

Finance Performance Report

Month 06 – period ended 30 September 2016

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 30 September 2016 is outlined below:

£m	2016/17 Budget	M06				YTD			
		Budget	Actual	Variance	%	Budget	Actual	Variance	%
NHS Clinical Income									
NHS England	237.8	19.9	18.9	(1.0)	-5%	118.1	113.2	(4.8)	-4%
CCG /Other NHS Commissioned	62.4	5.2	5.3	0.0	1%	30.9	30.0	(0.9)	-3%
S&T Funding	4.8	0.4	0.5	0.1	13%	2.4	2.4	(0.1)	-2%
Income Contingency	(6.4)	(0.4)	(0.1)	0.3	69%	(2.2)	(0.8)	1.4	64%
Trust to Trust & Other NHS	3.7	0.3	0.4	0.1	26%	1.8	2.3	0.5	27%
Total NHS Clinical Income	302.2	25.5	24.9	(0.6)	-2%	151.0	147.1	(3.9)	-3%
Private Patient Income	63.4	4.1	3.0	(1.2)	-28%	21.7	18.8	(2.8)	-13%
Non Clinical Income	27.7	2.3	2.4	0.0	0%	14.0	14.2	0.2	1%
Total Income	393.3	31.9	30.2	(1.8)	-5%	186.6	180.1	(6.5)	-3%
Pay Costs									
Pay Costs	(225.0)	(18.4)	(18.0)	0.3	2%	(109.3)	(108.7)	0.7	1%
Pay Contingency	(2.0)	(0.2)	0.0	0.2	116%	(1.0)	0.0	1.0	105%
Total Pay Costs	(227.0)	(18.5)	(18.0)	0.5	3%	(110.3)	(108.6)	1.7	2%
Non Pay Costs									
Drugs	(45.2)	(3.8)	(3.7)	0.1	3%	(22.3)	(19.7)	2.6	11%
Clinical Supplies	(64.3)	(5.4)	(5.4)	(0.0)	0%	(32.3)	(32.3)	0.0	0%
Other Costs	(52.5)	(3.8)	(3.2)	0.6	16%	(21.9)	(20.6)	1.3	6%
Non-Pay Contingency	(2.0)	(0.2)	0.0	0.2	100%	(1.0)	0.0	1.0	100%
Total Non Pay Costs	(164.0)	(13.1)	(12.2)	0.9	7%	(77.5)	(72.6)	4.9	6%
Total Expenditure	(391.0)	(31.6)	(30.2)	1.4	4%	(187.8)	(181.2)	6.6	4%
EBITDA	2.2	0.3	(0.1)	(0.4)	-120%	(1.2)	(1.1)	0.1	9%
EBITDA Margin %	0.6%	0.9%	(0.2%)			(0.6%)	(0.6%)		
Central Costs	(9.0)	7.2	11.5	4.3	59%	(2.4)	1.7	4.1	170%
Net Surplus/ (Deficit)	(6.8)	7.5	11.4	3.9	52%	(3.6)	0.6	4.2	116%
Net Margin %	(1.7%)	23.5%	37.9%			(1.9%)	0.3%		

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

NHS Income Notes

The annual plan for NHSE is £237.8m which compares to the agreed contract value of £226.1m – the difference of £11.8m relates to QIPP targets removed from the contract at commissioner risk (£5.3m) and the balance (£6.5m) reflects greater levels of activity built into the Trust's overall activity plan relative to the contract.

Also shown above and new for 2016/17 is the separation of contingencies held within NHS income which brings presentation in line with both pay and non-pay contingencies to clearly separate the impact of the variances within the gross planned position. Narrative on the components of the income contingencies is included within the sections below. The contingency corresponds to the expected over-performance reflected in the NHSE planned value, as referred to above.

Control Total and Sustainability & Transformation (S&T) Fund

The Trust has a control total of £7.5m subject only to the outcome of ongoing negotiations with Kuwaiti government officials for a hospital management service contract. Previous discussions with NHSI indicated that were this contract not to materialise then the non-achievement of the £3.5m budgeted contribution would not in itself prevent receipt of the Trust's allocated £4.8m of S&T funding. However, consistent with recently issued guidance from NHSI, we have been advised that no changes to 2016/17 forecasts may be made (i) without prior discussion and agreement by our regulator and (ii) a series of governance measures to demonstrate that the Trust Board has considered and supported such a change. Even so, we understand that the prospects of a change in control total being permitted without forfeiting the balance of our £4.8m S&T funding are limited.

The £7.5m control total is the overall deficit after adjusting for the impact of donated asset depreciation and donations to capital. The table below demonstrates how the planned £6.8m deficit after these adjustments and inclusion of S&T funding reconciles to the £7.5m control total and also shows that at M06 YTD there is a £4.1m surplus against the control total.

S&T funding of £2.35m has been reflected YTD which is the full amount less a £50k sum to reflect the fact that the RTT trajectory isn't yet validated for the September position. This funding will be recognised next month if YTD performance meets the trajectory. *POST PUBLICATION NOTE: following publication of the financial position for M06 it was subsequently confirmed that the RTT performance for September had achieved the trajectory and therefore full YTD S&T funding is now merited. As noted the additional £50k will be recognised in M07.*

£m	Full Year	YTD Plan	YTD Actual	YTD Var
Deficit	(6.8)	(3.6)	0.6	4.2
Capital donations	2.6	0.4	0.7	0.3
Depreciation on donated assets	(1.9)	(1.0)	(1.1)	(0.1)
Deficit adjusted for donations	(7.5)	(3.0)	1.0	4.0
S&T funding	4.8	2.4	2.4	(0.0)
Deficit exclusive of S&T funding	(12.3)	(5.4)	(1.4)	4.1

	M06	Commentary
Surplus/ (Deficit)	£11.4m	<p>The table above summarises the financial performance for M06 which is reported in detail in Annex A.</p> <p>The Trust planned for a surplus of £7.5m in M06, the actual position was a surplus of £11.4m, £3.9m favourable to plan, of which £4.3m is attributable to an additional gain on the sale of 151 Sydney Street. The plan assumed the gain to be £9.3m but as the final sale price was higher than planned (£24m vs £20m) the actual gain was £13.6m, £4.3m higher than plan.</p> <p>The M06 position also includes the release of non-NHS bad debt provision of £0.4m. Removing the benefit of these two items, the underlying position in M06 was £0.8m adverse to plan.</p> <p>The M06 position also includes £0.7m of NHS clinical income from prior months now recognised for the first time and related to the completeness of outpatient data captured at M05 due to issues with the new PAS.</p> <p>The main points for M06 include:</p> <p>NHS clinical income:</p> <ul style="list-style-type: none"> NHS England activity was £1.0m below plan in the month which includes a £0.1m uplift to prior months (noted above). September activity was

		<p>£1.1m below plan primarily driven by inpatient income (£0.8m below plan), critical care (£0.1m below) transplant and VAD (£0.1m below plan) and outpatients procedures (£0.1m below plan);</p> <ul style="list-style-type: none"> • CCG and other NHS commissioned activity was on plan which includes a £0.6m uplift to prior months (noted above). September activity was £0.6m below plan primarily driven by critical care (£0.2m below plan), inpatients (£0.1m below plan), outpatients (£0.2m below plan) and Welsh transplant & VAD (£0.1m below plan). • Trust-to-Trust and other NHS income was £0.1m above plan; and • NHS income provisions are £0.3m favourable to plan in the month. <p>PP income was, at £3.0m, £1.2m below plan. Of this, £0.4m relates to targets for Wimpole Street, which is in part offset by expenditure underspends. Of the remaining variance, this is driven by low volumes of activity across all specialties and all sites.</p> <p>Non-clinical income was on plan (with rounding) in the month at £2.4m.</p> <p>Pay costs at £18.0m are £0.5m below plan within which there is a £0.2m favourable impact of the pay contingency and £0.1m is the impact of unspent Wimpole Street budgets. Nursing staff is underspent by £0.3m and reflects a second month of improvement against trend. Consultant staff is overspent by £0.2m due to arrears payments for cross-cover and WLI payments.</p> <p>Non-pay costs at £12.2m were £0.9m favourable to plan within which there is £0.2m favourable impact of the non-pay contingency. Drugs were underspent by £0.1m including high cost drugs with a corresponding income offset above. Clinical supplies are broadly on plan in the month with levels of high cost device usage on target across most device types. The position also includes a benefit of a provision release related to non-NHS bad debts noted above and drives the favourable variance on other expenditure.</p> <p>EBITDA at negative £0.1m is £0.4m adverse to plan. Below EBITDA net costs are positive £11.5m against plan positive £7.2m driven by the gain on sale of 151 Sydney Street. Removing the effect of this, underlying corporate costs were £2.1m against a plan of £2.0m.</p>
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	M06 Year to Date	Commentary
Surplus/ (Deficit)	£0.6m	<p>The Trust planned for a deficit of £3.6m to the end of M06, the actual position was a surplus of £0.6m, £4.2m favourable to plan.</p> <p>The main points underlying this were:</p> <p>NHS clinical income:</p> <ul style="list-style-type: none"> • NHS England activity is £4.8m adverse to plan primarily driven by under-performance on drugs and devices (£1.5m with a contra to expenditure), inpatients (£1.8m), critical care (£0.7m) and transplant & VAD (£0.6m); • CCG and other NHS commissioned activity is adverse to plan by £0.9m with over-performance on inpatients (£0.2m) offset by adverse performance on critical care (£0.9m), Welsh transplant & VAD (£0.4m) with a number of less material variances making up the balance; • Trust-to-Trust and other NHS income is above plan by £0.4m with £0.3m of this favourable variance driven by the impact of the full and final coding of 2015/16 activity; and

