

**Trust Board**  
**25 January 2017**

**Finance Performance Report**  
**Month 09 – period ended 31 December 2016**

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## Section one: Trust income & expenditure

### 1.1 Summary income & expenditure

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

£m	2016/17	M09				YTD			
	Budget	Budget	Actual	Variance	%	Budget	Actual	Variance	%
<b>NHS Clinical Income</b>									
NHS England	237.8	19.4	18.2	(1.2)	-6%	177.6	167.9	(9.7)	-5%
CCG /Other NHS Commissioned	62.4	4.9	3.9	(0.9)	-19%	46.5	45.7	(0.8)	-2%
S&T Funding	4.8	0.4	0.4	0.0	0%	3.6	3.6	0.0	0%
Income Contingency	(6.4)	(0.7)	(0.2)	0.5	71%	(4.3)	(1.4)	2.9	68%
Trust to Trust & Other NHS	3.7	0.3	0.3	0.0	6%	2.7	3.3	0.6	21%
<b>Total NHS Clinical Income</b>	<b>302.2</b>	<b>24.3</b>	<b>22.7</b>	<b>(1.6)</b>	<b>-7%</b>	<b>226.1</b>	<b>219.2</b>	<b>(6.9)</b>	<b>-3%</b>
Private Patient Income	63.4	6.8	2.8	(4.0)	-59%	42.0	29.6	(12.5)	-30%
Non Clinical Income	27.7	2.3	2.4	0.1	3%	20.9	21.4	0.6	3%
<b>Total Income</b>	<b>393.3</b>	<b>33.3</b>	<b>27.8</b>	<b>(5.5)</b>	<b>-17%</b>	<b>289.0</b>	<b>270.2</b>	<b>(18.9)</b>	<b>-7%</b>
<b>Pay Costs</b>									
Pay Costs	(225.0)	(19.3)	(18.3)	0.9	5%	(167.2)	(164.1)	3.1	2%
Pay Contingency	(2.0)	(0.2)	(0.0)	0.1	90%	(1.5)	0.0	1.5	102%
<b>Total Pay Costs</b>	<b>(227.0)</b>	<b>(19.4)</b>	<b>(18.4)</b>	<b>1.1</b>	<b>6%</b>	<b>(168.7)</b>	<b>(164.0)</b>	<b>4.7</b>	<b>3%</b>
<b>Non Pay Costs</b>									
Drugs	(45.2)	(3.8)	(3.5)	0.3	8%	(33.7)	(29.7)	4.1	12%
Clinical Supplies	(64.3)	(5.3)	(4.9)	0.5	9%	(48.3)	(48.4)	(0.1)	0%
Other Costs	(52.5)	(5.1)	(3.8)	1.3	25%	(37.1)	(31.7)	5.4	15%
Non-Pay Contingency	(2.0)	(0.2)	0.0	0.2	100%	(1.5)	0.0	1.5	100%
<b>Total Non Pay Costs</b>	<b>(164.0)</b>	<b>(14.4)</b>	<b>(12.3)</b>	<b>2.2</b>	<b>15%</b>	<b>(120.7)</b>	<b>(109.8)</b>	<b>10.9</b>	<b>9%</b>
<b>Total Expenditure</b>	<b>(391.0)</b>	<b>(33.9)</b>	<b>(30.6)</b>	<b>3.3</b>	<b>10%</b>	<b>(289.4)</b>	<b>(273.8)</b>	<b>15.5</b>	<b>5%</b>
EBITDA	2.2	(0.6)	(2.8)	(2.3)	-411%	(0.4)	(3.7)	(3.3)	-884%
EBITDA Margin %	0.6%	(1.7%)	(10.1%)			(0.1%)	(1.4%)		
Central Costs	(9.0)	(2.0)	(2.2)	(0.2)	-9%	(8.3)	(4.7)	3.6	44%
Net Surplus/ (Deficit)	(6.8)	(2.5)	(5.0)	(2.4)	-97%	(8.7)	(8.4)	0.3	4%
Net Margin %	(1.7%)	(7.6%)	(17.9%)			(3.0%)	(3.1%)		

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 2016/17 control total deficit of £7.5m. . 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 M09 YTD there is a £0.3m surplus against the projected control total at that date.

S&T funding of £3.6m has been reflected YTD which is the full amount to reflect both the achievement of the YTD control total and the expected ongoing achievement of the RTT and cancer trajectories.

£m	Full Year	YTD Plan	YTD Actual	YTD Var
<b>Deficit</b>	<b>(6.8)</b>	<b>(8.7)</b>	<b>(8.4)</b>	<b>0.3</b>
Capital donations	2.6	0.4	0.7	0.3
Depreciation on donated assets	(1.9)	(1.4)	(1.6)	(0.2)
<b>Deficit adjusted for donations</b>	<b>(7.5)</b>	<b>(7.6)</b>	<b>(7.4)</b>	<b>0.3</b>
S&T funding	4.8	3.6	3.6	0.0
<b>Deficit exclusive of S&amp;T funding</b>	<b>(12.3)</b>	<b>(11.2)</b>	<b>(11.0)</b>	<b>0.3</b>

	M09	Commentary
<b>Surplus/ (Deficit)</b>	<b>(£5.0m)</b>	<p>The table above summarises the financial performance for M09 which is reported in detail in Annex A.</p> <p>The Trust planned for a deficit of £2.5m in M09, the actual position was a deficit of £5.0m, £2.4m adverse to plan (with rounding). Within the result for the month is a planned contribution of £0.6m related to the Kuwait collaboration, which was budgeted to start in October. Removing the adverse effect of this, the underlying position is £1.8m adverse to plan.</p> <p>The forecast outturn exercise carried out in in late 2016 suggested a deficit in December of £3.2m so the actual result is also £1.8m adrift of this. It should be noted that activity levels can be unpredictable in December due to the Christmas and New Year holidays.</p> <p>The main points for M09 include:</p> <p><b>NHS clinical income:</b></p> <ul style="list-style-type: none"> <li>• NHS England activity was £1.2m below plan in the month primarily driven by inpatient income (£0.5m below plan), drugs and devices (£0.8m below plan with contra to expenditure) and outpatients/outpatient procedures (£0.2m below plan) offset with over-performance on critical care (£0.5m above plan, although there is £0.6m of increased income relating to prior months).</li> <li>• CCG and other NHS commissioned activity was £0.9m below plan driven primarily by critical care (£0.4m below plan with £0.3m of this related to prior months), inpatients (£0.2m below plan) outpatients and outpatient procedures (£0.4m below plan with £0.2m below plan related to prior months);</li> <li>• Trust-to-Trust and other NHS income was on plan; and</li> <li>• NHS income contingencies are £0.5m favourable to plan in the month.</li> </ul> <p><b>PP income</b> was, at £2.8m, £4.0m 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 an adverse variance of £1.3m for the month driven by under-performance on baseline activity, Wimpole Street inpatient targets and Wimpole Street outpatient and diagnostics targets.</p> <p><b>Non-clinical income</b> was £0.1m above plan in the month at £2.4m driven by research.</p> <p><b>Pay costs</b> at £18.4m are £1.1m favourable within which the Kuwait plans are driving a £0.9m favourable variance and favourable impact of the pay contingency a further £0.2m. Net of these items the pay position is on plan. Scientific, Technical &amp; Therapeutic pay is overspent by £0.1m. Nursing pay is underspent by £0.1m although within that there are unbudgeted costs for</p>

		<p>recruitment and retention premium arrears totalling £0.2m.</p> <p><b>Non-pay costs</b> at £12.3m were £2.2m favourable to plan although this includes a £1.3m favourable variance related to the Kuwait plans and the favourable impact of the non-pay contingency of £0.2m. Drugs were underspent by £0.3m including high cost drugs with a corresponding income offset above. Clinical supplies are £0.5m underspent in the month driven in particular by low levels of device implants with a corresponding income offset above.</p> <p><b>EBITDA</b> at negative £2.8m is £2.3m adverse to plan although within this the Kuwait collaboration is driving a £0.6m adverse effect. Below EBITDA net costs are £0.2m above plan at £2.2m driven by depreciation charges.</p>
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	<b>M09 Year to Date</b>	<b>Commentary</b>
<b>Surplus/ (Deficit)</b>	<b>(£8.4m)</b>	<p>The Trust planned for a deficit of £8.7m to the end of M09, the actual position was a deficit of £8.4m, £0.3m favourable to plan. Within this there is £4.3m favourable impact from the additional gain on the sale of 151 Sydney Street and a £1.7m adverse impact related to the Kuwait collaboration.</p> <p>The main points underlying this were:</p> <p><b>NHS clinical income:</b></p> <ul style="list-style-type: none"> <li>• NHS England activity is £9.7m adverse to plan primarily driven by under-performance on drugs and devices (£3.1m with a contra to expenditure), inpatients (£3.3m), critical care (£1.4m), transplant &amp; VAD (£0.4m) and outpatients/ outpatient procedures (£1.0m);</li> <li>• CCG and other NHS commissioned activity is adverse to plan by £0.8m with over-performance on inpatients (£0.1m) and outpatient/ outpatient procedures (£0.3m) offset by adverse performance on critical care (£1.1m), Welsh transplant &amp; VAD (£0.5m) with a number of less material variances making up the balance;</li> <li>• Trust-to-Trust and other NHS income is above plan by £0.6m with £0.3m of this favourable variance driven by the impact of the full and final coding of 2015/16 activity; and</li> <li>• NHS income provisions are driving a favourable variance of £2.9m primarily through the effect of general income contingencies.</li> </ul> <p><b>PP income</b> at £29.6m is £12.5m adverse to plan. Within this, £8.1m relates to Kuwait and £3.1m relates to shortfalls against income targets associated with Wimpole Street, which is in part offset by underspends on expenditure budgets. Overall RBH Heart is £2.0m adverse, Lung is £1.1m adverse and clinical support services are £0.8m adverse. The Private Patients directorate, which covers those income targets not devolved to the clinical divisions, including the Wimpole Street site, is £9.2m adverse and this includes £8.2m adverse for Kuwait. Harefield Heart is £0.4m favourable.</p> <p><b>Pay costs</b> at £164.0m are £4.7m favourable to plan of which £1.5m is the favourable impact of the pay contingency, £2.6m favourable relates to Kuwait and £0.9m is the impact of unspent Wimpole Street budgets. Within the remaining £0.4m adverse variance are nursing £0.4m adverse, Scientific, Technical &amp; Therapeutic £0.3m adverse, junior doctors are £0.2m favourable non-clinical £0.1m favourable and consultants £0.1m favourable. Costs include a charge for potential junior doctor arrears (£0.3m), a charge for prior year</p>

