clinical income is £0.3m favourable to plan at £6.2m, primarily driven by increased research income.</p> <p>Pay costs are £1.8m favourable to plan at £55m. Within this there are favourable variances from the benefit of the pay contingency (£0.4m) as well as underspends primarily across nursing (£0.5m), consultants (£0.3m), STT (£0.3m) and non-clinical staff (£0.4m). Junior doctors are overspent by £0.2m YTD. Agency spend was £2.2m YTD. This is over-budget by £0.2m but within the NHSI agency cap.</p> <p>Non-pay costs are £0.6m favourable to plan at £38.2m. Within this there are favourable variances from the benefit of the from the non-pay contingency (£0.7m) and £1.4m on drugs/ clinical supplies (of which collectively £0.4m relates to contract-excluded drugs and devices offset by lower income as noted above). These favourable variances were partially offset by a charge to uplift the bad debt impairment provision by £0.8m and costs to reflect the ongoing work with BCG. Up to mid-June, a total of £0.8m has been spent with BCG. Going forward, their remuneration will be based on a benefit share model.</p> <p>EBITDA are negative £3.7m YTD vs plan of negative £5.9m YTD, so £2.2m favourable to plan. Below EBITDA net costs at £6.7m are £0.2m favourable to plan.</p>
FSP (Annex B)	£1.2m	<p>FSP – Cost Improvements Cost Improvement Programmes (CIP) have delivered savings of £1.2m to date, ahead of plan by £0.2m. However, of this, £0.4m related to non-recurrent items. A total of £6.6m has now been identified for the full year 2017/18 in respect of CIP, with £9m remaining to be identified over the coming months.</p> <p>FSP – Service Developments Margin from service development was lower than anticipated YTD, however a number of schemes are phased later in the year.</p>
Use of Resources	3	The Trust has a Use of Resources rating of 3 at M03 in line with plan. The scale is 1 (best) to 4 (worse).
Financial Risks	Annex K and Annex L	Financial risks have recently been reviewed. The prospect of substantial future I&E deficits will drive liquidity risk from amber to red within twelve months if no mitigating actions are taken. Key risks and mitigations to achieving the forecast are given in Annex L of this report.

Section Two: Divisional Performance

The table below shows that overall contribution in M3 was 18.3% (against a plan of 17.2%).

Royal Brompton Heart division was below plan at 10.2% (plan 13.5%), Harefield Heart division was above plan at 20.2% (plan 13.3%) and Lung division was above plan at 28.7% (plan 26.8%). Further analysis for each of the divisions is in the following pages.

Year-to-date total contribution at 17.3% is above the planned level of 15.1%, some £1.7m. The Royal Brompton Heart division is above plan by £0.7m, Harefield Heart division is below plan by £0.6m and Lung division is above plan by £0.3m.

Month	Actual				Plan
	RBH Heart	HH Heart	Lung	Total	Total
NHS England	9,364	7,961	6,756	24,081	23,567
T2T & Other NHS	66	90	4	160	275
Sub-total Patient Care Income	9,430	8,051	6,760	24,241	23,842
Private Patient	1,631	499	355	2,485	2,774
Other Income	137	15	49	201	188
Total Income	11,198	8,564	7,165	26,927	26,804
Pay	(6,348)	(4,201)	(2,862)	(13,411)	(13,648)
Non Pay	(3,711)	(2,633)	(2,246)	(8,590)	(8,558)
Total Expenditure	(10,059)	(6,834)	(5,108)	(22,001)	(22,207)
Contribution	1,139	1,730	2,057	4,926	4,598
	10.2%	20.2%	28.7%	18.3%	17.2%
Indirect & Corporate Directorates				(5,748)	(5,716)
EBITDA				(822)	(1,118)
Capital Charges/Other				(2,191)	(2,303)
Surplus/(Deficit)				(3,013)	(3,421)

YTD	Actual				Plan
	RBH Heart	HH Heart	Lung	Total	Total
NHS England	27,726	22,110	19,682	69,517	69,021
T2T & Other NHS	232	263	11	506	28,190
Sub-total Patient Care Income	27,958	22,372	19,693	70,023	47,178
Private Patient	4,697	1,133	1,068	6,898	2,931
Other Income	373	46	156	575	33,537
Total Income	33,028	23,552	20,917	77,497	78,095
Pay	(18,730)	(12,808)	(8,536)	(40,073)	(31,457)
Non Pay	(10,074)	(7,334)	(6,641)	(24,049)	(45,167)
Total Expenditure	(28,804)	(20,142)	(15,177)	(64,122)	(66,335)
Contribution	4,224	3,410	5,740	13,375	11,760
	13.1%	14.5%	27.4%	17.3%	15.1%
Indirect & Corporate Directorates				(17,453)	(17,665)
EBITDA				(4,079)	(5,905)
Capital Charges/Other				(6,678)	(6,909)
Surplus/(Deficit)				(10,757)	(12,814)

2.1 Royal Brompton Heart Division

In June, the division generated a contribution of £1.1m, £0.4m behind plan. YTD, the division has now generated a contribution of £4.2m, £0.7m ahead of plan.

RBH Heart £000s	FY Budget	Mth Budget	Mth Actual	Mth Variance	YTD Budget	YTD Actual	YTD Variance
NHS England & Other CCG	110,357	9,381	9,364	(17)	27,383	27,726	343
T2T & Other NHS	1,771	149	66	(83)	428	232	(196)
Patient Care Income	112,128	9,530	9,430	(100)	27,811	27,958	147
Private Patient	21,228	1,859	1,631	(228)	5,161	4,697	(464)
Other Income	1,559	130	137	8	391	373	(18)
Total Income	134,915	11,519	11,198	(320)	33,363	33,028	(335)
Pay	(74,983)	(6,532)	(6,348)	184	(19,584)	(18,730)	854
Non Pay	(40,151)	(3,430)	(3,711)	(281)	(10,289)	(10,074)	215
Total Expenditure	(115,134)	(9,962)	(10,059)	(97)	(29,873)	(28,804)	1,069
Contribution	19,781	1,557	1,139	(417)	3,490	4,224	734
Contribution %	14.7%	13.5%	10.2%		10.5%	12.8%	

INCOME

NHS

In June, reported NHS income was on plan. Inpatient activity was behind plan by £0.2m, predominantly within adult cardiology (£0.1m, 50 spells behind plan) and paediatric surgery (£0.2m, 5 spells behind plan). This was partly offset because paediatric cardiology was ahead of plan by £0.2m (24 spells).

Critical care activity was ahead of plan by £0.1m. Adult specialties were on plan while paediatrics were ahead of plan overall by £0.1m (42 bed days).

Income for contract-excluded drugs and devices was ahead of plan by £0.3m (including £0.1m catch up for May cardiology high cost drugs, upon final coding).

ECMO activity was behind plan in month (37 bed days), resulting in a £0.2m shortfall. Previous months were overstated due to a change in NHSE reporting requirements to include all ECMO days, instead of the two chargeable days. The adjustment caused a £0.1m adverse impact in month.

YTD, NHS income is £0.3m ahead of plan, which includes:

- £0.1m behind plan in inpatient activity, although paediatric cardiology is ahead of plan by £0.6m (115 spells), whilst paediatric surgery is behind plan by £0.6m (25 spells) and adult cardiology £0.1m (35 spells).
- £0.3m ahead of plan in critical care income; adult cardiology and paediatrics are both ahead of plan but offset by adult cardiac surgery £0.3m (177 spells) behind plan.
- £0.7m ahead of plan in contract-excluded drugs and devices income, offset by a corresponding overspend in non-pay expenditure.
- £0.3m shortfall across all outpatient activity, due to fewer cardiac magnetic resonance scans and Echo tests than planned.

Of the YTD position, NHSE commissioned income is ahead of plan by £0.6m while CCG income is behind plan by £0.2m.

Trust-to-trust and other NHS income is behind plan by £0.2m YTD due to lower levels of cardiac magnetic resonance scans than planned and the impact of 2017-18 tariff not factored in at budget setting.

