



A lifetime of specialist care

Finance Performance Report

Month 06 – period ended 30 September 2017

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Section One: Trust Income & Expenditure

1.1 Summary Income & Expenditure

The position for the period to 30th September 2017 is outlined below:

£m	M06			YTD			Forecast Out-Turn		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
NHS Clinical Income									
NHSE/ CCG/ Other NHS Commissioned	23.9	23.6	(0.3)	143.9	144.7	0.7	286.1	286.1	0.0
S&T Funding	0.5	0.5	0.0	2.9	3.3	0.4	8.2	8.6	0.4
Income Contingency	(0.1)	(0.1)	0.0	(0.8)	(0.7)	0.0	(1.5)	(1.5)	0.0
Trust to Trust & Other NHS	0.4	0.3	(0.1)	2.2	1.8	(0.3)	4.4	4.4	0.0
Total NHS Clinical Income	24.7	24.3	(0.3)	148.2	149.1	0.9	297.1	297.5	0.4
Private Patient Income	3.5	3.0	(0.6)	21.0	17.5	(3.6)	43.8	43.8	0.0
Non Clinical Income	1.9	2.3	0.4	11.7	12.3	0.6	23.4	23.4	0.0
Total Income	30.2	29.6	(0.5)	180.9	178.9	(2.1)	364.3	364.7	0.4
Pay Costs									
Pay Costs	(19.1)	(18.0)	1.0	(112.4)	(108.8)	3.6	(220.3)	(220.3)	0.0
Pay Contingency	(0.3)	(0.0)	0.2	(1.5)	(0.0)	1.5	(3.0)	(3.0)	0.0
Total Pay Costs	(19.3)	(18.0)	1.3	(113.9)	(108.8)	5.0	(223.3)	(223.3)	0.0
Non Pay Costs									
Drugs	(3.6)	(3.8)	(0.3)	(21.4)	(21.3)	0.2	(42.9)	(42.9)	0.0
Clinical Supplies	(5.1)	(5.1)	(0.0)	(30.8)	(30.2)	0.6	(58.2)	(58.2)	0.0
Other Costs	(4.0)	(4.3)	(0.3)	(23.8)	(25.7)	(1.9)	(43.4)	(43.4)	0.0
Non-Pay Contingency	(0.2)	0.0	0.2	(1.5)	(0.0)	1.5	(3.0)	(3.0)	0.0
Total Non Pay Costs	(12.9)	(13.3)	(0.4)	(77.5)	(77.1)	0.4	(147.6)	(147.6)	0.0
Total Expenditure	(32.2)	(31.3)	0.9	(191.4)	(186.0)	5.4	(370.9)	(370.9)	0.0
EBITDA	(2.0)	(1.7)	0.4	(10.5)	(7.1)	3.4	(6.6)	(6.1)	0.4
EBITDA Margin %	(6.8%)	(5.7%)		(5.8%)	(4.0%)		(1.8%)	(1.7%)	
Central Costs	(0.2)	(1.8)	(1.6)	(11.7)	(12.8)	(1.1)	0.9	0.9	0.0
Net Surplus/ (Deficit)	(2.2)	(3.5)	(1.2)	(22.2)	(19.9)	2.3	(5.7)	(5.3)	0.4
Net Margin %	(7.5%)	(11.8%)		(12.3%)	(11.1%)		(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. The control total is calculated by taking surplus/deficit, deducting the benefit of capital donation receipts and also the expense of depreciation on donated assets. The table below demonstrates how the planned £5.7m deficit gives a control total of £5.6m deficit for the year. As at M06 year to date (YTD) there is a £1.8m surplus against the YTD planned control total.

S&T funding of £3.3m 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)	(22.2)	(19.9)	2.3
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)	(21.3)	(19.1)	2.2
S&T funding	8.2	2.9	3.3	0.4
Deficit exclusive of S&T funding	(13.8)	(24.2)	(22.3)	1.8

		Commentary
M06 Surplus/ (Deficit)	(£3.5m)	<p>The table above summarises the financial performance for M06 which is reported in detail in Annex A.</p> <p>The Trust made a deficit of £3.5m in M06 against a plan of £2.2m; the result is £1.2m adverse to plan. The position includes full recognition of STF income (£0.5m) as the control total trajectory has been achieved. The headlines driving the M06 position are as follows:</p> <p>NHS clinical income:</p> <ul style="list-style-type: none"> • Spell activity in August was 85 spells ahead plan at 2,895; and • NHS clinical income was £0.3m adverse to plan at £24.3m, reduced from £25m in M05. Material variances are: critical care (£0.3m adverse), inpatients (£0.4m adverse), outpatients (£0.2m adverse), trust to trust income (£0.1m adverse), and transplant & VAD (£0.2m favourable). In addition, a favourable movement on M04 and M05 of £0.5m was reported in the M06 position. <p>PP income generated £3.0m in M06, up from £2.8m in M05, £0.6m adverse to plan.</p> <p>Non clinical income was favourable to plan by £0.4m, primarily due to income received as part of an audit of accounts payable (£0.2m) and some ad hoc income within the Laboratory Medicine directorate.</p> <p>Pay costs were £1.3m favourable to plan at £18m. Within this there are favourable variances from the benefit of the pay contingency (£0.2m), as well as underspends primarily across nursing (£0.1m), consultants (£0.2m), and STT (£0.2m), partially offset by a marginal overspend on junior doctors. Agency spend reduced to £0.7m from £0.8m in M05.</p> <p>Non-pay costs were overspent by £0.4m at M06. There were over-spends on contract-excluded drugs offset by an increase in 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 £1.7m negative vs plan of negative £2.0m in M06, so £0.4m favourable to plan. Below EBITDA net costs were worse than plan by £1.6m. This is largely due to the phasing of the plan for the receipt of capital donations and should come back in line within the next two months.</p>
YTD Surplus/	(£19.9m)	The Trust has made a YTD deficit of £19.9m against a planned YTD deficit of £22.2m; as such the result is £2.3m favourable to plan. The position includes full recognition of STF income (£3.3m) as control total trajectory has been

(Deficit)		<p>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 89 spells above plan at 17,262; and • NHS clinical income is £0.9m favourable to plan at £149.1m. Material variances are: STF (£0.4m favourable relating to 2016/17), drugs & devices (£0.7m favourable, offset by higher expenditure), critical care (£0.5m favourable), inpatients (£0.5m favourable), home ventilation (£0.5m favourable) and transplant (£0.4m favourable) These were partly offset by adverse variances of £2.1m across a range of areas, including outpatients (£0.7m), trust to trust (£0.3m), ECMO (£0.2m) and a number of smaller areas. <p>PP income generated £17.5m YTD, £3.6m adverse to plan.</p> <p>Non clinical income is £0.6m favourable to plan at £12.3m, primarily driven by increased research income and income received from the accounts payable review, whereby a detailed statement review of over 800 suppliers was undertaken, and credits received for duplicate or incorrect invoices.</p> <p>Pay costs are £5m favourable to plan at £108.8m. Within this there are favourable variances from the benefit of the pay contingency (£1.5m), YTD CIP over-achievement (£1.4m) as well as underspends primarily across nursing (£1m), consultants (£0.5m), STT (£0.7m) and non-clinical staff (£0.1m). Junior doctors are overspent by £0.3m YTD. Agency spend was £4.3m YTD. This is over-budget by £0.8m but within the NHSI agency cap.</p> <p>Non-pay costs are £0.4m favourable to plan at £77.1m. Within this there are favourable variances from the non-pay contingency (£1.5m) and drugs and clinical supplies (£0.8m). These favourable variances are 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 already been spent with BCG. Going forward, their remuneration will be based on a benefit share model, and an additional £0.5m has been provided for so far.</p> <p>EBITDA is negative £7.1m YTD against a plan of negative £10.5m YTD, so £3.4m favourable to plan. Below EBITDA net costs at £12.8m are £1.1m adverse to plan, primarily due to a timing issue on capital donation receipts.</p>
FSP (Annex B)	<p>£3.5m</p> <p>(£0.0m)</p>	<p>FSP – Cost Improvements Cost Improvement Programmes (CIP) have delivered savings of £3.5m to date, £1.4m ahead of plan. A total of £8.8m has now been identified for the full year 2017/18 in respect of CIP, with £6.8m 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 a small negative contribution compared against a plan of £0.3m positive. 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 M06 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 has meant that the liquidity risk has moved from amber to red. Key risks and mitigations to achieving the forecast are given in Annex L of this report.
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Section Two: Divisional Performance

2.1 Royal Brompton heart division

In September, the division generated a contribution of £1.7m, £0.5m (40%) ahead of plan. YTD, the division has now generated a contribution of £9.9m, £2.6m (36%) ahead of plan.

