

A lifetime of specialist care

Trust Board
30th November 2016

Finance Performance Report
Month 07 – period ended 31 October 2016

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Section one: Trust income & expenditure

1.1 Summary income & expenditure

The position for the period to 31 October 2016 is outlined below:

£m	2016/17	M07				YTD			
	Budget	Budget	Actual	Variance	%	Budget	Actual	Variance	%
NHS Clinical Income									
NHS England	237.8	19.9	17.2	(2.6)	-13%	137.9	130.5	(7.5)	-5%
CCG /Other NHS Commissioned	62.4	5.2	6.0	0.8	15%	36.1	36.0	(0.1)	0%
S&T Funding	4.8	0.4	0.5	0.1	13%	2.8	2.8	0.0	0%
Income Contingency	(6.4)	(0.7)	(0.3)	0.4	62%	(2.9)	(1.1)	1.9	64%
Trust to Trust & Other NHS	3.7	0.3	0.3	(0.0)	-8%	2.1	2.6	0.5	22%
Total NHS Clinical Income	302.2	25.1	23.7	(1.4)	-6%	176.0	170.8	(5.3)	-3%
Private Patient Income	63.4	6.8	4.2	(2.6)	-38%	28.4	23.0	(5.4)	-19%
Non Clinical Income	27.7	2.3	2.3	(0.0)	0%	16.3	16.5	0.2	1%
Total Income	393.3	34.1	30.1	(4.0)	-12%	220.7	210.2	(10.5)	-5%
Pay Costs									
Pay Costs	(225.0)	(19.3)	(18.3)	1.0	5%	(128.6)	(127.0)	1.7	1%
Pay Contingency	(2.0)	(0.2)	0.0	0.2	100%	(1.2)	0.0	1.2	104%
Total Pay Costs	(227.0)	(19.5)	(18.3)	1.1	6%	(129.8)	(126.9)	2.9	2%
Non Pay Costs									
Drugs	(45.2)	(3.8)	(2.8)	1.0	27%	(26.1)	(22.5)	3.6	14%
Clinical Supplies	(64.3)	(5.3)	(5.5)	(0.2)	-4%	(37.7)	(37.8)	(0.2)	-1%
Other Costs	(52.5)	(5.1)	(3.7)	1.3	27%	(26.9)	(24.3)	2.7	10%
Non-Pay Contingency	(2.0)	(0.2)	(0.0)	0.2	100%	(1.2)	0.0	1.2	100%
Total Non Pay Costs	(164.0)	(14.4)	(12.0)	2.3	16%	(91.9)	(84.6)	7.2	8%
Total Expenditure	(391.0)	(33.8)	(30.3)	3.5	10%	(221.7)	(211.6)	10.1	5%
EBITDA	2.2	0.3	(0.2)	(0.5)	-185%	(0.9)	(1.3)	(0.4)	-40%
EBITDA Margin %	0.6%	0.8%	(0.7%)			(0.4%)	(0.6%)		
Central Costs	(9.0)	(2.0)	(2.0)	0.0	0%	(4.4)	(0.3)	4.1	93%
Net Surplus/ (Deficit)	(6.8)	(1.7)	(2.2)	(0.5)	28%	(5.3)	(1.6)	3.7	70%
Net Margin %	(1.7%)	(5.0%)	(7.3%)			(2.4%)	(0.8%)		

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 M07 YTD there is a £3.6m surplus against the control total.

S&T funding of £2.8m has been reflected YTD which is the full amount to reflect primarily the achievement of the YTD control total and also expected ongoing achievement of the RTT and cancer trajectories.

£m	Full Year	YTD Plan	YTD Actual	YTD Var
Deficit	(6.8)	(5.3)	(1.6)	3.7
Capital donations	2.6	0.4	0.7	0.3
Depreciation on donated assets	(1.9)	(1.1)	(1.3)	(0.1)
Deficit adjusted for donations	(7.5)	(4.6)	(1.0)	3.6
S&T funding	4.8	2.8	2.8	0.0
Deficit exclusive of S&T funding	(12.3)	(7.4)	(3.8)	3.6

	M07	Commentary
Surplus/ (Deficit)	(£2.2m)	<p>The table above summarises the financial performance for M07 which is reported in detail in Annex A.</p> <p>The Trust planned for a deficit of £1.7m in M07, the actual position was a deficit of £2.2m, £0.5m adverse to plan. Within the result for the month is a planned contribution of £0.6m related to the Kuwait collaboration, which was originally expected to start in October. Removing the adverse effect of this the underlying position is £0.1m favourable to plan.</p> <p>The main points for M07 include:</p> <p>NHS clinical income:</p> <ul style="list-style-type: none"> NHS England activity was £2.6m below plan in the month primarily driven by inpatient income (£0.6m below plan), critical care (£0.5m below), outpatients and outpatients procedures (£0.8m below plan, of which £0.4m relates to prior months and also nets with a £0.3m increase in CCG OP income below) and drugs and devices (£0.9m below plan); CCG and other NHS commissioned activity was £0.8m above plan driven by inpatient income (£0.2m above plan), critical care (£0.2m above plan), outpatients and outpatient procedures (£0.3m above plan, as noted above); Trust-to-Trust and other NHS income was on plan; and NHS income provisions are £0.4m favourable to plan in the month. <p>PP income was, at £4.2m, £2.6m below plan, although the plan for the month includes £2.7m of income related to the Kuwait collaboration noted above and removing this points to a favourable variance of £0.1m for the month. Within the in-month position there is £0.6m of income related to prior months and the confirmed charging levels for three long staying patients. The remaining £3.6m of income reported in the month was driven by a rich case-mix of cardiology devices implanted.</p> <p>Non-clinical income was on plan in the month at £2.3m.</p> <p>Pay costs at £18.3m are £1.1m favourable within which the Kuwait plans are driving a £0.9m favourable variance, Wimpole Street underspends £0.1m favourable and the favourable impact of the pay contingency a further £0.2m. Net of these items the pay position is on plan (with rounding). Nursing staff</p>

		<p>costs are broadly on plan with Harefield breaking-even for the second month running and maintaining an improvement against the trend of the first five months of the year. Consultant staff is underspent by £0.2m in part driven by vacant budgets for service developments planned for the second half of the year.</p> <p>Non-pay costs at £12.0m were £2.3m favourable to plan although this includes a £1.3m favourable variance related to the Kuwait plans, £0.2m related to Wimpole Street underspends and the favourable impact of the non-pay contingency of £0.2m. Drugs were underspent by £1.0m including high cost drugs with a corresponding income offset above. Clinical supplies are £0.2m overspend in the month driven in particular by high levels of VAD device implants.</p> <p>EBITDA at negative £0.2m is £0.5m adverse to plan although within this the Kuwait collaboration is driving a £0.6m adverse effect. Below EBITDA net costs are on plan at £2.0m.</p>
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	M07 Year to Date	Commentary
Surplus/ (Deficit)	(£1.6)	<p>The Trust planned for a deficit of £5.3m to the end of M07, the actual position was a deficit of £1.6m, £3.7m favourable to plan. Within this there is £4.3m favourable impact from the additional gain on the sale of 151 Sydney Street and a £0.6m adverse impact related to the Kuwait collaboration, as noted above.</p> <p>The main points underlying this were:</p> <p>NHS clinical income:</p> <ul style="list-style-type: none"> • NHS England activity is £7.5m adverse to plan primarily driven by under-performance on drugs and devices (£2.5m with a contra to expenditure), inpatients (£2.4m), critical care (£1.2m), transplant & VAD (£0.5m) and outpatients and outpatient procedures (£0.6m); • CCG and other NHS commissioned activity is adverse to plan by £0.1m with over-performance on inpatients (£0.4m) and outpatients and outpatient procedures (£0.4m) offset by adverse performance on critical care (£0.7m), 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 £0.5m with £0.3m of this favourable variance driven by the impact of the full and final coding of 2015/16 activity; and • NHS income provisions are driving a favourable variance of £1.9m primarily through the effect of general income contingencies. <p>PP income at £23.0m is £5.4m adverse to plan. Within this, £2.7m relates to Kuwait and £1.8m relates to slippage against income targets associated with Wimpole Street, which is in part offset by underspends on expenditure budgets. Overall RBH Heart is £0.9m adverse, Lung is £0.8m adverse and clinical support services are £0.6m adverse. The Private Patients directorate, which covers those income targets not devolved to the clinical divisions, including the Wimpole Street site, is £3.5m adverse and this includes £2.7m adverse for Kuwait. Harefield Heart is £0.2m favourable.</p> <p>Pay costs at £126.9m are £2.9m favourable to plan of which £1.2m is the favourable impact of the pay contingency, £0.9m favourable relates to Kuwait</p>