		<p>nursing agency invoices (£0.3m) and unbudgeted recruitment and retention payments (£0.2m).</p> <p><b>Non-pay costs</b> at £109.8m are £10.9m favourable to plan of which £1.5m is the favourable impact of the non-pay contingency, £3.8m favourable for Kuwait and £0.9m is the impact of unspent Wimpole Street budgets. Of the remaining £4.6m, high cost drugs and devices are £2.9m below plan (contra to income as noted above, with a £3.7m underspend on high cost drugs and a £0.8m overspend on devices). There is a £0.5m underspend on premises costs, driven by higher than planned utilities savings and a £0.5m underspend on tariff-inclusive drugs. There is also a £0.25m (NHS) and £0.4m (non-NHS) benefit related to release of debtor impairment provisions.</p> <p><b>EBITDA</b> at negative £3.7m is £3.3m adverse to plan, although there is a £1.7m adverse effect being driven by Kuwait. Below EBITDA net costs are £4.7m vs plan of £8.3m, £3.6m 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>
<b>FSP (Annex B)</b>		<p><b>FSP – Cost Improvements</b></p> <p>Cost improvement plans delivered £0.7m of actual savings against a planned £0.9m in the month (75% achieved). Year-to-date CIPs have achieved £5.5m of a plan of £6.6m (83% achieved).</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 £0.2m to date (benefitting pay costs) and better than planned utilities savings (£0.2m YTD) are offsetting slippage (£0.4m) against the overall target.</p> <p><b>FSP – Service Developments</b></p> <p>There is slippage against a number of service developments resulting in an overall position of £4.8m under-performance to date. Within this, Kuwait is driving an overall underperformance of £1.8m and will continue to drive a monthly underperformance of £0.6m for the rest of the year. Other private patient developments (primarily Wimpole St) are £1.9m below plan and NHS developments are £1.1m below plan.</p>
<b>Use of Resources</b>	<b>3 (3)</b>	The Trust has a Use of Resources rating of 3 at M09 in line with plan.
<b>Financial Risks</b>	<b>Annex J</b>	There is one high risk in relation to the significant financial impact of the potential decommissioning of congenital heart disease services. The prospect of substantial future I&E deficits will drive liquidity risk from amber to red within a few months.

## Section two: Divisional performance

### 2.1 Overview

The table below shows that overall contribution in M09 was 10.4% (against a plan of 15.2%).

Royal Brompton Heart division was below plan at 7.7% (plan 8.7%), Harefield Heart division was below plan at 6.6% (plan 13.4%) and Lung division was below plan at 18.9% (plan 27.1%). Further analysis for each of the divisions is in the following pages.

Year-to-date total contribution at 16.6% is below the planned level of 18.0%, some £5.5m. The Royal Brompton Heart division is below plan by £1.9m, Harefield Heart division is below plan by £1.4m and Lung division is below plan by £2.2m.

Month	Actual				Plan
	RBH Heart	HH Heart	Lung	Total	Total
NHS England	7,982	5,423	4,601	18,007	19,069
CCG	1,358	801	1,388	3,547	4,413
T2T & Other NHS	109	131	3	242	223
<b>Sub-total Patient Care Income</b>	<b>9,449</b>	<b>6,356</b>	<b>5,992</b>	<b>21,797</b>	<b>23,705</b>
Private Patient	1,251	494	455	2,200	2,957
Other Income	178	17	45	240	188
<b>Total Income</b>	<b>10,877</b>	<b>6,867</b>	<b>6,492</b>	<b>24,237</b>	<b>26,850</b>
Pay	(6,347)	(4,074)	(2,887)	(13,308)	(13,417)
Non Pay	(3,695)	(2,339)	(2,376)	(8,410)	(9,358)
<b>Total Expenditure</b>	<b>(10,042)</b>	<b>(6,413)</b>	<b>(5,263)</b>	<b>(21,718)</b>	<b>(22,775)</b>
<b>Contribution</b>	<b>835</b>	<b>454</b>	<b>1,229</b>	<b>2,518</b>	<b>4,075</b>
	7.7%	6.6%	18.9%	10.4%	15.2%
Indirect & Corporate Directorates				(5,329)	(4,625)
<b>EBITDA</b>				<b>(2,811)</b>	<b>(550)</b>
Capital Charges/Other				(2,157)	(1,976)
<b>Surplus/(Deficit)</b>				<b>(4,968)</b>	<b>(2,526)</b>

YTD	Actual				Plan
	RBH Heart	HH Heart	Lung	Total	Total
NHS England	71,845	51,347	42,374	165,567	174,780
CCG	10,477	14,431	16,673	41,581	42,157
T2T & Other NHS	1,243	1,090	59	2,392	1,988
<b>Sub-total Patient Care Income</b>	<b>83,565</b>	<b>66,868</b>	<b>59,107</b>	<b>209,540</b>	<b>218,924</b>
Private Patient	15,809	4,012	3,644	23,465	26,082
Other Income	1,116	209	326	1,651	1,607
<b>Total Income</b>	<b>100,489</b>	<b>71,090</b>	<b>63,076</b>	<b>234,655</b>	<b>246,614</b>
Pay	(57,029)	(37,466)	(25,258)	(119,753)	(120,110)
Non Pay	(32,924)	(23,670)	(19,453)	(76,046)	(82,157)
<b>Total Expenditure</b>	<b>(89,952)</b>	<b>(61,136)</b>	<b>(44,711)</b>	<b>(195,799)</b>	<b>(202,267)</b>
<b>Contribution</b>	<b>10,537</b>	<b>9,954</b>	<b>18,366</b>	<b>38,856</b>	<b>44,347</b>
	10.5%	14.0%	29.1%	16.6%	18.0%
Indirect & Corporate Directorates				(42,542)	(44,721)
<b>EBITDA</b>				<b>(3,686)</b>	<b>(374)</b>
Capital Charges/Other				(4,699)	(8,318)
<b>Surplus/(Deficit)</b>				<b>(8,385)</b>	<b>(8,692)</b>

## 2.2 Royal Brompton Heart division

In December, the division generated a contribution of £0.8m, £0.2m behind plan. YTD, the division has now generated a contribution of £10.5m, £1.9m adverse to plan.

This in month position is £0.1m ahead of that previously forecast for December. This is largely a result of improved levels of NHS activity (£0.7m impact) compared to previous months, offset by activity within private patients not increasing for December at the same rate as recent months (£0.6m impact). Performance in both areas is detailed below.

RBH Heart £000s	FY Budget	Mth Budget	Mth Actual	Mth Variance	YTD Budget	YTD Actual	YTD Variance
NHS England	100,452	8,142	7,982	(159)	75,037	71,845	(3,192)
CCG	14,498	1,153	1,358	205	10,708	10,477	(231)
T2T & Other NHS	1,473	124	109	(16)	1,100	1,243	143
<b>Patient Care Income</b>	<b>116,423</b>	<b>9,419</b>	<b>9,449</b>	<b>30</b>	<b>86,845</b>	<b>83,565</b>	<b>(3,280)</b>
Private Patient	24,292	2,012	1,251	(761)	17,764	15,809	(1,955)
Other Income	1,521	133	178	45	1,122	1,116	(7)
<b>Total Income</b>	<b>142,236</b>	<b>11,563</b>	<b>10,877</b>	<b>(686)</b>	<b>105,732</b>	<b>100,489</b>	<b>(5,243)</b>
Pay	(77,748)	(6,488)	(6,347)	141	(58,271)	(57,029)	1,243
Non Pay	(47,197)	(4,073)	(3,695)	378	(35,045)	(32,924)	2,121
<b>Total Expenditure</b>	<b>(124,945)</b>	<b>(10,561)</b>	<b>(10,042)</b>	<b>519</b>	<b>(93,316)</b>	<b>(89,952)</b>	<b>3,363</b>
<b>Contribution</b>	<b>17,291</b>	<b>1,003</b>	<b>835</b>	<b>(168)</b>	<b>12,416</b>	<b>10,537</b>	<b>(1,879)</b>
Contribution %	12.2%	8.7%	7.7%		11.7%	10.5%	

### INCOME

#### NHS England

In December, NHS England activity was behind plan by £0.2m. Within this position, inpatient activity was on plan. Cardiac surgery was behind plan by £0.1m (33 spells) and paediatric cardiology was ahead of plan by £0.1m (22 spells). Critical care activity was behind plan in the month (£0.1m).

Income for contract exclusion drugs and devices was broadly on plan. High cost drugs were behind plan £0.1m, whilst ICD activity was ahead of plan by £0.1m (33 were implanted against a plan of 25). Both positions have a corresponding offset in expenditure.

Outpatient activity in December was behind plan by £0.1m, predominantly in adult cardiology follow-up appointments.