RBH Heart £000s	FY Budget	Mth Budget	Mth Actual	Mth Variance	YTD Budget	YTD Actual	YTD Variance
NHS England & Other CCG	109,760	9,085	9,608	522	54,819	56,868	2,048
T2T & Other NHS	1,771	149	90	(59)	876	638	(238)
Patient Care Income	111,531	9,234	9,698	463	55,695	57,506	1,810
Private Patient	21,214	1,775	1,540	(235)	10,565	9,185	(1,380)
Other Income	1,559	130	141	12	781	785	5
Total Income	134,304	11,139	11,379	240	67,041	67,476	435
Pay	(75,049)	(6,505)	(6,236)	269	(39,134)	(37,173)	1,961
Non Pay	(40,151)	(3,455)	(3,488)	(33)	(20,669)	(20,439)	230
Total Expenditure	(115,200)	(9,960)	(9,724)	236	(59,803)	(57,612)	2,191
Contribution	19,104	1,179	1,655	476	7,238	9,864	2,626
Contribution %	14.2%	10.6%	14.5%		10.8%	14.6%	

INCOME

NHS

In September, reported NHS income was ahead of plan by £0.5m.

Within this position, inpatient activity was ahead of plan by £0.3m. Paediatric inpatient cardiology spells continue to perform ahead of plan (£0.2m in month), offsetting shortfalls in paediatric surgical activity. Adult inpatient spells improved in September compared to previous months and were £0.1m ahead of plan, predominantly within cardiac surgery.

Critical care activity was ahead of plan by £0.2m, predominantly within paediatric respiratory which was 62 bed days ahead of plan.

Income for contract-excluded drugs and devices was ahead of plan by £0.3m. Adult cardiology drugs were £0.2m ahead of plan and paediatric respiratory drugs were also £0.2m ahead of plan. This was partly offset by ICD activity which was behind plan by 5 devices, driving a £0.1m shortfall in income. These income variances to plan are matched by corresponding non-pay variances.

YTD, NHS income is £2.1m ahead of plan, which includes:

- £1.0m ahead of plan in inpatient activity, predominantly within paediatric cardiology which is 172 spells (£1.2m) ahead of plan, partly offset by paediatric surgery being behind plan by 24 spells;
- Critical care income is ahead of plan by £0.4m;
- Paediatrics are ahead of plan £0.6m, predominantly within surgical activity (this is a movement compared to previous months where, before final coding, one child was admitted and therefore recorded under cardiology, but was treated for thoracic surgery) and adults are behind plan by £0.2m, driven by both cardiac surgery and cardiology shortfalls;
- Contract-excluded drugs and devices income are ahead of plan by £1.1m and £0.4m respectively, offset by a corresponding non-pay overspend;
- £0.6m 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);
- VV ECMO activity is behind plan by £0.2m (47 bed days).

Of the YTD position, NHSE commissioned income is ahead of plan by £2.7m while CCG income is behind plan by £0.7m.

Trust-to-trust and other NHS income is behind plan in month by £0.1m and YTD by £0.2m. This 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 behind plan in month by £0.2m and YTD by £1.4m (13%):

- Cardiac surgery: behind plan in month by £0.1m and on plan YTD;
- Cardiology: behind plan by £0.1m in month and £0.7m YTD, due to activity being 60 spells behind plan;
- Paediatrics: behind plan by £0.1m in month and £0.5m YTD, with activity 19 spells behind plan predominantly within cardiology.

Non-Clinical Income

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

EXPENDITURE

PAY

Total pay was underspent in month by £0.3m with a YTD underspend of £2.0m (5%).

Budget for junior doctors was overspent in month by £0.1m due to overlap during rotation and increased use of agency and locums in surgery, in order to cover gaps in the rota;

Nursing budgets continue to underspend by £0.3m in month and £1.2m YTD, with ongoing vacancies in both adult cardiology and surgical wards as well as in critical care and paediatrics.

The division allocated £0.6m of the unidentified CIP target to pay in month, through reduced nursing agency usage on both adult and paediatric wards. Potential cost savings are continuing to be reviewed and further allocations will be made in future months.

NON-PAY

In September, non-pay was on plan and is underspent YTD by £0.3m.

Clinical supplies were underspent by £0.1m in month, predominantly within consumables in both cath labs and theatres.

The YTD non-pay position includes an overspend on contract-excluded drugs of £1.1m, which is offset by the corresponding over performance in income described above. Within this position, adult cardiology contract-excluded drugs are overspent by £0.9m. This includes planned savings on generic Bosentan being behind plan by £0.1m and planned cost pressures on Macitentan being greater than anticipated by £0.3m (both pulmonary hypertension drugs).

Other clinical supplies are underspent YTD by £0.7m, with cath labs and theatre expenditure being lower than planned and maintenance contracts expenditure having also reduced.

The division allocated £0.04m of the unidentified CIP target to non-pay, reflecting the reduced maintenance contracts expenditure requirements. Further allocations will be made to the unidentified CIP target in the coming months.

2.2 Harefield Heart division

In September, the division generated a contribution of £0.2m (3%). YTD the division has generated a contribution of £5.4m (11.6%), £0.1m behind the plan.

Harefield Heart £000s	FY Budget	Mth Budget	Mth Actual	Mth Variance	YTD Budget	YTD Actual	YTD Variance
NHS England & CCG	87,845	7,083	6,804	(279)	42,676	43,768	1,092
T2T & Other NHS	1,461	119	96	(24)	717	587	(130)
Patient Care Income	89,306	7,203	6,900	(303)	43,393	44,354	961
Private Patient	7,265	472	281	(190)	2,807	1,955	(852)
Other Income	188	16	33	18	94	178	84
Total Income	96,758	7,690	7,214	(476)	46,294	46,487	193
Pay	(51,933)	(4,571)	(4,230)	341	(25,524)	(25,458)	66
Non Pay	(30,437)	(2,540)	(2,765)	(225)	(15,259)	(15,635)	(375)
Total Expenditure	(82,369)	(7,112)	(6,995)	116	(40,783)	(41,093)	(310)
Contribution	14,389	578	219	(360)	5,511	5,394	(117)
	14.9%	7.5%	3.0%		11.9%	11.6%	

INCOME

NHS Clinical Income

In September, the overall reported NHS income is £0.3m behind plan. Included in the position is the underperformance of inpatient activity particularly in Cardiology (£0.3m) and Cardiac Surgery (£0.1m). Critical Care is also behind plan by £0.4m. This is due to the reduction in the number of beds ITU (4) and Cedar ward (12) for part of the month. However the adverse performance is partly offset by £0.4m of prior months captured income and the over performance of £0.2m on the Transplant contract and VADs.

YTD, NHS income is £1m above plan, although it was significantly (£0.6m) behind plan in September. Inpatient activity stands at £0.2m behind plan mainly in cardiology whilst income from critical care activity is £0.4m ahead of plan (all seen in transplant). Drugs & devices income is £0.3m ahead of plan driven by transplant /VAD contract activity (see table below).

High cost Device Activity (NHS & Private Patients)

Device	Annual	In Month			Year to Date		
	Plan	Plan	Actual	Variance	Plan	Actual	Variance
ICD	305	25	18	-7	152	125	-27
TAVI	127	11	13	2	64	82	19
Septal Occluder	11	1	0	-1	6	9	4
Mitraclip	5	0	0	-0	3	2	-1
VAD (Long term)	41	3	4	1	20	18	-2
Impella	0	0	0	0	0	15	15
Levitronix	71	6	0	-6	36	33	-3
Heart Transplant	23	2	4	2	12	19	8
Lung Transplant	54	5	7	3	27	33	6
Heart & Lung Transplant	0	0	0	0	0	3	3

The YTD transplant income within critical care is ahead of plan by £2.6m.