		<p>and £0.6m is the impact of unspent Wimpole Street budgets. Within the remaining £0.2m favourable variance are consultants £0.1m favourable, junior doctors £0.2m favourable, nursing £0.3m adverse, STT £0.1m adverse and non-clinical £0.2m favourable. 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 £84.6m are £7.2m favourable to plan of which £1.2m is the favourable impact of the non-pay contingency, £1.3m favourable for Kuwait and £0.5m is the impact of unspent Wimpole Street budgets. Of the remaining £4.2m, high cost drugs and devices are £2.5m below plan (contra to income as noted above, with a £3m underspend on high cost drugs and a £0.5m overspend on devices). There is a £0.4m underspend on premises costs, driven by higher than planned utilities savings. There is also a £0.25m (NHS) and £0.4m (non-NHS) benefit related to release of debtor impairment provisions.</p> <p>EBITDA at negative £0.9m is £0.4m adverse to plan, although there is a £0.5m adverse effect being driven by Kuwait. Below EBITDA net costs are £0.3m vs plan of £4.4m, £4.1m favourable YTD driven by £4.3m favourable variance on the gain on sale of 151 Sydney Street and partially offset by higher than planned depreciation costs.</p>
FSP (Annex B)		<p>FSP – Cost Improvements</p> <p>Cost improvement plans delivered £0.7m of actual savings against a planned £0.8m in the month (95% achieved). Year-to-date CIPs have achieved £4.1m of a plan of £4.8m (90% achieved).</p> <p>The most material area of slippage relates consultant savings across two key schemes including the reduction of WLi and cross-cover payments at Harefield.</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) and better than planned utilities savings (£0.1m YTD) are offsetting slippage (£0.2m) against the overall target.</p> <p>FSP – Service Developments</p> <p>There is slippage against a number of service developments resulting in an overall position of £2.5m under-performance to date. Within this, Kuwait is driving an overall under-performance of £0.6m this month and will continue to do so for the rest of the year. Excluding the impact of the Kuwait plans on the performance, shortfalls of £3.7m to date against both NHS and private patient income is partially offset by underspends on pay (£1.0m), non-pay (£0.7m) and corporate costs (£0.1m) budgets related to the slippage.</p>
UoR	3 (3)	The Trust has a Use of Resources rating of 3 at M07 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 M07 was 18.0% (against a plan of 17.9%).

Royal Brompton Heart division was above plan at 15.2% (plan 11.6%), Harefield Heart division was below plan at 12.5% (plan 15.4%) and Lung division was below plan at 29.3% (plan 30.2%). Further analysis for each of the divisions is in the following pages.

Year-to-date total contribution at 17.2% is below the planned level of 18.0%, some £3.1m. The Royal Brompton Heart division is below plan by £2.0m, Harefield Heart division is below plan by £0.3m and Lung division is below plan by £0.8m.

Month	Actual				Plan
	RBH Heart	HH Heart	Lung	Total	Total
NHS England	7,665	5,186	4,157	17,008	19,535
CCG	1,423	2,233	1,859	5,515	4,725
T2T & Other NHS	89	109	6	203	223
Sub-total Patient Care Income	9,177	7,528	6,022	22,726	24,483
Private Patient	2,368	319	586	3,273	3,037
Other Income	136	20	33	188	188
Total Income	11,681	7,866	6,641	26,188	27,709
Pay	(6,471)	(4,075)	(2,789)	(13,335)	(13,462)
Non Pay	(3,429)	(2,812)	(1,906)	(8,146)	(9,289)
Total Expenditure	(9,900)	(6,886)	(4,695)	(21,481)	(22,751)
Contribution	1,781	980	1,946	4,706	4,958
	15.2%	12.5%	29.3%	18.0%	17.9%
Indirect & Corporate Directorates				(4,928)	(4,696)
EBITDA				(222)	262
Capital Charges/Other				(1,973)	(1,976)
Surplus/(Deficit)				(2,195)	(1,714)

YTD	Actual				Plan
	RBH Heart	HH Heart	Lung	Total	Total
NHS England	55,105	40,724	32,759	128,588	135,718
CCG	7,633	11,464	13,629	32,726	32,755
T2T & Other NHS	971	815	52	1,837	1,542
Sub-total Patient Care Income	63,709	53,002	46,440	163,151	170,015
Private Patient	12,769	2,975	2,767	18,511	20,006
Other Income	812	167	238	1,217	1,231
Total Income	77,289	56,145	49,445	182,879	191,252
Pay	(44,137)	(29,132)	(19,491)	(92,760)	(93,237)
Non Pay	(25,451)	(18,391)	(14,876)	(58,717)	(63,515)
Total Expenditure	(69,588)	(47,522)	(34,367)	(151,477)	(156,752)
Contribution	7,702	8,622	15,078	31,402	34,500
	10.0%	15.4%	30.5%	17.2%	18.0%
Indirect & Corporate Directorates				(32,729)	(35,449)
EBITDA				(1,327)	(949)
Capital Charges/Other				(291)	(4,366)
Surplus/(Deficit)				(1,618)	(5,315)

2.2 Royal Brompton Heart division

In October, the division generated a contribution of £1.8m, £0.4m ahead of plan. YTD, the division has now generated a contribution of £7.7m, £2.0m adverse to plan.

£000s	FY	Month			Year to Date		
	Budget	Budget	Actual	Variance	Budget	Actual	Variance
NHS England	100,452	8,386	7,665	(721)	58,277	55,105	(3,172)
CCG	14,498	1,238	1,423	185	8,251	7,633	(618)
T2T & Other NHS	1,473	124	89	(35)	852	971	118
Patient Care Income	116,423	9,748	9,177	(571)	67,380	63,709	(3,672)
Private Patient	24,292	2,062	2,368	306	13,635	12,769	(866)
Other Income	1,521	133	136	3	857	812	(45)
Total Income	142,236	11,943	11,681	(262)	81,872	77,289	(4,583)
Pay	(77,748)	(6,549)	(6,471)	77	(45,235)	(44,137)	1,098
Non Pay	(47,263)	(4,012)	(3,429)	583	(26,957)	(25,451)	1,506
Total Expenditure	(125,011)	(10,560)	(9,900)	660	(72,192)	(69,588)	2,604
Contribution	17,224	1,383	1,781	398	9,680	7,702	(1,979)
Contribution %	12%	12%	15%		12%	10%	

INCOME

NHS England

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

Within this position, inpatient activity was behind plan by £0.3m in the month; paediatric surgery and adult cardiology were both behind plan by £0.2m. This in month shortfall was partly offset by prior month adjustments of activity that moved to NHSE, from CCG, on final coding.

Critical care activity was also behind plan (£0.1m) across both adult and paediatric specialties although partly offset by favourable prior month increases.

Income for contract exclusion drugs and devices was behind plan by £0.4m, with a corresponding underspend. In month, ICD activity was behind plan by £0.1m; 19 were implanted against a plan of 25, with a corresponding underspend.