YTD, NHS England income is £3.2m behind plan of which £0.8m is inpatient activity, predominantly in paediatric surgery which is 155 spells (42%) below plan. Critical care income is £0.9m behind plan: paediatric and adult cardiac surgery are behind plan by £2.1m collectively, offset by paediatric and adult cardiology ahead of plan by £1.8m and £0.6m respectively. Contract-exclusion drugs and devices income is behind plan by £0.8m, which is offset by a corresponding underspend in expenditure.

#### CCG and other NHS Income

In December, CCG income was ahead of plan by £0.2m. Critical care adult cardiology is ahead of plan by £0.3m (288 bed days) in the month. This is offset by a shortfall in outpatient activity; clinical genetics of £0.1m (150 attendances).

YTD, CCG income is £0.2m behind plan, predominantly within critical care.

#### Private Patients

Private patient income was behind plan in month by £0.8m and YTD by £2.0m (11%). Activity for both Wimpole Street inpatient activity (£0.3m behind plan) and cardiology (£0.2m behind plan) was particularly low compared to recent months.

- cardiac surgery: on plan in month and ahead of plan YTD by £0.3m which is case-mix driven as activity is 44 spells (19%) below plan;
- cardiology: behind plan in month by £0.2m and YTD by £0.4m which is driven by a poorer case-mix as activity is on plan;
- heart assessment: on plan in month and behind plan YTD by £0.1m;
- paediatrics: behind plan in month by £0.1m and YTD by £0.5m; and
- Wimpole Street inpatient activity:
  - cardiac surgery behind plan by £0.1m in month and by £0.3m YTD;
  - cardiology behind plan by £0.2m in month and by £0.7m YTD;
  - heart assessment on plan both in month and YTD;
  - paediatrics on plan in month and behind plan by £0.2m YTD.

The total YTD shortfall in Wimpole Street inpatient activity of £1.1m is a combination of the delay in opening (23 spells behind plan) and of a slower trajectory than anticipated once opened (77 spells behind plan).

### **Non-Clinical Income**

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

## **EXPENDITURE**

### **PAY**

Total pay was underspent in month by £0.1m; with a YTD underspend of £1.2m (2%):

- Consultant costs were overspent in month by £0.1m as a result of on-going cross-cover and on-call payments, largely for ECMO service support. Costs of consultant cover have increased steadily since June, in line with ECMO activity and associated income.
- Nursing budgets were underspent overall in month by £0.1m and YTD by £1.1m, as a result of on-going vacancies and activity levels being lower than planned, as reflected in income. In month, these underspends were partially offset by unbudgeted recruitment & retention payments across a number of areas. Within the YTD nursing underspend of £1.1m, Wimpole Street inpatient nursing budgets are underspent by £0.3m.

### **NON-PAY**

In December, non-pay was underspent by £0.4m and YTD by £2.1m.

Clinical supplies were underspent by £0.2m in month: ICDs were ahead of plan and therefore overspent by £0.1m, whilst other high cost devices were behind plan and underspent by £0.2m collectively, with a corresponding offset for all devices in NHS income. Homecare drugs continue to underspend (£0.1m in month) 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 £1.0m and on clinical supplies of £0.8m due to low device (predominantly ICDs and PPVs) usage; 3% below plan overall (with equivalent NHS income offset). Non pay expenditure for Wimpole Street is underspent by £0.5m YTD.



## 2.3 Harefield Heart division

In December, the division generated a contribution of £0.5m (6.6%), £0.6m adverse to plan. The YTD contribution is now £1.4m adverse to plan at £10.0m.

The in-month position is £0.6m behind that previously forecast for December. This is largely as a result of worsened levels of NHS activity (£1.2m) compared to previous months, offset by improvements to private patient income, pay and non-pay costs.

Harefield Heart £000s	FY Budget	Mth Budget	Mth Actual	Mth Variance	YTD Budget	YTD Actual	YTD Variance
NHS England	70,758	5,807	5,423	(384)	53,001	51,347	(1,653)
CCG	19,266	1,495	801	(693)	14,456	14,431	(25)
T2T & Other NHS	1,122	94	131	38	842	1,090	248
<b>Patient Care Income</b>	<b>91,146</b>	<b>7,395</b>	<b>6,356</b>	<b>(1,039)</b>	<b>68,298</b>	<b>66,868</b>	<b>(1,430)</b>
Private Patient	4,978	422	494	72	3,617	4,012	395
Other Income	218	18	17	(1)	163	209	46
<b>Total Income</b>	<b>96,343</b>	<b>7,836</b>	<b>6,867</b>	<b>(968)</b>	<b>72,078</b>	<b>71,090</b>	<b>(989)</b>
Pay	(48,262)	(4,035)	(4,074)	(39)	(36,128)	(37,466)	(1,338)
Non Pay	(32,807)	(2,750)	(2,339)	411	(24,565)	(23,670)	895
<b>Total Expenditure</b>	<b>(81,069)</b>	<b>(6,785)</b>	<b>(6,413)</b>	<b>372</b>	<b>(60,693)</b>	<b>(61,136)</b>	<b>(443)</b>
<b>Contribution</b>	<b>15,274</b>	<b>1,050</b>	<b>454</b>	<b>(596)</b>	<b>11,386</b>	<b>9,954</b>	<b>(1,432)</b>
	15.9%	13.4%	6.6%		15.8%	14.0%	

## INCOME

### NHS England

In December, NHS England income was £0.4m (6.6%) behind plan, driven by income under-performance in inpatients (£0.4m, 21.7%). Cardiac surgery spells at 46 were behind plan by 48 in the month, both across elective and non-elective areas. Cardiology spells were behind plan by 6; elective activity was behind plan by 22 spells partially offset by over performance in non-elective activity. Critical care income saw over performance of £0.7m, due to catch up from prior months and movement from CCG contract. 1 heart transplant (vs plan of 1.8), 4 lung transplants (vs plan of 4) and 2 VAD (vs plan of 3.2) took place in December and resulted in £0.1m income under-performance on the transplant & VAD contract. Drugs & devices income was behind plan in the month (£0.5m) linked with low volumes of device activity, with a contra to lower non-pay costs.

YTD, income has fallen to £1.7m (3.1%) behind plan. Inpatient activity stands £1.4m behind plan, while critical care income has reduced to just £0.4m behind plan. Drugs & device income is £0.9m ahead of plan due to high levels of device activity (ICD activity now stands at 51 ahead of plan, 27.0%), matched with additional costs. The shortfall on the transplant & VAD contract now stands at £0.4m due to lower activity in month.

### CCG and other NHS income

In December, CCG and other NHS income was £0.7m (46.4%) behind plan. Inpatient activity in cardiology and transplant was broadly on plan in the month, with critical care income behind plan by £0.7m due to two large value patients recognised against the NHSE contract on discharge.

YTD, income is on plan. Inpatient income is ahead of plan by £0.7m, seen predominantly in cardiology (£0.4m) and transplant (£0.3m). Critical care income now stands at £0.7m behind plan, seen across transplant (£0.3m), cardiology (£0.1m) and cardiac surgery (£0.1m).

### **Private Patients**

Private patient income over-performed against plan in month by £0.1m and YTD stands at £0.4m (10.9%) ahead of plan – plan includes all Wimpole St related targets. Cardiology income was on plan in the month and cardiac surgery was above plan (39.0%).

YTD income remains ahead of plan with income over-performance being seen in both cardiac surgery (27.8%) and cardiology on plan.

### **EXPENDITURE**

#### **PAY**

Pay was marginally overspent in the month (1.0%, M08 5.8%, M07 1.3%, M06 3.3%, M05 3.9%, M04 4.4%) and £1.3m (3.7%) overspent YTD.

- Nursing is underspent in month by 0.4% but £100k better than trend. YTD overspend lies at £0.9m. Overspend seen in AICU of £40k (on trend). Transplant unit and ACCU both saw improvement to trend of £30k and are broadly on plan in the month. Theatres and surgical wards also saw reduced spend due to lower activity figures in the month. Nurse vacancies across the division increased to 72 WTE, 11.3% (M08 66 WTE, M07 67 WTE, M06 64 WTE). With the recruitment of overseas nursing staff due to come on stream in Q4, and assuming normal level of turnover continue, it is anticipated that the nursing vacancies level should reduce to c.5%.
- Consultant pay overspend at £5k (YTD £0.4m). This continues to be due to payments for extra catheter lab and theatre sessions (covering vacancies and in addition to job plan for RTT trajectory activity), offset by 3.00 WTE vacancies.
- Junior doctors' pay was on plan in month and YTD remains underspent by £0.1m.
- STT staff overspend in month in line with previous months, YTD overspend of £0.4m (9.3%) due to vacancies in radiology and cardiac techs covered by agency staff. A number of cardiac physiologists have recently been successfully recruited and this will significantly reduce the current spend on bank and agency staff, the impact of which will be seen from M10 onwards. The division has engaged with a recruitment company to facilitate an international recruitment drive for radiographers as this remains a hard-to-recruit discipline nationally.

#### **NON PAY**

Non-pay costs in month were underspent by £0.4m (14.9%), and YTD underspent by £0.9m (3.6%). Clinical supplies were underspent by £0.4m, £0.3m due to underspend on high cost devices; primarily ICD devices (5 behind plan), VAD implants (2 against a plan of 3 in-month) linked to income under-performance above. Net £0.1m under-spend also seen in a number of other areas.

The YTD underspend of £0.9m is largely as a result of volume related underspends on consumable budgets (c.£1m across theatres and transplant), maintenance budgets (£0.3m) and £0.2m underspend on OCS (transplant retrieval) kits, due to fewer being used this year and the correction to the overstated 2015/16 position. Overspends on high cost drugs and devices are offset by additional income as noted above.

## 2.4 Lung division

In December, the division generated a contribution of £1.2m (19%), £0.8m adverse to plan. YTD the contribution now stands at £18.4m (29%), £2.2m adverse to plan.

