

Trust Board
27th September 2017

Finance Performance Report
Month 05 – period ended 31 August 2017

Section	Content
1	Trust Income & Expenditure
2	Contribution Performance and Divisional Commentary
3	Trust Balance Sheet
4	Overall Appraisal
	Annexes

Section One: Trust Income & Expenditure

1.1 Summary Income & Expenditure

The position for the period to 31st August 2017 is outlined below:

£m	M05			YTD			Forecast Out-Turn		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
NHS Clinical Income									
NHSE/ CCG/ Other NHS Commissioned	24.3	24.6	0.3	120.0	121.1	1.0	286.1	286.1	0.0
S&T Funding	0.5	0.5	0.0	2.3	2.7	0.4	8.2	8.6	0.4
Income Contingency	(0.1)	(0.5)	(0.4)	(0.6)	(0.6)	0.0	(1.5)	(1.5)	0.0
Trust to Trust & Other NHS	0.4	0.4	(0.0)	1.8	1.5	(0.3)	4.4	4.4	0.0
Total NHS Clinical Income	25.1	25.0	(0.1)	123.5	124.7	1.2	297.1	297.5	0.4
Private Patient Income	3.6	2.8	(0.8)	17.5	14.5	(3.0)	43.8	43.8	0.0
Non Clinical Income	1.9	1.9	(0.0)	9.7	10.0	0.3	23.4	23.4	0.0
Total Income	30.6	29.8	(0.8)	150.8	149.2	(1.5)	364.3	364.7	0.4
Pay Costs									
Pay Costs	(18.7)	(18.2)	0.5	(93.3)	(90.8)	2.5	(220.2)	(220.2)	0.0
Pay Contingency	(0.3)	0.4	0.7	(1.3)	(0.0)	1.2	(3.0)	(3.0)	0.0
Total Pay Costs	(18.9)	(17.8)	1.1	(94.6)	(90.8)	3.8	(223.2)	(223.2)	0.0
Non Pay Costs									
Drugs	(3.6)	(3.4)	0.2	(17.8)	(17.4)	0.4	(42.9)	(42.9)	0.0
Clinical Supplies	(5.1)	(5.5)	(0.3)	(25.7)	(25.0)	0.7	(58.3)	(58.3)	0.0
Other Costs	(4.0)	(3.9)	0.1	(19.8)	(21.4)	(1.6)	(43.4)	(43.4)	0.0
Non-Pay Contingency	(0.2)	0.0	0.2	(1.2)	(0.0)	1.2	(3.0)	(3.0)	0.0
Total Non Pay Costs	(13.0)	(12.8)	0.2	(64.6)	(63.8)	0.8	(147.6)	(147.6)	0.0
Total Expenditure	(31.9)	(30.6)	1.3	(159.2)	(154.6)	4.5	(370.9)	(370.9)	0.0
EBITDA	(1.3)	(0.8)	0.5	(8.4)	(5.4)	3.0	(6.6)	(6.1)	0.4
EBITDA Margin %	(4.2%)	(2.8%)		(5.6%)	(3.6%)		(1.8%)	(1.7%)	
Central Costs	(2.3)	(2.1)	0.2	(11.5)	(11.0)	0.5	0.9	0.9	0.0
Net Surplus/ (Deficit)	(3.6)	(2.9)	0.6	(19.9)	(16.4)	3.5	(5.7)	(5.3)	0.4
Net Margin %	(11.7%)	(9.9%)		(13.2%)	(11.0%)		(1.6%)	(1.4%)	

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 M05 year to date (YTD) there is a £3.2m surplus against the projected control total at that date.

S&T funding of £2.7m 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. This includes £0.4m awarded related to 2016/17.

£m	Full Year Plan	YTD Plan	YTD Actual	YTD Var
Deficit	(5.7)	(19.9)	(16.4)	3.5
Capital donations	2.1	0.0	0.1	0.1
Depreciation on donated assets	(2.2)	(0.9)	(0.9)	(0.0)
Deficit adjusted for donations	(5.6)	(19.0)	(15.6)	3.5
S&T funding	8.2	2.3	2.7	0.4
Deficit exclusive of S&T funding	(13.8)	(21.4)	(18.3)	3.1

		Commentary
M05 Surplus/ (Deficit)	(£2.9m)	<p>The table above summarises the financial performance for M05 which is reported in detail in Annex A.</p> <p>The Trust made a deficit of £2.9m in M05 against a planned deficit of £3.6m; the result is £0.6m favourable to plan. The position includes full recognition of STF income (£0.5m) as the control total trajectory has been achieved. The headlines driving the M05 position are as follows:</p> <p>NHS clinical income:</p> <ul style="list-style-type: none"> • Spell activity in August was 10 spells below plan at 2,971; and • NHS clinical income was £0.1m adverse to plan at £25m, reduced from £25.6m in M04. Material variances are: inpatients (£0.5m adverse), critical care (£0.5m adverse), and drugs and devices (£0.5m favourable). In addition, a favourable movement on M03 and M04 of £0.8m was reported in the M05 position. The level of volatility in prior months is being impacted by the high level of uncoded activity. Note that the contingency against CQUIN which was held under the pay contingency has now been moved to income, causing an adverse movement of £0.5m in-month. <p>PP income generated £2.8m in M05, £0.8m adverse to plan, up from £2.5m in M04.</p> <p>Non clinical income was marginally below plan at £1.9m.</p> <p>Pay costs were £1.1m favourable to plan at £17.8m in M04. Within this there are favourable variances from the benefit of the pay contingency (£0.7m, after moving YTD actuals of £0.4m to income) as well as underspends primarily across nursing (£0.1m), consultants (£0.1m), STT (£0.1m) and non-clinical staff (£0.2m), partially offset by a marginal overspend on junior doctors. Agency spend remained steady at £0.8m.</p> <p>Non-pay costs were underspent by £0.2m at M05. There were over-spends on contract-excluded drugs offset by an increase in income. Clinical supplies were overspent by £0.3m, which was offset by additional income. There is a positive variance due to the non-pay contingency (£0.2m). An additional provision of £0.3m was made in respect of consultancy costs relating to the Darwin project.</p> <p>EBITDA was £0.8m negative vs plan of negative £1.3m in M05, so £0.5m favourable to plan. Below EBITDA net costs were slightly below plan at £2.1m.</p>
YTD Surplus/ (Deficit)	(£16.4m)	<p>The Trust has made a YTD deficit of £16.4m against a planned YTD deficit of £19.9m; as such the result is £3.5m favourable to plan. The position includes full recognition of STF income (£2.7m) 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 13 spells above plan at 14,377; and • NHS clinical income is £1.2m favourable to plan at £124.7m. Material variances are: STF (£0.4m favourable relating to 2016/17), critical care (£0.6m favourable), inpatients (£0.7m favourable), HVP (£0.4m favourable), and outpatients (£0.6m adverse). These were partly offset by some smaller adverse variances, primarily in ECMO (£0.2m

		<p>adverse). In addition the income contingency relating to CQUIN delivery means there is no longer any remaining income contingency (although there is more against pay).</p> <p>PP income generated £14.5m YTD, £3m adverse to plan.</p> <p>Non clinical income is £0.3m favourable to plan at £10m, primarily driven by increased research income.</p> <p>Pay costs are £3.8m favourable to plan at £90.8m. Within this there are favourable variances from the benefit of the pay contingency (£1.2m) as well as underspends primarily across nursing (£1m), consultants (£0.5m), STT (£0.6m) and non-clinical staff (£0.7m). Junior doctors are overspent by £0.2m YTD. Agency spend was £3.6m YTD. This is over-budget by £0.4m but within the NHSI agency cap.</p> <p>Non-pay costs are £0.8m favourable to plan at £63.8m. Within this there are favourable variances from the non-pay contingency (£1.2m) and £1.1m on drugs/ clinical supplies (with £0.3m of over-spend within this offset by additional income relating to contract-excluded drugs and devices). These favourable variances were partially offset by a consultancy provision (related to collaborative work) of £0.4m and costs to reflect the ongoing work with BCG . YTD a total of £0.9m has been spent with BCG. Going forward, their remuneration will be based on a benefit share model, and an additional £0.3m has been provided for so far.</p> <p>EBITDA is negative £5.4m YTD vs plan of negative £8.4m YTD, so £3m favourable to plan. Below EBITDA net costs at £11m are £0.5m favourable to plan.</p>
FSP (Annex B)	<p>£2.5m</p> <p>£0.2m</p>	<p>FSP – Cost Improvements Cost Improvement Programmes (CIP) have delivered savings of £2.5m to date, £0.8m ahead of plan. A total of £8.0m has now been identified for the full year 2017/18 in respect of CIP, with £7.5m remaining to be identified over the coming months. The Darwin transformation programme is expected to contribute to this unidentified CIP challenge.</p> <p>FSP – Service Developments Margin from service development was lower than anticipated YTD at £0.2m against a plan of £0.5m. Overall, after removing some items for CIP, the Trust has planned for £2.9m of margin from service developments in the full year, largely planned in the latter part of the year.</p>
Use of Resources	3	The Trust has a Use of Resources rating of 3 at M05 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 the next few 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

2.1 Royal Brompton heart division

In August, the division generated a contribution of £2.1m, £0.8m (57%) ahead of plan. YTD, the division has now generated a contribution of £7.8m, £2.2m ahead of plan.