		<ul style="list-style-type: none"> NHS income provisions are driving a favourable variance of £1.4m primarily through the effect of general income contingencies. <p>PP income at £18.8m is £2.8m adverse to plan. Within this, £1.5m relates to slippage against income targets associated with Wimpole Street, including inpatient activity plans in the clinical divisions and clinical support departments. Overall RBH Heart is £1.2m adverse, Lung is £0.9m adverse and clinical support services are £0.6m adverse. The Private Patients directorate, which includes the Wimpole Street site, is £0.6m adverse. Harefield Heart is £0.3m favourable.</p> <p>Pay costs at £108.6m are £1.7m favourable to plan of which £1.0m is the favourable impact of the pay contingency and £0.5m is the impact of unspent Wimpole Street budgets. An overspend on consultants (£0.1m), is offset by underspends on other staff groups including junior doctors, STT and non-clinical staff. Nursing spend is now £0.1m underspent cumulatively. Costs include a charge for potential junior doctor arrears (£0.3m) and a charge for prior year nursing agency invoices (£0.3m).</p> <p>Non-pay costs at £72.6m are £4.9m favourable to plan of which £1.0m is the favourable impact of the non-pay contingency and £0.4m is the impact of unspent Wimpole Street budgets. High cost drugs and devices are £1.5m below plan (contra to income as noted above). The balance relates to a number of small overspends and underspends across other categories and includes a £0.25m (NHS) and £0.4m (non-NHS) benefit related to release of debtor impairment provisions.</p> <p>EBITDA at negative £1.1m is £0.1m favourable to plan. Below EBITDA net costs are positive £1.7m vs plan of negative £2.4m YTD driven by £4.3m favourable variance on the gain on sale of 151 Sydney Street. Removing this, costs are £11.9m against a plan of £11.6m, £0.3m adverse and driven by depreciation £0.6m adverse partially offset by £0.3m favourable on capital donations.</p>
<p>FSP (Annex B)</p>		<p>FSP – Cost Improvements</p> <p>Cost improvement plans delivered £0.7m of actual savings against a planned £0.7m in the month (96% achieved). Year-to-date CIPs have achieved £3.4m of a plan of £4.0m (84% achieved).</p> <p>The most material area of slippage relates to nursing savings plans at Harefield Heart where a number of factors – principally the high vacancy rate – mean that there are overspends on those budgets, although there has been an improvement in the last two months.</p> <p>Within the overall procurement savings plan of £3.5m, all of this has been identified against non-pay and mostly clinical supplies budgets; however, savings on agency price rate reductions of £0.1m to date (benefitting pay costs) are offsetting slippage (£0.4m) against the overall target. There has also been an improvement in the M06 performance of the procurement CIP.</p> <p>FSP – Service Developments</p> <p>There is slippage against a number of service developments resulting in an overall position of £1.7m under-performance to date. Shortfalls of £3.2m to date against both NHS and private patient income is partially offset by underspends on pay (£0.9m), non-pay (£0.6m) and corporate costs (£0.1m) budgets related to the slippage. The in-month position reflects two one-off adverse movements in the Wimpole Street development, but the ongoing run-rate won't be quite as adverse.</p>

FSRR	2 (2)	The Trust has a Financial Sustainability Risk Rating of 2 at M06 in line with plan.
Financial Risks	Annex J	All financial risks have been reviewed. There is one high risk in relation to the significant financial impact of the potential decommissioning of congenital heart disease services.

Section two: Divisional performance

2.1 Overview

The table below shows that overall contribution in M06 was 16.3% (against a plan of 18.8%).

Royal Brompton Heart division was below plan at 6.8% (plan 12.8%), Harefield Heart division was below plan at 9.7% (plan 16.2%) and Lung division was above plan at 35.1% (plan 30.9%). Further analysis for each of the divisions is in the following pages.

Year-to-date total contribution at 17.1% is below the planned level of 18.2%, some £2.8m. The Royal Brompton Heart division is below plan by £2.3m, Harefield Heart division is on plan and Lung division is below plan by £0.4m.

Month	Actual				Plan
	RBH Heart	HH Heart	Lung	Total	Total
NHS England	7,741	5,064	5,658	18,462	19,555
CCG	1,055	1,678	2,055	4,788	4,764
T2T & Other NHS	186	146	5	337	220
Sub-total Patient Care Income	8,982	6,887	7,718	23,587	24,540
Private Patient	1,773	337	321	2,431	3,106
Other Income	106	34	37	178	185
Total Income	10,861	7,258	8,076	26,195	27,831
Pay	(6,363)	(4,158)	(2,776)	(13,297)	(13,412)
Non Pay	(3,761)	(2,397)	(2,463)	(8,621)	(9,187)
Total Expenditure	(10,124)	(6,555)	(5,238)	(21,918)	(22,599)
Contribution	737	703	2,838	4,278	5,232
	6.8%	9.7%	35.1%	16.3%	18.8%
Indirect & Corporate Directorates				(4,335)	(4,939)
EBITDA				(57)	293
Capital Charges/Other				11,488	7,215
Surplus/(Deficit)				11,431	7,509

YTD	Actual				Plan
	RBH Heart	HH Heart	Lung	Total	Total
NHS England	47,440	35,537	28,602	111,579	116,182
CCG	6,210	9,231	11,770	27,211	28,030
T2T & Other NHS	882	706	46	1,634	1,322
Sub-total Patient Care Income	54,532	45,474	40,418	140,424	145,533
Private Patient	10,401	2,657	2,189	15,247	16,969
Other Income	676	148	206	1,029	1,042
Total Income	65,609	48,279	42,813	156,700	163,544
Pay	(37,665)	(25,057)	(16,702)	(79,425)	(79,775)
Non Pay	(22,022)	(15,579)	(12,822)	(50,423)	(54,060)
Total Expenditure	(59,687)	(40,636)	(29,524)	(129,848)	(133,836)
Contribution	5,921	7,643	13,289	26,852	29,708
	9.0%	15.8%	31.0%	17.1%	18.2%
Indirect & Corporate Directorates				(27,958)	(30,919)
EBITDA				(1,106)	(1,211)
Capital Charges/Other				1,682	(2,389)
Surplus/(Deficit)				576	(3,600)

2.2 Royal Brompton Heart division

In September, the division generated a contribution of £0.7m, £0.8m adverse to plan. YTD, the division has now generated a contribution of £5.9m, £2.4m adverse to plan.

£000s	FY	Month			Year to Date		
	Budget	Budget	Actual	Variance	Budget	Actual	Variance
NHS England	100,452	8,425	7,741	(684)	49,891	47,440	(2,451)
CCG	14,498	1,253	1,055	(198)	7,013	6,210	(803)
T2T & Other NHS	1,473	121	186	64	728	882	154
Patient Care Income	116,423	9,799	8,982	(817)	57,632	54,532	(3,100)
Private Patient	24,292	2,117	1,773	(344)	11,573	10,401	(1,172)
Other Income	1,521	130	106	(24)	724	676	(48)
Total Income	142,236	12,045	10,861	(1,184)	69,929	65,609	(4,320)
Pay	(77,748)	(6,524)	(6,363)	161	(38,686)	(37,665)	1,021
Non Pay	(47,261)	(3,979)	(3,761)	218	(22,944)	(22,022)	922
Total Expenditure	(125,009)	(10,503)	(10,124)	379	(61,630)	(59,687)	1,943
Contribution	17,227	1,542	737	(805)	8,299	5,921	(2,378)
Contribution %	12%	13%	7%		12%	9%	

INCOME

NHS England

In September, NHS England activity was behind plan by £0.7m.