YTD, NHS England income is £3.2m behind plan of which £0.9m is inpatient activity, predominantly in paediatric surgery. Critical care income is £0.9m behind plan primarily driven by paediatric surgery and adult cardiac surgery being partially offset by paediatric cardiology above plan. Contract-exclusion drugs and devices income is behind plan by £0.8m, which is offset by a corresponding underspend.

CCG and other NHS Income

In October, CCG income was ahead of plan by £0.2m, predominantly within inpatient cardiology.

YTD, CCG income is £0.6m below plan, predominantly in critical care. Critical care for adult surgery is behind plan by 155 bed days.

Private Patients

Private patient income was ahead of plan in month by £0.3m and behind plan YTD by £0.9m (6%).

The in month position includes catch up billing for a small number of high value inpatients that had not been fully accrued (£0.1m impact in month), as well as ICD activity being ahead of plan (5 implanted against a plan of 3).

- cardiac surgery: ahead of plan in month and YTD by £0.3m;

- cardiology: ahead of plan in month by £0.1m and behind plan YTD by £0.1m;
- heart assessment: on plan in month and YTD;
- paediatrics: on plan in month and behind plan YTD by £0.4m; and
- Wimpole Street inpatient activity:
 - cardiac surgery on plan in month and behind plan by £0.1m YTD
 - cardiology behind plan by £0.06m in month and by £0.35m YTD
 - heart assessment on plan both in month and YTD
 - paediatrics behind plan by £0.03m in month and by £0.1m YTD.

The total YTD shortfall in Wimpole Street inpatient activity of £0.6m is a combination of the delay in opening (23 spells behind plan) and of a slower trajectory than anticipated once open (28 spells behind plan).

Non-Clinical Income

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

EXPENDITURE

PAY

Total pay was on plan in month; with a YTD underspend of £1.0m (2%).

- Nursing budgets were on plan in month compared to underspends in previous months that have led to £0.8m underspend YTD; wards were covered to full establishment in October where they previously hadn't been, comprising of 14 WTE new starters across the division as well as increased agency spend relative to prior months predominantly on Rose and PICU wards (£0.1m additional spend collectively), partly due to sickness as well as supernumerary cover for new starters;
- Within the YTD nursing position, Wimpole Street nursing budgets are underspent by £0.2m.

NON-PAY

In October, non-pay was underspent by £0.4m and YTD by £1.5m.

Clinical supplies were underspent by £0.2m in month due to low device (ICDs) usage (24 versus a plan of 28 across NHS and PP), offset by a corresponding shortfall in NHS income. Drugs continue to underspend (£0.3m in month), on homecare drugs across both adult and paediatric areas, again offset by a corresponding shortfall in NHS income.

The YTD position is driven by underspends on drugs of £0.8m and by underspends on clinical supplies of £0.5m due to low device (ICDs and PPVs) usage; 4% below plan (both with equivalent NHS income offset).

2.3 Harefield Heart division

In October, the division generated a contribution of £1.0m (12.5%), £0.2m adverse to plan. The YTD contribution is now £0.3m adverse to plan at £8.6m.

Harefield Heart £000s	FY Budget	Mth Budget	Mth Actual	Mth Variance	YTD Budget	YTD Actual	YTD Variance
NHS England	70,758	5,878	5,186	(692)	41,197	40,724	(473)
CCG	19,266	1,577	2,233	655	11,315	11,464	149
T2T & Other NHS	1,122	94	109	15	655	815	160
Patient Care Income	91,146	7,549	7,528	(21)	53,167	53,002	(164)
Private Patient	4,978	424	319	(105)	2,761	2,975	214
Other Income	218	18	20	2	127	167	41
Total Income	96,343	7,991	7,866	(125)	56,054	56,145	91
Pay	(48,262)	(4,025)	(4,075)	(50)	(28,068)	(29,132)	(1,064)
Non Pay	(32,807)	(2,739)	(2,812)	(73)	(19,076)	(18,391)	686
Total Expenditure	(81,069)	(6,764)	(6,886)	(123)	(47,144)	(47,522)	(379)
Contribution	15,274	1,228	980	(248)	8,910	8,622	(288)
	15.9%	15.4%	12.5%		15.9%	15.4%	

INCOME

NHS England

In October, NHS England income was £0.7m (11.8%) behind plan, driven by income under-performance in critical care (£0.3m, 26.4%) and inpatients (£0.1m, 7.0%), where both cardiac surgery and cardiology inpatient inter-hospital transfer activity was below plan in the month. A £0.5m adverse variance was also seen across outpatients; this relates to prior month reduction and movement of some income now recognised against the CCG contract (£0.2m). 3 heart transplants (vs plan of 1.8), 4 lung transplants (vs plan of 4) and 5 VAD (vs plan of 3.2) took place in October and resulted in £0.1m income over-performance on the transplant & VAD contract and £0.1m within the drugs & devices, the latter matched with additional costs.

YTD, income has fallen to £0.5m (0.6%) behind plan. Inpatient activity stands £0.7m behind plan, while critical care income is £0.1m behind plan. Outpatients has also fallen to £0.2m behind plan, although offset by over-performance in the CCG contract. Drugs & device income is £1.0m ahead of plan due to high levels of device activity (ICD activity now stands at 47 ahead of plan, 32.0%), matched with additional costs. Despite higher activity in both September and October – fourteen transplants and six VAD implants in the last two months – performance against the transplant & VAD contract remains below plan YTD (£0.5m).

CCG and other NHS income

In October, CCG and other NHS income was £0.7m (41.5%) ahead of plan. Inpatient activity in cardiology, transplant (Welsh) and cardiac surgery all ahead of plan, total £0.1m. Critical care income (£0.2m) and drugs & devices income (£0.1m) were also ahead of plan in the month due to 1 Welsh VAD patient. The movement of outpatient income from NHSE to CCG contract also benefitted the position in month as discussed above.

YTD, income is £0.1m ahead of plan. Inpatient income is ahead of plan by £0.5m, seen predominantly in cardiology. Critical care income (£0.3m) and transplant/VAD income (£0.4m) remain behind plan, despite the Welsh VAD patient in the month. Outpatients and drugs & devices income are both now ahead of plan (£0.2m and £0.1m respectively), the latter matched with additional costs.

Private Patients

Private patient income under-performed against plan by £0.1m, although YTD remains £0.2m (7.7%) ahead of plan. Activity was behind plan in October, cardiology income impacted by low levels of device activity, whilst cardiac surgery was marginally above plan. YTD income remains ahead of plan due to cardiac surgery income over-performance (43%) and cardiology falling to just behind plan (2.0%).

EXPENDITURE

PAY

Pay was £0.05m (1.3%, M06 3.3%, M05 3.9%, M04 4.4%) overspent in month and £1.0m (3.8%) overspent YTD.

The adverse variance in-month continues amongst consultant and scientific & technical (STT) staff, and nursing remains broadly on plan:

- Nursing remains broadly on plan in month (overspend in M05 5.9%, M04 3.2%, M03 8.0%), significantly better than trend and YTD overspend lies at £0.8m. AICU and ACCU £30k overspent in M07, transplant unit continued improvement to trend despite vacancy gaps of 24%. The vacancy levels remain high, at 64 WTE (10.1%, M06 64 WTE) and there remain high levels of bank and agency usage across the site, although the latter continues to reduce. 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 £37k (YTD £0.3m). This continues to be due to payments for extra cath lab and theatre sessions (in addition to job plan) and YTD various pay arrears totalling £75k.
- Junior doctors' pay saw an in-month underspend of £44k and YTD remains underspent by £0.1m.
- STT staff overspend in month in line with previous months, YTD overspend of £0.3m (9.2%) 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. After having established that a recruitment and retention premium would be too great an expense, the division is currently exploring an international recruitment drive for radiographers as this remains a challenging recruitment market.