RBH Heart £000s	FY Budget	Mth Budget	Mth Actual	Mth Variance	YTD Budget	YTD Actual	YTD Variance
NHS England & Other CCG	109,755	9,281	10,133	852	45,732	47,260	1,528
T2T & Other NHS	1,771	149	157	8	727	549	(178)
Patient Care Income	111,526	9,430	10,290	860	46,459	47,809	1,350
Private Patient	21,214	1,770	1,383	(387)	8,791	7,645	(1,146)
Other Income	1,559	130	144	14	651	644	(7)
Total Income	134,299	11,330	11,817	487	55,901	56,098	197
Pay	(75,049)	(6,542)	(6,181)	361	(32,629)	(30,937)	1,692
Non Pay	(40,151)	(3,455)	(3,540)	(85)	(17,214)	(16,951)	263
Total Expenditure	(115,200)	(9,997)	(9,721)	276	(49,843)	(47,888)	1,955
Contribution	19,099	1,333	2,096	763	6,058	8,210	2,152
Contribution %	14.2%	11.8%	17.7%		10.8%	14.6%	

INCOME

NHS

In August, reported NHS income was ahead of plan by £0.9m.

Within this position, inpatient activity was ahead of plan by £0.5m. This includes £0.3m catch-up from previous months for adult and paediatric surgical activity upon final coding. Inpatient paediatric cardiology continues to perform ahead of plan (£0.1m in month).

Critical care activity was ahead of plan by £0.2m, predominantly within paediatrics (cardiology and respiratory).

Income for contract-excluded drugs and devices was ahead of plan by £0.3m. Adult cardiology drugs were £0.2m ahead of plan and 23 aortic stents used in TEVAR/EVAR procedures were billed in month (including some prior month catch-up) driving a £0.1m benefit. These gains are matched by non-pay overspends.

YTD, NHS income is £1.5m ahead of plan, which includes:

- £0.7m ahead of plan in inpatient activity, predominantly within paediatric cardiology which is 146 spells (£1.0m) ahead of plan, offset by paediatric surgery being behind plan by 19 spells (£0.3m);
- Critical care income is ahead of plan by £0.2m; although surgical bed days are behind plan for both adults and paediatrics, paediatric cardiology is ahead of plan as also seen in inpatient spells;
- £0.8m and £0.4m ahead of plan in contract-excluded drugs and devices income respectively, offset by a corresponding non-pay overspend;
- £0.5m shortfall across all outpatient activity, with fewer CMR scans, ECHO and ECG tests than planned, partially offset by increased numbers of PET-CT scans (£0.1m ahead of plan);
- £0.2m (28 bed days) behind plan in VV ECMO activity.

Of the YTD position, NHSE commissioned income is ahead of plan by £1.7m while CCG income is behind plan by £0.1m.

Trust-to-trust and other NHS income is on plan in month and behind plan YTD by £0.2m. The YTD shortfall is due to lower levels of CMR scans than planned and the impact of 2017-18 tariff not factored in at budget setting (£0.1m impact YTD).

Private Patients

Private patient income was £0.4m behind plan in month and is behind plan YTD by £1.1m (13%):

- Cardiac surgery: behind plan in month by £0.1m and on plan YTD;
- Cardiology: behind plan by £0.2m in month and £0.7m YTD, due to activity being 61 spells behind plan;
- Paediatrics: behind plan by £0.1m in month and £0.4m YTD, with activity 10 spells behind plan predominantly within cardiology.

Non-Clinical Income

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

EXPENDITURE

PAY

Total pay was underspent in month by £0.4m with a YTD underspend of £1.7m (5%):

- Nursing budgets continue to underspend by £0.3m in month and £1.3m YTD, with ongoing vacancies in both adult cardiology and surgical wards as well as in critical care and paediatrics.

The division allocated £0.04m of the unidentified CIP target to pay in month, through reduced admin resources required on the adult wards. Potential cost savings are continuing to be reviewed and further allocations will be made in future months.

NON-PAY

In August, non-pay was overspent by £0.1m and is underspent YTD by £0.3m.

Clinical supplies were underspent by £0.1m in month, predominantly within cath labs which includes a bulk order of ECG halter equipment, in order to help clear activity backlog.

The YTD non-pay position includes an overspend on contract-excluded drugs of £0.8m, which is offset by the corresponding over performance in income described above.

Other clinical supplies are underspent YTD by £0.5m, with cath labs and theatre expenditure being lower than planned and maintenance contracts expenditure having also reduced.

Non pay cost savings are also under review and further allocations will be made to the unidentified CIP target in the coming months.

2.2 Harefield Heart division

In August, the division generated a contribution of £0.7m (8.4%). YTD the division has generated a contribution of £5.2m, £0.2m ahead of plan.

Harefield Heart £000s	FY Budget	Mth Budget	Mth Actual	Mth Variance	YTD Budget	YTD Actual	YTD Variance
NHS England & CCG	87,845	7,194	7,215	21	35,593	36,964	1,371
T2T & Other NHS	1,461	119	124	5	597	491	(106)
Patient Care Income	89,306	7,314	7,339	26	36,190	37,455	1,265
Private Patient	7,268	472	332	(140)	2,337	1,673	(664)
Other Income	188	16	76	60	78	145	67
Total Income	96,761	7,801	7,747	(54)	38,605	39,273	668
Pay	(51,933)	(4,213)	(4,219)	(6)	(20,952)	(21,227)	(275)
Non Pay	(30,437)	(2,560)	(2,875)	(315)	(12,719)	(12,869)	(151)
Total Expenditure	(82,369)	(6,773)	(7,095)	(322)	(33,671)	(34,096)	(426)
Contribution	14,392	1,028	653	(376)	4,935	5,177	243
	14.9%	13.2%	8.4%		12.8%	13.2%	

INCOME

NHS Clinical Income

In August, NHS income overall is behind plan by £0.1m with inpatient activity underperforming by £0.5m due to Cardiac surgery and Cardiology. However the adverse performance is offset by £0.2m of prior months captured income, predominantly within Cardiology. Drugs & devices saw an over performance of £0.2m in month driven by transplant drugs and VADs (9 used v plan of 3), with corresponding higher non-pay costs.

YTD, NHS income is £1.4m above plan. Inpatient activity stands at £0.2m ahead of plan mainly in cardiology, whilst income from critical care activity is £0.7m ahead of plan (all seen in transplant). Drugs & device income is £0.1m ahead of plan driven by transplant /VAD contract activity (15 hearts vs a plan of 10, 26 lungs vs a plan of 23, 3 heart & lung transplants and 14 VAD implants vs a plan of 16).

NHSE commissioned income is behind plan by £0.1m while CCG income is ahead of plan by £1.4m.

Trust-to-trust and other NHS income is on plan in month but remains behind plan by £0.1m YTD due to under-performance in CT, Nuclear Medicine and cardiac MRI scans driven by lower tariffs for some scans not reflected in the budget. The monthly impact of this is £50k, YTD stands at £0.25m.

Private Patients

Private patient income is behind plan by £0.1m (30%) and £0.6m (28%) in month and YTD respectively. The activity is behind plan for both cardiac surgery (42%) and cardiology (15%).

Non-Clinical Income

Non-clinical income is ahead of plan by £60k in month and £67k YTD due to ad hoc NORS (transplant organ retrieval) income received in the month from NHSBT.