Private Patients

Private patient income was £0.2m behind plan in month and is behind plan YTD by £0.5m (9%):

- Cardiac surgery: behind plan in month by £0.1m and behind plan YTD by £0.2m, which is case-mix driven as activity is 16 spells ahead of plan.
- Cardiology: behind plan in month by £0.1m and on plan YTD, due to activity being 13 spells behind plan.
- Paediatrics: on plan in month and behind plan YTD by £0.2m; activity was on plan.

Non-Clinical Income

Non-clinical income is on plan both in June and YTD due to a one-off recharge for equipment.

EXPENDITURE

PAY

Total pay was underspent in month by £0.2m with a YTD underspend of £0.9m (4%):

- Nursing budgets were underspent by £0.2m. There is continued reduced agency expenditure in specialist areas (AICU) as a result of the planned refurbishment. This was partly offset by increased agency on Cardiology & Surgery wards to cover additional vacancies.

The division allocated £0.1m of the unidentified CIP target to pay in month. This was predominantly reducing nursing and administration budgets.

NON-PAY

In June, non-pay was overspent by £0.3m and underspent YTD by £0.2m.

Clinical supplies were overspent by £0.2m in month. Within this position, devices were overspent due to greater activity than planned; 32 ICDs were implanted and one wasted, due to clinical error, against a plan of 30. Two mitral valves were implanted against a plan of zero. One NHS mitraclip was implanted against a plan of zero (with corresponding charity income).

The YTD position includes an overspend on contract-excluded drugs and devices of £0.6m collectively, which is offset by the associated additional income. Other clinical supplies are underspent YTD by £0.3m, with cath labs and theatre expenditure being lower than planned (including TEVAR, heart valves and adult ECMO).

The division allocated £0.2m of the unidentified CIP target to non-pay in month. This was largely reducing miscellaneous budgets.

2.2 Harefield Heart Division

In June, the division generated a contribution of £1.7m (20.2%), £0.7m ahead of plan. YTD the division has generated a contribution of £3.4m, £0.6m ahead of plan.

Harefield Heart £000s	FY Budget	Mth Budget	Mth Actual	Mth Variance	YTD Budget	YTD Actual	YTD Variance
NHS England & CCG	87,731	7,216	7,961	746	21,206	22,110	903
T2T & Other NHS	1,461	119	90	(30)	358	263	(96)
Patient Care Income	89,192	7,335	8,051	716	21,565	22,372	808
Private Patient	7,268	494	499	5	1,371	1,133	(238)
Other Income	188	15	15	(0)	47	46	(0)
Total Income	96,647	7,844	8,564	720	22,982	23,552	570
Pay	(51,896)	(4,235)	(4,201)	34	(12,524)	(12,808)	(283)
Non Pay	(30,437)	(2,564)	(2,633)	(69)	(7,601)	(7,334)	266
Total Expenditure	(82,333)	(6,799)	(6,834)	(35)	(20,125)	(20,142)	(17)
Contribution	14,314	1,045	1,730	685	2,858	3,410	553
	14.8%	13.3%	20.2%		12.4%	14.5%	

INCOME

NHS Clinical Income

In June, income was £0.7m (9.8%) ahead of plan, driven by inpatients, critical care income and drugs & devices. Inpatients saw a £0.4m catch up relating to M02 un-coded procedures in cardiology (£0.3m) and cardiac surgery (£0.1m). M03 inpatient position underperformed in cardiology, however, cardiac surgery saw an over performance in income and activity. Critical care over-performance of £0.2m was driven by transplant activity (5 lung transplants & 2 heart transplants). Drugs & devices saw over performance on transplant drugs and ICD implants (28 implants v plan of 24), with a corresponding overspend in non-pay costs.

YTD, income is £0.9m above plan. Of this, inpatient activity accounts for £0.3m driven by cardiology (£0.1m, 1%) and cardiac surgery (£0.2m, 7%). Income from critical care activity is £0.8m ahead of plan (all seen in transplant). Drugs & devices income is £0.3m behind plan due to low levels of device activity (ICD implants are 10 (14%) behind plan) and low VAD implants (driving an adverse variance of £0.3m), with an associated lower non-pay cost. Overall transplant/VAD contract activity is 9 hearts vs a plan of 6, 16 lungs vs a plan of 14, 2 heart & lung transplants and 7 VAD implants vs a plan of 10.

NHSE commissioned income is ahead of plan by £0.6m while CCG income is ahead of plan by £0.3m.

Trust-to-trust and other NHS income is behind plan by £0.1m YTD due to slight under-performance in CT, Nuclear Medicine and cardiac MRI scans.

Private Patients

Private patient income was on plan in month but YTD stands at £0.2m (17.4%) behind plan.

YTD income is behind plan due to both cardiac surgery (19%) and cardiology (14%) income under-performance in April 17.

Non-Clinical Income

Non-clinical income is on plan both in month and YTD.

EXPENDITURE

PAY

Pay was on plan in the month and is £0.3m (2%) overspent YTD.

- Nursing is on plan in month. Spend was £0.1m lower compared to M02 due to a continuing reduction in bank and agency expenditure across the wards as supernumerary periods are completed. The YTD overspend lies at £0.3m and is a result of a high acuity of patients, (particularly in relation to transplant activity), high supernumerary costs and a reliance on bank and agency to cover vacancies in recent months. Nurse vacancies (including maternity vacancies not filled with fixed term contracts) across the division are shown in the table below:

2017/18			2016/17		
M03	M02	M01	M12	M11	M10
42	40	40	48	62	67

- Other staff groups pay is on plan in month and YTD.

Pay CIP targets are £0.3m behind plan YTD due to underperformance of the nursing temporary staffing CIP targets. However, this is expected to be achieved in the coming months as substantive posts are filled and new starters finish their supernumerary period.

In M03, the division has identified £0.3m to the unidentified CIP target to be achieved during the year, with £0.1m delivered in M03.

NON PAY

Non-pay costs in month were overspent by £0.1m (2.5%), and YTD underspent by £0.3m (3.3%). Clinical supplies were overspent by £76k primarily on high cost devices; primarily ICDs, short-term VAD devices and 3 OCS (transplant retrieval) kits used in month.

The YTD underspend of £0.3m is largely as a result of the £0.2m underspend on VAD implants with further underspends on ICDs (£0.1m), both with a corresponding lower income as noted above. This is offset by over spends on OCS (transplant retrieval) kits with 10 used YTD.

Non pay CIP targets are on plan YTD.

2.3 Lung Division

In June, the division generated a contribution of £2.1m (29%), £0.1m favourable to plan. The full year contribution stands at £5.7m (27%), £0.3m favourable to plan.

£000s	FY	Month			Year to Date		
	Budget	Budget	Actual	Variance	Budget	Actual	Variance
NHS England & CCG	84,129	6,970	6,756	(215)	20,432	19,682	(750)
T2T & Other NHS	83	7	4	(3)	21	11	(10)
Patient Care Income	84,212	6,977	6,760	(217)	20,453	19,693	(760)
Private Patient	4,811	421	355	(66)	1,170	1,068	(102)
Other Income	510	43	49	7	128	156	28
Total Income	89,533	7,441	7,165	(276)	21,750	20,917	(833)
Pay	(33,674)	(2,881)	(2,862)	19	(8,644)	(8,536)	108
Non Pay	(30,442)	(2,564)	(2,246)	318	(7,694)	(6,641)	1,053
Total Expenditure	(64,115)	(5,446)	(5,108)	338	(16,337)	(15,177)	1,161
Contribution	25,418	1,995	2,057	61	5,412	5,740	328
	28%	27%	29%		25%	27%	

INCOME

NHS

In June NHS patient care income was £0.2m (3%) behind plan at £6.8m. This is driven by (high-cost, contract-excluded) drugs activity being £0.3m behind plan, matched by a corresponding underspend in drugs expenditure. Inpatient income was £0.1m ahead of plan driven by respiratory medicine day cases at both sites. Critical care was marginally behind plan in month driven by respiratory medicine at Brompton.

YTD NHS income is behind plan by £0.8m (4%) at £19.7m. This is primarily driven by lower than expected high-cost, contract-excluded drugs activity (£0.8m, 16% behind plan), with a corresponding non-pay underspend. Inpatient income is £0.1m ahead of plan at £6.2m which includes an over-performance on respiratory medicine day case activity of £0.2m being partly offset by an under-performance in thoracic surgery. The thoracic surgery shortfall is primarily driven by lower than expected activity at Harefield. The two current substantive thoracic surgeon vacancies are being filled on a locum basis: the Brompton locum completed induction in mid-April and activity is increasing; the Harefield locum will start on 1st July which should lead to increased activity from M04 onwards.