NON PAY

Non-pay costs in month were overspent by £0.1m (2.7%), and YTD underspent by £0.7m (3.6%). Clinical supplies were overspent by £0.2m due to overspends on ICD devices (3 ahead of plan), VAD implants (6 against a plan of 3 in-month) £0.3m, linked to income over-performance above. £0.1m underspend also seen in a number of other areas. The YTD underspend is largely a result of a £0.3m underspend on VAD implants (4 behind plan) and £0.3m underspend on OCS kits, due to fewer used this year and the correction to the overstated 2015/16 position. An underspend is also seen in theatres (11.5%). This is offset by high levels of interventional activity, corresponding with the income over-performance discussed above.

2.4 Lung division

In October, the division generated a contribution of £2.0m (29%), £0.4m adverse to plan. YTD the contribution now stands at £15.0m (30%), £0.8m adverse to plan.

£000s	FY	Month			Year to Date		
	Budget	Budget	Actual	Variance	Budget	Actual	Variance
NHS England	62,749	5,271	4,157	(1,114)	36,244	32,759	(3,485)
CCG	22,895	1,910	1,859	(51)	13,189	13,629	440
T2T & Other NHS	61	5	6	1	36	52	16
Patient Care Income	85,706	7,186	6,022	(1,164)	49,469	46,440	(3,029)
Private Patient	6,426	551	586	36	3,610	2,767	(843)
Other Income	434	37	33	(4)	247	238	(9)
Total Income	92,565	7,774	6,641	(1,133)	53,326	49,445	(3,881)
Pay	(34,394)	(2,888)	(2,789)	99	(19,934)	(19,491)	443
Non Pay	(30,154)	(2,538)	(1,906)	633	(17,482)	(14,876)	2,607
Total Expenditure	(64,548)	(5,427)	(4,695)	732	(37,417)	(34,367)	3,050
Contribution	28,018	2,348	1,946	(401)	15,909	15,078	(831)
	30%	30%	29%		30%	30%	

INCOME

NHS England

In October, NHS England income was £1.1m (21%) behind plan driven by (high-cost, contract-excluded) drugs activity being £0.6m behind plan, matched by a corresponding underspend in drugs expenditure. Of the remaining £0.5m under-performance, inpatients accounted for £0.3m and critical care £0.2m, which in part reflected adjustments for prior months.

YTD, NHS England income is now behind plan by £3.5m (10%). This is primarily driven by lower than expected high-cost, contract-excluded drugs activity (£2.5m, 21% behind plan), with a corresponding non-pay underspend. Inpatient income is behind plan (£0.8m, 11%) primarily driven by lower than expected activity in thoracic surgery, mainly in non-elective spells.

CCG and other NHS income

In October, CCG and other NHS income was £0.1m (3%) behind plan at £1.9m.

YTD, CCG and other NHS income remains £0.4m (3%) ahead of plan. Critical care and outpatients are both ahead of plan by £0.3m and inpatients behind plan by £0.2m.

Private Patients

In October, private patient activity was on plan and YTD remains behind plan by £0.8m (23%). The YTD adverse variance is primarily driven by lower than expected activity in respiratory medicine at Royal Brompton.

EXPENDITURE

Pay

Total pay was underspent in month by £0.1m (3%) and YTD by £0.4m (2%). Pay managed within the division is underspent by £0.1m in month and £0.6m YTD and is analysed as follows:

- consultant pay was underspent in month by £43k, and is £102k 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 £58k YTD;
- junior doctor pay remains underspent (in month £26k, YTD £192k), because of continuing vacancies amongst clinical fellows and SPRs;
- nursing pay is also underspent (in month £40k, YTD £154k) primarily due to specialist nursing vacancies;
- STT pay remains underspent (in month £17k, YTD £132k) due to vacancies; and
- admin pay was underspent in month by £4k. YTD admin pay is £2k overspent with several vacancies being covered by agency and bank staff.

Non Pay

In October, non-pay costs were underspent by £0.6m; YTD they are underspent by £2.6m. The principal reason for the underspend is lower-than-expected expenditure on high-costs drugs with Ivacaftor, Pirfenidone and Nintedanib being the main drivers. As mentioned above, this is matched with lower income.

Section three: Trust balance sheet

3.1 Trust balance sheet at 31 October 2016

M7	£m
Fixed Assets	234.8
Stocks	13.5
Accrued Income & Prepayments	12.7
Debtors	25.8
Bank	27.6
Current Assets	79.6
Creditors	(15.2)
Deferred Income	(8.0)
Accruals & Other Creditors	(27.1)
Accrued Dividend	(0.7)
Provisions - Current	(2.1)
Borrowings - Current	0.0
Current Liabilities	(53.1)
Net Current Assets (Liabilities)	26.5
Provisions - Non Current	(0.8)
Borrowings	(47.1)
Non-Current Liabilities	(47.9)
Net Assets Employed	213.5
Capital	108.4
I&E Reserve	48.1
Revaluation Reserve	57.1
Total Capital and Reserves	213.5

3.2 Balance sheet comments

	M07 Actual (M06)	Commentary
Cash (Annex E & F)	£27.6m (£7.7m)	The cash level of £27.6m at 31 October is equivalent to 27.4 days operating costs (30 September – 7.7 days) and represents a £19.9m increase from 30 September. Cash is £0.6m below plan (£12.9m below plan at 30 September). The sale of 151 Sydney Street to the RBH Charity 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). The cash balance is therefore in a healthy state.
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	£42.5m (£37.5m)	The latest £5m drawdown from the ITFF was made this month as planned, and will continue each quarter throughout 2016/17.
Liquidity (Annex F & G)	12.2 days (9.6 days)	An improvement of 2.6 days in M07 and liquidity is £1.8m above plan (£0.5m above plan at 30 September).
Stock	£13.5m (£13.3m)	An increase of £0.2m in M07 (£3.2m above plan YTD) reflecting receipts of bulk orders approved to take advantage of opportunities to maximise discounts and free of charge stock.

<p>Trade Debtors (Annex H)</p>	<p>£21.0m (£17.7m)</p>	<p>NHS debt totals £7.5m and increased by £1.5m in M07. Within this figure, £4.0m is CCG debt (M06 – £3.6m), £0.7m is NHSE debt (M06 – £0.1m) and £2.8m (M06 – £2.4m) relates to FTs/ Trusts.</p> <p>NHS debt relating to prior years continues to improve and totals £1.7m (M06 – £2.2m). £0.8m of this debt (M06 – £1.1m) sits with CCGs, £0.4m (M06 – £0.7m) sits across FT's/ Trusts and the balance across other commissioners.</p> <p>Private Patient debt totals £16.6m and increased by £1.5m in M07. Within this position the >60 days debt increased by £0.9m. M07 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 £2.6m from the opening balance at 1 April.</p> <p>The Kuwaiti Embassy have indicated that there will be a temporary slowdown in payments as there is currently no Minister in post to authorise larger value invoices.</p>
<p>Trade Creditors</p>	<p>-£7.8m (-£10.3m)</p>	<p>The approved creditor balance is £0.4m above plan, with all approved creditor invoices remain fully paid to date. The balance at 31 October is equivalent to 19.5 (30 September – 25.6) days' non-pay cost.</p>
<p>Capital spend (Annex I)</p>	<p>£13.6m YTD (£12.3m YTD)</p>	<p>Expenditure in M07 was £1.3m and this takes the YTD spend to £13.6m.</p> <p>The budgeted profile for 2016/17 for the overall £30.0m programme shows a plan of £17.3m to M07; expenditure is therefore £3.7m below the YTD plan. Much of this slippage is due to reprofiling of the programme for the Harefield redevelopment scheme, RBH AICU works and Estates Maintenance which will be carried forward into 2017/18.</p> <p>Overall forecast outturn for 2016/17 is £25.9m reflecting the slippage noted above.</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 deficit of £0.7m up to M07 2016/17, £3.7m favourable to plan. Actual EBITDA was negative £0.2m in M07 and now stands at negative £1.3m YTD – £0.4m adverse to plan.