The 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 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 £0.3m.

Private Patients

Private patient income is behind plan by £0.2m (36%) and £0.8m (30%) in month and YTD respectively. The activity is behind plan for cardiac surgery (43%), cardiology (7%) and transplant (33%).

Non-Clinical Income

Non-clinical income is ahead of plan by £18k in month due to backdated income in respect of salary recharge to Health Education England. The YTD position of £75k ahead of plan includes £67k NORS (transplant organ retrieval) income received from NHSBT.

EXPENDITURE

PAY

Pay is underspent in the month (£0.3m) and overspent YTD by (£0.1m) (0.2%). In month, the Harefield Redevelopment Business Plan (HRBP) budget (£0.4m) has come on line, but due to delays, there are, as yet, no related costs. The underlying in-month pay position excluding this is overspent by £20k.

Nursing - The underlying YTD overspend excluding HRBP 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 M4 is due to new budgets relating to the HRBP. The division has deliberately deferred the increase in capacity and recruiting into the vacancies to allow remedial works to be undertaken on oak ward.

Vacancies	M1	M2	M3	M4	M5	M6
HRBP	0	0	0	3	3	70
Maternity	18	16	21	24	23	23
Others	22	24	21	23	26	14
Total	40	40	42	50	52	107

There is on-going recruitment in order to mitigate the use of Agency or bank. There is also a planned recruitment in respect of the HRBP to coincide with the opening of the facilities.

Junior doctors – there has been a continued reduction in Agency and locum cover for vacancies and other gaps in the rota due to active substantive recruitment. YTD there is an overspend of £68k (excluding HRBP), including circa £60k relating to retrieval runs.

Other staff groups pay on plan in month and YTD.

NON PAY

Non-pay costs in month are overspent by £0.2m (8.8%), and YTD underspent by £0.4m (2.5%). Drugs are overspent by £0.1m in month and £0.5m YTD largely due to Transplant drugs in view of the high volume of activity.

Clinical supplies are overspent (£128k) in the month mainly driven by VADs and OCS (transplant retrieval) kits (5 used in the month against plan of 2).

The YTD position is underspent by £31k largely due to 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 and VADs.

2.3 Lung division

In September, the division generated a contribution of £1.9m (26%), in line with plan. The full year contribution stands at £11.5m (27%), £0.1m favourable to plan.

£000s	FY	Month			Year to Date		
	Budget	Budget	Actual	Variance	Budget	Actual	Variance
NHS England & CCG	83,409	6,849	6,680	(169)	41,302	39,806	(1,496)
T2T & Other NHS	83	7	2	(5)	42	22	(20)
Patient Care Income	83,492	6,856	6,682	(174)	41,344	39,828	(1,516)
Private Patient	4,811	402	431	28	2,396	2,105	(291)
Other Income	510	43	44	1	255	293	38
Total Income	88,812	7,301	7,157	(145)	43,995	42,226	(1,769)
Pay	(33,692)	(2,880)	(2,844)	36	(17,308)	(17,093)	215
Non Pay	(30,442)	(2,559)	(2,461)	98	(15,354)	(13,660)	1,694
Total Expenditure	(64,133)	(5,439)	(5,305)	133	(32,661)	(30,753)	1,909
Contribution	24,679	1,863	1,851	(11)	11,333	11,473	140
	28%	26%	26%		26%	27%	

INCOME

NHS

In September NHS patient care income was £0.2m (8%) behind plan at £6.7m. This was driven by (high-cost, contract-excluded) drugs activity being £0.1m behind plan, offset by an underspend in drugs expenditure. Critical care was £0.1m 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 marginally behind plan in month. Home ventilation patients income was £0.1m ahead of plan.

YTD NHS income is behind plan by £1.5m (4%) at £39.8m. This is primarily driven by lower than expected high-cost, contract-excluded drugs activity (£1.1m, 11% 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 £12.4m which includes an over-performance on respiratory medicine day case activity of £0.7m being offset by an under-performance in thoracic surgery of £1.0m. The thoracic surgery shortfall is primarily driven by lower than expected activity at Harefield. One substantive thoracic surgeon vacancy per site is being filled on a locum basis: the Harefield locum started in M03 but an additional locum consultant vacancy in September hampered Harefield activity further. This locum post has been filled from the start of M07.

Private Patients

In September, private patient activity was slightly ahead of plan at £0.4m and YTD is £0.3m (12%) behind plan. In month respiratory medicine was £0.1m ahead of plan. 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 £0.2m ahead of plan and thoracic surgery £0.4m behind plan.

EXPENDITURE

Pay

Total pay was on plan in month and is underspent YTD by £0.2m (1%), after accounting for an increased savings plan. Pay managed within the division was on plan in month and YTD. Consultant pay was under spent in month by £20k, and is £0.2m underspent YTD due to consultant vacancies. Junior doctor pay is £21k over spent in month and £0.2m YTD. Nursing pay is on plan in month and

£46k overspent YTD. STT pay is £13k under spent in month and £95k underspent YTD. Admin pay is on plan in month and £74k overspent YTD.

Non Pay

In September, non-pay costs were underspent by £0.1m; YTD they are underspent by £1.7m. The principal reason for the underspend is lower-than-expected expenditure on (high-cost, contract-excluded) drugs offset by 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.

2.4 Private Patients

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

Total Private Patient Income

In month							
Income £000s	RBH Heart	HH Heart	Lung	Clinical Support	Wimpole St	Private Patients	Total
Budget	1,775	472	402	547	250	76	3,522
Actual	1,540	281	431	448	220	53	2,973
Variance	(235)	(190)	28	(100)	(30)	(22)	(549)

The in-month position is £0.5m adverse to plan which is due to an increased number of insured admissions with no procedure, a poor device case-mix with 4 ICD's, 1 TAVI and 1 Mitra Clip, a fall in Paediatrics and Respiratory admissions and Thoracic surgery consultant vacancies

In-month inpatient activity was behind plan by 22 spells; this consists of 7 Cardiology spells, 8 Cardiac Surgery spells and 9 Paediatrics spells, offset by Respiratory which was 2 spells behind plan.

Year to Date							
Income £000s	RBH Heart	HH Heart	Lung	Clinical Support	Wimpole St	Private Patients	Total
Budget	10,565	2,807	2,396	3,259	1,488	401	20,916
Actual	9,185	1,955	2,105	2,712	1,141	312	17,409
Variance	(1,380)	(852)	(291)	(546)	(347)	(89)	(3,506)

The year-to-date position is £3.5m adverse to plan with all divisions significantly behind plan. This is mainly due to an overall decline in international referrals and consultant departures; in addition an 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 97 spells (22 spells in month as noted above).

Wimpole Street – Outpatients and Diagnostics

In month Wimpole Street achieved a negative contribution of £20k, and £83k favourable to plan. Year to date Wimpole Street has achieved a negative contribution of £806k, £176k adverse to plan.

Wimpole Street	FY	Month			Year to Date		
£000s	Budget	Budget	Actual	Variance	Budget	Actual	Variance
PP Income	2,987	250	243	(7)	1,488	1,163	(324)
Pay	(2,225)	(185)	(133)	53	(1,112)	(1,131)	(19)
Non Pay	(2,012)	(168)	(130)	37	(1,006)	(838)	168
Grand Total	(1,250)	(103)	(20)	83	(631)	(806)	(175)

Income & Activity

Income in month was £7k below plan at £243k. YTD income is £324k behind plan at £1.1m.

PP Diagnostic activity improved against the previous month by 19% (from 462 to 568) mainly within PET, Echo, CT, Lung function and Holter Monitoring

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 decreased against the previous month by 64% (from 154 to 94) mainly within PET. This is due to external NHS PET referrals; referrals from Imperial fell by 25, St Georges 7. In addition internal referrals have declined by 16.