Within this position, inpatient activity was behind plan by £0.4m, predominantly in paediatric surgery which was 12 spells behind plan. Cardiology inpatient activity was also behind plan by £0.1m, partly due to reduced ward capacity (required in order to manage the 'candida auris' outbreak), resulting in one catheter laboratory being closed for 11 days.

Critical care activity was also behind plan by £0.4m; both adult and paediatric surgery are behind plan by £0.4m (245 bed days) and £0.3m (168 bed days) respectively, while paediatric cardiology is ahead of plan by £0.4m (194 bed days).

YTD, NHS England income is £2.5m behind plan of which £0.7m is inpatient activity, in paediatric surgery. £0.9m is critical care activity; paediatric surgery is behind plan but offset by paediatric cardiology being ahead of plan, while adult surgery is also behind plan (£1.1m). Contract-exclusion drugs and devices income is behind plan by £0.4m, which is offset by a corresponding underspend on expenditure. VV ECMO income is behind plan by £0.3m.

CCG and other NHS Income

In September, other NHS income and Trust-to-Trust income were slightly ahead of plan due to additional patient income that related to previous months. CCG income was behind plan by £0.2m. This shortfall is within inpatient cardiac surgery and cardiology which are behind plan by £0.1m collectively, and within outpatient activity due to the delayed start-up of new ICC clinical genetic activity planned from September onwards of £0.1m per month.

YTD, CCG income is £0.8m below plan, predominantly in critical care. Critical care paediatric and adult surgery are both behind plan by 71 and 132 bed days respectively.

Private Patients

Private patient income is behind plan in month by £0.3m and YTD by £1.2m (10%):

- cardiac surgery: ahead of plan in month by £0.1m and on plan YTD;
- cardiology: behind plan in month and YTD by £0.2m;
- heart assessment: on plan in month and YTD;

- paediatrics: behind plan in month by £0.1m and YTD by £0.4m; and
- Wimpole Street inpatient activity:
 - cardiac surgery behind plan by £0.05m in month and by £0.1m YTD
 - cardiology behind plan by £0.04m in month and by £0.3m YTD
 - heart assessment on plan both in month and YTD
 - paediatrics behind plan by £0.03m in month and by £0.1m YTD.

Non-Clinical Income

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

EXPENDITURE

PAY

Total pay was underspent in month by £0.2m; with a YTD underspend of £1.0m (3%).

- Consultant pay is overspent in September and YTD by £0.2m due to high levels (£0.1m) of cross-cover, WLI and ECMO work, and a number of consultants' timesheets submitted for previous months' cross-cover and WLI work (£0.05m);
- Junior Doctors are underspent in month and YTD due to continued vacancies in surgery and cardiology, offset slightly by locum spend; and
- Nursing budgets also continue to underspend; in month by £0.3m and YTD £0.8m (4%).

NON-PAY

In September, non-pay was underspent by £0.2m and YTD by £0.9m.

Clinical supplies are on plan in month; 9 TAVIs were implanted in the month compared to a plan of 10 and 24 ICDs were implanted compared to a plan of 28, causing an underspend against budget (with a corresponding shortfall in income). This slight underspend is offset by overspends in catheter laboratories due to continued high levels of EP activity.

The YTD position is driven by underspends on drugs of £0.5m, predominantly homecare drugs across both paediatric and adult areas (with equivalent NHS income offset), and by underspends on clinical supplies of £0.3m due to low device (ICDs) usage; 3% below plan (also with equivalent NHS income offset).

2.3 Harefield Heart division

In September, the division generated a contribution of £0.7m (9.7%), £0.6m adverse to plan. YTD, this reduces the contribution to £7.6m, in line with plan.

Harefield Heart £000s	FY Budget	Mth Budget	Mth Actual	Mth Variance	YTD Budget	YTD Actual	YTD Variance
NHS England	70,758	5,919	5,064	(855)	35,319	35,537	219
CCG	19,266	1,595	1,678	82	9,738	9,231	(507)
T2T & Other NHS	1,122	94	146	52	563	706	143
Patient Care Income	91,146	7,608	6,887	(721)	45,619	45,474	(145)
Private Patient	4,978	434	337	(97)	2,337	2,657	320
Other Income	218	18	34	16	109	148	39
Total Income	96,343	8,060	7,258	(802)	48,065	48,279	214
Pay	(48,262)	(4,025)	(4,158)	(133)	(24,043)	(25,057)	(1,014)
Non Pay	(32,807)	(2,731)	(2,397)	333	(16,337)	(15,579)	758
Total Expenditure	(81,069)	(6,756)	(6,555)	200	(40,380)	(40,636)	(256)
Contribution	15,274	1,305	703	(602)	7,684	7,643	(42)
	15.9%	16.2%	9.7%		16.0%	15.8%	

INCOME

NHS England

In September, NHS England income was £0.9m (14.4%) behind plan, driven by income under-performance in critical care (£0.3m, 23.4%) and inpatients (£0.6m, 35.6%), £0.8m of this total due to prior month changes in the speciality of captured income (transferred to Lung division). Inpatient cardiac surgery inter-hospital transfer activity was below plan in the month. 4 heart transplants (vs plan of 1.8), 3 lung transplants (vs plan of 4) and 1 VAD (vs plan of 3.2) took place in the month and resulted in £0.1m income under-performance on the transplant & VAD contract.

YTD, income remains £0.2m (0.6%) ahead of plan. Inpatient activity stands £0.5m behind plan, while critical care income is £0.2m ahead of plan. Drugs and device income is £0.9m ahead of plan due to high levels of device activity (ICD activity now stands at 44 ahead of plan, 34.9%), matched with additional costs. Despite higher activity in September, Transplant & VAD performance remains below plan YTD (£0.6m); 2 hearts, 7 lungs and 6 VAD implants behind plan.

CCG and other NHS income

In September, CCG and other NHS income was £0.1m (5.1%) ahead of plan, inpatient activity in cardiology and cardiac surgery both £0.1m ahead of plan. Under-performance of £0.1m linked with the lack of Welsh transplant patients is also impacting on the income variance, offset by a small number of positive variances in other areas.

YTD, income is £0.5m below plan. Inpatient income is ahead of plan by £0.4m, seen predominantly in cardiology; whilst critical care income (£0.5m) and transplant income (£0.4m) are behind plan driven by 0 heart and lung (Welsh) transplants YTD versus a plan of 1.7 hearts and 9.9 lungs.

Private Patients

Private patient income under-performed against plan by £0.1m, although YTD remains £0.3m ahead of plan (13.7%). Activity was behind plan in September, cardiology income impacted by low levels of device activity, whilst cardiac surgery was on plan. YTD income remains ahead of plan due to cardiac surgery income over-performance (35%) and cardiology on plan.

EXPENDITURE

PAY

Pay was £0.1m (3.3%, M05 3.9%, M04 4.4%) overspent in month and £1.0m (4.2%) overspent YTD.

The adverse variance in-month continues amongst consultant and scientific & technical (STT) staff, but for the first month nursing is on plan:

- Nursing on plan (overspend in M05 5.9%, M04 3.2%, M03 8.0%), significantly better than trend, YTD overspend lies at £0.8m. AICU £18k underspent in M06, transplant unit and ACCU both saw improvement to trend despite 16% vacancy gaps and the overspend on the surgical wards dropped to just £5k in month due to fewer bank and agency shifts booked. The vacancy levels remain high, although reducing, at 64 WTE (10.1%) and there remain high levels of bank and agency usage across the site, although the latter is reducing. The nurse rotation scheme has resulted in better response to job adverts and, combined with the recent overseas recruitment drive, it is anticipated that nursing vacancies should be <10% by Q1 2017/18.
- Consultant pay overspend at £53k (YTD £0.3m). This continues to be due to payments for extra theatre etc. sessions in addition to job plan and YTD various pay arrears totalling £65k.
- Junior doctors' pay saw an in-month overspend of £16k but YTD remains underspent by £0.1m.
- STT staff overspend in month in line with previous months, YTD overspend of £0.3m (9.3%) due to vacancies in radiology and cardiac techs covered by agency staff. A number of cardiac physiologists have recently been successfully recruited and this will significantly reduce the current spend on bank and agency staff, the impact of which will be seen from M08. The division is currently exploring a recruitment and retention premiums to assist with the recruitment of radiographers as this remains a challenging recruitment market.

NON PAY

Non-pay costs in month were underspent by £0.3m (12.2%), and YTD underspent by £0.8m (4.6%). Clinical supplies were underspent by £0.2m due to underspend on ICD devices in month benefitting from implanting 2 free of charge items, lower rates of VAD implants (1 against a plan of 3 in-month drove an underspend of £0.2m, linked to income under-performance above). £0.1m underspend also seen in a number of other areas. The YTD underspend is largely a result of a £0.6m underspend on VAD implants (6 behind plan) and £0.3m underspend on OCS kits, due to fewer used this year and the correction to the overstated 2015/16 position. This is offset by high levels of interventional activity, corresponding with the income over-performance discussed above.