EXPENDITURE

PAY

Pay is largely on plan in the month and overspent YTD by £0.3m (1.3%).

- Nursing - The YTD overspend lies at £0.4m and is a result of a high acuity of patients, particularly in relation to transplant activity, high supernumerary costs and reliance on bank and agency to cover vacancies in Q1. Nurse vacancies (including maternity vacancies not filled with fixed term contracts) across the division are shown in the table below: The increase from M3 is due to new budgets in respect of the Harefield Development.

2017/18				
M5	M4	M3	M2	M1
52	50	42	40	40

There is on on-going recruitment in order to mitigate the use of Agency or bank.

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

NON PAY

Non-pay costs in month are overspent by £0.3m (12%), and YTD underspent by £0.2m (1%).

Drugs are overspent by £0.1m in month and £0.4m YTD largely due to Transplant drugs in view of the high volume of activity.

Clinical supplies are overspent in the month mainly driven by VADs and OCS (transplant retrieval) kits (6 used in the month, with 2 rejected (1 FOC)).

The YTD underspend of £0.2m is largely due to underspends on ICDs (£0.1m) and other activity-related expenditure within Cath Labs and Theatres, but with corresponding lower income as noted above. This is partly offset by over spends on OCS (transplant retrieval) kits with 20 used YTD.

2.3 Lung division

In August, the division generated a contribution of £1.8m (26%), £0.2m adverse to plan. The full year contribution stands at £9.6m (27%), £0.2m favourable to plan.

£000s	FY	Month			Year to Date		
	Budget	Budget	Actual	Variance	Budget	Actual	Variance
NHS England & CCG	83,409	6,979	6,395	(584)	34,453	33,126	(1,327)
T2T & Other NHS	83	7	4	(3)	35	20	(15)
Patient Care Income	83,492	6,986	6,399	(587)	34,487	33,146	(1,341)
Private Patient	4,811	402	407	4	1,993	1,674	(320)
Other Income	510	43	40	(2)	213	249	37
Total Income	88,812	7,431	6,847	(585)	36,693	35,069	(1,624)
Pay	(33,693)	(2,900)	(2,888)	12	(14,417)	(14,238)	179
Non Pay	(30,442)	(2,564)	(2,154)	410	(12,822)	(11,226)	1,596
Total Expenditure	(64,135)	(5,464)	(5,042)	422	(27,239)	(25,464)	1,775
Contribution	24,678	1,967	1,804	(163)	9,454	9,605	151
	28%	26%	26%		26%	27%	

INCOME

NHS

In August, NHS patient care income was £0.6m (8%) behind plan at £6.4m. This was driven by (high-cost, contract-excluded) drugs activity being £0.3m behind plan, matched by a corresponding underspend in drugs expenditure. Critical care was £0.2m behind plan mainly due to respiratory medicine at Harefield and inpatient income was £0.1m behind plan in month driven by thoracic surgery across both sites. Outpatient income was on plan in month.

YTD NHS income is behind plan by £1.3m (4%) at £33.1m. This is primarily driven by lower than expected high-cost, contract-excluded drugs activity (£1.0m, 12% behind plan), with a corresponding non-pay underspend. Critical care income is behind plan by £0.3m due to lower than expected activity in respiratory medicine at Brompton. Outpatient income is £0.2m behind plan due to lower than expected first and follow up attendances. Inpatient income is £0.3m behind plan at £10.3m which includes an over-performance on respiratory medicine day case activity of £0.5m being offset by an under-performance in thoracic surgery of £0.8m. 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 started on 1st July which should lead to increased activity from now onwards.

Private Patients

In August, private patient activity was on plan at £0.4m and YTD is £0.3m (16%) behind plan. In month respiratory medicine was £0.1m ahead of plan, due to the discharge of one long term patient at Royal Brompton. Thoracic surgery at Royal Brompton was £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. YTD respiratory medicine is £0.1m ahead of plan and thoracic surgery £0.3m behind plan.

EXPENDITURE

Pay

Total pay was on plan in month and is underspent YTD by £0.2m (1%). Pay managed within the division was on plan in month and YTD and is analysed as follows:

- Consultant pay was over spent in month by £56k, and is £0.2m underspent YTD. The in-month over spend is due to the allocation of £0.1m of unidentified CIP target to this pay-line in August. The YTD underspend relates to consultant vacancies.
- Junior doctor pay is £56k over spent in month and £0.2m YTD.
- Nursing pay is £39k over spent in month and YTD.
- STT pay is £17k under spent in month and £82k underspent YTD.
- Admin pay is on plan in month and YTD.

The division allocated £0.2m of the unidentified CIP target to pay in month mainly through;

- reduced consultant and nursing resources required for additional operating lists
- planned recruitment for radiology service development no longer required
- anticipated cost pressure for academic asthma consultant no longer to be incurred

Non Pay

In August, non-pay costs were underspent by £0.4m; YTD they are underspent by £1.6m. The principal reason for the underspend is lower-than-expected expenditure on (high-cost, contract-excluded) drugs matched by a corresponding lower income with Ivacaftor, Nintedanib and Pirfenidone being the main drivers. Ivacaftor is used in the treatment cystic fibrosis and Nintedanib and Pirfenidone in the treatment of idiopathic pulmonary fibrosis.

2.5 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 Patient directorate).

Total Private Patient Income

In month							
Income £000s	RBH Heart	HH Heart	Lung	Clinical Support	Wimpole St	Private Patients	Total
Budget	1,770	471	402	547	250	60	3,501
Actual	1,383	332	407	458	174	47	2,801
Variance	(388)	(139)	4	(89)	(76)	(13)	(700)

The in-month position is £0.7m adverse to plan which is mainly due to a poor case-mix driven by an increased number of medical admissions (which carry a lower average tariff) and lower surgical admissions (which have a higher average tariff). Device case-mix has been poorer than previous months with 3 ICD's and 3 TAVI's.

In-month inpatient activity was behind plan by 32 spells; this consists of Cardiology 20 spells, Cardiac Surgery 8 spells and Thoracic Surgery 5 spells, with an additional 1 spell in other Respiratory.

Year to Date							
Income £000s	RBH Heart	HH Heart	Lung	Clinical Support	Wimpole St	Private Patients	Total
Budget	8,791	2,335	1,993	2,711	1,238	297	17,365
Actual	7,645	1,673	1,674	2,265	921	256	14,434
Variance	(1,145)	(662)	(320)	(447)	(317)	(41)	(2,932)

The year-to-date position is £2.9m 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, surgical re-admissions in month 3 and a poor case mix in month 4 and 5.

Year-to-date activity is below plan by 75 spells (32 spells in month as noted above).

Wimpole Street – Outpatients and Diagnostics

In-month Wimpole Street achieved a negative contribution of £0.2m, and 0.1 adverse to plan in month, Year to date Wimpole Street has achieved a negative contribution of £0.8m, £0.3m adverse to plan.

Wimpole Street £000s	FY	Month			Year to Date		
	Budget	Budget	Actual	Variance	Budget	Actual	Variance
PP Income	2,987	250	174	(76)	1,238	921	(317)
Pay	(2,225)	(185)	(195)	(9)	(927)	(999)	(72)
Non Pay	(2,012)	(168)	(152)	16	(838)	(708)	130
Grand Total	(1,250)	(103)	(172)	(69)	(528)	(786)	(258)

Income & Activity

Income in month was £76k below plan at £0.2m. YTD income is £0.3m behind plan at £1m.

PP Diagnostic activity improved against the previous month by 9% (from 424 to 476) mainly within MRI, Holter Monitoring tests and Lung Function.

Outpatient attendances have slightly decreased from the previous month by 4% (from 582 to 560). In-month Wimpole Street is above plan by 103 attendances (37%).

NHS Diagnostic activity increased against the previous month by 77% (from 87 to 154) mainly within PET. This is due to external NHS referrals, partly driven by new business with Imperial 25 scans; also an increase in activity from St Georges 10 scans, the remaining is made of various NHS Trusts across England.

Expenditure

Pay is reporting a modest underspend of £16k in month and £130k YTD, driven by vacancies in imaging, non-invasive and administrative staff. Non-pay is also reporting an over spend in month of £9k, due to maintenance contracts and clinical supplies.