Expenditure

Pay is reporting an under spend of £37k in month and £168k YTD, driven by vacancies in imaging, non-invasive and administrative staff. Non-pay is also reporting an under spend in month of £53k, due to VAT reclaims for the facilities management contract.

Section Three: Trust Balance Sheet

3.1 Trust balance sheet at 30 September 2017

Balance Sheet as at 30 September 2017	£m	
Fixed Assets		240.5
Stocks	10.5	
Accrued Income & Prepayments	13.3	
Debtors	13.4	
Bank	26.7	
Current Assets	63.9	
Creditors	(14.6)	
Deferred Income	(6.9)	
Accruals & Other Creditors	(24.6)	
Accrued Dividend	0.2	
Provisions - Current	(2.3)	
Borrowings - Current	(5.3)	
Current Liabilities	(53.4)	
Net Current Assets (Liabilities)		10.5
Provisions - Non Current	(1.6)	
Borrowings - Non Current	(51.9)	
Non-Current Liabilities		(53.5)
Net Assets Employed		197.5
Capital	108.6	
I&E Reserve	41.0	
Revaluation Reserve	47.9	
Total Capital and Reserves		197.5

3.2 Balance sheet comments

	M06 Actual	Commentary
Cash (Annex F & G)	£26.7m (£28.2m)	The cash level of £26.7m at 30 September is equivalent to 26.2 days operating costs (31 August: 27.6 days) and represents a £1.5m decrease from 31 August. The Q1 STF payment of £1.23m has been received. Cash is now £13.3m above the original 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 (£57.2m)	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 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 (Annex G & H)	0.0 days (3.5 days)	A decrease of 3.5 days in M06 driven by the I&E deficit. Against plan liquidity is £10.8m favourable which is a combination of the favourable I&E position and a lower run rate to capital expenditure, partially offset by slightly higher stock levels relative to plan. However given the level of deficit and the onward risk, the risk rating for liquidity has been moved to red.
Stock	£10.5m (£11.0m)	A decrease of £0.5m in M06 (£0.6m 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)	£12.1m (£15.5m)	<p>NHS debt totals £4.5m, a £2.1m reduction on M05. Within this figure, £1.8m is CCG debt (M05 – £4.2m), £-0.1m is NHSE debt (M05 – £0.1m) and £2.9m (M05 – £2.3m) relates to other NHS organisations.</p> <p>Some CCGs had disputed their liability to pay for pre-transplant critical care. These disputes have largely been resolved, with the exception of Herefordshire CCG. There is a dispute process underway between NHS England and the CCG and the trust expects to receive payment once this is concluded.</p> <p>Private Patient debt totals £13.8m, a decrease of £1.1m since M05. Within this position the >60 days debt value did not change overall, despite a payment of just under £0.5m 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	-£7.1m (-£6.8m)	The approved creditor balance is £1.4m below plan, with all approved creditor invoices remaining fully paid to date. The balance at 30 September is equivalent to 17.4 (31 August – 16.7) days' non-pay cost.
Capital spend (Annex J)	£11.1m YTD	<p>Expenditure in M06 was £2.5m, £11.1m 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 September 2017. The budget reflects £12.0m of new funding, £10.5m of slippage brought forward from 2016/17 and £4m for ongoing redevelopment fees. £2m of the Chelsea redevelopment fees budget has now been re-profiled into 2018/19, therefore the revised total capital budget for 2017/18 now stands at £24.5m.</p> <p>As at the end of M06, expenditure was originally planned to have reached £20.9m, so there is a notional under-spend of £9.8m. A re-forecasting exercise was undertaken in M03, under which capital expenditure of £13.8m was anticipated to M06. Against this plan, expenditure is £2.7m behind plan.</p> <p>At this point the forecast for the year assumes a total spend of £24.5m. However 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 £19.9m up to M06 2017/18, £2.3m favourable to plan. EBITDA was negative £1.7m in M06 (£0.4m favourable to plan) and now stands at negative £7.1m YTD (£3.4m favourable to plan).

As noted above, performance is also reported against the control total and YTD is £1.8m favourable to plan.

The Trust's cash position has deteriorated in month and stands at £26.7m. There is pressure on the forward cash position. STF funding for Q1 was received in M06. 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, £6.8m 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 and I&E 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 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.

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 30th September 2017 (Month M06)							
Detailed Income & Expenditure Position							
	2017/18 Budget	M06			YTD		
£m		Budget	Actual	Variance	Budget	Actual	Variance
NHS Clinical Income							
NHSE/ CCG/ Other NHS Commissioned	286.1	23.9	24.1	0.2	143.9	144.7	0.7
S&T Funding	8.2	0.5	0.5	0.0	2.9	3.3	0.4
Income Contingency	(1.5)	(0.1)	(0.6)	(0.5)	(0.8)	(0.7)	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	0.3	(0.1)	2.1	1.8	(0.4)
Sub-Total NHS Clinical Income	297.1	24.7	24.3	(0.3)	148.2	149.1	0.9
Non NHS Income							
Private Patient Income	43.8	3.5	3.0	(0.6)	21.0	17.5	(3.6)
Sub-Total Non NHS Income	43.8	3.5	3.0	(0.6)	21.0	17.5	(3.6)
Non Clinical Income							
Education & Training	5.3	0.4	0.5	0.1	2.6	2.8	0.1
Research & Development	6.4	0.5	0.5	0.0	3.2	3.4	0.2
Non Patient Services	1.1	0.1	0.3	0.2	0.6	0.7	0.2
Commercial- Parking, Accom, Catering	3.7	0.3	0.3	(0.0)	1.9	1.9	(0.0)
Other Income	2.8	0.2	0.4	0.1	1.4	1.7	0.3
Salary Recharges	1.6	0.1	0.2	0.0	0.8	0.8	0.0
Charitable Funds	2.4	0.2	0.1	(0.1)	1.2	1.0	(0.2)
Sub-Total Non Clinical Income	23.4	1.9	2.3	0.4	11.7	12.3	0.6
Total Income	364.3	30.2	29.6	(0.5)	180.9	178.9	(2.1)
Pay costs							
Consultants	(39.4)	(3.3)	(3.1)	0.2	(19.7)	(19.1)	0.5
Junior Doctors	(22.8)	(1.9)	(1.9)	(0.0)	(11.3)	(11.5)	(0.3)
Nursing	(79.8)	(6.5)	(6.4)	0.1	(39.4)	(38.4)	1.0
STT	(38.6)	(3.2)	(3.0)	0.2	(19.2)	(18.4)	0.7
Non Clinical staff	(39.7)	(4.2)	(3.6)	0.6	(22.9)	(21.4)	1.5
Pay Contingency	(3.0)	(0.3)	(0.0)	0.2	(1.5)	(0.0)	1.5
Sub-Total Pay costs	(223.3)	(19.3)	(18.0)	1.3	(113.9)	(108.8)	5.0
Non pay costs							
Drugs	(42.9)	(3.6)	(3.8)	(0.3)	(21.4)	(21.3)	0.2
Clinical Supplies	(58.2)	(5.1)	(5.1)	(0.0)	(30.8)	(30.2)	0.6
General Supplies	(11.3)	(0.9)	(1.1)	(0.1)	(5.6)	(5.5)	0.2
Establishment	(11.8)	(1.4)	(1.2)	0.2	(8.0)	(7.6)	0.3
Premises	(11.0)	(0.9)	(0.8)	0.1	(5.5)	(5.6)	(0.1)
Legal & Professional Fees	(2.9)	(0.2)	(0.5)	(0.3)	(1.5)	(3.1)	(1.6)
Ambulance Services	(1.9)	(0.2)	(0.2)	(0.0)	(1.0)	(0.9)	0.0
Other Expenditure	(4.5)	(0.4)	(0.6)	(0.2)	(2.3)	(2.9)	(0.7)
Non-Pay Contingency	(3.0)	(0.2)	0.0	0.2	(1.5)	(0.0)	1.5
Sub-Total Non pay costs	(147.6)	(12.9)	(13.3)	(0.4)	(77.5)	(77.1)	0.4
Total Expenditure	(370.9)	(32.2)	(31.3)	0.9	(191.4)	(186.0)	5.4
EBITDA	(6.6)	(2.0)	(1.7)	0.4	(10.5)	(7.1)	3.4
EBITDA margin %	(1.8%)	(6.8%)	(5.7%)		(5.8%)	(4.0%)	
Central Costs							
Depreciation	(19.7)	(1.6)	(1.5)	0.1	(9.8)	(9.343)	0.5
Capital Donation Receipts	2.1	2.1	0.3	(1.8)	2.1	0.383	(1.7)
Interest Payable	(1.4)	(0.1)	(0.1)	0.0	(0.7)	(0.640)	0.1
Interest Receivable	0.0	0.0	0.0	0.0	0.0	0.024	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	(3.3)	(3.078)	0.2
Sub-Total Central Costs	0.9	(0.2)	(1.8)	(1.6)	(11.7)	(12.8)	(1.1)
Net Surplus / (Deficit)	(5.7)	(2.2)	(3.5)	(1.2)	(22.2)	(19.9)	2.3
Net Margin %	(1.6%)	(7.5%)	(11.8%)		(12.3%)	(11.1%)	