2.4 Lung division

In September, the division generated a contribution of £2.9m, £0.5m (19%) favourable to plan. YTD the contribution now stands at £13.3m, £0.4m (3%) adverse to plan.

£000s	FY	Month			Year to Date		
	Budget	Budget	Actual	Variance	Budget	Actual	Variance
NHS England	62,749	5,212	5,658	446	30,972	28,602	(2,370)
CCG	22,895	1,916	2,055	139	11,279	11,770	491
T2T & Other NHS	61	5	5	0	31	46	16
Patient Care Income	85,706	7,133	7,718	585	42,282	40,418	(1,863)
Private Patient	6,426	556	321	(235)	3,059	2,189	(870)
Other Income	434	37	37	(0)	210	206	(5)
Total Income	92,565	7,726	8,076	350	45,551	42,813	(2,738)
Pay	(34,394)	(2,864)	(2,776)	88	(17,046)	(16,702)	344
Non Pay	(30,154)	(2,477)	(2,463)	14	(14,779)	(12,822)	1,957
Total Expenditure	(64,548)	(5,340)	(5,238)	102	(31,826)	(29,524)	2,301
Contribution	28,018	2,386	2,838	452	13,725	13,289	(437)
	30%	31%	35%		30%	31%	

INCOME

NHS England

In September, NHS England income was £0.4m (9%) ahead of plan driven by over-performance in critical care (£0.3m, 87%) and inpatients (£0.1m, 5%). £0.8m of this total being due to prior month changes in the speciality of captured income (transferred from Harefield Heart division).

YTD, NHS England income is now behind plan by £2.4m (8%). This is primarily driven by lower than expected high-cost, contract-excluded drugs activity (£1.9m, 19% behind plan), with a corresponding non-pay underspend. Inpatient income is behind plan (£0.5m, 8%) due to lower than expected activity in respiratory medicine day cases and thoracic elective spells.

CCG and other NHS income

In September, CCG and other NHS income was £0.1m (7%) ahead of plan at £2.0m.

YTD, CCG and other NHS income remains £0.5m (4%) ahead of plan. Critical care is ahead of plan by £0.2m and outpatients by £0.3m.

Private Patients

In September, private patient activity was £0.2m (42%) behind plan; YTD now behind plan by £0.9m (28%). The YTD adverse variance is primarily driven by lower than expected activity in respiratory medicine and critical care at Royal Brompton.

EXPENDITURE

Pay

Total pay was underspent in month by £0.1m (3%) and YTD by £0.3m (2%). Pay managed within the division is underspent by £0.1m in month and £0.4m YTD and is analysed as follows:

- consultant pay was underspent in month by £37k, and is £59k underspent YTD. The underspend relates to consultant vacancies and offsets an overspend due to payments for additional thoracic surgical (lung cancer) operating lists when required, totalling £67k YTD;

- junior doctor pay remains underspent (in month £37k, YTD £166k), because of continuing vacancies amongst clinical fellows and SPRs;
- nursing pay is also underspent (in month £48k, YTD £114k) primarily due to specialist nursing vacancies;
- STT pay remains underspent (in month £18k, YTD £114k) due to vacancies; and
- admin pay was overspent in month by £6k due to agency spend on medical secretaries. YTD admin pay is £5k overspent.

Non Pay

In September, non-pay costs were on plan at £2.4m; YTD they are underspent by £2.0m. The principal reason for the underspend is lower-than-expected expenditure on high-costs drugs which, as mentioned above, is matched with lower income.

Section three: Trust balance sheet

3.1 Trust balance sheet at 30 September 2016

M6	£m
Fixed Assets	234.9
Stocks	13.3
Accrued Income & Prepayments	12.6
Debtors	42.7
Bank	7.7
Current Assets	76.3
Creditors	(17.9)
Deferred Income	(6.4)
Accruals & Other Creditors	(26.3)
Accrued Dividend	(0.2)
Provisions - Current	(1.8)
Borrowings - Current	0.0
Current Liabilities	(52.6)
Net Current Assets (Liabilities)	23.6
Provisions - Non Current	(0.8)
Borrowings	(42.1)
Non-Current Liabilities	(42.9)
Net Assets Employed	215.7
Capital	108.4
I&E Reserve	50.3
Revaluation Reserve	57.1
Total Capital and Reserves	215.7

3.2 Balance sheet comments

	M06 Actual (M05)	Commentary
Cash (Annex E & F)	£7.7m (£12.5m)	<p>The cash level of £7.7m at 30 September is equivalent to 7.7 days operating costs (31 August – 12.5 days) and represents a £4.9m decrease from 31 August. Cash is £12.9m below plan (£4.4m above plan at 31 August).</p> <p>The variance to plan is largely accounted for by the sale of 151 Sydney Street to the RBH Charity. The sale was completed on 30 September with the cash received on 3 October (£20m of the £24m with the balance due by the end of the financial year), just missing the quarter end when it was in the plan to be received. The cash balance is therefore in a healthy state.</p>
RCF Borrowing	nil (nil)	The £10m facility remains in place and there are no current plans to draw on this in 2016/17. The current facility has been extended until December 2016 to allow time to conclude arrangements to be finalised for a further two year extension.
ITFF Borrowing	£37.5m (£37.5m)	The next £5m drawdown from the ITFF will be made in October 2016 as planned, and will continue each quarter throughout 2016/17.
Liquidity (Annex F & G)	9.6 days (-9.3 days)	<p>An improvement of 18.9 days in M06 and liquidity is £0.5m above plan (£3.3m below plan at 31 August). This improvement reflects the completion of the sale of 151 Sydney Street.</p> <p>Liquidity now has a Financial Sustainability risk rating (FSRR) of 4.</p>
Stock	£13.3m	An increase of £1.7m in M06 (£2.6m above plan YTD) reflecting receipts of

	(£11.7m)	bulk orders approved to take advantage opportunities to maximise discounts and free of charge stock.
Trade Debtors (Annex H)	£17.7m (£19.7m)	<p>NHS debt totals £6.0m and decreased by £1.9m in M06. Within this figure, £3.5m is CCG debt (M05 – £3.4m), £0.1m is NHSE debt (M05 – £2.5m) and £2.4m (M05 – £2.0m) relates to FTs/ Trusts.</p> <p>2016/17 other debtors total £3.8m with no specific concerns to report.</p> <p>NHS debt relating to prior years continues to improve and totals £2.2m (M05 – £2.5m). £1.1m of this debt (M05 – £1.2m) sits with CCGs, £0.7m (M05 – £0.9m) sits across FT's/ Trusts and the balance across other commissioners.</p> <p>Private Patient debt totals £15.1m and decreased by £0.5m in M06. Within this position the >60 days debt increased by £0.9m. M06 saw a continued tapering to the trend of high receipts established in the first few months of 2016/17, although the total PP debt has reduced by £4.2m from the opening balance at 1 April.</p>
Trade Creditors	-£10.3m (-£10.3m)	The approved creditor balance is £2.9m above plan, although all approved creditor invoices remain fully paid to date. The balance at 30 September is equivalent to 25.6 (31 August – 25.6) days' non-pay cost.
Capital spend (Annex I)	£12.3m YTD (£10.9m YTD)	<p>Expenditure in M06 was £1.4m and this takes the YTD spend to £12.3m.</p> <p>The budgeted profile for 2016/17 for the overall £29.8m programme shows a plan of £14.8m to M06; expenditure is therefore £2.5m below the YTD plan. Much of this slippage is due to reprofiling of the programme for the Harefield redevelopment scheme.</p> <p>Within the annual plan submitted to NHSI the overall value was £24.5m – the difference is as a result of a higher level of brought forward budgets for a number of projects ongoing from 2015/16.</p>

Section four: Overall appraisal

The Trust has made a surplus of £0.6m to M06 2016/17, £4.2m favourable to plan. Actual EBITDA was negative £0.1m in M06 and now stands at negative £1.1m YTD – £0.1m favourable to plan.

As noted above, performance is also reported against the control total and up to M06 is £4.1m favourable to plan. However, with £3.5m in the plan being the expected contribution from Kuwait in the second half of 2016/17, the delay being experienced in signing the related contract means that this favourable position is likely to erode progressively from 1 October.

The Trust's cash position remains healthy (noting that £20m of cash from the sale of 151 Sydney Street was received on 3 October, the balance of £4m being due by 31 March 2017) and continues to allow all approved creditors to be paid on time.