Private Patients

In June, private patient activity was £0.1m (16%) behind plan at £0.4m and YTD is £0.1m behind plan at £1.0m. The main driver in month was thoracic surgery at Royal Brompton being £0.1m behind plan. There is a risk that thoracic activity will remain behind plan throughout the year due to consultant vacancies being filled by locum staff.

EXPENDITURE

Pay

Total pay was on plan in month and is underspent YTD by £0.1m (1%). Pay managed within the division was broadly on plan in month and YTD and is analysed as follows:

- Consultant pay was underspent in month by £42k, and is £0.2m underspent YTD. The underspend relates to consultant vacancies.

- Junior doctor pay is £42k overspent in month and £0.1m YTD.
- Nursing pay is on plan in month and YTD.
- STT pay is on plan in month and £45k underspent YTD.
- Admin pay is on plan in month and YTD.

Non Pay

In June, non-pay costs were underspent by £0.3m; YTD they are underspent by £1.0m. The principal reason for the underspend is lower-than-expected expenditure on high-costs drugs. As mentioned above, this is matched with lower income.

2.4 Private Patients

This analysis reviews the overall income position for private patient activity both in terms of targets that reside within the clinical divisions (plus clinical support services) and targets associated with Wimpole Street (where expenditure budgets are also managed by the private patients directorate).

Total Private Patient Income

In month							
Income £000s	RBH Heart	HH Heart	Lung	Clinical Support	Wimpole St	Private Patients	Total
Budget	1,859	494	421	573	262	63	3,672
Actual	1,631	499	355	526	215	51	3,277
Variance	(228)	5	(66)	(48)	(46)	(11)	(395)

The in-month position is £0.4m adverse to plan which is mainly due to a poor case-mix driven by an increased number of re-admissions. In addition the overall length of stay has reduced from 5 to 3 days driven partly by the re-admissions. Device case-mix has been poorer than previous months with 4 ICD's and 4 TAVI's

In-month inpatient activity was behind plan by 2 spells; however there was an increase in activity mainly within cardiac surgery at RBH, driven primarily by 2 international patient re-admissions.

Year to Date							
Income £000s	RBH Heart	HH Heart	Lung	Clinical Support	Wimpole St	Private Patients	Total
Budget	5,161	1,371	1,170	1,591	726	174	10,192
Actual	4,697	1,133	1,068	1,449	571	169	9,087
Variance	(464)	(238)	(102)	(141)	(155)	(6)	(1,105)

The year-to-date position is £1.1m adverse to plan with all divisions significantly behind plan. This is mainly due an overall poor case-mix in each month, increased length of stay for medical admissions in month 2 and surgical re-admissions in month 3

Year-to-date activity is below plan by 33 spells (2 spells in month as noted above).

Wimpole Street – Outpatients and Diagnostics

In-month Wimpole Street achieved a negative contribution of £0.2m, an adverse variance of £0.1m. Cumulatively, Wimpole Street has achieved a negative contribution of £0.3m, £0.1m adverse to plan.

Wimpole Street £000s	FY	Month			Year to Date		
	Budget	Budget	Actual	Variance	Budget	Actual	Variance
PP Income	2,987	262	215	(46)	726	571	(155)
Pay	(2,012)	(168)	(135)	33	(503)	(420)	83
Non Pay	(2,225)	(185)	(173)	13	(556)	(582)	(26)
Grand Total	(1,250)	(91)	(93)	(1)	(333)	(431)	(98)

Income & Activity

Income in month was £46k below plan at £0.2m. YTD income is £0.1m behind plan at £0.4m.

Diagnostic activity reduced against the previous month by 9% (from 639 to 579) mainly within CT, PET and MRI.

Attendances have slightly increased from the previous month by 4% (from 531 to 554). In-month Wimpole Street is above plan by 161 attendances (40%).

Expenditure

Pay is reporting a modest underspend of in month and YTD, driven by vacancies in imaging, non-invasive and administrative staff. Non-pay is also reporting a modest underspend in month and YTD, due to lower consumption of clinical supplies and drugs.

Section Three: Trust Balance Sheet

3.1 Trust balance sheet at 30 June 2017

Balance Sheet as at 30 June 2017	£m	
Fixed Assets		239.2
Stocks	11.2	
Accrued Income & Prepayments	24.0	
Debtors	20.8	
Bank	20.1	
Current Assets	76.1	
Creditors	(15.7)	
Deferred Income	(7.0)	
Accruals & Other Creditors	(24.4)	
Accrued Dividend	(1.0)	
Provisions - Current	(1.9)	
Borrowings - Current	(5.2)	
Current Liabilities	(55.2)	
Net Current Assets (Liabilities)		20.9
Provisions - Non Current	(0.8)	
Borrowings - Non Current	(52.3)	
Non-Current Liabilities		(53.0)
Net Assets Employed		207.1
Capital	108.6	
I&E Reserve	50.6	
Revaluation Reserve	47.9	
Total Capital and Reserves		207.1

3.2 Balance sheet comments

	M03 Actual	Commentary
Cash (Annex F & G)	£20.1m (£27.2m)	The cash level of £20.1m at 30 June is equivalent to 19.7 days operating costs (31 May: 26.8 days) and represents a £7.1m decrease from 31 May. This is largely due to a reduction in creditors and an increase in debtors and accrued income. In addition a payment was made on the ITFF loan. Cash is £6.0m below plan, largely due to an initial estimate for receipt of final 16/17 STF in June, some £11m, partially offset by lower capital expenditure than planned. It has now been confirmed that the STF funding will be received mid-July.
RCF Borrowing	nil (nil)	The £10m facility remains in place and there are no current plans to draw on this in 2017/18. The current facility is for two years and expires in December 2018.
Borrowing	£57.5m (£58.4m)	ITFF: all of the confirmed £50m facility has now been drawn down. The first loan of £30m saw repayments commence in April 2017, with repayments for the £20m loan commencing in June. Total ITFF borrowing is now at £48.1m. Wimpole Street: monthly repayments on the Barclays loan continue and the total outstanding balance is £9.4m. Within the total borrowings sum is £5.2m of repayments due within 12

		months which are shown in Borrowings – Current.
Liquidity (Annex G & H)	9.2 days (12.6 days)	A decrease of 3.4 days in M03 driven by the I&E deficit. Against plan liquidity is £4.4m favourable which is a combination of the favourable I&E position and a lower run rate to capital expenditure, partially offset by higher stock levels relative to plan.
Stock	£11.2m (£11.5m)	A decrease of £0.3m in M03 (£1.2m above plan YTD) reflecting the ebb and flow of receipt and consumption of bulk orders to take advantage of opportunities to maximise discounts and free of charge stock.
Trade Debtors (Annex I)	£19.3m (£19.7m)	<p>NHS debt totals £9.1m, the same as in M02. Within this figure, £6.6m is CCG debt (M02 – £6.3m), £0.6m is NHSE debt (M02 – £0.8m) and £1.9m (M02 – £2.0m) relates to FTs/ Trusts/ other commissioners.</p> <p>The high value of CCG debt reflects the final invoicing position for 2016/17 activity and is expected to reduce in the coming months (as in previous years). There is a provision of £1.7m against NHS debtors.</p> <p>Private Patient debt totals £16.4m and increased by £0.2m in M03, reversing the decrease seen at the beginning of the financial year. Within this position the >60 days debt decreased by £0.2m overall, although there was a £0.5m increase in debt >365 days. The provision against private patients debtors has been increased by £0.7m to £7.1m.</p>
Trade Creditors	-£8.1m (-£9.9m)	The approved creditor balance is £0.5m below plan, with all approved creditor invoices remaining fully paid to date. The balance at 30 June is equivalent to 19.8 (31 May – 24.1) days' non-pay cost.
Capital spend (Annex J)	£5.2m YTD	<p>Expenditure in M03 was £1.6m, £5.2m YTD.</p> <p>The original budget for 2017/18 was £24.6m which included an assumed slippage from 2016/17 of £8.6m. The actual slippage from 2016/17 was £10.5m and as such the budget for 2017/18 has been uplifted by £1.9m to stand at £26.5m.</p> <p>The budgeted profile for 2017/18 for the overall programme shows a quarterly phased plan as per annex J. The budget reflects £12.0m of new funding, £10.5m of slippage brought forward from 2016/17 and £4m for ongoing redevelopment fees.</p> <p>As at the end of M03, the planned expenditure was £9m and as such expenditure is below plan by £3.8m – this reflects a combination a lower run rate for new 2017/18 schemes as well as those brought forward from 2016/17.</p> <p>At this point the forecast for the year continues to assume that the full allocation will be spent although the profile across the year is being reviewed.</p>

Section Four: Overall Appraisal

The Trust has made a deficit of £10.3m up to M03 2017/18, £2.5m favourable to plan. Actual EBITDA was negative £0.4m in M03 (£0.7m favourable to plan) and now stands at negative £3.7m (£2.2m favourable to plan). The position was assisted by an additional £0.4m of STF funding relating to 2016/17 but recognised in 2017/18.