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 30th September 2017 (Month M06)													
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	24.11	24.08							144.67
S&T Funding	0.41	0.41	0.83	0.55	0.55	0.55							3.29
Income Contingency		0.25	(0.25)	(0.11)		(0.60)							(0.71)
Trust to Trust & Other NHS	0.22	0.26	0.27	0.41	0.35	0.29							1.82
Total NHS Clinical Income	23.34	24.84	25.98	25.57	25.01	24.32							149.06
Private Patient Income	2.19	3.68	3.29	2.55	2.80	2.97							17.48
Non Clinical Income	1.89	2.05	2.27	1.83	1.94	2.34							12.32
Total Income	27.42	30.58	31.54	29.95	29.76	29.63							178.87
Pay Costs													
Pay Costs	(18.11)	(18.27)	(18.33)	(17.90)	(18.21)	(18.02)							(108.84)
Pay Contingency	(0.10)	(0.10)	(0.10)	(0.10)	0.40	(0.01)							(0.01)
Total Pay Costs	(18.21)	(18.37)	(18.43)	(18.00)	(17.81)	(18.03)							(108.84)
Non Pay Costs													
Drugs	(3.21)	(3.54)	(3.38)	(3.90)	(3.39)	(3.83)							(21.26)
Clinical Supplies	(4.49)	(4.76)	(5.45)	(4.87)	(5.48)	(5.15)							(30.20)
Other Costs	(4.03)	(4.64)	(4.68)	(4.10)	(3.90)	(4.31)							(25.67)
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)	(13.30)							(77.13)
Total Expenditure	(29.94)	(31.31)	(31.94)	(30.87)	(30.59)	(31.32)							(185.97)
EBITDA	(2.52)	(0.73)	(0.40)	(0.92)	(0.83)	(1.69)							(7.10)
EBITDA Margin %	-9.2%	-2.4%	-1.3%	-3.1%	-2.8%	-5.7%							-4.0%
Central Costs	(2.19)	(2.30)	(2.19)	(2.23)	(2.11)	(1.79)							(12.81)
Net Surplus/ (Deficit)	(4.71)	(3.03)	(2.59)	(3.16)	(2.94)	(3.48)							(19.92)
Net Margin %	-17.2%	-9.9%	-8.2%	-10.5%	-9.9%	-11.8%							-11.1%

Annex B – FSP Trackers

Royal Brompton and Harefield NHS Foundation Trust Financial Reporting 2017/18 Cost Improvement Programme

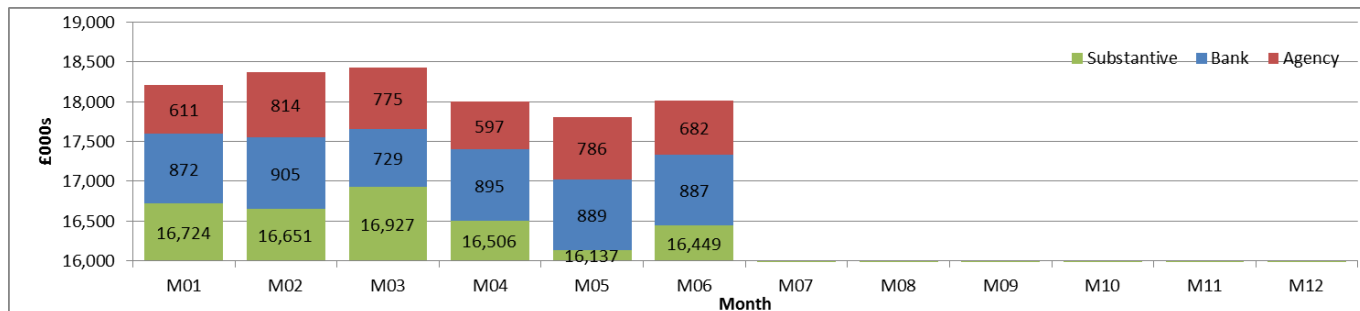
£000	2017/18 Budget	M06			YTD		
		Budget	Actual	Variance	Budget	Actual	Variance
Royal Brompton Heart	5,309	84	415	331	418	799	381
Harefield Heart	3,830	162	193	31	971	634	-337
Lung	1,348	14	60	46	65	339	274
Research	224	4	19	14	25	112	87
Clinical Support	1,363	37	146	109	222	677	455
Corporate & Other	3,502	76	180	104	368	795	426
Total	15,576	376	1,013	637	2,069	3,356	1,287

Royal Brompton and Harefield NHS Foundation Trust Financial Reporting 2017/18 Service Developments

£000	2017/18 Budget	M06			YTD		
		Budget	Actual	Variance	Budget	Actual	Variance
Royal Brom	459	35	13	-22	247	57	-189
Harefield H	1,616	-353	2	355	-290	39	329
Lung	552	59	0	-59	190	24	-166
Corporate :	264	22	22	0	132	132	0
Total	2,891	-236	37	274	278	253	-26

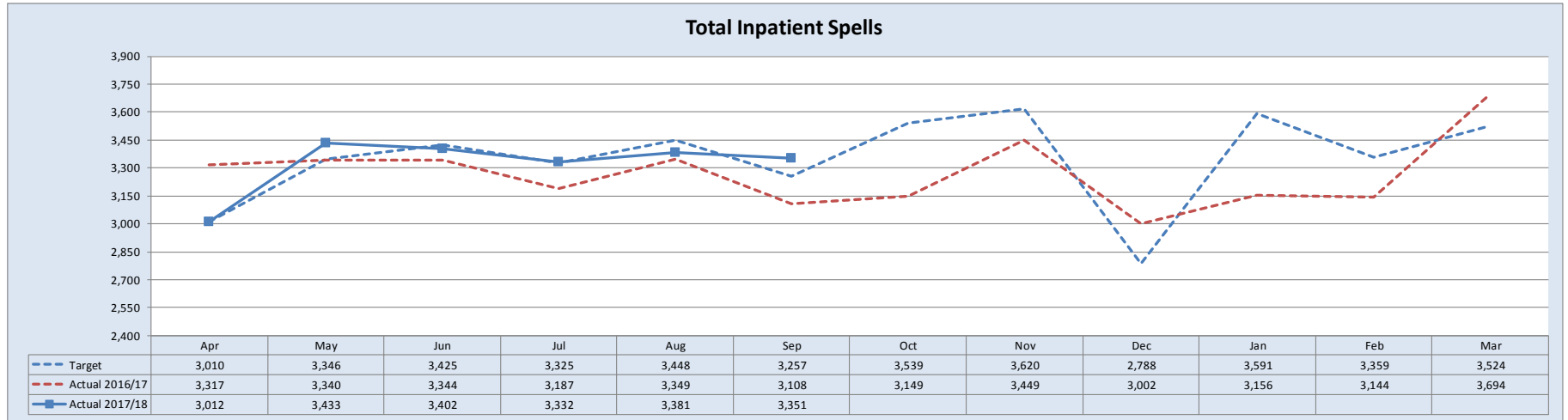
Annex C – Staffing (Permanent & Temporary)