The Trust is showing a Monitor Financial Sustainability Risk Rating (FSRR) of 2 which remains in line with plan. Under NHS Improvement's new Single Oversight Framework (which will be implemented on 1 October 2016) the Trust's has been placed in segment 2 on a scale of 1 (best) to 4 (worst). Of the c.250 Trusts, some 30 are in segment 1, c.120 in Segment 2 and c.100 in segments 3 and 4 combined. Most of those in segment 1 are mental health and community trusts for which assessment criteria have yet to be fully developed.

Annex A – Detailed income and expenditure statement

£m	2016/17	M06				YTD			
	Budget	Budget	Actual	Variance	%	Budget	Actual	Variance	%
NHS Clinical Income									
NHS England	237.8	19.9	18.9	(1.0)	-5%	118.1	113.2	(4.8)	-4%
CCG /Other NHS Commissioned	62.4	5.2	5.3	0.0	1%	30.9	30.0	(0.9)	-3%
S&T Funding	4.8	0.4	0.5	0.1	13%	2.4	2.4	(0.1)	-2%
Income Contingency	(6.4)	(0.4)	(0.1)	0.3	69%	(2.2)	(0.8)	1.4	64%
Trust to Trust & Other NHS	3.7	0.3	0.4	0.1	26%	1.8	2.3	0.5	27%
Sub-Total NHS Clinical Income	302.2	25.5	24.9	(0.6)	-2%	151.0	147.1	(3.9)	-3%
Non NHS Income									
Private Patients	63.4	4.1	3.0	(1.2)	-28%	21.7	18.8	(2.8)	-13%
Sub-Total Non NHS Income	63.4	4.1	3.0	(1.2)	-28%	21.7	18.8	(2.8)	-13%
Non Clinical Income									
Education & Training	5.3	0.4	0.4	(0.0)	0%	2.7	2.6	(0.0)	-1%
Research & Development	9.4	0.8	0.9	0.1	15%	4.7	5.3	0.6	13%
Non Patient Services	1.2	0.1	0.1	(0.0)	-7%	0.6	0.5	(0.0)	-8%
Commercial- Parking, Accom, Catering	4.2	0.4	0.4	(0.0)	-7%	2.3	2.1	(0.2)	-7%
Other Income	3.2	0.3	0.3	0.0	2%	1.5	1.4	(0.1)	-8%
Salary Recharges	1.6	0.1	0.1	(0.1)	-38%	0.8	0.7	(0.1)	-7%
Charitable Funds	2.8	0.2	0.2	(0.0)	-13%	1.4	1.4	(0.0)	0%
Sub-Total Non Clinical Income	27.7	2.3	2.4	0.0	0%	14.0	14.2	0.2	1%
Total Income	393.3	31.9	30.2	(1.8)	-5%	186.6	180.1	(6.5)	-3%
Pay costs									
Consultants	(40.6)	(3.2)	(3.4)	(0.2)	-6%	(19.2)	(19.3)	(0.1)	0%
Junior Doctors	(22.9)	(1.9)	(1.9)	0.0	2%	(11.4)	(11.2)	0.2	2%
Nursing	(79.7)	(6.6)	(6.3)	0.3	5%	(39.2)	(39.1)	0.1	0%
STT	(38.8)	(3.1)	(3.1)	(0.0)	0%	(18.3)	(18.0)	0.3	1%
Non Clinical staff	(43.0)	(3.6)	(3.4)	0.2	5%	(21.3)	(21.0)	0.3	1%
Pay Contingency	(2.0)	(0.2)	0.0	0.2	116%	(1.0)	0.0	1.0	105%
Sub-Total Pay costs	(227.0)	(18.5)	(18.0)	0.5	3%	(110.3)	(108.6)	1.7	2%
Non pay costs									
Drugs	(45.2)	(3.8)	(3.7)	0.1	3%	(22.3)	(19.7)	2.6	11%
Clinical Supplies	(64.3)	(5.4)	(5.4)	(0.0)	0%	(32.3)	(32.3)	0.0	0%
General Supplies	(12.4)	(1.1)	(0.8)	0.2	20%	(5.7)	(5.3)	0.3	6%
Establishment	(15.9)	(1.2)	(1.1)	0.0	2%	(6.8)	(6.7)	0.0	1%
Premises	(11.0)	(0.9)	(0.9)	0.1	7%	(5.4)	(5.0)	0.5	9%
Legal & Professional Fees	(6.5)	(0.2)	(0.2)	(0.0)	-11%	(1.2)	(1.1)	0.1	12%
Ambulance Services	(1.7)	(0.1)	(0.1)	0.0	1%	(0.8)	(0.9)	(0.0)	-1%
Other Expenditure	(5.0)	(0.3)	0.0	0.3	100%	(1.9)	(1.6)	0.3	18%
Non-Pay Contingency	(2.0)	(0.2)	0.0	0.2	100%	(1.0)	0.0	1.0	100%
Sub-Total Non pay costs	(164.0)	(13.1)	(12.2)	0.9	7%	(77.5)	(72.6)	4.9	6%
Total Expenditure	(391.0)	(31.6)	(30.2)	1.4	4%	(187.8)	(181.2)	6.6	4%
EBITDA	2.2	0.3	(0.1)	(0.4)	-120%	(1.2)	(1.1)	0.1	9%
EBITDA margin %	0.6%	0.9%	(0.2%)	0.0%		(0.6%)	(0.6%)		
Central Costs									
Depreciation	(16.1)	(1.4)	(1.4)	(0.1)	-5%	(8.0)	(8.6)	(0.6)	-8%
Capital Donation Receipts	2.6	0.0	0.0	0.0	0%	0.4	0.7	0.3	63%
Interest Payable	(1.2)	(0.1)	(0.1)	0.0	5%	(0.6)	(0.4)	0.2	28%
Interest Receivable	0.0	0.0	0.0	(0.0)	-49%	0.0	0.0	(0.0)	-20%
Restructuring Costs	0.0	0.0	(0.0)	(0.0)	100%	0.0	(0.1)	(0.1)	100%
Investment Property	12.3	9.3	13.6	4.3	100%	9.3	13.6	4.3	0%
PDC Dividend	(6.7)	(0.6)	(0.5)	0.1	10%	(3.5)	(3.5)	0.1	2%
Sub-Total Central Costs	(9.0)	7.2	11.5	4.3	59%	(2.4)	1.7	4.1	170%
Net Surplus/ (Deficit)	(6.8)	7.5	11.4	3.9	52%	(3.6)	0.6	4.2	116%
Net Margin %	(1.7%)	23.5%	37.9%			(1.9%)	0.3%		

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

Annex B – FSP Trackers

FSP CIPS Monitoring - 2016/17

FSP CIPS Category	Plan FY Total	Plan Month	Act Month	Var Month	Plan YTD	Act YTD	Var YTD	YTD Achieved %
Revenue Generation	490	41	36	(4)	245	222	(23)	90.7%
Pay	3,127	231	220	(11)	1,262	1,066	(196)	84.5%
Drugs	561	48	39	(8)	270	244	(26)	90.3%
Clinical Supplies	3,919	308	276	(32)	1,621	1,192	(429)	73.5%
Non-Clinical Expenditure	1,305	109	132	23	611	657	47	107.6%
Grand Total	9,401	736	704	(32)	4,009	3,381	(628)	84.3%

Workforce CIP by Type	Plan FY Total	Plan Month	Act Month	Var Month	Plan YTD	Act YTD	Var YTD	YTD Achieved %
Consultants	496	49	13	(36)	204	64	(141)	31.1%
Junior Doctors	424	37	35	(2)	201	173	(28)	86.2%
Nursing	1,039	53	73	20	317	353	36	111.4%
STT	450	38	29	(9)	225	172	(53)	76.5%
Non Clinical Staff	717	55	70	15	314	303	(11)	96.5%
Total	3,127	231	220	(11)	1,262	1,066	(196)	84.5%