This is £0.6m behind the previously forecast position. The main drivers of the change are a £0.4m decrease in NHS income and a £0.3m increase in drugs expenditure.

Lung £000s	FY Budget	Mth Budget	Mth Actual	Mth Variance	YTD Budget	YTD Actual	YTD Variance
NHS England	62,749	5,120	4,601	(519)	46,742	42,374	(4,368)
CCG	22,895	1,766	1,388	(377)	16,993	16,673	(320)
T2T & Other NHS	61	5	3	(2)	46	59	14
<b>Patient Care Income</b>	<b>85,706</b>	<b>6,891</b>	<b>5,992</b>	<b>(899)</b>	<b>63,781</b>	<b>59,107</b>	<b>(4,674)</b>
Private Patient	6,426	523	455	(68)	4,701	3,644	(1,057)
Other Income	434	37	45	8	322	326	4
<b>Total Income</b>	<b>92,565</b>	<b>7,451</b>	<b>6,492</b>	<b>(959)</b>	<b>68,803</b>	<b>63,076</b>	<b>(5,727)</b>
Pay	(34,394)	(2,894)	(2,887)	7	(25,712)	(25,258)	453
Non Pay	(30,154)	(2,535)	(2,376)	159	(22,547)	(19,453)	3,094
<b>Total Expenditure</b>	<b>(64,548)</b>	<b>(5,430)</b>	<b>(5,263)</b>	<b>166</b>	<b>(48,258)</b>	<b>(44,711)</b>	<b>3,548</b>
<b>Contribution</b>	<b>28,018</b>	<b>2,021</b>	<b>1,229</b>	<b>(792)</b>	<b>20,545</b>	<b>18,366</b>	<b>(2,179)</b>
Contribution %	30.3%	27.1%	18.9%		29.9%	29.1%	

### INCOME

#### NHS England

In December, NHS England income was £0.5m (10%) behind plan driven by (high-cost, contract-excluded) drugs activity being £0.3m behind plan, matched by a corresponding underspend in drugs expenditure. The remaining under-performance is primarily due to inpatients being £0.1m behind plan and critical care being £0.1m behind plan.

YTD, NHS England income is now behind plan by £4.4m (9%). This is primarily driven by lower than expected high-cost, contract-excluded drugs activity (£3.1m, 20% behind plan), with a corresponding non-pay underspend. Inpatient income is behind plan (£1.2m, 12%) primarily driven by lower than expected activity in thoracic surgery, mainly in non-elective spells at both sites.

#### CCG and other NHS income

In December, CCG and other NHS income was £0.4m (21%) behind plan at £1.4m. This is mainly driven by lower than expected activity in respiratory medicine inpatients at both sites (£0.2m) and lower than plan outpatient attendances (£0.1m).

YTD, CCG and other NHS income is behind plan by £0.3m (2%) at £16.7m. This is mainly driven by fewer than planned outpatient attendances (£0.5m) being partially offset by a combination of other areas of over-performance.

#### Private Patients

In December, private patient activity was behind plan by £0.1m (13%) and YTD is behind plan by £1.1m (23%). The YTD adverse variance is primarily driven by lower than expected activity in respiratory medicine at Royal Brompton (£0.5m), which continues the trend seen all year, as well as under-achieved Wimpole St related targets.

## **EXPENDITURE**

### **Pay**

Total pay was on plan in month and is underspent YTD by £0.5m (2%). Pay managed within the division is underspent by £0.1m in month and £0.7m YTD and is analysed as follows:

- consultant pay was underspent in month by £31k, and is £0.1m 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 £89k YTD;
- junior doctor pay was on plan in month but remains underspent YTD by £0.2m, because of continuing vacancies amongst clinical fellows and SPRs;
- nursing pay is also underspent (in month £24k, YTD £0.2m) primarily due to specialist nursing vacancies;
- STT pay remains underspent (in month £26k, YTD £0.2m) due to vacancies; and
- admin pay is overspent by £18k in month and YTD with several vacancies being covered by agency and bank staff.

### **Non Pay**

In December, non-pay costs were underspent by £0.2m; YTD they are underspent by £3.1m. 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 December 2016

M9	£m
<b>Fixed Assets</b>	<b>235.1</b>
Stocks	11.6
Accrued Income & Prepayments	10.2
Debtors	25.1
Bank	28.2
<b>Current Assets</b>	<b>75.1</b>
Creditors	(13.9)
Deferred Income	(7.0)
Accruals & Other Creditors	(25.8)
Accrued Dividend	(1.8)
Provisions - Current	(2.4)
Borrowings - Current	0.0
<b>Current Liabilities</b>	<b>(50.9)</b>
<b>Net Current Assets (Liabilities)</b>	<b>24.2</b>
Provisions - Non Current	(0.8)
Borrowings	(51.8)
<b>Non-Current Liabilities</b>	<b>(52.6)</b>
<b>Net Assets Employed</b>	<b>206.7</b>
Capital	108.4
I&E Reserve	41.3
Revaluation Reserve	57.1
<b>Total Capital and Reserves</b>	<b>206.7</b>

### 3.2 Balance sheet comments

	M09 Actual (M08)	Commentary
<b>Cash (Annex E &amp; F)</b>	<b>£28.2m (£33.3m)</b>	<p>The cash level of £28.2m at 31 December is equivalent to 27.8 days operating costs (30 November: 32.9 days) and represents a £5.1m decrease from 30 November. Cash is £10.3m above plan (£10.9m above plan at 30 November), the balance is £1.6m above forecast.</p> <p>This favourable position is largely driven by the fact that NHS and PP debtors have not risen in line with the (prudent) planning assumption as well as slippage to the delayed HH development capital expenditure – cash therefore remains in a healthy state.</p>
<b>RCF Borrowing</b>	<b>nil (nil)</b>	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 for two years until December 2018.
<b>Borrowing</b>	<b>£51.8m (£51.8m)</b>	<p>The next drawdown from the ITFF is planned in January 2017 – £42.5m of the confirmed £50m has now been drawn.</p> <p>The commercial borrowing for Wimpole St now stands at £9.3m, with the balance to £10m expected in January, at which point the progress payment facility will convert to a full loan and repayments will commence.</p>
<b>Liquidity (Annex F &amp; G)</b>	<b>11.7 days (16.4 days)</b>	A decrease of 4.7 days in M09 and liquidity is now £4.4m above plan (£7.1m above plan at 30 November).
<b>Stock</b>	<b>£11.6m</b>	A decrease of £0.2m in M09 (£2.2m above plan YTD) reflecting some

	<b>(£11.8m)</b>	unwinding of bulk orders approved in previous months to take advantage of opportunities to maximise discounts and free of charge stock.
<b>Trade Debtors (Annex H)</b>	<b>£19.6m (£19.9m)</b>	<p>NHS debt totals £5.4m and decreased by £0.4m in M09. Within this figure, £3.7m is CCG debt (M08 – £3.4m), £0.05m is NHSE debt (M08 – £0.3m) and £1.6m (M08 – £2.1m) relates to FTs/ Trusts/ other commissioners.</p> <p>NHS debt relating to prior years continues to gradually improve and totals £1.2m (M08 – £1.3m). £0.5m of this debt (M08 – £0.5m) sits with CCGs, £0.3m (M08 – £0.4m) sits across FT's/ Trusts and the balance across other commissioners.</p> <p>Private Patient debt totals £17.8m and increased by £0.2m in M09, although also within this position the &gt;60 days debt increased by £1.0m. M09 saw a continued tapering to the trend of high receipts established in the first few months of 2016/17, although the total PP debt is still £1.4m below the opening balance at 1 April.</p>
<b>Trade Creditors</b>	<b>-£6.3m (-£8.2m)</b>	The approved creditor balance is £1.1m below plan, with all approved creditor invoices remaining fully paid to date. The balance at 31 December is equivalent to 15.7 (30 November – 20.5) days' non-pay cost.
<b>Capital spend (Annex I)</b>	<b>£17.0m YTD (£15.4m YTD)</b>	<p>Expenditure in M09 was £1.7m and this takes the YTD spend to £17.0m.</p> <p>The budgeted profile for 2016/17 for the overall £31.5m programme shows a plan of £22.5m to M09; expenditure is therefore £5.5m 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; all of which will be carried forward into 2017/18.</p> <p>Overall forecast outturn for 2016/17 is £26.3m 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 on-going from 2015/16.</p>

## Section four: Overall appraisal

The Trust has made a deficit of £8.4m up to M09 2016/17, £0.3m favourable to plan. Actual EBITDA was negative £2.8m in M09 and now stands at negative £3.7m YTD – £3.3m adverse to plan.

The most material element impacting on YTD variance is the gain on sale of one of the Trust's 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 budgeted 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 (£1.7m adverse to M09). The balance of all other items is £2.3m adverse (most of which is as a result of the adverse M09 results) to tie back to the overall £0.3m favourable YTD position.

The forecast outturn (which assumed that Kuwait will be delayed beyond 2016/17 and therefore the planned contribution of £3.5m wouldn't be achieved and would be offset by the additional £4.3m gain on the sale of 151 Sydney Street) concluded that the 2016/17 control total would be achieved albeit with little or no headroom. The results for M09 can be unpredictable due to the impact of the festive season. It remains to be seen whether or not M10's result reverts to the earlier trend of an underlying shortfall against plan of c. £300k per month (excluding the impact of the Kuwait contract delay).

As noted above, performance is also reported against the control total and up to M09 is £0.3m 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 also due to both NHS and private patient debt levels not rising as had been (prudently) built into the plan as well as slippage to capital expenditure. Cash levels continue 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 has now submitted its two year operational plan for 2017/18 and 2018/19. The underlying I&E performance remains a significant challenge and unless mitigated will result in cash deficits by early 2018/19. The Trust is in the process of selecting an outside partner to explore productivity improvement possibilities and is also reviewing whether under HRG4+ there are opportunities to maximise income through full recording and coding of co-morbidities and other indicators of case complexity. Finally other possible measures to improve the Trust's cash position will be considered and where appropriate pursued.