As noted above, performance is also reported against the control total and YTD is £2.1m favourable to plan.

The Trust's cash position has deteriorated in month but remains healthy at £20.1m. A cash payment of £12m has been confirmed for receipt in July, in relation the STF funding from 2016/17.

The Trust is showing a Use of Resources rating of 3 in line with plan, on a scale of 1 (best) to 4 (worst). This metric forms part of the Single Oversight Framework segmentation where the Trust remains in segment 2 on a scale of 1 (best) to 4 (worst).

Of the £15.6m CIP target for 2017/18, £9m currently remains unidentified and is the subject of the Darwin transformation programme, which is currently underway.

The reported forecast control total for the year remains on plan, but is contingent on both a significant improvement in run-rate and also the planned sale of investment property. Further work is ongoing on firming up the forecast, risks and mitigations. Through the Darwin programme, there is a significant focus on cost improvement which should generate savings in the second half of the financial year.

Overall at this point in the year, with the positive position against plan, and with the active steps being taken to improve the financial position, it is felt that there are sufficient identified mitigations to balance the identified risks. This will be monitored closely. A summary of the risks and mitigations is given in Appendix L.

The forecast underlying position, after adjusting for material non-recurrent items, remains in line with plan, at a deficit of £33m. This assumes full, recurrent delivery of the £15.6m CIP programme by year end. Again this will be monitored closely going forward.

Annex A – Detailed income and expenditure statement

Royal Brompton and Harefield NHS Foundation Trust							
Financial Reporting 2017/18							
Corporate Financial Assessment - for the period ending 30 June (Month 03)							
Detailed Income & Expenditure Position							
	2017/18 Budget	M03			YTD		
£m	Budget	Actual	Variance	Budget	Actual	Variance	
NHS Clinical Income							
NHS England/CCG/Other NHS Commissioned	286.1	24.4	24.9	0.5	71.6	71.8	0.2
S&T Funding	8.2	0.4	0.8	0.4	1.2	1.6	0.4
Income Contingency	(1.5)	(0.1)	0.0	0.1	(0.4)	0.0	0.4
NHS Other Income	0.1	0.0	0.0	(0.0)	0.0	0.0	(0.0)
Trust to Trust	4.3	0.4	0.3	(0.1)	1.0	0.7	(0.3)
Sub-Total NHS Clinical Income	297.1	25.1	26.0	0.9	73.5	74.2	0.7
Non NHS Income							
Private Patients	43.8	3.7	3.3	(0.4)	10.2	9.2	(1.1)
Sub-Total Non NHS Income	43.8	3.7	3.3	(0.4)	10.2	9.2	(1.1)
Non Clinical Income							
Education & Training	5.3	0.4	0.4	0.0	1.3	1.3	(0.0)
Research & Development	6.5	0.5	0.8	0.2	1.6	1.9	0.3
Non Patient Services	1.1	0.1	0.1	(0.0)	0.3	0.3	0.0
Commercial- Parking, Accom, Catering	3.7	0.3	0.3	(0.0)	0.9	1.0	0.0
Other Income	3.1	0.3	0.4	0.1	0.8	0.8	0.1
Salary Recharges	1.6	0.1	0.1	(0.0)	0.4	0.4	(0.0)
Charitable Funds	2.5	0.2	0.2	(0.0)	0.6	0.5	(0.1)
Sub-Total Non Clinical Income	23.8	2.0	2.3	0.3	6.0	6.2	0.3
Total Income	364.7	30.7	31.6	0.8	89.7	89.6	(0.1)
Pay costs							
Consultants	(39.8)	(3.3)	(3.2)	0.1	(9.9)	(9.6)	0.3
Junior Doctors	(22.8)	(1.9)	(2.0)	(0.1)	(5.6)	(5.8)	(0.2)
Nursing	(80.9)	(6.6)	(6.4)	0.2	(19.9)	(19.4)	0.5
STT	(38.8)	(3.1)	(3.2)	(0.1)	(9.6)	(9.3)	0.3
Non Clinical staff	(38.2)	(3.9)	(3.6)	0.2	(11.1)	(10.7)	0.4
Pay Contingency	(3.0)	(0.3)	(0.1)	0.2	(0.8)	(0.3)	0.4
Sub-Total Pay costs	(223.5)	(19.0)	(18.4)	0.5	(56.8)	(55.0)	1.8
Non pay costs							
Drugs	(42.9)	(3.6)	(3.4)	0.2	(10.7)	(10.1)	0.6
Clinical Supplies	(58.6)	(5.1)	(5.5)	(0.3)	(15.5)	(14.7)	0.8
General Supplies	(11.1)	(0.9)	(0.9)	0.1	(2.8)	(2.7)	0.1
Establishment	(11.4)	(1.3)	(1.4)	(0.1)	(3.9)	(3.9)	(0.0)
Premises	(11.2)	(0.9)	(0.9)	(0.0)	(2.8)	(2.8)	(0.1)
Legal & Professional Fees	(3.0)	(0.2)	(0.3)	(0.1)	(0.8)	(1.4)	(0.7)
Ambulance Services	(1.9)	(0.2)	(0.2)	0.0	(0.5)	(0.5)	0.0
Other Expenditure	(4.6)	(0.4)	(1.0)	(0.6)	(1.2)	(2.0)	(0.9)
Non-Pay Contingency	(3.0)	(0.2)	(0.0)	0.2	(0.7)	(0.0)	0.7
Sub-Total Non pay costs	(147.7)	(12.9)	(13.5)	(0.6)	(38.8)	(38.2)	0.6
Total Expenditure	(371.3)	(31.9)	(31.9)	(0.1)	(95.6)	(93.2)	2.4
EBITDA	(6.6)	(1.1)	(0.4)	0.7	(5.9)	(3.6)	2.3
EBITDA margin %	(1.8%)	(3.6%)	(1.2%)		(6.6%)	(4.0%)	
Central Costs							
Depreciation	(19.7)	(1.6)	(1.5)	0.1	(4.9)	(4.8)	0.2
Capital Donation Receipts	2.1	0.0	(0.0)	(0.0)	0.0	0.0	0.0
Interest Payable	(1.4)	(0.1)	(0.1)	0.0	(0.3)	(0.3)	0.0
Interest Receivable	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Restructuring Costs	0.0	0.0	(0.0)	(0.0)	0.0	(0.1)	(0.1)
Investment Property	26.4	0.0	0.0	0.0	0.0	0.0	0.0
PDC Dividend	(6.6)	(0.6)	(0.5)	0.0	(1.7)	(1.6)	0.1
Sub-Total Central Costs	0.9	(2.3)	(2.2)	0.1	(6.9)	(6.7)	0.2
Net Surplus/ (Deficit)	(5.7)	(3.4)	(2.6)	0.8	(12.8)	(10.3)	2.5
Net Margin %	(1.6%)	(11.1%)	(8.1%)		(14.3%)	(11.5%)	

Note: Figures above are rounded to £0.1m so financial variances of £0.0m may still generate a percentage variance