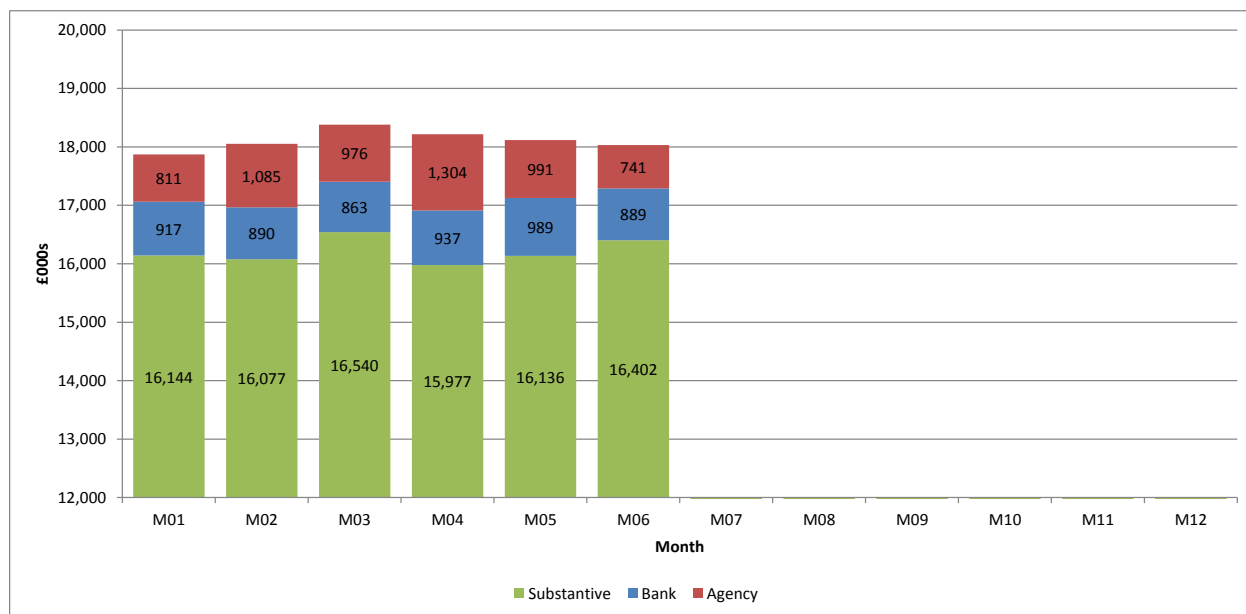
FSP - Service Development Monitoring - 2016/17

	FY Plan	Plan Month	Actual Month	Var Month	Plan YTD	Act YTD	Var YTD
NHS Clinical Income	5,656	434	210	(225)	2,348	1,092	(1,256)
Non NHS Income	24,993	799	82	(717)	2,359	418	(1,942)
Non Clinical Income	242	25	21	(4)	91	47	(44)
Pay	(10,118)	(435)	(189)	246	(1,769)	(866)	903
Non Pay	(12,934)	(478)	(549)	(71)	(1,956)	(1,391)	566
Corporate Costs	(838)	(84)	(84)	0	(335)	(251)	84
Total	7,001	262	(509)	(771)	737	(951)	(1,689)

Annex C – Staffing (Permanent & Temporary)

Staff Group	Apr	May	Jun	Jul	Aug	Sep	YTD Actual 2016/17	YTD Budget 2016/17	YTD Var 2016/17
Consultant Locum	193	234	236	287	330	286	1,565	1,665	100
Consultant Substantive	2,966	2,953	2,958	2,898	2,796	3,124	17,697	17,517	(179)
Junior Doctors Locum	102	111	78	86	92	90	559	323	(236)
Junior Doctors Agency	(9)	47	17	63	11	23	153	175	22
Junior Doctors Substantive	1,671	1,658	2,017	1,697	1,723	1,763	10,529	10,915	387
Nursing Agency	439	678	652	809	559	466	3,603	3,108	(495)
Nursing Bank	422	408	353	388	397	353	2,322	2,443	121
Nursing Substantive	5,623	5,528	5,626	5,421	5,530	5,451	33,179	33,620	441
STT Agency	154	147	117	174	134	150	876	451	(424)
STT Bank	41	31	56	39	36	46	248	224	(24)
STT Substantive	2,792	2,771	2,782	2,835	2,848	2,884	16,912	17,674	762
Non-clinical Agency	228	213	190	258	286	101	1,276	1,235	(41)
Non-clinical Bank	159	106	141	137	135	114	792	801	10
Non-clinical Substantive	3,092	3,167	3,156	3,126	3,239	3,180	18,959	19,174	215
Pay contingency	0	0	(23)	0	0	(27)	(49)	1,000	1,049
Agency	811	1,085	976	1,304	991	741	5,907	4,969	(938)
Bank	917	890	863	937	989	889	5,486	5,455	(31)
Substantive	16,144	16,077	16,540	15,977	16,136	16,402	97,275	98,901	1,626
Pay contingency	0	0	(23)	0	0	(27)	(49)	1,000	1,049
Total	17,871	18,052	18,356	18,218	18,116	18,005	108,618	110,325	1,707
Agency	4.5%	6.0%	5.3%	7.2%	5.5%	4.1%	5.4%	4.5%	-0.9%
Bank	5.1%	4.9%	4.7%	5.1%	5.5%	4.9%	5.1%	4.9%	-0.1%
Substantive	90.3%	89.1%	90.1%	87.7%	89.1%	91.1%	89.6%	89.6%	0.1%
Pay contingency	0.0%	0.0%	-0.1%	0.0%	0.0%	-0.1%	0.0%	0.9%	1.0%

NHS Improvement has set an agency expenditure ceiling of £9m, compared to a plan of £8.9m. The Trust is currently reporting agency spend YTD of £5.9m, against a plan of £5.0m, £0.9m (19% adverse). Note that the nursing agency expenditure includes £0.3m (charged to M04) related to prior year invoices.