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	157							1,032	993	(39)
Consultant Substantive	3,141	2,926	3,032	2,980	3,024	2,984							18,087	18,668	581
Junior Doctors Locum	90	143	103	129	141	115							722	473	(249)
Junior Doctors Agency	15	123	100	80	64	57							439	135	(304)
Junior Doctors Substantive	1,713	1,705	1,777	1,680	1,742	1,753							10,370	10,670	300
Nursing Agency	336	404	355	284	421	379							2,179	2,405	226
Nursing Bank	469	453	329	391	397	458							2,497	2,241	(257)
Nursing Substantive	5,638	5,660	5,718	5,567	5,589	5,531							33,703	34,742	1,039
STT Agency	118	120	137	86	121	103							685	494	(191)
STT Bank	30	34	37	28	39	46							214	41	(173)
STT Substantive	2,894	2,970	2,995	2,903	2,904	2,867							17,532	18,639	1,107
Non-clinical Agency	142	168	183	147	179	143							961	453	(508)
Non-clinical Bank	113	100	125	143	121	111							713	278	(435)
Non-clinical Substantive	3,239	3,289	3,305	3,275	3,278	3,314							19,701	22,155	2,454
Pay contingency	100	100	101	100	(400)	7							8	1,500	1,492
Agency	611	814	775	597	786	682							4,265	3,488	(777)
Bank	872	905	729	895	889	887							5,178	4,026	(1,152)
Substantive	16,624	16,551	16,827	16,406	16,537	16,449							99,393	104,874	5,481
Pay contingency	100	100	101	100	(400)	7							8	1,500	1,492
Total	18,208	18,370	18,431	17,998	17,811	18,026							108,844	113,888	5,044
Agency	3.4%	4.4%	4.2%	3.3%	4.4%	3.8%							3.9%	3.1%	-15.4%
Bank	4.8%	4.9%	4.0%	5.0%	5.0%	4.9%							4.8%	3.5%	-22.8%
Substantive	91.3%	90.1%	91.3%	91.2%	92.8%	91.3%							91.3%	92.1%	108.7%
Pay contingency	0.5%	0.5%	0.5%	0.6%	-2.2%	0.0%							0.0%	1.3%	29.6%



NHSI has set an agency expenditure ceiling of £9m for the year, compared to a trust plan of £6.9m (note this has reduced again since M05 due to the application of a CIP scheme). Agency spend YTD is £4.3m, against a plan of £3.5m, £0.8m 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	Factored	Var	% Var	S/L O/T	Var	% Var
RB Heart	Anaesthetics	16	10	10	8	13	13							70	52	17.5	33%	124	18	17%	140	34	32%
	Cardiac Surgery	119	142	143	141	125	135							805	781	23.7	3%	1,585	24	2%	1,610	48	3%
	Cardiology	483	531	495	443	506	510							2,968	3,153	-185.4	-6%	6,128	-185	-3%	5,936	-378	-6%
	Transplant	0	0	0	1	1	0							2	0	2.0	0%	2	2		4	4	
	Total	618	683	648	593	645	658							3,845	3,987	-142.2	-4%	7,839	-142	-2%	7,690	-292	-4%
Paediatric	Paediatric Anaesthetics	7	8	7	6	11	10							49	59	-10.0	-17%	107	-10	-9%	98	-19	-16%
	Paediatric Congenital Surgery	18	26	33	28	29	28							162	216	-53.8	-25%	379	-54	-12%	324	-108	-25%
	Paediatric Cardiology	169	202	186	198	174	191							1,120	964	155.9	16%	2,086	156	8%	2,240	310	16%
	Paediatric Respiratory Medicine	140	124	139	143	141	136							823	1,009	-185.9	-18%	1,831	-186	-9%	1,646	-371	-18%
	Paediatric Other	7	7	9	13	10	12							58	52	5.6	11%	112	6	5%	116	10	9%
	Total	341	367	374	388	365	377							2,212	2,300	-88.2	-4%	4,514	-88	-2%	4,424	-179	-4%
HH Heart	Anaesthetics	1	3	0	0	0	2							6	20	-14.0	-70%	26	-14	-35%	12	-28	-70%
	Cardiac Surgery	87	106	111	113	71	82							570	634	-64.5	-10%	1,285	-64	-5%	1,140	-209	-16%
	Cardiology	532	570	539	518	537	475							3,171	3,579	-407.9	-11%	7,006	-408	-6%	6,342	-1,072	-14%
	Transplant	76	85	80	106	139	104							590	197	393.5	200%	789	393	100%	1,180	785	199%
	Total	696	764	730	737	747	663							4,337	4,430	-92.9	-2%	9,105	-93	-1%	8,674	-524	-6%
Lung	Respiratory Medicine (RB)	1,060	1,222	1,263	1,261	1,271	1,270							7,347	6,543	803.7	12%	13,919	804	6%	14,694	1,578	12%
	Thoracic Surgery (RB)	67	113	96	90	101	90							557	598	-41.5	-7%	1,201	-41	-3%	1,114	-128	-10%
	Respiratory Medicine (Hfd)	142	160	187	160	182	196							1,027	1,197	-170.0	-14%	2,285	-170	-7%	2,054	-401	-16%
	Thoracic Surgery (Hfd)	88	124	104	103	70	97							586	754	-168.4	-22%	1,468	-168	-10%	1,172	-465	-28%
	Total	1,357	1,619	1,650	1,614	1,624	1,653							9,517	9,093	424	5%	18,873	424	2%	19,034	585	3%
NHS and PP Total		3,012	3,433	3,402	3,332	3,381	3,351							19,911	19,810	101	1%	40,332	101	0%	39,822	410	1%

Annex E – Balance Sheet

Balance Sheet as at 30 September 2017					
£m	Actual as at 01-04-17	Plan as at 30-09-17	Actual as at 30-09-17	Variance against Plan	Variance against Plan (%)
Land	59.4	59.4	59.4	0.0	0%
Buildings	127.8	124.5	123.5	(1.0)	-1%
Equipment	26.1	21.0	23.2	2.3	11%
Intangibles	14.9	14.0	13.6	(0.4)	0%
Leased Equipment	0.0	0.0	0.0	0.0	0%
Assets under Construction	10.6	30.1	20.8	(9.2)	-31%
Fixed Assets	238.8	249.0	240.5	(8.4)	-3%
Stocks	10.0	10.0	10.5	0.6	6%
Trade Debtors, net of Provisions	16.5	8.5	12.1	3.6	43%
Prepayments	5.6	5.6	6.5	0.9	16%
Accrued Income	18.6	7.9	6.8	(1.0)	-13%
Other Debtors	1.2	1.2	1.3	0.1	6%
Bank & Cash	32.1	13.4	26.7	13.3	99%
Current Assets	83.9	46.5	63.9	17.5	38%
Trade Creditors	(8.6)	(8.6)	(7.1)	1.4	-17%
Pay Creditors	(7.7)	(7.7)	(7.5)	0.2	-3%
Deferred Income	(7.0)	(7.0)	(6.9)	0.1	-2%
Accruals	(17.0)	(11.9)	(18.8)	(6.9)	58%
Accrued Dividend	0.5	0.5	0.2	(0.3)	0%
Other Creditors	(5.8)	(5.8)	(5.8)	0.0	0%
Provisions - Current	(1.9)	(1.9)	(2.3)	(0.4)	21%
Borrowings - Current	(5.0)	(5.0)	(5.3)	(0.3)	0%
Current Liabilities	(52.4)	(47.4)	(53.4)	(6.1)	13%
Net Current Assets (Liabilities)	31.5	(0.9)	10.5	11.4	-1279%
Provisions - Non Current	(0.8)	(0.8)	(1.6)	(0.8)	106%
Borrowings - Non Current	(52.1)	(52.1)	(51.9)	0.2	0%
Non-Current Liabilities	(52.9)	(52.9)	(53.5)	(0.7)	1%
Net Assets Employed	217.4	195.2	197.5	2.3	1%
PDC	108.6	108.6	108.6	0.0	0%
I&E Reserve	60.9	38.7	41.0	2.3	6%
Revaluation Reserve	47.9	47.9	47.9	0.0	0%
Total Capital and Reserves	217.4	195.2	197.5	2.3	1%