The most material element impacting on YTD variance is the gain on sale of one of the Trusts investment properties (151 Sydney Street) – the plan assumed this gain to be £9.3m but as the final sale price was higher than planned (£24m v £20m) the actual gain was £13.6m, £4.3m higher than 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 will erode progressively (£0.5m adverse to M07).

With the assumption that Kuwait will be delayed beyond 2016/17 the forecast assumes that the additional gain on the sale of 151 Sydney Street will absorb the loss of the planned contribution of Kuwait – control total therefore remains forecast to be achieved.

As noted above, performance is also reported against the control total and up to M07 is £3.6m favourable to plan.

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

The Trust is currently developing its two year operational plan for 2017/18 and 2018/19: this is to be submitted in final form before the end of the calendar year. Contract negotiations are also in train for the same two year period. Preliminary indications are that both I&E and cash performance will be challenging.

Annex A – Detailed income and expenditure statement

Detailed Income & Expenditure Position									
	2016/17 Budget	M07				YTD			
£m		Budget	Actual	Variance	%	Budget	Actual	Variance	%
NHS Clinical Income									
NHS England	237.8	19.9	17.2	(2.6)	-13%	137.9	130.5	(7.5)	-5%
CCG /Other NHS Commissioned	62.4	5.2	6.0	0.8	15%	36.1	36.0	(0.1)	0%
S&T Funding	4.8	0.4	0.5	0.1	13%	2.8	2.8	0.0	0%
Income Contingency	(6.4)	(0.7)	(0.3)	0.4	62%	(2.9)	(1.1)	1.9	64%
Trust to Trust & Other NHS	3.7	0.3	0.3	(0.0)	-8%	2.1	2.6	0.5	22%
Sub-Total NHS Clinical Income	302.2	25.1	23.7	(1.4)	-6%	176.0	170.8	(5.3)	-3%
Non NHS Income									
Private Patients	63.4	6.8	4.2	(2.6)	-38%	28.4	23.0	(5.4)	-19%
Sub-Total Non NHS Income	63.4	6.8	4.2	(2.6)	-38%	28.4	23.0	(5.4)	-19%
Non Clinical Income									
Education & Training	5.3	0.4	0.5	0.0	8%	3.1	3.1	0.0	0%
Research & Development	9.4	0.8	0.9	0.1	12%	5.5	6.2	0.7	13%
Non Patient Services	1.2	0.1	0.1	(0.0)	-11%	0.7	0.6	(0.1)	-9%
Commercial- Parking, Accom, Catering	4.2	0.3	0.3	(0.1)	-20%	2.6	2.4	(0.2)	-8%
Other Income	3.2	0.3	0.2	(0.1)	-20%	1.8	1.6	(0.2)	-10%
Salary Recharges	1.6	0.1	0.1	0.0	2%	0.9	0.9	(0.1)	-6%
Charitable Funds	2.8	0.2	0.2	(0.0)	-1%	1.6	1.6	(0.0)	0%
Sub-Total Non Clinical Income	27.7	2.3	2.3	(0.0)	0%	16.3	16.5	0.2	1%
Total Income	393.3	34.1	30.1	(4.0)	-12%	220.7	210.2	(10.5)	-5%
Pay costs									
Consultants	(40.6)	(3.6)	(3.1)	0.5	14%	(22.8)	(22.3)	0.4	2%
Junior Doctors	(22.9)	(1.9)	(1.9)	0.0	2%	(13.3)	(13.1)	0.2	2%
Nursing	(79.7)	(6.8)	(6.7)	0.1	2%	(46.0)	(45.8)	0.2	0%
STT	(38.8)	(3.4)	(3.2)	0.2	6%	(21.7)	(21.2)	0.5	2%
Non Clinical staff	(43.0)	(3.6)	(3.5)	0.1	3%	(24.9)	(24.6)	0.3	1%
Pay Contingency	(2.0)	(0.2)	0.0	0.2	100%	(1.2)	0.0	1.2	104%
Sub-Total Pay costs	(227.0)	(19.5)	(18.3)	1.1	6%	(129.8)	(126.9)	2.9	2%
Non pay costs									
Drugs	(45.2)	(3.8)	(2.8)	1.0	27%	(26.1)	(22.5)	3.6	14%
Clinical Supplies	(64.3)	(5.3)	(5.5)	(0.2)	-4%	(37.7)	(37.8)	(0.2)	-1%
General Supplies	(12.4)	(1.1)	(0.9)	0.1	13%	(6.7)	(6.3)	0.5	7%
Establishment	(15.9)	(1.5)	(1.2)	0.3	22%	(8.3)	(7.9)	0.4	5%
Premises	(11.0)	(0.9)	(0.9)	0.0	3%	(6.4)	(5.9)	0.5	8%
Legal & Professional Fees	(6.5)	(0.9)	(0.2)	0.6	73%	(2.1)	(1.3)	0.8	37%
Ambulance Services	(1.7)	(0.1)	(0.1)	(0.0)	-2%	(1.0)	(1.0)	(0.0)	-1%
Other Expenditure	(5.0)	(0.5)	(0.3)	0.2	40%	(2.4)	(1.9)	0.6	23%
Non-Pay Contingency	(2.0)	(0.2)	(0.0)	0.2	100%	(1.2)	0.0	1.2	100%
Sub-Total Non pay costs	(164.0)	(14.4)	(12.0)	2.3	16%	(91.9)	(84.6)	7.2	8%
Total Expenditure	(391.0)	(33.8)	(30.3)	3.5	10%	(221.7)	(211.6)	10.1	5%
EBITDA	2.2	0.3	(0.2)	(0.5)	-185%	(0.9)	(1.3)	(0.4)	-40%
EBITDA margin %	0.6%	0.8%	(0.7%)	0.0%		(0.4%)	(0.6%)		
Central Costs									
Depreciation	(16.1)	(1.4)	(1.4)	(0.1)	-5%	(9.3)	(10.0)	(0.7)	-7%
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)	(0.0)	0.1	79%	(0.7)	(0.5)	0.2	35%
Interest Receivable	0.0	0.0	0.0	(0.0)	-50%	0.0	0.0	(0.0)	-24%
Restructuring Costs	0.0	0.0	(0.0)	(0.0)	100%	0.0	(0.1)	(0.1)	100%
Investment Property	12.3	0.0	0.0	0.0	100%	9.3	13.6	4.3	0%
PDC Dividend	(6.7)	(0.5)	(0.5)	0.0	0%	(4.0)	(4.0)	0.1	1%
Sub-Total Central Costs	(9.0)	(2.0)	(2.0)	0.0	0%	(4.4)	(0.3)	4.1	93%
Net Surplus/ (Deficit)	(6.8)	(1.7)	(2.2)	(0.5)	28%	(5.3)	(1.6)	3.7	70%
Net Margin %	(1.7%)	(5.0%)	(7.3%)			(2.4%)	(0.8%)		

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	39	(2)	286	264	(22)	92.3%
Pay	3,127	243	199	(44)	1,505	1,265	(240)	84.1%
Drugs	561	48	44	(4)	318	288	(30)	90.5%
Clinical Supplies	3,919	383	199	(184)	2,004	1,391	(613)	69.4%
Non-Clinical Expenditure	1,305	109	262	153	720	919	199	127.6%
Grand Total	9,401	824	743	(81)	4,833	4,126	(707)	85.4%

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)	253	77	(176)	30.5%
Junior Doctors	424	37	37	0	238	211	(28)	88.4%
Nursing	1,039	53	65	12	370	418	48	113.0%
STT	450	38	34	(4)	263	206	(57)	78.4%
Non Clinical Staff	717	67	51	(16)	381	354	(27)	92.9%
Total	3,127	243	199	(44)	1,505	1,265	(240)	84.1%