Section Three: Trust Balance Sheet

3.1 Trust balance sheet at 31 August 2017

Balance Sheet as at 31 August 2017	£m	
Fixed Assets		239.5
Stocks	11.0	
Accrued Income & Prepayments	14.1	
Debtors	16.5	
Bank	28.2	
Current Assets	69.8	
Creditors	(14.3)	
Deferred Income	(7.8)	
Accruals & Other Creditors	(23.5)	
Accrued Dividend	(2.0)	
Provisions - Current	(1.7)	
Borrowings - Current	(5.3)	
Current Liabilities	(54.6)	
Net Current Assets (Liabilities)		15.2
Provisions - Non Current	(1.1)	
Borrowings - Non Current	(51.9)	
Non-Current Liabilities		(53.0)
Net Assets Employed		201.6
Capital	108.6	
I&E Reserve	45.2	
Revaluation Reserve	47.9	
Total Capital and Reserves		201.6

3.2 Balance sheet comments

	M05 Actual	Commentary
Cash (Annex F & G)	£28.2m (£31.5m)	The cash level of £28.2m at 31 August is equivalent to 27.6 days operating costs (31 July: 30.8 days) and represents a £3.3m decrease from 31 July. We are still awaiting payment of Q1 STF. Cash is now £11.6m above plan, primarily because more 2016/17 STF was received than was originally forecast, along with lower capital expenditure than planned, and a favourable I&E position relative to plan. The cash position is deteriorating due to the level of deficit the Trust is generating. Without an improvement in the I&E position there is a significant forward risk to the cash position.
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 expires in December 2018.
Borrowing	£57.2m (£57.3m)	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. Monthly repayments on the Barclays loan continue for Wimpole Street, and the total outstanding balance is £9.1m. Within the total borrowings sum is £5.3m of repayments due within 12 months which are shown in Borrowings – Current.
Liquidity	3.5 days	A decrease of 1.9 days in M05 driven by the I&E deficit. Against plan

(Annex G & H)	(5.4 days)	liquidity is £8.9m 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	£11.0m (£11.4m)	A decrease of £0.4m in M05 (£1.0m 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)	£15.5m (£18.7m)	<p>NHS debt totals £6.6m, a £1.9m reduction on M04. Within this figure, £4.2m is CCG debt (M04 – £5.9m), £0.1m is NHSE debt (M04 – £0.4m) and £2.4m (M04 – £2.2m) relates to FTs/ Trusts/ other commissioners.</p> <p>A significant proportion of the CCG debt relates to disputed pre-transplant critical care which the Trust has confirmed with NHS England is a CCG responsibility. Meetings are planned with CCGs and NHS England where disputes remain. It can also take a long time for CCGs to validate backing and authorise payments, even when these are not disputed.</p> <p>Private Patient debt totals £14.9m, a decrease of £1.3m since M04. Within this position the >60 days debt decreased by £0.8m overall, largely due to a payment of just under £1m payment from the Kuwait Military Office. The provision against private patient debtors stands at £7.1m. Concerted efforts continue to be made to improve this position, which is largely down to a small number of overseas purchasers.</p>
Trade Creditors	-£6.8m (-£10.1m)	The approved creditor balance is £1.7m below plan, with all approved creditor invoices remaining fully paid to date. The balance at 31 August is equivalent to 16.7 (31 July – 24.7) days' non-pay cost.
Capital spend (Annex J)	£8.5m YTD	<p>Expenditure in M05 was £1.5m, £8.5m 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 was uplifted by £1.9m to stand at £26.5m.</p> <p>Annex J reflects the profile identified by project managers in July 2017. 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 M05, expenditure was originally planned at £17.1m, so there is a notional under-spend of £8.6m. A re-forecasting exercise was undertaken in M03, under which capital expenditure of £10.9m was anticipated to M05. Against this plan, expenditure is £2.4m behind plan.</p> <p>At this point the forecast for the year continues to assume that the full allocation will be spent and forecasts, plus the profile across the year, are reviewed with project managers each month.</p>

Section Four: Overall Appraisal

The Trust has made a deficit of £16.4m up to M05 2017/18, £3.5m favourable to plan. EBITDA was negative £0.8m in M05 (£0.5m favourable to plan) and now stands at negative £5.4m YTD (£3m favourable to plan).

As noted above, performance is also reported against the control total and YTD is £3.1m favourable to plan.

The Trust's cash position has deteriorated in month and stands at £28.2m. There is pressure on the forward cash position. STF funding has not been received for Q1. Current forecasts suggest that cash will turn negative early in 2018/19 without further mitigating actions.

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, £7.6m remains unidentified and is the subject of the Darwin transformation programme, which is currently underway.

The reported forecast for the year remains on plan, but is contingent on both a further improvement in run-rate and also the planned sale or revaluation of investment property which remains at risk owing to the delayed Ministerial announcement of the revised Crossrail 2 route. The Finance Committee has been provided with a separate briefing on the cash forecast. Through the Darwin programme, there is a significant focus on cost improvement which should start to generate savings in the latter part of the financial year. However, the recent departures of key consultants will continue to put pressure on PP income.

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 considered that there are sufficient identified mitigations to balance the identified risks to achieving the control total and deficit target. A summary of the risks and mitigations is given in Appendix L.

However it is clear that both the underlying position and, due to the probable delay of the intended sale of Chelsea Farmers Market, the cash position will not be at the planned levels, even though the I&E and control total should be achieved. This will be reported on in more detail as part of the planning round over the next few months.

Annex Ai – Detailed income and expenditure statement

Royal Brompton and Harefield NHS Foundation Trust Financial Reporting 2017/18 Corporate Financial Assessment - for the period ending 31st August 2017 (Month M05)							
Detailed Income & Expenditure Position							
£m	2017/18 Budget	M05			YTD		
		Budget	Actual	Variance	Budget	Actual	Variance
NHS Clinical Income							
NHSE/ CCG/ Other NHS Commissioned	286.1	24.3	24.6	0.3	120.0	121.1	1.0
S&T Funding	8.2	0.5	0.5	0.0	2.3	2.7	0.4
Income Contingency	(1.5)	(0.1)	(0.5)	(0.4)	(0.6)	(0.6)	0.0
NHS Other Income	0.1	0.0	0.0	(0.0)	0.0	0.1	0.0
Trust to Trust	4.3	0.4	0.4	(0.0)	1.8	1.5	(0.3)
Sub-Total NHS Clinical Income	297.1	25.1	25.0	(0.1)	123.5	124.7	1.2
Non NHS Income							
Private Patient Income	43.8	3.6	2.8	(0.8)	17.5	14.5	(3.0)
Sub-Total Non NHS Income	43.8	3.6	2.8	(0.8)	17.5	14.5	(3.0)
Non Clinical Income							
Education & Training	5.3	0.4	0.5	0.0	2.2	2.2	0.0
Research & Development	6.4	0.5	0.5	0.0	2.7	2.9	0.2
Non Patient Services	1.1	0.1	0.1	(0.0)	0.5	0.4	(0.0)
Commercial- Parking, Accom, Catering	3.7	0.3	0.3	(0.0)	1.6	1.6	0.0
Other Income	2.8	0.2	0.2	(0.0)	1.2	1.3	0.2
Salary Recharges	1.6	0.1	0.2	0.0	0.7	0.7	0.0
Charitable Funds	2.4	0.2	0.2	(0.0)	1.0	0.9	(0.1)
Sub-Total Non Clinical Income	23.4	1.9	1.9	(0.0)	9.7	10.0	0.3
Total Income	364.3	30.6	29.8	(0.8)	150.8	149.2	(1.5)
Pay costs							
Consultants	(39.5)	(3.2)	(3.2)	(0.1)	(16.4)	(16.0)	0.4
Junior Doctors	(22.8)	(1.9)	(1.9)	(0.1)	(9.4)	(9.6)	(0.2)
Nursing	(80.3)	(6.5)	(6.4)	0.1	(32.9)	(32.0)	0.9
STT	(38.7)	(3.2)	(3.1)	0.1	(16.0)	(15.4)	0.5
Non Clinical staff	(38.9)	(4.0)	(3.6)	0.4	(18.7)	(17.8)	0.9
Pay Contingency	(3.0)	(0.3)	0.4	0.7	(1.3)	(0.0)	1.2
Sub-Total Pay costs	(223.2)	(18.9)	(17.8)	1.1	(94.6)	(90.8)	3.8
Non pay costs							
Drugs	(42.9)	(3.6)	(3.4)	0.2	(17.8)	(17.4)	0.4
Clinical Supplies	(58.3)	(5.1)	(5.5)	(0.3)	(25.7)	(25.0)	0.7
General Supplies	(11.3)	(0.9)	(0.8)	0.1	(4.7)	(4.4)	0.3
Establishment	(11.7)	(1.4)	(1.2)	0.1	(6.6)	(6.5)	0.1
Premises	(11.0)	(0.9)	(0.9)	(0.0)	(4.6)	(4.8)	(0.2)
Legal & Professional Fees	(3.0)	(0.2)	(0.5)	(0.3)	(1.2)	(2.6)	(1.3)
Ambulance Services	(1.9)	(0.2)	(0.2)	0.0	(0.8)	(0.8)	0.0
Other Expenditure	(4.5)	(0.4)	(0.3)	0.1	(1.9)	(2.4)	(0.5)
Non-Pay Contingency	(3.0)	(0.2)	0.0	0.2	(1.2)	(0.0)	1.2
Sub-Total Non pay costs	(147.6)	(13.0)	(12.8)	0.2	(64.6)	(63.8)	0.8
Total Expenditure	(370.9)	(31.9)	(30.6)	1.3	(159.2)	(154.6)	4.5
EBITDA	(6.6)	(1.3)	(0.8)	0.5	(8.4)	(5.4)	3.0
EBITDA margin %	(1.8%)	(4.2%)	(2.8%)		(5.6%)	(3.6%)	
Central Costs							
Depreciation	(19.7)	(1.6)	(1.5)	0.1	(8.2)	(7.819)	0.4
Capital Donation Receipts	2.1	0.0	0.0	0.0	0.0	0.059	0.1
Interest Payable	(1.4)	(0.1)	(0.1)	(0.0)	(0.6)	(0.546)	0.0
Interest Receivable	0.0	0.0	0.0	0.0	0.0	0.019	0.0
Restructuring Costs	0.0	0.0	0.0	0.0	0.0	(0.158)	(0.2)
Investment Property	26.4	0.0	0.0	0.0	0.0	0.000	0.0
PDC Dividend	(6.6)	(0.6)	(0.5)	0.1	(2.8)	(2.578)	0.2
Sub-Total Central Costs	0.9	(2.3)	(2.1)	0.2	(11.5)	(11.0)	0.5
Net Surplus/ (Deficit)	(5.7)	(3.6)	(2.9)	0.6	(19.9)	(16.4)	3.5
Net Margin %	(1.6%)	(11.7%)	(9.9%)		(13.2%)	(11.0%)	