## Annex A – Detailed income and expenditure statement

Detailed Income & Expenditure Position									
	2016/17 Budget	M09				YTD			
£m		Budget	Actual	Variance	%	Budget	Actual	Variance	%
<b>NHS Clinical Income</b>									
NHS England	237.8	19.4	18.2	(1.2)	-6%	177.6	167.9	(9.7)	-5%
CCG /Other NHS Commissioned	62.4	4.9	3.9	(0.9)	-19%	46.5	45.7	(0.8)	-2%
S&T Funding	4.8	0.4	0.4	0.0	0%	3.6	3.6	0.0	0%
Income Contingency	(6.4)	(0.7)	(0.2)	0.5	71%	(4.3)	(1.4)	2.9	68%
Trust to Trust & Other NHS	3.7	0.3	0.3	0.0	6%	2.7	3.3	0.6	21%
<b>Sub-Total NHS Clinical Income</b>	<b>302.2</b>	<b>24.3</b>	<b>22.7</b>	<b>(1.6)</b>	<b>-7%</b>	<b>226.1</b>	<b>219.2</b>	<b>(6.9)</b>	<b>-3%</b>
<b>Non NHS Income</b>									
Private Patients	63.4	6.8	2.8	(4.0)	-59%	42.0	29.6	(12.5)	-30%
<b>Sub-Total Non NHS Income</b>	<b>63.4</b>	<b>6.8</b>	<b>2.8</b>	<b>(4.0)</b>	<b>-59%</b>	<b>42.0</b>	<b>29.6</b>	<b>(12.5)</b>	<b>-30%</b>
<b>Non Clinical Income</b>									
Education & Training	5.3	0.4	0.5	0.0	2%	4.0	4.1	0.1	2%
Research & Development	9.4	0.8	0.9	0.1	15%	7.1	8.2	1.1	15%
Non Patient Services	1.2	0.1	0.1	(0.0)	-1%	0.9	0.8	(0.1)	-8%
Commercial- Parking, Accom, Catering	4.2	0.3	0.3	(0.0)	-11%	3.2	3.0	(0.3)	-8%
Other Income	3.2	0.3	0.3	0.1	27%	2.4	2.2	(0.1)	-5%
Salary Recharges	1.6	0.1	0.1	(0.0)	-6%	1.2	1.1	(0.1)	-7%
Charitable Funds	2.8	0.2	0.2	(0.1)	-36%	2.1	2.0	(0.1)	-4%
<b>Sub-Total Non Clinical Income</b>	<b>27.7</b>	<b>2.3</b>	<b>2.4</b>	<b>0.1</b>	<b>3%</b>	<b>20.9</b>	<b>21.4</b>	<b>0.6</b>	<b>3%</b>
<b>Total Income</b>	<b>393.3</b>	<b>33.3</b>	<b>27.8</b>	<b>(5.5)</b>	<b>-17%</b>	<b>289.0</b>	<b>270.2</b>	<b>(18.9)</b>	<b>-7%</b>
<b>Pay costs</b>									
Consultants	(40.6)	(3.6)	(3.2)	0.3	10%	(29.9)	(28.9)	1.0	3%
Junior Doctors	(22.9)	(1.9)	(1.9)	0.0	1%	(17.2)	(17.0)	0.2	1%
Nursing	(79.7)	(6.7)	(6.5)	0.3	4%	(59.5)	(58.8)	0.6	1%
STT	(38.8)	(3.4)	(3.2)	0.3	8%	(28.5)	(27.6)	0.9	3%
Non Clinical staff	(43.0)	(3.6)	(3.6)	0.0	1%	(32.2)	(31.8)	0.4	1%
Pay Contingency	(2.0)	(0.2)	(0.0)	0.1	90%	(1.5)	0.0	1.5	102%
<b>Sub-Total Pay costs</b>	<b>(227.0)</b>	<b>(19.4)</b>	<b>(18.4)</b>	<b>1.1</b>	<b>6%</b>	<b>(168.7)</b>	<b>(164.0)</b>	<b>4.7</b>	<b>3%</b>
<b>Non pay costs</b>									
Drugs	(45.2)	(3.8)	(3.5)	0.3	8%	(33.7)	(29.7)	4.1	12%
Clinical Supplies	(64.3)	(5.3)	(4.9)	0.5	9%	(48.3)	(48.4)	(0.1)	0%
General Supplies	(12.4)	(1.1)	(0.9)	0.2	18%	(8.9)	(8.1)	0.9	10%
Establishment	(15.9)	(1.5)	(1.3)	0.3	17%	(11.3)	(10.5)	0.9	8%
Premises	(11.0)	(0.9)	(0.9)	0.0	3%	(8.2)	(7.6)	0.6	8%
Legal & Professional Fees	(6.5)	(0.9)	(0.2)	0.7	78%	(3.9)	(1.7)	2.2	57%
Ambulance Services	(1.7)	(0.1)	(0.1)	(0.0)	-2%	(1.3)	(1.3)	(0.0)	-1%
Other Expenditure	(5.0)	(0.5)	(0.4)	0.1	17%	(3.5)	(2.7)	0.8	23%
Non-Pay Contingency	(2.0)	(0.2)	0.0	0.2	100%	(1.5)	0.0	1.5	100%
<b>Sub-Total Non pay costs</b>	<b>(164.0)</b>	<b>(14.4)</b>	<b>(12.3)</b>	<b>2.2</b>	<b>15%</b>	<b>(120.7)</b>	<b>(109.8)</b>	<b>10.9</b>	<b>9%</b>
<b>Total Expenditure</b>	<b>(391.0)</b>	<b>(33.9)</b>	<b>(30.6)</b>	<b>3.3</b>	<b>10%</b>	<b>(289.4)</b>	<b>(273.8)</b>	<b>15.5</b>	<b>5%</b>
<b>EBITDA</b>	<b>2.2</b>	<b>(0.6)</b>	<b>(2.8)</b>	<b>(2.3)</b>	<b>-411%</b>	<b>(0.4)</b>	<b>(3.7)</b>	<b>(3.3)</b>	<b>-884%</b>
<b>EBITDA margin %</b>	0.6%	(1.7%)	(10.1%)	0.0%		(0.1%)	(1.4%)		
<b>Central Costs</b>									
Depreciation	(16.1)	(1.4)	(1.5)	(0.1)	-10%	(12.0)	(13.1)	(1.1)	-9%
Capital Donation Receipts	2.6	0.0	0.0	0.0	0%	0.4	0.7	0.3	63%
Interest Payable	(1.2)	(0.1)	(0.1)	(0.0)	-8%	(0.9)	(0.6)	0.3	29%
Interest Receivable	0.0	0.0	0.0	(0.0)	0%	0.0	0.0	(0.0)	-19%
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%	(5.1)	(5.0)	0.1	1%
<b>Sub-Total Central Costs</b>	<b>(9.0)</b>	<b>(2.0)</b>	<b>(2.2)</b>	<b>(0.2)</b>	<b>-9%</b>	<b>(8.3)</b>	<b>(4.7)</b>	<b>3.6</b>	<b>44%</b>
<b>Net Surplus/ (Deficit)</b>	<b>(6.8)</b>	<b>(2.5)</b>	<b>(5.0)</b>	<b>(2.4)</b>	<b>-97%</b>	<b>(8.7)</b>	<b>(8.4)</b>	<b>0.3</b>	<b>4%</b>
<b>Net Margin %</b>	<b>(1.7%)</b>	<b>(7.6%)</b>	<b>(17.9%)</b>			<b>(3.0%)</b>	<b>(3.1%)</b>		

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)	367	342	(26)	93.0%
Pay	3,127	345	319	(26)	2,093	1,898	(195)	90.7%
Drugs	561	48	8	(40)	415	305	(110)	73.4%
Clinical Supplies	3,919	383	187	(196)	2,770	1,751	(1,019)	63.2%
Non-Clinical Expenditure	1,305	119	147	28	948	1,203	255	126.9%
<b>Grand Total</b>	<b>9,401</b>	<b>936</b>	<b>700</b>	<b>(235)</b>	<b>6,593</b>	<b>5,498</b>	<b>(1,095)</b>	<b>83.4%</b>

Workforce CIP by Type	Plan FY Total	Plan Month	Act Month	Var Month	Plan YTD	Act YTD	Var YTD	YTD Achieved %
Consultants	496	49	41	(8)	350	271	(79)	77.5%
Junior Doctors	424	37	37	0	313	285	(28)	91.1%
Nursing	1,039	154	155	0	577	610	33	105.8%
STT	450	38	34	(4)	338	273	(64)	80.9%
Non Clinical Staff	717	67	52	(15)	516	459	(57)	89.0%
<b>Total</b>	<b>3,127</b>	<b>345</b>	<b>319</b>	<b>(26)</b>	<b>2,093</b>	<b>1,898</b>	<b>(195)</b>	<b>90.7%</b>