Annex F – Cash flow statement

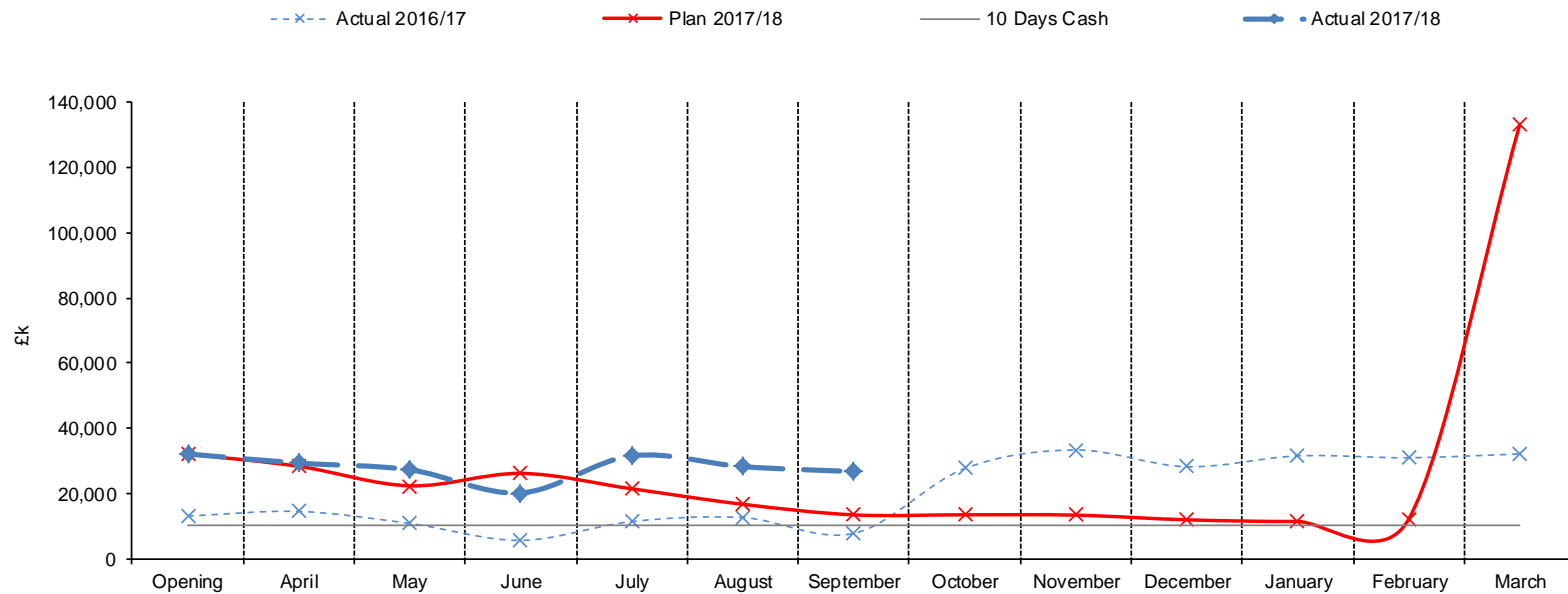
Cash Flow Statement (£m)	Actual as at 30-09-17
Cash flows from operating activities	
Operating income	179.2
Operating expenses of continuing operations	(195.4)
Operating surplus/ (deficit)	(16.2)
Non-operating and non-cash items in operating surplus/ (deficit)	
Depreciation & amortisation	9.3
Impairments	0.0
Reversals of impairments	0.0
(Gain)/ loss on disposal	0.0
Other movements in operating cash flows	0.0
	9.3
Operating cash flows before movements in working capital	(6.9)
Increase/ (decrease) in working capital	
(Increase)/ decrease in inventories	(0.6)
(Increase)/ decrease in trade & other receivables	4.4
(Increase)/ decrease in prepayments	(0.9)
(Increase)/ decrease in accrued income	11.7
(Increase)/ decrease in other debtors	(0.1)
Increase/ (decrease) in trade & other payables	(1.4)
Increase/ (decrease) in pay creditors	(0.2)
Increase/ (decrease) in deferred income	(0.1)
Increase/ (decrease) in accruals	1.9
Increase/ (decrease) in other payables	(0.0)
Increase/ (decrease) in provisions	1.2
	15.9
Net cash inflow/ (outflow) from operating activities	9.0
Cash flows from investing activities	
Interest received	0.0
Purchase of tangible & intangible assets	(11.1)
Sales of tangible & intangible assets & investment property	0.0
	(11.0)
Net cash inflow/ (outflow) before financing	(2.0)
Cash flows from financing activities	
Public dividend capital received	0.0
Loans received from Dept of Health	2.5
Other loans received	(0.0)
Loans repaid to Dept of Health	(1.9)
Other loans repaid	(0.5)
Interest paid	(0.6)
PDC dividend paid	(2.8)
Net cash generated from/ (used in) financing activities	(3.4)
Increase/ (decrease) in cash and cash equivalents	(5.4)
Cash & cash equivalents - 1 April	32.1
Cash & cash equivalents - 30 September	26.7

Annex G – Cash flow chart

Cash Flow Performance as at 30 September 2017

Major Planned Cash Inflows

- | | | |
|---|-------------------------|----------|
| 1 | | CFM Sale |
| 2 | Final ITFF
draw down | |
| 3 | | |

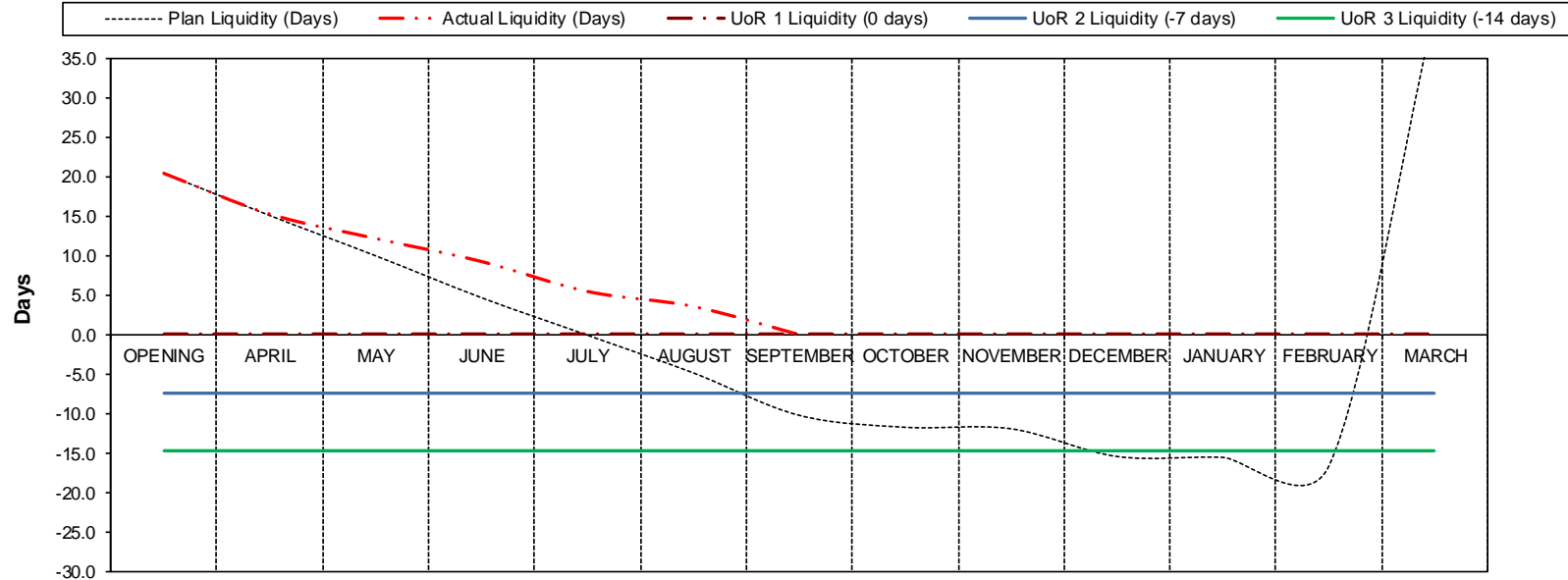


Major Planned Cash Outflows

- | | | |
|---|-----------------------|-----------------|
| 1 | | PDC
Dividend |
| 2 | ITFF
repayment | |
| 3 | Barclays
repayment | |
-
- | | | | | | | | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | | ITFF
repayment | ITFF
repayment | PDC
Dividend | ITFF
repayment | ITFF
repayment | PDC
Dividend |
| 1 | Barclays
repayment | Barclays
repayment | Barclays
repayment | Barclays
repayment | Barclays
repayment | Barclays
repayment | Barclays
repayment |
| 2 | Barclays
repayment | Barclays
repayment | Barclays
repayment | Barclays
repayment | Barclays
repayment | Barclays
repayment | Barclays
repayment |
| 3 | Barclays
repayment | Barclays
repayment | Barclays
repayment | Barclays
repayment | Barclays
repayment | Barclays
repayment | Barclays
repayment |