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

Annex Aii – Monthly I&E Trend

Royal Brompton and Harefield NHS Foundation Trust														
Financial Reporting 2017/18														
Corporate Financial Assessment - for the period ending 31st August 2017 (Month M05)														
Detailed Income & Expenditure Position														
£m	M01	M02	M03	M04	M05	M06	M07	M08	M09	M10	M11	M12	YTD	
NHS Clinical Income														
NHSE/ CCG/ Other NHS Commissioned	22.71	23.92	25.12	24.72	24.61									121.09
S&T Funding	0.41	0.41	0.83	0.55	0.55									2.74
Income Contingency		0.25	(0.25)	(0.11)	(0.50)									(0.61)
Trust to Trust & Other NHS	0.22	0.26	0.27	0.41	0.35									1.53
Total NHS Clinical Income	23.34	24.84	25.98	25.57	25.01									124.74
Private Patient Income	2.19	3.68	3.29	2.55	2.80									14.51
Non Clinical Income	1.89	2.05	2.27	1.83	1.94									9.99
Total Income	27.42	30.58	31.54	29.95	29.76									149.24
Pay Costs														
Pay Costs	(18.11)	(18.27)	(18.33)	(17.90)	(18.21)									(90.82)
Pay Contingency	(0.10)	(0.10)	(0.10)	(0.10)	0.40									(0.00)
Total Pay Costs	(18.21)	(18.37)	(18.43)	(18.00)	(17.81)									(90.82)
Non Pay Costs														
Drugs	(3.21)	(3.54)	(3.38)	(3.90)	(3.39)									(17.42)
Clinical Supplies	(4.49)	(4.76)	(5.45)	(4.87)	(5.48)									(25.05)
Other Costs	(4.03)	(4.64)	(4.68)	(4.10)	(3.90)									(21.36)
Non-Pay Contingency	(0.00)	0.00	(0.00)											(0.00)
Total Non Pay Costs	(11.73)	(12.94)	(13.51)	(12.87)	(12.77)									(63.83)
Total Expenditure	(29.94)	(31.31)	(31.94)	(30.87)	(30.59)									(154.65)
EBITDA	(2.52)	(0.73)	(0.40)	(0.92)	(0.83)									(5.41)
EBITDA Margin %	-9.2%	-2.4%	-1.3%	-3.1%	-2.8%									-3.6%
Central Costs	(2.19)	(2.30)	(2.19)	(2.23)	(2.11)									(11.02)
Net Surplus/ (Deficit)	(4.71)	(3.03)	(2.59)	(3.16)	(2.94)									(16.43)
Net Margin %	-17.2%	-9.9%	-8.2%	-10.5%	-9.9%									-11.0%

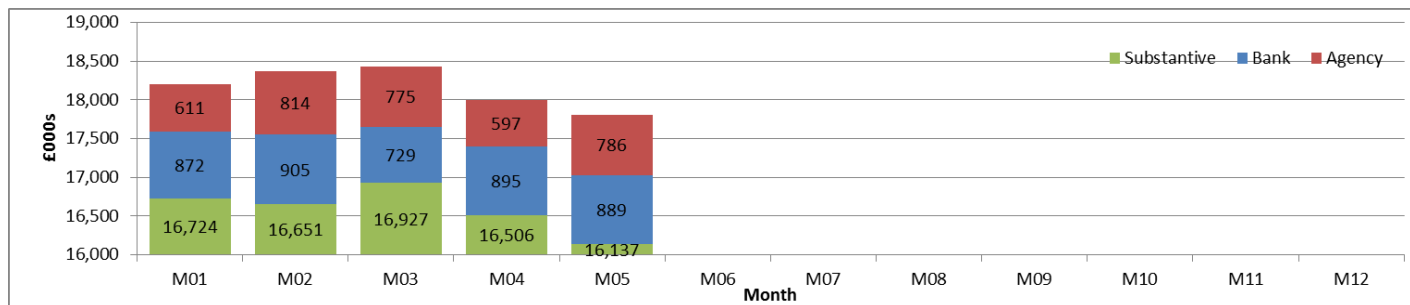
Annex B – FSP Trackers

Financial Reporting 2017/18 Cost Improvement Programme							
	2017/18 Budget	M05			YTD		
£000		Budget	Actual	Variance	Budget	Actual	Variance
Royal Brompton Heart	5,309	79	134	56	335	375	40
Harefield Heart	3,830	162	126	-36	809	370	-439
Lung	1,348	14	223	210	51	280	228
Research	224	4	19	14	21	93	72
Corporate and Other	4,527	84	329	245	337	1,216	879
Corporate (Non-Recurrent)	0	0	0	0	0	0	0
Total	15,238	342	830	488	1,553	2,333	780
Roll Over Savings 1617	338	28	28	0	141	141	0
Revised Total	15,576	370	859	488	1,694	2,474	780

Royal Brompton and Harefield NHS Foundation Trust Financial Reporting 2017/18 Service Developments							
	2017/18 Budget	M05			YTD		
£000		Budget	Actual	Variance	Budget	Actual	Variance
Royal Brompton Heart	459	35	27	-8	211	44	-167
Harefield Heart	1,616	21	17	-4	50	37	-13
Lung	552	59	17	-42	131	17	-114
Corporate and Other	264	22	22	0	110	110	0
Total	2,891	137	83	-54	502	209	-293