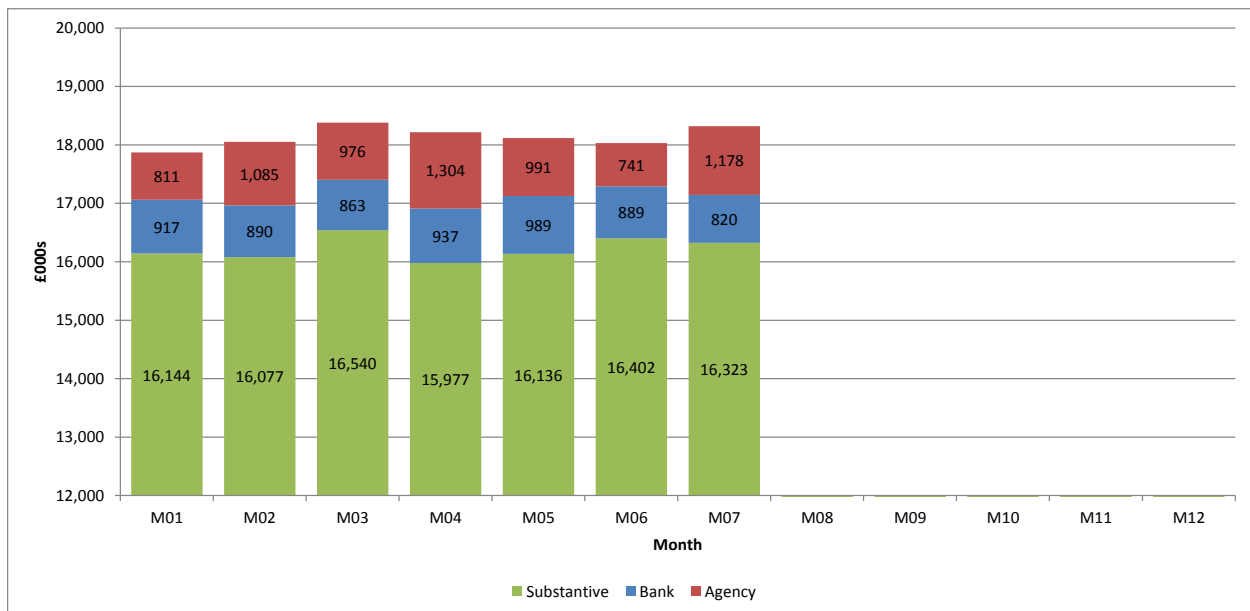
FSP - Service Development Monitoring - 2016/17

	FY Plan	Plan Month	Actual Month	Var Month	Plan YTD	Act YTD	Var YTD
NHS Clinical Income	5,656	528	262	(266)	2,875	1,353	(1,522)
Non NHS Income	8,664	819	629	(190)	3,178	1,047	(2,131)
Non Clinical Income	242	25	16	(9)	116	63	(53)
Pay	(4,854)	(470)	(406)	64	(2,239)	(1,272)	967
Non Pay	(5,368)	(511)	(377)	135	(2,468)	(1,767)	700
Corporate Costs	(838)	(84)	(84)	0	(419)	(335)	84
Total	3,501	307	40	(267)	1,044	(911)	(1,955)

Annex C – Staffing (Permanent & Temporary)

Staff Group	Apr	May	Jun	Jul	Aug	Sep	Oct	YTD Actual 2016/17	YTD Budget 2016/17	YTD Var 2016/17
Consultant Locum	193	234	236	287	330	286	191	1,756	1,942	186
Consultant Substantive	2,966	2,953	2,958	2,898	2,796	3,124	2,869	20,566	20,810	244
Junior Doctors Locum	102	111	78	86	92	90	45	604	376	(228)
Junior Doctors Agency	(9)	47	17	63	11	23	20	173	204	31
Junior Doctors Substantive	1,671	1,658	2,017	1,697	1,723	1,763	1,811	12,339	12,742	403
Nursing Agency	439	678	652	809	559	466	717	4,320	3,626	(694)
Nursing Bank	422	408	353	388	397	353	425	2,747	2,850	103
Nursing Substantive	5,623	5,528	5,626	5,421	5,530	5,451	5,515	38,694	39,480	786
STT Agency	154	147	117	174	134	150	223	1,099	527	(572)
STT Bank	41	31	56	39	36	46	55	303	261	(42)
STT Substantive	2,792	2,771	2,782	2,835	2,848	2,884	2,924	19,836	20,982	1,146
Non-clinical Agency	228	213	190	258	286	101	217	1,493	1,440	(52)
Non-clinical Bank	159	106	141	137	135	114	104	896	935	39
Non-clinical Substantive	3,092	3,167	3,156	3,126	3,239	3,180	3,204	22,163	22,454	291
Pay contingency	0	0	(23)	0	0	(27)	0	(49)	1,167	1,216
Agency	811	1,085	976	1,304	991	741	1,178	7,085	5,797	(1,287)
Bank	917	890	863	937	989	889	820	6,306	6,364	58
Substantive	16,144	16,077	16,540	15,977	16,136	16,402	16,323	113,598	116,469	2,871
Pay contingency	0	0	(23)	0	0	(27)	0	(49)	1,167	1,216
Total	17,871	18,052	18,356	18,218	18,116	18,005	18,321	126,939	129,797	2,858
Agency	4.5%	6.0%	5.3%	7.2%	5.5%	4.1%	6.4%	5.6%	4.5%	-1.1%
Bank	5.1%	4.9%	4.7%	5.1%	5.5%	4.9%	4.5%	5.0%	4.9%	-0.1%
Substantive	90.3%	89.1%	90.1%	87.7%	89.1%	91.1%	89.1%	89.5%	89.7%	0.2%
Pay contingency	0.0%	0.0%	-0.1%	0.0%	0.0%	-0.1%	0.0%	0.0%	0.9%	0.9%

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 £7.1m, against a plan of £5.8m, £1.3m (22% adverse). Note that the nursing agency expenditure includes £0.3m (charged to M04) related to prior year invoices.