Annex B – Monthly I&E Trend

Royal Brompton and Harefield NHS Foundation Trust													
Financial Reporting 2016/17													
Corporate Financial Assessment - for the period ending 30 June (Month 03)													
MONTHLY I&E 2017/18													
£m	M01	M02	M03	M04	M05	M06	M07	M08	M09	M10	M11	M12	YTD
NHS Clinical Income													
NHS England/ CCG /Other NHS Comm	22.7	24.2	24.9										71.8
S&T Funding	0.4	0.4	0.8										1.6
Income Contingency	0.0	0.0	0.0										0.0
Trust to Trust & Other NHS	0.2	0.3	0.3										0.8
Total NHS Clinical Income	23.3	24.8	26.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	74.2
Private Patient Income	2.2	3.7	3.3										9.2
Non Clinical Income	1.9	2.1	2.3										6.2
Total Income	27.4	30.6	31.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	89.5
Pay Costs													
Pay Costs	(18.1)	(18.3)	(18.3)										(54.7)
Pay Contingency	(0.1)	(0.1)	(0.1)										(0.3)
Total Pay Costs	(18.2)	(18.4)	(18.4)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(55.0)
Non Pay Costs													
Drugs	(3.2)	(3.5)	(3.4)										(10.1)
Clinical Supplies	(4.5)	(4.8)	(5.5)										(14.7)
Other Costs	(4.0)	(4.6)	(4.7)										(13.4)
Non-Pay Contingency	(0.0)	0.0	(0.0)										(0.0)
Total Non Pay Costs	(11.7)	(12.9)	(13.5)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(38.2)
Total Expenditure	(29.9)	(31.3)	(31.9)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(93.2)
EBITDA	(2.5)	(0.7)	(0.4)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(3.7)
EBITDA Margin %	(9.2%)	(2.4%)	(1.3%)										(4.1%)
Central Costs	(2.2)	(2.3)	(2.2)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(6.7)
Net Surplus/ (Deficit)	(4.7)	(3.0)	(2.6)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(10.3)
Net Margin %	(17.2%)	(9.9%)	(8.2%)										(11.5%)

Annex B – FSP Trackers

In month the Cost Improvement Program (CIP) Trust wide performed by £580k above target, and £246k YTD. This included £359k of non-recurrent corporate savings. Other savings were recurrent.

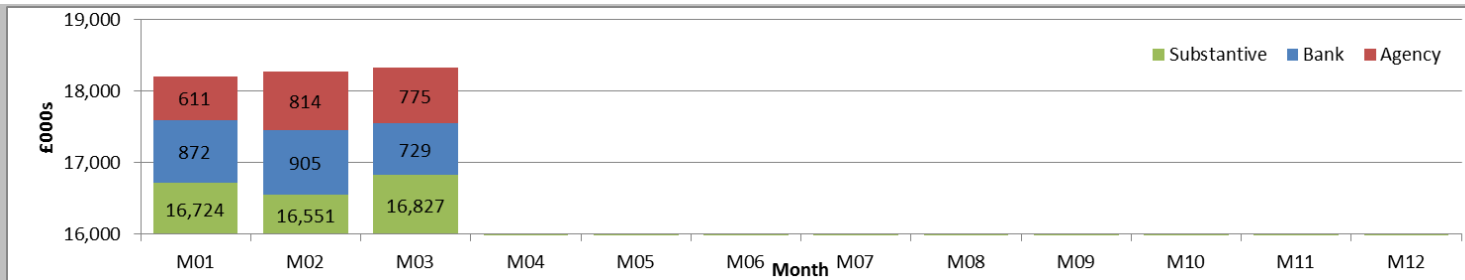
Royal Brompton and Harefield NHS Foundation Trust Financial Reporting 2017/18 Cost Improvement Programme							
	2017/18 Budget	M03			YTD		
£000		Budget	Actual	Variance	Budget	Actual	Variance
Royal Brompton Heart	5,309	47	48	1	141	67	-73
Harefield Heart	3,830	143	85	-57	428	142	-286
Lung	1,348	6	0	-6	18	1	-17
Research	224	0	0	0	0	0	0
Corporate and Other	4,865	70	353	283	367	630	263
Corporate (Non-Recurrent)		0	359	359	0	359	359
Total	15,576	266	846	580	954	1,200	246

The tracker for Service Developments is being finalised and will be reported on next month.

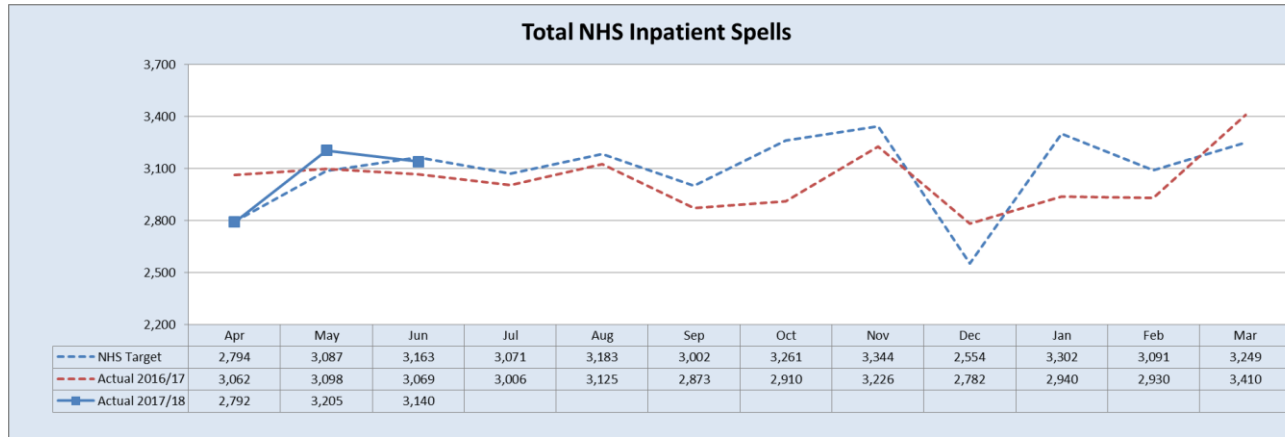
Annex C – Staffing (Permanent & Temporary)

Staff Group	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	YTD Actual 2017/18	YTD Budget 2017/18	YTD Var 2017/18	
Consultant Locum	171	175	135										481	497	16	
Consultant Substantive	3,141	2,926	3,032										9,099	9,431	332	
Junior Doctors Locum	90	143	103										336	236	(100)	
Junior Doctors Agency	15	123	100										238	68	(170)	
Junior Doctors Substantive	1,713	1,705	1,777										5,196	5,315	119	
Nursing Agency	336	404	355										1,095	1,409	314	
Nursing Bank	469	453	329										1,251	1,120	(130)	
Nursing Substantive	5,638	5,660	5,718										17,015	17,332	316	
STT Agency	118	120	137										375	260	(115)	
STT Bank	30	34	37										101	21	(80)	
STT Substantive	2,894	2,970	2,995										8,858	9,322	464	
Non-clinical Agency	142	168	183										493	227	(266)	
Non-clinical Bank	113	100	125										337	108	(229)	
Non-clinical Substantive	3,239	3,289	3,305										9,833	10,721	888	
Pay contingency	100	100	101										301	750	449	
Agency	611	814	775										2,200	1,963	(238)	-12%
Bank	872	905	729										2,506	1,982	(524)	
Substantive	16,624	16,551	16,827										50,002	52,121	2,119	
Pay contingency	100	100	101										301	750	449	
Total	18,208	18,370	18,431	0	0	0	0	0	0	0	0	0	55,009	56,815	1,806	
Agency	3.4%	4.4%	4.2%										4.0%	3.5%	-0.5%	
Bank	4.8%	4.9%	4.0%										4.6%	3.5%	-1.1%	
Substantive	91.3%	90.1%	91.3%										90.9%	91.7%	0.8%	
Pay contingency	0.5%	0.5%	0.5%										0.5%	1.3%	0.8%	

NHS Improvement has set an agency expenditure ceiling of £9m, compared to a plan of £7.8m. The Trust is currently reporting agency spend YTD of £2.2m, against a plan of £2m, £0.2m adverse (9%). However this is within the NHSI agency cap.