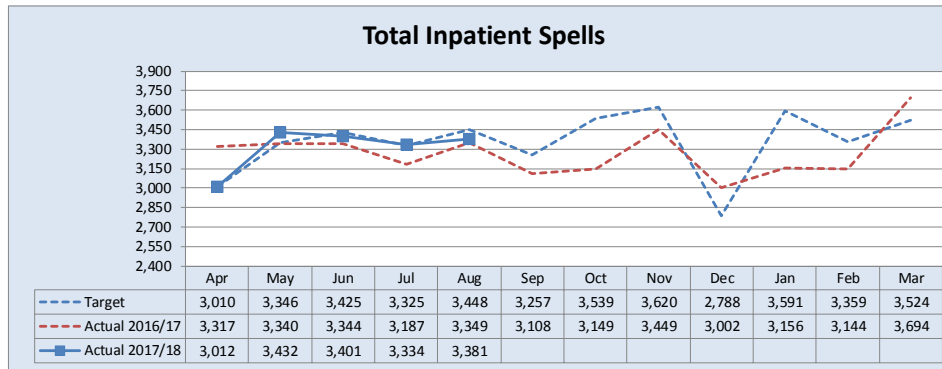
Annex C – Staffing (Permanent & Temporary)

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	204	190								875	828	(48)
Consultant Substantive	3,141	2,926	3,032	2,980	3,024								15,103	15,538	434
Junior Doctors Locum	90	143	103	129	141								607	394	(213)
Junior Doctors Agency	15	123	100	80	64								381	113	(269)
Junior Doctors Substantive	1,713	1,705	1,777	1,680	1,742								8,618	8,863	246
Nursing Agency	336	404	355	284	421								1,801	2,246	445
Nursing Bank	469	453	329	391	397								2,039	1,867	(172)
Nursing Substantive	5,638	5,660	5,718	5,567	5,589								28,171	28,796	624
STT Agency	118	120	137	86	121								582	433	(149)
STT Bank	30	34	37	28	39								168	34	(134)
STT Substantive	2,894	2,970	2,995	2,903	2,904								14,665	15,490	824
Non-clinical Agency	142	168	183	147	179								819	378	(441)
Non-clinical Bank	113	100	125	143	121								601	231	(370)
Non-clinical Substantive	3,239	3,289	3,305	3,275	3,278								16,387	18,119	1,732
Pay contingency	100	100	101	100	(400)								1	1,250	1,249
Agency	611	814	775	597	786								3,582	3,169	(414)
Bank	872	905	729	895	889								4,291	3,355	(936)
Substantive	16,624	16,551	16,827	16,406	16,537								82,944	86,805	3,861
Pay contingency	100	100	101	100	(400)								1	1,250	1,249
Total	18,208	18,370	18,431	17,998	17,811								90,818	94,579	3,761
Agency	3.4%	4.4%	4.2%	3.3%	4.4%								3.9%	3.4%	-11.0%
Bank	4.8%	4.9%	4.0%	5.0%	5.0%								4.7%	3.5%	-24.9%
Substantive	91.3%	90.1%	91.3%	91.2%	92.8%								91.3%	91.8%	102.7%
Pay contingency	0.5%	0.5%	0.5%	0.6%	-2.2%								0.0%	1.3%	33.2%



NHSI has set an agency expenditure ceiling of £9m for the year, compared to a trust plan of £7.5m (note this has reduced by £0.3m since M03 due to the application of a CIP scheme). Agency spend YTD is £3.6m, against a plan of £3.2m, £0.4m adverse to budget. However this is within the NHSI cap.

Annex D – Activity Reports (Draft)



Division	Directorate	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total	Target	Var	% Var
RB Heart	Anaesthetics	16	10	10	7	13								56	43	12.7	29%
	Cardiac Surgery	119	142	143	142	126								672	653	18.6	3%
	Cardiology	483	531	495	443	505								2,457	2,635	-177.6	-7%
	Transplant	0	0	0	1	1								2	0	2.0	0%
	Total		618	683	648	593	645							3,187	3,331	-144.2	-4%
	Paediatric Anaesthetics	7	8	7	6	14								42	49	-6.5	-13%
	Paediatric Congenital Surgery	18	26	33	27	25								129	181	-51.8	-29%
	Paediatric Cardiology	169	202	186	199	177								933	806	126.8	16%
	Paediatric Respiratory Medicine	140	124	139	144	141								688	843	-155.5	-18%
	Paediatric Other	7	7	9	14	9								46	44	2.1	5%
Total		341	367	374	390	366							1,838	1,923	-84.9	-4%	
HH Heart	Anaesthetics	1	3	0	0	0								4	17	-12.7	-76%
	Cardiac Surgery	87	106	111	112	65								481	530	-48.7	-9%
	Cardiology	532	570	539	519	543								2,703	2,991	-288.1	-10%
	Transplant	76	85	80	106	138								485	164	321.3	196%
	Total		696	764	730	737	746							3,673	3,701	-28.2	-1%
Lung	Respiratory Medicine (RB)	1,060	1,221	1,262	1,261	1,271								6,075	5,474	601.0	11%
	Thoracic Surgery (RB)	67	113	96	90	100								466	493	-26.8	-5%
	Respiratory Medicine (Hfd)	142	160	187	160	183								832	1,002	-169.5	-17%
	Thoracic Surgery (Hfd)	88	124	104	103	70								489	630	-141.4	-22%
	Total		1,357	1,618	1,649	1,614	1,624							7,862	7,599	263	3%
NHS and PP Total		3,012	3,432	3,401	3,334	3,381								16,560	16,554	6	0%
Uncoded Spells		0	0	3	50	1,282								1,335			
% Uncoded Spells		0.0%	0.0%	0.1%	1.5%	37.9%								8.1%			