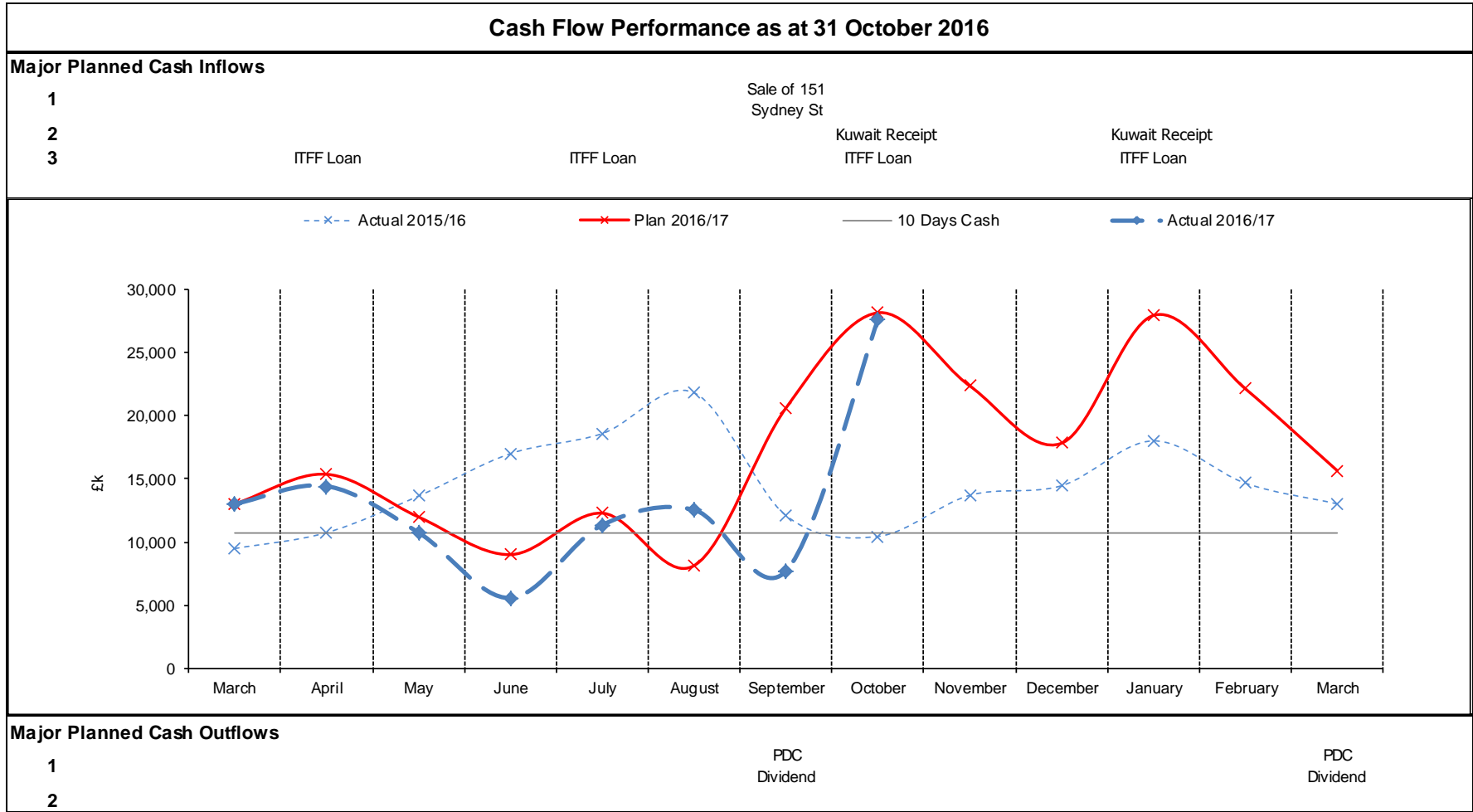
Annex D – Balance Sheet

Balance Sheet as at 31st October 2016					
£m	Actual as at 01-04-16	Plan as at 31-10-16	Actual as at 31-10-16	Variance against Plan	Variance against Plan (%)
Land	49.1	49.1	49.1	0.0	0%
Buildings	143.7	131.4	128.0	(3.4)	-3%
Equipment	24.5	20.8	22.0	1.2	6%
Intangibles	7.8	9.5	6.9	(2.5)	0%
Leased Equipment	0.0	0.0	0.0	0.0	0%
Assets under Construction	16.5	21.7	28.8	7.1	33%
Fixed Assets	241.7	232.5	234.8	2.3	1%
Stocks	9.0	10.3	13.5	3.2	31%
Trade Debtors, net of Provisions	20.1	26.1	21.0	(5.1)	-19%
Prepayments	4.9	6.4	5.6	(0.9)	-14%
Accrued Income	5.5	5.3	7.1	1.9	36%
Other Debtors	1.1	1.4	4.8	3.4	237%
Bank & Cash	13.0	28.2	27.6	(0.6)	-2%
Current Assets	53.7	77.6	79.6	2.0	3%
Trade Creditors	(11.9)	(7.4)	(7.8)	(0.4)	5%
Pay Creditors	(7.0)	(6.8)	(7.4)	(0.6)	8%
Deferred Income	(6.2)	(12.3)	(8.0)	4.3	-35%
Accruals	(16.6)	(20.9)	(21.0)	(0.2)	1%
Accrued Dividend	(0.3)	(0.6)	(0.7)	(0.2)	0%
Other Creditors	(6.8)	(7.5)	(6.0)	1.5	-20%
Provisions - Current	(0.9)	(0.7)	(2.1)	(1.4)	194%
Borrowings - Current	0.0	0.0	0.0	0.0	0%
Current Liabilities	(49.6)	(56.2)	(53.1)	3.1	-5%
Net Current Assets (Liabilities)	4.1	21.5	26.5	5.1	24%
Provisions - Non Current	(0.8)	(0.8)	(0.8)	0.0	-6%
Borrowings - Non Current	(29.8)	(50.5)	(47.1)	3.4	-7%
Non-Current Liabilities	(30.6)	(51.3)	(47.9)	3.5	-7%
Net Assets Employed	215.1	202.6	213.5	10.9	5%
PDC	108.4	108.3	108.4	0.1	0%
I&E Reserve	49.7	44.4	48.1	3.6	8%
Revaluation Reserve	57.1	49.9	57.1	7.2	14%
Total Capital and Reserves	215.1	202.6	213.5	10.9	5%

Annex E – Cash flow statement

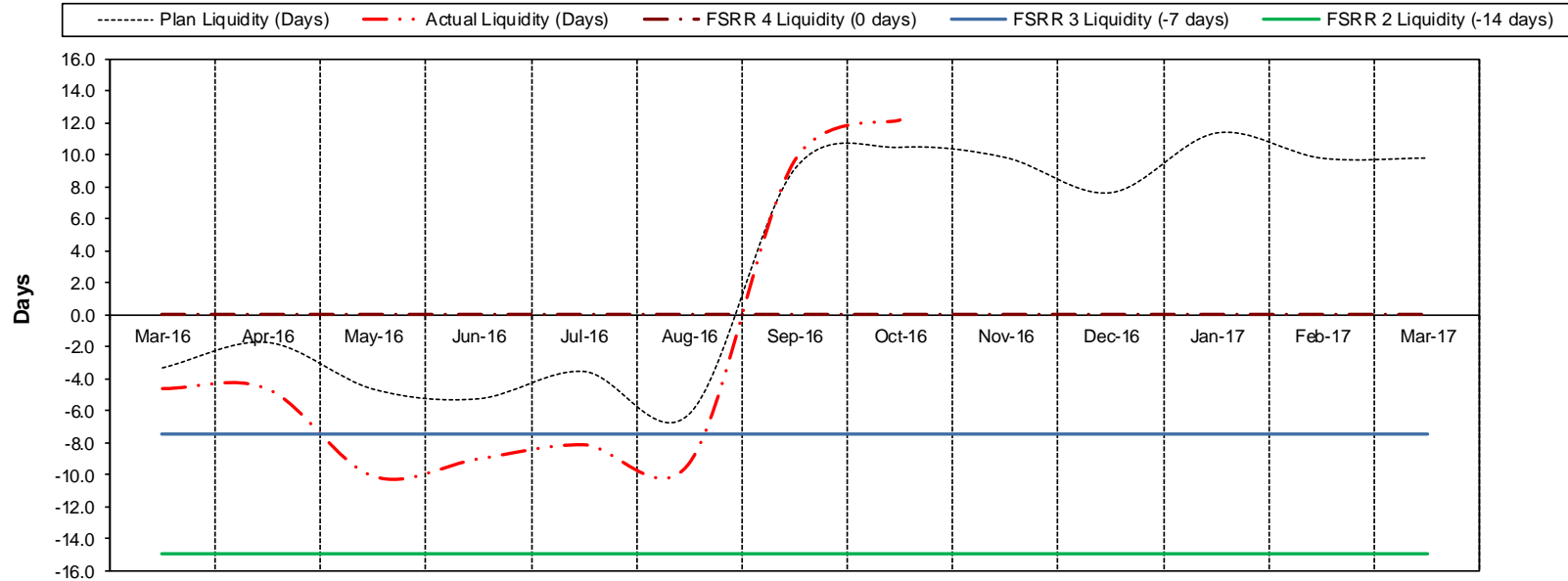
Cash Flow Statement (£m)	Actual as at 31-10-16
Cash flows from operating activities	
Operating income	210.8
Operating expenses of continuing operations	(221.5)
Operating surplus/ (deficit)	(10.8)
Non-operating and non-cash items in operating surplus/ (deficit)	
Depreciation & amortisation	10.0
Impairments	0.0
Reversals of impairments	0.0
(Gain)/ loss on disposal	0.0
Other movements in operating cash flows	0.0
	10.0
Operating cash flows before movements in working capital	(0.8)
Increase/ (decrease) in working capital	
(Increase)/ decrease in inventories	(4.4)
(Increase)/ decrease in trade & other receivables	(0.9)
(Increase)/ decrease in prepayments	(0.7)
(Increase)/ decrease in accrued income	(1.6)
(Increase)/ decrease in other debtors	(3.7)
Increase/ (decrease) in trade & other payables	(4.1)
Increase/ (decrease) in pay creditors	0.4
Increase/ (decrease) in deferred income	1.8
Increase/ (decrease) in accruals	4.4
Increase/ (decrease) in other payables	(0.8)
Increase/ (decrease) in provisions	1.2
	(8.4)
Net cash inflow/ (outflow) from operating activities	(9.1)
Cash flows from investing activities	
Interest received	0.0
Purchase of intangible assets	0.0
Purchase of property, plant, equipment & investment property	(13.6)
Sales of property, plant, equipment & investment property	24.0
Receipt of cash donations to purchase capital assets	0.0
	10.4
Net cash inflow/ (outflow) before financing	1.3
Cash flows from financing activities	
Public dividend capital received	0.0
Loans received from Dept of Health	10.0
Other loans received	7.3
Loans repaid to Dept of Health	0.0
Other loans repaid	0.0
Interest paid	(0.5)
PDC dividend paid	(3.5)
Net cash generated from/ (used in) financing activities	13.3
Increase/ (decrease) in cash and cash equivalents	14.6
Cash & cash equivalents - 1 April	13.0
Cash & cash equivalents - 31 October	27.6