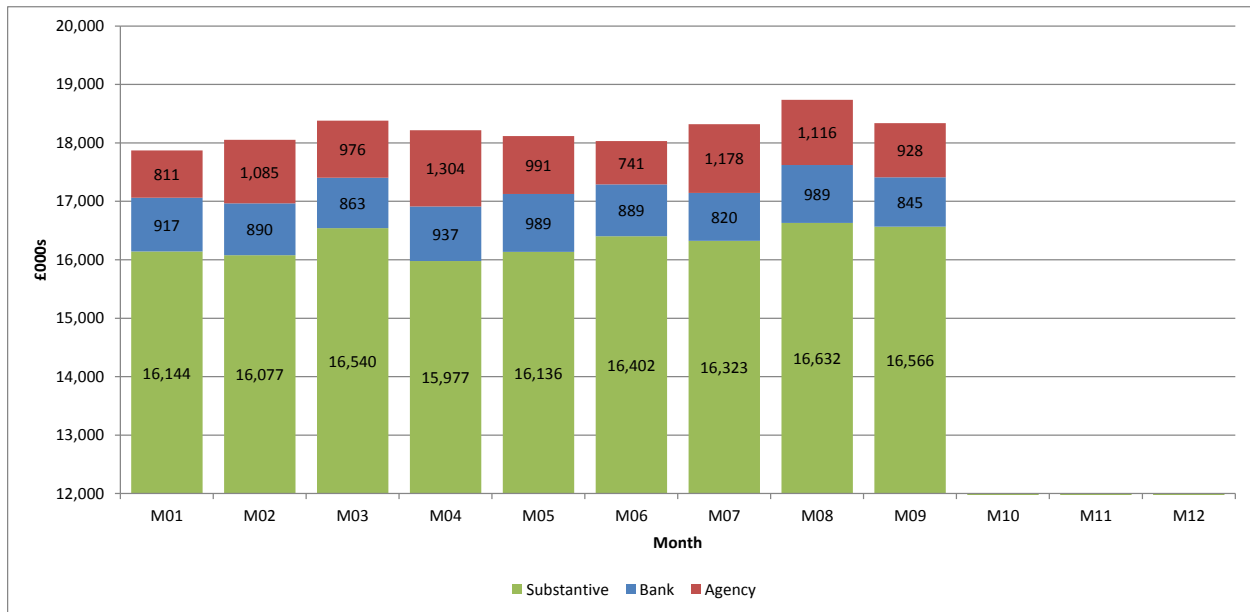
### FSP - Service Development Monitoring - 2016/17

	FY Plan	Plan Month	Actual Month	Var Month	Plan YTD	Act YTD	Var YTD	YTD Achieved %
NHS	2,931	260	80	(180)	2,004	871	(1,133)	43.4%
Kuwait	3,500	583	0	(583)	1,750	0	(1,750)	0.0%
PP Other	535	238	(321)	(560)	(180)	(2,062)	(1,882)	(1146.0%)
<b>Total</b>	<b>6,967</b>	<b>1,082</b>	<b>(241)</b>	<b>(1,323)</b>	<b>3,574</b>	<b>(1,191)</b>	<b>(4,766)</b>	<b>(33.3%)</b>

## Annex C – Staffing (Permanent & Temporary)

Staff Group	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD Actual	YTD Budget	YTD Var
											2016/17	2016/17
Consultant Locum	193	234	236	287	330	286	191	313	297	2,366	2,497	131
Consultant Substantive	2,966	2,953	2,958	2,898	2,796	3,124	2,869	3,016	2,921	26,503	27,387	884
Junior Doctors Locum	102	111	78	86	92	90	45	80	67	751	484	(267)
Junior Doctors Agency	(9)	47	17	63	11	23	20	39	33	244	263	18
Junior Doctors Substantive	1,671	1,658	2,017	1,697	1,723	1,763	1,811	1,846	1,791	15,977	16,397	420
Nursing Agency	439	678	652	809	559	466	717	601	420	5,341	4,402	(940)
Nursing Bank	422	408	353	388	397	353	425	467	351	3,565	3,664	99
Nursing Substantive	5,623	5,528	5,626	5,421	5,530	5,451	5,515	5,543	5,706	49,944	51,414	1,471
STT Agency	154	147	117	174	134	150	223	192	177	1,468	677	(791)
STT Bank	41	31	56	39	36	46	55	46	60	409	335	(74)
STT Substantive	2,792	2,771	2,782	2,835	2,848	2,884	2,924	2,956	2,928	25,721	27,617	1,896
Non-clinical Agency	228	213	190	258	286	101	217	284	298	2,075	1,852	(223)
Non-clinical Bank	159	106	141	137	135	114	104	83	70	1,049	1,202	152
Non-clinical Substantive	3,092	3,167	3,156	3,126	3,239	3,180	3,204	3,269	3,218	28,651	29,013	362
Pay contingency	0	0	(23)	0	0	(27)	0	0	17	(33)	1,500	1,533
<b>Agency</b>	<b>811</b>	<b>1,085</b>	<b>976</b>	<b>1,304</b>	<b>991</b>	<b>741</b>	<b>1,178</b>	<b>1,116</b>	<b>928</b>	<b>9,129</b>	<b>7,193</b>	<b>(1,935)</b>
<b>Bank</b>	<b>917</b>	<b>890</b>	<b>863</b>	<b>937</b>	<b>989</b>	<b>889</b>	<b>820</b>	<b>989</b>	<b>845</b>	<b>8,140</b>	<b>8,182</b>	<b>42</b>
<b>Substantive</b>	<b>16,144</b>	<b>16,077</b>	<b>16,540</b>	<b>15,977</b>	<b>16,136</b>	<b>16,402</b>	<b>16,323</b>	<b>16,632</b>	<b>16,566</b>	<b>146,795</b>	<b>151,829</b>	<b>5,033</b>
<b>Pay contingency</b>	<b>0</b>	<b>0</b>	<b>(23)</b>	<b>0</b>	<b>0</b>	<b>(27)</b>	<b>0</b>	<b>0</b>	<b>17</b>	<b>(33)</b>	<b>1,500</b>	<b>1,533</b>
<b>Total</b>	<b>17,871</b>	<b>18,052</b>	<b>18,356</b>	<b>18,218</b>	<b>18,116</b>	<b>18,005</b>	<b>18,321</b>	<b>18,736</b>	<b>18,356</b>	<b>164,031</b>	<b>168,704</b>	<b>4,673</b>
<b>Agency</b>	<b>4.5%</b>	<b>6.0%</b>	<b>5.3%</b>	<b>7.2%</b>	<b>5.5%</b>	<b>4.1%</b>	<b>6.4%</b>	<b>6.0%</b>	<b>5.1%</b>	<b>5.6%</b>	<b>4.3%</b>	<b>-1.3%</b>
<b>Bank</b>	<b>5.1%</b>	<b>4.9%</b>	<b>4.7%</b>	<b>5.1%</b>	<b>5.5%</b>	<b>4.9%</b>	<b>4.5%</b>	<b>5.3%</b>	<b>4.6%</b>	<b>5.0%</b>	<b>4.8%</b>	<b>-0.1%</b>
<b>Substantive</b>	<b>90.3%</b>	<b>89.1%</b>	<b>90.1%</b>	<b>87.7%</b>	<b>89.1%</b>	<b>91.1%</b>	<b>89.1%</b>	<b>88.8%</b>	<b>90.2%</b>	<b>89.5%</b>	<b>90.0%</b>	<b>0.5%</b>
<b>Pay contingency</b>	<b>0.0%</b>	<b>0.0%</b>	<b>-0.1%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>-0.1%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.1%</b>	<b>0.0%</b>	<b>0.9%</b>	<b>0.9%</b>

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 £8.2m, against a plan of £6.6m, £1.6m (24% 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 December 2016					
£m	Actual as at 01-04-16	Plan as at 31-12-16	Actual as at 31-12-16	Variance against Plan	Variance against Plan (%)
Land	49.1	49.1	49.1	0.0	0%
Buildings	143.7	130.5	132.2	1.7	1%
Equipment	24.5	20.0	24.6	4.6	23%
Intangibles	7.8	10.5	6.7	(3.8)	0%
Leased Equipment	0.0	0.0	0.0	0.0	0%
Assets under Construction	16.5	22.8	22.5	(0.3)	-1%
<b>Fixed Assets</b>	<b>241.7</b>	<b>233.0</b>	<b>235.1</b>	<b>2.1</b>	<b>1%</b>
Stocks	9.0	9.4	11.6	2.2	23%
Trade Debtors, net of Provisions	20.1	28.2	19.6	(8.5)	-30%
Prepayments	4.9	6.4	4.3	(2.2)	-33%
Accrued Income	5.5	6.1	5.9	(0.1)	-2%
Other Debtors	1.1	1.4	5.5	4.0	284%
Bank & Cash	13.0	17.8	28.2	10.3	58%
<b>Current Assets</b>	<b>53.7</b>	<b>69.3</b>	<b>75.1</b>	<b>5.8</b>	<b>8%</b>
Trade Creditors	(11.9)	(7.4)	(6.3)	1.1	-15%
Pay Creditors	(7.0)	(6.8)	(7.7)	(0.8)	12%
Deferred Income	(6.2)	(6.6)	(7.0)	(0.4)	6%
Accruals	(16.6)	(21.0)	(18.9)	2.1	-10%
Accrued Dividend	(0.3)	(1.7)	(1.8)	(0.1)	0%
Other Creditors	(6.8)	(7.5)	(6.9)	0.6	-8%
Provisions - Current	(0.9)	(0.7)	(2.4)	(1.7)	232%
Borrowings - Current	0.0	0.0	0.0	0.0	0%
<b>Current Liabilities</b>	<b>(49.6)</b>	<b>(51.7)</b>	<b>(50.9)</b>	<b>0.9</b>	<b>-2%</b>
<b>Net Current Assets (Liabilities)</b>	<b>4.1</b>	<b>17.6</b>	<b>24.2</b>	<b>6.6</b>	<b>38%</b>
Provisions - Non Current	(0.8)	(0.8)	(0.8)	0.0	-6%
Borrowings - Non Current	(29.8)	(50.5)	(51.8)	(1.3)	3%
<b>Non-Current Liabilities</b>	<b>(30.6)</b>	<b>(51.3)</b>	<b>(52.6)</b>	<b>(1.3)</b>	<b>2%</b>
<b>Net Assets Employed</b>	<b>215.1</b>	<b>199.2</b>	<b>206.7</b>	<b>7.5</b>	<b>4%</b>
PDC	108.4	108.3	108.4	0.1	0%
I&E Reserve	49.7	41.0	41.3	0.2	1%
Revaluation Reserve	57.1	49.9	57.1	7.2	14%
<b>Total Capital and Reserves</b>	<b>215.1</b>	<b>199.2</b>	<b>206.7</b>	<b>7.5</b>	<b>4%</b>