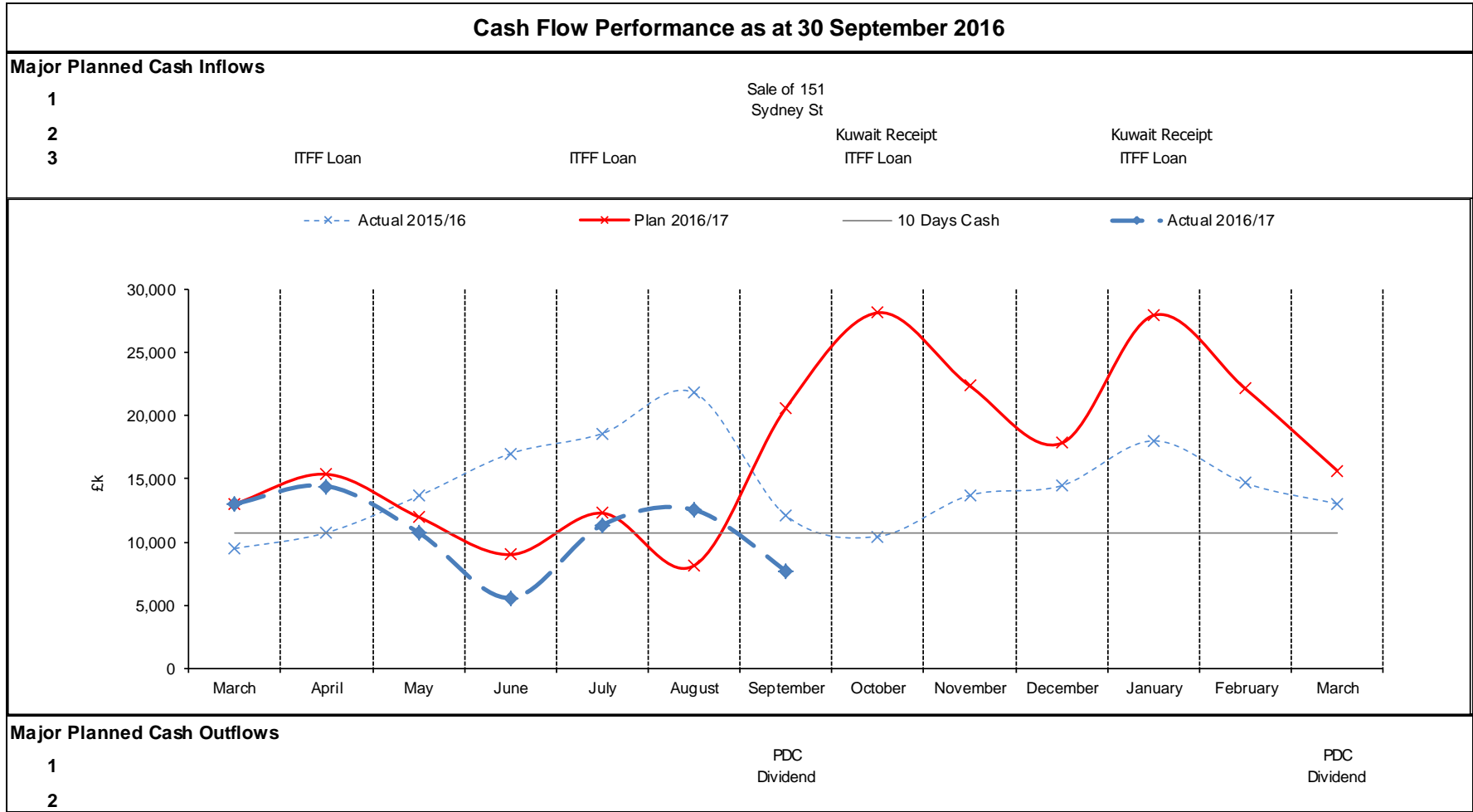
Annex D – Balance Sheet

Balance Sheet as at 30th September 2016					
£m	Actual as at 01-04-16	Plan as at 30-09-16	Actual as at 30-09-16	Variance against Plan	Variance against Plan (%)
Land	49.1	49.1	49.1	0.0	0%
Buildings	143.7	131.8	128.8	(3.0)	-2%
Equipment	24.5	21.6	22.4	0.9	4%
Intangibles	7.8	9.6	7.1	(2.5)	0%
Leased Equipment	0.0	0.0	0.0	0.0	0%
Assets under Construction	16.5	20.1	27.5	7.4	37%
Fixed Assets	241.7	232.2	234.9	2.7	1%
Stocks	9.0	10.7	13.3	2.6	25%
Trade Debtors, net of Provisions	20.1	25.0	17.7	(7.3)	-29%
Prepayments	4.9	6.4	6.2	(0.2)	-4%
Accrued Income	5.5	6.1	6.4	0.3	6%
Other Debtors	1.1	1.4	24.9	23.5	1656%
Bank & Cash	13.0	20.6	7.7	(12.9)	-63%
Current Assets	53.7	70.3	76.3	6.0	9%
Trade Creditors	(11.9)	(7.4)	(10.3)	(2.9)	39%
Pay Creditors	(7.0)	(6.8)	(7.6)	(0.7)	11%
Deferred Income	(6.2)	(6.6)	(6.4)	0.2	-2%
Accruals	(16.6)	(20.7)	(20.2)	0.6	-3%
Accrued Dividend	(0.3)	0.0	(0.2)	(0.2)	0%
Other Creditors	(6.8)	(7.5)	(6.1)	1.4	-19%
Provisions - Current	(0.9)	(0.7)	(1.8)	(1.1)	147%
Borrowings - Current	0.0	0.0	0.0	0.0	0%
Current Liabilities	(49.6)	(49.8)	(52.6)	(2.8)	6%
Net Current Assets (Liabilities)	4.1	20.4	23.6	3.2	16%
Provisions - Non Current	(0.8)	(0.8)	(0.8)	0.0	-3%
Borrowings - Non Current	(29.8)	(47.5)	(42.1)	5.4	-11%
Non-Current Liabilities	(30.6)	(48.3)	(42.9)	5.5	-11%
Net Assets Employed	215.1	204.3	215.7	11.4	6%
PDC	108.4	108.3	108.4	0.1	0%
I&E Reserve	49.7	46.1	50.3	4.1	9%
Revaluation Reserve	57.1	49.9	57.1	7.2	14%
Total Capital and Reserves	215.1	204.3	215.7	11.4	6%

Annex E – Cash flow statement

Cash Flow Statement (£m)	Actual as at 30-09-16
Cash flows from operating activities	
Operating income	180.0
Operating expenses of continuing operations	(189.8)
Operating surplus/ (deficit)	(9.8)
Non-operating and non-cash items in operating surplus/ (deficit)	
Depreciation & amortisation	8.6
Impairments	0.0
Reversals of impairments	0.0
(Gain)/ loss on disposal	0.0
Other movements in operating cash flows	0.0
	8.6
Operating cash flows before movements in working capital	(1.2)
Increase/ (decrease) in working capital	
(Increase)/ decrease in inventories	(4.3)
(Increase)/ decrease in trade & other receivables	2.4
(Increase)/ decrease in prepayments	(1.3)
(Increase)/ decrease in accrued income	(0.8)
(Increase)/ decrease in other debtors	(23.8)
Increase/ (decrease) in trade & other payables	(1.5)
Increase/ (decrease) in pay creditors	0.6
Increase/ (decrease) in deferred income	0.3
Increase/ (decrease) in accruals	3.6
Increase/ (decrease) in other payables	(0.7)
Increase/ (decrease) in provisions	0.9
	(24.9)
Net cash inflow/ (outflow) from operating activities	(26.0)
Cash flows from investing activities	
Interest received	0.0
Purchase of intangible assets	0.0
Purchase of property, plant, equipment & investment property	11.7
Sales of property, plant, equipment & investment property	0.0
Receipt of cash donations to purchase capital assets	0.7
	12.4
Net cash inflow/ (outflow) before financing	(13.6)
Cash flows from financing activities	
Public dividend capital received	0.0
Loans received from Dept of Health	10.0
Other loans received	2.3
Loans repaid to Dept of Health	0.0
Other loans repaid	0.0
Interest paid	(0.4)
PDC dividend paid	(3.5)
Net cash generated from/ (used in) financing activities	8.4
Increase/ (decrease) in cash and cash equivalents	(5.3)
Cash & cash equivalents - 1 April	13.0
Cash & cash equivalents - 30 September	7.7

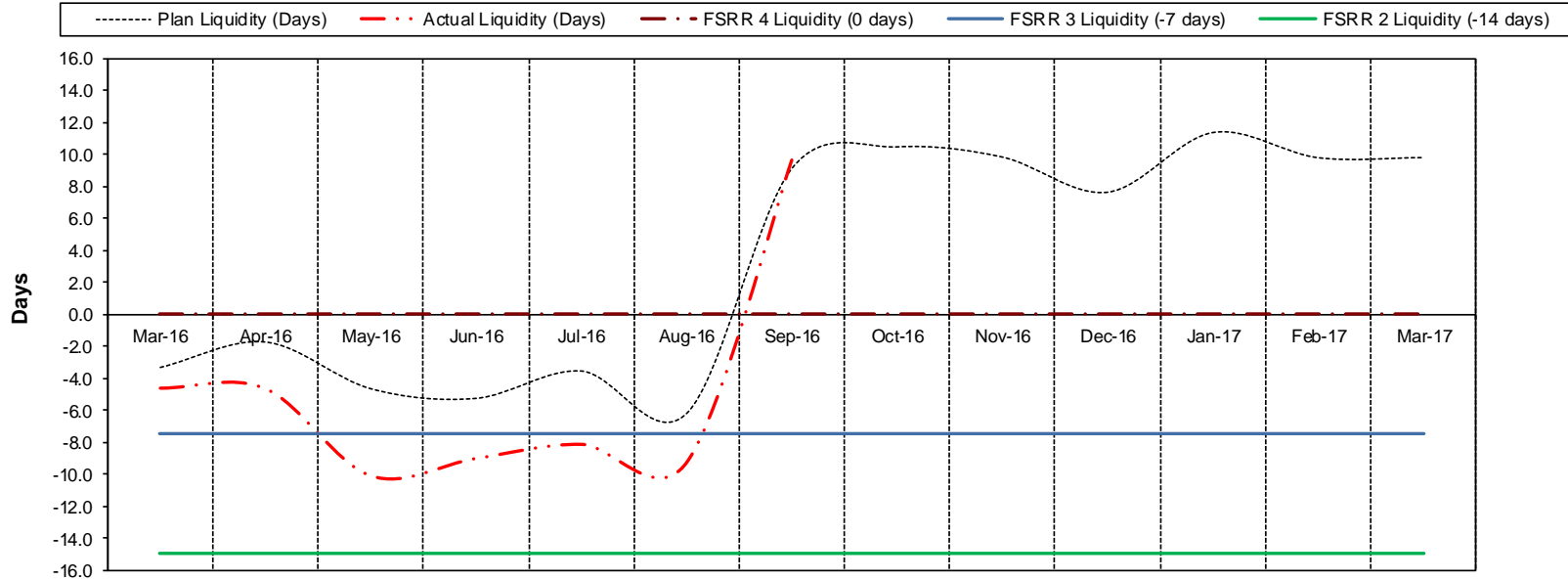
Annex F – Cash flow chart



Annex G – Liquidity report

ROYAL BROMPTON & HAREFIELD NHS FOUNDATION TRUST

FSRR Liquidity as at 30 September 2016



Liquidity £m

	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17
Original Plan	(3.6)	(1.9)	(5.0)	(5.6)	(3.8)	(6.6)	9.8						
Actual	(4.9)	(5.0)	(10.8)	(9.7)	(8.7)	(9.9)	10.3						
FSRR 4 (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
FSRR 3 (-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)
FSRR 2 (-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)
CoSRR 4 Surplus/ (Deficit)	(4.9)	(5.0)	(10.8)	(9.7)	(8.7)	(9.9)	10.3						
CoSRR 3 Surplus/ (Deficit)	2.5	2.5	(3.3)	(2.2)	(1.2)	(2.4)	17.8						
CoSRR 2 Surplus/ (Deficit)	10.0	10.0	4.2	5.3	6.3	5.1	25.3						