Annex D – Activity Reports (As of 7-7-2017)



Division	Directorate	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total	Target	Var	% Var
RB Heart	Anaesthetics	14	10	6										30	25	5	0
	Cardiac Surgery	92	101	94										287	308	-21	-0
	Adult Congenital Surgery	5	6	6										17	0	17	0
	Cardiology	385	440	400										1,225	1,247	-22	-0
	Transplant	0	0	0										0	0	0	0
	Total		496	557	506										1,559	1,580	-21
	Paediatric Anaesthetics	7	8	9										24	28	-4	-0
	Paediatric Congenital Surgery	18	25	23										66	103	-37	-0
	Paediatric Cardiology	168	202	184										554	463	91	0
	Paediatric Respiratory Medicine	135	123	136										394	492	-98	-0
	Paediatric Other	7	7	8										22	23	-1	-0
	Total		335	365	360										1,060	1,109	-49
HH Heart	Anaesthetics	1	3	1										5	10	-5	-0
	Cardiac Surgery	80	94	90										264	281	-17	-0
	Cardiology	510	556	518										1,584	1,710	-126	-0
	Transplant	77	85	80										242	96	146	2
	Total		668	738	689										2,095	2,096	-1
Lung	Respiratory Medicine (RB)	1,024	1,179	1,223										3,426	3,120	306	0
	Thoracic Surgery (RB)	52	97	82										231	209	22	0
	Respiratory Medicine (Hfd)	137	156	180										473	580	-107	-0
	Thoracic Surgery (Hfd)	80	113	100										293	348	-55	-0
	Total		1,293	1,545	1,585										4,423	4,258	165
NHS Total		2,792	3,205	3,140										9,137	9,044	93	0

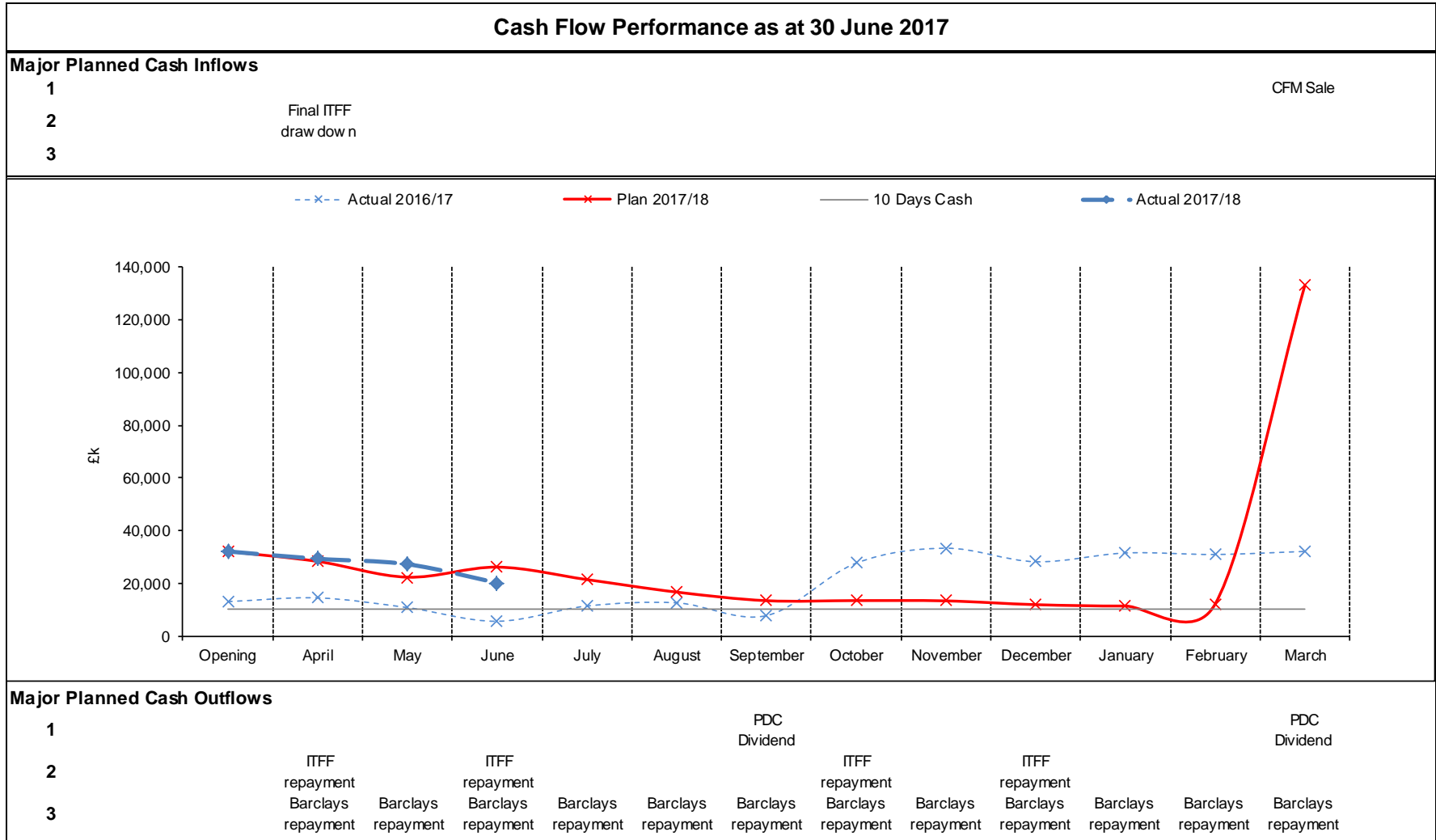
Annex E – Balance Sheet

Balance Sheet as at 30 June 2017					
£m	Actual as at 01-04-17	Plan as at 30-06-17	Actual as at 30-06-17	Variance against Plan	Variance against Plan (%)
Land	59.4	59.4	59.4	0.0	0%
Buildings	127.8	126.1	125.8	(0.3)	0%
Equipment	26.1	23.6	24.6	1.0	4%
Intangibles	14.9	14.4	14.2	(0.2)	0%
Leased Equipment	0.0	0.0	0.0	0.0	0%
Assets under Construction	10.6	19.4	15.2	(4.2)	-22%
Fixed Assets	238.8	242.9	239.2	(3.7)	-2%
Stocks	10.0	10.0	11.2	1.2	12%
Trade Debtors, net of Provisions	16.5	16.5	19.3	2.8	17%
Prepayments	5.6	5.6	8.4	2.8	49%
Accrued Income	18.6	7.9	15.6	7.7	98%
Other Debtors	1.2	1.2	1.6	0.4	32%
Bank & Cash	32.1	26.1	20.1	(6.0)	-23%
Current Assets	83.9	67.2	76.1	8.9	13%
Trade Creditors	(8.6)	(8.6)	(8.1)	0.5	-5%
Pay Creditors	(7.7)	(7.7)	(7.6)	0.1	-1%
Deferred Income	(7.0)	(7.0)	(7.0)	0.1	-1%
Accruals	(17.0)	(15.3)	(18.7)	(3.4)	22%
Accrued Dividend	0.5	(1.1)	(1.0)	0.1	0%
Other Creditors	(5.8)	(5.8)	(5.7)	0.1	-2%
Provisions - Current	(1.9)	(1.9)	(1.9)	0.0	0%
Borrowings - Current	(5.0)	(5.0)	(5.2)	(0.2)	0%
Current Liabilities	(52.4)	(52.3)	(55.2)	(2.8)	5%
Net Current Assets (Liabilities)	31.5	14.9	20.9	6.0	41%
Provisions - Non Current	(0.8)	(0.8)	(0.8)	0.0	0%
Borrowings - Non Current	(52.1)	(52.4)	(52.3)	0.1	0%
Non-Current Liabilities	(52.9)	(53.2)	(53.0)	0.1	0%
Net Assets Employed	217.4	204.6	207.1	2.5	1%
PDC	108.6	108.6	108.6	0.0	0%
I&E Reserve	60.9	48.1	50.6	2.5	5%
Revaluation Reserve	47.9	47.9	47.9	0.0	0%
Total Capital and Reserves	217.4	204.6	207.1	2.5	1%