Annex F – Cash flow chart



Annex G – Liquidity report

Liquidity as at 31 October 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	11.2					
Actual	(4.9)	(5.0)	(10.8)	(9.7)	(8.7)	(9.9)	10.3	13.0					
UoR 1 (0 days)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
UoR 2 (-7 days)	(7.5)	(7.5)	(7.5)	(7.5)	(7.5)	(7.5)	(7.5)	(7.5)	(7.5)	(7.5)	(7.5)	(7.5)	(7.5)
UoR 3 (-14 days)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)
UoR 1 Surplus/ (Deficit)	(4.9)	(5.0)	(10.8)	(9.7)	(8.7)	(9.9)	10.3	13.0					
UoR 2 Surplus/ (Deficit)	2.5	2.5	(3.3)	(2.2)	(1.2)	(2.4)	17.8	20.5					
UoR 3 Surplus/ (Deficit)	10.0	10.0	4.2	5.3	6.3	5.1	25.3	28.0					

Annex H – Debtors

Income Year Ending Oct-16	Debtor Days	£m	Oct-16	Sep-16	Aug-16	Jul-16	Jun-16	May-16	Apr-16	Opening Balance
231.7	1	NHS England	0.7	0.1	2.5	0.7	0.5	0.4	0.4	0.2
54.7	27	CCGs	4.0	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	0.0
25.4	40	Other NHS	2.8	2.3	2.1	2.6	2.5	2.8	2.6	2.4
311.8	9	Total NHS	7.5	6.0	7.9	6.9	7.9	8.1	7.8	6.0
18.5	209	Embassies & Overseas Patients	10.6	9.5	9.4	8.4	10.3	11.5	12.8	13.3
22.5	84	Insurance Companies	5.2	4.8	5.2	5.7	4.8	4.2	4.9	5.4
5.6	51	Other Private Patients	0.8	0.8	0.9	0.8	0.5	0.5	0.5	0.5
46.6	130	Total Private Patients	16.6	15.1	15.6	15.0	15.7	16.2	18.2	19.2
30.8	43	Other Debtors	3.6	3.3	3.3	3.3	2.5	2.1	2.3	2.1
77.4	95	Total Non NHS Debt	20.2	18.4	19.0	18.3	18.2	18.3	20.4	21.4
389.2	26	Total Trade Debtors	27.7	24.4	26.9	25.1	26.1	26.4	28.3	27.4
		Less Provisions	(6.7)	(6.7)	(7.1)	(7.1)	(7.9)	(7.4)	(7.3)	(7.3)
		Total Debtors (Net of Provision)	21.0	17.7	19.8	18.0	18.2	19.0	21.0	20.1

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

NHS (£m)	Total Balance Oct	Total Movement Oct	Over 60 days Oct	Over 60 days Movement Oct	Debtor Days Oct	Debtor Days Movement Oct
NHS Hillingdon CCG	0.8	0.1	0.4	0.2	41	8.0
NHS England	0.7	0.6	1.2	0.5	1	1.0
NHS Surrey Heath CCG	0.3	0.0	0.2	0.0	260	(15.0)
Hillingdon Hospital NHSFT	0.3	0.1	0.2	0.1	199	38.0
East Surrey CCG	0.2	0.1	0.2	0.2	215	45.0
NHS Wiltshire CCG	0.2	0.0	0.2	0.0	240	(1.0)
Chelsea & Westminster NHSFT	0.2	0.0	0.1	0.0	126	(39.0)
NHS Kernow CCG	0.2	0.0	0.1	0.0	229	38.0
Total	2.9	0.9	2.6	1.0		

PP Embassy or Insurer (£m)	Total Balance Oct	Total Movement Oct	Over 60 days Oct	Over 60 days Movement Oct	Debtor Days Oct	Debtor Days Movement Oct
Kuwait Health Office	5.6	0.4	4.9	0.7	272	27
BUPA	1.9	0.4	0.7	0.2	75	13
AXA/ PPP	1.3	(0.1)	0.7	(0.1)	75	-7
Kuwait Military	1.2	0.1	0.9	0.0	215	30
Qatar Embassy	1.0	0.0	0.5	(0.1)	127	2
UAE Medical Department	1.0	0.1	0.9	0.1	381	2
Kuwait Oil Company	0.7	(0.1)	0.5	0.0	245	-41
Pru Health	0.5	0.1	0.3	0.0	139	24
WPA	0.4	0.1	0.3	0.0	135	1
Libyan Embassy	0.3	0.0	0.3	0.0	1,120	31
Cyprus	0.2	0.0	0.2	0.0	947	31
UAE Military	0.2	0.0	0.2	0.0	311	19
Total	14.6	1.0	10.7	0.8		

Annex I – 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	Forecast Q3	Forecast Q4	Forecast Outturn Spend 2016/17	Forecast over/under spend 2016/17
1.1	Estates Development	0.2	0.1	0.0	0.0	0.1	0.1	0.0	0.0	0.2	0.0
1.2	Redevelopment	2.3	1.6	0.5	0.1	1.1	0.4	0.8	0.9	3.2	(1.0)
1.3	Project Management	0.5	0.3	0.0	0.2	0.1	0.2	0.2	0.1	0.6	(0.0)
2	Estates Maintenance	3.8	1.2	0.7	1.9	0.3	0.8	0.8	1.2	3.1	0.7
3	IT/IS	5.7	4.1	0.5	1.2	1.1	2.7	1.2	0.8	5.8	(0.1)
4	Equipment	2.7	1.4	0.3	1.0	0.9	0.3	0.8	0.6	2.6	0.1
5	Service Development Programme	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
6	Other Projects	0.8	0.2	0.1	0.4	0.1	0.1	0.3	0.2	0.7	0.0
7.1	Major Project - Fulham Road Safety	0.6	0.2	0.3	0.1	0.1	0.0	0.3	0.1	0.6	(0.0)
7.2	Major Project - HH Developments	8.9	1.3	11.3	(3.8)	0.7	0.3	2.3	2.6	5.8	3.1
7.3	Major Project - RBH Developments	1.3	0.3	0.0	1.0	0.2	0.0	0.1	0.1	0.5	0.9
7.4	Major Project - Trust Wide Developme	3.0	2.9	0.0	0.1	2.4	0.3	0.1	0.0	2.7	0.2
8.1	Finance	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
8.2	Procurement	0.0	0.0	0.0	(0.0)	(0.0)	0.0	0.0	0.0	0.0	(0.0)
9.1	Contingency/Financing	0.2	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.2
	TOTAL	30.0	13.6	13.9	2.5	7.3	5.0	7.0	6.7	25.9	4.0

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