## Annex E – Cash flow statement

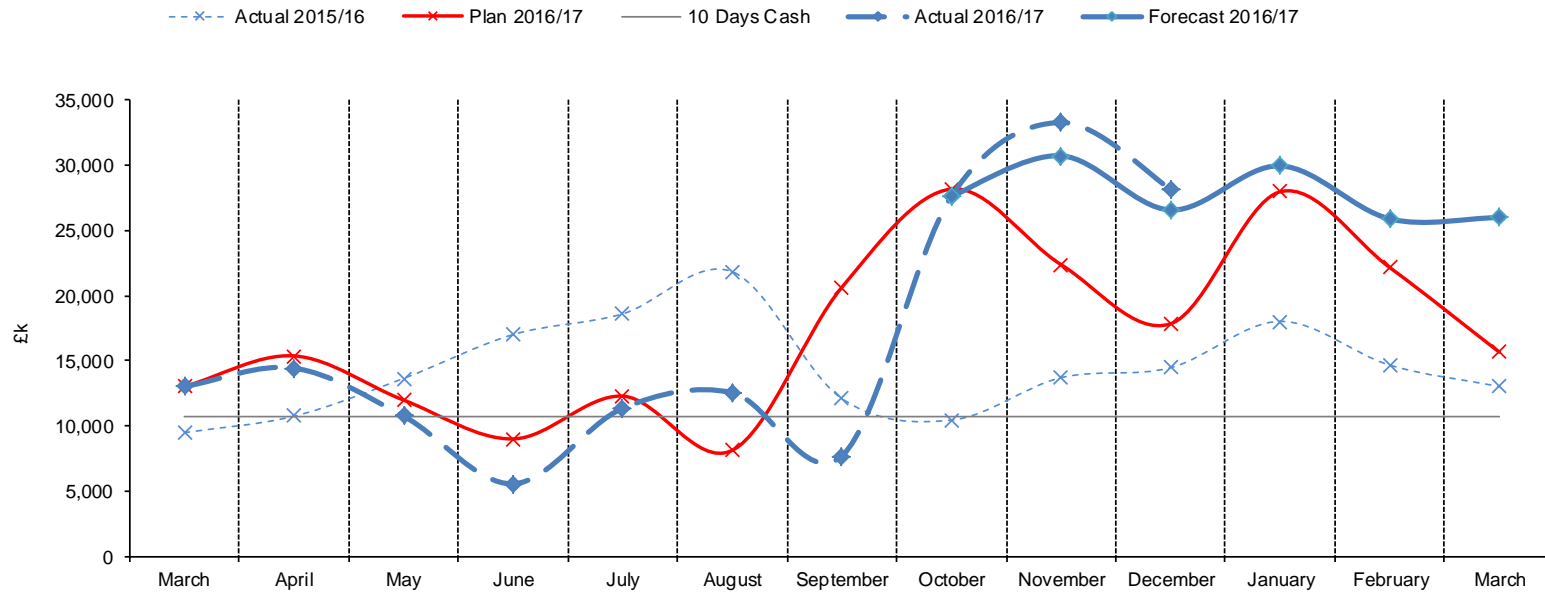
Cash Flow Statement (£m)	Actual as at 31-12-16
<b>Cash flows from operating activities</b>	
Operating income	270.7
Operating expenses of continuing operations	(287.0)
<b>Operating surplus/ (deficit)</b>	<b>(16.3)</b>
<b>Non-operating and non-cash items in operating surplus/ (deficit)</b>	
Depreciation & amortisation	13.1
Impairments	0.0
Reversals of impairments	0.0
(Gain)/ loss on disposal	0.0
Other movements in operating cash flows	0.0
	<b>13.1</b>
<b>Operating cash flows before movements in working capital</b>	<b>(3.2)</b>
<b>Increase/ (decrease) in working capital</b>	
(Increase)/ decrease in inventories	(2.6)
(Increase)/ decrease in trade & other receivables	0.4
(Increase)/ decrease in prepayments	0.6
(Increase)/ decrease in accrued income	(0.4)
(Increase)/ decrease in other debtors	(0.3)
Increase/ (decrease) in trade & other payables	(5.6)
Increase/ (decrease) in pay creditors	0.7
Increase/ (decrease) in deferred income	0.8
Increase/ (decrease) in accruals	2.3
Increase/ (decrease) in other payables	0.1
Increase/ (decrease) in provisions	1.4
	<b>(2.5)</b>
<b>Net cash inflow/ (outflow) from operating activities</b>	<b>(5.7)</b>
<b>Cash flows from investing activities</b>	
Interest received	0.0
Purchase of intangible assets	0.0
Purchase of property, plant, equipment & investment property	(17.0)
Sales of property, plant, equipment & investment property	20.0
Receipt of cash donations to purchase capital assets	0.0
	<b>3.0</b>
<b>Net cash inflow/ (outflow) before financing</b>	<b>(2.7)</b>
<b>Cash flows from financing activities</b>	
Public dividend capital received	0.0
Loans received from Dept of Health	15.0
Other loans received	7.0
Loans repaid to Dept of Health	0.0
Other loans repaid	0.0
Interest paid	(0.6)
PDC dividend paid	(3.5)
<b>Net cash generated from/ (used in) financing activities</b>	<b>17.9</b>
<b>Increase/ (decrease) in cash and cash equivalents</b>	<b>15.2</b>
<b>Cash &amp; cash equivalents - 1 April</b>	<b>13.0</b>
<b>Cash &amp; cash equivalents - 31 December</b>	<b>28.2</b>

## Annex F – Cash flow chart

### Cash Flow Performance as at 31 December 2016

#### Major Planned Cash Inflows

- |   |           |                          |
|---|-----------|--------------------------|
| 1 |           | Sale of 151<br>Sydney St |
| 2 |           | Kuwait Receipt           |
| 3 | ITFF Loan | ITFF Loan                |

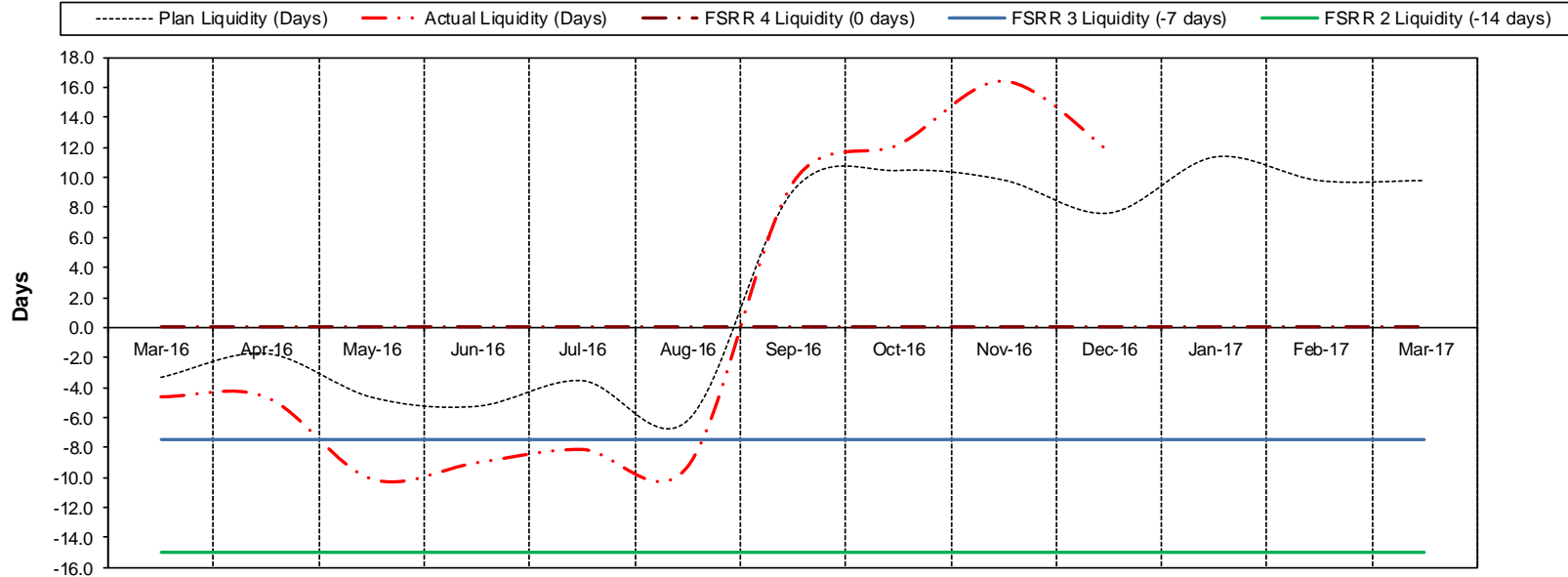


#### Major Planned Cash Outflows

- |   |                 |
|---|-----------------|
| 1 | PDC<br>Dividend |
| 2 | PDC<br>Dividend |