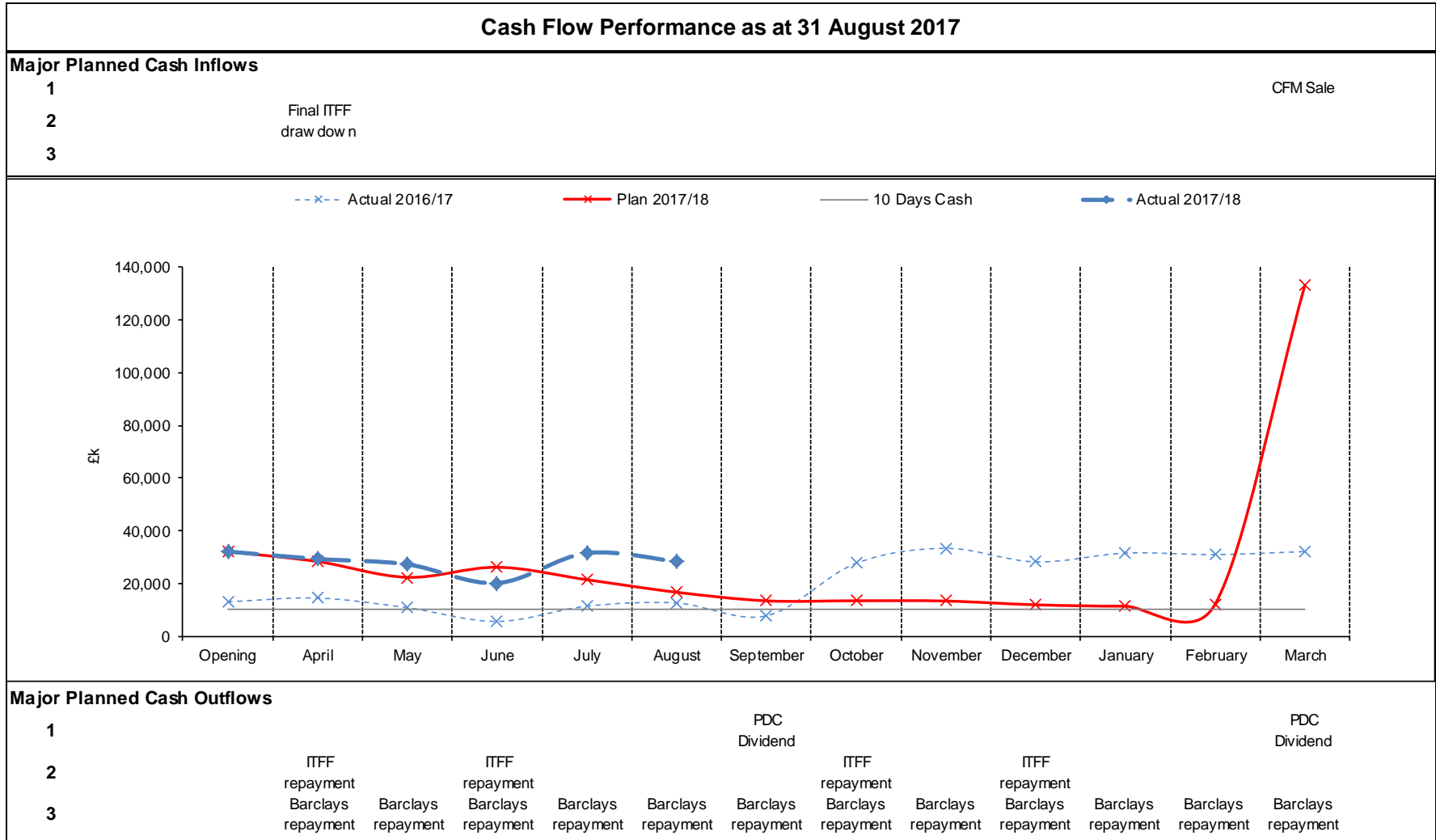
Annex E – Balance Sheet

Balance Sheet as at 31 August 2017					
£m	Actual as at 01-04-17	Plan as at 31-08-17	Actual as at 31-08-17	Variance against Plan	Variance against Plan (%)
Land	59.4	59.4	59.4	0.0	0%
Buildings	127.8	125.1	124.3	(0.8)	-1%
Equipment	26.1	21.7	23.7	2.0	9%
Intangibles	14.9	14.1	13.8	(0.3)	0%
Leased Equipment	0.0	0.0	0.0	0.0	0%
Assets under Construction	10.6	25.4	18.4	(7.0)	-28%
Fixed Assets	238.8	245.6	239.5	(6.1)	-2%
Stocks	10.0	10.0	11.0	1.0	10%
Trade Debtors, net of Provisions	16.5	16.5	15.5	(0.9)	-6%
Prepayments	5.6	5.6	7.0	1.4	25%
Accrued Income	18.6	7.9	7.0	(0.8)	-10%
Other Debtors	1.2	1.2	1.0	(0.2)	-17%
Bank & Cash	32.1	16.6	28.2	11.6	69%
Current Assets	83.9	57.7	69.8	12.1	21%
Trade Creditors	(8.6)	(8.6)	(6.8)	1.7	-20%
Pay Creditors	(7.7)	(7.7)	(7.5)	0.2	-2%
Deferred Income	(7.0)	(7.0)	(7.8)	(0.7)	11%
Accruals	(17.0)	(14.8)	(17.5)	(2.7)	18%
Accrued Dividend	0.5	(2.2)	(2.0)	0.2	0%
Other Creditors	(5.8)	(5.8)	(6.1)	(0.3)	5%
Provisions - Current	(1.9)	(1.9)	(1.7)	0.2	-11%
Borrowings - Current	(5.0)	(5.0)	(5.3)	(0.3)	0%
Current Liabilities	(52.4)	(52.9)	(54.6)	(1.7)	3%
Net Current Assets (Liabilities)	31.5	4.8	15.2	10.4	216%
Provisions - Non Current	(0.8)	(0.8)	(1.1)	(0.3)	42%
Borrowings - Non Current	(52.1)	(52.2)	(51.9)	0.3	-1%
Non-Current Liabilities	(52.9)	(53.0)	(53.0)	(0.1)	0%
Net Assets Employed	217.4	197.5	201.6	4.2	2%
PDC	108.6	108.6	108.6	0.0	0%
I&E Reserve	60.9	41.0	45.2	4.2	10%
Revaluation Reserve	47.9	47.9	47.9	0.0	0%
Total Capital and Reserves	217.4	197.5	201.6	4.2	2%

Annex F – Cash flow statement

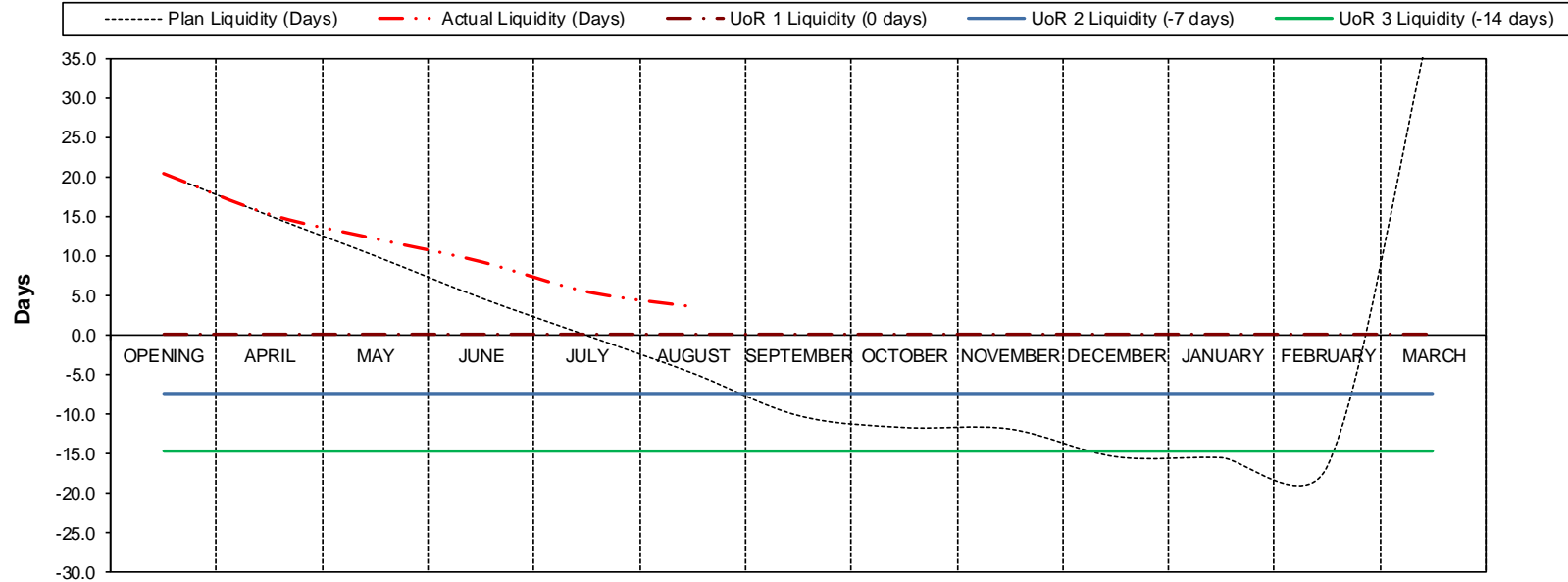
Cash Flow Statement (£m)	Actual as at 31-08-17
Cash flows from operating activities	
Operating income	149.2
Operating expenses of continuing operations	(162.3)
Operating surplus/ (deficit)	(13.1)
Non-operating and non-cash items in operating surplus/ (deficit)	
Depreciation & amortisation	7.8
Impairments	0.0
Reversals of impairments	0.0
(Gain)/ loss on disposal	0.0
Other movements in operating cash flows	0.0
	7.8
Operating cash flows before movements in working capital	(5.2)
Increase/ (decrease) in working capital	
(Increase)/ decrease in inventories	(1.0)
(Increase)/ decrease in trade & other receivables	0.9
(Increase)/ decrease in prepayments	(1.4)
(Increase)/ decrease in accrued income	12.0
(Increase)/ decrease in other debtors	0.2
Increase/ (decrease) in trade & other payables	(1.7)
Increase/ (decrease) in pay creditors	(0.2)
Increase/ (decrease) in deferred income	0.7
Increase/ (decrease) in accruals	0.5
Increase/ (decrease) in other payables	0.3
Increase/ (decrease) in provisions	0.1
	10.4
Net cash inflow/ (outflow) from operating activities	5.2
Cash flows from investing activities	
Interest received	0.0
Purchase of tangible & intangible assets	(8.5)
Sales of tangible & intangible assets & investment property	0.0
	(8.5)
Net cash inflow/ (outflow) before financing	(3.4)
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	(0.5)
Interest paid	(0.5)
PDC dividend paid	0.0
Net cash generated from/ (used in) financing activities	(0.5)
Increase/ (decrease) in cash and cash equivalents	(3.9)
Cash & cash equivalents - 1 April	32.1
Cash & cash equivalents - 31 August	28.2