Annex H – Liquidity report

Liquidity as at 30 September 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)						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	(0.0)						
UoR 2 Surplus/ (Deficit)	29.0	23.5	20.3	17.2	13.2	11.1	7.4						
UoR 3 Surplus/ (Deficit)	36.4	30.9	27.7	24.6	20.6	18.6	14.8						

Annex I – Debtors

Income Year Ending Sep-17	Debtor Days	£m	Sep-17	Aug-17	Jul-17	Jun-17	May-17	Apr-17	Opening Balance
242.6	0	NHS England	(0.1)	0.1	0.4	0.6	0.8	1.4	(1.4)
56.5	11	CCGs	1.8	4.2	5.9	6.6	6.3	5.1	3.8
21.9	48	Other NHS	2.9	2.4	2.2	1.9	2.0	1.8	1.9
321	5	Total NHS	4.5	6.6	8.5	9.1	9.1	8.2	4.4
15.0	235.7	Embassies & Overseas Patients	9.7	10.0	10.7	10.3	10.1	9.7	11.0
22.9	55.6	Insurance Companies	3.5	4.3	4.6	5.2	5.0	4.0	5.5
6.8	33.9	Other Private Patients	0.6	0.6	0.9	0.9	1.1	0.5	0.7
44.7	112.8	Total Private Patients	13.8	14.9	16.2	16.4	16.2	14.3	17.1
31.1	34.8	Other Debtors	3.0	3.2	3.1	3.0	2.9	3.6	2.9
75.8	81	Total Non NHS Debt	16.8	18.1	19.3	19.5	19.0	17.9	20.0
396.8	20	Total Trade Debtors	21.3	24.7	27.9	28.5	28.1	26.2	24.4
		Less Provisions	(9.2)	(9.2)	(9.2)	(9.3)	(8.1)	(7.7)	(7.9)
		Total Debtors (Net of Provision)	12.1	15.5	18.7	19.3	20.0	18.5	16.5

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 Aug	Debtor Days Movement Sept
NHS West Hampshire CCG	0.9	0.0	0.9	0.0	281	281	0
NHS Herefordshire CCG	0.3	0.0	0.3	0.0	323	332	-9
NHS Medway CCG	0.3	0.0	0.3	0.1	205	207	-2
Frimley Health FT	0.3	0.1	0.2	0.1	229	126	103
NHS High Weald Lewes Havens CCG	0.2	0.0	0.2	0.0	356	318	38
Royal Marsden FT	0.2	0.1	0.1	0.0	226	148	78
NHS Central London (Westminster) CCG	0.2	0.1	0.1	0.1	62	50	12
NHS Hounslow CCG	0.2	0.0	0.1	0.1	45	43	2
Health & Social Services Dept. Corp. HQ	0.1	0.0	0.1	0.0	414	412	2
NHS South Kent Coast CCG	0.1	0.0	0.1	0.1	237	207	30
NHS Camden CCG	0.1	(0.1)	0.1	(0.1)	90	144	-54
Total	2.8	0.3	2.4	0.5			

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 Aug	Debtor Days Movement Sept
Kuwait Health Office	4.9	(0.1)	4.6	(0.1)	454	431	23
Kuwait Military	1.4	(0.5)	1.2	(0.3)	281	360	-79
Qatar Embassy	1.4	0.3	0.8	0	139	107	32
BUPA	1.2	(0.7)	0.5	0.0	46	70	-24
Kuwait Oil Company	0.9	0.0	0.9	0.0	329	310	19
AXA/ PPP	0.9	(0.2)	0.5	0.1	58	65	-7
Libyan Embassy	0.3	0.0	0.3	0.0	1,423	1,393	30
WPA	0.3	0.1	0.2	0.0	128	118	10
UAE Medical Department	0.2	(0.1)	0.2	0.0	166	170	-4
UAE Military	0.2	0.0	0.2	0.0	480	480	0
Cyprus	0.1	0.0	0.1	0.0	1,186	1,156	30
Total	11.8	(1.2)	9.5	(0.0)			

Annex J – Capital report

	Project Code (£m)	Current Budget - Total	Actual Spend to Date	Commitment Value at the Reporting Date	Balance of Budget	Actual Q1	Actual Q2	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	3.1	1.1	3.8	0.3	0.8	0.3	1.0	1.0	3.1
1.3	Project Management	0.4	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.4
2	Estates Maintenance	2.4	0.7	1.0	0.6	0.3	0.4	0.9	0.8	2.4
3	IT/IS	1.5	0.8	0.3	0.4	0.5	0.3	0.4	0.4	1.6
4	Equipment	1.1	0.7	0.2	0.2	0.4	0.3	0.3	0.1	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	0.2	0.1	0.1	0.3	0.1	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	6.6	4.9	0.3	2.9	3.7	4.1	1.1	11.8
7.3	Major Project - RBH Developments	2.5	0.7	0.3	1.5	0.1	0.6	0.7	1.0	2.4
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	0.9	0.0	0.0	0.9	0.0	0.0	0.4	0.6	0.9
	TOTAL	24.5	11.1	10.8	4.7	5.2	5.9	8.3	5.1	24.5

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	29/12/2017
2	Failure to maintain adequate liquidity	The impact of annual I&E deficits are placing unsustainable pressure on the liquidity position of the Trust.	High	Richard Paterson	29/12/2017
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	29/12/2017
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	29/12/2017
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	29/12/2017
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	29/12/2017
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	29/12/2017
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	29/12/2017
9	Capital is misallocated	Trust fails to allocate capital that balances short term needs with long term sustainability	Low	Robert Craig	29/12/2017
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	29/12/2017
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	29/12/2017
12	Failure to capture all NHS revenues	Income may be lost through ineffective work measurement. Reduction in payments by Commissioners.	Low	Richard Paterson	29/12/2017
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	29/12/2017
14	Harefield Mansion	Possibility of significant long-term costs to restore Grade II* listed building and/or return to use.	Low	Robert Craig	29/12/2017
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	29/12/2017
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	29/12/2017

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	-6,769	50.0%	-3,384	Work is ongoing through the Darwin programme
Margin on service developments	-2,891	75.0%	-2,169	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	-1,013	75.0%	-759	Straightline YTD against budget/FOT
Trust to trust income	-719	75.0%	-540	Possible under-achievement based on YTD actuals; tariff reduction.
Private patient income	-8,875	50.0%	-4,437	Possible under-achievement based on YTD actuals
Total Risk	-48,167	29.2%	-14,079	
Identified Mitigations				
Contingencies in budget	5,500	100.0%	5,500	Current available level to offset other cost pressures
Provisions potentially not required	12,262	40.0%	4,905	Will be assessed through year; active steps being taken to manage debtor position
Pay Underspend (above CIP)	6,016	50.0%	3,008	May be non-recurrent
HVP overperformance	926	50.0%	463	Activity increasing
Full delivery of CQUIN	800	50.0%	400	Dependent on commissioner agreement
Total Mitigations	25,504	56.0%	14,276	
Net Risks and Mitigations	-22,663	-0.9%	196	