Annex F – Cash flow statement

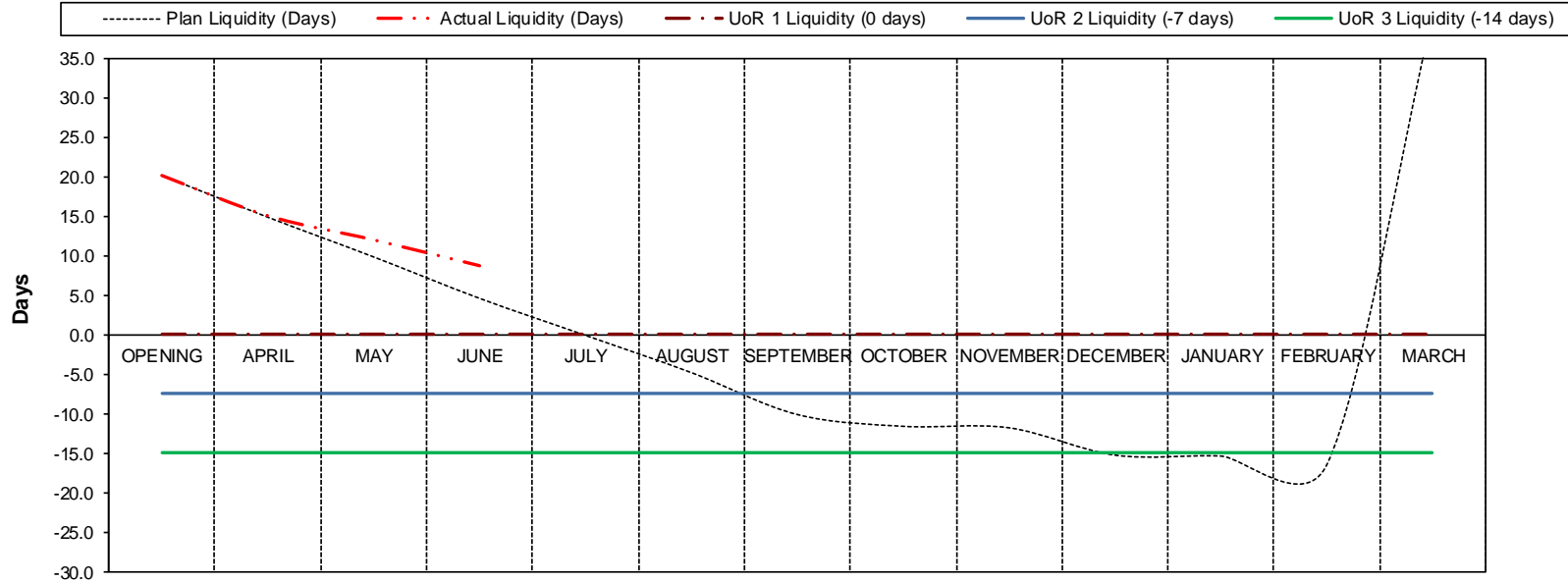
Cash Flow Statement (£m)	Actual as at 30-06-17
Cash flows from operating activities	
Operating income	89.1
Operating expenses of continuing operations	(98.0)
Operating surplus/ (deficit)	(8.9)
Non-operating and non-cash items in operating surplus/ (deficit)	
Depreciation & amortisation	4.8
Impairments	0.0
Reversals of impairments	0.0
(Gain)/ loss on disposal	0.0
Other movements in operating cash flows	0.0
	4.8
Operating cash flows before movements in working capital	(4.1)
Increase/ (decrease) in working capital	
(Increase)/ decrease in inventories	(1.2)
(Increase)/ decrease in trade & other receivables	(2.8)
(Increase)/ decrease in prepayments	(2.8)
(Increase)/ decrease in accrued income	3.4
(Increase)/ decrease in other debtors	(0.4)
Increase/ (decrease) in trade & other payables	(0.5)
Increase/ (decrease) in pay creditors	(0.1)
Increase/ (decrease) in deferred income	(0.1)
Increase/ (decrease) in accruals	1.7
Increase/ (decrease) in other payables	(0.1)
Increase/ (decrease) in provisions	0.0
	(2.7)
Net cash inflow/ (outflow) from operating activities	(6.8)
Cash flows from investing activities	
Interest received	0.0
Purchase of tangible & intangible assets	(5.2)
Sales of tangible & intangible assets & investment property	0.0
	(5.2)
Net cash inflow/ (outflow) before financing	(12.0)
Cash flows from financing activities	
Public dividend capital received	0.0
Loans received from Dept of Health	2.5
Other loans received	(0.0)
Loans repaid to Dept of Health	(1.9)
Other loans repaid	(0.2)
Interest paid	(0.3)
PDC dividend paid	0.0
Net cash generated from/ (used in) financing activities	0.0
Increase/ (decrease) in cash and cash equivalents	(11.9)
Cash & cash equivalents - 1 April	32.1
Cash & cash equivalents - 30 June	20.1

Annex G – Cash flow chart



Annex H – Liquidity report

Liquidity as at 30 June 2017



Liquidity £m

	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18
Original Plan	21.6	15.9	10.5	4.9	(0.1)	(5.2)	(10.8)	(12.4)	(12.7)	(16.4)	(16.5)	(17.7)	43.5
Actual	21.6	16.1	12.8	9.3									0.0
UoR 1 (0 days)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
UoR 2 (-7 days)	(7.5)	(7.5)	(7.5)	(7.5)	(7.5)	(7.5)	(7.5)	(7.5)	(7.5)	(7.5)	(7.5)	(7.5)	(7.5)
UoR 3 (-14 days)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)
UoR 1 Surplus/ (Deficit)	21.6	16.1	12.8	9.3									
UoR 2 Surplus/ (Deficit)	29.1	23.6	20.3	16.8									
UoR 3 Surplus/ (Deficit)	36.6	31.1	27.8	24.3									

Annex I – Debtors

Income Year Ending Jun-17	Debtor Days	£m	Jun-17	May-17	Apr-17	Opening Balance
231.1	1	NHS England	0.6	0.8	1.4	(1.4)
59	41	CCGs	6.6	6.3	5.1	3.8
22.3	30	Other NHS	1.9	2.0	1.8	1.9
312.4	11	Total NHS	9.1	9.1	8.2	4.4
16.1	233	Embassies & Overseas Patients	10.3	10.1	9.7	11.0
24.3	79	Insurance Companies	5.2	5.0	4.0	5.5
7.0	48	Other Private Patients	0.9	1.1	0.5	0.7
47.4	127	Total Private Patients	16.4	16.2	14.3	17.1
32.8	34	Other Debtors	3.0	2.9	3.6	2.9
80.2	89	Total Non NHS Debt	19.5	19.0	17.9	20.0
392.6	27	Total Trade Debtors	28.5	28.1	26.2	24.4
		Less Provisions	(9.3)	(8.1)	(7.7)	(7.9)
		Total Debtors (Net of Provision)	19.3	20.0	18.5	16.5

Large value debt over 60 days (>£0.1m)

NHS (£m)	Total Balance Jun	Total Movement Jun	Over 60 days Jun	Over 60 days Movement Jun	Debtor Days Jun	Debtor Days Movement Jun
NHS West Hampshire CCG	0.9	0.1	0.4	0.0	277	3
NHS England	0.6	(0.2)	0.8	0.2	1	0
NHS West London (K & C & QPP)	0.6	0.1	0.5	0.1	99	13
NHS Herts Valley CCG	0.5	0.5	0.1	0.1	44	33
NHS Herefordshire CCG	0.3	0.0	0.3	0.0	332	1
NHS Kernow CCG	0.3	0.1	0.2	0.0	333	18
NHS East Surrey CCG	0.3	0.1	0.2	0.0	330	49
Hillingdon Hospital FT	0.3	0.1	0.2	0.0	146	25
Imperial College Healthcare NT	0.3	0.1	0.2	0.2	88	1
NHS Camden CCG	0.2	0.0	0.1	(0.1)	149	2
NHS Ealing CCG	0.2	0.0	0.1	0.1	31	0
NHS Wiltshire CCG	0.1	0.0	0.1	0.0	203	17
Health & Social Care Board	0.1	0.0	0.1	0.1	409	75
Health & Social Services Dept. Corp. HQ	0.1	0.0	0.1	0.1	364	-2
NHS Swindon CCG	0.1	0.0	0.1	0.0	317	20
Total	4.9	0.9	3.5	0.8		