Annex G – Cash flow chart



Annex H – Liquidity report

Liquidity as at 31 August 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	9.8	5.8	3.7							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)	(7.4)	(7.4)	(7.4)	(7.4)	(7.4)	(7.4)	(7.4)	(7.4)	(7.4)	(7.4)	(7.4)	(7.4)	(7.4)
UoR 3 (-14 days)	(14.8)	(14.8)	(14.8)	(14.8)	(14.8)	(14.8)	(14.8)	(14.8)	(14.8)	(14.8)	(14.8)	(14.8)	(14.8)
UoR 1 Surplus/ (Deficit)	21.6	16.1	12.8	9.8	5.8	3.7							
UoR 2 Surplus/ (Deficit)	29.0	23.5	20.3	17.2	13.2	11.1							
UoR 3 Surplus/ (Deficit)	36.4	30.9	27.7	24.6	20.6	18.6							

Annex I – Debtors

Income Year Ending Aug-17	Debtor Days	£m	Aug-17	Jul-17	Jun-17	May-17	Apr-17	Opening Balance
240.4	1	NHS England	0.1	0.4	0.6	0.8	1.4	(1.4)
57.7	36	CCGs	4.2	5.9	6.6	6.3	5.1	3.8
22.4	36	Other NHS	2.4	2.2	1.9	2.0	1.8	1.9
320.5	10	Total NHS	6.6	8.5	9.1	9.1	8.2	4.4
15.4	248	Embassies & Overseas Patients	10.0	10.7	10.3	10.1	9.7	11.0
23.1	72	Insurance Companies	4.3	4.6	5.2	5.0	4.0	5.5
6.8	48	Other Private Patients	0.6	0.9	0.9	1.1	0.5	0.7
45.3	129	Total Private Patients	14.9	16.2	16.4	16.2	14.3	17.1
31.6	35	Other Debtors	3.2	3.1	3.0	2.9	3.6	2.9
76.9	90	Total Non NHS Debt	18.1	19.3	19.5	19.0	17.9	20.0
397.4	25	Total Trade Debtors	24.7	27.9	28.5	28.1	26.2	24.4
		Less Provisions	(9.2)	(9.2)	(9.3)	(8.1)	(7.7)	(7.9)
		Total Debtors (Net of Provision)	15.5	18.7	19.3	20.0	18.5	16.5

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

NHS (£m)	Total Balance Aug	Total Movement Aug	Over 60 days Aug	Over 60 days Movement Aug	Debtor Days Aug	Debtor Days Movement Aug
NHS West Hampshire CCG	0.9	0.0	0.9	0.1	281	2
NHS Herts Valley CCG	1.2	0.3	0.9	0.8	101	25
NHS West London (K & C & QPP)	0.2	(0.6)	0.3	(0.2)	33	-79
NHS England	0.0	(0.4)	0.4	(0.2)	0	-1
NHS Herefordshire CCG	0.3	0.0	0.3	0.0	332	-1
NHS High Weald Lewes Havens CCG	0.2	0.0	0.2	0.0	318	-9
NHS Medway CCG	0.3	0.0	0.2	0.0	207	5
NHS Camden CCG	0.2	0.0	0.2	0.0	144	-5
Frimley Health FT	0.2	0.1	0.1	0.1	126	-23
Hillingdon Hospital FT	0.2	0.0	0.1	0.1	114	28
St Georges FT	0.2	0.1	0.1	0.1	249	24
Health & Social Services Dept. Corp. HQ	0.1	0.0	0.1	0.0	412	32
NHS Swindon CCG	0.1	0.0	0.1	0.0	364	60
NHS Slough CCG	0.1	0.0	0.1	0.0	45	-20
NHS West Essex CCG	0.1	0.0	0.1	0.0	113	-31
Royal Marsden FT	0.1	0.0	0.1	0.1	148	-1
Total	4.4	(0.5)	4.2	0.9		

PP Embassy or Insurer (£m)	Total Balance Aug	Total Movement Aug	Over 60 days Aug	Over 60 days Movement Aug	Debtor Days Aug	Debtor Days Movement Aug
Kuwait Health Office	5.0	0.0	4.7	0.0	431	49
Kuwait Military	1.9	(0.7)	1.5	(0.9)	360	-179
BUPA	1.9	0.1	0.5	0.1	70	2
Qatar Embassy	1.1	(0.2)	0.5	0	107	-27
AXA/ PPP	1.1	0.0	0.4	0.1	65	-3
Kuwait Oil Company	0.9	0.0	0.9	0.1	310	26
Libyan Embassy	0.3	0.0	0.3	0.0	1,393	31
UAE Medical Department	0.3	0.0	0.2	0.0	170	-51
WPA	0.2	(0.2)	0.2	-0.2	118	-80
UAE Military	0.2	0.0	0.2	0.0	480	21
Pru Health	0.2	0.0	0.1	0.0	79	13
CS Healthcare	0.2	0.0	0.1	0.0	177	5
Cyprus	0.1	0.0	0.1	0.0	2,044	-4
Total	13.4	(1.0)	9.7	(0.8)		

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	Plan Q2	Plan Q3	Plan Q4	Full Year Plan
1.1	Estates Development	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.2	Redevelopment	5.2	0.9	3.9	0.4	0.8	1.5	1.5	1.5	5.2
1.3	Project Management	0.4	0.2	0.0	0.2	0.1	0.1	0.1	0.1	0.4
2	Estates Maintenance	2.1	0.6	0.6	0.9	0.3	0.9	0.6	0.3	2.1
3	IT/IS	1.5	0.7	0.4	0.5	0.5	0.6	0.3	0.2	1.6
4	Equipment	1.1	0.5	0.2	0.3	0.4	0.4	0.0	0.3	1.1
5	Service Development Programme	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
6	Other Projects	0.7	0.2	0.2	0.3	0.1	0.3	0.3	0.0	0.7
7.1	Major Project - Fulham Road Safety	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
7.2	Major Project - HH Developments	11.8	5.0	6.3	0.5	2.9	4.2	3.8	0.9	11.8
7.3	Major Project - RBH Developments	2.5	0.4	0.6	1.5	0.1	0.5	0.7	1.0	2.3
7.4	Major Project - Trust Wide Developments	0.0	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	0.1	0.0	0.1
8.2	Procurement	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
9.1	Contingency/Financing	1.1	0.0	0.0	1.1	0.0	0.1	0.6	0.6	1.2
	TOTAL	26.5	8.5	12.3	5.7	5.2	8.6	7.9	4.8	26.5

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	30/09/2017
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	30/09/2017
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	30/09/2017
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	30/09/2017
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	30/09/2017
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	30/09/2017
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	30/09/2017
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	30/09/2017
9	Capital is misallocated	Trust fails to allocate capital that balances short term needs with long term sustainability	Low	Robert Craig	30/09/2017
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	30/09/2017
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	30/09/2017
12	Failure to capture all NHS revenues	Income may be lost through ineffective work measurement. Reduction in payments by Commissioners.	Low	Richard Paterson	30/09/2017
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	30/09/2017
14	Harefield Mansion	Possibility of significant long-term costs to restore Grade II* listed building and/or return to use.	Low	Robert Craig	30/09/2017
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	30/09/2017
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	30/09/2017

Annex L – Risks and Mitigations (to Forecast)

£000	Gross Value	Likelihood	Net Value	Comment
Identified Risks				
Delay in investment property sale or revaluation	-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	-7,677	40.0%	-3,071	Work is ongoing through the Darwin programme
Margin on service developments	-2,891	60.0%	-1,735	Known slippage on some large schemes, particularly Harefield development
Additional identified non-pay cost pressures	-1,500	10.0%	-150	Known cost pressures relating to quality and other issues; active steps being taken to mitigate
Additional agency costs	-1,081	75.0%	-811	Straightline YTD against budget/FOT
Trust to trust income	-693	50.0%	-346	Possible under-achievement based on YTD actuals; tariff reduction.
Private patient income	-9,020	40.0%	-3,608	Possible under-achievement based on YTD actuals
Total Risk	-49,262	25.1%	-12,361	
Identified Mitigations				
Contingencies in budget	5,500	100.0%	5,500	Current available level to offset other cost pressures
Provisions potentially not required	13,181	35.0%	4,613	Will be assessed through year; active steps being taken to manage debtor position
Pay Underspend (above CIP)	1,957	75.0%	1,467	May be non-recurrent
HVP overperformance	691	75.0%	519	Activity increasing
Full delivery of CQUIN	800	50.0%	400	Dependent on commissioner agreement
Total Mitigations	22,129	56.5%	12,499	
Net Risks and Mitigations	-27,133	-0.5%	139	