## Annex G – Liquidity report

### Liquidity as at 31 December 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	10.5	8.2			
Actual	(4.9)	(5.0)	(10.8)	(9.7)	(8.7)	(9.9)	10.3	13.0	17.6	12.6			
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)
<b>UoR 1 Surplus/ (Deficit)</b>	<b>(4.9)</b>	<b>(5.0)</b>	<b>(10.8)</b>	<b>(9.7)</b>	<b>(8.7)</b>	<b>(9.9)</b>	<b>10.3</b>	<b>13.0</b>	<b>17.6</b>	<b>12.6</b>			
<b>UoR 2 Surplus/ (Deficit)</b>	<b>2.5</b>	<b>2.5</b>	<b>(3.3)</b>	<b>(2.2)</b>	<b>(1.2)</b>	<b>(2.4)</b>	<b>17.8</b>	<b>20.5</b>	<b>25.1</b>	<b>20.1</b>			
<b>UoR 3 Surplus/ (Deficit)</b>	<b>10.0</b>	<b>10.0</b>	<b>4.2</b>	<b>5.3</b>	<b>6.3</b>	<b>5.1</b>	<b>25.3</b>	<b>28.0</b>	<b>32.6</b>	<b>27.6</b>			

## Annex H – Debtors

Income Year Ending Dec-16	Debtor Days	£m	Dec-16	Nov-16	Oct-16	Sep-16	Aug-16	Jul-16	Jun-16	May-16	Apr-16	Opening Balance
230.7	0	NHS England	0.0	0.3	0.7	0.1	2.5	0.7	0.5	0.4	0.4	0.2
55	25	CCGs	3.7	3.4	4.0	3.5	3.4	3.5	5.0	4.8	4.9	3.4
24.4	24	Other NHS	1.6	2.1	2.8	2.3	2.1	2.6	2.5	2.8	2.6	2.4
<b>310.1</b>	<b>6</b>	<b>Total NHS</b>	<b>5.4</b>	<b>5.8</b>	<b>7.5</b>	<b>6.0</b>	<b>7.9</b>	<b>6.9</b>	<b>7.9</b>	<b>8.1</b>	<b>7.8</b>	<b>6.0</b>
18.2	226	Embassies & Overseas Patients	11.3	11.4	10.6	9.5	9.4	8.4	10.3	11.5	12.8	13.3
23.1	85	Insurance Companies	5.4	5.3	5.2	4.8	5.2	5.7	4.8	4.2	4.9	5.4
5.9	68	Other Private Patients	1.1	1.0	0.8	0.8	0.9	0.8	0.5	0.5	0.5	0.5
<b>47.2</b>	<b>137</b>	<b>Total Private Patients</b>	<b>17.8</b>	<b>17.6</b>	<b>16.6</b>	<b>15.1</b>	<b>15.6</b>	<b>15.0</b>	<b>15.7</b>	<b>16.2</b>	<b>18.2</b>	<b>19.2</b>
29.7	39	Other Debtors	3.2	3.2	3.6	3.3	3.3	3.3	2.5	2.1	2.3	2.1
<b>76.9</b>	<b>100</b>	<b>Total Non NHS Debt</b>	<b>21.0</b>	<b>20.8</b>	<b>20.2</b>	<b>18.4</b>	<b>19.0</b>	<b>18.3</b>	<b>18.2</b>	<b>18.3</b>	<b>20.4</b>	<b>21.4</b>
<b>387.0</b>	<b>25</b>	<b>Total Trade Debtors</b>	<b>26.3</b>	<b>26.6</b>	<b>27.7</b>	<b>24.4</b>	<b>26.9</b>	<b>25.1</b>	<b>26.1</b>	<b>26.4</b>	<b>28.3</b>	<b>27.4</b>
		Less Provisions	(6.7)	(6.7)	(6.7)	(6.7)	(7.1)	(7.1)	(7.9)	(7.4)	(7.3)	(7.3)
		<b>Total Debtors (Net of Provision)</b>	<b>19.6</b>	<b>19.9</b>	<b>21.0</b>	<b>17.7</b>	<b>19.8</b>	<b>18.0</b>	<b>18.2</b>	<b>19.0</b>	<b>21.0</b>	<b>20.1</b>

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

NHS (£m)	Total Balance Dec	Total Movement Dec	Over 60 days Dec	Over 60 days Movement Dec	Debtor Days Dec	Debtor Days Movement Dec
NHS Hillingdon CCG	0.4	0.1	0.2	0.2	14	0.0
NHS Kernow CCG	0.3	0.1	0.1	0.0	143	(75.0)
NHS Wiltshire CCG	0.2	0.0	0.2	0.0	176	(55.0)
Chelsea & Westminster NHSFT	0.2	0.0	0.1	(0.1)	164	3.0
NHS East Surrey CCG	0.2	0.0	0.1	0.0	241	(11.0)
East & North Herts NHS Trust	0.2	0.0	0.1	0.0	160	1.0
NHS Harrow CCG	0.2	0.1	0.1	0.0	16	(1.0)
Frimley Health NHSFT	0.2	0.1	0.1	0.1	175	(12.0)
NHS Bedfordshire CCG	0.2	0.0	0.1	0.1	66	1.0
NHS Camden CCG	0.1	0.0	0.1	0.0	110	(1.0)
NHS Guildford and Waverley CCG	0.1	0.0	0.1	0.1	130	(8.0)
NHS England	0.0	(0.3)	0.5	0.4	0	0.0
<b>Total</b>	<b>2.3</b>	<b>0.1</b>	<b>1.8</b>	<b>0.8</b>		

PP Embassy or Insurer (£m)	Total Balance Dec	Total Movement Dec	Over 60 days Dec	Over 60 days Movement Dec	Debtor Days Dec	Debtor Days Movement Dec
Kuwait Health Office	6.4	0.4	5.0	0.4	300	20.0
BUPA	1.9	0.0	0.7	0.1	76	0.0
AXA/ PPP	1.1	(0.2)	0.5	0.0	66	(8.0)
Kuwait Military	1.5	0.1	1.2	0.2	314	44.0
Qatar Embassy	1.0	(0.1)	0.8	0.0	156	0.0
UAE Medical Department	0.7	(0.1)	0.5	0.0	218	(54.0)
Kuwait Oil Company	0.7	(0.1)	0.5	(0.1)	476	176.0
Pru Health	0.5	0.0	0.3	0.0	164	(2.0)
Aviva	0.5	0.1	0.2	0.1	85	77.0
WPA	0.3	0.0	0.3	0.1	112	6.0
Libyan Embassy	0.3	0.0	0.3	0.0	1,181	31.0
Cyprus	0.2	0.0	0.2	0.0	1,138	161.0
UAE Military	0.2	0.0	0.2	0.0	280	12.0
BUPA International	0.4	0.2	0.2	0.2	161	47.0
CIGNA	0.2	0.0	0.1	0.1	92	1.0
<b>Total</b>	<b>15.9</b>	<b>0.3</b>	<b>11.0</b>	<b>1.1</b>		

## Annex I – Capital report

Project Code (£m)	Current Budget - Total	Actual Spend to Date	Commitment Value at the Reporting Date	Balance of Budget	Actuals/ Forecast				Forecast Outturn Spend 2016/17	Forecast over/ under spend 2016/17
					Actual Q1	Actual Q2	Forecast Q3	Forecast Q4		
Estates Development	0.2	0.2	0.0	0.0	0.1	0.1	0.0	0.0	0.2	0.0
Redevelopment	3.8	3.0	3.3	(2.6)	1.1	0.4	0.8	1.4	3.7	0.0
Project Management	0.5	0.3	0.0	0.2	0.1	0.2	0.2	0.1	0.6	(0.0)
Estates Maintenance	3.8	1.4	1.6	0.8	0.3	0.8	0.8	1.2	3.1	0.7
IT/IS	5.7	4.6	1.4	(0.2)	1.1	2.7	1.2	0.9	5.9	(0.1)
Equipment	2.7	1.6	0.2	0.9	0.9	0.3	0.8	0.7	2.7	(0.0)
Service Development Programme	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Projects	0.8	0.2	0.3	0.2	0.1	0.1	0.3	0.2	0.7	0.0
Major Project - Fulham Road Safety	0.6	0.5	0.0	0.1	0.1	0.0	0.3	0.1	0.6	(0.0)
Major Project - HH Developments	8.9	1.9	10.8	(3.8)	0.7	0.3	1.9	2.7	5.5	3.4
Major Project - RBH Developments	1.3	0.3	0.1	0.9	0.2	0.0	0.1	0.1	0.5	0.9
Major Project - Trust Wide Developme	3.0	3.1	0.0	(0.1)	2.4	0.3	0.1	0.0	2.7	0.2
Finance	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Procurement	0.0	0.0	0.0	(0.0)	(0.0)	0.0	0.0	0.0	0.0	(0.0)
Contingency/Financing	0.2	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.2
<b>TOTAL</b>	<b>31.5</b>	<b>17.0</b>	<b>17.9</b>	<b>(3.4)</b>	<b>7.3</b>	<b>5.0</b>	<b>6.5</b>	<b>7.5</b>	<b>26.3</b>	<b>5.2</b>



## 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	31/03/2017
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	31/03/2017
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	31/03/2017
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	31/03/2017
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	31/03/2017
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	31/03/2017
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	31/03/2017
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	31/03/2017
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	31/03/2017
10	Harefield Mansion	Possibility of significant long-term costs to restore Grade II* listed building and/or return to use.	Low	Robert Craig	31/03/2017
11	Capital is misallocated	Trust fails to allocate capital that balances short term needs with long term sustainability	Low	Robert Craig	31/03/2017
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	31/03/2017
13	Failure to capture all NHS revenues	Income may be lost through ineffective work measurement. Reduction in payments by Commissioners.	Low	Richard Paterson	31/03/2017
14	Failure to improve profitability with SLR	Trust may fail to tackle underlying profitability issues through inadequate use of SLR	Low	Richard Paterson	31/03/2017
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	31/03/2017
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	31/03/2017