PP Embassy or Insurer (£m)	Total Balance Jun	Total Movement Jun	Over 60 days Jun	Over 60 days Movement Jun	Debtor Days Jun	Debtor Days Movement Jun
Kuwait Health Office	4.9	0.0	4.3	(0.1)	288	-10
Kuwait Military	2.5	0.1	2.3	0.0	540	52
BUPA	2.0	0.5	0.5	(0.1)	78	19
AXA/ PPP	1.3	0.0	0.5	0.0	76	-4
Kuwait Oil Company	1.0	0.0	0.7	0	283	2
Qatar Embassy	0.8	0.3	0.4	0	88	28
WPA	0.5	0.0	0.3	0	149	-6
Libyan Embassy	0.3	0.0	0.3	0	1,331	30
Aviva	0.4	0.1	0.1	0	55	4
BUPA International	0.2	(0.1)	0.1	0.1	85	-19
UAE Military	0.2	0.0	0.2	0.0	488	573
UAE Medical Department	0.3	0.1	0.2	0	209	26
Cyprus	0.1	(0.1)	0.1	(0.1)	792	-281
CS Healthcare	0.1	0.0	0.1	0.1	85	
Total	14.6	0.9	10.1	(0.2)		

Annex J – Capital report

	Project Code (£m)	Current Budget - Total	Actual Spend to Date	Commitment Value at the Reporting Date	Balance of Budget	Actual Q1	Actual Q2	Actual Q3	Actual Q4
1.1	Estates Development	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.2	Redevelopment	5.2	0.8	4.0	0.4	0.8	0.0	0.0	0.0
1.3	Project Management	0.3	0.1	0.0	0.1	0.1	0.0	0.0	0.0
2	Estates Maintenance	2.1	0.3	0.8	1.0	0.3	0.0	0.0	0.0
3	IT/IS	1.5	0.5	0.4	0.6	0.5	0.0	0.0	0.0
4	Equipment	1.1	0.4	0.2	0.5	0.4	0.0	0.0	0.0
5	Service Development Programme	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
6	Other Projects	0.7	0.1	0.1	0.5	0.1	0.0	0.0	0.0
7.1	Major Project - Fulham Road Safety	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
7.2	Major Project - HH Developments	11.8	2.9	7.8	1.0	2.9	0.0	0.0	0.0
7.3	Major Project - RBH Developments	1.5	0.1	0.9	0.5	0.1	0.0	0.0	0.0
7.4	Major Project - Trust Wide Developments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
8.1	Finance	0.1	0.0	0.0	0.1	0.0	0.0	0.0	0.0
8.2	Procurement	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
9.1	Contingency/Financing	2.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	TOTAL	26.5	5.2	14.3	4.7	5.2	0.0	0.0	0.0

Annex K – Financial Risk Register

Ref	Risk	Description	Risk level	Risk Owner	Next Review Date
1	Failure to maintain designation for specialist clinical services	Many of the Trust's specialist services are subject to national designation or commissioning arrangements tied to evolving standards and specifications. If the Trust is unable to meet new standards, penalties may be applied and/ or patients and commissioners may choose to seek alternative service providers.	Moderate	Robert Craig	30/06/2017
2	Failure to maintain adequate liquidity	The impact of annual I&E deficits following the removal of Project Diamond funding and as identified going forwards within the two year operating plan (2017/18-2018/19) are placing unsustainable pressure on the liquidity position of the Trust.	Moderate	Richard Paterson	30/06/2017
3	Failure to execute property redevelopment programme effectively	Poor execution could inflict significant financial and reputational damage and in extremis result in the withdrawal of the Trust's FT authorisation from NHSI.	Moderate	Richard Paterson	30/06/2017
4	Failure to deliver annual plan	The accuracy of the annual plan forms part of NHSI's assessment of actual and potential risk to the Trust's authorisation. Any significant risks for or apparent weaknesses in the planning process require NHSI's review of annual plans to be more intense	Moderate	Richard Paterson	30/06/2017
5	Inadequate working capital management	Poor working capital management may create operational and cash flow difficulties and will affect the Trust's Use of Resources risk rating.	Moderate	Richard Paterson	30/06/2017
6	Failure to establish and maintain appropriate sources of borrowing	Inability to finance expenditure and capital programme, and unable to meet its financial obligations.	Moderate	Richard Paterson	30/06/2017
7	Commissioners will levy fines for missing contractual targets	Commissioners are looking to enforce fines for any failures to meet contractual targets. The Trust will provide for these on a monthly basis.	Moderate	Nick Hunt	30/06/2017
8	Annual capital expenditure failure to deliver planned returns	The benefits claimed from the investment are not realised. Risk of financial/ opportunity loss to the Trust if overspends on capital expenditure.	Low	Robert Craig	30/06/2017
9	Capital is misallocated	Trust fails to allocate capital that balances short term needs with long term sustainability	Low	Robert Craig	30/06/2017
10	Failure to provide accurate and timely financial information to Board and other stakeholders	Trust Board and stakeholders may make incorrect decisions based on information, which is not complete, accurate or timely. Material weaknesses in financial ledger, financial reporting and budgetary control procedures may affect the Trust's UoR risk rating.	Low	Richard Paterson	30/06/2017
11	Loss of financial oversight	Multiple projects running concurrently which require input from limited number of senior finance team members risks loss of oversight of core financial activities	Low	Richard Paterson	30/06/2017
12	Failure to capture all NHS revenues	Income may be lost through ineffective work measurement. Reduction in payments by Commissioners.	Low	Richard Paterson	30/06/2017
13	Failure to improve profitability with analysis from patient level costing data	Trust may fail to tackle underlying profitability issues through inadequate use of patient level costing data	Low	Richard Paterson	30/06/2017
14	Harefield Mansion	Possibility of significant long-term costs to restore Grade II* listed building and/or return to use.	Low	Robert Craig	30/06/2017
15	Losses	Losses may arise from: 1. Dishonesty (fraud/ theft); 2. Inadequate record keeping; 3. Best practice and guidance is not adhered to; and 4. Adequate security arrangements are not in place for the protection of staff and patients.	Low	Richard Paterson	30/06/2017
16	Change of regulation on VAT recovery	Trust had full inspection on VAT Recovery of contracted out services at the end of August 2015 and all transactions were approved. HMRC issued further guidance in October 2015 and the Trust has implemented that guidance from 1 December 2015. The annual potential impact of the revised guidance is now thought to have reduced the potential annual impact to the Trust from £2m to £150k.	Low	Richard Paterson	30/06/2017

Annex L – Risks and Mitigations (to Forecast)

£000	Gross Value	Likelihood	Net Value	Comment
Identified Risks				
Delay in investment property sale	-26,400	10.0%	-2,640	If sale is delayed, revaluation may also be possible and would give an I&E benefit
Non-delivery of unidentified CIP	-9,044	25.0%	-2,261	Work is ongoing through the Darwin programme
Margin on service developments	-2,076	35.0%	-727	Known slippage on some large schemes
Additional identified non-pay cost pressures	-2,000	25.0%	-500	Known cost pressures relating to quality and other issues
Additional agency costs	-4,418	25.0%	-1,105	Positive performance in Q1
Trust to trust income	-1,239	75.0%	-929	Possible under-achievement based on Q1 actuals; tariff reduction.
Private patient income	-4,335	25.0%	-1,084	Possible under-achievement based on Q1 actuals
Total Risk	-49,511	18.7%	-9,245	
Identified Mitigations				
Contingencies in budget	4,800	100.0%	4,800	Current available level to offset other cost pressures
Provisions potentially not required	12,000	20.0%	2,400	Will be assessed through year; active steps being taken to manage debtor position
HVP overperformance	852	75.0%	639	Activity increasing
Other NHS clinical income	1,383	75.0%	1,037	If current trend continues
Full delivery of CQUIN	800	50.0%	400	Dependent on commissioner agreement
Total Pay Costs	19,835	46.8%	9,276	
Net Risks and Mitigations	-29,677	-0.1%	31	