Annex H – Debtors

Income Year Ending Sep-16	Debtor Days	£m	Sep-16	Aug-16	Jul-16	Jun-16	May-16	Apr-16	Opening Balance
230.9	0	NHS England	0.1	2.5	0.7	0.5	0.4	0.4	0.2
53.9	24	CCGs	3.5	3.4	3.5	5.0	4.8	4.9	3.4
0	0	Project Diamond	0.0	0.0	0.0	0.0	0.0	0.0	0.0
24.5	35	Other NHS	2.3	2.1	2.6	2.5	2.8	2.6	2.4
309.3	7	Total NHS	6.0	7.9	6.9	7.9	8.1	7.8	6.0
18.8	185	Embassies & Overseas Patients	9.5	9.4	8.4	10.3	11.5	12.8	13.3
22.2	78	Insurance Companies	4.8	5.2	5.7	4.8	4.2	4.9	5.4
4.9	57	Other Private Patients	0.8	0.9	0.8	0.5	0.5	0.5	0.5
45.9	120	Total Private Patients	15.1	15.6	15.0	15.7	16.2	18.2	19.2
10.9	112	Other Debtors	3.3	3.3	3.3	2.5	2.1	2.3	2.1
56.8	118	Total Non NHS Debt	18.4	19.0	18.3	18.2	18.3	20.4	21.4
366.1	24	Total Trade Debtors	24.4	26.9	25.1	26.1	26.4	28.3	27.4
		Less Provisions	(6.7)	(7.1)	(7.1)	(7.9)	(7.4)	(7.3)	(7.3)
		Total Debtors (Net of Provision)	17.7	19.7	18.0	18.2	19.0	21.0	20.1

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

NHS (£m)	Total Balance Sept	Total Movement Sept	Over 60 days Sept	Over 60 days Movement Sept	Debtor Days Sept	Debtor Days Movement Sept
NHS Hillingdon CCG	0.7	0.3	0.2	0.1	33	13.0
NHS Surrey Heath CCG	0.3	0.0	0.2	0.0	275	(2.0)
Kingston Hospital NHSFT	0.3	0.0	0.2	0.0	372	15.0
NHS Wiltshire CCG	0.2	(0.1)	0.2	0.0	241	(44.0)
NHS Hampshire and Farnham Common	0.2	0.0	0.2	0.1	215	(46.0)
St Georges Healthcare NHSFT	0.2	0.0	0.1	(0.1)	266	(84.0)
Chelsea & Westminster NHSFT	0.2	0.0	0.1	0.0	165	6.0
NHS Kernow CCG	0.2	0.0	0.1	0.0	191	4.0
Hillingdon Hospital NHSFT	0.2	0.0	0.1	0.1	161	25.0
NHS England	0.1	(2.4)	0.7	0.4	0	(4.0)
NHS Haringey CCG	0.1	0.0	0.2	0.0	93	(28.0)
Total	2.7	(2.2)	2.3	0.6		

PP Embassy or Insurer (£m)	Total Balance Sept	Total Movement Sept	Over 60 days Sept	Over 60 days Movement Sept	Debtor Days Sept	Debtor Days Movement Sept
Kuwait Health Office	5.2	0.1	4.2	0.7	245	5
BUPA	1.5	(0.3)	0.5	(0.1)	62	-11
AXA/ PPP	1.4	(0.1)	0.8	0.0	82	-8
Kuwait Military	1.1	0.1	0.9	0.1	185	14
Qatar Embassy	1.0	0.0	0.6	0.0	125	21
UAE Medical Department	0.9	(0.1)	0.8	(0.2)	379	-52
Kuwait Oil Company	0.8	0.1	0.5	0.0	286	-4
Aviva	0.5	0.0	0.1	0.1	84	-3
Pru Health	0.4	0.0	0.3	0.1	115	-6
WPA	0.3	(0.1)	0.3	0.2	134	-27
Libyan Embassy	0.3	0.0	0.3	0.0	1,089	30
Cyprus	0.2	0.0	0.2	0.0	916	31
UAE Military Attache	0.2	0.0	0.2	0.0	292	-50
BUPA International	0.2	0.1	0.1	0.1	104	0
Total	14.0	(0.2)	9.8	1.0		

Annex I – Capital report

Project Code (£m)	Current Budget - Total	Actual Spend to Date	Commitment Value at the Reporting Date	Balance of Budget	Projects With Apparent Over Commitment	Plan Q1	Plan Q2	Plan Q3	Plan Q4	Plan Outturn Spend 2016/17	YTD Variance (£)	YTD Achievement (%)
Estates Development	0.2	0.2	0.0	0.0	(0.0)	0.1	0.0	0.0	0.0	0.1	(0.0)	116.7%
Redevelopment	2.3	1.5	0.5	0.2	(0.0)	1.1	0.4	0.4	0.3	2.3	0.0	99.8%
Project Management	0.5	0.3	0.0	0.2	0.0	0.1	0.1	0.1	0.1	0.5	(0.0)	113.2%
Estates Maintenance	3.8	1.1	0.7	2.0	(0.0)	0.3	1.1	1.5	0.9	3.8	0.3	78.2%
IT/IS	5.6	3.8	0.8	1.0	(0.5)	1.1	2.0	1.7	0.7	5.6	(0.7)	121.0%
Equipment	2.7	1.2	0.2	1.3	(0.0)	0.9	0.6	0.4	0.5	2.5	0.4	77.1%
Service Development Programme	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Other Projects	0.6	0.2	0.1	0.2	(0.0)	0.1	0.1	0.2	0.0	0.5	0.1	78.9%
Major Project - Fulham Road Safety	0.6	0.1	0.3	0.1	(0.0)	0.2	0.3	0.3	0.1	0.8	0.4	25.2%
Major Project - HH Developments	8.9	1.0	2.5	5.4	(0.2)	0.7	2.1	2.3	3.8	8.9	1.8	34.2%
Major Project - RBH Developments	1.3	0.2	0.0	1.0	(0.0)	0.2	0.1	0.3	0.6	1.2	0.0	89.9%
Major Project - Trust Wide Developme	3.0	2.7	0.0	0.3	(0.0)	2.4	0.5	0.1	0.0	3.0	0.2	93.5%
Finance	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	51.0%
Procurement	0.0	0.0	0.0	(0.0)	(0.0)	0.0	0.0	0.0	0.0	0.0	0.0	27.3%
Contingency/Financing	0.3	0.0	0.0	0.3	0.0	(0.1)	0.2	0.2	0.4	0.6	0.1	0.0%
TOTAL	29.8	12.3	5.2	12.3	(0.8)	7.2	7.6	7.5	7.5	29.8	2.5	83.0%

Annex J – Financial risks

Ref	Risk	Description	Risk level	Risk Owner	Next Review Date
1	Financial impact of threats to decommission NHS services	NHSE have announced that they are minded to decommission congenital heart disease services from the Trust - the financial impact in the short-term would be significantly destabilising.	High	Richard Paterson	30/10/2016
2	Failure to maintain adequate liquidity	The impact of annual I&E deficits following the removal of Project Diamond funding and the deferral until at least 2017/18 of a migration to HRG4+ and associated specialist top-ups.	Moderate	Richard Paterson	31/10/2016
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	31/10/2016
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	31/10/2016
5	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	31/10/2016
6	Inadequate working capital management	Poor working capital management may create operational and cash flow difficulties and will affect the Trust's Financial Sustainability risk rating.	Moderate	Richard Paterson	31/10/2016
7	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	31/10/2016
8	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 the 1st 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	31/10/2016
9	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	31/10/2016
10	Harefield Mansion	Possibility of significant long-term costs to restore Grade II* listed building and/or return to use.	Low	Robert Craig	31/10/2016
11	Capital is misallocated	Trust fails to allocate capital that balances short term needs with long term sustainability	Low	Robert Craig	31/10/2016
12	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 CoS risk rating.	Low	Richard Paterson	31/10/2016
13	Failure to capture all NHS revenues	Income may be lost through ineffective work measurement. Reduction in payments by Commissioners.	Low	Richard Paterson	31/10/2016
14	Failure to improve profitability with SLR	Trust may fail to tackle underlying profitability issues through inadequate use of SLR	Low	Richard Paterson	31/10/2016
15	Losses	Losses may arise from: 1. Dishonesty (fraud/theft); 2. Inadequate record keeping; 3. Best practice and guidance is not adhered to; 4. Adequate security arrangements are not in place for the protection of staff and patients.	Low	Richard Paterson	31/10/2016
16	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	31/10/2016